

August 2, 2023



EPR Properties Reports Second Quarter 2023 Results

Provides Earnings Guidance for 2023

KANSAS CITY, Mo.--(BUSINESS WIRE)-- EPR Properties (NYSE:EPR) today announced operating results for the second quarter ended June 30, 2023 (dollars in thousands, except per share data):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Total revenue	\$ 172,907	\$ 160,446	\$ 344,303	\$ 317,918
Net income available to common shareholders	7,560	34,876	59,184	71,035
Net income available to common shareholders per diluted common share	0.10	0.46	0.78	0.95
Funds From Operations as adjusted (FFOAA)(1)	97,792	88,739	193,798	171,952
FFOAA per diluted common share (1)	1.28	1.17	2.53	2.27
Adjusted Funds From Operations (AFFO) (1)	100,101	93,388	198,835	181,233
AFFO per diluted common share (1)	1.31	1.23	2.60	2.39

(1) A non-GAAP financial measure

Second Quarter Company Headlines

- **Regal Bankruptcy Resolution** - As previously announced, the Company entered into a comprehensive restructuring agreement with Regal anchored by a new master lease for 41 of the 57 properties previously leased to Regal.
- **Solid Deferral Collections** - During the second quarter of 2023, the Company collected \$7.3 million of deferred rent from cash basis customers that was booked as additional revenue and \$0.5 million of deferred rent from accrual basis customers that reduced receivables. Through June 30, 2023, the Company has collected approximately \$135.0 million of rent and interest that had been deferred as a result of the COVID-19 pandemic.
- **Strong Liquidity Position** - As of June 30, 2023, the Company had cash on hand of \$99.7 million, no borrowings on its \$1.0 billion unsecured revolving credit facility and a consolidated debt profile that is all at fixed interest rates with no maturities until 2024.
- **Santikos Acquires Southern Theatres** - On July 17, 2023, Santikos Theaters, LLC ("Santikos") acquired VSS-Southern Theatres ("Southern") through an asset purchase agreement. The combined Santikos entity operates 27 highly amenitized theaters in

eight southeastern states. The Company has investments in 10 Southern properties and there were no structural changes to existing lease terms. In conjunction with the transaction, Southern paid in full its remaining deferred rent of \$11.6 million, which will be recognized as rental revenue in the third quarter of 2023.

- **Introduces 2023 Earnings Guidance** - The Company is providing FFOAA per diluted common share guidance for 2023 of \$5.05 to \$5.15, representing an increase of 9% at the midpoint versus 2022 performance. Additionally, the Company is confirming 2023 investment spending guidance of a range of \$200.0 million to \$300.0 million.

“During the quarter, we reached a meaningful milestone as we entered into a restructuring agreement with Regal, providing us with a significantly stronger tenant credit, a long-term master lease and a percentage rent component allowing us to participate in the recovery of the box office. With this resolution, we also have more visibility into our earnings outlook, and we are pleased to provide earnings guidance for 2023,” stated Company President and CEO Greg Silvers. “With the recent record-setting performance of Barbie and Oppenheimer, consumers continue to demonstrate the relevance and economic vitality of the exhibition industry. Additionally, Santikos’ acquisition of Southern demonstrates that capital is again flowing to the sector, and as a result, we received full payment of our remaining deferred rent and have a stronger positioned tenant. Having completed approximately \$100 million of investments this year, we are selectively growing our experiential portfolio while being prudent in our capital allocation, as we have committed to approximately \$224 million of additional experiential development and redevelopment projects over the next two years without the need to raise additional capital. We have continued to enhance our financial flexibility with a priority on maintaining our strong liquidity position and leverage profile.”

Regal Bankruptcy Resolution

On September 7, 2022, Cineworld Group, plc, Regal Entertainment Group and the Company's other Regal theatre tenants (collectively, “Regal”) filed for protection under Chapter 11 of the U.S. Bankruptcy Code (the “Code”). Regal leased 57 theatres from the Company pursuant to two master leases and 28 single property leases (the “Regal Leases”). As a result of the filing, Regal did not pay its rent or monthly deferral payment for September 2022 but subsequently paid portions of this amount pursuant to an order of the bankruptcy court. Regal resumed payment of rent and deferral payments for all Regal Leases commencing in October 2022 and has continued making these payments through July 2023. Regal's plan of reorganization became effective on July 31, 2023 (the “Effective Date”), and Regal emerged from the Chapter 11 bankruptcy cases.

