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ICSC Recap with PECO

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PRESENTATION:

Kimberly Green^ Welcome to PECO's ICSC Recap Webcast. We appreciate you taking the time to be with us today. I'm Kim Green, Head of Investor Relations at PECO.

Joining me today are Vasili Lyhnakis, Senior Vice President of Leasing and Portfolio Management; Dave Wik, Senior Vice President, Head of Acquisitions and Dispositions; Marissa Visconsi, Vice President of Leasing; and Ashley Casey, Senior Director of National Accounts Leasing.

As a reminder, today's discussion may contain forward-looking statements about the company's view of future business and financial performance, including forward earnings guidance and future market conditions. These are based on management's current beliefs and expectations and are subject to various risks and uncertainties as described in our SEC filings, specifically in our most recent Form 10-K and 10-Q.

ICSC is one of the most important weeks of the year for PECO. It brings together retailers, owners, brokers, developers, and industry experts, and it gives us a real-time read on leasing demand, retailer expansion plans, and transaction activity across the industry. The PECO team has been attending ICSC Las Vegas for 35 years.

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ICSC Recap with PECO

This year, ICSC saw nearly 35,000 attendees, an increase over last year, and there were over 850 exhibitors and more than 5,000 retailers attended. The PECO team hosted over 400 meetings in two days. PECO utilizes ICSC to negotiate new deals and close pending deals, explore potential acquisition opportunities, and build and strengthen relationships.

ICSC also offers valuable insights into current trends and emerging opportunities in the shopping center sector. What we want to share with you today is where ICSC reinforced for PECO. Over the next 45 minutes or so, you'll hear directly from our ops leaders, what they heard, what surprised them, and how those insights are shaping our outlook for the balance of the year and beyond.

This is a high-energy group with incredible perspective, so we'll keep the conversation moving, share real examples from ICSC, and leave time for your questions throughout the webcast. If you have a question, please submit it through the webcast portal at any time. We ask that you keep your questions focused on leasing and acquisitions.

With that, let's start the round table.

QUESTION & ANSWER:

Kimberly Green^ Vasili, our first question is for you. Can you provide an overview of the current leasing environment, and also what stood out most to you this year at ICSC?

Vasili Lyhnakis^ Yes. Thanks, Kim, and welcome everybody that's joined today.

So, ICSC, for us, is a valuable opportunity to connect with our existing partners, our existing neighbors, and potential new neighbors. And so, we believe that getting together throughout the year, this one time, this is our Super Bowl event here for PECO.

So, we send all these associates down with all this expertise, and we're trying to get real-time feedback with what's going on in the marketplace. And so, that's why we wanted to get together today to share with everybody what we learned from this event.

I think what stood out to me mostly was that PECO's strategy is working, and that the external environment is supporting it.

So one, you've got high retail demand. These retailers, as we learned from the show, want to be in grocery-anchored shopping centers where PECO's located in suburban markets with the number one, number two grocer.

Secondly, we are benefiting from pricing power, and that is because of the limited supply out there and the very strong demand, we're able to really drive rents in our properties.

And then third, I'd say that we got great visibility into -- going into ICSC, not just from the leasing front and hearing -- we'll hear from Ashley on new tenants that are emerging and growing, but also from the acquisition front, which gives us confidence in both our operating platform and our external growth pipeline. I think despite some uncertainties out there within the marketplace, the one thing that I will say is that the tone overall was very, very positive, and we feel like we're very well-positioned going forward.

Kimberly Green^ Thank you, Vasili. A follow-up for you.

Vasili Lyhnakis^ OK.

Kimberly Green^ Can you share some insights that the PECO team saw heading into ICSC?

Vasili Lyhnakis^ Yes. So, as you mentioned, we had over, what, 400 meetings going into this, and there is so much work that goes into preparing for ICSC. In a day and a half time to have over 400 meetings, these meetings are very, very intentional. Ashley Casey, Marissa Visconsi, they're working together and they're trying to identify sites where we can continue to grow with these retailers.

