

March 27, 2023



Generation Income Properties Announces Fourth Quarter and Year-End 2022 Financial and Operating Results

TAMPA, FL / ACCESSWIRE / March 27, 2023 /Generation Income Properties, Inc. (NASDAQ:GIPR) ("GIPR" or the "Company") today announced its three- and twelve- month financial and operating results for the period ended December 31, 2022.

Quarterly Highlights

(For the 3 months ended December 31, 2022)

- Generated net loss attributable to GIPR of \$976 thousand, or (\$0.39) per basic and diluted share.
- Generated Core FFO of (\$76 thousand), or (\$0.03) per basic and diluted share.
- Generated Core AFFO of (\$56 thousand), or (\$0.02) per basic and diluted share.

Annual Highlights

(For the 12 months ended December 31, 2022)

- Generated net loss attributable to GIPR of \$3.2 million, or (\$1.40) per basic and diluted share.
- Generated Core FFO of \$157 thousand, or \$0.07 per basic and diluted share.
- Generated Core AFFO of \$426 thousand, or \$0.18 per basic and diluted share.

Commenting on the year-end results, CEO David Sobelman stated, "With the ongoing volatility in the global financial markets, which is ultimately affecting net leased property valuations in our favor, we believe that our patience and discipline to wait for the right opportunities will benefit our shareholders' long term interests."

FFO and related measures are supplemental non-GAAP financial measures used in the real estate industry to measure and compare the operating performance of real estate companies. A complete reconciliation containing adjustments from GAAP net income to Core FFO and Core AFFO is included at the end of this release.

Portfolio

- Approximately 64% of the Company's portfolio's annualized base rent as of December 31, 2022 was derived from tenants that have (or whose parent company has) an investment grade credit rating from a recognized credit rating agency of "BBB-" or better. Our largest tenants are the General Service Administration, PRA Holdings, Inc.,

Pratt & Whitney Automation, Inc., and Kohl's Corporation which contributed approximately 62% of our portfolio's annualized base rent as of December 31, 2022.

- The Company's tenants are 100% rent paying and have been since our inception.
- 93% of our portfolio's annualized base rent in our current portfolio provide for increases in contractual base rent during future years of the current term or during the lease renewal periods.
- The average ABR per square foot is \$16.07.

Liquidity and Capital Resources

- \$3.8 million in total cash and cash equivalents as of December 31, 2022.
- Total mortgage loans, net was \$35.2 million as of December 31, 2022.

Financial Results

- Total revenue was \$5.4 million during the twelve-month period ended December 31, 2022, as compared to \$3.9 million for the twelve-month period ended December 31, 2021. This represents a year-over-year increase of 39% driven primarily by the acquisition of properties.
- Operating expenses, including G&A, for the same periods were \$7.9 million and \$5.5 million, respectively, due to increases in depreciation and amortization from recent acquisitions, G&A, recoverable expenses and compensation costs.
- Net operating income ("NOI") for the same periods was \$4.2 million and \$3.1 million, a 35% increase from the same period last year, which is a direct result of the acquisition of properties.
- Net loss attributable to GIPR for the twelve months ended December 31, 2022 was \$3.2 million as compared to \$1.2 million for the same period last year.

2023 Guidance

The Company is not providing guidance on future financial results or acquisitions and dispositions at this time. However, the Company will provide timely updates on material events, which will be broadly disseminated in due course. The Company's executives, along with its Board of Directors, continue to assess the advisability and timing of providing such guidance to better align GIPR with its industry peers.

Conference Call and Webcast

The Company will host its year end earnings conference call and audio webcast on Tuesday, March 28, 2023, at 9:00 a.m. Eastern Time. To access the live webcast, which will be available in listen-only mode, please follow this [link](#). If you prefer to listen via phone, U.S. participants may dial: 877-407-3141 (toll free) or 201-689-7803 (local).

About Generation Income Properties

Generation Income Properties, Inc., located in Tampa, Florida, is an internally managed real estate investment trust formed to acquire and own, directly and jointly, real estate investments focused on retail, office, and industrial net lease properties in densely populated submarkets. Additional information about Generation Income Properties, Inc. can be found at the Company's corporate website: www.gipreit.com.

