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PRESENTATION

Caitlin Burrows - *Goldman Sachs - Analyst*

Hi, everyone. Thanks for joining us. I'm Caitlin Burrows. I cover REITs at Goldman Sachs. This is the Phillips Edison presentation. So today, we have Jeff Edison, Chairman and CEO. We have Bob Myers, President; and John Caulfield, Chief Financial Officer.

QUESTIONS AND ANSWERS

Caitlin Burrows - *Goldman Sachs - Analyst*

So with that, maybe, Jeff or anyone else, do you want to start with just a brief intro to the PECO portfolio and what makes you unique?

Jeffrey Edison - *Phillips Edison & Co Inc - Chairman of the Board, Chief Executive Officer*

Sure. Thank you, Caitlin, and thank you all for being here. Appreciate your time. I'm Jeff Edison, the CEO and Founder of Phillips Edison & Company.

What Phillips Edison & Company does is a pretty simple strategy. We buy grocery-anchored shopping centers across the country and put the PECO team to work on them to create value in the properties that we buy. We started this business 30 years ago and have built what we think is the strongest team focused on a very specific niche. And that niche is to have the number one or two grocer in a market, which we believe for the retailers is a very strong location.

We're the number-one location in the markets that we go to for retailers who want to the association with that grocery anchor. And the reason they want to be with that grocery anchor is because you shop there 1.7 times a week on average, and that traffic generates the traffic that allows the small stores to be successful.

Today, we have 300 properties. We're in 30 states. And we are very focused on making sure that as we operate these 300 different businesses that we are the best in that market and that we can -- because we don't compete in major MSAs, we compete in a 3 mile radius.

Our centers are located at the corner of Main and Main so that when you wake up on Saturday morning, and you've got necessity things that you've got to do, the best choice for you is to come to one of our centers. And that's what we focus on. And we've built the team that has been able to capitalize on that.

And we've been able to successfully do that for a sustained period. We've been doing it for 30 years. So that gives us a team that stayed together. Bob's been with us 20 years; John, 10. And we're excited to be here today, and we hope all of you have had a good memory. And we look forward to your questions as well as any from the audience.

Caitlin Burrows - *Goldman Sachs - Analyst*

So yeah. With that, recently, in May, it was the ICSC conference leasings. Obviously, a big part of what you guys do. So maybe if you guys could talk about the goals going into the event, what were your major takeaways, and perhaps what might have been different in 2024 versus 2023?

Robert Myers - *Phillips Edison & Co Inc - President*

Sure. So thank you for the question. Our goal at ICSC is to meet all the retailers, developer, landlords, brokers. And during the course, we spent about 45 of our associates in our booth there, and we'll have between 500 and 650 total meetings. So it really fuels the rest of our performance the remainder of the year.

In talking with the retailers, the retailers are still very active. They're looking for store counts. And with the lack of new supply coming on the market and our portfolio, specifically, they're looking for store openings in 2025, '26 and '27. So I'm not seeing any slowdown in demand. As Jeff mentioned, we've been in this business 30 years. We've seen the success of owning the number-one, number-two grocer.

Our average footprint is 114,000 square feet. So our average in-line space is 2,500 square feet. So we continue to see a lot of demand from fast casual restaurants, health and beauty, and mid tail. And when I think about mid tail, specifically, it's the joint chiropractor. It's Aspen Dental specific to name a few, a few primary care operators, and a few urgent care operators. So the demand coming out of ICSC, it was very, very strong.

Caitlin Burrows - *Goldman Sachs - Analyst*

I guess it feels like whether it was this year or last year that ICSC has been strong for a couple of years now. So is there anything you could point to that might have been different this year, or how we might start to see the strength of multiple years in a row flow through into your results?

Jeffrey Edison - *Phillips Edison & Co Inc - Chairman of the Board, Chief Executive Officer*

The tone at ICSC was interesting. The biggest difference was everyone was like why are we talking about the exact same things this year that we talked about last year, which was the strength of the consumer, the acquisition market, the interest rate environment that we're in. Those are all things that were top of mind, and probably, the most talked about things at the ICSC.

And it was very well attended. We're really in a in environment where, on the operating side, really things have never been stronger with the highest occupancy that we've been in our portfolio in our history. And we continue to see really strong neighbor demand for our small store spaces, and our grocers continue to do very well.

So we're in a very strong environment there. The acquisition market, which was more difficult last year, has improved. We're seeing about twice as many acquisition opportunities in our IC meetings this year than we did last year at the same time. So that part of the market is starting to soften somewhat from a very difficult year last year.