I'll tell you, it's never been more important than now is building upon these relationships, because evident, if you look at our portfolio today, we're at 97% occupancy. Our leasing rates are at all-time highs, and we have a very high retention rate. So, there's really no signs of slowing down.

These retailers are telling us that they want to be in grocery-anchored, necessity-based retail properties in these suburban markets. So, it's just evident with all the hard work that the leasing team and the national accounts team that does going into this we're going to continue to find opportunities, but these relationships are more important than ever before.

Kimberly Green^ Thank you. And another follow-up question for you. There continue to be -- there continues to be headlines regarding the consumer backdrop, given higher energy prices, higher inflation and consumer credit. Vasili, what did you hear from PECO's retailers regarding the consumer?

Vasili Lyhnakis^ So, I really appreciate that question because there's a lot of information out there about consumer confidence right now on the decline. And lucky for us, we're in the grocery-anchored business. So, the grocers, since 2019, we've seen our over-grocer sales per square foot have increased by over 46%. So, we're driving traffic to our properties.

Next, I'd say that where we like to play, our format is why we win. We're -- look, Marissa and Ashley, they're delivering us deals all the time where we're right-sized. The format being you've got the grocer on one side, you might have a drugstore or fitness center on the other side, but everything in between, we can merchandise to the environment. So, despite that there might be some declining noise out there, we can actually augment and focus away from discretionary

categories and lean more into necessity-based goods and services where PECO actually does very well. Whether it's food and beverage or health and beauty, all these retailers want to be located in these types of situations.

And the last thing that I want to point out is 74% of our ABR comes from necessity-based goods and services. So, when you look at PECO's demographics and particularly our income levels, we're above the U.S. median income level. So, we've got a little bit less discretionary spending than some of our peers.

And then, because we're highly focused, Dave's team acquiring really attractive A-plus sites, these retailers are not wanting to put capital investment in the B centers or C centers. So, they're willing to hold out and wait for these opportunities to present itself which is why, again, it's so important that we're working closely with the national accounts team and Marissa's team in leasing so that we can curate a merchandising mix that's going to allow us to not just win in '26, but beyond into '27 and '28.

Kimberly Green^ Thank you, Vasili.

Dave, can you share the latest read on the transaction market and what stood out most to you this year at ICSC?

David Wik^ Yes. Yes. Thanks, Kim.

I think a lot like what Vasili said is, I mean, just tons of positivity coming out of Vegas this year. What stood out the most to me is just how in favor retail is right now. There is so much smart capital trying to invest in a space that, frankly, we've loved for a long time.

So even so, we continue to find attractive acquisition opportunities. We always have, and I think we always will. Our pipeline remains very strong.

Given what we've already bought, coupled with what we have under contract, we recently affirmed our guidance of $400 million to $500 million in gross acquisitions this year. So, yes, pricing is a challenge, and I think it will be for the foreseeable future, but our national platform allows us to find inefficiencies in the market.

So, for example, if Publix in Florida or King Soopers in Denver get priced too efficiently, we can pivot and we can buy Sprouts in Palm Springs or Kroger in Dallas or Safeway in Seattle. So, we're not tied to one single market and have to buy whatever market pricing is. So, we see this as a distinct advantage to PECO.

Also, we primarily play in that kind of $20 million to $50 million deal size. And, yes, this requires more manpower, but we're built for it, and our team thrives on deal velocity. We love to buy larger deals, and we look at every portfolio that hits the market, but we find our sweet spot

in that kind of $20 million to $50 million range just trades a little less efficient than those larger deals do.

Also, I think, as you guys have heard, we've expanded our buy box into the Everyday Retail space. We're, frankly, in the first inning in this category, and we think there's a ton of opportunity here. There's a lot more inefficiency in Everyday Retail than there is in the grocery-anchored space, and we see a ton of potential here.

