

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): November 6, 2024



**Net Lease Office Properties**  
(Exact Name of Registrant as Specified in its Charter)

**Maryland**  
(State or other jurisdiction of incorporation)

**001-41812**  
(Commission File Number)

**92-0887849**  
(IRS Employer Identification No.)

**One Manhattan West, 395 9th Avenue, 58th Floor**  
**New York, New York**  
(Address of principal executive offices)

**10001**  
(Zip Code)

Registrant's telephone number, including area code: **(844) 656-7348**

(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 Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Shares of Beneficial Interest, par value \$0.001 per share	NLOP	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

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 7.01 Regulation FD Disclosure.**

On November 6, 2024, Net Lease Office Properties (the “Company”) made available certain unaudited supplemental financial information at September 30, 2024. A copy of this supplemental information is attached as Exhibit 99.1.

The information furnished pursuant to this Item 7.01, including Exhibit 99.1, shall not be deemed to be “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liability of that Section, and shall not be incorporated by reference into any filing under the Securities Act of 1933, as amended (the “Securities Act”), or the Exchange Act.

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits

<b>Exhibit No.</b>	<b>Description</b>
99.1	<a href="#">Supplemental financial information of the Company at September 30, 2024.</a>
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

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**SIGNATURES**

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

Net Lease Office Properties

Date: November 6, 2024

By: /s/ ToniAnn Sanzone

ToniAnn Sanzone

Chief Financial Officer

# Net Lease Office Properties

## *Supplemental Financial Information*

*Third Quarter 2024*



## Terms and Definitions

As used in this supplemental package, the terms “Net Lease Office Properties,” “NLOP,” “we,” “us” and “our” include Net Lease Office Properties, its consolidated subsidiaries and its predecessors, unless otherwise indicated. Other terms and definitions are as follows:

REIT	Real estate investment trust
WPC	W. P. Carey Inc., a net-lease REIT (also our “Advisor”)
U.S.	United States
ABR	Contractual minimum annualized base rent
SEC	Securities and Exchange Commission
NAREIT	National Association of Real Estate Investment Trusts (an industry trade group)
WALT	Weighted-average lease term
NLOP Mortgage Loan	Our \$335.0 million senior secured mortgage loan
NLOP Mezzanine Loan	Our \$120.0 million mezzanine loan facility
NLOP Financing Arrangements	The NLOP Mortgage Loan and NLOP Mezzanine Loan, which are collateralized by the assignment of certain of our previously unencumbered real estate properties
SOFR	Secured Overnight Financing Rate

## Important Note Regarding Non-GAAP Financial Measures

This supplemental package includes certain “non-GAAP” supplemental measures that are not defined by generally accepted accounting principles (“GAAP”), including funds from operations (“FFO”); adjusted funds from operations (“AFFO”); pro rata cash net operating income (“pro rata cash NOI”); and normalized pro rata cash NOI. FFO is a non-GAAP measure defined by NAREIT. Reconciliations of these non-GAAP financial measures to their most directly comparable GAAP measures are provided within this supplemental package. In addition, refer to the [Disclosures Regarding Non-GAAP and Other Metrics](#) section in the Appendix for a description of these non-GAAP financial measures and other metrics.

Amounts may not sum to totals due to rounding.

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## **Table of Contents**

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<a href="#">Summary Metrics</a>	<a href="#">1</a>
<a href="#">Components of Net Asset Value</a>	<a href="#">2</a>
<a href="#">Consolidated Statement of Operations</a>	<a href="#">3</a>
<a href="#">FFO and AFFO, Consolidated</a>	<a href="#">4</a>
<a href="#">Consolidated Balance Sheets</a>	<a href="#">5</a>
<a href="#">Capitalization</a>	<a href="#">6</a>
<a href="#">Debt Overview</a>	<a href="#">7</a>
<a href="#">Dispositions</a>	<a href="#">8</a>
<a href="#">Capital Expenditures and Leasing Activity</a>	<a href="#">9</a>
<a href="#">Top Ten Tenants</a>	<a href="#">10</a>
<a href="#">Lease Expirations</a>	<a href="#">11</a>
<a href="#">Property List</a>	<a href="#">12</a>
<b>Appendix</b>	
<a href="#">Normalized Pro Rata Cash NOI</a>	<a href="#">16</a>
<a href="#">Disclosures Regarding Non-GAAP and Other Metrics</a>	<a href="#">18</a>

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## Summary Metrics

As of or for the three months ended September 30, 2024.

Financial Results	
Revenues, including reimbursable costs – consolidated (\$000s)	\$ 31,481
Net loss attributable to NLOP (\$000s)	(40,295)
Net loss attributable to NLOP per diluted share	(2.73)
Normalized pro rata cash NOI (\$000s) <sup>(a) (b)</sup>	21,885
AFFO attributable to NLOP (\$000s) <sup>(a) (b)</sup>	13,106
AFFO attributable to NLOP per diluted share <sup>(a) (b)</sup>	0.89

Balance Sheet and Capitalization	
Equity market capitalization – based on quarter end share price of \$30.62 (\$000s)	\$ 452,717
Total consolidated debt (\$000s)	239,412
Gross assets (\$000s) <sup>(c)</sup>	1,094,487
Total consolidated debt to gross assets	21.9 %
NLOP Mortgage Loan principal outstanding (\$000s) <sup>(d)</sup>	\$ 49,108
NLOP Mezzanine Loan principal outstanding (\$000s) <sup>(d)</sup>	79,715

Advisory Fees and Reimbursements Paid to WPC	
Asset management fees <sup>(e)</sup>	\$ 1,465
Administrative reimbursements <sup>(f)</sup>	1,000

Portfolio (Pro Rata) <sup>(b)</sup>	
ABR (in thousands) <sup>(g)</sup>	\$ 97,783
Number of properties	45
Number of tenants	48
Occupancy	81.6 %
Weighted-average lease term (in years)	4.3
Leasable square footage (in thousands) <sup>(h)</sup>	6,495
ABR from investment grade tenants as a % of total ABR <sup>(i)</sup>	48.3 %
Dispositions – number of properties sold	2
Dispositions – gross proceeds (in thousands)	\$ 80,500

Subsequent to Quarter End	
NLOP Mortgage Loan principal outstanding as of the date of this report (\$000s) <sup>(j)</sup>	39,108
NLOP Mezzanine Loan principal outstanding as of the date of this report (\$000s) <sup>(j)</sup>	79,715
Dispositions – number of properties sold	1
Dispositions – gross proceeds (in thousands)	\$ 3,924

(a) Normalized pro rata cash NOI and AFFO are non-GAAP measures. See the [Disclosures Regarding Non-GAAP and Other Metrics](#) section in the Appendix for a description of our non-GAAP measures and for details on how certain non-GAAP measures are calculated.