We were still able to buy about $280 million of product last year. That was grocery anchored. And we have target that we've guided the street towards $200 million and $300 million this year, and we were well on our way. We bought about $58 million in the first quarter and have a strong backlog going into the rest of the year.

Caitlin Burrows - *Goldman Sachs - Analyst*

May there on that acquisition volume you mentioned that its volume it seems like more is coming to market. It seems like the interest level for the types of properties you guys want to buy is also high. So what do you think sets PECO apart, and what do you think makes you able to complete these acquisitions when there is that competition?

Jeffrey Edison - *Phillips Edison & Co Inc - Chairman of the Board, Chief Executive Officer*

Yeah. The level -- I mean there are a lot of people who are thinking that grocery-anchored shopping center business is a great business to be in right now. We've been it for 30 years, we don't like new entrants, but they do come.

The advantages we have is that we've been doing this for 30 years. We've been the largest buyer of grocery-anchored shopping centers during that entire period of time, and that gives us relationships. It gives us the ability to see everything that is on the market and to selectively be one of the best, the biggest buyers as we were last year.

Caitlin Burrows - *Goldman Sachs - Analyst*

And when you guys make these acquisitions, I know you talked a lot about your required IRRs on them. The REIT community likes to talk about cap rates too. So what stats or numbers are you guys underwriting to? And are they accretive necessarily from day one?

Jeffrey Edison - *Phillips Edison & Co Inc - Chairman of the Board, Chief Executive Officer*

Yes. So our biggest focus there is to make sure that we meet our targeted IRRs. Our unlevered IRR target is 9% or better on the properties that we buy, which in today's higher interest rate environment translates to about a 10% return, on our equity about 10.3% based on our latest data offering. And we anticipate to be able to continue to do that this year and have a good backlog going into the rest of the year.

Caitlin Burrows - *Goldman Sachs - Analyst*

And you'd mentioned maybe last one for now and acquisitions but the guidance for this year of $200 million to $300 million. I guess what would it take do you think to get above that $300 million? Is it just more properties coming to market, bigger properties? Not that you necessarily want bigger properties, but what would get you above that level?

Jeffrey Edison - *Phillips Edison & Co Inc - Chairman of the Board, Chief Executive Officer*

And I think it's going to be what products on the market. And the difference in the bid-ask that we had last year, which was quite wide has narrowed on. But there still some friction there. That will be thing that really pushes us to be able to buy more.

We'd love that we have the best balance sheet in the shopping center space, which gives us the capacity to go well beyond those targets if the opportunities arise in the acquisition market. We work really hard to make sure there isn't a product that gets sold in our market that we haven't seen and underwritten and looked at as an opportunity. And that's one of the things that having been in the business a long time gives us those relationships to make sure that we are top of mind when anyone is going to be selling a grocery-anchored shopping center.

Caitlin Burrows - *Goldman Sachs - Analyst*

Maybe moving back over to the non-acquisition side. You mentioned how occupancy is at, I think, all-time highs. Leasing demand is really strong. So everything is chugging along maybe on the potential negative side. So in May, Stop & Shop announced they would close a number of under for performing stores. So what's your exposure to Stop & Shop? And do you expect if you go to experience any closures?

Robert Myers - *Phillips Edison & Co Inc - President*

So it wasn't a surprise for us when Stop & Shop made this announcement. And what we've seen being in the grocery business for over 30 years is in the Northeast, health ratios and occupancy cost can be very high. As you know, we own over 300 of these assets, and we've seen a lot of those with health ratios and occupancy costs between 5.5% and 8%. Our exposure, we have five, and our average occupancy costs are right at 3.2%. We have great relationships with our contacts there in Stop & Shop.

The other key thing that we wanted to make sure is are they performing from a sales per square foot basis. And our is average right around $580 a foot. So the ratio to rent makes sense to generate the health ratios. And then in addition, we wanted to make sure that they were reinvesting capital into the stores or they redoing the freezers into the core. And fortunately, in our portfolio, they have. So we feel very confident with our exposure to Stop & Shop.

Caitlin Burrows - *Goldman Sachs - Analyst*

And I guess, bigger picture, so you are a grocery-anchored shopping center, the grocers matter a lot to the extent there were to be a grocer move out in the future. I imagine you'd backfill it with a grocer. How long do you think that takes? And do you expect that, in terms of the lease, it could be any different than they were? I know maybe we could get into talking about leasing spreads after, but you have a lot of options. So would there be any change to lease structure? Do you think that's kind of set?