In just 24 months, we've constructed over $220 million Everyday Retail portfolio, and our pipeline is robust. We've also added veteran strength to our sourcing team as we continue to focus on and ramp up our Everyday Retail acquisitions over the next few years. So, ultimately, ICSC left us feeling really good about the PECO team's ability to sustain our strong acquisitions momentum, not only for the rest of this year, but into next year.

Kimberly Green^ Thank you, Dave.

Marissa, what most interested you from your conversations in Las Vegas?

Marissa Visconsi^ What stood out most from my conversations in Vegas was the continued flight to value and performance. Retailers are expanding, but with a much sharper focus on unit economics and site efficiency. High SUV QSR brands are leading expansion.

For example, 7 Brew's rapid growth from roughly 100 to over 1,000 locations in just a few years, with about 2.7 million AUVs reinforced what we saw at ICSC. Drive-through focus, efficient formats, are outperforming and driving significant demand.

From a leasing perspective, 2025 was very productive for me. With over 60 new leases executed across fitness, QSR, service, and medical users. This volume proves strong demand for grocery-anchored centers, service-oriented concepts, and continued rebound in fitness.

While retailers are still expanding, growth is increasingly disciplined, which aligns directly with our strategy.

Kimberly Green^ Thank you, Marissa.

Ashley, can you share a story coming out of Las Vegas as it relates to one of these growing categories? And what was most interesting to you this year?

Ashley Casey^ Yes, I'm going to echo quite a bit of what Marissa just said. But one of the more interesting things I heard at the show was regarding fitness and the salon suite category. They're both really evolving the way that they're using space within our types of centers.

On the fitness side, we see a lot of strong growth. LA Fitness is targeting around 40 new deals in 2026. Planet Fitness is planning roughly 180 openings.

And other operators are actively seeking white space in the market. What's notable is that grocers are increasingly receptive to fitness. They're now seeing them as part of the integral consumer journey. And so, they really play well into driving repeat visits and increasing dwell time in our centers.

And at the same time, we're seeing growth in the salon suite sector, which I find to be a really interesting model. They're essentially leases within leases. So, you could have one 5,000 square foot space and then have 20 to 30 small individual beauty salon owners within that space, leasing space within that 5,000 square foot space. Brands like Sola Salons and Image Studios, who we met with in Vegas, are continuing to expand, especially in the high-income suburban trade areas. And so what ties these both together is that they're service-based daily use concepts that fit extremely well alongside the grocer.

Kimberly Green^ Thank you, Ashley.

Vasili, a two-part question. Can you speak to leasing negotiations for 2027 and 2028? Did those come up in Vegas?

And then second part, did you hear any retailers say that they're slowing down their store opening plans?

Vasili Lyhnakis^ So, I'll answer the questions in reverse. So, we did not hear any slowdown from the retail demand. As mentioned earlier, with demand being where it's at for flight to quality is what I think we're hearing from the retailers.

They want to make sure that they're at the number one, number two grocer in these suburban markets at the intersection of Main and Main. And so, demand is -- look, I've been leasing here for over 20 years. I've never seen the demand this strong.

And when you look at 2027 and 2028, '26 is going to be a strong year for us. But one of the deals that Marissa procured, she's got a shopping center that's I believe it's 100% occupancy. And I'm not going to name the operator, the retailer, their lease is up at the end of Q3. And we had to make the tough decision not to renew them. They were doing over $600,000 in revenue. However, Marissa was able to deliver same category.

And so, they're able to utilize the space with very little capital going into it. And their sales projections are $1.7 million. And when you have that kind of sales projections coming in, what do you think PECO's going to do? PECO's going to be the beneficiary of pushing these rents at higher levels. So yes, we're not seeing any kind of slowdown. In fact, right now, as I mentioned earlier, Ashley and Marissa, these meetings are so valuable because the retailers are sitting down with us even when we're at 100% occupancy saying, guys, how do we get into your shopping centers?

