# UNITED STATES
# SECURITIES AND EXCHANGE COMMISSION
**Washington, D.C. 20549**

# FORM 8-K

# CURRENT REPORT
**PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934**

**Date of Report (Date of earliest event reported): August 9, 2023**

**ORION OFFICE REIT INC.**
(Exact name of Registrant as specified in its charter)

| **Maryland** | **001-40873** | **87-1656425** |
|---|---|---|
| (State or Other Jurisdiction of Incorporation or Organization) | (Commission File Number) | (I.R.S. Employer Identification No.) |

**2398 E. Camelback Road, Suite 1060**
**Phoenix, AZ 85016**
(Address of principal executive offices, including zip code)

**(602) 698-1002**
(Registrant's telephone number, including area code)

**N/A**
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Securities Exchange Act of 1934:

| *Title of each class:* | *Trading symbol(s):* | *Name of each exchange on which registered:* |
|---|---|---|
| Common Stock $0.001 par value per share | ONL | New York Stock Exchange |

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company x

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ¨

**Item 2.02. Results of Operations and Financial Condition.**

On August 9, 2023, Orion Office REIT Inc. furnished the following documents: (i) a press release relating to its second quarter 2023 financial results and related matters, attached hereto as Exhibit 99.1; and (ii) supplemental information for the quarter ended June 30, 2023, attached hereto as Exhibit 99.2. The information set forth in this Item 2.02 and in the attached Exhibits 99.1 and 99.2 is deemed to be "furnished" and shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of that Section. The information set forth in this Item 2.02, including Exhibits 99.1 and 99.2, shall not be deemed incorporated by reference into any filing under the Exchange Act or the Securities Act of 1933, as amended, regardless of any general incorporation language in such filing.

**Item 9.01. Financial Statements and Exhibits.**

(d) Exhibits

| Exhibit No. | Description |
|---|---|
| 99.1 | Press Release issued August 9, 2023 relating to Second Quarter 2023 Financial Results and Related Matters |
| 99.2 | Supplemental Information for the Quarter Ended June 30, 2023 |
| 104 | Cover Page Interactive Data File (embedded within the Inline XBRL document) |

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**ORION OFFICE REIT INC.**

| | |
|---|---|
| By: | /s/ Gavin B. Brandon |
| Name: | Gavin B. Brandon |
| Title: | Chief Financial Officer, Executive Vice President and Treasurer |

Date: August 9, 2023

Orion Office REIT

*Exhibit 99.1*

**FOR IMMEDIATE RELEASE**

# Orion Office REIT Inc. Announces Second Quarter 2023 Results

**- Closed Credit Agreement Amendment -**
**- Declares Dividend of $0.10 Per Share for Third Quarter -**
**- Updated 2023 Outlook -**

**Phoenix, AZ, August 9, 2023** -- Orion Office REIT Inc. (NYSE: ONL) ("Orion" or the "Company"), a fully-integrated real estate investment trust focused on the ownership, acquisition and management of single-tenant net lease mission-critical suburban office properties located across the U.S., announced today its operating results for the second quarter ended June 30, 2023.

"We continue our efforts to evolve and reposition our portfolio of high-quality properties," stated Paul McDowell, Orion's Chief Executive Officer. "We reported another solid quarter of financial performance from our high-quality portfolio, and while the pace of completing the dispositions of non-core properties and securing new leases is extended relative to our initial outlook, we continue to make progress. Most importantly, we recently completed an amendment to our credit facility that allows us to extend the maturity until 2026 and gives us the financial flexibility to execute on the Company's business plan and to maintain our low leverage balance sheet."

**Second Quarter 2023 Financial and Operating Highlights**

- Total Revenues of $52.0 million
- Net Loss Attributable to Common Stockholders of $(15.7) million, or $(0.28) per share
- Funds from Operations ("FFO") of $24.4 million, or $0.43 per share
- Core FFO of $26.9 million, or $0.48 per share
- EBITDA of $20.4 million, EBITDAre of $32.2 million and Adjusted EBITDA of $32.7 million
- Net Debt to Annualized Adjusted EBITDA of 3.93x

**Second Quarter 2023 Financial Results**
During the quarter ended June 30, 2023, the Company generated total revenues of $52.0 million, as compared to $52.8 million in the same quarter of 2022. The Company reported a net loss attributable to common stockholders of $(15.7) million, or $(0.28) per share, during the second quarter of 2023, as compared to a net loss of $(15.6) million, or $(0.27) per share, reported in the same quarter of 2022. Core FFO for the second quarter of 2023 was $26.9 million, or $0.48 per share, as compared to $28.4 million, or $0.50 per share in the same quarter of 2022. Due to the timing of an expense reimbursement that fell in the second quarter of 2023, the Company's results benefited by $0.02 per share in the quarter. This benefit is offset by $0.02 per share of expense we incurred in the first quarter of 2023, thus having no 2023 year to date or full year impact.

**Leasing and Disposition Activity**
During the quarter ended June 30, 2023, the Company entered into one 5.0-year lease renewal for 44,000 square feet at the Company's property in Redding, California, leased 100% to the United States Government. The Company also entered into one new 3.0-year lease for 3,000 square feet at its multi-tenant property in The Woodlands, Texas. Additionally, Orion is in various stages of negotiation and documentation for new leases and renewals at multiple properties.

Shortly after quarter end, Orion closed the sale of a 227,000 square foot vacant property in Berkeley, Missouri, for a gross sales price of approximately $9.7 million. The Company also has agreements currently in place to sell eight additional properties, representing approximately 631,000 square feet, for an aggregate sale price of $41.0 million, including the six property Walgreens campus in Deerfield, IL.

**Balance Sheet and Liquidity**
On June 29, 2023, the Company closed on an amendment of its credit agreement. Under the terms of the amendment, the Company used borrowings from its $425.0 million-capacity credit facility revolver to repay and retire its $175.0 million credit facility term loan which was scheduled to mature on November 12, 2023. The amendment also provides the Company with the option to extend the credit facility revolver for an additional 18 months to May 12, 2026 from the current scheduled maturity of November 12, 2024. The extension option is subject to customary conditions including the payment of an extension fee.

As of June 30, 2023, the Company has total debt of $557.3 million, comprised of $175.0 million under the Company's $425.0 million-capacity credit facility revolver, $355.0 million under the Company's securitized mortgage loan (the "CMBS Loan") and $27.3 million which represents Orion's pro rata share of indebtedness of the Unconsolidated Joint Venture.

As of June 30, 2023, Orion had $292.9 million of liquidity, comprised of $42.9 million cash on hand, including the Company's pro rata share of cash from the Unconsolidated Joint Venture, as well as $250.0 million of available capacity on Orion's $425.0 million-capacity credit facility revolver. Following quarter end, the Company deposited $28.0 million of its cash on hand into an escrow account with the credit facility lenders as additional cash collateral. These funds will, in accordance with the terms of the credit facility revolver, be used to prepay borrowings thereunder upon the scheduled expiration in November 2023 (or earlier termination) of the Company's interest rate swap agreements with respect to $175.0 million of borrowings under such revolver.

**Dividend**
On August 8, 2023, Orion's Board of Directors declared a quarterly cash dividend of $0.10 per share for the third quarter of 2023, payable on October 16, 2023, to stockholders of record as of September 29, 2023. The dividend was sized to permit future growth while preserving meaningful free cash flow for reinvestment into the current portfolio and for accretive investments.

**Real Estate Portfolio**
As of June 30, 2023, Orion's real estate portfolio consisted of 81 properties as well as a 20% ownership interest in the Arch Street Joint Venture, Orion's Unconsolidated Joint Venture with an affiliate of Arch Street Capital Partners, LLC, comprising six properties. As of June 30, 2023, the Company's portfolio occupancy rate was 86.5%, with 73.7% of annualized base rent derived from Investment-Grade Tenants, and the portfolio's weighted average remaining lease term was 3.9 years.

As of June 30, 2023, the Unconsolidated Joint Venture owned six real estate assets for total Gross Real Estate Investments of approximately $227.3 million. Orion is continuing to review a number of potential property acquisitions for its real estate portfolio.

**2023 Outlook**
Orion is providing the following revised guidance for fiscal year 2023:

| | **Prior 2023 Guidance** | **Revised 2023 Guidance** |
|---|---|---|
| Core FFO per share | $1.55 - $1.63 | $1.59 - $1.63 |
| General and Administrative Expenses | $18.75 million - $19.75 million | $18.25 million - $18.75 million |
| Net Debt to Adjusted EBITDA | 4.3x - 5.3x | 4.3x - 5.0x |

**Webcast and Conference Call Information**
Orion will host a webcast and conference call to review its financial results at 10:00 a.m. ET on Thursday, August 10, 2023. The webcast and call will be hosted by Paul McDowell, Chief Executive Officer and President, and Gavin Brandon, Chief Financial Officer, Executive Vice President and Treasurer. To participate, the webcast may be accessed live by visiting the "Investors" section of Orion's website at onlreit.com/investors. To join the conference call, callers from the United States and Canada should dial 1-877-407-3982, and international callers should dial 1-201-493-6780, ten minutes prior to the scheduled call time.

**Replay Information**
A replay of the webcast may be accessed by visiting the "Investors" section of Orion's website at onlreit.com/investors. The conference call replay will be available after 1:00 p.m. ET on Thursday, August 10, 2023 through 11:59 a.m. ET on Thursday, August 24, 2023. To access the replay, callers may dial 1-844-512-2921 (domestic) or 1-412-317-6671 (international) and use passcode, 13738938.

**Non-GAAP Financial Measures**

To supplement the presentation of the Company’s financial results prepared in accordance with U.S. generally accepted accounting principles ("GAAP"), this press release and the accompanying quarterly supplemental information as of and for the quarter ended June 30, 2023 contain certain financial measures that are not prepared in accordance with GAAP, including Funds from Operations (“FFO”), Core Funds from Operations (“Core FFO”), Funds Available for Distribution (“FAD”), Earnings Before Interest, Taxes, Depreciation and Amortization for Real Estate (“EBITDAre”), and Adjusted EBITDA. Please see the attachments to this press release for how Orion defines these non-GAAP financial measures and a reconciliation to the most directly comparable GAAP measure.

**About Orion Office REIT Inc.**

Orion Office REIT Inc. is an internally-managed real estate investment trust engaged in the ownership, acquisition and management of a diversified portfolio of mission-critical and headquarters office buildings located in high-quality suburban markets across the U.S. and leased primarily on a single-tenant net lease basis to creditworthy tenants. The Company was founded on July 1, 2021, spun-off from Realty Income (NYSE: O) on November 12, 2021 and began trading on the New York Stock Exchange on November 15, 2021. The Company is headquartered in Phoenix, Arizona and has an office in New York, New York. For additional information on the Company and its properties, please visit onlreit.com.

**Investor Relations:**
**Email: investors@onlreit.com**
**Phone: 602-675-0338**

**About the Data**

This data and other information described herein are as of and for the three and six months ended June 30, 2023, unless otherwise indicated. Future performance may not be consistent with past performance and is subject to change and inherent risks and uncertainties. This information should be read in conjunction with the consolidated and combined financial statements and the Management's Discussion and Analysis of Financial Condition and Results of Operations sections contained in Orion Office REIT Inc.'s (the "Company," "Orion," "us," "our" and "we") Annual Report on Form 10-K for the year ended December 31, 2022 and Quarterly Reports on Form 10-Q for the periods ended June 30, 2023 and March 31, 2023.

**Definitions**

**Annualized Base Rent** is the monthly aggregate cash amount charged to tenants under our leases (including monthly base rent receivables and certain contractually obligated reimbursements by our tenants), as of the final date of the applicable period, multiplied by 12, including the Company's pro rata share of such amounts related to the Unconsolidated Joint Venture. Annualized Base Rent is not indicative of future performance.

**CPI** refers to a lease in which base rent is adjusted based on changes in a consumer price index.

**Credit Rating** of a tenant refers to the Standard & Poor's or Moody's credit rating and such rating also may reflect the rating assigned by Standard & Poor's or Moody's to the lease guarantor or the parent company as applicable.

**Double Net Lease ("NN")** is a lease under which the tenant agrees to pay all operating expenses associated with the property (e.g., real estate taxes, insurance, maintenance), but excludes some or all major repairs (e.g., roof, structure, parking lot, in each case, as further defined in the applicable lease).

**Earnings Before Interest, Taxes, Depreciation and Amortization for Real Estate ("EBITDAre") and Adjusted EBITDA**

Due to certain unique operating characteristics of real estate companies, as discussed below, the National Association of Real Estate Investment Trusts, Inc. ("Nareit"), an industry trade group, has promulgated a supplemental performance measure known as Earnings Before Interest, Taxes, Depreciation and Amortization for Real Estate. Nareit defines EBITDAre as net income or loss computed in accordance with GAAP, adjusted for interest expense, income tax expense (benefit), depreciation and amortization, impairment write-downs on real estate, gains or losses from disposition of property and our pro rata share of EBITDAre adjustments related to the Unconsolidated Joint Venture. We calculated EBITDAre in accordance with Nareit's definition described above.

In addition to EBITDAre, we use Adjusted EBITDA as a non-GAAP supplemental performance measure to evaluate the operating performance of the Company. Adjusted EBITDA, as defined by the Company, represents EBITDAre, modified to exclude non-routine items such as transaction related expenses and spin related expenses. We also exclude certain non-cash items such as impairments of intangible and right of use assets, gains or losses on derivatives, gains or losses on the extinguishment or forgiveness of debt, amortization of intangibles, above-market lease assets and deferred lease incentives, net of amortization of below-market lease liabilities and our pro rata share of Adjusted EBITDA adjustments related to the Unconsolidated Joint Venture. Management believes that excluding these costs from EBITDAre provides investors with supplemental performance information that is consistent with the performance models and analysis used by management, and provides investors a view of the performance of our portfolio over time. Therefore, EBITDAre and Adjusted EBITDA should not be considered as an alternative to net income, as computed in accordance with GAAP. The Company uses Adjusted EBITDA as one measure of its operating performance when formulating corporate goals and evaluating the effectiveness of the Company's strategies. EBITDAre and Adjusted EBITDA may not be comparable to similarly titled measures of other companies.

**Enterprise Value** equals the sum of the Implied Equity Market Capitalization and Net Debt, in each case, as of an applicable date.

**Fixed Charge Coverage Ratio** is (a) Adjusted EBITDA divided by (b) the sum of (i) Interest Expense, excluding non-cash amortization and (ii) secured debt principal amortization on Adjusted Principal Outstanding. Management believes that Fixed Charge Coverage Ratio is a useful supplemental measure of our ability to satisfy fixed financing obligations.

**Fixed Dollar or Percent Increase** refers to a lease that requires contractual rent increases during the term of the lease agreement. A Fixed Dollar or Percent Increase lease may include a period of free rent at the beginning or end of the lease.

**Flat** refers to a lease that requires equal rent payments, with no contractual increases, throughout the term of the lease agreement. A Flat Lease may include a period of free rent at the beginning or end of the lease.

**Funds Available for Distribution ("FAD")**

Funds available for distribution, as defined by the Company, represents Core FFO, as defined below, modified to exclude capital expenditures and leasing costs, as well as certain non-cash items such as amortization of above market leases, net of amortization of below market lease liabilities, straight-line rental revenue, amortization of the Unconsolidated Joint Venture basis difference and our pro rata share of FAD adjustments related to the Unconsolidated Joint Venture. Management believes that adjusting these items from Core FFO provides investors with supplemental performance information that is consistent with the performance models and analysis used by management and provides useful information regarding the Company's ability to fund its dividend.