(b) Presented on a pro rata basis. See the [Disclosures Regarding Non-GAAP and Other Metrics](#) section in the Appendix for a description of pro rata.

(c) Gross assets represent consolidated total assets before accumulated depreciation on buildings and improvements. Gross assets are net of accumulated amortization on in-place lease intangible assets of \$142.6 million and above-market rent intangible assets of \$25.3 million.

(d) Original principal outstanding for the NLOP Mortgage Loan was \$335.0 million. NLOP Mortgage Loan principal outstanding (as a % of original principal) was 14.7% as of September 30, 2024. Original principal outstanding for the NLOP Mezzanine Loan was \$120.0 million. NLOP Mezzanine Loan principal outstanding (as a % of original principal) was 66.4% as of September 30, 2024.

(e) Pursuant to certain advisory agreements, our Advisor provides us with strategic management services, including asset management, property disposition support, and various related services. We pay our Advisor an asset management fee that was initially set at an annual amount of \$7.5 million and is proportionately reduced each month following the disposition of each portfolio property.

(f) Pursuant to certain advisory agreements, we will reimburse our Advisor a base administrative amount of approximately \$4.0 million annually, for certain administrative services, including day-to-day management services, investor relations, accounting, tax, legal, and other administrative matters.

(g) See the [Disclosures Regarding Non-GAAP and Other Metrics](#) section in the Appendix for a description of ABR.

(h) Excludes 570,999 of operating square footage for a parking garage at a domestic property.

(i) Percentage of portfolio is based on ABR, as of September 30, 2024. Includes tenants or guarantors with investment grade ratings (28.2%) and subsidiaries of non-guarantor parent companies with investment grade ratings (20.1%). Investment grade refers to an entity with a rating of BBB- or higher from Standard & Poor's Ratings Services or Baa3 or higher from Moody's Investors Service. See the [Disclosures Regarding Non-GAAP and Other Metrics](#) section in the Appendix for a description of ABR.

(j) NLOP Mortgage Loan principal outstanding (as a % of original principal) was 11.7% as of the date of this report. NLOP Mezzanine Loan principal outstanding (as a % of original principal) was 66.4% as of the date of this report.

## Components of Net Asset Value

In thousands.

	Three Months Ended September 30, 2024	
<b>Normalized Pro Rata Cash NOI</b> <sup>(a) (b)</sup>	\$	21,885
<b>Balance Sheet – Selected Information</b>		
		<b>As of September 30, 2024</b>
<b>Assets</b>		
Book value of select real estate <sup>(c)</sup>	\$	39,697
Cash and cash equivalents		36,102
Restricted cash, including escrow <sup>(d)</sup>		49,370
Other assets, net:		
Straight-line rent adjustments	\$	21,837
Prepaid expenses		3,386
Deferred charges		3,016
Accounts receivable		1,948
Taxes receivable		103
Other		1,129
Total other assets, net	\$	31,419
<b>Liabilities</b>		
NLOP Mortgage Loan <sup>(e)</sup>	\$	49,108
NLOP Mezzanine Loan <sup>(f)</sup>		79,715
Non-recourse mortgages, net <sup>(g)</sup>		115,621
Deferred income taxes		3,118
Dividends payable		—
Accounts payable, accrued expenses and other liabilities:		
Accounts payable and accrued expenses	\$	14,099
Prepaid and deferred rents		11,778
Accrued taxes payable		1,813
Tenant security deposits		814
Operating lease liabilities		288
Other		14,996
Total accounts payable, accrued expenses and other liabilities	\$	43,788

(a) Normalized pro rata cash NOI is a non-GAAP measure. See the [Disclosures Regarding Non-GAAP and Other Metrics](#) section in the Appendix for a description of our non-GAAP measures and for details on how they are calculated.

(b) Presented on a pro rata basis. See the [Disclosures Regarding Non-GAAP and Other Metrics](#) section in the Appendix for a description of pro rata.

(c) Represents the value of real estate not appropriately captured in normalized pro rata cash NOI, such as vacant assets.

(d) Comprised of approximately \$48.1 million related to certain reserve requirements for debt service, capital improvements, and real estate taxes pursuant to the NLOP Mortgage Loan and NLOP Mezzanine Loan. Approximately \$1.3 million is related to certain reserve requirements for other loan agreements.

(e) Excludes unamortized discount, net totaling \$0.9 million and unamortized deferred financing costs totaling \$0.4 million as of September 30, 2024.

(f) Excludes unamortized discount, net totaling \$2.7 million and unamortized deferred financing costs totaling \$1.2 million as of September 30, 2024.

(g) Excludes unamortized premium, net totaling \$0.2 million as of September 30, 2024.



## Consolidated Statement of Operations

In thousands, except share and per share amounts.

	Three Months Ended September 30, 2024
<b>Revenues</b>	
Lease revenues	\$ 29,975
Other lease-related income	1,506
	<b>31,481</b>
<b>Operating Expenses</b>	
Impairment charges — real estate	34,164
Depreciation and amortization	12,375
Reimbursable tenant costs	6,415
Property expenses, excluding reimbursable tenant costs	3,035
General and administrative <sup>(a)</sup>	1,823
Asset management fees <sup>(b)</sup>	1,465
	<b>59,277</b>
<b>Other Income and Expenses</b>	
Interest expense <sup>(c)</sup>	(11,744)
Loss on sale of real estate, net	(644)
Other gains and (losses)	395
	<b>(11,993)</b>
Loss before income taxes	(39,789)
Provision for income taxes	(485)
<b>Net Loss</b>	<b>(40,274)</b>
Net income attributable to noncontrolling interests	(21)
<b>Net Loss Attributable to NLOP</b>	<b>\$ (40,295)</b>
<b>Basic and Diluted Loss Per Share</b>	<b>\$ (2.73)</b>
<b>Weighted-Average Shares Outstanding</b>	
Basic and Diluted	14,785,020

(a) Includes \$1.0 million of administrative reimbursements to our Advisor.

(b) Amount is comprised of fees paid to Advisor for strategic management services, including asset management, property disposition support, and various related services.

