Phillips Edison & Company Reports First Quarter 2023 Results and Affirms Full Year Earnings Guidance

May 2, 2023

CINCINNATI, May 02, 2023 (GLOBE NEWSWIRE) -- Phillips Edison & Company, Inc. (Nasdaq: PECO) ("PECO" or the "Company"), one of the nation's largest owners and operators of grocery-anchored omni-channel neighborhood shopping centers, reported net income attributable to stockholders of $16.6 million, or $0.14 per diluted share, for the three months ended March 31, 2023.

Highlights for the First Quarter Ended March 31, 2023

- Reported Nareit FFO of $76.3 million, or $0.58 per diluted share
- Reported Core FFO of $78.2 million, or $0.59 per diluted share
- Increased same-center NOI year-over-year by 4.9%
- Increased leased portfolio occupancy by 130 basis points year-over-year to a record-high 97.5%
- Executed 0.6 million square feet of comparable new and renewal leases during the quarter at rent spreads of 27.4% and 16.1%, respectively
- Acquired four Publix-anchored neighborhood shopping centers for $78.7 million
- Executed a forward-starting interest rate swap effective September 15, 2023, with a notional value of $200.0 million at a rate of 3.36%

Management Commentary

Jeff Edison, chairman and chief executive officer of PECO stated:

"The PECO team delivered another solid quarter of growth with same-center NOI increasing by 4.9% and achieving record highs in occupancy, renewal leasing spreads and retention. The consistency of our performance is attributed to our differentiated and focused strategy of exclusively owning right-sized, grocery-anchored neighborhood shopping centers and our ability to drive results at the property level through our fully integrated and cycle-tested operating platform. When we consider the stability of our pricing power, we believe our growth strategy continues to generate more alpha with less beta."

Financial Results for the First Quarter Ended March 31, 2023

Net Income

First quarter 2023 net income attributable to stockholders totaled $16.6 million, or $0.14 per diluted share, compared to net income of $10.1 million, or $0.09 per diluted share, during the first quarter of 2022.

Nareit FFO

First quarter 2023 funds from operations attributable to stockholders and operating partnership ("OP") unit holders as defined by Nareit ("Nareit FFO") increased 13.9% to $76.3 million, or $0.58 per diluted share, compared to $67.1 million, or $0.52 per diluted share, during the first quarter of 2022.

Core FFO

First quarter 2023 core funds from operations attributable to stockholders and OP unit holders ("Core FFO") increased 7.7% to $78.2 million, or $0.59 per diluted share, compared to $72.6 million, or $0.56 per diluted share, during the first quarter of 2022.

Same-Center NOI

First quarter 2023 same-center net operating income ("NOI") increased 4.9% to $98.6 million, compared to $94.0 million during the first quarter of 2022.

Portfolio Overview for the First Quarter Ended March 31, 2023

Portfolio Statistics

As of March 31, 2023, PECO's wholly-owned portfolio consisted of 275 properties, totaling approximately 31.5 million square feet, located in 31 states. This compared to 269 properties, totaling approximately 30.8 million square feet, located in 31 states as of March 31, 2022.

Leased portfolio occupancy increased to 97.5% at March 31, 2023, compared to 96.2% at March 31, 2022.

Anchor occupancy increased to 99.3% at March 31, 2023, compared to 98.1% at March 31, 2022, and inline occupancy increased to 94.3% at March 31, 2023, compared to 92.6% at March 31, 2022.

Leasing Activity

During the first quarter of 2023, 263 leases (new, renewal, and options) were executed totaling 1.1 million square feet. This compared to 244 leases executed totaling 0.8 million square feet during the first quarter of 2022.

Comparable rent spreads during the three months ended March 31, 2023, which compare the percentage increase (or decrease) of new or renewal leases to the expiring lease of a unit that was occupied within the past twelve months, were 27.4% for new leases, 16.1% for renewal leases (excluding options) and 17.9% combined (new and renewal leases only, excluding options).