However, not all REITs calculate FAD and those that do may not calculate FAD the same way, so comparisons with other REITs may not be meaningful. FAD should not be considered as an alternative to net income (loss) or cash flow provided by (used in) operating activities as determined under GAAP.

**Nareit Funds from Operations ("Nareit FFO" or "FFO") and Core Funds from Operations ("Core FFO")**

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

Nareit defines FFO as net income or loss computed in accordance with GAAP adjusted for gains or losses from disposition of real estate assets, depreciation and amortization of real estate assets, impairment write-downs on real estate, and our pro rata share of FFO adjustments related to the Unconsolidated Joint Venture. We calculate FFO in accordance with Nareit's definition described above.

In addition to FFO, we use Core FFO as a non-GAAP supplemental financial performance measure to evaluate the operating performance of the Company. Core FFO, as defined by the Company, excludes from FFO items that we believe do not reflect the ongoing operating performance of our business such as transaction related expenses, spin related expenses, amortization of deferred lease incentives, amortization of deferred financing costs, equity-based compensation, amortization of premiums and discounts on debt, net and gains or losses on extinguishment of swaps and/or debt, and our pro rata share of Core FFO adjustments related to the Unconsolidated Joint Venture.

We believe that FFO and Core FFO allow for a comparison of the performance of our operations with other publicly-traded REITs, as FFO and Core FFO, or an equivalent measure, are routinely reported by publicly-traded REITs, each adjust for items that we believe do not reflect the ongoing operating performance of our business and we believe are often used by analysts and investors for comparison purposes.

For all of these reasons, we believe FFO and Core FFO, in addition to net income (loss), as defined by GAAP, are helpful supplemental performance measures and useful in understanding the various ways in which our management evaluates the performance of the Company over time. However, not all REITs calculate FFO and Core FFO the same way, so comparisons with other REITs may not be meaningful. FFO and Core FFO should not be considered as alternatives to net income (loss) and are not intended to be used as a liquidity measure indicative of cash flow available to fund our cash needs. Neither the SEC, Nareit, nor any other regulatory body has evaluated the acceptability of the exclusions used to adjust FFO in order to calculate Core FFO and its use as a non-GAAP financial performance measure.

**GAAP** is an abbreviation for generally accepted accounting principles in the United States.

**Gross Lease** is a lease under which the landlord is responsible for all expenses associated with the property (e.g., real estate taxes, insurance, maintenance and repairs).

**Gross Real Estate Investments** represent total gross real estate and related assets of Operating Properties and the Company's pro rata share of such amounts related to properties owned by the Unconsolidated Joint Venture, net of gross intangible lease liabilities. Gross Real Estate Investments should not be considered as an alternative to the Company's real estate investments balance as determined in accordance with GAAP or any other GAAP financial measures and should only be considered together with, and as a supplement to, the Company's financial information prepared in accordance with GAAP.

**GSA CPI** refers to a General Services Administration ("GSA") lease that includes a contractually obligated operating cost component of rent which is adjusted annually based on changes in a consumer price index.

**Implied Equity Market Capitalization** equals shares of common stock outstanding as of an applicable date, multiplied by the closing sale price of the Company's stock as reported on the New York Stock Exchange on such date.

**Industry** is derived from the Global Industry Classification Standard ("GICS") Methodology that was developed by Morgan Stanley Capital International ("MSCI") in collaboration with S&P Dow Jones Indices to establish a global, accurate, complete and widely accepted approach to defining industries and classifying securities by industry.

**Interest Coverage Ratio** equals Adjusted EBITDA divided by Interest Expense, excluding non-cash amortization. Management believes that Interest Coverage Ratio is a useful supplemental measure of our ability to service our debt obligations.

**Interest Expense, excluding non-cash amortization** is a non-GAAP measure that represents interest expense incurred on the outstanding principal balance of our debt and the Company's pro rata share of the Unconsolidated Joint Venture's interest expense incurred on its outstanding principal balance. This measure excludes the amortization of deferred financing costs, premiums and discounts, which is included in interest expense in accordance with GAAP. Interest Expense, excluding non-cash amortization should not be considered as an alternative to the Company's 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 the Company's financial information prepared in accordance with GAAP.

**Investment-Grade Tenants** are those with a Credit Rating of BBB- or higher from Standard & Poor's or a Credit Rating of Baa3 or higher from Moody's. The ratings may reflect those assigned by Standard & Poor's or Moody's to the lease guarantor or the parent company, as applicable.

**Leased Square Feet** is Rentable Square Feet leased and includes such amounts related to the Unconsolidated Joint Venture.

**Modified Gross Lease** is a lease under which the landlord is responsible for most expenses associated with the property (e.g., real estate taxes, insurance, maintenance and repairs), but passes through some operating expenses to the tenant.

**Month-to-Month** refers to a lease that is outside of the contractual lease expiration, but the tenant has not vacated and continues to pay rent which may also include holdover rent if applicable.

**Net Debt, Principal Outstanding and Adjusted Principal Outstanding**

Principal Outstanding is a non-GAAP measure that represents the Company's outstanding principal debt balance, excluding certain GAAP adjustments, such as premiums and discounts, financing and issuance costs, and related accumulated amortization. Adjusted Principal Outstanding includes the Company's pro rata share of the Unconsolidated Joint Venture's outstanding principal debt balance. We believe that the presentation of Principal Outstanding and Adjusted Principal Outstanding, which show our contractual debt obligations, provides useful information to investors to assess our overall financial flexibility, capital structure and leverage. Principal Outstanding and Adjusted Principal Outstanding should not be considered as alternatives to the Company's consolidated debt balance as determined in accordance with GAAP or any other GAAP financial measures and should only be considered together with, and as a supplement to, the Company's financial information prepared in accordance with GAAP.

Net Debt is a non-GAAP measure used to show the Company's Adjusted Principal Outstanding, less all cash and cash equivalents and the Company's pro rata share of the Unconsolidated Joint Venture's cash and cash equivalents, and less cash deposited with the credit facility lenders that will, in accordance with the terms of the credit facility revolver, be used to prepay borrowings upon expiration or termination of the Company's interest rate swap agreements. We believe that the presentation of Net Debt provides useful information to investors because our management reviews Net Debt as part of its management of our overall liquidity, financial flexibility, capital structure and leverage.

**Net Debt Leverage Ratio** equals Net Debt divided by Gross Real Estate Investments.

**Net Operating Income ("NOI") and Cash NOI**

NOI is a non-GAAP performance measure used to evaluate the operating performance of a real estate company. NOI represents total revenues less property operating expenses and excludes fee revenue earned for services to the Unconsolidated Joint Venture, impairment, depreciation and amortization, general and administrative expenses, transaction related expenses and spin related expenses. Cash NOI excludes the impact of certain GAAP adjustments included in rental revenue, such as straight-line rent adjustments and amortization of above-market intangible lease assets and below-market lease intangible liabilities. Cash NOI includes the pro rata share of such amounts from properties owned by the Unconsolidated Joint Venture. It is management's view that NOI and Cash NOI provide investors relevant and useful information because it reflects only income and operating expense items that are incurred at the property level and presents them on an unleveraged basis. NOI and Cash NOI should not be considered as an alternative to operating income in accordance with GAAP. Further, NOI and Cash NOI may not be comparable to similarly titled measures of other companies.

**Occupancy Rate** equals the sum of Leased Square Feet divided by Rentable Square Feet and includes the Company's pro rata share of such amounts related to the Unconsolidated Joint Venture, in each case, as of an applicable date.

**Operating Properties** refers to all properties owned and consolidated by the Company as of the applicable date.

**Property Operating Expense** includes reimbursable and non-reimbursable costs to operate a property, including real estate taxes, utilities, insurance, repairs, maintenance, legal, property management fees, etc.

**Rentable Square Feet** is leasable square feet of Operating Properties and the Company's pro rata share of leasable square feet of properties owned by the Unconsolidated Joint Venture.

**Triple Net Lease ("NNN")** is a lease under which the tenant agrees to pay all expenses associated with the property (e.g., real estate taxes, insurance, maintenance and repairs in accordance with the lease terms).

**Unconsolidated Joint Venture** means the Company's investment in the unconsolidated joint venture with an affiliate of Arch Street Capital Partners, LLC.

**Unencumbered Asset Ratio** equals Unencumbered Gross Real Estate Investments divided by Gross Real Estate Investments. Management believes that Unencumbered Asset Ratio is a useful supplemental measure of our overall liquidity and leverage.

**Unencumbered Gross Real Estate Investments** equals Gross Real Estate Investments, excluding Gross Real Estate Investments related to properties serving as collateral for the Company's CMBS Loan and the Company's pro rata share of properties owned by the Unconsolidated Joint Venture that are pledged as collateral under mortgage debt. Unencumbered Gross Real Estate Investments includes otherwise unencumbered properties which are part of the unencumbered property pool under our credit facility and therefore generally are not available to simultaneously serve as collateral under other borrowings.

**Weighted Average Remaining Lease Term** is the number of years remaining on each respective lease as of the applicable date, weighted based on Annualized Base Rent and includes the years remaining on each of the respective leases of the Unconsolidated Joint Venture, weighted based on the Company's pro rata share of Annualized Base Rent related to the Unconsolidated Joint Venture.

**Forward-Looking Statements**

Information set forth in this press release includes “forward-looking statements” which reflect the Company's expectations and projections regarding future events and plans, future financial condition, results of operations, liquidity and business, including leasing and occupancy, acquisitions, dispositions, rent receipts, expected borrowings and financing costs and the payment of future dividends. Generally, the words "anticipates," "assumes," "believes," "continues," "could," "estimates," "expects," "goals," "intends," "may," "plans," "projects," "seeks," "should," "targets," "will," "guidance," variations of such words and similar expressions identify forward-looking statements. These forward-looking statements are based on information currently available to the Company and involve a number of known and unknown assumptions and risks, uncertainties and other factors, which may be difficult to predict and beyond the Company's control, that could cause actual events and plans or could cause the Company's business, financial condition, liquidity and results of operations to differ materially from those expressed or implied in the forward-looking statements. Further, information regarding historical rent collections should not serve as an indication of future rent collections.

The following factors, among others, could cause actual results to differ materially from those set forth in the forward-looking statements:

- the risk of rising interest rates, including that our borrowing costs may increase and we may be unable to refinance our debt obligations on favorable terms and in a timely manner, or at all;
- the risk of inflation, including that our operating costs, such as insurance premiums, utilities, real estate taxes, capital expenditures and repair and maintenance costs, may rise;
- conditions associated with the global market, including an oversupply of office space, tenant credit risk and general economic conditions;
- the extent to which changes in workplace practices and office space utilization, including remote work arrangements, will continue and the impact that may have on demand for office space at our properties;
- our ability to acquire new properties and sell non-core assets on favorable terms and in a timely manner, or at all;
- our ability to comply with the terms of our credit agreements or to meet the debt obligations on our properties, including our ability to satisfy the conditions to extend our credit facility revolver;
- our ability to access the capital markets to raise additional equity or refinance maturing debt on favorable terms and in a timely manner, or at all;
- changes in the real estate industry and in performance of the financial markets and interest rates and our ability to effectively hedge against interest rate changes;
- the risk of tenants defaulting on their lease obligations, which is heightened due to our focus on single tenant properties;
- our ability to renew leases with existing tenants or re-let vacant space to new tenants on favorable terms and in a timely manner, or at all;
- the cost of rent concessions, tenant improvement allowances and leasing commissions;
- the potential for termination of existing leases pursuant to tenant termination rights;
- the amount, growth and relative inelasticity of our expenses;
- risks associated with the ownership and development of real property;
- risks accompanying the management of OAP/VER Venture, LLC (the “Arch Street Joint Venture”), our unconsolidated joint venture, in which we hold a non-controlling interest;
- our ability to close pending real estate transactions, which may be subject to conditions that are outside of our control;
- risks associated with acquisitions, including the risk that we may not be in a position, or have the opportunity in the future, to make suitable property acquisitions on advantageous terms and/or that such acquisitions will fail to perform as expected;
- risks associated with the fact that we have a limited operating history and our future performance is difficult to predict;
- our properties may be subject to impairment charges;
- risks resulting from losses in excess of insured limits or uninsured losses;
- risks associated with the potential volatility of our common stock; and
- the risk that we may fail to maintain our qualification as a REIT.

Additional factors that may affect future results are contained in the Company's filings with the SEC, which are available at the SEC’s website at www.sec.gov. The Company disclaims any obligation to publicly update or revise any forward-looking statements, whether as a result of changes in underlying assumptions or factors, new information, future events or otherwise, except as required by law.

**ORION OFFICE REIT INC.**
**CONSOLIDATED BALANCE SHEETS**
(In thousands)

| | (Unaudited) June 30, 2023 | December 31, 2022 |
|---|---|---|
| **Assets** | | |
| Real estate investments, at cost: | | |
| Land | $ 229,105 | $ 238,225 |
| Buildings, fixtures and improvements | 1,111,646 | 1,128,400 |
| Total real estate investments, at cost | 1,340,751 | 1,366,625 |
| Less: accumulated depreciation | 149,147 | 133,379 |
| Total real estate investments, net | 1,191,604 | 1,233,246 |
| Accounts receivable, net | 24,960 | 21,641 |
| Intangible lease assets, net | 161,885 | 202,832 |
| Cash and cash equivalents | 42,209 | 20,638 |
| Real estate assets held for sale, net | 16,251 | 2,502 |
| Other assets, net | 90,998 | 90,214 |
| **Total assets** | **$ 1,527,907** | **$ 1,571,073** |
| **Liabilities and Equity** | | |
| Mortgages payable, net | $ 352,509 | $ 352,167 |
| Credit facility term loan, net | — | 173,815 |
| Credit facility revolver | 175,000 | — |
| Accounts payable and accrued expenses | 22,326 | 26,161 |
| Below-market lease liabilities, net | 10,996 | 14,068 |
| Distributions payable | 5,670 | 5,664 |
| Other liabilities, net | 23,682 | 23,340 |
| **Total liabilities** | **590,183** | **595,215** |
| Common stock | 57 | 57 |
| Additional paid-in capital | 1,148,155 | 1,147,014 |
| Accumulated other comprehensive income | 3,026 | 6,308 |
| Accumulated deficit | (214,929) | (178,910) |
| Total stockholders' equity | 936,309 | 974,469 |
| Non-controlling interest | 1,415 | 1,389 |
| **Total equity** | **937,724** | **975,858** |
| **Total liabilities and equity** | **$ 1,527,907** | **$ 1,571,073** |