(c) Includes \$4.8 million of non-cash amortization of deferred financing costs.

## FFO and AFFO, Consolidated

In thousands, except share and per share amounts.

	Three Months Ended September 30, 2024
Net loss attributable to NLOP	\$ (40,295)
Adjustments:	
Impairment charges — real estate	34,164
Depreciation and amortization of real property	12,375
Loss on sale of real estate, net	644
Proportionate share of adjustments for noncontrolling interests <sup>(a)</sup>	(52)
Total adjustments	47,131
<b>FFO (as defined by NAREIT) Attributable to NLOP <sup>(b)</sup></b>	<b>6,836</b>
Adjustments:	
Amortization of deferred financing costs	4,766
Above- and below-market rent intangible lease amortization, net	519
Straight-line and other leasing and financing adjustments	495
Other (gains) and losses	290
Other amortization and non-cash items	203
Stock-based compensation	75
Tax benefit — deferred and other	(65)
Proportionate share of adjustments for noncontrolling interests <sup>(a)</sup>	(13)
Total adjustments	6,270
<b>AFFO Attributable to NLOP <sup>(b)</sup></b>	<b>\$ 13,106</b>
<b>Summary</b>	
FFO (as defined by NAREIT) attributable to NLOP <sup>(b)</sup>	\$ 6,836
FFO (as defined by NAREIT) attributable to NLOP per diluted share <sup>(b)</sup>	\$ 0.46
AFFO attributable to NLOP <sup>(b)</sup>	\$ 13,106
AFFO attributable to NLOP per diluted share <sup>(b)</sup>	\$ 0.89
Diluted weighted-average shares outstanding	14,785,020

(a) Adjustments disclosed elsewhere in this reconciliation are on a consolidated basis. This adjustment reflects our FFO or AFFO on a pro rata basis.

(b) FFO and AFFO are non-GAAP measures. See the [Disclosures Regarding Non-GAAP and Other Metrics](#) section in the Appendix for a description of our non-GAAP measures.

## Consolidated Balance Sheets

In thousands, except share and per share amounts.

	September 30, 2024	December 31, 2023
<b>Assets</b>		
Investments in real estate:		
Land, buildings and improvements	\$ 867,072	\$ 1,203,991
Net investments in finance leases	—	10,522
In-place lease intangible assets and other	238,305	357,788
Above-market rent intangible assets	40,104	57,954
Investments in real estate	1,145,481	1,630,255
Accumulated depreciation and amortization	(342,457)	(458,430)
Net investments in real estate	803,024	1,171,825
Restricted cash	49,370	51,560
Cash and cash equivalents	36,102	16,269
Other assets, net	31,419	65,435
<b>Total assets</b>	<b>\$ 919,915</b>	<b>\$ 1,305,089</b>
<b>Liabilities and Equity</b>		
Debt:		
NLOP Mortgage Loan, net	\$ 47,767	\$ 266,844
NLOP Mezzanine Loan, net	75,810	106,299
Non-recourse mortgages, net	115,835	168,836
Debt, net	239,412	541,979
Accounts payable, accrued expenses and other liabilities	43,788	59,527
Below-market rent intangible liabilities, net	7,494	10,643
Deferred income taxes	3,118	10,450
Dividends payable	—	1,060
<b>Total liabilities</b>	<b>293,812</b>	<b>623,659</b>
Preferred stock, \$0.001 par value, 5,000,000 shares authorized; none issued	—	—
Common stock, \$0.001 par value, 45,000,000 shares authorized; 14,785,014 and 14,620,919 shares, respectively, issued and outstanding	15	15
Additional paid-in capital	855,788	855,554
Distributions in excess of accumulated earnings	(198,657)	(142,960)
Accumulated other comprehensive loss	(35,287)	(35,600)
Total shareholders' equity	621,859	677,009
Noncontrolling interests	4,244	4,421
<b>Total equity</b>	<b>626,103</b>	<b>681,430</b>
<b>Total liabilities and equity</b>	<b>\$ 919,915</b>	<b>\$ 1,305,089</b>

## Capitalization

In thousands, except share and per share amounts. As of September 30, 2024.

Total Enterprise Value	Shares	Share Price	Market Value
<b>Equity</b>			
Common equity	14,785,014	\$ 30.62	\$ 452,717
<b>Total Equity Market Capitalization</b>			<b>452,717</b>
			<b>Outstanding Balance</b>
<b>Debt</b>			
NLOP Mortgage Loan			49,108
NLOP Mezzanine Loan			79,715
Non-recourse mortgages			115,621
<b>Total Debt</b>			<b>244,444</b>
Less: Cash and cash equivalents			(36,102)
<b>Net Debt</b>			<b>208,342</b>
<b>Total Enterprise Value</b>			<b>\$ 661,059</b>

(a) Excludes unamortized discount, net totaling \$3.4 million and unamortized deferred financing costs totaling \$1.6 million as of September 30, 2024.

## Debt Overview

Dollars in thousands. Pro rata. As of September 30, 2024.

	Maturity Date	Fixed / Floating	Interest Rate	Total Outstanding Balance <sup>(a)</sup>	% of Total
<b>NLOP Financing Arrangements</b>					
NLOP Mortgage Loan <sup>(b)</sup>	11/9/2025	Floating	9.8 %	\$ 49,108	20.1 %
NLOP Mezzanine Loan <sup>(c)</sup>	11/9/2028	Fixed	14.5 %	79,715	32.6 %
<b>Other Mortgages (Tenant Listed)</b>					
Northrup Grumman Systems Corporation	1/6/2025	Fixed	4.2 %	25,357	10.4 %
Midcontinent Independent Stm Op Inc	5/6/2025	Fixed	4.0 %	8,981	3.7 %
Intuit Inc.	5/6/2025	Fixed	4.0 %	21,900	9.0 %
Acosta, Inc.	8/6/2025	Fixed	4.4 %	9,919	4.0 %
Siemens AS	12/15/2025	Floating	4.8 %	41,582	17.0 %
Merative L.P.	4/1/2026	Fixed	5.7 %	1,788	0.7 %
North American Lighting, Inc.	5/6/2026	Fixed	6.3 %	6,094	2.5 %
<b>Total Debt Outstanding</b>			<b>8.8 %</b>	<b>\$ 244,444</b>	<b>100.0 %</b>

(a) Excludes unamortized discount, net totaling \$3.4 million and unamortized deferred financing costs totaling \$1.6 million as of September 30, 2024.