Acquisition Activity

During the three months ended March 31, 2023, the Company acquired four properties for $78.7 million. The centers are located in areas with strong median household income and growing populations, and the Company expects to drive growth in these assets through occupancy increases and rent growth. Grocery-anchored neighborhood shopping center acquisitions during the first quarter of 2023 included:

- Providence Commons, a 110,000 square foot shopping center anchored by Publix located in a Nashville, Tennessee suburb.
- Village Shoppes at Windermere, a 73,000 square foot shopping center anchored by Publix located in an Atlanta, Georgia suburb.
- Town Center at Jensen Beach, a 109,000 square foot shopping center anchored by Publix located in a Miami, Florida suburb.
- Shops at Sunset Lake, a 70,000 square foot shopping center shadow-anchored by Publix located in a Miami, Florida suburb.

Balance Sheet Highlights as of March 31, 2023

As of March 31, 2023, PECO had $634.2 million of total liquidity, comprised of $12.0 million of cash, cash equivalents and restricted cash, plus $622.2 million of borrowing capacity available on its $800 million revolving credit facility.

PECO’s net debt to annualized adjusted EBITDA *re* was unchanged from 5.3x at December 31, 2022.

PECO’s outstanding debt had a weighted-average interest rate of 3.8%, a weighted-average maturity of 4.1 years, and 81.6% of its total debt was fixed-rate debt.

During the quarter, PECO opportunistically executed a forward-starting swap effective September 15, 2023, with a notional value of $200.0 million at a rate of 3.36%.

2023 Guidance

The following guidance is based upon PECO’s current view of existing market conditions and assumptions for the year ending December 31, 2023. The Company has revised its assumptions for net interest expense and non-cash revenue items as reflected in the table below. All other assumptions for 2023 provided with the Company’s fourth quarter 2022 earnings results remain the same. The following statements are forward-looking and actual results could differ materially depending on market conditions and the factors set forth under "Forward-Looking Statements" below.

(in thousands, except per share amounts)	**2023 YTD**	**Updated Full Year 2023 Guidance**	**Initial Full Year 2023 Guidance**
Results:			
Net income per share	$0.14	**$0.47 - $0.52**	$0.47 - $0.52
Nareit FFO per share	$0.58	**$2.23 - $2.29**	$2.23 - $2.29
Core FFO per share	$0.59	**$2.28 - $2.34**	$2.28 - $2.34
Same-Center NOI growth	4.9%	**3.0% - 4.0%**	3.0% - 4.0%
Portfolio Activity:			
Acquisitions (net of dispositions)	$78,650	**$200,000 - $300,000**	$200,000 - $300,000
Development and redevelopment spend	$11,977	**$50,000 - $60,000**	$50,000 - $60,000
Other:			
Interest expense, net	$19,466	**$85,000 - $90,000**	$83,000 - $89,000
G&A expense	$11,533	**$44,000 - $48,000**	$44,000 - $48,000
Non-cash revenue items(1)	$3,794	**$14,000 - $19,000**	$15,000 - $20,000
Adjustments for collectibility	$913	**$3,500 - $4,500**	$3,500 - $4,500

(1) Represents straight-line rental income and net amortization of above- and below-market leases.

The Company does not provide a reconciliation for same-center NOI estimates on a forward-looking basis because it is unable to provide a meaningful or reasonably accurate calculation or estimation of certain reconciling items which could be significant to our results without unreasonable effort.

The following table provides a reconciliation of the range of the Company's 2023 estimated net income to estimated Nareit FFO and Core FFO:

(Unaudited)	Low End	High End
Net income	$ 0.47	$ 0.52
Depreciation and amortization of real estate assets	1.74	1.75
Adjustments related to unconsolidated joint ventures	0.02	0.02
Nareit FFO	$ 2.23	$ 2.29
Depreciation and amortization of corporate assets	0.02	0.02
Transactions and other	0.03	0.03
Core FFO	$ 2.28	$ 2.34

Jeff Edison summarized the quarter: “Our strong first quarter 2023 results continue to highlight the strength of PECO’s focused and differentiated strategy of exclusively owning and operating small-format, neighborhood centers anchored by the #1 or #2 grocer in a market which drives high-recurring foot traffic and Neighbor demand and results in superior financial and operating performance. Our well-aligned and cycle-tested team, fully integrated operating platform and grocery-anchored strategy place PECO in a strong position, despite an uncertain macroeconomic environment, with a fortress balance sheet and liquidity that will allow us to take advantage of opportunities as they arise.”