**ORION OFFICE REIT INC.**
**CONSOLIDATED STATEMENTS OF OPERATIONS**
(In thousands, except for per share data) (Unaudited)

| | Three Months Ended | | Six Months Ended | |
|---|---|---|---|---|
| | June 30, 2023 | June 30, 2022 | June 30, 2023 | June 30, 2022 |
| **Revenues:** | | | | |
| Rental | $ 51,824 | $ 52,659 | $ 101,814 | $ 105,676 |
| Fee income from unconsolidated joint venture | 200 | 190 | 400 | 379 |
| **Total revenues** | **52,024** | **52,849** | **102,214** | **106,055** |
| **Operating expenses:** | | | | |
| Property operating | 15,487 | 15,156 | 30,831 | 30,470 |
| General and administrative | 4,565 | 3,291 | 8,874 | 6,808 |
| Depreciation and amortization | 27,877 | 33,828 | 56,043 | 68,181 |
| Impairments | 11,819 | 7,758 | 15,573 | 9,360 |
| Transaction related | 150 | 141 | 255 | 204 |
| Spin related | — | 208 | — | 964 |
| **Total operating expenses** | **59,898** | **60,382** | **111,576** | **115,987** |
| **Other (expense) income:** | | | | |
| Interest expense, net | (7,222) | (7,867) | (14,361) | (14,714) |
| Loss on extinguishment of debt, net | (504) | — | (504) | (468) |
| Other income, net | 165 | 48 | 201 | 87 |
| Equity in loss of unconsolidated joint venture | (95) | (54) | (218) | (95) |
| **Total other (expenses) income, net** | **(7,656)** | **(7,873)** | **(14,882)** | **(15,190)** |
| **Loss before taxes** | **(15,530)** | **(15,406)** | **(24,244)** | **(25,122)** |
| Provision for income taxes | (185) | (164) | (345) | (330) |
| **Net loss** | **(15,715)** | **(15,570)** | **(24,589)** | **(25,452)** |
| Net income attributable to non-controlling interest | (15) | (1) | (26) | (25) |
| **Net loss attributable to common stockholders** | **$ (15,730)** | **$ (15,571)** | **$ (24,615)** | **$ (25,477)** |
| | | | | |
| Weighted-average shares outstanding - basic and diluted | 56,680 | 56,629 | 56,661 | 56,628 |
| **Basic and diluted net loss per share attributable to common stockholders** | **$ (0.28)** | **$ (0.27)** | **$ (0.43)** | **$ (0.45)** |

**ORION OFFICE REIT INC.**
**FFO, CORE FFO and FAD**
(In thousands, except for per share data) (Unaudited)

| | Three Months Ended | | Six Months Ended | |
|---|---|---|---|---|
| | June 30, 2023 | June 30, 2022 | June 30, 2023 | June 30, 2022 |
| **Net loss attributable to common stockholders** | $ (15,730) | $ (15,571) | $ (24,615) | $ (25,477) |
| Adjustments: | | | | |
| Depreciation and amortization of real estate assets | 27,852 | 33,811 | 55,994 | 68,148 |
| Impairment of real estate | 11,819 | 7,758 | 15,573 | 9,360 |
| Proportionate share of Unconsolidated Joint Venture adjustments for items above, as applicable | 463 | 461 | 925 | 922 |
| **FFO attributable to common stockholders** | **$ 24,404** | **$ 26,459** | **$ 47,877** | **$ 52,953** |
| Transaction related | 150 | 141 | 255 | 204 |
| Spin related | — | 208 | — | 964 |
| Amortization of deferred financing costs | 1,059 | 1,057 | 2,108 | 2,228 |
| Amortization of deferred lease incentives | 100 | — | 201 | — |
| Equity-based compensation | 689 | 439 | 1,215 | 709 |
| Loss on extinguishment of debt, net | 504 | — | 504 | 468 |
| Proportionate share of Unconsolidated Joint Venture adjustments for items above, as applicable | 29 | 54 | 58 | 121 |
| **Core FFO attributable to common stockholders** | **$ 26,935** | **$ 28,358** | **$ 52,218** | **$ 57,647** |
| Amortization of above and below market leases, net | (274) | (315) | (489) | (635) |
| Straight-line rental revenue | (2,275) | (547) | (4,959) | (1,443) |
| Unconsolidated Joint Venture basis difference amortization | 114 | 259 | 247 | 517 |
| Capital expenditures and leasing costs | (2,172) | (2,381) | (5,510) | (4,782) |
| Other adjustments, net | 74 | 63 | 205 | 126 |
| Proportionate share of Unconsolidated Joint Venture adjustments for items above, as applicable | (41) | (59) | (81) | (117) |
| **Funds available for distribution** | **$ 22,361** | **$ 25,378** | **$ 41,631** | **$ 51,313** |
| Weighted-average shares outstanding - basic | 56,680 | 56,629 | 56,661 | 56,628 |
| Effect of weighted-average dilutive securities (1) | 11 | — | 12 | — |
| **Weighted-average shares outstanding - diluted** | **56,691** | **56,629** | **56,673** | **56,628** |
| FFO attributable to common stockholders per diluted share | $ 0.43 | $ 0.47 | $ 0.84 | $ 0.94 |
| Core FFO attributable to common stockholders per diluted share | $ 0.48 | $ 0.50 | $ 0.92 | $ 1.02 |
| FAD per diluted share | $ 0.39 | $ 0.45 | $ 0.73 | $ 0.91 |

(1) Dilutive securities include unvested restricted stock units net of assumed repurchases in accordance with the treasury stock method and exclude performance-based restricted stock units for which the performance thresholds have not been met by the end of the applicable reporting period. Such dilutive securities are not included when calculating net loss per diluted share applicable to the Company for the three and six months ended June 30, 2023 and 2022, as the effect would be antidilutive.

**ORION OFFICE REIT INC.**
**EBITDA, EBITDAre AND ADJUSTED EBITDA**
(In thousands) (Unaudited)

| | Three Months Ended | | Six Months Ended | |
|---|---|---|---|---|
| | June 30, 2023 | June 30, 2022 | June 30, 2023 | June 30, 2022 |
| **Net loss attributable to common stockholders** | $ (15,730) | $ (15,571) | $ (24,615) | $ (25,477) |
| Adjustments: | | | | |
| Interest expense | 7,222 | 7,867 | 14,361 | 14,714 |
| Depreciation and amortization | 27,877 | 33,828 | 56,043 | 68,181 |
| Provision for income taxes | 185 | 164 | 345 | 330 |
| Proportionate share of Unconsolidated Joint Venture adjustments for items above, as applicable | 861 | 672 | 1,715 | 1,315 |
| **EBITDA** | **$ 20,415** | **$ 26,960** | **$ 47,849** | **$ 59,063** |
| Impairment of real estate | 11,819 | 7,758 | 15,573 | 9,360 |
| **EBITDAre** | **$ 32,234** | **$ 34,718** | **$ 63,422** | **$ 68,423** |
| Transaction related | 150 | 141 | 255 | 204 |
| Spin related | — | 208 | — | 964 |
| Amortization of above and below market leases, net | (274) | (315) | (489) | (635) |
| Amortization of deferred lease incentives | 100 | — | 201 | — |
| Loss on extinguishment and forgiveness of debt, net | 504 | — | 504 | 468 |
| Proportionate share of Unconsolidated Joint Venture adjustments for items above, as applicable | (8) | (8) | (15) | (15) |
| **Adjusted EBITDA** | **$ 32,706** | **$ 34,744** | **$ 63,878** | **$ 69,409** |

**ORION OFFICE REIT INC.**
**FINANCIAL AND OPERATIONS STATISTICS AND RATIOS**
(Dollars in thousands) (Unaudited)

| | Three Months Ended | | Six Months Ended | |
|---|---|---|---|---|
| | June 30, 2023 | June 30, 2022 | June 30, 2023 | June 30, 2022 |
| **Interest expense - as reported** | $ 7,222 | $ 7,867 | $ 14,361 | $ 14,714 |
| *Adjustments:* | | | | |
| Amortization of deferred financing costs and other non-cash charges | (1,059) | (1,057) | (2,108) | (2,228) |
| Proportionate share of Unconsolidated Joint Venture Interest Expense, excluding non-cash amortization | 366 | 155 | 729 | 271 |
| **Interest Expense, excluding non-cash amortization** | **$ 6,529** | **$ 6,965** | **$ 12,982** | **$ 12,757** |

| **Interest Coverage Ratio** | Three Months Ended | | Six Months Ended | |
|---|---|---|---|---|
| | June 30, 2023 | June 30, 2022 | June 30, 2023 | June 30, 2022 |
| Interest Expense, excluding non-cash amortization [(1)] | $ 6,529 | $ 6,965 | $ 12,982 | $ 12,757 |
| Adjusted EBITDA [(2)] | 32,706 | 34,744 | 63,878 | 69,409 |
| Interest Coverage Ratio | 5.01x | 4.99x | 4.92x | 5.44x |
| | | | | |
| **Fixed Charge Coverage Ratio** | | | | |
| Interest Expense, excluding non-cash amortization [(1)] | $ 6,529 | $ 6,965 | $ 12,982 | $ 12,757 |
| Secured debt principal amortization | — | — | — | — |
| Total fixed charges | 6,529 | 6,965 | 12,982 | 12,757 |
| Adjusted EBITDA [(2)] | 32,706 | 34,744 | 63,878 | 69,409 |
| Fixed Charge Coverage Ratio | 5.01x | 4.99x | 4.92x | 5.44x |

(1) Refer to the Statement of Operations for interest expense calculated in accordance with GAAP and to the Supplemental Information Package for the required reconciliation to the most directly comparable GAAP financial measure.

(2) Refer to the Statement of Operations for net income calculated in accordance with GAAP and to the EBITDAre and Adjusted EBITDA table in the Supplemental Information Package for the required reconciliation to the most directly comparable GAAP financial measure.

| **Net Debt** | June 30, 2023 | December 31, 2022 |
|---|---|---|
| Mortgages payable, net | $ 352,509 | $ 352,167 |
| Credit facility term loan, net | — | 173,815 |
| Credit facility revolver | 175,000 | — |
| **Total debt - as reported** | **527,509** | **525,982** |
| Deferred financing costs, net | 2,491 | 4,018 |
| **Principal Outstanding** | **530,000** | **530,000** |
| Proportionate share of Unconsolidated Joint Venture Principal Outstanding | 27,332 | 27,332 |
| **Adjusted Principal Outstanding** | **$ 557,332** | **$ 557,332** |
| Cash and cash equivalents | (42,209) | (20,638) |
| Proportionate share of Unconsolidated Joint Venture cash and cash equivalents | (705) | (572) |
| **Net Debt** | **$ 514,418** | **$ 536,122** |

**ORION OFFICE REIT INC.**
**FINANCIAL AND OPERATIONS STATISTICS AND RATIOS**
(Dollars in thousands) (Unaudited)

| | June 30, 2023 | December 31, 2022 |
|---|---|---|
| **Total real estate investments, at cost - as reported** | $ 1,340,751 | $ 1,366,625 |
| *Adjustments:* | | |
| Gross intangible lease assets | 345,416 | 360,690 |
| Gross intangible lease liabilities | (31,317) | (31,317) |
| Gross assets held for sale | 16,293 | 2,544 |
| Proportionate share of Unconsolidated Joint Venture Gross Real Estate Investments | 45,451 | 45,427 |
| **Gross Real Estate Investments** | **$ 1,716,594** | **$ 1,743,969** |

| | June 30, 2023 | December 31, 2022 |
|---|---|---|
| **Net Debt Ratios** | | |
| Net Debt [(1)] | $ 514,418 | $ 536,122 |
| Adjusted EBITDA [(2)] | 130,824 | 132,210 |
| Net Debt to Adjusted EBITDA Ratio [(2)] | 3.93x | 4.06x |
| | | |
| Net Debt [(1)] | $ 514,418 | $ 536,122 |
| Gross Real Estate Investments [(1)] | 1,716,594 | 1,743,969 |
| Net Debt Leverage Ratio | 30.0 % | 30.7 % |
| | | |
| **Unencumbered Assets/Real Estate Assets** | | |
| Unencumbered Gross Real Estate Investments | $ 1,112,811 | $ 1,141,035 |
| Gross Real Estate Investments [(1)] | 1,716,594 | 1,743,969 |
| Unencumbered Asset Ratio | 64.8 % | 65.4 % |

(1) Refer to the Balance Sheets for total debt and real estate investments, at cost calculated in accordance with GAAP and to the table above for the required reconciliation to the most directly comparable GAAP financial measure.

(2) Adjusted EBITDA for the quarter ended June 30, 2023 has been annualized for the purpose of this calculation.

**ORION OFFICE REIT INC.**
**CORE FUNDS FROM OPERATIONS PER DILUTED SHARE - 2023 GUIDANCE**
(Unaudited)

The Company expects its 2023 Core FFO per diluted share to be in a range between $1.59 and $1.63. This guidance assumes:

- General & Administrative Expenses: $18.25 million to $18.75 million
- Net Debt to Adjusted EBITDA: 4.3x to 5.0x

The estimated net income per diluted share is not a projection and is provided solely to satisfy the disclosure requirements of the U.S. Securities and Exchange Commission.

The Company does not provide a reconciliation of Net Debt to Adjusted EBITDA guidance to the most directly comparable GAAP measure, due to the inherent difficulty and uncertainty in quantifying certain adjustments principally related to the Company's investment in the unconsolidated joint venture.

| | Low | High |
|---|---|---|
| Diluted net income per share attributable to common stockholders | $ (0.55) | $ (0.51) |
| Depreciation and amortization of real estate assets | 1.94 | 1.94 |
| Proportionate share of adjustments for Unconsolidated Joint Venture | 0.05 | 0.05 |
| FFO attributable to common stockholders per diluted share | 1.44 | 1.48 |
| Adjustments [1] | 0.15 | 0.15 |
| Core FFO attributable to common stockholders per diluted share | $ 1.59 | $ 1.63 |

(1) Includes transaction related expenses, amortization of deferred lease incentives, amortization of deferred financing costs, equity-based compensation, and our proportionate share of such adjustments for the Unconsolidated Joint Venture.

*Exhibit 99.2*

Orion
Office REIT

# Supplemental Information Package


**2023**

Second Quarter

# Orion Supplemental Information

*June 30, 2023*

# About the Data

This data and other information described herein are as of and for the three months ended June 30, 2023, unless otherwise indicated. Future performance may not be consistent with past performance and is subject to change and inherent risks and uncertainties. This information should be read in conjunction with the consolidated and combined financial statements and the Management's Discussion and Analysis of Financial Condition and Results of Operations sections contained in Orion Office REIT Inc.'s (the "Company," "Orion," "us," "our" and "we") Quarterly Reports on Form 10-Q for the periods ended June 30, 2023 and March 31, 2023 and Annual Report on Form 10-K for the year ended December 31, 2022.

# Forward-Looking Statements

Information set forth herein includes “forward-looking statements” which reflect the Company's expectations and projections regarding future events and plans, future financial condition, results of operations, liquidity and business, including leasing and occupancy, acquisitions, dispositions, rent receipts, expected borrowings and financing costs and the payment of future dividends. Generally, the words "anticipates," "assumes," "believes," "continues," "could," "estimates," "expects," "goals," "intends," "may," "plans," "projects," "seeks," "should," "targets," "will," "guidance," variations of such words and similar expressions identify forward-looking statements. These forward-looking statements are based on information currently available to the Company and involve a number of known and unknown assumptions and risks, uncertainties and other factors, which may be difficult to predict and beyond the Company's control, that could cause actual events and plans or could cause the Company's business, financial condition, liquidity and results of operations to differ materially from those expressed or implied in the forward-looking statements. Further, information regarding historical rent collections should not serve as an indication of future rent collections.