Jeffrey Edison - *Phillips Edison & Co Inc - Chairman of the Board, Chief Executive Officer*

We don't anticipate being able to push much differently than what is in the traditional leases with our grocers. So we don't think there'll be a big change in that. We also are very focused on making sure that what you're talking about doesn't happen.

We do not -- we buy properties where the grocers are profitable with very healthy ratios, which pushes them to being very profitable. So the chances of them closing we think are very reduced. And we've seen that over 30 years with a very low rate of loss of any of our grocers.

John Caulfield - *Phillips Edison & Co Inc - Chief Financial Officer, Treasurer*

Yeah. So especially given the strength of the environment, we do receive this question from time to time. I think a key element of our strategy is that the grocer is about 30% of our rent. And ultimately, what that grocer is doing is providing stability and attractiveness to the center.

And so if you think about a portfolio, they're in the investment grade bond that provides a nice base. And then we get all of our growth from the in-line neighbors that we have at the center. And so we believe that our portfolio delivers more alpha with less beta. And with that grocer providing that consistent constant growth and the growth that we are achieving, consistent constant revenue or contribution at a flat level, we are still able to drive our portfolio with internal growth between 3% and 4% every year at the NOI level, which we believe, when combined with our ability to acquire which we spoke to, that we can deliver mid to high single digit FFO growth on an annual basis. And so the grocery, the most critical thing to us is ensuring their stability, their investment in the property because that will bring foot traffic and customers to the shopping center that will feed our local neighbors.

Caitlin Burrows - *Goldman Sachs - Analyst*

On the pricing side, total portfolio leasing spreads have been in the low double digit range for over a year now. How long do you think this strength can continue for? And it does seem like the real opportunity is on the new leasing side, so what potential do you guys have to increase new leasing?

Robert Myers - *Phillips Edison & Co Inc - President*

Well, currently, we have the highest occupancy in this sector at 97.2% with our in-line occupancy at 94.8%. We feel like we can continue to move occupancy another 100 to 150 basis points on our in-line vacancies. That being said, given where demand has been, our leasing spreads in the first quarter were 29.1% and our renewal spreads were 16.9% in the first quarter.

So again, I do have good visibility out the next six to nine months. And based on our leases out for signature and renewals out for signature, those spreads are going to be elevated compared to where we've been in the past. So the demand is very strong. And given our footprint of 114,000 feet and again having the number-one, number-two grocer in the market, we do have somewhat of a monopoly with these retailers that are looking to add new stores. So we do have a waiting list to get into our properties given our high occupancy.

John Caulfield - *Phillips Edison & Co Inc - Chief Financial Officer, Treasurer*

And part of that is how expensive it is for development. Really, no real development has occurred over the last 15 years. And based on where values are, rent spreads would need almost double. Rents would need to double in order to actually make development work. So you have a supply constraint, but yet increasing demand because retailers are moving closer to the consumer into the neighborhoods. So that is what is allowing us to push price.

Caitlin Burrows - *Goldman Sachs - Analyst*

I think it is an exciting time for retail because you guys are the sector that doesn't have that construction headwinds. Maybe moving over to the bad debt side. So the bad debt for PECO has historically been pretty low, especially compared to peers.

A range of 60 to 80 basis points I think was guidance last year and this year. Last year was at the lower end, and you mentioned this year could be at the higher end. It feels like that's coming from a point of strength, but you tell us. So as you talk about that high occupancy, the demand there is, like what could be the reason for it being high this year? And what should we take away from that?

John Caulfield - *Phillips Edison & Co Inc - Chief Financial Officer, Treasurer*

Sure. Maybe I'll start and then Bob can go. Our first quarter bad debt was elevated. But part of that was because we're taking more aggressive stance because of that positive demand that we have. We're more aggressively taking back space from neighbors that are either slow paying or not paying. And then that is causing us to reserve more against the amounts that they have due from us.

The more important detail is that even though it was elevated in the first quarter, we did guide that we expect to be at the higher end of our guidance range. But we did reaffirm our same-store outlook for the full year of 3.25% to 4.25%. So we feel very good about our neighbors, but that we will have a short-term headwind but a long-term benefit to our shopping center.

Robert Myers - *Phillips Edison & Co Inc - President*

Yeah. And really what it is, it's a case-by-case situation. So depending on what merchandising strategy you have at the asset level, we're looking for necessity-based goods and services that are -- as our offer operators are there.