On June 28, 2023, the Company announced that it had entered into a comprehensive restructuring agreement with Regal anchored by a new master lease (“Master Lease”) for 41 of the 57 properties previously leased to Regal (“Master Lease Properties”), which became effective on the Effective Date. The Master Lease is a triple-net lease with \$65.0 million in total annual fixed rent payable beginning on August 1, 2023 that escalates by 10% every five years. The Master Lease has three tranches of properties. The initial terms of the tranches are staggered, expiring on the 11th, 13th and 15th anniversaries from the Effective Date. Additionally, the Master Lease provides for a guaranty from a parent entity of Regal and percentage rents based on gross sales of the Master Lease Properties. Due to Regal's expected significantly improved credit profile, continuing box office recovery and Regal's payment history, among other factors, the Company will recognize revenue related to the Master Lease on an accrual basis beginning on the Effective Date.

Additionally, as part of the comprehensive restructuring agreement with Regal, Regal surrendered to the Company the remaining 16 properties not included in the Master Lease on the Effective Date. The Company has entered into management agreements whereby Cinemark will manage four and Phoenix Theatres will manage one of the surrendered properties. The Company plans to sell the remaining 11 surrendered properties and deploy the proceeds to acquire non-theatre experiential properties. In conjunction with taking back the surrendered properties, the Company recorded a non-cash impairment charge in the second quarter of \$42.4 million based on recently appraised values.

For more details on the Master Lease and comprehensive restructuring agreement between the Company and Regal, see the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2023.

Solid Deferral Collections

In addition to regular quarterly collections, during the second quarter of 2023, the Company collected \$7.3 million of deferred rent from cash basis customers that was booked as additional revenue and \$0.5 million of deferred rent from accrual basis customers that reduced receivables, leaving only \$1.0 million of deferred rent receivable remaining on the balance sheet at June 30, 2023. Through June 30, 2023, the Company has collected approximately \$135.0 million of rent and interest that had been deferred as a result of the pandemic.

Strong Liquidity Position

The Company remains focused on maintaining strong liquidity and financial flexibility. The Company had \$99.7 million of cash on hand at quarter-end, no borrowings on its \$1.0 billion unsecured revolving credit facility and a consolidated debt profile that is all at fixed interest rates with no maturities in 2023 and only \$136.6 million due in 2024.

Santikos Acquisition of Southern Theatres

On July 17, 2023, Santikos acquired Southern through an asset purchase agreement. The combined Santikos entity operates 27 highly amenitized theaters in eight southeastern states. The Company has investments in 10 Southern properties in six states and there were no structural changes to existing lease terms. Santikos had investments in 10 theaters located in the San Antonio area prior to the transaction and purchased a total of 17 theaters in eight states from Southern, making Santikos the eighth largest theater circuit in North America. Santikos is owned by The San Antonio Area Foundation, one of the nation's premier Community Foundations. In conjunction with the transaction, Southern paid in full its remaining deferred rent of \$11.6 million, which will be recognized as rental revenue in the third quarter of 2023.

Investment Update

The Company's investment spending during the three months ended June 30, 2023 totaled \$32.2 million, bringing the total investment spending for the six months ended June 30, 2023 to \$98.7 million. Investment spending for the quarter was primarily related to experiential build-to-suit development and redevelopment projects.

As of June 30, 2023, the Company has also committed an additional approximately \$224.0 million for experiential development and redevelopment projects, which is expected to be funded over the next two years without the need to raise additional capital. During the

remainder of 2023, the Company intends to continue to be more selective in making investments, utilizing excess cash flow and borrowings under our line of credit, until such time as the Company's cost of capital returns to acceptable levels.

Portfolio Update

The Company's total assets were \$5.7 billion (after accumulated depreciation of approximately \$1.4 billion) and total investments (a non-GAAP financial measure) were approximately \$6.7 billion at June 30, 2023, with Experiential investments totaling \$6.2 billion, or 92%, and Education investments totaling \$0.5 billion, or 8%.

