

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): May 8, 2025



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 May 8, 2025, Net Lease Office Properties (the “Company”) made available certain unaudited supplemental financial information at March 31, 2025. 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

| Exhibit No. | Description |
|--------------------|--|
| 99.1 | Supplemental financial information of the Company at March 31, 2025. |
| 104 | Cover Page Interactive Data File (embedded within the Inline XBRL document). |

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: May 8, 2025

By: /s/ ToniAnn Sanzone

ToniAnn Sanzone

Chief Financial Officer

Net Lease Office Properties

Supplemental Financial Information

First Quarter 2025



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 |
| 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, which was fully repaid during the year ended December 31, 2024 |
| NLOP Mezzanine Loan | Our \$120.0 million mezzanine loan facility, which was fully repaid in April 2025 |
| NLOP Financing Arrangements | The NLOP Mortgage Loan and NLOP Mezzanine Loan |

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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Summary Metrics

As of or for the three months ended March 31, 2025.

| Financial Results | |
|---|------------|
| Revenues, including reimbursable costs – consolidated (\$000s) | \$ 29,213 |
| Net income attributable to NLOP (\$000s) | 492 |
| Net income attributable to NLOP per diluted share | 0.03 |
| Normalized pro rata cash NOI (\$000s) ^{(a) (b)} | 19,842 |
| AFFO attributable to NLOP (\$000s) ^{(a) (b)} | 14,965 |
| AFFO attributable to NLOP per diluted share ^{(a) (b)} | 1.01 |
| Balance Sheet and Capitalization | |
| Equity market capitalization – based on quarter end share price of \$31.38 (\$000s) | \$ 464,866 |
| Total consolidated debt (\$000s) | 148,498 |
| Gross assets (\$000s) ^(c) | 936,444 |
| Total consolidated debt to gross assets | 15.9 % |
| NLOP Mezzanine Loan principal outstanding (\$000s) ^(d) | \$ 35,614 |
| Advisory Fees and Reimbursements Paid to WPC | |
| Asset management fees ^(e) | \$ 1,260 |
| Administrative reimbursements ^(f) | 1,000 |
| Portfolio (Pro Rata) ^(b) | |
| ABR (in thousands) ^(g) | \$ 87,730 |
| Number of properties | 37 |
| Number of tenants | 41 |
| Occupancy | 84.9 % |
| Weighted-average lease term (in years) | 4.1 |
| Leasable square footage (in thousands) ^(h) | 5,508 |
| ABR from investment grade tenants as a % of total ABR ⁽ⁱ⁾ | 43.9 % |
| Dispositions – number of properties sold | 2 |
| Dispositions – gross proceeds (in thousands) | \$ 9,775 |
| Subsequent to Quarter End | |
| NLOP Mezzanine Loan principal outstanding as of the date of this report (\$000s) ^(j) | \$ — |

(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 \$127.1 million and above-market rent intangible assets of \$18.4 million.

(d) Original principal outstanding for the NLOP Mezzanine Loan was \$120.0 million. NLOP Mezzanine Loan principal outstanding (as a % of original principal) was 29.7% as of March 31, 2025. In April 2025, we fully repaid the NLOP Mezzanine Loan using excess cash from operations and other sources, including loan reserves.

(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 being 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 March 31, 2025. Includes tenants or guarantors with investment grade ratings (23.6%) and subsidiaries of non-guarantor parent companies with investment grade ratings (20.3%). 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) In April 2025, we fully repaid the NLOP Mezzanine Loan using excess cash from operations and other sources, including loan reserves.

Components of Net Asset Value

In thousands.

| | Three Months Ended March 31, 2025 | |
|--|--------------------------------------|-----------------------------|
| Normalized Pro Rata Cash NOI ^{(a) (b)} | \$ | 19,842 |
| Balance Sheet – Selected Information | | |
| | | As of March 31, 2025 |
| Assets | | |
| Book value of select real estate ^(c) | \$ | 29,493 |
| Cash and cash equivalents | | 28,153 |
| Restricted cash, including escrow ^(d) | | 37,597 |
| Other assets, net: | | |
| Straight-line rent adjustments | \$ | 19,603 |
| Deferred charges | | 2,303 |
| Accounts receivable | | 1,303 |
| Prepaid expenses | | 1,061 |
| Taxes receivable | | 285 |
| Other | | 1,459 |
| Total other assets, net | \$ | 26,014 |
| Liabilities | | |
| Non-recourse mortgages, net ^(e) | \$ | 114,668 |
| NLOP Mezzanine Loan ^{(f) (g)} | | 35,614 |
| Accounts payable, accrued expenses and other liabilities: | | |
| Accounts payable and accrued expenses | \$ | 11,234 |
| Prepaid and deferred rents | | 9,944 |
| Accrued taxes payable | | 2,438 |
| Tenant security deposits | | 814 |
| Operating lease liabilities | | 243 |
| Other | | 18,903 |
| Total accounts payable, accrued expenses and other liabilities | \$ | 43,576 |

(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 \$35.8 million related to certain reserve requirements for debt service, capital improvements, and real estate taxes pursuant to the NLOP Financing Arrangements. Approximately \$1.8 million is related to certain reserve requirements for other loan agreements.