The following factors, among others, could cause actual results to differ materially from those set forth in the forward-looking statements:

- the risk of rising interest rates, including that our borrowing costs may increase and we may be unable to refinance our debt obligations on favorable terms and in a timely manner, or at all;
- the risk of inflation, including that our operating costs, such as insurance premiums, utilities, real estate taxes, capital expenditures and repair and maintenance costs, may rise;
- conditions associated with the global market, including an oversupply of office space, tenant credit risk and general economic conditions;
- the extent to which changes in workplace practices and office space utilization, including remote work arrangements, will continue and the impact that may have on demand for office space at our properties;
- our ability to acquire new properties and sell non-core assets on favorable terms and in a timely manner, or at all;
- our ability to comply with the terms of our credit agreements or to meet the debt obligations on our properties, including our ability to satisfy the conditions to extend our credit facility revolver;
- our ability to access the capital markets to raise additional equity or refinance maturing debt on favorable terms and in a timely manner, or at all;
- changes in the real estate industry and in performance of the financial markets and interest rates and our ability to effectively hedge against interest rate changes;
- the risk of tenants defaulting on their lease obligations, which is heightened due to our focus on single tenant properties;
- our ability to renew leases with existing tenants or re-let vacant space to new tenants on favorable terms and in a timely manner, or at all;
- the cost of rent concessions, tenant improvement allowances and leasing commissions;
- the potential for termination of existing leases pursuant to tenant termination rights;
- the amount, growth and relative inelasticity of our expenses;
- risks associated with the ownership and development of real property;
- risks accompanying the management of OAP/VER Venture, LLC, our unconsolidated joint venture, in which we hold a non-controlling ownership interest;
- our ability to close pending real estate transactions, which may be subject to conditions that are outside of our control;
- risks associated with acquisitions, including the risk that we may not be in a position, or have the opportunity in the future, to make suitable property acquisitions on advantageous terms and/or that such acquisitions will fail to perform as expected;
- risks associated with the fact that we have a limited operating history and our future performance is difficult to predict;
- our properties may be subject to impairment charges;
- risks resulting from losses in excess of insured limits or uninsured losses;
- risks associated with the potential volatility of our common stock; and
- the risk that we may fail to maintain our qualification as a REIT.

Additional factors that may affect future results are contained in the Company's filings with the SEC, which are available at the SEC's website at www.sec.gov. The Company disclaims any obligation to publicly update or revise any forward-looking statements, whether as a result of changes in underlying assumptions or factors, new information, future events or otherwise, except as required by law.

# Company Overview

*(unaudited)*

***Orion** is a real estate company incorporated in the state of Maryland on July 1, 2021, which has been operating in a manner so as to qualify and has elected to be taxed as a real estate investment trust ("REIT") for U.S. federal income tax purposes, commencing with our initial taxable year ended December 31, 2021.*

*Orion is an internally managed REIT engaged in the ownership, acquisition, and management of a diversified portfolio of mission-critical regional and corporate headquarters office buildings in high-quality suburban markets across the U.S. and leased primarily on a single-tenant net lease basis to creditworthy tenants. As of June 30, 2023, Orion owned and operated a portfolio of 81 office properties totaling approximately 9.5 million leasable square feet located within 29 states. In addition, the Company owns a 20% equity interest in one Unconsolidated Joint Venture with an affiliate of Arch Street Capital Partners, which, as of June 30, 2023, owned a portfolio consisting of six office properties totaling approximately 1.0 million leasable square feet located within six states. As of June 30, 2023, approximately 73.7% of the Company's Annualized Base Rent was from Investment-Grade Tenants, the Company's Occupancy Rate was 86.5% and the Weighted Average Remaining Lease Term was 3.9 years.*

*The Company's Annualized Base Rent as of June 30, 2023 was approximately $153.5 million. The top tenants, tenant industries and geographic locations of the Company's properties are outlined in the following sections: "Tenants Comprising Over 1% of Annualized Base Rent," "Tenant Industry Diversification," and "Property Geographic Diversification," respectively.*

***Tenants, Trademarks and Logos***

*Orion is not affiliated or associated with, is not endorsed by, does not endorse, and is not sponsored by or a sponsor of the tenants or of their products or services pictured or mentioned. The names, logos and all related product and service names, design marks and slogans are the trademarks or service marks of their respective companies.*

See the Definitions section for a description of the Company's non-GAAP and operating metrics.

# Company Overview (cont.)

***Senior Management***

Paul H. McDowell, Chief Executive Officer, President

Gavin B. Brandon, Executive Vice President, Chief Financial Officer and Treasurer

Christopher H. Day, Executive Vice President, Chief Operating Officer

Gary E. Landriau, Executive Vice President, Chief Investment Officer

Paul C. Hughes, General Counsel and Secretary

Revea L. Schmidt, Senior Vice President, Chief Accounting Officer

***Board of Directors***

Reginald H. Gilyard, Non-Executive Chairman

Kathleen R. Allen, Ph.D., Independent Director

Richard J. Lieb, Independent Director

Gregory J. Whyte, Independent Director

Paul H. McDowell, Chief Executive Officer, President and Director

***Corporate Offices and Contact Information***

2398 E. Camelback Road, Suite 1060
Phoenix, AZ 85016
602-698-1002
www.ONLREIT.com

19 West 44th Street, Suite 1401
New York, NY 10036

***Trading Symbol:*** *ONL*

***Stock Exchange Listing:*** *New York Stock Exchange*

***Transfer Agent***

*Computershare Trust Company, N.A.*
*462 South 4th Street, Suite 1600*
*Louisville, KY 40202*
*855-866- 0787*

# Balance Sheets

*(unaudited, in thousands)*

| | June 30, 2023 | March 31, 2023 | December 31, 2022 | September 30, 2022 | June 30, 2022 |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| Real estate investments, at cost: | | | | | |
| Land | $ 229,105 | $ 236,966 | $ 238,225 | $ 243,726 | $ 250,724 |
| Buildings, fixtures and improvements | 1,111,646 | 1,127,590 | 1,128,400 | 1,137,177 | 1,208,475 |
| Total real estate investments, at cost | 1,340,751 | 1,364,556 | 1,366,625 | 1,380,903 | 1,459,199 |
| Less: accumulated depreciation | 149,147 | 141,093 | 133,379 | 126,097 | 138,642 |
| Total real estate investments, net | 1,191,604 | 1,223,463 | 1,233,246 | 1,254,806 | 1,320,557 |
| Accounts receivable, net | 24,960 | 24,697 | 21,641 | 21,923 | 25,731 |
| Intangible lease assets, net | 161,885 | 182,629 | 202,832 | 223,528 | 247,722 |
| Cash and cash equivalents | 42,209 | 23,755 | 20,638 | 23,282 | 19,300 |
| Real estate assets held for sale, net | 16,251 | 2,502 | 2,502 | 6,383 | 9,402 |
| Other assets, net | 90,998 | 89,826 | 90,214 | 91,632 | 91,208 |
| **Total assets** | **$ 1,527,907** | **$ 1,546,872** | **$ 1,571,073** | **$ 1,621,554** | **$ 1,713,920** |
| **Liabilities and Equity** | | | | | |
| Mortgages payable, net | $ 352,509 | $ 352,337 | $ 352,167 | $ 351,994 | $ 351,820 |
| Credit facility term loan, net | — | 174,153 | 173,815 | 173,478 | 173,133 |
| Credit facility revolver | 175,000 | — | — | 31,000 | 71,000 |
| Accounts payable and accrued expenses | 22,326 | 19,957 | 26,161 | 22,038 | 16,855 |
| Below-market lease liabilities, net | 10,996 | 12,526 | 14,068 | 15,611 | 17,381 |
| Distributions payable | 5,670 | 5,666 | 5,664 | 5,664 | 5,663 |
| Other liabilities, net | 23,682 | 22,286 | 23,340 | 21,085 | 20,341 |
| **Total liabilities** | **590,183** | **586,925** | **595,215** | **620,870** | **656,193** |
| Common stock | 57 | 57 | 57 | 57 | 57 |
| Additional paid-in capital | 1,148,155 | 1,147,466 | 1,147,014 | 1,146,431 | 1,145,987 |
| Accumulated other comprehensive income | 3,026 | 4,540 | 6,308 | 7,057 | 5,851 |
| Accumulated deficit | (214,929) | (193,516) | (178,910) | (154,273) | (95,562) |
| Total stockholders' equity | 936,309 | 958,547 | 974,469 | 999,272 | 1,056,333 |
| Non-controlling interest | 1,415 | 1,400 | 1,389 | 1,412 | 1,394 |
| **Total equity** | **937,724** | **959,947** | **975,858** | **1,000,684** | **1,057,727** |
| **Total liabilities and equity** | **$ 1,527,907** | **$ 1,546,872** | **$ 1,571,073** | **$ 1,621,554** | **$ 1,713,920** |

# Statements of Operations

*(unaudited, in thousands, except per share data)*

| | Three Months Ended | | | | |
|---|---|---|---|---|---|
| | June 30, 2023 | March 31, 2023 | December 31, 2022 | September 30, 2022 | June 30, 2022 |
| **Revenues:** | | | | | |
| Rental | $ 51,824 | $ 49,990 | $ 50,097 | $ 51,580 | $ 52,659 |
| Fee income from unconsolidated joint venture | 200 | 200 | 197 | 189 | 190 |
| **Total revenues** | **52,024** | **50,190** | **50,294** | **51,769** | **52,849** |
| **Operating expenses:** | | | | | |
| Property operating | 15,487 | 15,344 | 15,746 | 15,303 | 15,156 |
| General and administrative | 4,565 | 4,309 | 4,428 | 4,672 | 3,291 |
| Depreciation and amortization | 27,877 | 28,166 | 30,493 | 32,693 | 33,828 |
| Impairments | 11,819 | 3,754 | 12,198 | 44,801 | 7,758 |
| Transaction related | 150 | 105 | 277 | 194 | 141 |
| Spin related | — | — | — | — | 208 |
| **Total operating expenses** | **59,898** | **51,678** | **63,142** | **97,663** | **60,382** |
| **Other (expense) income:** | | | | | |
| Interest expense, net | (7,222) | (7,139) | (7,553) | (7,904) | (7,867) |
| Gain on disposition of real estate assets | — | — | 1,293 | 1,059 | — |
| Loss on extinguishment of debt, net | (504) | — | — | — | — |
| Other income, net | 165 | 36 | 105 | 31 | 48 |
| Equity in loss of unconsolidated joint venture | (95) | (123) | (272) | (157) | (54) |
| **Total other (expenses) income, net** | **(7,656)** | **(7,226)** | **(6,427)** | **(6,971)** | **(7,873)** |
| **Loss before taxes** | **(15,530)** | **(8,714)** | **(19,275)** | **(52,865)** | **(15,406)** |
| Provision for income taxes | (185) | (160) | 282 | (164) | (164) |
| **Net loss** | **(15,715)** | **(8,874)** | **(18,993)** | **(53,029)** | **(15,570)** |
| Net (income) loss attributable to non-controlling interest | (15) | (11) | 23 | (18) | (1) |
| **Net loss attributable to common stockholders** | **$ (15,730)** | **$ (8,885)** | **$ (18,970)** | **$ (53,047)** | **$ (15,571)** |
| Weighted-average shares outstanding - basic and diluted | 56,680 | 56,642 | 56,644 | 56,635 | 56,629 |
| **Basic and diluted net loss per share attributable to common stockholders** | **$ (0.28)** | **$ (0.16)** | **$ (0.33)** | **$ (0.94)** | **$ (0.27)** |

# Funds From Operations (FFO), Core Funds From Operations (Core FFO) and Funds Available for Distribution (FAD)

*(unaudited, in thousands, except per share data)*

| | Three Months Ended | | | | |
|---|---|---|---|---|---|
| | June 30, 2023 | March 31, 2023 | December 31, 2022 | September 30, 2022 | June 30, 2022 |
| **Net loss attributable to common stockholders** | $ (15,730) | $ (8,885) | $ (18,970) | $ (53,047) | $ (15,571) |
| Adjustments: | | | | | |
| Depreciation and amortization of real estate assets | 27,852 | 28,142 | 30,475 | 32,674 | 33,811 |
| Gain on disposition of real estate assets | — | — | (1,293) | (1,059) | — |
| Impairment of real estate | 11,819 | 3,754 | 12,198 | 44,801 | 7,758 |
| Proportionate share of Unconsolidated Joint Venture adjustments for items above, as applicable | 463 | 462 | 465 | 460 | 461 |
| **FFO attributable to common stockholders** | **$ 24,404** | **$ 23,473** | **$ 22,875** | **$ 23,829** | **$ 26,459** |
| Transaction related | 150 | 105 | 277 | 194 | 141 |
| Spin related | — | — | — | — | 208 |
| Amortization of deferred financing costs | 1,059 | 1,049 | 1,068 | 1,067 | 1,057 |
| Amortization of deferred lease incentives | 100 | 101 | 80 | 36 | — |
| Equity-based compensation | 689 | 526 | 603 | 444 | 439 |
| Loss on extinguishment of debt, net | 504 | — | — | — | — |
| Proportionate share of Unconsolidated Joint Venture adjustments for items above, as applicable | 29 | 29 | 29 | 28 | 54 |
| **Core FFO attributable to common stockholders** | **$ 26,935** | **$ 25,283** | **$ 24,932** | **$ 25,598** | **$ 28,358** |
| Amortization of above and below market leases, net | (274) | (215) | (260) | (312) | (315) |
| Straight-line rental revenue | (2,275) | (2,684) | 2,911 | (699) | (547) |
| Unconsolidated Joint Venture basis difference amortization | 114 | 133 | 259 | 258 | 259 |
| Capital expenditures and leasing costs | (2,172) | (3,338) | (6,112) | (3,730) | (2,381) |
| Other adjustments, net | 74 | 131 | 74 | 63 | 63 |
| Proportionate share of Unconsolidated Joint Venture adjustments for the items above, as applicable | (41) | (40) | (54) | (59) | (59) |
| **Funds available for distribution** | **$ 22,361** | **$ 19,270** | **$ 21,750** | **$ 21,119** | **$ 25,378** |
| Weighted-average shares outstanding - basic | 56,680 | 56,642 | 56,644 | 56,635 | 56,629 |
| Effect of weighted-average dilutive securities (1) | 11 | 18 | — | — | — |
| **Weighted-average shares outstanding - diluted** | **56,691** | **56,660** | **56,644** | **56,635** | **56,629** |
| FFO attributable to common stockholders per diluted share | $ 0.43 | $ 0.41 | $ 0.40 | $ 0.42 | $ 0.47 |
| Core FFO attributable to common stockholders per diluted share | $ 0.48 | $ 0.45 | $ 0.44 | $ 0.45 | $ 0.50 |
| FAD per diluted share | $ 0.39 | $ 0.34 | $ 0.38 | $ 0.37 | $ 0.45 |

(1) Dilutive securities include unvested restricted stock units net of assumed repurchases in accordance with the treasury stock method and exclude performance-based restricted stock units for which the thresholds have not been met by the end of the applicable reporting period. Such dilutive securities are not included when calculating net loss per diluted share applicable to the Company for the periods presented above, as the effect would be antidilutive.

See the Definitions section for a description of the Company's non-GAAP and operating metrics.