The Company's Experiential portfolio (excluding property under development and undeveloped land inventory) consisted of the following property types (owned or financed) at June 30, 2023:

- 171 theatre properties;
- 57 eat & play properties (including seven theatres located in entertainment districts);
- 24 attraction properties;
- 11 ski properties;
- seven experiential lodging properties;
- 16 fitness & wellness properties;
- one gaming property; and
- three cultural properties.

As of June 30, 2023, the Company's owned Experiential portfolio consisted of approximately 20.1 million square feet, which was 98% leased and included a total of \$80.7 million in property under development and \$20.2 million in undeveloped land inventory.

The Company's Education portfolio consisted of the following property types (owned or financed) at June 30, 2023:

- 64 early childhood education center properties; and
- nine private school properties.

As of June 30, 2023, the Company's owned Education portfolio consisted of approximately 1.4 million square feet, which was 93% leased.

The combined owned portfolio consisted of 21.5 million square feet and was 97% leased.

Dividend Information

The Company declared regular monthly cash dividends during the second quarter of 2023 totaling \$0.825 per common share. Additionally, the Board declared its regular quarterly dividends to preferred shareholders of \$0.359375 per share on both the Company's 5.75% Series C cumulative convertible preferred shares and Series G cumulative redeemable preferred shares and \$0.5625 per share on its 9.00% Series E cumulative convertible preferred shares.

Guidance

(Dollars in millions, except per share data):

Measure

2023 Guidance

Net income available to common shareholders per diluted common share	\$	2.14 to \$	2.24
FFOAA per diluted common share	\$	5.05 to \$	5.15
Investment spending	\$	200.0 to \$	300.0
Disposition proceeds	\$	31.0 to \$	41.0

The Company is providing its 2023 guidance for FFOAA per diluted common share of \$5.05 to \$5.15, the midpoint of which represents approximately 9% growth over 2022. The 2023 guidance for FFOAA per diluted common share is based on a FFO per diluted common share range of \$4.97 to \$5.07 adjusted for severance expense, transaction costs, credit loss expense (benefit), deferred income tax benefit and the impact of Series C and Series E dilution. FFO per diluted common share for 2023 is based on a net income available to common shareholders per diluted common share range of \$2.14 to \$2.24 plus impairment of real estate investments, net of \$0.58, estimated real estate depreciation and amortization of \$2.20 and allocated share of joint venture depreciation of \$0.12, less gain on sale of real estate of \$0.02 and the impact of Series C and Series E dilution of \$0.05 (in accordance with the NAREIT definition of FFO).

Additional earnings guidance detail can be found in the Company's supplemental information package available in the Investor Center of the Company's website located at <https://investors.eprkc.com/earnings-supplementals>.

Conference Call Information

Management will host a conference call to discuss the Company's financial results on August 3, 2023 at 8:30 a.m. Eastern Time. The call may also include discussion of Company developments and forward-looking and other material information about business and financial matters. The conference will be webcast and can be accessed via the Webcasts page in the Investor Center on the Company's website located at <https://investors.eprkc.com/webcasts>. To access the audio-only call, visit the Webcasts page for the link to register and receive dial-in information and a PIN providing access to the live call. It is recommended that you join 10 minutes prior to the start of the event (although you may register and dial-in at any time during the call).

You may watch a replay of the webcast by visiting the Webcasts page at <https://investors.eprkc.com/webcasts>.

Quarterly Supplemental

The Company's supplemental information package for the second quarter and six months ended June 30, 2023 is available in the Investor Center on the Company's website located at <https://investors.eprkc.com/earnings-supplementals>.

EPR Properties Consolidated Statements of Income (Unaudited, dollars in thousands except per share data)