Forward-Looking Statements

This press release, whether or not expressly stated, may contain "forward-looking"

statements as defined in the Private Securities Litigation Reform Act of 1995. The words "believe," "intend," "expect," "plan," "should," "will," "would," and similar expressions and all statements, which are not historical facts, are intended to identify forward-looking statements. These statements reflect the Company's expectations regarding future events and economic performance and are forward-looking in nature and, accordingly, are subject to risks and uncertainties. Such forward-looking statements include risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such forward-looking statements which are, in some cases, beyond the Company's control which could have a material adverse effect on the Company's business, financial condition, and results of operations. These risks and uncertainties include the risk that we may not be able to timely identify and close on acquisition opportunities, our limited operating history, potential changes in the economy in general and the real estate market in particular, the COVID-19 pandemic, and other risks and uncertainties that are identified from time to time in our SEC filings, including those identified in our Annual Report on Form 10-K for the fiscal year ended December 31, 2022 to be filed on March 28, 2022, which are available at www.sec.gov. The occurrence of any of these risks and uncertainties could have a material adverse effect on the Company's business, financial condition, and results of operations. For these reasons, among others, investors are cautioned not to place undue reliance upon any forward-looking statements in this press release. Any forward-looking statement made by us herein speaks only as of the date on which it is made. The Company undertakes no obligation to publicly revise these forward-looking statements to reflect events or circumstances that arise after the date hereof, except as may be required by law.

Notice Regarding Non-GAAP Financial Measures

In addition to our reported results and net earnings per diluted share, which are financial measures presented in accordance with GAAP, this press release contains and may refer to certain non-GAAP financial measures, including Funds from Operations ("FFO"), Core Funds From Operations ("Core FFO"), Adjusted Funds from Operations ("AFFO"), Core Adjusted Funds from Operations ("Core AFFO"), and Net Operating Income ("NOI"). We believe the use of Core FFO, Core AFFO and NOI are useful to investors because they are widely accepted industry measures used by analysts and investors to compare the operating performance of REITs. FFO and related measures, including NOI, should not be considered alternatives to net income as a performance measure or to cash flows from operations, as reported on our statement of cash flows, or as a liquidity measure, and should be considered in addition to, and not in lieu of, GAAP financial measures. You should not consider our Core FFO, Core AFFO, or NOI as an alternative to net income or cash flows from operating activities determined in accordance with GAAP. Our reconciliation of non-GAAP measures to the most directly comparable GAAP financial measure and statements of why management believes these measures are useful to investors are included below.

Consolidated Balance Sheets

As of December 31,	As of December 31,
<hr/>	<hr/>
2022	2021 (As corrected, see Note 1)
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	(unaudited)	(audited)
Assets		
Investment in real estate		
Land	\$ 12,577,544	\$ 9,443,445
Building and site improvements	39,764,890	31,581,864
Tenant improvements	907,382	482,701
Acquired lease intangible assets	4,677,928	3,304,014
Less: accumulated depreciation and amortization	<u>(5,623,318)</u>	<u>(3,512,343)</u>
Net real estate investments	52,304,426	41,299,681
Investment in tenancy-in-common	1,218,268	725,082
Cash and cash equivalents	3,718,496	10,589,576
Restricted cash	34,500	34,500
Deferred rent asset	288,797	156,842
Prepaid expenses	132,642	237,592
Accounts receivable	96,063	88,661
Escrow deposits and other assets	184,241	288,782
Right of use asset, net	<u>6,232,662</u>	<u>-</u>
Total Assets	<u>\$ 64,210,095</u>	<u>\$ 53,420,716</u>
Liabilities and Equity		
Liabilities		
Accounts payable	\$ 173,461	\$ 201,727
Accrued expenses	365,624	134,816
Accrued expense - related party	128,901	-
Acquired lease intangible liabilities, net	639,973	577,388
Insurance payable	46,368	33,359
Deferred rent liability	251,798	228,938
Lease liability, net	6,356,288	-
Other payable - related party	2,587,300	-
Loan payable - related party	1,500,000	-
Mortgage loans, net of unamortized debt issuance costs of \$717,381 and \$637,693 at December 31, 2022 and 2021, respectively	<u>35,233,878</u>	<u>28,969,295</u>
Total liabilities	\$ 47,283,591	\$ 30,145,523
Redeemable Non-Controlling Interests	\$ 5,789,731	\$ 9,134,979
Stockholders' Equity		
Common stock, \$0.01 par value, 100,000,000 shares authorized; 2,501,644 and 2,172,950 shares issued and outstanding at December 31, 2022 and December 31, 2021	\$ 25,016	\$ 21,729
Additional paid-in capital	19,307,518	19,051,929

Accumulated deficit	<u>(8,640,796)</u>	<u>(5,403,156)</u>
Total Generation Income Properties, Inc. Stockholders' equity	\$ 10,691,738	\$ 13,670,502
Non-Controlling Interest	<u>\$ 445,035</u>	<u>\$ 469,712</u>
Total equity	<u>\$ 11,136,773</u>	<u>\$ 14,140,214</u>
Total Liabilities and Equity	<u>\$ 64,210,095</u>	<u>\$ 53,420,716</u>

Consolidated Statements of Operations
(unaudited)