# EBITDA, EBITDAre and Adjusted EBITDA

*(unaudited, in thousands)*

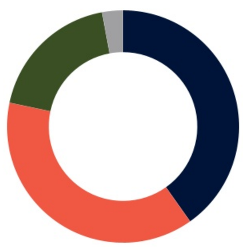
| | Three Months Ended | | | | |
|---|---|---|---|---|---|
| | June 30, 2023 | March 31, 2023 | December 31, 2022 | September 30, 2022 | June 30, 2022 |
| **Net loss attributable to common stockholders** | $ (15,730) | $ (8,885) | $ (18,970) | $ (53,047) | $ (15,571) |
| Adjustments: | | | | | |
| Interest expense | 7,222 | 7,139 | 7,553 | 7,904 | 7,867 |
| Depreciation and amortization | 27,877 | 28,166 | 30,493 | 32,693 | 33,828 |
| Provision for income taxes | 185 | 160 | (282) | 164 | 164 |
| Proportionate share of Unconsolidated Joint Venture adjustments for items above, as applicable | 861 | 854 | 864 | 782 | 672 |
| **EBITDA** | **$ 20,415** | **$ 27,434** | **$ 19,658** | **$ (11,504)** | **$ 26,960** |
| Gain on disposition of real estate assets | — | — | (1,293) | (1,059) | — |
| Impairment of real estate | 11,819 | 3,754 | 12,198 | 44,801 | 7,758 |
| **EBITDAre** | **$ 32,234** | **$ 31,188** | **$ 30,563** | **$ 32,238** | **$ 34,718** |
| Transaction related | 150 | 105 | 277 | 194 | 141 |
| Spin related | — | — | — | — | 208 |
| Amortization of above and below market leases, net | (274) | (215) | (260) | (312) | (315) |
| Amortization of deferred lease incentives | 100 | 101 | 80 | 36 | — |
| Loss on extinguishment of debt, net | 504 | — | — | — | — |
| Proportionate share of Unconsolidated Joint Venture adjustments for items above, as applicable | (8) | (7) | (8) | (7) | (8) |
| **Adjusted EBITDA** | **$ 32,706** | **$ 31,172** | **$ 30,652** | **$ 32,149** | **$ 34,744** |

See the Definitions section for a description of the Company's non-GAAP and operating metrics.

# Capital Structure

*(unaudited, dollars and shares in thousands, except per share amounts)*

Capitalization
(as of June 30, 2023)



| | | |
|---|---|---|
| | Common equity | 40.2% |
| | Mortgages payable, net | 38.1% |
| | Credit facility revolver [4] | 18.8% |
| | Proportionate share of Unconsolidated Joint Venture Debt | 2.9% |

**Fixed vs. Variable Rate Debt**

| | |
|---|---|
| Fixed and Swapped to Fixed | 100.0 % |
| Variable [4] | — % |

| Orion Capitalization Table | | | June 30, 2023 |
|---|---|---|---|
| Common stock outstanding | | | 56,696 |
| Stock price | | | $ 6.61 |
| Implied Equity Market Capitalization | | | $ 374,761 |
| | **Wtd. Avg. Maturity (Years)** | **Interest Rate [1]** | **June 30, 2023** |
| Proportionate share of Unconsolidated Joint Venture Debt [2] | 1.4 | 5.19 % | $ 27,332 |
| Mortgages payable | 3.6 | 4.97 % | 355,000 |
| **Total secured debt** | 3.5 | 4.99 % | $ 382,332 |
| **Total unsecured credit facility revolver [3] [4]** | 2.9 | 3.92% | 175,000 |
| **Total Principal Outstanding** | **3.3** | **4.65 %** | **$ 557,332** |
| Total Capitalization | | | $ 932,093 |
| Cash and cash equivalents | | | 42,209 |
| Proportionate share of Unconsolidated Joint Venture cash and cash equivalents | | | 705 |
| Enterprise Value | | | $ 889,179 |
| Net Debt/Enterprise Value | | | 57.9 % |
| Net Debt/Gross Real Estate Investments | | | 30.0 % |
| Fixed Charge Coverage Ratio | | | 5.01x |
| Liquidity [5] | | | $ 292,914 |
| Net Debt/Annualized Adjusted EBITDA | | | 3.93x |

(1) Interest rate for variable rate debt represents the interest rate in effect as of June 30, 2023.

(2) The Unconsolidated Joint Venture mortgages payable have a variable interest rate which is determined, at the election of the borrower, on the basis of Daily Simple SOFR or a base rate, in the case of a SOFR loan, plus 1.60% per annum, and in the case of a base rate loan, plus 0.50% per annum; however, the Unconsolidated Joint Venture has entered into an interest rate swap agreement which effectively fixes the interest rate on the mortgage notes at 5.19% per annum until May 27, 2024.

(3) Under the related loan agreements, these borrowings which are secured only by a pledge of equity interests are treated as unsecured indebtedness. The Company's otherwise unencumbered properties are part of the unencumbered property pool under the related loan agreements and therefore, generally are not available to simultaneously serve as collateral under other borrowings.

(4) The credit facility revolver matures on November 12, 2024 with an option to extend the maturity an additional 18 months to May 12, 2026. This table assumes exercise of the extension option. There was $175.0 million outstanding on the credit facility revolver as of June 30, 2023 and it is a variable rate facility with the interest rate determined, at the election of the borrower, on the basis of Daily Simple SOFR, Term SOFR or a base rate, in the case of a SOFR loan, plus 3.35% per annum, and in the case of a base rate loan, plus 2.25% per annum; however, the Company has entered into interest rate swap agreements which effectively fixes the interest rate on the notional amount of $175.0 million at 3.92% per annum until November 12, 2023.

(5) Liquidity represents cash and cash equivalents of $42.9 million, including the Company's pro rata share of cash from the Unconsolidated Joint Venture, and $250.0 million available capacity on our $425.0 million credit facility revolver as of June 30, 2023. Following quarter end, the Company deposited $28.0 million of its cash on hand into an escrow account with the credit facility lenders as additional cash collateral. These funds will, in accordance with the terms of the credit facility revolver, be used to prepay borrowings thereunder upon the scheduled expiration in November 2023 (or earlier termination) of the Company's interest rate swap agreements with respect to $175.0 million of borrowings under such revolver.

See the Definitions section for a description of the Company's non-GAAP and operating metrics.

# Debt Detail

*(unaudited, dollars in thousands)*

| Principal Payments Due | Total | 2023 | 2024 | 2025 | Thereafter |
|---|---|---|---|---|---|
| Credit facility revolver [(1)] | $ 175,000 | $ — | $ — | $ — | $ 175,000 |
| Mortgages payable | 355,000 | — | — | — | 355,000 |
| Proportionate share of Unconsolidated Joint Venture debt | 27,332 | — | 27,332 | — | — |
| **Total Principal Outstanding** | **$ 557,332** | **$ —** | **$ 27,332** | **$ —** | **$ 530,000** |

| Debt Type | Percentage of Principal Outstanding | Interest Rate | Weighted-Average Years to Maturity |
|---|---|---|---|
| Credit facility revolver [(1)] | 31.4 % | 3.92 % | 2.9 |
| Mortgages payable | 63.7 % | 4.97 % | 3.6 |
| Proportionate share of Unconsolidated Joint Venture debt | 4.9 % | 5.19 % | 1.4 |
| **Total** | **100.0 %** | **4.65 %** | **3.3** |

| Debt Type | Percentage of Principal Outstanding | Weighted-Average Interest Rate | Weighted-Average Years to Maturity |
|---|---|---|---|
| Total unsecured debt | 31.4 % | 3.92 % | 2.9 |
| Total secured debt | 68.6 % | 4.99 % | 3.5 |
| **Total** | **100.0 %** | **4.65 %** | **3.3** |
| Total fixed-rate and swapped to fixed-rate debt [(1)] | 100.0 % | 4.65 % | 3.3 |
| Total variable-rate debt [(1)] | — % | N/A | N/A |
| **Total** | **100.0 %** | **4.65 %** | **3.3** |

(1) The credit facility revolver matures on November 12, 2024 with an option to extend the maturity an additional 18 months to May 12, 2026. This table assumes exercise of the extension option. There was $175.0 million outstanding on the credit facility revolver as of June 30, 2023 and it is a variable rate facility with the interest rate determined, at the election of the borrower, on the basis of Daily Simple SOFR, Term SOFR or a base rate, in the case of a SOFR loan, plus 3.35% per annum, and in the case of a base rate loan, plus 2.25% per annum; however, the Company has entered into interest rate swap agreements which effectively fixes the interest rate on the notional amount of $175.0 million at 3.92% per annum until November 12, 2023.

# Ratio Analysis

*(unaudited, dollars in thousands)*

| | Three Months Ended | | | | |
|---|---|---|---|---|---|
| | June 30, 2023 | March 31, 2023 | December 31, 2022 | September 30, 2022 | June 30, 2022 |
| **Interest Coverage Ratio** | | | | | |
| Interest Expense, excluding non-cash amortization (1) | $ 6,529 | $ 6,453 | $ 6,852 | $ 7,131 | $ 6,965 |
| Adjusted EBITDA (2) | 32,706 | 31,172 | 30,652 | 32,149 | 34,744 |
| Interest Coverage Ratio | 5.01x | 4.83x | 4.47x | 4.51x | 4.99x |
| | | | | | |
| **Fixed Charge Coverage Ratio** | | | | | |
| Interest Expense, excluding non-cash amortization (1) | $ 6,529 | $ 6,453 | $ 6,852 | $ 7,131 | $ 6,965 |
| Secured debt principal amortization | — | — | — | — | — |
| Total fixed charges | 6,529 | 6,453 | 6,852 | 7,131 | 6,965 |
| Adjusted EBITDA (2) | 32,706 | 31,172 | 30,652 | 32,149 | 34,744 |
| Fixed Charge Coverage Ratio | 5.01x | 4.83x | 4.47x | 4.51x | 4.99x |

(1) Refer to the Statements of Operations section for interest expense calculated in accordance with GAAP and to the Definitions section for the required reconciliation to the most directly comparable GAAP financial measure.

(2) Refer to the Statements of Operations section for net loss calculated in accordance with GAAP and to the EBITDAre and Adjusted EBITDA section for the required reconciliation to the most directly comparable GAAP financial measure.

| | June 30, 2023 | March 31, 2023 | December 31, 2022 | September 30, 2022 | June 30, 2022 |
|---|---|---|---|---|---|
| **Net Debt Ratios** | | | | | |
| Net Debt (1) | $ 514,418 | $ 532,850 | $ 536,122 | $ 564,292 | $ 608,409 |
| Adjusted EBITDA (2) | 130,824 | 124,688 | 132,210 | 128,596 | 138,976 |
| Net Debt to Adjusted EBITDA Ratio | 3.93x | 4.27x | 4.06x | 4.39x | 4.38x |
| | | | | | |
| Net Debt (1) | $ 514,418 | $ 532,850 | $ 536,122 | $ 564,292 | $ 608,409 |
| Gross Real Estate Investments (1) | 1,716,594 | 1,734,559 | 1,743,969 | 1,766,600 | 1,850,068 |
| Net Debt Leverage Ratio | 30.0 % | 30.7 % | 30.7 % | 31.9 % | 32.9 % |
| | | | | | |
| **Unencumbered Assets/Real Estate Assets** | | | | | |
| Unencumbered Gross Real Estate Investments (1) | $ 1,112,811 | $ 1,131,272 | $ 1,141,035 | $ 1,165,310 | $ 1,249,379 |
| Gross Real Estate Investments (1) | 1,716,594 | 1,734,559 | 1,743,969 | 1,766,600 | 1,850,068 |
| Unencumbered Asset Ratio | 64.8 % | 65.2 % | 65.4 % | 66.0 % | 67.5 % |

(1) Refer to the Balance Sheets section for total debt and real estate investments, at cost calculated in accordance with GAAP and to the Definitions section for the required reconciliation to the most directly comparable GAAP financial measure. The Company's otherwise unencumbered properties are part of the unencumbered property pool under the related loan agreements and therefore, generally are not available to simultaneously serve as collateral under other borrowings.

(2) Adjusted EBITDA for the quarters ended June 30, 2023, March 31, 2023, September 30, 2022 and June 30, 2022 has been annualized for the purpose of this calculation.

See the Definitions section for a description of the Company's non-GAAP and operating metrics.

# Credit Facility Revolver Covenants

*(unaudited)*

*The following is a summary of financial covenants for the Company's credit facility revolver as defined and calculated per the terms of the facility's credit agreement. These calculations are presented to investors to show the Company's compliance with the financial cove nants and are not measures of our liquidity or performance. As of June 30, 2023, the Company believes it is in compliance with these covenants based on the covenant limits and calculations in place at that time.*

| **Credit Facility Revolver Financial Covenants** | **Required** | **June 30, 2023** |
|---|---|---|
| Ratio of total indebtedness to total asset value | ≤ 60% | 37.5% |
| Ratio of adjusted EBITDA to fixed charges | ≥ 1.5x | 4.69x |
| Ratio of secured indebtedness to total asset value | ≤ 40% | 25.1% |
| Ratio of unsecured indebtedness to unencumbered asset value | ≤ 60% (1) | 16.0% |
| Ratio of unencumbered adjusted NOI to unsecured interest expense | ≥ 2.00x | 13.52x |
| Unencumbered asset value | ≥ $600.0 million | $920.1 million |

(1) If the ratio of unsecured indebtedness to unencumbered asset value exceeds 35% as of the end of two consecutive fiscal quarters, the Company will be required, within 90 days and subject to cure rights, to grant the administrative agent a first priority lien on all the properties included in the pool of unencumbered assets (other than properties identified for disposition by the Company so long as such properties are sold within one year of such identification).

See the Definitions section for a description of the Company's non-GAAP and operating metrics.

# Net Operating Income (NOI) and Cash NOI

*(unaudited, dollars in thousands)*

| | Three Months Ended | | | | |
|---|---|---|---|---|---|
| | June 30, 2023 | March 31, 2023 | December 31, 2022 | September 30, 2022 | June 30, 2022 |
| Rental revenue | $ 51,824 | $ 49,990 | $ 50,097 | $ 51,580 | $ 52,659 |
| Property operating expense | (15,487) | (15,344) | (15,746) | (15,303) | (15,156) |
| **NOI** | **36,337** | **34,646** | **34,351** | **36,277** | **37,503** |
| Adjustments: | | | | | |
| Straight-line rent | (2,275) | (2,684) | 2,911 | (699) | (547) |
| Amortization of above and below market leases, net | (274) | (215) | (260) | (312) | (315) |
| Amortization of deferred lease incentives | 100 | 101 | 80 | 36 | — |
| Other non-cash adjustments | 48 | 48 | 51 | 50 | 48 |
| Proportionate share of Unconsolidated Joint Venture Cash NOI | 861 | 862 | 833 | 848 | 850 |
| **Cash NOI** | **$ 34,797** | **$ 32,758** | **$ 37,966** | **$ 36,200** | **$ 37,539** |

See the Definitions section for a description of the Company's non-GAAP and operating metrics.

# Leasing Activity

*(unaudited, dollars and square feet in thousands)*

*During the three and six months ended June 30, 2023, we entered into new and renewal leases as summarized in the following tables:*

| | Three Months Ended June 30, 2023 | | |
|---|---|---|---|
| | New Leases | Renewals | Total |
| Rentable square feet leased | 3 | 44 | 47 |
| Weighted average rental rate change (cash basis) (1) | (18.2)% | 8.0 % | 6.7 % |
| Tenant leasing costs and concession commitments (2) | $ 13 | $ 81 | $ 94 |
| Tenant leasing costs and concession commitments per rentable square foot | $ 4.07 | $ 1.85 | $ 2.00 |
| Weighted average lease term (by rentable square feet) (years) | 3.0 | 3.0 | 3.0 |
| Tenant leasing costs and concession commitments per rentable square foot per year | $ 1.36 | $ 0.62 | $ 0.67 |

| | Six Months Ended June 30, 2023 | | |
|---|---|---|---|
| | New Leases | Renewals | Total |
| Rentable square feet leased | 18 | 111 | 129 |
| Weighted average rental rate change (cash basis) (1) (3) | (19.8)% | 17.3 % | 13.5 % |
| Tenant leasing costs and concession commitments (2) | $ 748 | $ 1,065 | $ 1,813 |
| Tenant leasing costs and concession commitments per rentable square foot | $ 41.38 | $ 9.62 | $ 14.09 |
| Weighted average lease term (by rentable square feet) (years) | 7.8 | 9.8 | 9.5 |
| Tenant leasing costs and concession commitments per rentable square foot per year | $ 5.29 | $ 0.98 | $ 1.48 |

(1) Represents weighted average percentage increase or decrease in (i) the annualized monthly cash amount charged to the applicable tenants (including monthly base rent receivables and certain contractually obligated reimbursements by the applicable tenants, which may include estimates) as of the commencement date of the new lease term (excluding any full or partial rent abatement period) compared to (ii) the annualized monthly cash amount charged to the applicable tenants (including the monthly base rent receivables and certain contractually obligated reimbursements by the applicable tenants, which may include estimates) as of the expiration date of the prior lease term. If a space has been vacant for more than 12 months prior to the execution of a new lease, the lease will be excluded from this calculation.