And what I would continue to just say is we have been more aggressive this first quarter and trying to get spaces back. With the leases that we've received, we've already released them at 40% new leasing spreads. So as long as we can continue to see that, to John's point, we're going to continue to drive same-center NOI growth. But it is a case-by-case situation on what spaces we want to get back and where the demand is.

Caitlin Burrows - *Goldman Sachs - Analyst*

Jeff, before you were talking about some of the unique pieces of the PECO portfolio. I know one of the other things you guys talk about is the local neighbors and how important they are. So is there a little more than a quarter of your rents? They stay for over nine years, they have lower TIs, those are some of the things you guys have talked about. How do you assess the credit of these businesses before leasing? How does that impact the lease and your desire to have them in the center?

Jeffrey Edison - *Phillips Edison & Co Inc - Chairman of the Board, Chief Executive Officer*

The key to driving value in shopping centers is to have the best merchants and the best merchandising mix in each center. And it's different for every one of the 300 markets that we're in. And our ability to have the right merchandising mix allows each of those neighbors to be successful and to grow their sales, that allows us to grow rents. And that's the fundamental thing that we're focused on. And the value creating that we think is outsized, and that's why we've had the performance that we've had.

Robert Myers - *Phillips Edison & Co Inc - President*

And just to add a little more color to those types of neighbors. We do a very thorough underwriting when we evaluate each of those. One is the merchant we want to have in our properties. But two, do they have the stability of cash flow?

So I'm looking at personal financial statements, bank records to verify that credit score. And on average, our local neighbors have a credit score of 741. So if you are familiar with credit, that range can be from 450 at about 8.25. So at 741, they have the means.

Caitlin Burrows - *Goldman Sachs - Analyst*

Maybe one for John. You guys recently issued $350 million of unsecured bonds. I think you've been talking about doing it for a while. So congrats. But could you just discuss the decision to move forward with the offering now, kind of which pieces were you happy with, which could have been better, I guess the 10-year could have been lower? But yeah, discuss that.

John Caulfield - *Phillips Edison & Co Inc - Chief Financial Officer, Treasurer*

Sure. So I think the important thing that we're looking at is becoming a long-term unsecured issuer in the bond market. We did our inaugural bond issuance in 2021 shortly after our IPO. And our plan was to be that regular issuer. Then '22 and '23, the debt markets were a bit more challenged.

And so the most important thing that we look at is managing our maturity calendar and giving us flexibility and optionality so that we can be opportunistic in accessing the market and not forced into the market. So we had no meaningful maturities, but we were looking for the right time. And ultimately, yes, you're right, that was the -- what we would have liked a lower 10 year.

But ultimately, we believe our credit spread execution was quite favorable. We believe we're an underrated credit. So we are an investment grade credit at BBB- Baa3. But our actual credit metrics would support at least a notch higher than that, which the fixed income investors did recognize.

And so we priced very efficiently. and we're able to take our weighted average maturity calendar from 3.8 years to 5.1 years. We went from 74% fixed debt percentage to 94% fixed debt percentage and begin building that reputation in the unsecured bond market, which we envision that we will be able to do over an extended period of time. And now we have no real meaningful maturities until 2026.

Caitlin Burrows - *Goldman Sachs - Analyst*

And so I guess with that complete, what are the balance sheet priorities for the rest of, I guess, this year and next year as you look forward?

John Caulfield - *Phillips Edison & Co Inc - Chief Financial Officer, Treasurer*

So our focus is we replenished our liquidity. So we have an empty $800 million revolver to execute our growth plans where we have a guidance of $200 million to $300 million, which we've spoken of. And so we're looking for those opportunities.

We can buy that volume so we can buy about $250 million a year and remain in the low to mid 5 times leverage, which is what our long-term financial leverage is. So I mentioned earlier, that's going to allow us to continue to grow our portfolio and our platform. And from a balance sheet perspective, my job is to make sure that we have the capital that we need as efficiently at the cost of capital as we can to support that growth effort. And I think this was a great step in that direction.

Caitlin Burrows - *Goldman Sachs - Analyst*

And if we were to get to that higher end then of the $200 million to $300 million volume, do you think you'd be using equity leverage?

John Caulfield - *Phillips Edison & Co Inc - Chief Financial Officer, Treasurer*

So I think the key piece for us is as we've looked at the capital markets, there are times where one is more favorable than the other. And so in 2023, we found the equity markets to be in a more favorable position while the debt markets were a bit more distressed. And so we raised almost $150 million of equity last year, which we deployed accretively into acquisitions last year.