Three Months Ended June 30,		Six Months Ended June 30,	
2023	2022	2023	2022

Rental revenue	\$ 151,870	\$ 142,875	\$ 303,461	\$ 282,478
Other income	10,124	9,961	19,457	19,266
Mortgage and other financing income	10,913	7,610	21,385	16,174
Total revenue	172,907	160,446	344,303	317,918
Property operating expense	13,972	13,592	28,127	27,531
Other expense	9,161	8,872	18,111	16,969
General and administrative expense	15,248	12,691	29,213	25,915
Severance expense	547	—	547	—
Transaction costs	36	1,145	306	3,392
Credit loss (benefit) expense	(275)	9,512	312	9,206
Impairment charges	43,785	—	43,785	4,351
Depreciation and amortization	43,705	40,766	84,909	80,810
Total operating expenses	126,179	86,578	205,310	168,174
Loss on sale of real estate	(575)	—	(1,135)	—
Income from operations	46,153	73,868	137,858	149,744
Interest expense, net	31,591	33,289	63,313	66,549
Equity in loss (income) from joint ventures	615	(1,421)	2,600	(1,315)
Impairment charges on joint ventures	—	647	—	647
Income before income taxes	13,947	41,353	71,945	83,863
Income tax expense	347	444	688	762
Net income	\$ 13,600	\$ 40,909	\$ 71,257	\$ 83,101
Preferred dividend requirements	6,040	6,033	12,073	12,066
Net income available to common shareholders of EPR Properties	\$ 7,560	\$ 34,876	\$ 59,184	\$ 71,035
Net income available to common shareholders of EPR Properties per share:				
Basic	\$ 0.10	\$ 0.47	\$ 0.79	\$ 0.95
Diluted	\$ 0.10	\$ 0.46	\$ 0.78	\$ 0.95
Shares used for computation (in thousands):				
Basic	75,297	74,986	75,191	74,915
Diluted	75,715	75,234	75,571	75,142

EPR Properties
Condensed Consolidated Balance Sheets
(Unaudited, dollars in thousands)

	June 30, 2023	December 31, 2022
Assets		

Real estate investments, net of accumulated depreciation of \$1,369,790 and \$1,302,640 at June 30, 2023 and December 31, 2022, respectively	\$	4,659,678	\$	4,714,136
Land held for development		20,168		20,168
Property under development		80,650		76,029
Operating lease right-of-use assets		192,325		200,985
Mortgage notes and related accrued interest receivable, net		466,459		457,268
Investment in joint ventures		53,763		52,964
Cash and cash equivalents		99,711		107,934
Restricted cash		2,623		2,577
Accounts receivable		53,305		53,587
Other assets		74,882		73,053
Total assets	\$	5,703,564	\$	5,758,701
Liabilities and Equity				
Accounts payable and accrued liabilities	\$	74,493	\$	80,087
Operating lease liabilities		233,126		241,407
Dividends payable		28,321		27,438
Unearned rents and interest		71,746		63,939
Debt		2,813,007		2,810,111
Total liabilities		3,220,693		3,222,982
Total equity	\$	2,482,871	\$	2,535,719
Total liabilities and equity	\$	5,703,564	\$	5,758,701

Non-GAAP Financial Measures

Funds From Operations (FFO), Funds From Operations As Adjusted (FFOAA) and Adjusted Funds From Operations (AFFO)

The National Association of Real Estate Investment Trusts (NAREIT) developed FFO as a relative non-GAAP financial measure of performance of an equity REIT in order to recognize that income-producing real estate historically has not depreciated on the basis determined under GAAP. Pursuant to the definition of FFO by the Board of Governors of NAREIT, the Company calculates FFO as net income available to common shareholders, computed in accordance with GAAP, excluding gains and losses from disposition of real estate and impairment losses on real estate, plus real estate related depreciation and amortization, and after adjustments for unconsolidated partnerships, joint ventures and other affiliates. Adjustments for unconsolidated partnerships, joint ventures and other affiliates are calculated to reflect FFO on the same basis. The Company has calculated FFO for all periods presented in accordance with this definition.

In addition to FFO, the Company presents FFOAA and AFFO. FFOAA is presented by adding to FFO severance expense, transaction costs, credit loss (benefit) expense, costs associated with loan refinancing or payoff, preferred share redemption costs and impairment of operating lease right-of-use assets and subtracting sale participation income, gain on insurance recovery and deferred income tax (benefit) expense. AFFO is presented by adding to FFOAA non-real estate depreciation and amortization, deferred financing fees amortization, share-based compensation expense to management and Trustees and

amortization of above and below market leases, net and tenant allowances; and subtracting maintenance capital expenditures (including second generation tenant improvements and leasing commissions), straight-lined rental revenue (removing the impact of straight-lined ground sublease expense), and the non-cash portion of mortgage and other financing income.