And so, we like where we're at. I think PECO's in a good place.

Kimberly Green^ Thank you. Vasili, another question for you --

Vasili Lyhnakis^ Oh, OK.

Kimberly Green^ -- from our webcast. Can you share an update on our grocers?

What did we hear at ICSC from PECO's grocers?

Vasili Lyhnakis^ Yes, great question. So, the portfolio management team had over 30 meetings with grocers. So, we met with Kroger, we met with Publix, Albertsons, Safeway, Harris Teeter, Whole Foods, Walmart.

And believe it or not, Trader Joe's decided they weren't going to come down and recom this year, but I personally have flown out twice just in the last six months, along with Marissa and our other portfolio managers to have face-to-face meetings with these grocers and really try to understand what's going on.

Look, we all know development right now, there's a few projects that are coming out of the ground, but development is really, really hard to execute right now. Land costs, cost of material, labor, it's very hard to pencil in. So, these grocers have done a really good job in re-merchandising their stores, doing upgrades to their stores. And look, grocery is at the core of our business. And I think even though we benefit from a variety of ways with these relationships, the one that's probably the most critical is when we're evaluating a shopping center that Dave's looking to acquire.

And I'll do some storytelling here, but Dave and his team was able to secure a really strong site up in the Northwest area. And as they were about to lock in the purchase and sell agreement, they're tasking us to go out and make phone calls and say, hey, tell us about the performance of your store. I mean, it's the first phone call we make is let's talk to these grocers and find out what's happening at the property level.

And on the phone, the guy was like, have you guys gotten control of this? And we're like, yes, we got control of the asset. He goes, well, we haven't even announced this yet, but we're about to do a multimillion-dollar upgrade to the shopping center.

So that was a huge win for us. We ended up getting awarded the deal. We ended up purchasing the deal.

And I don't think that there's very many institutional players out there like PECO that - this has been a priority of our business for the past 35 years. This is not something new where we're like, hey, let's just go meet these people. This is what PECO has been doing for 35 years.

And look, another deal that Dave earlier touched on, there was a deal that we really wanted to own. It's got one of the strongest demographics inside the entire PECO portfolio. Twice the deal had fallen out of contract with other buyers.

Well, we learned while digging into the deal that there was a lot of hair on it from the grocer. And so, we realized that if we can somehow remove this one clause, that we would unlock value right from the onset. So, we actually met with the grocer in person, sat across the table from them and said, hey, we really like what you guys are doing.

And they don't call us a landlord. They actually call us their partner. And they go, we really like what you guys are doing out there. So they go, we're going to work this out. And right from the closing, Dave was able to secure millions of dollars in value creation, which we didn't really go out and tell everybody externally, because that's just not the way we operate and play.

But you know what? This is the business that we're in. This is the business that we're going to continue to be in. So overall, I'd say that the grocery meetings were very, very strong.

Kimberly Green^ Thank you, Vasili.

Marissa, question for you. With grocery-anchored retail remaining resilient, what is PECO's current strategy to drive higher rent growth while maintaining inline occupancy at or above 95%?

Marissa Visconsi^ Our strategy is centered on driving rent growth through selective leasing and precise deal structuring while maintaining best in class occupancy. We're focused on curating a tenant mix that drives daily traffic, compliments the anchor, and supports higher rents. We're equally disciplined on renewals and backfills, marking space to market, upgrading tenancy, and capturing demand from necessity-based and service-oriented users.

This approach allows us to push rents while consistently maintaining inline occupancy at or above 95%. A clear example is at Arapahoe Marketplace in Greenwood Village, Colorado, where we backfilled Fleet Feet Shoes with Kura Sushi, an 80-plus unit growth-oriented national concept, upgrading the merchandising mix, increasing traffic, and driving stronger rent across the center.

Kimberly Green^ Thank you, Marissa.

Ashley, question for you. Can you share an update on our restaurant neighbors?