(e) Excludes unamortized premium, net totaling \$0.7 million as of March 31, 2025.

(f) Excludes unamortized discount, net totaling \$1.7 million and unamortized deferred financing costs totaling \$0.7 million as of March 31, 2025.

(g) In April 2025, we fully repaid the NLOP Mezzanine Loan using excess cash from operations and other sources, including loan reserves.

Consolidated Statement of Operations

In thousands, except share and per share amounts.

| | Three Months Ended March 31, 2025 |
|--|--------------------------------------|
| Revenues | |
| Lease revenues | \$ 27,392 |
| Other lease-related income | 1,821 |
| | 29,213 |
| Operating Expenses | |
| Depreciation and amortization | 9,725 |
| Reimbursable tenant costs | 6,140 |
| Property expenses, excluding reimbursable tenant costs | 2,455 |
| General and administrative ^(a) | 1,807 |
| Asset management fees ^(b) | 1,260 |
| Impairment charges — real estate | 920 |
| | 22,307 |
| Other Income and Expenses | |
| Interest expense ^(c) | (5,746) |
| Loss on sale of real estate, net | (1,008) |
| Other gains and (losses) | 443 |
| | (6,311) |
| Income before income taxes | 595 |
| Provision for income taxes | (82) |
| Net Income | 513 |
| Net income attributable to noncontrolling interests | (21) |
| Net Income Attributable to NLOP | \$ 492 |
| Basic and Diluted Earnings Per Share | \$ 0.03 |
| Weighted-Average Shares Outstanding | |
| Basic and Diluted | 14,814,075 |

(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 \$2.1 million of non-cash amortization of deferred financing costs.

FFO and AFFO, Consolidated

In thousands, except share and per share amounts.

| | Three Months Ended March 31, 2025 |
|--|--------------------------------------|
| Net income attributable to NLOP | \$ 492 |
| Adjustments: | |
| Depreciation and amortization of real property | 9,725 |
| Loss on sale of real estate, net | 1,008 |
| Impairment charges — real estate | 920 |
| Proportionate share of adjustments for noncontrolling interests ^(a) | (52) |
| Total adjustments | 11,601 |
| FFO (as defined by NAREIT) Attributable to NLOP ^(b) | 12,093 |
| Adjustments: | |
| Amortization of deferred financing costs | 2,060 |
| Straight-line and other leasing and financing adjustments | 514 |
| Above- and below-market rent intangible lease amortization, net | 250 |
| Other amortization and non-cash items | 108 |
| Other (gains) and losses | (47) |
| Proportionate share of adjustments for noncontrolling interests ^(a) | (13) |
| Total adjustments | 2,872 |
| AFFO Attributable to NLOP ^(b) | \$ 14,965 |
| Summary | |
| FFO (as defined by NAREIT) attributable to NLOP ^(b) | \$ 12,093 |
| FFO (as defined by NAREIT) attributable to NLOP per diluted share ^(b) | \$ 0.82 |
| AFFO attributable to NLOP ^(b) | \$ 14,965 |
| AFFO attributable to NLOP per diluted share ^(b) | \$ 1.01 |
| Diluted weighted-average shares outstanding | 14,814,075 |

(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.

| | March 31, 2025 | December 31, 2024 |
|---|-------------------|-------------------|
| Assets | | |
| Investments in real estate: | | |
| Land, buildings and improvements | \$ 721,448 | \$ 730,345 |
| In-place lease intangible assets and other | 208,933 | 209,968 |
| Above-market rent intangible assets | 30,508 | 30,512 |
| Investments in real estate | 960,889 | 970,825 |
| Accumulated depreciation and amortization | (297,845) | (292,679) |
| Assets held for sale, net | 29,297 | 29,297 |
| Net investments in real estate | 692,341 | 707,443 |
| Restricted cash | 37,597 | 43,305 |
| Cash and cash equivalents | 28,153 | 25,121 |
| Other assets, net | 26,014 | 29,200 |
| Total assets | \$ 784,105 | \$ 805,069 |
| Liabilities and Equity | | |
| Debt: | | |
| Non-recourse mortgages, net | \$ 115,327 | \$ 111,259 |
| NLOP Mezzanine Loan, net | 33,171 | 57,957 |
| Debt, net | 148,498 | 169,216 |
| Accounts payable, accrued expenses and other liabilities | 43,576 | 44,145 |
| Below-market rent intangible liabilities, net | 5,802 | 6,305 |
| Total liabilities | 197,876 | 219,666 |
| Preferred stock, \$0.001 par value, 5,000,000 shares authorized; none issued | — | — |
| Common stock, \$0.001 par value, 45,000,000 shares authorized; 14,814,075 and 14,814,075 shares, respectively, issued and outstanding | 15 | 15 |
| Additional paid-in capital | 855,813 | 855,813 |
| Distributions in excess of accumulated earnings | (233,951) | (234,443) |
| Accumulated other comprehensive loss | (39,754) | (40,157) |
| Total shareholders' equity | 582,123 | 581,228 |
| Noncontrolling interests | 4,106 | 4,175 |
| Total equity | 586,229 | 585,403 |
| Total liabilities and equity | \$ 784,105 | \$ 805,069 |