FFO, FFOAA and AFFO are widely used measures of the operating performance of real estate companies and are provided here as supplemental measures to GAAP net income available to common shareholders and earnings per share, and management provides FFO, FFOAA and AFFO herein because it believes this information is useful to investors in this regard. FFO, FFOAA and AFFO are non-GAAP financial measures. FFO, FFOAA and AFFO do not represent cash flows from operations as defined by GAAP and are not indicative that cash flows are adequate to fund all cash needs and are not to be considered alternatives to net income or any other GAAP measure as a measurement of the results of our operations or our cash flows or liquidity as defined by GAAP. It should also be noted that not all REITs calculate FFO, FFOAA and AFFO the same way so comparisons with other REITs may not be meaningful.

The following table summarizes FFO, FFOAA and AFFO for the three and six months ended June 30, 2023 and 2022 and reconciles such measures to net income available to common shareholders, the most directly comparable GAAP measure:

EPR Properties
Reconciliation of Non-GAAP Financial Measures
(Unaudited, dollars in thousands except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
FFO:				
Net income available to common shareholders of EPR Properties	\$ 7,560	\$ 34,876	\$ 59,184	\$ 71,035
Loss on sale of real estate	575	—	1,135	—
Impairment of real estate investments, net	43,785	—	43,785	4,351
Real estate depreciation and amortization	43,494	40,563	84,494	80,390
Allocated share of joint venture depreciation	2,162	1,996	4,217	3,483
Impairment charges on joint ventures	—	647	—	647
FFO available to common shareholders of EPR Properties	<u>\$ 97,576</u>	<u>\$ 78,082</u>	<u>\$ 192,815</u>	<u>\$ 159,906</u>
FFO available to common shareholders of EPR Properties	\$ 97,576	\$ 78,082	\$ 192,815	\$ 159,906
Add: Preferred dividends for Series C preferred shares	1,938	1,938	3,876	3,876

Add: Preferred dividends for Series E preferred shares	1,938	1,939	3,876	3,878
Diluted FFO available to common shareholders of EPR Properties	<u>\$ 101,452</u>	<u>\$ 81,959</u>	<u>\$ 200,567</u>	<u>\$ 167,660</u>

FFOAA:

FFO available to common shareholders of EPR Properties	\$ 97,576	\$ 78,082	\$ 192,815	\$ 159,906
Severance expense	547	—	547	—
Transaction costs	36	1,145	306	3,392
Credit loss (benefit) expense	(275)	9,512	312	9,206
Gain on insurance recovery (included in other income)	—	—	—	(552)
Deferred income tax benefit	(92)	—	(182)	—
FFOAA available to common shareholders of EPR Properties	<u>\$ 97,792</u>	<u>\$ 88,739</u>	<u>\$ 193,798</u>	<u>\$ 171,952</u>
FFOAA available to common shareholders of EPR Properties	\$ 97,792	\$ 88,739	\$ 193,798	\$ 171,952
Add: Preferred dividends for Series C preferred shares	1,938	1,938	3,876	3,876
Add: Preferred dividends for Series E preferred shares	1,938	1,939	3,876	3,878
Diluted FFOAA available to common shareholders of EPR Properties	<u>\$ 101,668</u>	<u>\$ 92,616</u>	<u>\$ 201,550</u>	<u>\$ 179,706</u>

AFFO:

FFOAA available to common shareholders of EPR Properties	\$ 97,792	\$ 88,739	\$ 193,798	\$ 171,952
Non-real estate depreciation and amortization	211	203	415	420
Deferred financing fees amortization	2,150	2,090	4,279	4,161
Share-based compensation expense to management and trustees	4,477	4,169	8,799	8,414
Amortization of above and below market leases, net and tenant allowances	(185)	(89)	(274)	(176)
Maintenance capital expenditures (1)	(3,455)	(134)	(5,631)	(1,485)
Straight-lined rental revenue	(1,149)	(1,733)	(3,254)	(2,328)
Straight-lined ground sublease expense	401	261	966	509
Non-cash portion of mortgage and other financing income	(141)	(118)	(263)	(234)
AFFO available to common shareholders of EPR Properties	<u>\$ 100,101</u>	<u>\$ 93,388</u>	<u>\$ 198,835</u>	<u>\$ 181,233</u>