Specifically, what did the national accounts team hear from your QSR meetings in Las Vegas?

Ashley Casey^ Yes, sure, thanks. The occupiers that we met with were very growth-oriented. And not only that, they're looking into multi-year expansion. So, we're hearing the 2026 pipeline is full, and now they're looking into 2027, 2028.

For example, we met with Dave's Hot Chicken real estate decision makers. They told us that they have 433 stores open right now. They're opening 43 more in 2026, and they're targeting 145 new store openings in 2027. Their average unit volumes are nearly $3 million. So, it's one of the strongest productivity stories we're hearing in QSR today.

But broadly, we came out of the show with a really encouraging mindset about the QSR pipeline at large. In our meetings, the brands that are performing best are moving ahead with site selection, especially in the urban trade areas, or suburban trade areas, with strong daily needs traffic drivers, like grocers, and strong traffic patterns. So, this is important because it tells us that restaurants that remain healthy and growing are growing where the real estate works.

Kimberly Green^ Thank you, Ashley.

Alright, we have quite a few questions about Everyday Retail. Vasili, can you speak to demand for Everyday Retail centers?

Vasili Lyhnakis^ Yes, absolutely. So, this is a new space for us, but I don't think it's anything that we're quite not familiar with. So, the way we're thinking about Everyday Retail, we just call it more neighbors coming into our portfolio.

So, if you look at the orientation of a shopping center, again, I don't know, I geek out on this stuff, but when you look at the orientation of the shopping center and you look at like, okay, there might be some shop spaces to the left to the right of the grocer. And then you look at like the peripheral stuff, the stuff that sits on the out parcel. We call that like the jewelry of our shopping centers.

That's where we actually can really maximize and push rents. And so, if you think about Everyday Retail and PECO's format, look, Ashley, Marissa, they lease it to the small shop properties in that 2,500 square foot, 3,000, 5,000 square foot space. And these Everyday Retail shops are sitting right up on the road.

So, they've got great visibility, really strong access. The environment, which is situated near where we already currently own grocery anchored shopping centers. We're able to realize market-to-market rents where some of these prior owners probably weren't comfortable pushing some of these rents, but because of the strong demand and the relationships that these two professionals here have built on over the years, we know that we can put our team to work and get incremental growth over the years. So, while it's a kind of a new space for us, the way we're thinking about it, it's just more neighbors.

Kimberly Green^ Thank you, Vasili.

Ashley, as a follow-up on Everyday Retail, what excites the national accounts leasing team when we acquire the center? What are some opportunities you see as it relates to leasing an Everyday Retail center?

Ashley Casey^ Yes, so this is one of my favorite notices to get across my desk. Thanks to Dave and his team. What excites us most about Everyday Retail acquiring is the leasing upside embedded in the real estate.

We purchase near strong daily needs traffic drivers and we immediately start looking for tenants that strengthen that ecosystem. One of the biggest advantages we have at Phillips Edison is that our leasing agents are constantly in the markets. They know the brokers, they know the real estate community, they know who's growing in that market and maybe most importantly, they know how that trade area is shifting.

So, we heard from our retailer conversations that users want to be near the strong daily needs traffic drivers, the strongest grocers. We consistently heard this from our service, medical, wellness, and restaurant users. That grocery is still the traffic driver and our Everyday Retail centers benefit from that halo.

Kimberly Green^ Thank you, Ashley.

Marissa, anything you want to add on Everyday Retail?

Marissa Visconsi^ Yes, thanks, Kim. In February of 2026, we acquired Plaza West Covina in West Covina, California that had two vacant spaces at closing. Within weeks, we advanced one space to lease with a leading Mexican QSR concept and finalized business terms with Laser Away at ICSC for the second vacancy, which is expected to go to lease shortly. As a result, we expect the asset to have full occupancy within just a few months of acquisition.

Kimberly Green^ Thank you, Marissa.