Capitalization

In thousands, except share and per share amounts. As of March 31, 2025.

| Total Enterprise Value | Shares | Share Price | Market Value |
|---|------------|-------------|----------------------------|
| Equity | | | |
| Common equity | 14,814,075 | \$ 31.38 | \$ 464,866 |
| Total Equity Market Capitalization | | | 464,866 |
| | | | Outstanding Balance |
| Debt | | | |
| Non-recourse mortgages | | | 114,668 |
| NLOP Mezzanine Loan ^(b) | | | 35,614 |
| Total Debt | | | 150,282 |
| Less: Cash and cash equivalents | | | (28,153) |
| Net Debt | | | 122,129 |
| Total Enterprise Value | | | \$ 586,995 |

(a) Excludes unamortized discount, net totaling \$1.0 million and unamortized deferred financing costs totaling \$0.7 million as of March 31, 2025.

(b) In April 2025, we fully repaid the NLOP Mezzanine Loan using excess cash from operations and other sources, including loan reserves.

Debt Overview

Dollars in thousands. Pro rata. As of March 31, 2025.

| | Maturity Date | Fixed / Floating | Interest Rate | Total Outstanding Balance ^(a) | % of Total |
|---|---------------|------------------|---------------|--|----------------|
| NLOP Mezzanine Loan | | | | | |
| NLOP Mezzanine Loan ^(b) | 11/9/2028 | Fixed | 14.5 % | \$ 35,614 | 23.7 % |
| Other Mortgages (Tenant Listed) | | | | | |
| Northrop Grumman Systems Corporation ^(c) | 1/6/2025 | Fixed | 9.2 % | 25,220 | 16.8 % |
| Midcontinent Independent Stm Op Inc ^(d) | 5/6/2025 | Fixed | 4.0 % | 8,882 | 5.9 % |
| Intuit Inc. ^(e) | 5/6/2025 | Fixed | 4.0 % | 21,900 | 14.6 % |
| Acosta, Inc. | 8/6/2025 | Fixed | 4.4 % | 9,818 | 6.5 % |
| Siemens AS ^(f) | 12/15/2025 | Floating | 4.9 % | 42,839 | 28.5 % |
| North American Lighting, Inc. | 5/6/2026 | Fixed | 6.3 % | 6,009 | 4.0 % |
| Total Debt Outstanding | | | 7.7 % | \$ 150,282 | 100.0 % |

(a) Excludes unamortized discount, net totaling \$1.0 million and unamortized deferred financing costs totaling \$0.7 million as of March 31, 2025.

(b) The NLOP Mezzanine Loan bore interest at an annual rate of 14.5% (10.0% of which was required to be paid current on a monthly basis, and 4.5% of which was a payment-in-kind accrual, on a quarterly basis). In April 2025, we fully repaid the NLOP Mezzanine Loan using excess cash from operations and other sources, including loan reserves.

(c) We are in default of this non-recourse mortgage loan, as the loan was not repaid on the maturity date and the lender has the right to demand payment in full. As of the date of this report, the lender has not exercised such a right. Since we are in default, our interest rate is 9.2% (5.0% default rate plus 4.2% base interest rate).

(d) Subsequent to quarter end, the maturity date of this loan was extended to March 6, 2026, with a 7.0% interest rate during the extension period.

(e) Subsequent to quarter end, the maturity date of this loan was extended to July 6, 2026, with a 7.0% interest rate during the extension period.

(f) This non-recourse mortgage loan is in a loan-to-value covenant breach as of March 31, 2025, and the lender has the right to demand payment in full. As of the date of this report, the lender has not exercised such a right.