AFFO available to common shareholders of EPR Properties	\$	100,101	\$	93,388	\$	198,835	\$	181,233
Add: Preferred dividends for Series C preferred shares		1,938		1,938		3,876		3,876
Add: Preferred dividends for Series E preferred shares		1,938		1,939		3,876		3,878
Diluted AFFO available to common shareholders of EPR Properties	\$	103,977	\$	97,265	\$	206,587	\$	188,987
FFO per common share:								
Basic	\$	1.30	\$	1.04	\$	2.56	\$	2.13
Diluted		1.27		1.04		2.52		2.12
FFOAA per common share:								
Basic	\$	1.30	\$	1.18	\$	2.58	\$	2.30
Diluted		1.28		1.17		2.53		2.27
AFFO per common share:								
Basic	\$	1.33	\$	1.25	\$	2.64	\$	2.42
Diluted		1.31		1.23		2.60		2.39
Shares used for computation (in thousands):								
Basic		75,297		74,986		75,191		74,915
Diluted		75,715		75,234		75,571		75,142
Weighted average shares outstanding-diluted EPS								
		75,715		75,234		75,571		75,142
Effect of dilutive Series C preferred shares		2,279		2,245		2,276		2,243
Effect of dilutive Series E preferred shares		1,663		1,664		1,663		1,664
Adjusted weighted average shares outstanding-diluted Series C and Series E		79,657		79,143		79,510		79,049
Other financial information:								
Dividends per common share	\$	0.8250	\$	0.8250	\$	1.6500	\$	1.6000

(1) Includes maintenance capital expenditures and certain second generation tenant improvements and leasing commissions.

The conversion of the 5.75% Series C cumulative convertible preferred shares and the 9.00% Series E cumulative convertible preferred shares would be dilutive to FFO, FFOAA and AFFO per share for the three and six months ended June 30, 2023 and June 30, 2022. Therefore, the additional common shares that would result from the conversion and the corresponding add-back of the preferred dividends declared on those shares are included in the calculation of diluted FFO, FFOAA and AFFO per share for those periods.

Net Debt

Net Debt represents debt (reported in accordance with GAAP) adjusted to exclude deferred financing costs, net and reduced for cash and cash equivalents. By excluding deferred

financing costs, net, and reducing debt for cash and cash equivalents on hand, the result provides an estimate of the contractual amount of borrowed capital to be repaid, net of cash available to repay it. The Company believes this calculation constitutes a beneficial supplemental non-GAAP financial disclosure to investors in understanding our financial condition. The Company's method of calculating Net Debt may be different from methods used by other REITs and, accordingly, may not be comparable to such other REITs.

Gross Assets

Gross Assets represents total assets (reported in accordance with GAAP) adjusted to exclude accumulated depreciation and reduced for cash and cash equivalents. By excluding accumulated depreciation and reducing cash and cash equivalents, the result provides an estimate of the investment made by the Company. The Company believes that investors commonly use versions of this calculation in a similar manner. The Company's method of calculating Gross Assets may be different from methods used by other REITs and, accordingly, may not be comparable to such other REITs.

Net Debt to Gross Assets Ratio

Net Debt to Gross Assets Ratio is a supplemental measure derived from non-GAAP financial measures that the Company uses to evaluate capital structure and the magnitude of debt to gross assets. The Company believes that investors commonly use versions of this ratio in a similar manner. The Company's method of calculating the Net Debt to Gross Assets Ratio may be different from methods used by other REITs and, accordingly, may not be comparable to such other REITs.

EBITDAre

NAREIT developed EBITDAre as a relative non-GAAP financial measure of REITs, independent of a company's capital structure, to provide a uniform basis to measure the enterprise value of a company. Pursuant to the definition of EBITDAre by the Board of Governors of NAREIT, the Company calculates EBITDAre as net income, computed in accordance with GAAP, excluding interest expense (net), income tax (benefit) expense, depreciation and amortization, gains and losses from disposition of real estate, impairment losses on real estate, costs associated with loan refinancing or payoff and adjustments for unconsolidated partnerships, joint ventures and other affiliates.

Management provides EBITDAre herein because it believes this information is useful to investors as a supplemental performance measure because it can help facilitate comparisons of operating performance between periods and with other REITs. The Company's method of calculating EBITDAre may be different from methods used by other REITs and, accordingly, may not be comparable to such other REITs. EBITDAre is not a measure of performance under GAAP, does not represent cash generated from operations as defined by GAAP and is not indicative of cash available to fund all cash needs, including distributions. This measure should not be considered an alternative to net income or any other GAAP measure as a measurement of the results of the Company's operations or cash flows or liquidity as defined by GAAP.