(2) Includes commitments for tenant improvement allowances and base building allowances, leasing commissions and free rent (includes estimates of property operating expenses, where applicable).

(3) Excludes one new lease for approximately 4,000 square feet of space that had been vacant for more than 12 months at the time the new lease was executed.

See the Definitions section for a description of the Company's non-GAAP and operating metrics.

# Vacant Property Operating Expenses

*(unaudited, in thousands for the six months ended June 30, 2023)*

| | Square Feet | Total Expenses |
|---|---|---|
| Fully vacant - full period | 864 | $2,513 |
| Fully vacant - partial period (1) | 106 | 56 |
| **Fully vacant subtotal (2)** | **970** | **$2,569** |
| Partially vacant properties (3) | 345 | 1,014 |
| **Total** | **1,315** | **$3,583** |

(1) Represents one property that became vacant on June 1, 2023.

(2) The Company had seven fully vacant properties as of June 30, 2023. All expenses are a component of property operating expenses in the consolidated statements of operations.

(3) The Company does not record property operating expenses at the suite level; therefore, the total expenses for the six months ended June 30, 2023 for partially vacant properties are estimated by multiplying the vacant square feet of the partially vacant properties by the total annualized expenses per square foot for fully vacant properties and prorating for the six months ended June 30, 2023.

See the Definitions section for a description of the Company's non-GAAP and operating metrics.

# Dispositions

*(unaudited, square feet and dollars in thousands)*

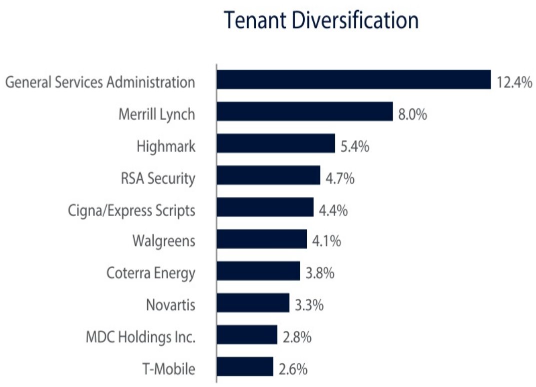
*The following table summarizes the Company's year to date 2023 disposition activity.*

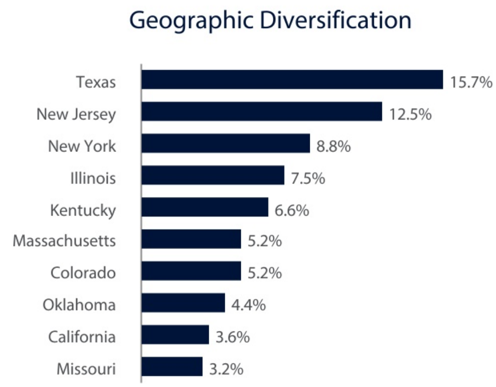
| Date Sold | Property Location | Square Feet | Gross Sale Price | Lease Term (Years) |
|---|---|---|---|---|
| 07/06/2023 | Berkeley, MO | 227 | $9,650 | Vacant |

See the Definitions section for a description of the Company's non-GAAP and operating metrics.

# Diversification Statistics: Real Estate Portfolio

*(unaudited, percentages based on portfolio Annualized Base Rent as of June 30, 2023, other than occupancy rate which is based on square footage as of June 30, 2023)*






**Statistics**
(square feet in thousands)

| | |
|---|---|
| Operating Properties | 81 |
| Unconsolidated Joint Venture Properties | 6 |
| Rentable Square Feet | 9,733 |
| Occupancy Rate | 86.5 % |
| Weighted Average Remaining Lease Term | 3.9 |
| Investment-Grade Tenants | 73.7 % |
| NN leases | 65.3 % |
| NNN leases | 17.3 % |

See the Definitions section for a description of the Company's non-GAAP and operating metrics.

# Tenants Comprising Over 1% of Annualized Base Rent

*(unaudited, square feet and dollars in thousands as of June 30, 2023)*

| Tenant | Number of Leases | Leased Square Feet | Square Feet as a % of Total Portfolio | Annualized Base Rent | Annualized Base Rent as a % of Total Portfolio | Credit Rating |
|---|---|---|---|---|---|---|
| General Services Administration | 17 | 781 | 8.0 % | $ 19,084 | 12.4 % | AA+ |
| Merrill Lynch | 1 | 482 | 5.0 % | 12,224 | 8.0 % | A- |
| Highmark Western & Northeastern NY | 1 | 430 | 4.4 % | 8,328 | 5.4 % | NR |
| RSA Security | 2 | 328 | 3.4 % | 7,221 | 4.7 % | BBB |
| Cigna/Express Scripts | 3 | 365 | 3.8 % | 6,814 | 4.4 % | A- |
| Walgreens | 6 | 574 | 5.9 % | 6,310 | 4.1 % | BBB |
| Coterra Energy | 1 | 309 | 3.2 % | 5,762 | 3.8 % | BBB |
| Novartis | 1 | 176 | 1.8 % | 4,995 | 3.3 % | AA- |
| MDC Holdings Inc. | 1 | 144 | 1.5 % | 4,299 | 2.8 % | BBB- |
| T-Mobile | 3 | 217 | 2.2 % | 3,932 | 2.6 % | BBB |
| **Top Ten Tenants** | **36** | **3,806** | **39.2 %** | **78,969** | **51.5 %** | |
| Remaining Tenants: | | | | | | |
| Charter Communications | 2 | 264 | 2.7 % | 3,745 | 2.4 % | BB+ |
| Inform Diagnostics | 1 | 172 | 1.8 % | 3,551 | 2.3 % | NR |
| Banner Life Insurance | 1 | 116 | 1.2 % | 3,493 | 2.3 % | A |
| Encompass Health | 1 | 65 | 0.7 % | 3,436 | 2.2 % | BB- |
| Collins Aerospace | 1 | 207 | 2.1 % | 3,369 | 2.2 % | A- |
| Home Depot/HD Supply | 2 | 153 | 1.6 % | 3,109 | 2.0 % | A |
| Experian | 1 | 178 | 1.8 % | 2,988 | 1.9 % | A- |
| AT&T | 1 | 203 | 2.1 % | 2,921 | 1.9 % | BBB |
| Linde | 1 | 175 | 1.8 % | 2,714 | 1.8 % | A |
| Maximus | 2 | 168 | 1.7 % | 2,549 | 1.7 % | BB+ |
| Citigroup | 1 | 64 | 0.7 % | 2,364 | 1.5 % | BBB+ |
| CVS/Aetna | 1 | 127 | 1.3 % | 2,259 | 1.5 % | BBB |
| Hasbro | 1 | 136 | 1.4 % | 2,243 | 1.5 % | BBB |
| Ingram Micro | 1 | 200 | 2.1 % | 2,197 | 1.4 % | BB- |
| Novus International | 1 | 96 | 1.0 % | 2,022 | 1.3 % | NR |
| NetJets | 1 | 140 | 1.4 % | 1,990 | 1.3 % | NR |
| Elementis | 1 | 66 | 0.7 % | 1,980 | 1.3 % | NR |
| Pulte Mortgage | 1 | 95 | 1.0 % | 1,957 | 1.3 % | BBB- |
| FedEx (1) | 2 | 352 | 3.6 % | 1,744 | 1.1 % | BBB |
| General Electric | 1 | 152 | 1.6 % | 1,663 | 1.1 % | BBB+ |
| AGCO | 1 | 126 | 1.3 % | 1,607 | 1.1 % | BBB- |
| Intermec | 1 | 81 | 0.8 % | 1,459 | 1.0 % | A |
| **Total** | **62** | **7,142** | **73.6 %** | **$ 134,329** | **87.6 %** | |

(1) Includes one lease where FedEx was in holdover tenancy at the end of the quarter and holdover rent has been excluded from the Annualized Base Rent calculation.

See the Definitions section for a description of the Company's non-GAAP and operating metrics.

# Tenant Industry Diversification

*(unaudited, square feet and dollars in thousands as of June 30, 2023)*

| Industry | Number of Leases (1) | Leased Square Feet | Leased Square Feet as a % of Total Portfolio | Annualized Base Rent | Annualized Base Rent as a % of Total Portfolio |
|---|---|---|---|---|---|
| Health Care Equipment & Services | 12 | 1,109 | 11.4 % | $ 21,306 | 13.8 % |
| Government & Public Services | 19 | 825 | 8.5 % | 19,633 | 12.8 % |
| Financial Institutions | 3 | 616 | 6.3 % | 15,373 | 10.0 % |
| Insurance | 3 | 600 | 6.2 % | 13,055 | 8.5 % |
| Capital Goods | 10 | 845 | 8.7 % | 12,534 | 8.2 % |
| Software & Services | 6 | 638 | 6.5 % | 11,668 | 7.6 % |
| Consumer Durables & Apparel | 3 | 375 | 3.8 % | 8,499 | 5.5 % |
| Commercial & Professional Services | 11 | 473 | 4.9 % | 7,704 | 5.0 % |
| Telecommunication Services | 5 | 419 | 4.3 % | 6,853 | 4.5 % |
| Food & Staples Retailing | 6 | 574 | 5.9 % | 6,310 | 4.1 % |
| **Top Ten Tenant Industries** | **78** | **6,474** | **66.5 %** | **122,935** | **80.0 %** |
| Remaining Tenant Industries: | | | | | |
| Materials | 4 | 366 | 3.8 % | 5,852 | 3.8 % |
| Energy | 1 | 309 | 3.2 % | 5,762 | 3.8 % |
| Pharmaceuticals, Biotechnology & Life Sciences | 1 | 176 | 1.8 % | 4,995 | 3.3 % |
| Transportation | 5 | 541 | 5.6 % | 4,490 | 2.9 % |
| Media & Entertainment | 2 | 264 | 2.7 % | 3,745 | 2.4 % |
| Retailing | 3 | 157 | 1.6 % | 3,185 | 2.1 % |
| Food, Beverage & Tobacco | 1 | 96 | 1.0 % | 2,022 | 1.3 % |
| Utilities | 1 | 26 | 0.3 % | 394 | 0.3 % |
| Real Estate | 1 | 4 | — % | 86 | 0.1 % |
| Consumer Services | 2 | 5 | — % | 54 | — % |
| **Total** | **99** | **8,418** | **86.5 %** | **$ 153,520** | **100.0 %** |

(1) The Company has certain properties that are subject to multiple leases.

See the Definitions section for a description of the Company's non-GAAP and operating metrics.

# Property Geographic Diversification

*(unaudited, square feet and dollars in thousands as of June 30, 2023)*

| Location | Number of Properties | Rentable Square Feet | Square Feet as a % of Total Portfolio | Annualized Base Rent | Annualized Base Rent as a % of Total Portfolio |
|---|---|---|---|---|---|
| Texas | 15 | 1,353 | 13.9 % | $ 24,153 | 15.7 % |
| New Jersey | 3 | 724 | 7.4 % | 19,199 | 12.5 % |
| New York | 5 | 781 | 8.0 % | 13,564 | 8.8 % |
| Illinois | 9 | 916 | 9.4 % | 11,472 | 7.5 % |
| Kentucky | 2 | 458 | 4.7 % | 10,114 | 6.6 % |
| Massachusetts | 2 | 378 | 3.9 % | 7,933 | 5.2 % |
| Colorado | 4 | 571 | 5.9 % | 7,920 | 5.2 % |
| Oklahoma | 3 | 585 | 6.0 % | 6,791 | 4.4 % |
| California | 3 | 244 | 2.5 % | 5,299 | 3.6 % |
| Missouri | 4 | 530 | 5.4 % | 4,917 | 3.2 % |
| **Top Ten States** | **50** | **6,540** | **67.1 %** | **111,362** | **72.7 %** |
| Remaining States: | | | | | |
| Tennessee | 4 | 240 | 2.5 % | 4,606 | 3.0 % |
| Georgia | 3 | 284 | 2.9 % | 4,601 | 3.0 % |
| Maryland | 2 | 236 | 2.4 % | 4,558 | 3.0 % |
| Virginia | 2 | 240 | 2.5 % | 4,523 | 2.9 % |
| Ohio | 4 | 500 | 5.1 % | 3,520 | 2.3 % |
| Rhode Island | 2 | 206 | 2.1 % | 3,028 | 2.0 % |
| South Carolina | 1 | 64 | 0.7 % | 2,364 | 1.5 % |
| Wisconsin | 1 | 155 | 1.6 % | 2,299 | 1.5 % |
| Arizona | 2 | 215 | 2.2 % | 2,216 | 1.4 % |
| Iowa | 2 | 92 | 0.9 % | 1,953 | 1.3 % |
| Nebraska | 2 | 180 | 1.9 % | 1,563 | 1.0 % |
| Pennsylvania | 2 | 233 | 2.4 % | 1,287 | 0.8 % |
| Oregon | 1 | 69 | 0.7 % | 1,142 | 0.7 % |
| West Virginia | 1 | 63 | 0.7 % | 1,130 | 0.7 % |
| Kansas | 2 | 196 | 2.0 % | 1,044 | 0.7 % |
| Idaho | 2 | 45 | 0.5 % | 1,035 | 0.7 % |
| Indiana | 1 | 83 | 0.9 % | 568 | 0.4 % |
| Minnesota | 1 | 39 | 0.4 % | 493 | 0.3 % |
| Florida | 2 | 53 | 0.5 % | 228 | 0.1 % |
| **Total** | **87** | **9,733** | **100.0 %** | **$ 153,520** | **100.0 %** |

See the Definitions section for a description of the Company's non-GAAP and operating metrics.

# Lease Expirations

*(unaudited, square feet and dollars in thousands as of June 30, 2023)*

| Year of Expiration | Number of Leases Expiring (1) | Leased Square Feet | Leased Square Feet as a % of Total Portfolio | Annualized Base Rent | Annualized Base Rent as a % of Total Portfolio |
|---|---|---|---|---|---|
| 2023 | 8 | 928 | 9.5 % | $ 14,292 | 9.3 % |
| 2024 | 16 | 1,911 | 19.6 % | 39,033 | 25.4 % |
| 2025 | 13 | 1,044 | 10.7 % | 18,814 | 12.3 % |
| 2026 | 15 | 804 | 8.3 % | 18,484 | 12.0 % |
| 2027 | 14 | 1,002 | 10.3 % | 16,486 | 10.7 % |
| 2028 | 11 | 595 | 6.1 % | 10,867 | 7.1 % |
| 2029 | 4 | 396 | 4.1 % | 5,968 | 3.9 % |
| 2030 | 2 | 98 | 1.0 % | 4,591 | 3.0 % |
| 2031 | 1 | 11 | 0.1 % | 427 | 0.3 % |
| 2032 | 3 | 300 | 3.1 % | 3,808 | 2.5 % |
| Thereafter | 9 | 1,010 | 10.4 % | 20,456 | 13.3 % |
| **Subtotal** | **96** | **8,099** | **83.2 %** | **153,226** | **99.8 %** |
| Month-to-Month | 3 | 319 | 3.3 % | 294 | 0.2 % |
| **Total** | **99** | **8,418** | **86.5 %** | **$ 153,520** | **100.0 %** |

(1) The Company has certain properties that are subject to multiple leases.