Net Lease Office Properties
First Quarter 2025

Dispositions

Dollars in thousands. Pro rata.

| Tenant / Lease Guarantor | Property Location(s) | Gross Sale Price | ABR ^(a) | Closing Date | Gross Square Footage |
|---|------------------------------------|-------------------|--------------------|--------------|----------------------|
| 4Q23 | | | | | |
| 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 |
| 4Q23 Total | | 43,081 | 3,599 | | 302,288 |
| 1Q24 | | | | | |
| Undisclosed – UK insurance company ^(b) | Newport, United Kingdom | 10,497 | 1,761 | Jan-24 | 80,664 |
| Total E&P Norge AS ^(b) | Stavanger, Norway | 33,072 | 5,185 | Mar-24 | 275,725 |
| 1Q24 Total | | 43,569 | 6,946 | | 356,389 |
| 2Q24 | | | | | |
| Exelon Generation Company, LLC ^(c) | Warrenville, IL | 19,830 | 2,935 | Apr-24 | 146,745 |
| Vacant (formerly AVT Technology Solutions LLC) ^(c) | 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 |
| 2Q24 Total | | 192,174 | 15,547 | | 1,121,265 |
| 3Q24 | | | | | |
| 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 |
| 3Q24 Total | | 80,500 | 4,963 | | 410,378 |
| 4Q24 | | | | | |
| E.On UK PLC ^(b) | Houghton le Spring, United Kingdom | 3,924 | 3,819 | Oct-24 | 217,339 |
| Vacant (formerly BCBSM, Inc.) | Eagan, MN | 11,650 | — | Nov-24 | 227,666 |
| Merative L.P. | Hartland, WI | 6,750 | 669 | Dec-24 | 81,082 |
| Charter Communications Operating, LLC | Bridgeton, MO | 7,350 | 820 | Dec-24 | 78,080 |
| Caremark RX, L.L.C. | Chandler, AZ | 15,000 | 1,645 | Dec-24 | 183,000 |
| Cofinity, Inc./ Aetna Life Insurance Co. | Southfield, MI | 2,500 | 1,833 | Dec-24 | 94,453 |
| 4Q24 Total | | 47,174 | 8,786 | | 881,620 |
| 1Q25 | | | | | |
| Emerson Electric Co. | Houston, TX | 4,180 | 1,108 | Mar-25 | 52,144 |
| Nokia Corporation ^(b) | Krakow, Poland | 5,595 | 779 | Mar-25 | 53,400 |
| 1Q25 Total | | 9,775 | 1,887 | | 105,544 |
| Total Dispositions | | \$ 416,273 | \$ 41,728 | | 3,177,484 |

(a) ABR is pro forma for any agreed to and signed future rent restructurings.

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

(c) 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.

Capital Expenditures and Leasing Activity

Capital Expenditures

In thousands. For the three months ended March 31, 2025.

Tenant Improvements and Leasing Costs

Tenant Improvements (Tenant Listed)

| | | |
|-------------------|----|--------------|
| S&ME, Inc. | \$ | 806 |
| Nokia Corporation | | 468 |
| | | <u>1,274</u> |

Leasing Costs

—

Tenant Improvements and Leasing Costs

1,274

Maintenance Capital Expenditures (Tenant Listed)

| | |
|---|------------|
| KBR, Inc. | 224 |
| JPMorgan Chase Bank, N.A. | 211 |
| Pharmaceutical Product Development, LLC | 40 |
| | <u>475</u> |

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

\$ 1,749

Leasing Activity

Dollars in thousands. For the three months ended March 31, 2025, except ABR. Pro rata.

Lease Renewals and Extensions ^(a)

| Tenant | Location | Square Feet | ABR | | | Expected Tenant Improvements (\$000s) | Leasing Commissions (\$000s) | Incremental Lease Term |
|--|-----------|----------------|----------------------|-----------------------------------|----------------|---------------------------------------|------------------------------|------------------------|
| | | | Prior Lease (\$000s) | New Lease (\$000s) ^(b) | Rent Recapture | | | |
| JPMorgan Chase Bank, N.A. | Tampa, FL | 104,565 | \$ 1,321 | \$ 1,864 | 141.1 % | \$ — | \$ 576 | 3.0 years |
| Total / Weighted Average ^(c) | | <u>104,565</u> | <u>\$ 1,321</u> | <u>\$ 1,864</u> | <u>141.1 %</u> | <u>\$ —</u> | <u>\$ 576</u> | <u>3.0 years</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) Weighted average refers to the incremental lease term.