(b) The NLOP Mortgage Loan bears interest at an annual rate of one-month forward-looking term rate based on SOFR, subject to a floor of 3.85%, plus 5.0%. In addition, we entered into an interest rate cap agreement that limits our SOFR rate exposure at 5.35% under the terms set forth under the NLOP Mortgage Loan. The NLOP Mortgage Loan is subject to two separate one-year extension options. In October 2024, we repaid \$10.0 million of outstanding principal on the NLOP Mortgage Loan using proceeds from a disposition and excess cash from operations. See the [Summary Metrics](#) section for the NLOP Mortgage Loan principal outstanding following these repayments.

(c) The NLOP Mezzanine Loan bears interest at an annual rate of 14.5% (10.0% of which is required to be paid current on a monthly basis, and 4.5% of which is a payment-in-kind accrual, on a quarterly basis).

Net Lease Office Properties  
Third Quarter 2024

## Dispositions

Dollars in thousands. Pro rata.

Tenant / Lease Guarantor	Property Location(s)	Gross Sale Price	ABR	Closing Date	Gross Square Footage
<b>4Q23</b>					
Raytheon Company	Tucson, AZ	\$ 24,575	\$ 1,978	Dec-23	143,650
Carhartt, Inc.	Dearborn, MI	9,806	748	Dec-23	58,722
BCBSM, Inc.	Eagan, MN	2,500	298	Dec-23	29,916
AVL Michigan Holding Corporation	Plymouth, MI	6,200	575	Dec-23	70,000
<b>4Q23 Total</b>		<b>43,081</b>	<b>3,599</b>		<b>302,288</b>
<b>1Q24</b>					
Undisclosed – UK insurance company <sup>(a)</sup>	Newport, United Kingdom	10,497	1,761	Jan-24	80,664
Total E&P Norge AS <sup>(a)</sup>	Stavanger, Norway	33,072	5,185	Mar-24	275,725
<b>1Q24 Total</b>		<b>43,569</b>	<b>6,946</b>		<b>356,389</b>
<b>2Q24</b>					
Exelon Generation Company, LLC <sup>(b)</sup>	Warrenville, IL	19,830	2,935	Apr-24	146,745
Vacant (formerly AVT Technology Solutions LLC) <sup>(b)</sup>	Tempe, AZ	13,160	—	Apr-24	132,070
FedEx Corporation	Collierville, TN	62,500	5,491	Apr-24	390,380
DMG MORI SEIKI U.S.A., INC.	Hoffman Estates, IL	35,984	2,458	Apr-24	104,598
BCBSM, Inc. (2 properties)	Eagan, MN	60,700	4,663	Jun-24	347,472
<b>2Q24 Total</b>		<b>192,174</b>	<b>15,547</b>		<b>1,121,265</b>
<b>3Q24</b>					
CVS Health Corporation	Scottsdale, AZ	71,500	4,252	Aug-24	354,888
Xileh Holding Inc.	Auburn Hills, MI	9,000	711	Sep-24	55,490
<b>3Q24 Total</b>		<b>80,500</b>	<b>4,963</b>		<b>410,378</b>
<b>Total Dispositions <sup>(c)</sup></b>		<b>\$ 359,324</b>	<b>\$ 31,055</b>		<b>2,190,320</b>

(a) Amount reflects the applicable exchange rate on the date of the transaction.

(b) We transferred ownership of these properties and the related non-recourse mortgage loans to the respective mortgage lenders. Gross proceeds from these dispositions represent the mortgage principal outstanding on the respective dates of transfer.

(c) In October 2024, we disposed of one property, as described in the [Summary Metrics](#) section.

## Capital Expenditures and Leasing Activity

### Capital Expenditures

In thousands. For the three months ended September 30, 2024.

#### Tenant Improvements and Leasing Costs

##### Tenant Improvements (Tenant Listed)

Merative L.P.	\$	883
CVS Health Corporation		73
		<u>956</u>

##### Leasing Costs

##### Tenant Improvements and Leasing Costs

956

##### Maintenance Capital Expenditures (Tenant Listed)

Pharmaceutical Product Development, LLC	573
KBR, Inc.	141
Caremark RX, L.L.C.	112
Pioneer Credit Recovery, Inc.	87
Omnicom Group, Inc.	55
	<u>968</u>

Total: Tenant Improvements and Leasing Costs, and Maintenance Capital Expenditures

\$ 1,924

### Leasing Activity

Dollars in thousands. For the three months ended September 30, 2024, except ABR. Pro rata.

#### Lease Renewals and Extensions <sup>(a)</sup>

Tenant	Location	Square Feet	ABR			Expected Tenant Improvements (\$000s)	Leasing Commissions (\$000s)	Incremental Lease Term
			Prior Lease (\$000s)	New Lease (\$000s) <sup>(b)</sup>	Rent Recapture			
Pioneer Credit Recovery, Inc. <sup>(c)</sup>	Moorestown, NJ	30,000	\$ 527	\$ 540	102.5 %	\$ —	\$ —	1.5 years
Lincoln Technical Institute, Inc. <sup>(c)</sup>	Moorestown, NJ	35,567	397	391	98.5 %	—	—	5.0 years
<b>Total / Weighted Average <sup>(d)</sup></b>		<u><b>65,567</b></u>	<u><b>\$ 924</b></u>	<u><b>\$ 931</b></u>	<u><b>100.8 %</b></u>	<u><b>\$ —</b></u>	<u><b>\$ —</b></u>	<u><b>3.0 years</b></u>

(a) Excludes lease extensions for a period of one year or less.

(b) New lease amounts are based on in-place rents at time of lease commencement and exclude any free rent periods.

(c) Pioneer Credit Recovery, Inc. and Lincoln Technical Institute, Inc. are tenants at our multi-tenant property in Moorestown, New Jersey.

(d) Weighted average refers to the incremental lease term.

Net Lease Office Properties  
Third Quarter 2024

## Top Ten Tenants

Dollars in thousands. Pro rata. As of September 30, 2024.