Alright, Dave, question for you. Given the strong activity in the acquisitions pipeline of PECO, as well as the current interest rate environment, how is PECO responding? Are we buying more and are we adjusting PECO's IRR targets?

David Wik^ Sweet, I thought you forgot about me. I get it though. I love hearing updates from our leasing team and all the exciting new concepts, all the deals that we're doing, and frankly, they make us look good.

I feel like we count on them, as Vasili mentioned a number of times in our acquisition process, and I think it's a huge competitive advantage for us. We know that we've got a team that can create value and it just helps us underwrite more precisely and it helps us win deals. So I love hearing them and their updates, but as far as acquisitions go, yes, we've started out the year strong with 185 million acquired to date, but we also have a strong pipeline, as I referenced, and

another 200 million plus under contract that makes us believe we can deliver something similar in the second quarter to what we did in the first quarter.

So, we certainly could be above the midpoint of our guidance, but it's still early. And as I mentioned a few minutes ago, we did recently affirm our guidance for 400 million to 500 million for the year. So, despite the competitive buying environment, we're confident in our ability to acquire high-quality centers at attractive returns.

As far as the IRR targets go, yes, I mean, certainly my team would love to have targets lower than 9%, but we're finding those and we've got conviction that we can continue to find those. So yes, we're committed to the 9% unlevered IRR that Jeff Edison preaches.

We've kind of always had a very thoughtful, disciplined approach to our acquisitions. So, we're focused on growing our shopping center portfolio creatively at the right price while achieving that 9% IRR for grocery and 10% unlevered IRRs for our Everyday Retail centers.

Kimberly Green^ Thank you, Dave. And maybe a follow-up question for you, a few follow-up questions. How -- maybe speak to cap rates. How stable are cap rates? What is pushing them in one direction or the other? Can you speak to current pricing and what cap rates should we expect in the second half of 2026?

David Wik^ Yes, yes, happy to.

I think, as I mentioned, I mean, there's a ton of institutional capital flooding the open-air retail space. So cap rates have definitely compressed over the last 12 to 18 months, especially as it relates to high-quality grocery-anchored deals and growth markets.

That said, I think it's hard to see cap rates compressing much further than where they are based on where interest rates are. I think they could compress maybe a little bit further on some of the larger deals and portfolio deals and recap transactions, given that that's where most of the institutional capital is focused from an investment standpoint.

But for us, cap rate compression isn't necessarily a major concern for us because we can buy in markets where pricing is less efficient and in the Everyday Retail space where there's also a bit more inefficiency than in grocery-anchored centers.

And frankly, cap rate compression helps us as it relates to dispositions.

Kimberly Green^ That was my next follow-up question, Dave. So, question from the webcast participants. Does that make capital recycling more attractive in this environment?

David Wik^ Yes, I think the short answer is yes. I mean, we've seen it in deals that we've taken to market in recent months where maybe an asset that would have gotten four or five offers,

maybe 12 to 18 months ago, we're now seeing up to 10 offers. So as a result, we're able to push pricing to levels that we haven't really seen before.

So yes, I think given the right opportunity, we're also getting a lot of inbound calls from people that are just looking for off-market deals and we're happy to talk to them. They're probably going to pay a little bit more than market if we pick up the phone call and they want to do a deal. So yes, I think I've been with Phillips Edison a long time and we've always tried to capitalize on opportunity. And I think that's certainly one in today's environment.

Kimberly Green^ Thank you, Dave.

A question on AI, artificial intelligence. Ashley, can you share some color on how AI and data are being used to better mine from a leasing standpoint and help inform leasing decisions today?

Ashley Casey^ Sure.

Yes, AI is a tool that we use every day. It's making a strong leasing department even stronger. It's not replacing the judgment of our teams, however. The real value here is being able to process more information faster so we can make better decisions around tenant targeting, void analysis, merchandising strategy, etcetera. It helps us move faster in the field.