Net Lease Office Properties
First Quarter 2025

Top Ten Tenants

Dollars in thousands. Pro rata. As of March 31, 2025.

| Tenant / Lease Guarantor | State / Country | ABR | ABR % | Square Footage | Number of Properties | Weighted-Average Lease Term (Years) |
|---|-----------------|------------------|---------------|------------------|----------------------|-------------------------------------|
| KBR, Inc. ^(a) | Texas | \$ 20,156 | 23.0 % | 913,713 | 1 | 5.2 |
| JPMorgan Chase Bank, N.A. | Florida, Texas | 9,766 | 11.1 % | 666,869 | 3 | 4.5 |
| Siemens AS ^(b) | Norway | 4,633 | 5.3 % | 165,905 | 1 | 0.7 |
| Pharmaceutical Product Development, LLC | North Carolina | 4,063 | 4.6 % | 219,812 | 1 | 8.7 |
| Omnicom Group, Inc. | California | 3,961 | 4.5 % | 120,000 | 1 | 3.5 |
| R.R. Donnelley & Sons Company | Illinois | 3,393 | 3.9 % | 167,215 | 1 | 2.5 |
| Board of Regents, State of Iowa | Iowa | 3,254 | 3.7 % | 191,700 | 1 | 5.6 |
| Bankers Financial Corporation | Florida | 3,228 | 3.7 % | 111,357 | 1 | 0.3 |
| Google, LLC | California | 3,018 | 3.4 % | 67,681 | 1 | 5.6 |
| Northrop Grumman Systems Corporation | Minnesota | 2,679 | 3.1 % | 191,336 | 1 | 4.7 |
| Total ^(c) | | \$ 58,151 | 66.3 % | 2,815,588 | 12 | 4.5 |

(a) Excludes 570,999 of operating square footage for a parking garage associated with the KBR, Inc. property in Houston, Texas.

(b) ABR amount is subject to fluctuations in foreign currency exchange rates.

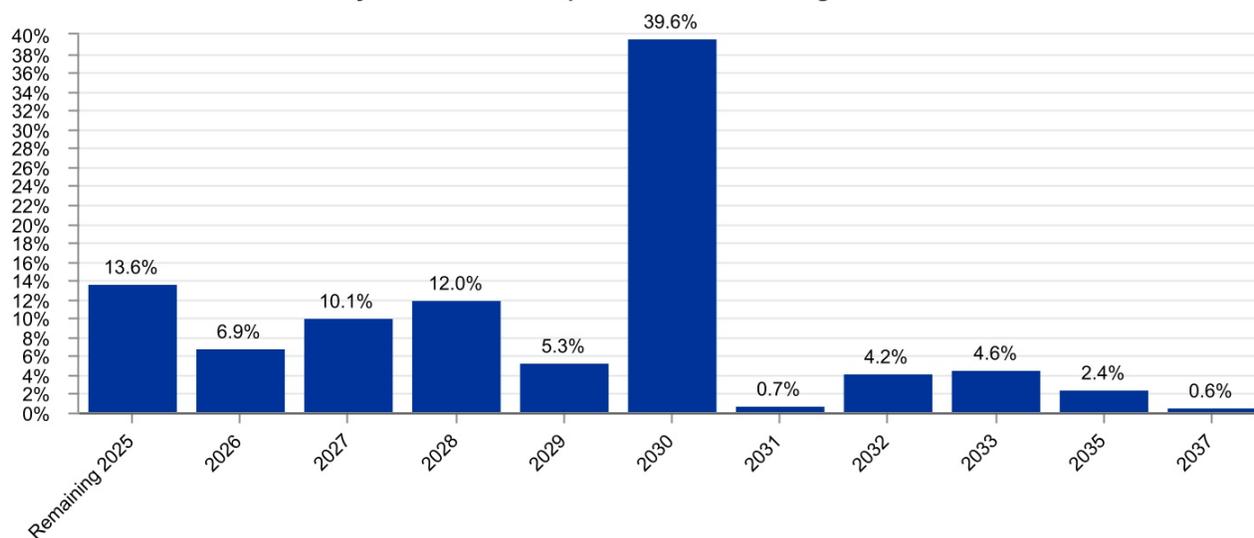
(c) See the [Disclosures Regarding Non-GAAP and Other Metrics](#) section in the Appendix for a description of pro rata.

Lease Expirations

Dollars in thousands. Pro rata. As of March 31, 2025.