See the Definitions section for a description of the Company's non-GAAP and operating metrics.

# Lease Summary

*(unaudited, square feet and dollars in thousands as of June 30, 2023)*

## Rent Escalations

| | Number of Leases (1) | Leased Square Feet | Leased Square Feet as a % of Total Portfolio | Annualized Base Rent | Annualized Base Rent as a % of Total Portfolio |
|---|---|---|---|---|---|
| Fixed Dollar or Percent Increase | 73 | 7,152 | 73.5 % | $ 129,560 | 84.4 % |
| Flat | 7 | 113 | 1.1 % | 1,794 | 1.2 % |
| GSA CPI | 14 | 689 | 7.1 % | 18,049 | 11.7 % |
| CPI | 2 | 145 | 1.5 % | 3,823 | 2.5 % |
| Month-to-Month | 3 | 319 | 3.3 % | 294 | 0.2 % |
| **Total** | **99** | **8,418** | **86.5 %** | **$ 153,520** | **100.0 %** |

## Tenant Expense Obligation

| | Number of Leases (1) | Leased Square Feet | Leased Square Feet as a % of Total Portfolio | Annualized Base Rent | Annualized Base Rent as a % of Total Portfolio |
|---|---|---|---|---|---|
| NN | 58 | 5,586 | 57.4 % | $ 100,317 | 65.3 % |
| Modified Gross | 19 | 977 | 10.0 % | 26,518 | 17.3 % |
| NNN | 19 | 1,847 | 19.0 % | 26,589 | 17.3 % |
| Gross | 3 | 8 | 0.1 % | 96 | 0.1 % |
| **Total** | **99** | **8,418** | **86.5 %** | **$ 153,520** | **100.0 %** |

(1) The Company has certain properties that are subject to multiple leases.

See the Definitions section for a description of the Company's non-GAAP and operating metrics.

# Full Portfolio (1)

*(unaudited, as of June 30, 2023)*

| Industry | Address | City | State |
|---|---|---|---|
| Food, Beverage & Tobacco | 20 Missouri Research Park Drive | St. Charles | MO |
| Commercial & Professional Services | 4335 Paredes Line Road | Brownsville | TX |
| Telecommunication Services | 3750 Wheeler Road | Augusta | GA |
| Telecommunication Services | 4080 27th Court SE | Salem | OR |
| Financial Institutions | 11 Ewall Street | Mount Pleasant | SC |
| Health Care Equipment & Services | 8455 University Place Drive | St. Louis | MO |
| Transportation | 1475 Boettler Road | Uniontown | OH |
| Government & Public Services | 2305 Hudson Boulevard | Brownsville | TX |
| Government & Public Services | 257 Bosley Industrial Park | Parkersburg | WV |
| Government & Public Services | 2805 Pine Mill Road | Paris | TX |
| Government & Public Services | 4521 Thomas Jefferson Street | Caldwell | ID |
| Government & Public Services | 3381 U.S. Highway 277 | Eagle Pass | TX |
| Government & Public Services | 2475 Cliff Creek Crossing Drive | Dallas | TX |
| Government & Public Services | 3644 Avtech Parkway | Redding | CA |
| Government & Public Services | 5100 W 36th Street | Minneapolis | MN |
| Government & Public Services | 4551 State Route 11 (E) | Malone | NY |
| Government & Public Services | 2600 Voyager Avenue | Sioux City | IA |
| Government & Public Services | 135 Circle Lane | Knoxville | TN |
| Government & Public Services | 9912 & 9934 Little Road | New Port Richey | FL |
| Health Care Equipment & Services | 2304 State Highway 121 | Bedford | TX |
| Vacant | 5411 E. Williams Boulevard | Tucson | AZ |
| Government & Public Services | 3369 U.S. Highway 277 | Eagle Pass | TX |
| Transportation | 942 S. Shady Grove Road | Memphis | TN |
| Transportation | 4151 Bridgeway Avenue | Columbus | OH |
| Food & Staples Retailing | 1411 Lake Cook Road | Deerfield | IL |
| Food & Staples Retailing | 1415 Lake Cook Road | Deerfield | IL |
| Food & Staples Retailing | 1417 Lake Cook Road | Deerfield | IL |
| Food & Staples Retailing | 1419 Lake Cook Road | Deerfield | IL |
| Food & Staples Retailing | 1425 Lake Cook Road | Deerfield | IL |
| Food & Staples Retailing | 1435 Lake Cook Road | Deerfield | IL |
| Capital Goods | 601 Third Street SE | Cedar Rapids | IA |
| Consumer Durables & Apparel | 15 LaSalle Square | Providence | RI |
| Materials | 100 Sci Park Boulevard | East Windsor | NJ |
| Media & Entertainment | 6005 Fair Lakes Road | East Syracuse | NY |
| Government & Public Services | 310 Canaveral Groves Boulevard | Cocoa | FL |
| Vacant (2) | 8640 Evans Avenue | Berkeley | MO |
| Government & Public Services | 103 & 104 Airport Road | Grangeville | ID |
| Government & Public Services | 2901 Alta Mesa Boulevard | Fort Worth | TX |
| Government & Public Services | 59 Dunning Way | Plattsburgh | NY |
| Financial Institutions | 480 Jefferson Boulevard | Warwick | RI |
| Capital Goods | 1800 Nelson Road | Longmont | CO |
| Health Care Equipment & Services | 1850 Norman Drive North | Waukegan | IL |
| Health Care Equipment & Services | 1333 - 1385 East Shaw Avenue | Fresno | CA |
| Telecommunication Services | 2270 Lakeside Boulevard | Richardson | TX |
| Health Care Equipment & Services | 5859 Farinon Drive | San Antonio | TX |
| Energy | 202 S. Cheyenne | Tulsa | OK |

See the Definitions section for a description of the Company's non-GAAP and operating metrics.

| Industry | Address | City | State |
|---|---|---|---|
| Vacant | 7475 S. Joliet Street | Englewood | CO |
| Consumer Durables & Apparel | 4340 & 4350 South Monaco Street | Denver | CO |
| Vacant | 2250 Lakeside Boulevard | Richardson | TX |
| Commercial & Professional Services | 3833 Greenway Drive | Lawrence | KS |
| Vacant | 2201 Noria Road | Lawrence | KS |
| Materials | 1585 Sawdust Road | The Woodlands | TX |
| Consumer Durables & Apparel | 7390 S. Iola Street | Englewood | CO |
| Vacant | 41 Moores Road | Malvern | PA |
| Media & Entertainment | 1320 N. Dr. MLK Jr. Drive | Milwaukee | WI |
| Telecommunication Services | 695 Grassmere Park | Nashville | TN |
| Commercial & Professional Services | 1575 Sawdust Road | The Woodlands | TX |
| Retailing | 101 Riverview Parkway | Santee | CA |
| Materials | 6752 Baymeadow Drive | Glen Burnie | MD |
| Health Care Equipment & Services | 6655 North MacArthur Boulevard | Irving | TX |
| Capital Goods | 2087 East 71st Street | Tulsa | OK |
| Government & Public Services | 333 Scott Street | Covington | KY |
| Software & Services | 1759 Wehrle Dr | Amherst | NY |
| Commercial & Professional Services | 6377 Emerald Drive | Dublin | OH |
| Capital Goods | 22640 Davis Drive | Sterling | VA |
| Capital Goods | 1100 Atwater Drive, Lot 11A | Malvern | PA |
| Health Care Equipment & Services | 7353 Company Drive | Indianapolis | IN |
| Health Care Equipment & Services | 1640 Dallas Parkway | Plano | TX |
| Capital Goods | 1705 Kellie Drive | Blair | NE |
| Commercial & Professional Services | 955 American Lane Unit 1 | Schaumburg | IL |
| Vacant | 3100 Quail Springs Parkway | Oklahoma City | OK |
| Software & Services | 777 Research Road | Lincoln | NE |
| Insurance | 249-257 West Genesee Street | Buffalo | NY |
| Insurance | 3275 Bennett Creek Avenue | Urbana | MD |
| Health Care Equipment & Services | 100 Airpark Center Drive East | Nashville | TN |
| Retailing | 3074 Chastain Meadows Parkway NW | Kennesaw | GA |
| Capital Goods | 4205 River Green Parkway | Duluth | GA |
| Pharmaceuticals, Biotechnology & Life Sciences | 8 Sylvan way | Parsippany | NJ |
| Software & Services | 174 & 176 Middlesex Turnpike | Bedford | MA |
| Financial Institutions | 1500-1600 Merrill Lynch Drive | Hopewell | NJ |
| Health Care Equipment & Services | 3003 N. 3rd Street | Phoenix | AZ |
| Capital Goods | 70 Mechanic Street | Foxboro | MA |
| Health Care Equipment & Services | 577 Aptakisic Road | Lincolnshire | IL |
| Transportation | 360 Westar Boulevard | Westerville | OH |
| Software & Services | 12975 Worldgate Drive | Herndon | VA |
| Transportation | 580 Atlas Air Way | Erlanger | KY |
| Utilities | 700 Market Street | St. Louis | MO |

(1) Includes the properties owned by the Company's Unconsolidated Joint Venture.

(2) Property was sold in July 2023.

See the Definitions section for a description of the Company's non-GAAP and operating metrics.

# Unconsolidated Joint Venture Investment Summary

*(unaudited, square feet and dollars in thousands)*

*The following table summarizes the Company's investments in the Arch Street Unconsolidated Joint Venture as of June 30, 2023.*

| | Legal Ownership Percentage (1) | Tenant Industry | Pro Rata Share of Gross Real Estate Investments | Pro Rata Share of Rentable Square Feet | Pro Rata Share of Annualized Base Rent | Pro Rata Share of Principal Outstanding |
|---|---|---|---|---|---|---|
| Schneider Electric - Foxboro, MA | 20% | Capital Goods | $ 8,336 | 50 | $ 713 | $ 5,090 |
| Sysmex - Lincolnshire, IL | 20% | Health Care Equipment & Services | 9,239 | 33 | 795 | 5,448 |
| DHL - Westerville, OH | 20% | Transportation | 6,676 | 29 | 439 | 3,972 |
| Peraton - Herndon, VA | 20% | Software & Services | 9,711 | 33 | 1,155 | 6,000 |
| Atlas Air - Erlanger, KY | 20% | Transportation | 5,330 | 20 | 317 | 3,162 |
| Spire Energy - St. Louis, MO | 20% | Utilities | 6,159 | 26 | 394 | 3,660 |
| | | | **$ 45,451** | **191** | **$ 3,813** | **$ 27,332** |

(1) Legal ownership percentage may, at times, not equal the Company's economic interest because of various provisions in the joint venture agreement regarding capital contributions, distributions of cash flow based on capital account balances and allocations of profits and losses.

# Definitions

*(unaudited, in thousands, except share and per share data)*

***Annualized Base Rent*** *is the monthly aggregate cash amount charged to tenants under our leases (including monthly base rent receivables and certain contractually obligated reimbursements by our tenants), as of the final date of the applicable period, multiplied by 12, including the Company's pro rata share of such amounts related to the Unconsolidated Joint Venture. Annualized Base Rent is not indicative of future performance.*

***CPI*** *refers to a lease in which base rent is adjusted based on changes in a consumer price index.*

***Credit Rating*** *of a tenant refers to the Standard & Poor's or Moody's credit rating and such rating also may reflect the rating assigned by Standard & Poor's or Moody's to the lease guarantor or the parent company as applicable.*

***Double Net Lease ("NN")*** *is a lease under which the tenant agrees to pay all operating expenses associated with the property (e.g., real estate taxes, insurance, maintenance), but excludes some or all major repairs (e.g., roof, structure, parking lot, in each case, as further defined in the applicable lease).*

***Earnings Before Interest, Taxes, Depreciation and Amortization for Real Estate ("EBITDAre") and Adjusted EBITDA***

*Due to certain unique operating characteristics of real estate companies, as discussed below, the National Association of Real Estate Investment Trusts, Inc. ("Nareit"), an industry trade group, has promulgated a supplemental performance measure known as Earnings Before Interest, Taxes, Depreciation and Amortization for Real Estate. Nareit defines EBITDAre as net income or loss computed in accordance with GAAP, adjusted for interest expense, income tax expense (benefit), depreciation and amortization, impairment write-downs on real estate, gains or losses from disposition of property and our pro rata share of EBITDAre adjustments related to the Unconsolidated Joint Venture. We calculated EBITDAre in accordance with Nareit's definition described above.*

*In addition to EBITDAre, we use Adjusted EBITDA as a non-GAAP supplemental performance measure to evaluate the operating performance of the Company. Adjusted EBITDA, as defined by the Company, represents EBITDAre, modified to exclude non-routine items such as transaction related expenses and spin related expenses. We also exclude certain non-cash items such as impairments of intangible and right of use assets, gains or losses on derivatives, gains or losses on the extinguishment or forgiveness of debt, amortization of intangibles, above-market lease assets and deferred lease incentives, net of amortization of below-market lease liabilities and our pro rata share of Adjusted EBITDA adjustments related to the Unconsolidated Joint Venture. Management believes that excluding these costs from EBITDAre provides investors with supplemental performance information that is consistent with the performance models and analysis used by management, and provides investors a view of the performance of our portfolio over time. Therefore, EBITDAre and Adjusted EBITDA should not be considered as an alternative to net income, as computed in accordance with GAAP. The Company uses Adjusted EBITDA as one measure of its operating performance when formulating corporate goals and evaluating the effectiveness of the Company's strategies. EBITDAre and Adjusted EBITDA may not be comparable to similarly titled measures of other companies.*

***Enterprise Value*** *equals the sum of the Implied Equity Market Capitalization and Net Debt, in each case, as of an applicable date.*

***Fixed Charge Coverage Ratio*** *is (a) Adjusted EBITDA divided by (b) the sum of (i) Interest Expense, excluding non-cash amortization and (ii) secured debt principal amortization on Adjusted Principal Outstanding. Management believes that Fixed Charge Coverage Ratio is a useful supplemental measure of our ability to satisfy fixed financing obligations.*

***Fixed Dollar or Percent Increase*** *refers to a lease that requires contractual rent increases during the term of the lease agreement. A Fixed Dollar or Percent Increase lease may include a period of free rent at the beginning or end of the lease.*

***Flat*** *refers to a lease that requires equal rent payments, with no contractual increases, throughout the term of the lease agreement. A Flat Lease may include a period of free rent at the beginning or end of the lease.*

# Definitions (cont.)

*(unaudited, in thousands, except share and per share data)*

***Funds Available for Distribution ("FAD")***

*Funds available for distribution, as defined by the Company, represents Core FFO, as defined below, modified to exclude capital expenditures and leasing costs, as well as certain non-cash items such as amortization of above market leases, net of amortization of below market lease liabilities, straight-line rental revenue, amortization of the Unconsolidated Joint Venture basis difference and our pro rata share of FAD adjustments related to the Unconsolidated Joint Venture. Management believes that adjusting these items from Core FFO provides investors with supplemental performance information that is consistent with the performance models and analysis used by management and provides useful information regarding the Company's ability to fund its dividend.*