Conference Call Details

PECO plans to host a conference call and webcast on Wednesday, May 3, 2023 at 12:00 p.m. Eastern Time to discuss first quarter 2023 results and provide further business updates. Chairman and Chief Executive Officer Jeff Edison, President Devin Murphy and Chief Financial Officer John Caulfield will host the conference call and webcast. Dial-in and webcast information is below.

First Quarter 2023 Earnings Conference Call Details:

Date: Wednesday, May 3, 2023

Time: 12:00 p.m. ET

Toll-Free Dial-In Number: (888) 210-4659

International Dial-In Number: (646) 960-0383

Conference ID: 2035308

Webcast: First Quarter 2023 Webcast Link

An audio replay will be available approximately one hour after the conclusion of the conference call using the webcast link above.

For more information on the Company’s financial results, please refer to the Company’s Form 10-Q for the quarter ended March 31, 2023.

About Phillips Edison & Company

Phillips Edison & Company, Inc. (“PECO”) is one of the nation’s largest owners and operators of omni-channel grocery-anchored shopping centers. Founded in 1991, PECO has generated strong results through its vertically-integrated operating platform and national footprint of well-occupied shopping centers. PECO’s centers feature a mix of national and regional retailers providing necessity-based goods and services in fundamentally strong markets throughout the United States. PECO’s top grocery anchors include Kroger, Publix, Albertsons, and Ahold Delhaize. As of March 31, 2023, PECO managed 295 shopping centers, including 275 wholly-owned centers comprising 31.5 million square feet across 31 states, and 20 shopping centers owned in one institutional joint venture. PECO is exclusively focused on creating great omni-channel, grocery-anchored shopping experiences and improving communities, one neighborhood shopping center at a time.

PECO uses, and intends to continue to use, its Investors website, which can be found at https://investors.phillipsedison.com, as a means of disclosing material nonpublic information and for complying with its disclosure obligations under Regulation FD.

PHILLIPS EDISON & COMPANY, INC.
CONSOLIDATED BALANCE SHEETS
AS OF MARCH 31, 2023 AND DECEMBER 31, 2022
(Condensed and Unaudited)
(In thousands, except per share amounts)

	March 31, 2023	December 31, 2022
ASSETS		
Investment in real estate:		
Land and improvements	$ 1,701,404	$ 1,674,133
Building and improvements	3,639,646	3,572,146
In-place lease assets	478,477	471,507
Above-market lease assets	72,524	71,954
Total investment in real estate assets	5,892,051	5,789,740
Accumulated depreciation and amortization	(1,373,124)	(1,316,743)
Net investment in real estate assets	4,518,927	4,472,997

Investment in unconsolidated joint ventures	26,584	27,201
Total investment in real estate assets, net	4,545,511	4,500,198
Cash and cash equivalents	6,405	5,478
Restricted cash	5,559	11,871
Goodwill	29,066	29,066
Other assets, net	200,373	188,879
Total assets	$ 4,786,914	$ 4,735,492
LIABILITIES AND EQUITY		
Liabilities:		
Debt obligations, net	$ 1,967,252	$ 1,896,594
Below-market lease liabilities, net	111,007	109,799
Accounts payable and other liabilities	111,471	113,185
Deferred income	24,243	18,481
Total liabilities	2,213,973	2,138,059
Equity:		
Preferred stock, $0.01 par value per share, 10,000 shares authorized, zero shares issued and outstanding at March 31, 2023 and December 31, 2022	—	—
Common stock, $0.01 par value per share, 1,000,000 shares authorized, 117,259 and 117,126 shares issued and outstanding at March 31, 2023 and December 31, 2022, respectively	1,172	1,171
Additional paid-in capital	3,382,368	3,383,978
Accumulated other comprehensive income	15,181	21,003
Accumulated deficit	(1,186,074)	(1,169,665)
Total stockholders' equity	2,212,647	2,236,487
Noncontrolling interests	360,294	360,946
Total equity	2,572,941	2,597,433
Total liabilities and equity	$ 4,786,914	$ 4,735,492

PHILLIPS EDISON & COMPANY, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022
(Condensed and Unaudited)
(In thousands, except per share amounts)