| Year of Lease Expiration ^(a) | Number of Leases Expiring | Number of Tenants with Leases Expiring | ABR | ABR % | Square Footage ^(b) | Square Footage % |
|---|---------------------------|--|------------------|----------------|-------------------------------|------------------|
| Remaining 2025 | 11 | 10 | \$ 11,960 | 13.6 % | 573,353 | 10.4 % |
| 2026 | 7 | 7 | 6,043 | 6.9 % | 369,460 | 6.7 % |
| 2027 | 7 | 6 | 8,879 | 10.1 % | 499,571 | 9.1 % |
| 2028 | 6 | 5 | 10,544 | 12.0 % | 476,012 | 8.6 % |
| 2029 | 4 | 3 | 4,597 | 5.3 % | 304,613 | 5.5 % |
| 2030 | 7 | 6 | 34,727 | 39.6 % | 1,772,623 | 32.2 % |
| 2031 | 1 | 1 | 631 | 0.7 % | 50,600 | 0.9 % |
| 2032 | 2 | 2 | 3,692 | 4.2 % | 257,008 | 4.7 % |
| 2033 | 1 | 1 | 4,063 | 4.6 % | 219,812 | 4.0 % |
| 2035 | 1 | 1 | 2,050 | 2.4 % | 120,147 | 2.2 % |
| 2037 | 1 | 1 | 544 | 0.6 % | 31,120 | 0.6 % |
| Vacant | — | — | — | — % | 833,297 | 15.1 % |
| Total ^(c) | 48 | | \$ 87,730 | 100.0 % | 5,507,616 | 100.0 % |

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
First Quarter 2025

Property List

Dollars in thousands. Pro rata. As of March 31, 2025.

U.S. Assets:

| # | Primary Tenant | Industry | Credit ^(a) | City | State | Square Footage ^(b) | ABR | Rent Increase Type | Date of Next Increase | WALT ^(c) | Encumbered Status | |
|----|---|--------------------------------|-----------------------|----------------|----------------|-------------------------------|----------|----------------------------------|-----------------------|---------------------|---------------------|-----------------|
| | | | | | | | | | | | NLOP Mezzanine Loan | Other Mortgages |
| 1 | KBR, Inc. ^{(d)(e)} | Construction & Engineering | Non-IG | Houston | Texas | 1,064,788 | \$21,306 | Fixed: One-time 7.78% | Jan-27 | 5.1 | ✓ | \$— |
| 2 | JPMorgan Chase Bank, N.A. | Diversified Banks | IG | Fort Worth | Texas | 386,154 | \$4,850 | CPI: 0.0% Floor / 2.0% Cap | Mar-26 | 4.9 | ✓ | \$— |
| 3 | Pharmaceutical Product Development, LLC | Pharmaceuticals | IG | Morrisville | North Carolina | 219,812 | \$4,063 | Fixed: 2.00% annually | Oct-25 | 8.7 | ✓ | \$— |
| 4 | Omnicom Group, Inc. | Advertising | IG | Playa Vista | California | 120,000 | \$3,961 | None | N/A | 3.5 | ✓ | \$— |
| 5 | R.R. Donnelley & Sons Company | Commercial Printing | Non-IG | Warrenville | Illinois | 167,215 | \$3,393 | Fixed: 2.00% annually | Sep-25 | 2.5 | ✓ | \$— |
| 6 | Board of Regents, State of Iowa ^(f) | Government Related Services | IG | Coralville | Iowa | 191,700 | \$3,254 | CPI: 0.0% Floor / No Cap | Nov-25 | 5.6 | | \$— |
| 7 | Bankers Financial Corporation ^{(d)(e)} | Property & Casualty Insurance | Non-IG | St. Petersburg | Florida | 167,581 | \$3,228 | Fixed: 2.50% annually | N/A | 0.3 | ✓ | \$— |
| 8 | JPMorgan Chase Bank, N.A. | Diversified Banks | IG | Tampa | Florida | 176,150 | \$3,053 | CPI: 0.0% Floor / 2.0% Cap | Mar-26 | 4.9 | ✓ | \$— |
| 9 | Google, LLC | Internet Software & Services | IG | Venice | California | 67,681 | \$3,018 | Fixed: 3.00% annually | Nov-25 | 5.6 | | \$— |
| 10 | ICU MEDICAL, INC. ^(d) | Health Care Supplies | Non-IG | Plymouth | Minnesota | 182,250 | \$2,890 | Fixed: 3.25% annually | N/A | 0.5 | ✓ | \$— |
| 11 | Northrop Grumman Systems Corporation | Aerospace & Defense | IG | Plymouth | Minnesota | 191,336 | \$2,679 | Fixed: 2.00% annually | Dec-25 | 4.7 | | \$25,220 |
| 12 | Intuit Inc. | Internet Software & Services | IG | Plano | Texas | 166,033 | \$2,577 | Fixed: One-time \$2.00/SF in '21 | N/A | 1.2 | | \$21,900 |
| 13 | Cohesity Inc. | Systems Software | Non-IG | Roseville | Minnesota | 136,125 | \$2,255 | Fixed: 2.00% annually | Dec-25 | 7.7 | ✓ | \$— |
| 14 | Cenlar FSB | Regional Banks | Non-IG | Yardley | Pennsylvania | 105,584 | \$2,105 | Fixed: 2.50% annually | Jan-26 | 3.2 | ✓ | \$— |
| 15 | iHeartCommunications, Inc. | Broadcasting | Non-IG | San Antonio | Texas | 120,147 | \$2,050 | Fixed: 2.00% annually | Feb-26 | 9.8 | ✓ | \$— |
| 16 | JPMorgan Chase Bank, N.A. ^{(d)(e)} | Diversified Banks | IG | Tampa | Florida | 135,733 | \$1,932 | CPI: 0.0% Floor / 2.0% Cap | Mar-26 | 2.9 | ✓ | \$— |
| 17 | Arbella Service Company, Inc. | Property & Casualty Insurance | IG | Quincy | Massachusetts | 132,160 | \$1,850 | Fixed: One-time \$1.00/SF in '22 | N/A | 2.2 | ✓ | \$— |
| 18 | ICF Consulting Group, Inc. | IT Consulting & Other Services | Non-IG | Martinsville | Virginia | 93,333 | \$1,830 | CPI: 0.0% Floor / No Cap | Jan-26 | 1.8 | ✓ | \$— |
| 19 | Acosta, Inc. | Advertising | Non-IG | Jacksonville | Florida | 88,062 | \$1,541 | Fixed: \$0.50/SF annually | Jul-25 | 2.3 | | \$9,818 |
| 20 | Safelite Group, Inc. | Specialized Consumer Services | Non-IG | Rio Rancho | New Mexico | 94,649 | \$1,527 | Fixed: 2.00% annually | Jan-26 | 4.2 | ✓ | \$— |
| 21 | Master Lock Company, LLC | Building Products | Non-IG | Oak Creek | Wisconsin | 120,883 | \$1,437 | Fixed: 2.00% annually | Jun-25 | 7.2 | ✓ | \$— |
| 22 | Midcontinent Independent Stm Op Inc. | Electric Utilities | IG | Eagan | Minnesota | 60,463 | \$1,148 | Fixed: \$0.25/SF annually | N/A | 0.9 | | \$8,882 |

