The Net Lease Corporate Real Estate Opportunity

Net Lease REITs represent a unique and compelling investment opportunity for investors seeking sustainable income with predictable growth. Net Lease REITs are equity REITs that own properties leased to single tenants under long-term, net lease agreements which specify that the tenant is responsible for paying rent and most, if not all, property expenses. The most common net lease is a "triple-net lease" which requires the tenant pay operating expenses, property taxes, and insurance - the three nets in a lease agreement. Triple-net leases generate consistent cash flow typically with contractual rent increases that result in attractive risk-return characteristics for investors. To date, the performance of Net Lease REITs as a sector has not been obvious to investors because they have been categorized by property type rather than the lease type which is the common feature that drives similar returns.

Potential Benefits of Net Lease REITs

» Income
  • Tenant pays most expenses making cash flows more predictable
  • REITs distribute much of their income in dividends
  • IRS Tax Code changes may improve after-tax income returns by 20% or more*

» Inflation Protection
  • Rent escalation provision in leases may help income grow and keep pace with inflation

» Growth
  • Reinvestment of retained cash flows
  • Potential to raise outside funds at yields lower than those that may be realized through new property investments

The Fundamental Income Net Lease Real Estate Index

The Fundamental Income Net Lease Real Estate Index (NNNLSCTR) seeks to help define and track the performance of the rapidly growing U.S. listed net lease real estate sector. The Index identifies real estate companies, including real estate investment trusts (REITs), screens each real estate company for property type and tenant, and assigns only those companies identified as net lease to the index. The Index also places important limitations on concentration in any one constituent or tenant ensuring diversified access to the sector.

The Fundamental Income Net Lease REIT Index May Be Appropriate For:

• Investors Seeking Income - With a predictable income stream that must be distributed to shareholders, Net Lease REITs may be appropriate for investors seeking income.
• Real Estate Exposure – The Index may be appropriate for investors seeking exposure to real estate.
• Total Return Strategies - The combination of current income with identifiable sources of growth may make Net Lease REITs appropriate for investors seeking a Total Return Strategy.

*Investors should consult a tax attorney.

INDEX (AS OF 12/31/2018)

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<th>TOP 10 HOLDINGS</th>
<th>TOP 10 TENANT INDUSTRIES</th>
<th>TOP 10 STATES</th>
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<td>W. P. Carey Inc.</td>
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<td>EPR Properties</td>
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<td>Store Capital Corporation</td>
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<td>National Retail Properties, Inc.</td>
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<td>Spirit Realty Capital, Inc.</td>
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<td>Vereit, Inc.</td>
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<td>Lexington Realty Trust</td>
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<td>Agree Realty Corporation</td>
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INDEX FACTS

» COMPANY HIGHLIGHTS
  Companies: 24
  Enterprise Value: $164B
  Market Capitalization: $103B
  Annualized Revenue: $10.5B
  Debt/Enterprise Value: 34.4%

» PORTFOLIO HIGHLIGHTS
  Properties: 23,338
  Occupancy: 98.8%
  Weighted Average Remaining Lease Term: 10.8 yrs.
  States: 50
  Largest Weighted Tenant Concentration: 3.2%

» INVESTMENT HIGHLIGHTS
  Dividend Yield: 5.6%
  Equity Cash Flow Multiple: 16.6x
  Weighted Average Debt Term Remaining: 5.8 yrs.
  Avg. Borrowing Rate: 4.0%
  Average Total Return*: 13.11%

INDEX (AS OF 12/31/2018)

Footnote: Data based on weighted average annualized rental revenue and Fundamental Income’s industry classification.

*Jan 1, 2008-Feb 28, 2019

NOTE: It is not possible to invest directly in an index. Exposure to an asset class represented by an index is available through investable instruments based on that index. Data from Capital IQ and most recent constituent company filings including 10K’s, 10Q’s, earnings supplements and investor presentations. Weights based on NNNLSCTR Index weightings as of 12/31/18. Market data as of February 28, 2019. *Average Annual Return includes the period January 2008 to February 2019.
Past performance does not guarantee future results. It is not possible to invest directly in an index. All returns are annualized for periods greater than one year. The index’s inception date was 12/28/2018. All data prior to the inception date is back-tested. The back-test calculations are based on the index’s current constituents. Prior to 2017, the back-test used an equal weighted methodology. Back-tested performance is not actual performance, but is hypothetical.

Index returns shown may not represent the results of the actual trading of investable assets because the index returns do not reflect the fees and expenses that would have been incurred in such trading. Additionally, the back-tested index returns assume that the index was fully invested (i.e., no cash was included).

This information is provided for illustrative purposes only. This document does not constitute an offer of any services.