Tenant / Lease Guarantor	State / Country	ABR	ABR %	Square Footage <sup>(a)</sup>	Number of Properties	Weighted-Average Lease Term (Years)
KBR, Inc.	Texas	\$ 20,156	20.6 %	913,713	1	5.7
JPMorgan Chase Bank, N.A.	Florida, Texas	9,069	9.3 %	666,869	3	4.7
Siemens AS <sup>(b)</sup>	Norway	4,535	4.6 %	165,905	1	1.2
Pharmaceutical Product Development, LLC	North Carolina	3,983	4.1 %	219,812	1	9.2
Omnicom Group, Inc.	California	3,961	4.1 %	120,000	1	4.0
Northrup Grumman Systems Corporation	Minnesota	3,821	3.9 %	191,336	1	5.2
E.On UK PLC <sup>(b) (c)</sup>	United Kingdom	3,819	3.9 %	217,339	1	0.8
R.R. Donnelley & Sons Company	Illinois	3,393	3.5 %	167,215	1	3.0
Board of Regents, State of Iowa	Iowa	3,254	3.3 %	191,700	1	6.1
Bankers Financial Corporation	Florida	3,228	3.3 %	111,357	1	0.8
<b>Total <sup>(d)</sup></b>		<b>\$ 59,219</b>	<b>60.6 %</b>	<b>2,965,246</b>	<b>12</b>	<b>4.6</b>

(a) Excludes 570,999 of operating square footage for a garage at a domestic property.

(b) ABR amounts are subject to fluctuations in foreign currency exchange rates.

(c) This property was sold in October 2024.

(d) See the [Disclosures Regarding Non-GAAP and Other Metrics](#) section in the Appendix for a description of pro rata.

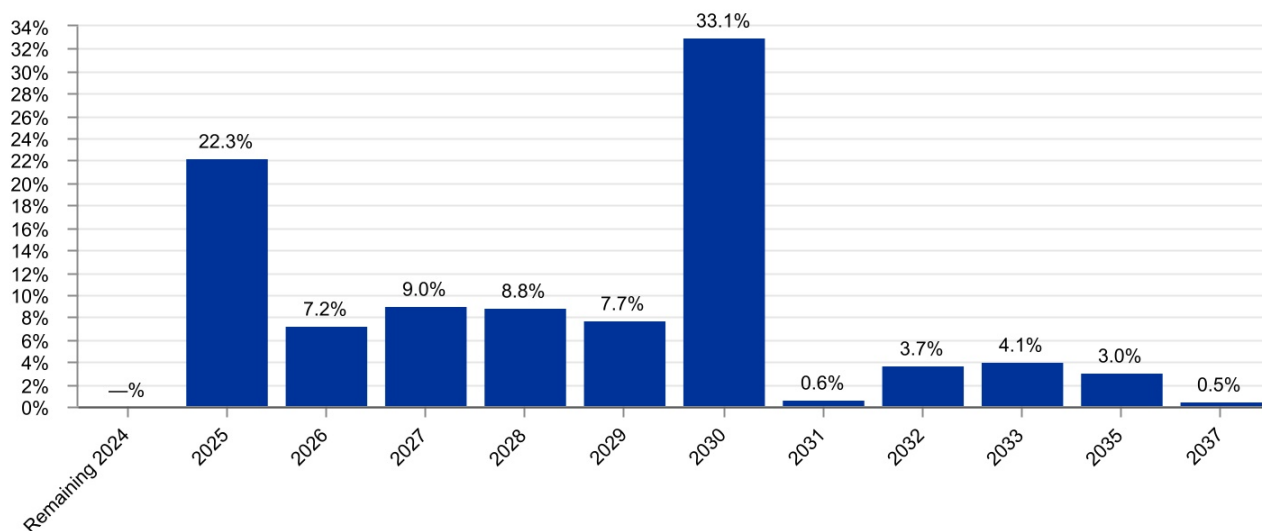


## Lease Expirations

Dollars in thousands. Pro rata. As of September 30, 2024.

Year of Lease Expiration <sup>(a)</sup>	Number of Leases Expiring	Number of Tenants with Leases Expiring	ABR	ABR %	Square Footage <sup>(b)</sup>	Square Footage %
Remaining 2024	2	1	\$ 16	— %	2,120	— %
2025	13	13	21,766	22.3 %	1,001,564	15.4 %
2026	8	8	7,014	7.2 %	458,038	7.0 %
2027	7	6	8,824	9.0 %	499,571	7.7 %
2028	5	4	8,628	8.8 %	371,447	5.7 %
2029	6	5	7,534	7.7 %	423,873	6.5 %
2030	7	6	32,374	33.1 %	1,783,022	27.5 %
2031	1	1	615	0.6 %	50,600	0.8 %
2032	2	2	3,648	3.7 %	257,008	4.0 %
2033	1	1	3,983	4.1 %	219,812	3.4 %
2035	2	2	2,951	3.0 %	201,229	3.1 %
2037	1	1	430	0.5 %	31,120	0.5 %
Vacant	—	—	—	— %	1,195,376	18.4 %
<b>Total <sup>(c)</sup></b>	<b>55</b>		<b>\$ 97,783</b>	<b>100.0 %</b>	<b>6,494,780</b>	<b>100.0 %</b>

ABR by Year of Lease Expiration as a Percentage of Total ABR



- (a) Assumes tenants do not exercise any renewal options or purchase options.  
(b) Excludes 570,999 of operating square footage for a garage at a domestic property.  
(c) See the [Disclosures Regarding Non-GAAP and Other Metrics](#) section in the Appendix for a description of pro rata.

Net Lease Office Properties  
Third Quarter 2024

## Property List

Dollars in thousands. Pro rata. As of September 30, 2024.