Our teams can absorb real estate strategy, real estate criteria, local demographics, traffic patterns and category trends much faster than they could years ago. This is a market where quality space is scarce and retailers want to move quickly.

Speed and precision matter. One example is when a space might look like it should go into one category based on the traditional leasing playbook, but the data shows a better opportunity. So we're using traffic and void analysis to see where the strongest unmet demand truly is.

Kimberly Green^ Thank you, Ashley.

Marissa, a question from the webcast for you. What was the most common request from retailers at ICSC this year regarding store footprint and format?

Marissa Visconsi^ Great question.

The most consistent theme we saw at ICSC was strong demand for neighborhood center space, particularly smaller shop formats. Retailers are increasingly focused on right-sizing their footprint. With the highest demand clustering around spaces in the 2000 to 2500 square foot range. This reflects a broader shift toward efficient, service-oriented concepts that complement the grocer and drive daily traffic. We're seeing strong demand from boutique fitness like Club Pilates and SolidCore. Along health and wellness users like Milan Laser and Laser Away.

On the food side, concepts like Nothing Bundt Cakes and other emerging brands are also targeting smaller footprints to maximize productivity while maintaining a strong physical presence.

Kimberly Green^ Thank you, Marissa. A follow-up question for you. Are retailers more focused on speed to open or rent economics right now?

Marissa Visconsi^ Yes, we're seeing a shift towards speed to open becoming a top priority. While rent economics remain important, many retailers are increasingly focused on opening and generating revenue quickly. With elevated construction costs and unpredictable timelines, tenants are getting more strategic.

Concepts like Sourdough & Co. are bringing in construction support and permit expeditors up front to accelerate delivery. Dave's Hot Chicken, Cava, and Shipley Do-Nuts are targeting second-generation restaurant spaces to minimize build-out and open faster. So overall, speed to revenue is playing a much bigger role in the site selection and deal strategy.

Kimberly Green^ Thank you, Marissa.

Dave, a question for you again. How does PECO win deals today relative to private buyers and public peers?

David Wik^ Well, I don't want to give away any secrets, but the short answer is we've been doing this for a long time. We have a veteran team that has deep relationships in this business. And ultimately, this is a relationship business.

Sellers and brokers, they want to sell to people that they trust and people that they have some history of transacting with. So PECO's transactions team, I think, has as much history as any other firm in this business.

Kimberly Green^ Thank you, Dave.

Vasili, a question for you. Are there any signs of changes in the leasing process, including shifts in negotiation dynamics or lease durations?

Vasili Lyhnakis^ Well, I kept hearing from both Ashley and Marissa speed is where we're winning right now. And if anything, one observation that I've noticed is that the turnaround times are much shorter, meaning that when the legal team is drafting the lease to the time they're finishing it through, we're used to seeing leases being out in 30, 60 days. Now we're getting these leases signed in like two weeks or less.

And I think, again, I keep harping on this, and I think Dave touched on this, Ash, everyone's touched on this, but this is a relationship business. And so Marissa right now, she's working with

a Great Clips operator. And because of that relationship, they worked together before, they're committed. They're like, yes, we're going to get the store open.

And I think the other part of that is that they recognize that there's scarcity out there in good quality real estate. So they know, because Marissa, if another deal presents itself, I mean, she does need to present it and see if there's a better opportunity for the company. So these retailers right now, as Marissa mentioned, they're bringing in their own construction teams, expediters, so the good news for PECO is that we're getting rent in the door a lot sooner.

Kimberly Green^ Thank you, Vasili.

Ashley, anything you want to add on that one?

Ashley Casey^ Yes, as Vasili said, when a retailer is serious, they want to move faster. That's where our national accounts team can really add value. We sit at the intersection of that retailer relationship and the field execution.