	Three Months Ended March 31,	
	2023	**2022**
Revenues:		
Rental income	$ 147,728	$ 138,748
Fees and management income	2,478	2,461
Other property income	858	954
Total revenues	151,064	142,163
Operating Expenses:		
Property operating	25,062	23,320
Real estate taxes	18,056	17,491
General and administrative	11,533	11,532
Depreciation and amortization	58,498	57,226
Total operating expenses	113,149	109,569
Other:		
Interest expense, net	(19,466)	(18,199)
Gain on disposal of property, net	942	1,368
Other expense, net	(755)	(4,365)
Net income	18,636	11,398
Net income attributable to noncontrolling interests	(2,017)	(1,319)
Net income attributable to stockholders	$ 16,619	$ 10,079
Earnings per share of common stock:		
Net income per share attributable to stockholders - basic and diluted	$ 0.14	$ 0.09

Discussion and Reconciliation of Non-GAAP Measures

Same-Center Net Operating Income

The Company presents Same-Center NOI as a supplemental measure of its performance. The Company defines NOI as total operating revenues, adjusted to exclude non-cash revenue items, less property operating expenses and real estate taxes. For the three months ended March 31, 2023 and 2022, Same-Center NOI represents the NOI for the 263 properties that were wholly-owned and operational for the entire portion of all comparable reporting periods. The Company believes Same-Center NOI provides useful information to its investors about its financial and operating performance because it provides a performance measure of the revenues and expenses directly involved in owning and operating real estate assets and provides a perspective not immediately apparent from net income (loss). Because Same-Center NOI excludes the change in NOI from properties acquired or disposed of after December 31, 2021, it highlights operating trends such as occupancy levels, rental rates, and operating costs on properties that were operational for all comparable periods. Other REITs may use different methodologies for calculating Same-Center NOI, and accordingly, PECO's Same-Center NOI may not be comparable to other REITs.

Same-Center NOI should not be viewed as an alternative measure of the Company's financial performance as it does not reflect the operations of its entire portfolio, nor does it reflect the impact of general and administrative expenses, depreciation and amortization, interest expense, other income (expense), or the level of capital expenditures and leasing costs necessary to maintain the operating performance of the Company's properties that could materially impact its results from operations.

Nareit Funds from Operations and Core Funds from Operations

Nareit FFO is a non-GAAP financial performance measure that is widely recognized as a measure of REIT operating performance. The National Association of Real Estate Investment Trusts ("Nareit") defines FFO as net income (loss) computed in accordance with GAAP, excluding: (i) gains (or losses) from sales of property and gains (or losses) from change in control; (ii) depreciation and amortization related to real estate; and (iii) impairment losses on real estate and impairments of in-substance real estate investments in investees that are driven by measurable decreases in the fair value of the depreciable real estate held by the unconsolidated partnerships and joint ventures. Adjustments for unconsolidated partnerships and joint ventures are calculated to reflect Nareit FFO on the same basis. The Company calculates Nareit FFO in a manner consistent with the Nareit definition.

Core FFO is an additional financial performance measure used by the Company as Nareit FFO includes certain non-comparable items that affect its performance over time. The Company believes that Core FFO is helpful in assisting management and investors with the assessment of the sustainability of operating performance in future periods, and that it is more reflective of its core operating performance and provides an additional measure to compare PECO's performance across reporting periods on a consistent basis by excluding items that may cause short-term fluctuations in net income (loss). To arrive at Core FFO, the Company adjusts Nareit FFO to exclude certain recurring and non-recurring items including, but not limited to: (i) depreciation and amortization of corporate assets; (ii) changes in the fair value of the earn-out liability; (iii) amortization of unconsolidated joint venture basis differences; (iv) gains or losses on the extinguishment or modification of debt and other; (v) other impairment charges; (vi) transaction and acquisition expenses; and (vii) realized performance income.

Nareit FFO and Core FFO should not be considered alternatives to net income (loss) under GAAP, as an indication of the Company's liquidity, nor as an indication of funds available to cover its cash needs, including its ability to fund distributions. Core FFO may not be a useful measure of the impact of long-term operating performance on value if the Company does not continue to operate its business plan in the manner currently contemplated.