### U.S. Assets:

#	Primary Tenant	Industry	Credit <sup>(a)</sup>	City	State	Square Footage <sup>(b)</sup>	ABR	Rent Increase Type	Date of Next Increase	WALT <sup>(c)</sup>	Encumbered Status	
											NLOP Mortgage Loan	Other Mortgages
1	KBR, Inc. <sup>(d)(e)</sup>	Construction & Engineering	Non-IG	Houston	Texas	1,064,788	\$21,294	Fixed: One-time 7.78%	Jan-27	5.6	✓	\$—
2	JPMorgan Chase Bank, N.A.	Diversified Banks	IG	Fort Worth	Texas	386,154	\$4,755	CPI: 0.0% Floor / 2.0% Cap	Mar-25	5.4	✓	\$—
3	Pharmaceutical Product Development, LLC	Pharmaceuticals	IG	Morrisville	North Carolina	219,812	\$3,983	Fixed: 2.00% annually	Oct-24	9.2	✓	\$—
4	Omnicom Group, Inc.	Advertising	IG	Playa Vista	California	120,000	\$3,961	None	N/A	4.0	✓	\$—
5	Northrup Grumman Systems Corporation <sup>(f)</sup>	Aerospace & Defense	IG	Plymouth	Minnesota	191,336	\$3,821	Fixed: 2.00% annually	Dec-25	5.2		\$25,357
6	R.R. Donnelley & Sons Company	Commercial Printing	Non-IG	Warrenville	Illinois	167,215	\$3,393	Fixed: 2.00% annually	Sep-25	3.0	✓	\$—
7	Board of Regents, State of Iowa <sup>(g)</sup>	Government Related Services	IG	Coralville	Iowa	191,700	\$3,254	CPI: 0.0% Floor / No Cap	Nov-25	6.1		\$—
8	Bankers Financial Corporation <sup>(d)(e)</sup>	Property & Casualty Insurance	Non-IG	St. Petersburg	Florida	167,581	\$3,228	Fixed: 2.50% annually	N/A	0.8	✓	\$—
9	JPMorgan Chase Bank, N.A.	Diversified Banks	IG	Tampa	Florida	176,150	\$2,993	CPI: 0.0% Floor / 2.0% Cap	Mar-25	5.4	✓	\$—
10	Google, LLC <sup>(h)</sup>	Internet Software & Services	IG	Venice	California	67,681	\$2,930	Fixed: 3.00% annually	Jan-25	1.1		\$—
11	ICU MEDICAL, INC. <sup>(d)</sup>	Health Care Supplies	Non-IG	Plymouth	Minnesota	182,250	\$2,840	Fixed: 3.25% annually	Feb-25	1.0	✓	\$—
12	Intuit Inc.	Internet Software & Services	IG	Plano	Texas	166,033	\$2,577	Fixed: One-time \$2.00/SF in '21	N/A	1.7		\$21,900
13	Veritas Bermuda, LTD	Systems Software	Non-IG	Roseville	Minnesota	136,125	\$2,211	Fixed: 2.00% annually	Dec-24	8.2	✓	\$—
14	Cenlar FSB	Regional Banks	Non-IG	Yardley	Pennsylvania	105,584	\$2,053	Fixed: 2.70% annually	Jan-25	3.7	✓	\$—
15	iHeartCommunications, Inc.	Broadcasting	Non-IG	San Antonio	Texas	120,147	\$2,010	Fixed: 2.00% annually	Feb-25	10.3	✓	\$—
16	Arbella Service Company, Inc.	Property & Casualty Insurance	IG	Quincy	Massachusetts	132,160	\$1,850	Fixed: One-time \$1.00/SF in '22	N/A	2.7	✓	\$—
17	Cofinity, Inc./Aetna Life Insurance Co. <sup>(d)(e)</sup>	Multi-line Insurance	IG	Southfield	Michigan	94,453	\$1,833	Fixed: One-time 6.90% in '23	N/A	0.3	✓	\$—
18	ICF Consulting Group, Inc.	IT Consulting & Other Services	Non-IG	Martinsville	Virginia	93,333	\$1,785	CPI: 0.0% Floor / No Cap	Jan-25	2.3	✓	\$—
19	Acosta, Inc.	Advertising	Non-IG	Jacksonville	Florida	88,062	\$1,541	Fixed: \$0.50/SF annually	Jul-25	2.8		\$9,919
20	Safelite Group, Inc.	Specialized Consumer Services	Non-IG	Rio Rancho	New Mexico	94,649	\$1,500	Fixed: 2.00% annually	Jan-25	4.7	✓	\$—
21	Master Lock Company, LLC	Building Products	Non-IG	Oak Creek	Wisconsin	120,883	\$1,437	Fixed: 2.00% annually	Jun-25	7.7	✓	\$—
22	JPMorgan Chase Bank, N.A. <sup>(d)(e)</sup>	Diversified Banks	IG	Tampa	Florida	135,733	\$1,389	CPI: 0.0% Floor / 2.0% Cap	N/A	0.5	✓	\$—

23	Midcontinent Independent Stm Op Inc.	Electric Utilities	IG	Eagan	Minnesota	60,463	\$1,133	Fixed: \$0.25/SF annually	Mar-25	1.4		\$8,981
24	Emerson Electric Co.	Industrial Machinery	IG	Houston	Texas	52,144	\$1,082	Fixed: \$0.50/SF annually	Nov-24	1.1	✓	\$—
25	Radiate Holdings, L.P.	Cable & Satellite	Non-IG	San Marcos	Texas	47,000	\$1,074	CPI: 0.0% Floor / 3.0% Cap	Aug-25	3.9		\$—
26	North American Lighting, Inc.	Auto Parts & Equipment	Non-IG	Farmington Hills	Michigan	75,286	\$1,058	Fixed: 2.50% annually	Apr-25	1.5		\$6,094
27	Arcfield Acquisition Corporation	Aerospace & Defense	Non-IG	King of Prussia	Pennsylvania	88,578	\$1,000	Fixed: One-time 17.50% in '23	N/A	1.8	✓	\$—
28	Caremark RX, L.L.C. (b)(6)(i)	Health Care Services	IG	Chandler	Arizona	183,000	\$982	Fixed: 2.00% annually	Jun-25	5.1	✓	\$—
29	Merative L.P.	IT Consulting & Other Services	Non-IG	Hartland	Wisconsin	81,082	\$940	CPI: 0.0% Floor / No Cap	Dec-24	11.2		\$1,788
30	Pioneer Credit Recovery, Inc. (d)	Diversified Support Services	Non-IG	Moorestown	New Jersey	65,567	\$924	Fixed: 2.50% annually	Jan-25	3.4	✓	\$—
31	Charter Communications Operating, LLC	Cable & Satellite	Non-IG	Bridgeton	Missouri	78,080	\$820	Fixed: \$0.50/SF annually	Apr-25	5.5	✓	\$—
32	Undisclosed – multinational provider of industrial gases	Industrial Gases	IG	Houston	Texas	49,821	\$617	Fixed: 2.00% annually	Jan-25	1.3	✓	\$—
33	APCO Holdings, Inc.	Property & Casualty Insurance	Non-IG	Norcross	Georgia	50,600	\$615	Fixed: 2.50% annually	Mar-25	6.4	✓	\$—
34	Radiate Holdings, L.P.	Cable & Satellite	Non-IG	Waco	Texas	30,699	\$473	CPI: 0.0% Floor / 3.0% Cap	Aug-25	3.9		\$—
35	S&ME, Inc. (i)	Environmental & Facilities Services	Non-IG	Raleigh	North Carolina	31,120	\$430	Fixed: 2.75% annually	Mar-25	12.4	✓	\$—
36	Radiate Holdings, L.P.	Cable & Satellite	Non-IG	Corpus Christi	Texas	20,717	\$355	CPI: 0.0% Floor / 3.0% Cap	Aug-25	3.9		\$—
37	Radiate Holdings, L.P.	Cable & Satellite	Non-IG	Odessa	Texas	21,193	\$236	CPI: 0.0% Floor / 3.0% Cap	Aug-25	3.9		\$—
38	Radiate Holdings, L.P.	Cable & Satellite	Non-IG	San Marcos	Texas	14,400	\$212	CPI: 0.0% Floor / 3.0% Cap	Aug-25	3.9	✓	\$—
39	Vacant (formerly BCBSM, Inc.) (k)	N/A	N/A	Eagan	Minnesota	442,542	\$0	N/A	N/A	0.0	✓	\$—
40	Vacant (formerly BCBSM, Inc.) (k)	N/A	N/A	Eagan	Minnesota	227,666	\$0	N/A	N/A	0.0	✓	\$—
41	Vacant (formerly McKesson Corporation) (k)	N/A	N/A	The Woodlands	Texas	204,063	\$0	N/A	N/A	0.0	✓	\$—
42	Vacant (formerly BCBSM, Inc.) (k)	N/A	N/A	Eagan	Minnesota	12,286	\$0	N/A	N/A	0.0	✓	\$—
<b>U.S. Total (l)</b>						<b>6,058,136</b>	<b>\$88,589</b>			<b>4.6</b>		<b>\$74,039</b>