So part of our job is to keep the process moving as efficiently as possible across markets, across regions. We help to streamline that communication and align expectations early so that the process becomes more efficient and more collaborative between retailer and Phillips Edison, their partner. So, retailers value having a team at Phillips Edison that can help them navigate multiple regions and multiple deals while still pairing that national relationship with the local expertise.

Kimberly Green^ Thank you, Ashley.

Alright, I'd like to have some fun at the end here and end with a rapid fire lightning round for our office leaders. So, let's start with the first question.

One retail category or retailer you're most excited about. Marissa?

Marissa Visconsi^ QSR.

Kimberly Green^ Ashley?

Ashley Casey^ Wellness.

Kimberly Green^ Vasili?

Vasili Lyhnakis^ I'm just going to pick a retailer. I love working with Great Clips. I'm going to, I know it's rapid fire, but like, I just got to tell you guys, five minutes from my house is a Kroger banner, Smith's here in Utah, where I live.

And they've got this app right now. And so they actually, Ashley might be able to touch on this more, but they consider themselves a technology company that happens to cut hair. So, I get on the app and I can find my current location and it kind of geocodes and says, all right, Vasili, if you want to go to this exact location, you're 20 minutes out or you can drive another 10 minutes and go over here. So, I'm a huge fan of these guys. They're continuing to evolve and we're seeing a lot of retailers evolve, but they're the one retailer that I'm super, super hot on.

Kimberly Green^ All right. And continuing the rapid fire, one thing investors misunderstood -- one thing investors misunderstand about grocery anchored retail.

Dave?

David Wik^ I mean, so much for rapid fire. I'm going to go with the simplicity. I just think this business is more complex than a lot of investors assume it is. And I think that's an advantage for us.

Kimberly Green^ All right, Vasili.

Vasili Lyhnakis^ Wow. I didn't think about that question, Kim. So, now there's no rapid fire on that misconception.

I mean, look, these grocers work with very low margins. And so they're constantly figuring out ways to get more customers in their doors. I mean, I think there was a blurb last week about Kroger's going to even get way more competitive right now on pricing.

I don't know if you guys read that, but that was the news article I read. So yes, I think consumers want convenience and these grocers are near where the consumers shop and live. So, it's a great recipe for where PECO likes to play.

Kimberly Green^ Great.

Marissa?

Marissa Visconsi^ While some legacy retailers are closing, many new and innovative concepts are expanding to meet today's consumer demand, driving the next wave of retail growth.

Kimberly Green^ And Ashley?

Ashley Casey^ Imbedded growth.

Kimberly Green^ Oh, good. Rapid fire. All right. Last one for everyone.

One thing that made you optimistic coming out of ICSC. Ashley?

Ashley Casey^ Consistency.

Kimberly Green^ Vasili?

Vasili Lyhnakis^ Yes, I would echo that. Speaking with some of our peer group, everybody seemed very positive with the outlook that the retailers are not looking just in front of them, but they're looking into the future.

Marissa Visconsi^ I have a similar answer, Vasili.

Kimberly Green^ Go, you go, Marissa.

Marissa Visconsi^ Mine was the energy is so positive. Retailers aren't sitting on the sidelines. They're talking about growth, relocations, and opportunities.

Kimberly Green^ And Dave?

David Wik^ Yes, I'll go with anticipated supply. I think there's so much demand in the market right now, almost unprecedented, that I think based on the conversations that we had and the meetings we had in Vegas, that the supply will be there. The comment is pricing is just too hard to pass up. And I think there's going to be more on the market for us to buy.

Kimberly Green^ All right. Well, this concludes our ICSC Recap. Thank you, Vasili, Dave, Marissa, and Ashley for leading our conversation today.

And thank you for everyone for joining us. If you have any additional questions or if we didn't get to your questions, please reach out to us and we'll get back to you quickly. We look forward to seeing many of you next week in New York at Nareit REITweek.

And this concludes our webcast today and have a great rest of your day. Thank you.

Vasili Lyhnakis^ All right, thanks everyone. Thanks for having us.