Accordingly, Nareit FFO and Core FFO should be reviewed in connection with other GAAP measurements, and should not be viewed as more prominent measures of performance than net income (loss) or cash flows from operations prepared in accordance with GAAP. The Company's Nareit FFO and Core FFO, as presented, may not be comparable to amounts calculated by other REITs.

Earnings Before Interest, Taxes, Depreciation, and Amortization for Real Estate and Adjusted EBITDAre

Nareit defines Earnings Before Interest, Taxes, Depreciation, and Amortization for Real Estate ("EBITDA*re*") as net income (loss) computed in accordance with GAAP before: (i) interest expense; (ii) income tax expense; (iii) depreciation and amortization; (iv) gains or losses from disposition of depreciable property; and (v) impairment write-downs of depreciable property. Adjustments for unconsolidated partnerships and joint ventures are calculated to reflect EBITDA*re* on the same basis.

Adjusted EBITDA*re* is an additional performance measure used by the Company as EBITDA*re* includes certain non-comparable items that affect the Company's performance over time. To arrive at Adjusted EBITDA *re,* the Company excludes certain recurring and non-recurring items from EBITDA*re*, including, but not limited to: (i) changes in the fair value of the earn-out liability; (ii) other impairment charges; (iii) amortization of basis differences in the Company's investments in its unconsolidated joint ventures; (iv) transaction and acquisition expenses; and (v) realized performance income.

The Company uses EBITDA*re* and Adjusted EBITDA*re* as additional measures of operating performance which allow it to compare earnings independent of capital structure, determine debt service and fixed cost coverage, and measure enterprise value. Additionally, the Company believes they are a useful indicator of its ability to support its debt obligations. EBITDA*re* and Adjusted EBITDA*re* should not be considered as alternatives to net income (loss), as an indication of the Company's liquidity, nor as an indication of funds available to cover its cash needs, including its ability to fund distributions. Accordingly, EBITDA*re* and Adjusted EBITDA*re* should be reviewed in connection with other GAAP measurements, and should not be viewed as more prominent measures of performance than net income (loss) or cash flows from operations prepared in accordance with GAAP. The Company's EBITDA *re* and Adjusted EBITDA*re*, as presented, may not be comparable to amounts calculated by other REITs.

Same-Center Net Operating Income —The table below compares Same-Center NOI (dollars in thousands):

	Three Months Ended March 31,		Favorable (Unfavorable)	
	2023	**2022**	**$ Change**	**% Change**
Revenues:				
Rental income[1]	$ 103,750	$ 98,829	$ 4,921	
Tenant recovery income	33,916	33,163	753	
Reserves for uncollectibility[2]	(919)	(838)	(81)	
Other property income	801	900	(99)	
Total revenues	137,548	132,054	5,494	4.2%
Operating expenses:				
Property operating expenses	21,585	20,707	(878)	
Real estate taxes	17,347	17,299	(48)	

Total operating expenses	38,932	38,006	(926)	(2.4)%
Total Same-Center NOI	$ 98,616	$ 94,048	$ 4,568	4.9%

(1) Excludes straight-line rental income, net amortization of above- and below-market leases, and lease buyout income.

(2) Includes billings that will not be recognized as revenue until cash is collected or the Neighbor resumes regular payments and/or the Company deems it appropriate to resume recording revenue on an accrual basis, rather than on a cash basis.

Same-Center Net Operating Income Reconciliation —Below is a reconciliation of Net Income to NOI and Same-Center NOI (in thousands):

	Three Months Ended March 31,	
	2023	2022
Net income	$ 18,636	$ 11,398
Adjusted to exclude:		
Fees and management income	(2,478)	(2,461)
Straight-line rental income(1)	(2,580)	(1,809)
Net amortization of above- and below- market leases	(1,228)	(1,002)
Lease buyout income	(355)	(1,965)
General and administrative expenses	11,533	11,532
Depreciation and amortization	58,498	57,226
Interest expense, net	19,466	18,199
Gain on disposal of property, net	(942)	(1,368)
Other expense, net	755	4,365
Property operating expenses related to fees and management income	315	1,070
NOI for real estate investments	101,620	95,185
Less: Non-same-center NOI(2)	(3,004)	(1,137)
Total Same-Center NOI	$ 98,616	$ 94,048

(1) Includes straight-line rent adjustments for Neighbors for whom revenue is being recorded on a cash basis.