## European Assets:

#	Primary Tenant	Industry	Credit (a)	City	Country	Square Footage	ABR	Rent Increase Type	Date of Next Increase	WALT (c)	Encumbered Status	
											NLOP Mortgage Loan	Other Mortgages
1	Siemens AS	Industrial Conglomerates	IG	Oslo	Norway	165,905	\$4,535	CPI: 0.0% Floor / No Cap	Jan-25	1.2		\$41,582
2	E.On UK PLC (sold on 10/15/24)	Internet Retail	IG	Houghton le Spring	United Kingdom	217,339	\$3,819	CPI: 2.0% Floor / 4.0% Cap	N/A	0.8		\$—
3	Nokia Corporation	Communications Equipment	IG	Krakow	Poland	53,400	\$840	CPI: 0.0% Floor / No Cap	Sep-25	4.9		\$—
<b>European Total (l)</b>						<b>436,644</b>	<b>\$9,194</b>			<b>1.4</b>		<b>\$41,582</b>

✓ Indicates an asset that is in the NLOP Financing Arrangements collateral pool.

■ Indicates an asset that was disposed of in October 2024, as described in the [Summary Metrics](#) section.

- (a) "IG" refers to investment grade rated tenants.
- (b) Excludes 570,999 of operating square footage for a parking garage associated with the KBR, Inc. property in Houston, Texas.
- (c) Assumes parties do not exercise any renewal or purchase options pursuant to their applicable leases.
- (d) Denotes multi-tenant property. Primary tenant generating largest percentage of ABR shown. Industry, credit, rent increase type and next rent increase are for primary tenant.
- (e) Denotes leased property that is not 100% occupied.
- (f) In connection with a lease amendment in May 2024, rent will be reset to market with a one-time reduction of \$1.1 million commencing December 1, 2024, followed by fixed annual rent escalations of 2.00%.
- (g) We own a 90% controlling interest in this consolidated property.
- (h) In October 2024, the tenant exercised its renewal option, and the lease will expire on October 31, 2030 (previous lease expiration date was October 31, 2025).
- (i) In connection with a lease amendment in May 2024, there is a 7.4-month rent abatement commencing June 1, 2024. Following the rent abatement, rent resets to \$1.6 million, with 2.00% annual rent increases beginning June 1, 2025.
- (j) In connection with a lease amendment in April 2024, there is a one-time rent bump to \$544,600 commencing October 1, 2024, followed by fixed annual rent escalations of 2.75%.
- (k) Denotes property that is vacant as of the date of this report.
- (l) See the [Disclosures Regarding Non-GAAP and Other Metrics](#) section in the Appendix for a description of pro rata.

# Net Lease Office Properties

## Appendix

Third Quarter 2024



## Normalized Pro Rata Cash NOI

In thousands.

	Three Months Ended September 30, 2024
<b>Consolidated Lease Revenues and Other</b>	
Total lease revenues – as reported	\$ 29,975
Parking garage revenues <sup>(a)</sup>	494
<b>Less: Consolidated Reimbursable and Non-Reimbursable Property Expenses</b>	
Reimbursable property expenses – as reported	6,415
Non-reimbursable property expenses – as reported	3,035
	<b>21,019</b>
<b>Adjustments for Pro Rata Ownership of Real Estate Joint Ventures:</b>	
Less: Pro rata share of NOI attributable to noncontrolling interests	(90)
	(90)
	<b>20,929</b>
<b>Adjustments for Pro Rata Non-Cash Items:</b>	
Add: Above- and below-market rent intangible lease amortization	519
Less: Straight-line and other leasing and financing adjustments	495
Add: Other non-cash items	106
	1,120
<b>Pro Rata Cash NOI <sup>(b)</sup></b>	<b>22,049</b>
Adjustment to normalize for intra-period dispositions <sup>(c)</sup>	(164)
<b>Normalized Pro Rata Cash NOI <sup>(b)</sup></b>	<b>\$ 21,885</b>

*Net Lease Office Properties*  
*Third Quarter 2024*

The following table presents a reconciliation from Net loss attributable to NLOP to Normalized pro rata cash NOI:

	<b>Three Months Ended September 30, 2024</b>
<b>Net Loss Attributable to NLOP</b>	
Net loss attributable to NLOP – as reported	\$ (40,295)
<b>Adjustments for Consolidated Operating Expenses</b>	
Add: Operating expenses – as reported	59,277
Less: Property expenses, excluding reimbursable tenant costs – as reported	(3,035)
	<b>56,242</b>
<b>Adjustments for Other Consolidated Revenues and Expenses:</b>	
Less: Other lease-related income (excluding parking garage revenues)	(1,012)
Less: Reimbursable property expenses – as reported	(6,415)
Add: Other income and (expenses) – as reported	11,993
Add: Provision for income taxes – as reported	485
	<b>5,051</b>
<b>Other Adjustments:</b>	
Add: Above- and below-market rent intangible lease amortization	519
Less: Straight-line and other leasing and financing adjustments	495
Adjustment to normalize for intra-period dispositions <sup>(c)</sup>	(164)
Add: Property expenses, excluding reimbursable tenant costs, non-cash	106
Add: Adjustments for pro rata ownership	(69)
	<b>887</b>
<b>Normalized Pro Rata Cash NOI <sup>(b)</sup></b>	<b>\$ 21,885</b>

(a) Amount is comprised of revenues from a parking garage at a domestic property and is included in Other lease-related income on our consolidated income statements.