	<u>Three Months Ended</u> <u>December 31,</u>		<u>Twelve Months ended</u> <u>December 31,</u>	
	<u>2022</u>	<u>2021</u> (As corrected, see Note 1)	<u>2022</u>	<u>2021</u> (As corrected, see Note 1)
Revenue				
Rental income	\$ 1,360,492	\$ 941,524	\$ 5,394,778	\$ 3,854,846
Other income	<u>36,847</u>	<u>-</u>	<u>37,684</u>	<u>45,250</u>
Total revenue	\$ 1,397,339	\$ 941,524	\$ 5,432,462	\$ 3,900,096
Expenses				
General and administrative expense	425,001	489,042	1,647,987	1,111,029
Building expenses	359,819	228,443	1,208,192	768,182
Depreciation and amortization	559,896	343,502	2,110,975	1,508,340
Interest expense, net	531,876	282,504	1,620,237	1,310,950
Compensation costs	<u>385,364</u>	<u>334,671</u>	<u>1,310,796</u>	<u>849,701</u>
Total expenses	<u>2,261,956</u>	<u>1,678,162</u>	<u>7,898,187</u>	<u>5,548,202</u>
Operating loss	(864,617)	(736,638)	(2,465,725)	(1,648,106)
Income on investment in tenancy-in-common	13,457	7,745	37,298	12,495
Gain on sale of property	-	-	-	923,178
Dead deal expense	(21,691)	-	(174,722)	-
Loss on debt extinguishment	-	-	<u>(144,029)</u>	-
Net loss	<u>\$ (872,851)</u>	<u>\$ (728,893)</u>	<u>\$ (2,747,178)</u>	<u>\$ (712,433)</u>
Less: Net income attributable to non-controlling interests	<u>103,515</u>	<u>114,800</u>	<u>490,462</u>	<u>513,581</u>
Net loss attributable to Generation Income Properties, Inc.	<u>\$ (976,366)</u>	<u>\$ (843,693)</u>	<u>\$ (3,237,640)</u>	<u>\$ (1,226,014)</u>

Total Weighted Average Shares of Common Stock Outstanding - Basic & Diluted	2,501,644	635,367	2,313,112	1,067,599
Basic & Diluted Loss Per Share Attributable to Common Stockholders	\$ (0.39)	\$ (1.33)	\$ (1.40)	\$ (1.15)

**Reconciliation of Non-GAAP Measures
(unaudited)**

The following tables reconcile net income (loss), which we believe is the most comparable GAAP measure, to Net Operating Income ("NOI"):

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2022	2021 (As corrected, see Note 1)	2022	2021 (As corrected, see Note 1)
Net loss attributable to Generation Income Properties, Inc.	\$ (976,366)	\$ (843,693)	\$ (3,237,640)	\$ (1,226,014)
Plus: Net income attributable to non-controlling interest	103,515	114,800	490,462	513,581
Net loss	(872,851)	(728,893)	(2,747,178)	(712,433)
Plus:				
General and administrative expense	425,001	489,042	1,647,987	1,111,029
Depreciation and amortization	559,896	343,502	2,110,975	1,508,340
Interest expense, net	531,876	282,504	1,620,237	1,310,950
Compensation costs	385,364	334,671	1,310,796	849,701
Income on investment in tenancy-in-common	(13,457)	(7,745)	(37,298)	(12,495)
Gain on sale of property	-	-	-	(923,178)
Dead deal expense	21,691	-	174,722	-
Loss on debt extinguishment	-	-	144,029	-
Net Operating Income	<u>\$ 1,037,520</u>	<u>\$ 713,081</u>	<u>\$ 4,224,270</u>	<u>\$ 3,131,914</u>

**FFO and Related Measures
(unaudited)**

The following tables reconcile net income (loss), which we believe is the most comparable GAAP measure, to FFO, Core FFO, AFFO, and Core AFFO:

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2022	2021 (As corrected, see Note 1)	2022	2021 (As corrected, see Note 1)
Net loss	\$ (872,851)	\$ (728,893)	\$ (2,747,178)	\$ (712,433)
Gain on disposal of property	-	-	-	(923,178)
Depreciation and amortization	559,896	343,502	2,110,975	1,508,340
Funds From Operations	\$ (312,955)	\$ (385,391)	\$ (636,203)	\$ (127,271)
Amortization of debt issuance costs	29,566	25,743	118,930	120,343
Non-cash stock compensation	92,969	160,466	421,882	314,122
Write-off of deferred financing cost	114,734	-	252,256	-
Adjustments to Funds From Operations	\$ 237,269	\$ 186,209	\$ 793,068	\$ 434,465
Core Funds From Operations	\$ (75,686)	\$ (199,182)	\$ 156,865	\$ 307,194
Net loss	\$ (872,851)	\$ (728,893)	\$ (2,747,178)	\$ (712,433)
Gain on disposal of property	-	-	-	(923,178)
Depreciation and amortization	559,896	343,502	2,110,975	1,508,340
Amortization of debt issuance costs	29,566	25,743	118,930	120,343
Above and below-market lease amortization, net	(26,297)	(31,307)	(102,775)	(147,228)
Straight line rent, net	23,930	30,152	53,193	(12,633)
Adjustments to net income (loss)	\$ 587,095	\$ 368,090	\$ 2,180,323	\$ 545,644
Adjusted Funds From Operations	\$ (285,756)	\$ (360,803)	\$ (566,855)	\$ (166,789)
Dead deal expense	21,691	-	174,722	-
Loss on debt extinguishment	-	-	144,029	-
Non-cash stock compensation	92,969	160,466	421,882	314,122
Write-off of deferred financing cost	114,734	-	252,256	-
Adjustments to Adjusted Funds From Operations	\$ 229,394	\$ 160,466	\$ 992,889	\$ 314,122
Core Adjusted Funds From Operations	\$ (56,362)	\$ (200,337)	\$ 426,034	\$ 147,333
Net loss	\$ (872,851)	\$ (728,893)	\$ (2,747,178)	\$ (712,433)

Net income attributable to non-controlling interests	<u>(103,515)</u>	<u>(114,800)</u>	<u>(490,462)</u>	<u>(513,581)</u>
Net loss attributable to Generation Income Properties, Inc.	<u>\$ (976,366)</u>	<u>\$ (843,693)</u>	<u>\$ (3,237,640)</u>	<u>\$ (1,226,014)</u>

Note 1: Subsequent to the issuance of the Company's 2021 Form 10-K and Q1 2022 Form 10-Q, management of the Company identified an immaterial error in application of Accounting Standards Codification (ASC) 480-10, Distinguishing Liabilities from Equity. Specifically, the Company incorrectly classified the partnership interest of GIP Fund 1, LLC as Redeemable non-controlling interest rather than Non-controlling interest within Equity. The Company has accordingly corrected certain numbers in the prior year presentation above.

Our reported results are presented in accordance with GAAP. We also disclose funds from operations ("FFO"), adjusted funds from operations ("AFFO"), core funds from operations ("Core FFO") and core adjusted funds of operations ("Core AFFO") all of which are non-GAAP financial measures. We believe these non-GAAP financial measures are useful to investors because they are widely accepted industry measures used by analysts and investors to compare the operating performance of REITs.

FFO and related measures do not represent cash generated from operating activities and are not necessarily indicative of cash available to fund cash requirements; accordingly, they should not be considered alternatives to net income or loss as a performance measure or cash flows from operations as reported on our statement of cash flows as a liquidity measure and should be considered in addition to, and not in lieu of, GAAP financial measures.

We compute FFO in accordance with the definition adopted by the Board of Governors of the National Association of Real Estate Investment Trusts ("NAREIT"). NAREIT defines FFO as GAAP net income or loss adjusted to exclude extraordinary items (as defined by GAAP), net gains from sales of depreciable real estate assets, impairment write-downs associated with depreciable real estate assets, and real estate related depreciation and amortization, including the pro rata share of such adjustments of unconsolidated subsidiaries. We then adjust FFO for non-cash revenues and expenses such as amortization of deferred financing costs, above and below market lease intangible amortization, straight line rent adjustment where the Company is both the lessor and lessee, and non-cash stock compensation to calculate Core AFFO.

FFO is used by management, investors, and analysts to facilitate meaningful comparisons of operating performance between periods and among our peers primarily because it excludes the effect of real estate depreciation and amortization and net gains on sales, which are based on historical costs and implicitly assume that the value of real estate diminishes predictably over time, rather than fluctuating based on existing market conditions. We believe that AFFO is an additional useful supplemental measure for investors to consider because it will help them to better assess our operating performance without the distortions created by other non-cash revenues or expenses. FFO and AFFO may not be comparable to similarly titled measures employed by other companies. We believe that Core FFO and Core AFFO are useful measures for management and investors because they further remove the effect of non-cash expenses and certain other expenses that are not directly related to real

estate operations. We use each as measures of our performance when we formulate corporate goals.

As FFO excludes depreciation and amortization, gains and losses from property dispositions that are available for distribution to stockholders and extraordinary items, it provides a performance measure that, when compared year over year, reflects the impact to operations from trends in occupancy rates, rental rates, operating costs, general and administrative expenses and interest costs, providing a perspective not immediately apparent from net income or loss. However, FFO should not be viewed as an alternative measure of our operating performance since it does not reflect either depreciation and amortization costs or the level of capital expenditures and leasing costs necessary to maintain the operating performance of our properties which could be significant economic costs and could materially impact our results from operations. Additionally, FFO does not reflect distributions paid to redeemable non-controlling interests.

Investor Contacts

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