Adjusted EBITDAre

Management uses Adjusted EBITDAre in its analysis of the performance of the business and operations of the Company. Management believes Adjusted EBITDAre is useful to investors because it excludes various items that management believes are not indicative of operating

performance, and because it is an informative measure to use in computing various financial ratios to evaluate the Company. The Company defines Adjusted EBITDAre as EBITDAre (defined above) for the quarter excluding sale participation income, gain on insurance recovery, severance expense, transaction costs, credit loss (benefit) expense, impairment losses on operating lease right-of-use assets and prepayment fees.

The Company's method of calculating Adjusted EBITDAre may be different from methods used by other REITs and, accordingly, may not be comparable to such other REITs. Adjusted EBITDAre is not a measure of performance under GAAP, does not represent cash generated from operations as defined by GAAP and is not indicative of cash available to fund all cash needs, including distributions. This measure should not be considered as an alternative to net income or any other GAAP measure as a measurement of the results of the Company's operations or cash flows or liquidity as defined by GAAP.

Net Debt to Adjusted EBITDAre Ratio

Net Debt to Adjusted EBITDAre Ratio is a supplemental measure derived from non-GAAP financial measures that the Company uses to evaluate our capital structure and the magnitude of our debt against our operating performance. The Company believes that investors commonly use versions of this ratio in a similar manner. In addition, financial institutions use versions of this ratio in connection with debt agreements to set pricing and covenant limitations. The Company's method of calculating the Net Debt to Adjusted EBITDAre Ratio may be different from methods used by other REITs and, accordingly, may not be comparable to such other REITs.

Reconciliations of debt, total assets and net income (all reported in accordance with GAAP) to Net Debt, Gross Assets, Net Debt to Gross Assets Ratio, EBITDAre, Adjusted EBITDAre and Net Debt to Adjusted EBITDAre Ratio (each of which is a non-GAAP financial measure), as applicable, are included in the following tables (unaudited, in thousands except ratios):

	June 30,	
	2023	2022
<u>Net Debt:</u>		
Debt	\$ 2,813,007	\$ 2,807,080
Deferred financing costs, net	28,222	34,149
Cash and cash equivalents	(99,711)	(168,266)
Net Debt	<u>\$ 2,741,518</u>	<u>\$ 2,672,963</u>
<u>Gross Assets:</u>		
Total Assets	\$ 5,703,564	\$ 5,793,442
Accumulated depreciation	1,369,790	1,243,240
Cash and cash equivalents	(99,711)	(168,266)
Gross Assets	<u>\$ 6,973,643</u>	<u>\$ 6,868,416</u>
Debt to Total Assets Ratio	49%	48%
Net Debt to Gross Assets Ratio	39%	39%

	Three Months Ended June 30,	
	2023	2022

EBITDAre and Adjusted EBITDAre:

Net income	\$	13,600	\$	40,909
Interest expense, net		31,591		33,289
Income tax expense		347		444
Depreciation and amortization		43,705		40,766
Loss on sale of real estate		575		—
Impairment of real estate investments, net		43,785		—
Impairment charges on joint ventures		—		647
Allocated share of joint venture depreciation		2,162		1,996
Allocated share of joint venture interest expense		2,172		1,276
EBITDAre	\$	137,937	\$	119,327
Severance expense		547		—
Transaction costs		36		1,145
Credit loss (benefit) expense		(275)		9,512
Adjusted EBITDAre	\$	138,245	\$	129,984
Adjusted EBITDAre (annualized) (1)	\$	552,980	\$	519,936

Net Debt/Adjusted EBITDA Ratio 5.0 5.1

(1) Adjusted EBITDA for the quarter is multiplied by four to calculate an annualized amount.