| | | | | | | | | | | | | |
|----------------------------------|--|-------------------------------------|--------|------------------|----------------|------------------|-----------------|-------------------------------|--------|------------|---|-----------------|
| 23 | Radiate Holdings, L.P. | Cable & Satellite | Non-IG | San Marcos | Texas | 47,000 | \$1,074 | CPI: 0.0% Floor / 3.0% Cap | Aug-25 | 3.4 | | \$— |
| 24 | North American Lighting, Inc. | Auto Parts & Equipment | Non-IG | Farmington Hills | Michigan | 75,286 | \$1,058 | Fixed: 2.50% annually | Apr-25 | 1.0 | | \$6,009 |
| 25 | Arcfield Acquisition Corporation | Aerospace & Defense | Non-IG | King of Prussia | Pennsylvania | 88,578 | \$1,000 | Fixed: One-time 17.50% in '23 | N/A | 0.7 | ✓ | \$— |
| 26 | Pioneer Credit Recovery, Inc. ^(d) | Diversified Support Services | Non-IG | Moorestown | New Jersey | 65,567 | \$937 | Fixed: 2.50% annually | Jan-26 | 2.9 | ✓ | \$— |
| 27 | APCO Holdings, Inc. | Property & Casualty Insurance | Non-IG | Norcross | Georgia | 50,600 | \$631 | Fixed: 2.50% annually | Mar-26 | 5.9 | ✓ | \$— |
| 28 | Undisclosed – multinational provider of industrial gases | Industrial Gases | IG | Houston | Texas | 49,821 | \$629 | Fixed: 2.00% annually | N/A | 0.8 | ✓ | \$— |
| 29 | S&ME, Inc. | Environmental & Facilities Services | Non-IG | Raleigh | North Carolina | 31,120 | \$545 | Fixed: 2.75% annually | Mar-26 | 11.9 | ✓ | \$— |
| 30 | Radiate Holdings, L.P. | Cable & Satellite | Non-IG | Waco | Texas | 30,699 | \$473 | CPI: 0.0% Floor / 3.0% Cap | Aug-25 | 3.4 | | \$— |
| 31 | Radiate Holdings, L.P. | Cable & Satellite | Non-IG | Corpus Christi | Texas | 20,717 | \$355 | CPI: 0.0% Floor / 3.0% Cap | Aug-25 | 3.4 | | \$— |
| 32 | Radiate Holdings, L.P. | Cable & Satellite | Non-IG | Odessa | Texas | 21,193 | \$236 | CPI: 0.0% Floor / 3.0% Cap | Aug-25 | 3.4 | | \$— |
| 33 | Radiate Holdings, L.P. | Cable & Satellite | Non-IG | San Marcos | Texas | 14,400 | \$212 | CPI: 0.0% Floor / 3.0% Cap | Aug-25 | 3.4 | ✓ | \$— |
| 34 | Vacant (formerly BCBSM, Inc.) ^(g) | N/A | N/A | Eagan | Minnesota | 442,542 | \$0 | N/A | N/A | 0.0 | ✓ | \$— |
| 35 | Vacant (formerly McKesson Corporation) ^(g) | N/A | N/A | The Woodlands | Texas | 204,063 | \$0 | N/A | N/A | 0.0 | ✓ | \$— |
| 36 | Vacant (formerly BCBSM, Inc.) ^(g) | N/A | N/A | Eagan | Minnesota | 12,286 | \$0 | N/A | N/A | 0.0 | ✓ | \$— |
| U.S. Total ^(h) | | | | | | 5,341,711 | \$83,097 | | | 4.3 | | \$71,829 |