(2) Includes operating revenues and expenses from non-same-center properties which includes properties acquired or sold and corporate activities.

Nareit FFO and Core FFO —The following table presents the Company's calculation of Nareit FFO and Core FFO and provides additional information related to its operations (in thousands, except per share amounts):

	Three Months Ended March 31,	
	2023	2022
Calculation of Nareit FFO Attributable to Stockholders and OP Unit Holders		
Net income	$ 18,636	$ 11,398
Adjustments:		
Depreciation and amortization of real estate assets	57,953	56,320
Gain on disposal of property, net	(942)	(1,368)
Adjustments related to unconsolidated joint ventures	698	705
Nareit FFO attributable to stockholders and OP unit holders	$ 76,345	$ 67,055
Calculation of Core FFO Attributable to Stockholders and OP Unit Holders		
Nareit FFO attributable to stockholders and OP unit holders	$ 76,345	$ 67,055
Adjustments:		
Depreciation and amortization of corporate assets	545	906
Change in fair value of earn-out liability	—	1,809
Transaction and acquisition expenses	1,338	2,045
Loss on extinguishment or modification of debt and other, net	—	900
Amortization of unconsolidated joint venture basis differences	1	44
Realized performance income(1)	(75)	(196)
Core FFO attributable to stockholders and OP unit holders	$ 78,154	$ 72,563
Nareit FFO/Core FFO Attributable to Stockholders and OP Unit Holders per Diluted Share		
Weighted-average shares of common stock outstanding - diluted	131,943	128,503
Nareit FFO attributable to stockholders and OP unit holders per share - diluted	$ 0.58	$ 0.52
Core FFO attributable to stockholders and OP unit holders per share - diluted	$ 0.59	$ 0.56

(1) Realized performance income includes fees received related to the achievement of certain performance targets in the Company's NRP joint venture.

EBITDAre and Adjusted EBITDAre —The following table presents the Company's calculation of EBITDA*re* and Adjusted EBITDA*re* (in thousands):

	Three Months Ended March 31,		Year Ended December 31,
	2023	2022	2022
Calculation of EBITDA*re*			
Net income	$ 18,636	$ 11,398	$ 54,529
Adjustments:			
Depreciation and amortization	58,498	57,226	236,224
Interest expense, net	19,466	18,199	71,196
Gain on disposal of property, net	(942)	(1,368)	(7,517)
Impairment of real estate assets	—	—	322
Federal, state, and local tax expense	118	97	806
Adjustments related to unconsolidated joint ventures	966	1,019	1,987
EBITDA*re*	$ 96,742	$ 86,571	$ 357,547
Calculation of Adjusted EBITDA*re*			
EBITDA*re*	$ 96,742	$ 86,571	$ 357,547
Adjustments:			
Change in fair value of earn-out liability	—	1,809	1,809
Transaction and acquisition expenses	1,338	2,045	10,551
Amortization of unconsolidated joint venture basis differences	1	44	220
Realized performance income[1]	(75)	(196)	(2,742)
Adjusted EBITDA*re*	$ 98,006	$ 90,273	$ 367,385

(1) Realized performance income includes fees received related to the achievement of certain performance targets in the Company's NRP joint venture.

Financial Leverage Ratios —The Company believes its net debt to Adjusted EBITDA*re*, net debt to total enterprise value, and debt covenant compliance as of March 31, 2023 allow it access to future borrowings as needed in the near term. The following table presents the Company's calculation of net debt and total enterprise value, inclusive of its prorated portion of net debt and cash and cash equivalents owned through its unconsolidated joint ventures, as of March 31, 2023 and December 31, 2022 (in thousands):

	March 31, 2023	December 31, 2022
Net debt:		
Total debt, excluding discounts, market adjustments, and deferred financing expenses	$ 2,007,436	$ 1,937,142
Less: Cash and cash equivalents	6,784	5,740
Total net debt	$ 2,000,652	$ 1,931,402
Enterprise value:		
Net debt	$ 2,000,652	$ 1,931,402
Total equity market capitalization[1][2]	4,291,389	4,178,204
Total enterprise value	$ 6,292,041	$ 6,109,606

(1) Total equity market capitalization is calculated as diluted shares multiplied by the closing market price per share, which includes 131.6 million and 131.2 million diluted shares as of March 31, 2023 and December 31, 2022, respectively, and the closing market price per share of $32.62 and $31.84 as of March 31, 2023 and December 31, 2022, respectively.