This year, unfortunately, the equity markets are in a less favorable position, which isn't great from an issuer standpoint. But I would say for an investor, I think it presents a great opportunity because if you look at our implied cap rate, let's call it in the low 7s, that is 75 to 100 basis points discounted relative to where we actually think our portfolio would be valued. So it does present an attractive opportunity, but not so much from an issuer standpoint.

So we saw the debt market as being a more favorable market at this time. So we use that to extend our duration. And for us, we would look to issue equity if we can invested accretively. So the key piece is that we are a cash flow company focused on cash flow growth. And so if we are able to invest it in an accretive way, we would consider issuing equity. At this time, we think while it's a great investment opportunity, we will most likely operate it with the leverage that we have and continue our growth from there.

Caitlin Burrows - *Goldman Sachs - Analyst*

So does the audience have any questions? No. Okay. I'll keep going.

So I guess, as we think about the long-term growth of the company, you guys have the internal growth from a same-store perspective, there's the acquisitions from a same-store perspective. What same-store NOI growth do you think the portfolio can support long term?

John Caulfield - *Phillips Edison & Co Inc - Chief Financial Officer, Treasurer*

So we believe that we can deliver 3% to 4% growth over a sustained period of time. We think about 50 to 100 basis points of that growth will come from occupancy growth. Bob mentioned that we are at a high occupancy level, but we believe we can continue to push our in-line occupancy another 100 to 150 basis points. But on a same-store level, that will contribute about 50 to 100 basis points of growth annually.

We can continue to push leasing spreads, which Bob also referenced. That will be another 100 to 125 basis points annually. We're pushing rent bumps, so the embedded escalators. Embedded in the portfolio and our in-line neighbors is a little over 1%. Today, we're getting almost 3% on renewals and between 2% and 3% on new leasing. That will be another 75 to 100.

And then we have a great development portfolio, which is really outparcel builds. Our development is really a great return on a risk adjusted basis. We developed these outparcels to 9% to 12% cash-on-cash yield, but we do only about $40 million or $50 million a year of that. That can be another 75 to 125 basis points of growth.

So that on an annual basis, we can deliver 3% to 4%. In 2024, we're actually guiding slightly above that. So the midpoint is about 3.75% on a same-store growth. And when you combine that with our acquisitions, we think that will deliver once interest rates stabilize mid to high single digit FFO growth.

Caitlin Burrows - *Goldman Sachs - Analyst*

And maybe just another question on the outparcel opportunities. So we've seen a number of the rigs getting active with it. It does seem like there's good returns on that. How do you decide which centers can accommodate an added outparcel, and maybe what's the timing of completing those projects?

Robert Myers - *Phillips Edison & Co Inc - President*

Well, a lot of our outparcels that we've been developing, the $40 million, $50 million are actually taking a piece of our parking lot and carving it out. Putting somewhere between a 5,000 and 8,000 square foot shopping center on it. Usually, 90%, 95% pre-leased on those opportunities. And to John's point, delivering somewhere between 9% and 12%.

The art in terms of merchandising is who are you going after? Is that a complement to your overall grocer and the merchants that you have at the shopping center? How does it hinder sightlines and access and stacking? Because if you have a Chick-fil-A or Chipotle or a Starbucks, you could have stacking issue.

So you want to make sure that whoever you put there, they're synergies in cross shopping. So are you going to get your coffee at Starbucks? And then are you going to go to the grocery store and grab a few things and then walk to the next bakery, maybe get your haircut while you're there. That's the art of merchandising and what we're trying to do on our particular outparcels.

Caitlin Burrows - *Goldman Sachs - Analyst*

I think with such high occupancy, one of the other opportunities you guys have is to maybe shrink some in-line space in some locations. So could you talk about how widespread that opportunity is? I imagine it's definitely space by space, but is that something that's significant, or is it more one-off?

John Caulfield - *Phillips Edison & Co Inc - Chief Financial Officer, Treasurer*

Sorry, can you repeat that? Did you say shrink?

Caitlin Burrows - *Goldman Sachs - Analyst*

Shrink as one to then have two stores next year.

John Caulfield - *Phillips Edison & Co Inc - Chief Financial Officer, Treasurer*

Okay. So our average in-line spaces already 2,500 square feet. So for us, part of our strategy is our average center is 114,000 square feet. And so for us, about half of that is the grocer, and the remainder are the in-line shops.