*However, not all REITs calculate FAD and those that do may not calculate FAD the same way, so comparisons with other REITs may not be meaningful. FAD should not be considered as an alternative to net income (loss) or cash flow provided by (used in) operating activities as determined under GAAP.*

***Nareit Funds from Operations ("Nareit FFO" or "FFO") and Core Funds from Operations ("Core FFO")***

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

*Nareit defines FFO as net income or loss computed in accordance with GAAP adjusted for gains or losses from disposition of real estate assets, depreciation and amortization of real estate assets, impairment write-downs on real estate, and our pro rata share of FFO adjustments related to the Unconsolidated Joint Venture. We calculate FFO in accordance with Nareit's definition described above.*

*In addition to FFO, we use Core FFO as a non-GAAP supplemental financial performance measure to evaluate the operating performance of the Company. Core FFO, as defined by the Company, excludes from FFO items that we believe do not reflect the ongoing operating performance of our business such as transaction related expenses, spin related expenses, amortization of deferred lease incentives, amortization of deferred financing costs, equity-based compensation, amortization of premiums and discounts on debt, net and gains or losses on extinguishment of swaps and/or debt, and our pro rata share of Core FFO adjustments related to the Unconsolidated Joint Venture.*

*We believe that FFO and Core FFO allow for a comparison of the performance of our operations with other publicly-traded REITs, as FFO and Core FFO, or an equivalent measure, are routinely reported by publicly-traded REITs, each adjust for items that we believe do not reflect the ongoing operating performance of our business and we believe are often used by analysts and investors for comparison purposes.*

*For all of these reasons, we believe FFO and Core FFO, in addition to net income (loss), as defined by GAAP, are helpful supplemental performance measures and useful in understanding the various ways in which our management evaluates the performance of the Company over time. However, not all REITs calculate FFO and Core FFO the same way, so comparisons with other REITs may not be meaningful. FFO and Core FFO should not be considered as alternatives to net income (loss) and are not intended to be used as a liquidity measure indicative of cash flow available to fund our cash needs. Neither the SEC, Nareit, nor any other regulatory body has evaluated the acceptability of the exclusions used to adjust FFO in order to calculate Core FFO and its use as a non-GAAP financial performance measure.*

***GAAP*** *is an abbreviation for generally accepted accounting principles in the United States.*

***Gross Lease*** *is a lease under which the landlord is responsible for all expenses associated with the property (e.g., real estate taxes, insurance, maintenance and repairs).*

***Gross Real Estate Investments*** *represent total gross real estate and related assets of Operating Properties and the Company's pro rata share of such amounts related to properties owned by the Unconsolidated Joint Venture, net of gross intangible lease liabilities. Gross Real Estate Investments should not be considered as an alternative to the Company's real estate investments balance as determined in accordance with GAAP or any other GAAP financial measures and should only be considered together with, and as a supplement to, the Company's financial information prepared in accordance with GAAP.*

# Definitions (cont.)

*(unaudited, in thousands, except share and per share data)*

*The following table shows a reconciliation of Gross Real Estate Investments to the amounts presented in accordance with GAAP on the balance sheets for the periods presented (in thousands):*

| | June 30, 2023 | March 31, 2023 | December 31, 2022 | September 30, 2022 | June 30, 2022 |
|---|---|---|---|---|---|
| **Total real estate investments, at cost - as reported** | $ 1,340,751 | $ 1,364,556 | $ 1,366,625 | $ 1,380,903 | $ 1,459,199 |
| *Adjustments:* | | | | | |
| Gross intangible lease assets | 345,416 | 353,341 | 360,690 | 364,058 | 371,110 |
| Gross intangible lease liabilities | (31,317) | (31,317) | (31,317) | (31,317) | (35,068) |
| Gross assets held for sale | 16,293 | 2,544 | 2,544 | 7,530 | 9,402 |
| Proportionate share of Unconsolidated Joint Venture Gross Real Estate Investments | 45,451 | 45,435 | 45,427 | 45,426 | 45,425 |
| **Gross Real Estate Investments** | **$ 1,716,594** | **$ 1,734,559** | **$ 1,743,969** | **$ 1,766,600** | **$ 1,850,068** |

***GSA CPI*** *refers to a General Services Administration ("GSA") lease that includes a contractually obligated operating cost component of rent which is adjusted annually based on changes in a consumer price index.*

***Implied Equity Market Capitalization*** *equals shares of common stock outstanding as of an applicable date, multiplied by the closing sale price of the Company's stock as reported on the New York Stock Exchange on such date.*

***Industry*** *is derived from the Global Industry Classification Standard ("GICS") Methodology that was developed by Morgan Stanley Capital International ("MSCI") in collaboration with S&P Dow Jones Indices to establish a global, accurate, complete and widely accepted approach to defining industries and classifying securities by industry.*

***Interest Coverage Ratio*** *equals Adjusted EBITDA divided by Interest Expense, excluding non-cash amortization. Management believes that Interest Coverage Ratio is a useful supplemental measure of our ability to service our debt obligations.*

***Interest Expense, excluding non-cash amortization*** *is a non-GAAP measure that represents interest expense incurred on the outstanding principal balance of our debt and the Company's pro rata share of the Unconsolidated Joint Venture's interest expense incurred on its outstanding principal balance. This measure excludes the amortization of deferred financing costs, premiums and discounts, which is included in interest expense in accordance with GAAP. Interest Expense, excluding non-cash amortization should not be considered as an alternative to the Company's 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 the Company's financial information prepared in accordance with GAAP.*

*The following table shows a reconciliation of Interest Expense, excluding non-cash amortization to interest expense presented in accordance with GAAP on the statements of operations for the periods presented (in thousands):*

| | Three Months Ended | | | | |
|---|---|---|---|---|---|
| | June 30, 2023 | March 31, 2023 | December 31, 2022 | September 30, 2022 | June 30, 2022 |
| **Interest expense, net - as reported** | $ 7,222 | $ 7,139 | $ 7,553 | $ 7,904 | $ 7,867 |
| *Adjustments:* | | | | | |
| Amortization of deferred financing costs and other non-cash charges | (1,059) | (1,049) | (1,068) | (1,067) | (1,057) |
| Proportionate share of Unconsolidated Joint Venture Interest Expense, excluding non-cash amortization | 366 | 363 | 367 | 294 | 155 |
| **Interest Expense, excluding non-cash amortization** | **$ 6,529** | **$ 6,453** | **$ 6,852** | **$ 7,131** | **$ 6,965** |

***Investment-Grade Tenants*** *are those with a Credit Rating of BBB- or higher from Standard & Poor's or a Credit Rating of Baa3 or higher from Moody's. The ratings may reflect those assigned by Standard & Poor's or Moody's to the lease guarantor or the parent company, as applicable.*

***Leased Square Feet*** *is Rentable Square Feet leased and includes such amounts related to the Unconsolidated Joint Venture.*

# Definitions (cont.)

*(unaudited, in thousands, except share and per share data)*

***Modified Gross Lease*** *is a lease under which the landlord is responsible for most expenses associated with the property (e.g., real estate taxes, insurance, maintenance and repairs), but passes through some operating expenses to the tenant.*

***Month-to-Month*** *refers to a lease that is outside of the contractual lease expiration, but the tenant has not vacated and continues to pay rent which may also include holdover rent if applicable.*

***Net Debt, Principal Outstanding and Adjusted Principal Outstanding***

*Principal Outstanding is a non-GAAP measure that represents the Company's outstanding principal debt balance, excluding certain GAAP adjustments, such as premiums and discounts, financing and issuance costs, and related accumulated amortization. Adjusted Principal Outstanding includes the Company's pro rata share of the Unconsolidated Joint Venture's outstanding principal debt balance. We believe that the presentation of Principal Outstanding and Adjusted Principal Outstanding, which show our contractual debt obligations, provides useful information to investors to assess our overall financial flexibility, capital structure and leverage. Principal Outstanding and Adjusted Principal Outstanding should not be considered as alternatives to the Company's consolidated debt balance as determined in accordance with GAAP or any other GAAP financial measures and should only be considered together with, and as a supplement to, the Company's financial information prepared in accordance with GAAP.*

*Net Debt is a non-GAAP measure used to show the Company's Adjusted Principal Outstanding, less all cash and cash equivalents and the Company's pro rata share of the Unconsolidated Joint Venture's cash and cash equivalents, and less cash deposited with the credit facility lenders that will, in accordance with the terms of the credit facility revolver, be used to prepay borrowings upon expiration or termination of the Company’s interest rate swap agreements. We believe that the presentation of Net Debt provides useful information to investors because our management reviews Net Debt as part of its management of our overall liquidity, financial flexibility, capital structure and leverage.*

*The following table shows a reconciliation of Net Debt, Principal Outstanding and Adjusted Principal Outstanding to the amounts presented in accordance with GAAP on the balance sheets for the periods presented (in thousands):*

| | June 30, 2023 | March 31, 2023 | December 31, 2022 | September 30, 2022 | June 30, 2022 |
|---|---|---|---|---|---|
| Mortgages payable, net | $ 352,509 | $ 352,337 | $ 352,167 | $ 351,994 | $ 351,820 |
| Credit facility term loan, net | — | 174,153 | 173,815 | 173,478 | 173,133 |
| Credit facility revolver | 175,000 | — | — | 31,000 | 71,000 |
| **Total debt - as reported** | **527,509** | **526,490** | **525,982** | **556,472** | **595,953** |
| Deferred financing costs, net | 2,491 | 3,510 | 4,018 | 4,528 | 5,047 |
| **Principal Outstanding** | **530,000** | **530,000** | **530,000** | **561,000** | **601,000** |
| Proportionate share of Unconsolidated Joint Venture Principal Outstanding | 27,332 | 27,332 | 27,332 | 27,332 | 27,332 |
| **Adjusted Principal Outstanding** | **$ 557,332** | **$ 557,332** | **$ 557,332** | **$ 588,332** | **$ 628,332** |
| Cash and cash equivalents | (42,209) | (23,755) | (20,638) | (23,282) | (19,300) |
| Restricted cash deposited with credit facility lenders | — | — | — | — | — |
| Proportionate share of Unconsolidated Joint Venture cash and cash equivalents | (705) | (727) | (572) | (758) | (623) |
| **Net Debt** | **$ 514,418** | **$ 532,850** | **$ 536,122** | **$ 564,292** | **$ 608,409** |

***Net Debt Leverage Ratio*** *equals Net Debt divided by Gross Real Estate Investments.*

# Definitions (cont.)

*(unaudited, in thousands, except share and per share data)*

***Net Operating Income ("NOI") and Cash NOI***

*NOI is a non-GAAP performance measure used to evaluate the operating performance of a real estate company. NOI represents total revenues less property operating expenses and excludes fee revenue earned for services to the Unconsolidated Joint Venture, impairment, depreciation and amortization, general and administrative expenses, transaction related expenses and spin related expenses. Cash NOI excludes the impact of certain GAAP adjustments included in rental revenue, such as straight-line rent adjustments and amortization of above-market intangible lease assets and below-market lease intangible liabilities. Cash NOI includes the pro rata share of such amounts from properties owned by the Unconsolidated Joint Venture. It is management's view that NOI and Cash NOI provide investors relevant and useful information because it reflects only income and operating expense items that are incurred at the property level and presents them on an unleveraged basis. NOI and Cash NOI should not be considered as an alternative to operating income in accordance with GAAP. Further, NOI and Cash NOI may not be comparable to similarly titled measures of other companies.*

*The following table shows the calculation of NOI and Cash NOI for the periods presented (in thousands):*

| | Three Months Ended | | | | |
|---|---|---|---|---|---|
| | **June 30, 2023** | **March 31, 2023** | **December 31, 2022** | **September 30, 2022** | **June 30, 2022** |
| Total revenues | $ 52,024 | $ 50,190 | $ 50,294 | $ 51,769 | $ 52,849 |
| Less total operating expenses | (59,898) | (51,678) | (63,142) | (97,663) | (60,382) |
| Fee income from unconsolidated joint venture | (200) | (200) | (197) | (189) | (190) |
| Transaction related | 150 | 105 | 277 | 194 | 141 |
| Spin related | — | — | — | — | 208 |
| General and administrative | 4,565 | 4,309 | 4,428 | 4,672 | 3,291 |
| Depreciation and amortization | 27,877 | 28,166 | 30,493 | 32,693 | 33,828 |
| Impairment of real estate | 11,819 | 3,754 | 12,198 | 44,801 | 7,758 |
| **NOI** | **36,337** | **34,646** | **34,351** | **36,277** | **37,503** |
| Straight-line rent | (2,275) | (2,684) | 2,911 | (699) | (547) |
| Amortization of above and below market leases, net | (274) | (215) | (260) | (312) | (315) |
| Deferred lease incentives | 100 | 101 | 80 | 36 | — |
| Other non-cash adjustments | 48 | 48 | 51 | 50 | 48 |
| Proportionate share of Unconsolidated Joint Venture Cash NOI | 861 | 862 | 833 | 848 | 850 |
| **Cash NOI** | **$ 34,797** | **$ 32,758** | **$ 37,966** | **$ 36,200** | **$ 37,539** |

***Occupancy Rate*** *equals the sum of Leased Square Feet divided by Rentable Square Feet and includes the Company's pro rata share of such amounts related to the Unconsolidated Joint Venture, in each case, as of an applicable date.*

***Operating Properties*** *refers to all properties owned and consolidated by the Company as of the applicable date.*

***Property Operating Expense*** *includes reimbursable and non-reimbursable costs to operate a property, including real estate taxes, utilities, insurance, repairs, maintenance, legal, property management fees, etc.*

***Rentable Square Feet*** *is leasable square feet of Operating Properties and the Company's pro rata share of leasable square feet of properties owned by the Unconsolidated Joint Venture.*

***Triple Net Lease ("NNN")*** *is a lease under which the tenant agrees to pay all expenses associated with the property (e.g., real estate taxes, insurance, maintenance and repairs in accordance with the lease terms).*

***Unconsolidated Joint Venture*** *means the Company's investment in the unconsolidated joint venture with an affiliate of Arch Street Capital Partners, LLC.*

***Unencumbered Asset Ratio*** *equals Unencumbered Gross Real Estate Investments divided by Gross Real Estate Investments. Management believes that Unencumbered Asset Ratio is a useful supplemental measure of our overall liquidity and leverage.*

# Definitions (cont.)

*(unaudited, in thousands, except share and per share data)*

***Unencumbered Gross Real Estate Investments*** *equals Gross Real Estate Investments, excluding Gross Real Estate Investments related to properties serving as collateral for the Company's CMBS Loan and the Company's pro rata share of properties owned by the Unconsolidated Joint Venture that are pledged as collateral under mortgage debt. Unencumbered Gross Real Estate Investments includes otherwise unencumbered properties which are part of the unencumbered property pool under our credit facility and therefore generally are not available to simultaneously serve as collateral under other borrowings.*

***Weighted Average Remaining Lease Term*** *is the number of years remaining on each respective lease as of the applicable date, weighted based on Annualized Base Rent and includes the years remaining on each of the respective leases of the Unconsolidated Joint Venture, weighted based on the Company's pro rata share of Annualized Base Rent related to the Unconsolidated Joint Venture.*