European Asset:

| # | Primary Tenant | Industry | Credit ^(a) | City | Country | Square Footage | ABR | Rent Increase Type | Date of Next Increase | WALT ^(c) | Encumbered Status | |
|--------------------------------------|----------------|--------------------------|-----------------------|------|---------|----------------|----------------|--------------------------|-----------------------|---------------------|---------------------|-----------------|
| | | | | | | | | | | | NLOP Mezzanine Loan | Other Mortgages |
| 1 | Siemens AS | Industrial Conglomerates | IG | Oslo | Norway | 165,905 | \$4,633 | CPI: 0.0% Floor / No Cap | N/A | 0.7 | | \$42,839 |
| European Total ^(h) | | | | | | 165,905 | \$4,633 | | | 0.7 | | \$42,839 |

✓ Indicates an asset that was in the NLOP Mezzanine Loan collateral pool as of March 31, 2025. In April 2025, we fully repaid the NLOP Mezzanine Loan.

- (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) We own a 90% controlling interest in this consolidated property.
- (g) Denotes property that is vacant as of the date of this report.
- (h) See the [Disclosures Regarding Non-GAAP and Other Metrics](#) section in the Appendix for a description of pro rata.

Net Lease Office Properties

Appendix

First Quarter 2025



Normalized Pro Rata Cash NOI

In thousands.

| | Three Months Ended March 31, 2025 |
|---|--------------------------------------|
| Consolidated Lease Revenues and Other | |
| Total lease revenues – as reported | \$ 27,392 |
| Parking garage revenues ^(a) | 461 |
| Less: Consolidated Reimbursable and Non-Reimbursable Property Expenses | |
| Reimbursable property expenses – as reported | 6,140 |
| Non-reimbursable property expenses – as reported | 2,455 |
| | 19,258 |
| Adjustments for Pro Rata Ownership of Real Estate Joint Ventures: | |
| Less: Pro rata share of NOI attributable to noncontrolling interests | (90) |
| | (90) |
| | 19,168 |
| Adjustments for Pro Rata Non-Cash Items: | |
| Add: Straight-line and other leasing and financing adjustments | 514 |
| Add: Above- and below-market rent intangible lease amortization | 250 |
| Add: Other non-cash items | 108 |
| | 872 |
| Pro Rata Cash NOI ^(b) | 20,040 |
| Adjustment to normalize for intra-period dispositions ^(c) | (198) |
| Normalized Pro Rata Cash NOI ^(b) | \$ 19,842 |

Net Lease Office Properties
First Quarter 2025

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

| | Three Months Ended March 31, 2025 |
|--|--|
| Net Income Attributable to NLOP | |
| Net income attributable to NLOP – as reported | \$ 492 |
| Adjustments for Consolidated Operating Expenses | |
| Add: Operating expenses – as reported | 22,307 |
| Less: Property expenses, excluding reimbursable tenant costs – as reported | (2,455) |
| | 19,852 |
| Adjustments for Other Consolidated Revenues and Expenses: | |
| Less: Other lease-related income (excluding parking garage revenues) | (1,360) |
| Less: Reimbursable property expenses – as reported | (6,140) |
| Add: Other income and (expenses) – as reported | 6,311 |
| Add: Provision for income taxes – as reported | 82 |
| | (1,107) |
| Other Adjustments: | |
| Add: Straight-line and other leasing and financing adjustments | 514 |
| Add: Above- and below-market rent intangible lease amortization | 250 |
| Add: Property expenses, excluding reimbursable tenant costs, non-cash | 108 |
| Less: Adjustments for pro rata ownership | (69) |
| Adjustment to normalize for intra-period dispositions ^(c) | (198) |
| | 605 |
| Normalized Pro Rata Cash NOI ^(b) | \$ 19,842 |

(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 statements of operations.

(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

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, 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. AFFO also reflects adjustments for jointly owned investments. We use AFFO as one measure of our operating performance when we formulate corporate goals and evaluate the effectiveness of our strategies.

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 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
First Quarter 2025

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 March 31, 2025. 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.