So I would say, for us, we are looking for opportunities to add. Perhaps we're bolting on a few more units or we're doing an outparcel that could have two or three suites to it. But we don't really have that exposure to that secondary box that would be cut up. And so I think that's a little different, but a unique part that we think helps the returns in our model.

Robert Myers - *Phillips Edison & Co Inc - President*

And one thing I'll mention, we closed on $175 million of shopping centers in the fourth quarter. But when you look at all 14 assets we acquired last year, we had an average occupancy of 87%. We'll be closed in the fourth quarter, it was 84%.

So as we're looking to move in-line occupancy 150 basis points, I really want to run a parallel path on the acquisition side that has good vacancy, good upside. So to your point, we may not shrink. We just need to see where demand is in terms of the average 2,500 square foot. But if we can buy some of that occupancy upfront, I know we have the demand to lease it.

Caitlin Burrows - *Goldman Sachs - Analyst*

Just checking anybody? No. Okay. Another thing that we've heard over the past couple of years is that our tenant retention has been really high. I think that speaks to maybe the strength of the tenants and that they like being in PECO centers. So what are you seeing from a retention side? And how does that I guess it has an impact on your potential CapEx and downtime? But how are you considering that retention piece?

Robert Myers - *Phillips Edison & Co Inc - President*

So in the fourth quarter last year, our retention rate was 93%. In the first quarter, it was 88%, but that was very intentional in terms of recapturing some of the spaces that we could re-tenant at $40 a foot.

Renewals are a key driver, especially when you're generating 16.9% renewal spreads. But the key factor that is, to your capital question, we only spent $0.54 a foot. So retention is very important in terms of managing cash flow for the long term and FFO and AFFO.

Caitlin Burrows - *Goldman Sachs - Analyst*

We've gotten through a lot of questions here. Maybe again thinking on the local neighbors, I see you have a list here of who's hot. So maybe, Bob, you could talk to us back to the ICSC conference and who you are doing a lot of conversations with. And as you think of that merchandising mix, where do you think there's further upside in the portfolio?

Robert Myers - *Phillips Edison & Co Inc - President*

We met with a lot of retailers in Vegas, but the Starbucks, Chipotle, Wingstop, as an example. Great Clips, we have 67 Great Clips in our portfolio. They want to have 100. So when you talk about Great Clips, looking through our portfolio, first new store sites in '26, '27. We have a lot of conversations about that.

UPS, Cava, First Watch, Dave's Hot Chicken, all those have been growing. Five Below, a little bit larger tenant that takes between 7,000 and 10,000 square feet, a nice junior box tenants, they're growing.

TJ Maxx, we like TJ Maxx. Our portfolio, I think our ABR is 1.2%. It's our largest what I would consider junior box. They have incredible credit. They're growing new brands like Sierra, HomeSense, but they're going to actually going the smaller market. So they're hot.

The mid tail players, the dentists like Aspen Dental, Heartland Dental, Pacific Dental are very aggressive. Physical therapy, ATI therapy benchmark, UPS stores, again, Sola Salons, AT&T, there's so many retailers right now that are aggressively growing and need store counts for the next two or three years.

So again, the demand is there. And they do want to be aligned with the number-one, number-two grocer. They want to be closer to the consumer. They want to have the efficiency and convenience of living next door.

Caitlin Burrows - *Goldman Sachs - Analyst*

Okay. With that, I think we're done.

Jeffrey Edison - *Phillips Edison & Co Inc - Chairman of the Board, Chief Executive Officer*

Could I just do one close? The PECO's stock right now is trading at about a 7.6% cap rate. The market is six in a quarter for that kind of product. It's a great opportunity, we believe. And if you look at what the results that PECO's put on the board, we're number one in terms of occupancy, we're number one in terms of rent spreads.

We have the best balance sheet in the market. We have the largest acquisitions, program with the highest targeted unlevered IRR in terms of what we buy. We have the lowest exposure to at-risk tenants of any of our peers where our CapEx is at the lower of the peers. We have the highest level of tenant diversity, the highest retention rates. Our core FFO growth has been market leading as well as our same-center NOI growth.

So at this point in time, we see a lot of upside in our stock. We see a great opportunity for continued growth. And if we can deliver mid to high single digit core FFO growth on a consistent year in year out basis, which we believe the portfolio is well equipped to do it along with the team, we think it's a great opportunity. So we thank you all for your attendance today and your attention and your time. Thank you.