Total Investments

Total investments is a non-GAAP financial measure defined as the sum of the carrying values of real estate investments (before accumulated depreciation), land held for development, property under development, mortgage notes receivable and related accrued interest receivable, net, investment in joint ventures, intangible assets, gross (before accumulated amortization and included in other assets) and notes receivable and related accrued interest receivable, net (included in other assets). Total investments is a useful measure for management and investors as it illustrates across which asset categories the Company's funds have been invested. Our method of calculating total investments may be different from methods used by other REITs and, accordingly, may not be comparable to such other REITs. A reconciliation of total assets (computed in accordance with GAAP) to total investments is included in the following table (unaudited, in thousands):

	June 30, 2023	December 31, 2022
Total assets	\$ 5,703,564	\$ 5,758,701
Operating lease right-of-use assets	(192,325)	(200,985)
Cash and cash equivalents	(99,711)	(107,934)
Restricted cash	(2,623)	(2,577)
Accounts receivable	(53,305)	(53,587)
Add: accumulated depreciation on real estate investments	1,369,790	1,302,640
Add: accumulated amortization on intangible assets (1)	27,173	23,487
Prepaid expenses and other current assets (1)	(33,625)	(33,559)

Total investments	\$	6,718,938	\$	6,686,186
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Total Investments:

Real estate investments, net of accumulated depreciation	\$	4,659,678	\$	4,714,136
Add back accumulated depreciation on real estate investments		1,369,790		1,302,640
Land held for development		20,168		20,168
Property under development		80,650		76,029
Mortgage notes and related accrued interest receivable, net		466,459		457,268
Investment in joint ventures		53,763		52,964
Intangible assets, gross (1)		64,156		60,109
Notes receivable and related accrued interest receivable, net (1)		4,274		2,872
Total investments	\$	6,718,938	\$	6,686,186

(1) Included in other assets in the accompanying consolidated balance sheet. Other assets include the following:

	June 30, 2023	December 31, 2022
Intangible assets, gross	\$ 64,156	\$ 60,109
Less: accumulated amortization on intangible assets	(27,173)	(23,487)
Notes receivable and related accrued interest receivable, net	4,274	2,872
Prepaid expenses and other current assets	33,625	33,559
Total other assets	\$ 74,882	\$ 73,053

About EPR Properties

EPR Properties (NYSE:EPR) is the leading diversified experiential net lease real estate investment trust (REIT), specializing in select enduring experiential properties in the real estate industry. We focus on real estate venues that create value by facilitating out of home leisure and recreation experiences where consumers choose to spend their discretionary time and money. We have total assets of approximately \$5.7 billion (after accumulated depreciation of approximately \$1.4 billion) across 44 states. We adhere to rigorous underwriting and investing criteria centered on key industry, property and tenant level cash flow standards. We believe our focused approach provides a competitive advantage and the potential for stable and attractive returns. Further information is available at www.eprkc.com.

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

The financial results in this press release reflect preliminary, unaudited results, which are not final until the Company's Quarterly Report on Form 10-Q is filed. With the exception of historical information, certain statements contained or incorporated by reference herein may contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act

of 1934, as amended (the "Exchange Act"), such as those pertaining to our guidance, the uncertain financial impact of the COVID-19 pandemic, our capital resources and liquidity, our pursuit of growth opportunities, the timing of transaction closings and investment spending, our expected cash flows, the performance of our customers, our expected cash collections and our results of operations and financial condition. The forward-looking statements presented herein are based on the Company's current expectations. Forward-looking statements involve numerous risks and uncertainties, and you should not rely on them as predictions of actual events. There is no assurance that the events or circumstances reflected in the forward-looking statements will occur. You can identify forward-looking statements by use of words such as "will be," "intend," "continue," "believe," "may," "expect," "hope," "anticipate," "goal," "forecast," "pipeline," "estimates," "offers," "plans," "would" or other similar expressions or other comparable terms or discussions of strategy, plans or intentions contained or incorporated by reference herein. Forward-looking statements necessarily are dependent on assumptions, data or methods that may be incorrect or imprecise. These forward-looking statements represent our intentions, plans, expectations and beliefs and are subject to numerous assumptions, risks and uncertainties. Many of the factors that will determine these items are beyond our ability to control or predict. For further discussion of these factors see "Item 1A. Risk Factors" in our most recent Annual Report on Form 10-K and, to the extent applicable, our Quarterly Reports on Form 10-Q.

For these statements, we claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. You are cautioned not to place undue reliance on our forward-looking statements, which speak only as of the date hereof or the date of any document incorporated by reference herein. All subsequent written and oral forward-looking statements attributable to us or any person acting on our behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. Except as required by law, we do not undertake any obligation to release publicly any revisions to our forward-looking statements to reflect events or circumstances after the date hereof.

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