

ESSENTIAL INCOME STRATEGY CLASS I

3rd Quarter 2022 Report

October, 2022

Dear ExchangeRight Essential Income Strategy Class I Investor,

On or about the 15th of this month, you will be receiving your monthly distribution from the ExchangeRight Essential Income Strategy. Our distribution continues to be fully covered by Funds from Operations (“FFO”) and our REIT continues to perform well, despite the significant economic volatility and market disruption that occurred globally during the quarter.

Throughout Q3 2022, we received 100% of scheduled rent across all properties in the Essential Income Strategy and for all net-leased portfolios managed by ExchangeRight, supporting uninterrupted investor distributions. KPMG completed their Q3 valuation of the portfolio and we anticipate another increase in our NAV as of September 30, with an estimated range of \$29.05–\$29.30 per share.

The REIT’s investment strategy remains effective despite rapidly increasing interest rates and economic turbulence. This is due to the strength of our tenants and the industries in which they operate, and the REIT’s moderate debt levels and favorable long-term fixed-rate financing. With an in-place acquisitions pipeline of \$2.8+ billion of real estate and the majority of that pipeline featuring long-term fixed-rate financing locked at attractive rates, the REIT remains well positioned to continue executing on its aggregation strategy while maintaining the distribution levels we have underwritten on behalf of investors.

Portfolio Update

The Essential Income Strategy REIT acquired 97 new assets during Q3, bringing the acquired assets to 314 properties, diversified by 35 national creditworthy tenants and totaling over 4.3 million square feet across 34 states. The new assets enhance the REIT’s existing diversification and are leased to businesses operating in essential retail and necessity-based industries, including grocery stores, pharmacies, discount retail, automotive repair, and health care.

The REIT’s current acquisition pipeline includes \$2.8+ billion of high-quality net-leased portfolios diversified over 620 properties and 19 additional tenants, the majority of which feature long-term fixed rate financing that is fixed over 200 basis points on average lower than current rates today. This fully identified portfolio provides a significant competitive


advantage that enables the REIT to maintain best-in-industry distributions and a fully covered dividend on behalf of investors as it continues to execute its aggregation strategy.

KPMG previously completed an independent valuation of the Essential Income Strategy's currently owned properties as of June 30, 2022. Our Trustee had declared a NAV per share of \$28.94, as of June 30, 2022, based on the midpoint of the range of values in KPMG's valuation of the Trust's properties combined with the Trust's cash reserves, other assets, and liabilities. Our Trustee anticipates the NAV per share as of September 30, 2022 to increase again with an estimated range of \$29.05–\$29.30 per share. Once the updated NAV is declared, Q3 2022 will mark the 10th consecutive quarterly valuation increase since our inaugural valuation in Q1 2020.

Thank you for the opportunity to successfully manage and steward your capital. Should you have any questions, please contact our Investor Relations department at (626) 696-2918 or investors@exchangeright.com.

Best regards,

ExchangeRight Real Estate, LLC



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