(2) Fully diluted shares include common stock and OP units.

The following table presents the Company's calculation of net debt to Adjusted EBITDA *re* and net debt to total enterprise value as of March 31, 2023 and December 31, 2022 (dollars in thousands):

	March 31, 2023	December 31, 2022
Net debt to Adjusted EBITDA*re*- annualized*:*		
Net debt	$ 2,000,652	$ 1,931,402
Adjusted EBITDA*re*- annualized[1]	375,118	367,385
Net debt to Adjusted EBITDA*re*- annualized	5.3x	5.3x
Net debt to total enterprise value:		
Net debt	$ 2,000,652	$ 1,931,402
Total enterprise value	6,292,041	6,109,606
Net debt to total enterprise value	31.8%	31.6%

(1) Adjusted EBITDA*re* is based on a trailing twelve month period.

Forward-Looking Statements

This press release contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Phillips Edison & Company, Inc. (the “Company”) intends such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995 and includes this statement for purposes of complying with the safe harbor provisions. Such forward-looking statements can generally be identified by the Company’s use of forward-looking terminology such as “may,” “will,” “expect,” “intend,” “anticipate,” “estimate,” “believe,” “continue,” “seek,” “objective,” “goal,” “strategy,” “plan,” “focus,” “priority,” “should,” “could,” “potential,” “possible,” “look forward,” “optimistic,” or other similar words. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this earnings release. Such statements include, but are not limited to: (a) statements about the Company’s plans, strategies, initiatives, and prospects; (b) statements about the Company’s underwritten incremental yields; and (c) statements about the Company’s future results of operations, capital expenditures, and liquidity. Such statements are subject to known and unknown risks and uncertainties, which could cause actual results to differ materially from those projected or anticipated, including, without limitation: (i) changes in national, regional, or local economic climates; (ii) local market conditions, including an oversupply of space in, or a reduction in demand for, properties similar to those in the Company’s portfolio; (iii) vacancies, changes in market rental rates, and the need to periodically repair, renovate, and re-let space; (iv) competition from other available shopping centers and the attractiveness of properties in the Company’s portfolio to its tenants; (v) the financial stability of the Company’s tenants, including, without limitation, their ability to pay rent; (vi) the Company’s ability to pay down, refinance, restructure, or extend its indebtedness as it becomes due; (vii) increases in the Company’s borrowing costs as a result of changes in interest rates and other factors; (viii) potential liability for environmental matters; (ix) damage to the Company’s properties from catastrophic weather and other natural events, and the physical effects of climate change; (x) the Company’s ability and willingness to maintain its qualification as a REIT in light of economic, market, legal, tax, and other considerations; (xi) changes in tax, real estate, environmental, and zoning laws; (xii) information technology security breaches; (xiii) the Company’s corporate responsibility initiatives; (xiv) loss of key executives; (xv) the concentration of the Company’s portfolio in a limited number of industries, geographies, or investments; (xvi) the economic, political, and social impact of, and uncertainty relating to, pandemics or other health crises; (xvii) the Company’s ability to re-lease its properties on the same or better terms, or at all, in the event of non-renewal or in the event the Company exercises its right to replace an existing tenant; (xviii) the loss or bankruptcy of the Company’s tenants; (xix) to the extent the Company is seeking to dispose of properties, the Company’s ability to do so at attractive prices or at all; and (xx) the impact of inflation on the Company and on its tenants. Additional important factors that could cause actual results to differ are described in the filings made from time to time by the Company with the SEC and include the risk factors and other risks and uncertainties described in the Company’s 2022 Annual Report on Form 10-K, filed with the SEC on February 21, 2023, as updated from time to time in the Company’s periodic and/or current reports filed with the SEC, which are accessible on the SEC’s website at www.sec.gov. Therefore, such statements are not intended to be a guarantee of the Company’s performance in future periods.

Except as required by law, the Company does not undertake any obligation to update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.

Investors:

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