(b) Pro rata cash NOI and normalized pro rata cash NOI are non-GAAP measures. See the [Disclosures Regarding Non-GAAP and Other Metrics](#) section that follows for a description of our non-GAAP measures and for details on how pro rata cash NOI and normalized pro rata cash NOI are calculated.

(c) For properties disposed of during the period, the adjustment eliminates our pro rata share of cash NOI for the period.

## Disclosures Regarding Non-GAAP and Other Metrics

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### Non-GAAP Financial Disclosures

#### *FFO and AFFO*

Due to certain unique operating characteristics of real estate companies, as discussed below, NAREIT, an industry trade group, has promulgated a non-GAAP measure known as FFO, which we believe to be an appropriate supplemental measure, when used in addition to and in conjunction with results presented in accordance with GAAP, to reflect the operating performance of a REIT. The use of FFO is recommended by the REIT industry as a supplemental non-GAAP measure. FFO is not equivalent to, nor a substitute for, net income or loss as determined under GAAP.

We define FFO, a non-GAAP measure, consistent with the standards established by the White Paper on FFO approved by the Board of Governors of NAREIT, as restated in December 2018. The White Paper defines FFO as net income or loss computed in accordance with GAAP, excluding gains or losses from the sale of certain real estate, impairment charges on real estate or other assets incidental to the company's main business, gains or losses on changes in control of interests in real estate and depreciation and amortization from real estate assets; and after adjustments for unconsolidated partnerships and jointly owned investments. Adjustments for unconsolidated partnerships and jointly owned investments are calculated to reflect FFO on the same basis.

We also modify the NAREIT computation of FFO to adjust GAAP net income for certain non-cash charges, such as amortization of real estate-related intangibles, deferred income tax benefits and expenses, straight-line rent and related reserves, other non-cash rent adjustments, non-cash allowance for credit losses on finance leases, stock-based compensation, non-cash environmental accretion expense, amortization of discounts and premiums on debt and amortization of deferred financing costs. Our assessment of our operations is focused on long-term sustainability and not on such non-cash items, which may cause short-term fluctuations in net income but have no impact on cash flows. Additionally, we exclude non-core income and expenses, such as gains or losses from extinguishment of debt, merger and acquisition expenses, and spin-off expenses. We also exclude realized and unrealized gains/losses on foreign currency exchange rate movements (other than those realized on the settlement of foreign currency derivatives), which are not considered fundamental attributes of our business plan and do not affect our overall long-term operating performance. We refer to our modified definition of FFO as AFFO. We exclude these items from GAAP net income to arrive at AFFO as they are not the primary drivers in our decision-making process and excluding these items provides investors a view of our portfolio performance over time and makes it more comparable to other REITs that are currently not engaged in acquisitions, mergers and restructuring, which are not part of our normal business operations. AFFO also reflects adjustments for jointly owned investments. We use AFFO as one measure of our operating performance when we formulate corporate goals, evaluate the effectiveness of our strategies and determine executive compensation.

We believe that AFFO is a useful supplemental measure for investors to consider as we believe it will help them to better assess the sustainability of our operating performance without the potentially distorting impact of these short-term fluctuations. However, there are limits on the usefulness of AFFO to investors. For example, impairment charges and unrealized foreign currency exchange rate losses that we exclude may become actual realized losses upon the ultimate disposition of the properties in the form of lower cash proceeds or other considerations. We use our FFO and AFFO measures as supplemental financial measures of operating performance. We do not use our FFO and AFFO measures as, nor should they be considered to be, alternatives to net income computed under GAAP, or as alternatives to net cash provided by operating activities computed under GAAP, or as indicators of our ability to fund our cash needs.

#### *Pro Rata Cash NOI*

Cash net operating income ("cash NOI") is a non-GAAP financial measure that is intended to reflect the performance of our properties. We define cash NOI as cash rents from our properties less non-reimbursable property expenses. Cash NOI excludes amortization of intangibles and straight-line rent adjustments that are included in GAAP lease revenues. We present cash NOI on a pro rata basis ("pro rata cash NOI") to account for our share of income related to noncontrolling interests. We believe that pro rata cash NOI is a helpful measure that both investors and management can use to evaluate the financial performance of our properties and it allows for comparison of our operating performance between periods and to other REITs. Pro rata cash NOI should not be considered as an alternative to net income as an indication of our financial performance or to cash flows as a measure of liquidity or our ability to fund all needs. The method by which we calculate and present cash NOI and/or pro rata cash NOI may not be directly comparable to the way other REITs present such metrics.

#### *Normalized Pro Rata Cash NOI*

Normalized pro rata cash NOI is pro rata cash NOI as defined above adjusted primarily to exclude our pro rata share of cash NOI from properties disposed of during the most recent quarter. We believe this measure provides a helpful representation of our net operating income from our in-place leased properties.



*Net Lease Office Properties*  
*Third Quarter 2024*

**Other Metrics**

**Pro Rata Metrics**

This supplemental package contains certain metrics prepared on a pro rata basis. We refer to these metrics as pro rata metrics. We have one investment in which our economic ownership is less than 100%. On a full consolidation basis, we report 100% of the assets, liabilities, revenues and expenses of this investment that is deemed to be under our control, even though our ownership is less than 100%. On a pro rata basis, we generally present our proportionate share, based on our economic ownership of this jointly owned investment, of the assets, liabilities, revenues and expenses of this investment. Multiplying our jointly owned investment's financial statement line items by our percentage ownership and adding or subtracting those amounts from our totals, as applicable, may not accurately depict the legal and economic implications of holding an ownership interest of less than 100% in our jointly owned investment.

**ABR**

ABR represents contractual minimum annualized base rent for our properties and reflects exchange rates as of September 30, 2024. If there is a rent abatement, we annualize the first monthly contractual base rent following the free rent period. ABR is presented on a pro rata basis.