

DECEMBER 2023

Phillips Edison & Company

Math Behind Long-Term Growth Assumptions



Illustrative Growth from Leasing Spreads

Leasing spreads are an important component of PECO's NOI growth

Applying blended increase of 11.6% translates to a range of 1.3% - 1.7% of annual increase

% OF ABR EXPIRING BY YEAR ⁽¹⁾	
2023	1.7%
2024	10.8%
2025	13.9%
2026	15.3%
2027	14.0%
2028	15.3%
2029	8.3%
2030	4.5%
2031	4.4%
2032	4.4%
Thereafter	7.4%
Total	100.0%

ONGOING LEASING SPREAD % ASSUMPTIONS ⁽²⁾⁽³⁾		
CALCULATED ASSUMPTIONS		
TTM Retention %	93.3%	TTM Avg Retention of 93.3% and 2022/2023 Avg of 91.9%
LEASING ACTIVITY - % OF ABR		
New %	6.7%	
TTM Renewal %	50.7%	
TTM Option %	42.7%	
LEASING SPREAD %		
New %	29.1%	TTM Wavg spread of 29.1% and 2022/2023 Wavg of 30.7%
Renewal Increase %	15.5%	TTM Wavg spread of 15.9% and 2022/2023 Wavg of 15.5%
Option Increase %	4.2%	TTM Wavg spread of 4.7% and 2022/2023 Wavg of 4.2%
Blended Total Leasing Spread	11.6%	TTM Total spread of 12.1% and 2022/2023 Avg quarterly spread of 12.3%

Sources:

1. Lease expirations are reported in the Company's Quarterly Supplemental Information Packet
2. Illustrative assumptions and calculations based on 93.3% Trailing-12-Month average Retention Rate
3. Illustrative assumptions and calculations based on Trailing-12-Month Averages

Illustrative Growth from Rent Bumps

Assuming inline percentage of total ABR (~55%) and average 2.50% annual rent escalators in new leases, inline ABR growth increases to ~120 basis points in future years⁽¹⁾⁽²⁾

Inline rent escalators have been 2% - 3% on average since the beginning of 2022⁽³⁾

IMPACT OF 2.50% RENT ESCALATORS ON TOTAL & INLINE ABR GROWTH⁽¹⁾⁽²⁾

EXPIRING INLINE ABR (\$M)		2024	2025	2026	2027	2028
2023	\$6.7	2.50%	2.50%	2.50%	2.50%	2.50%
2024	\$31.4	1.10%	2.50%	2.50%	2.50%	2.50%
2025	\$32.0	1.10%	1.10%	2.50%	2.50%	2.50%
2026	\$41.1	1.10%	1.10%	1.10%	2.50%	2.50%
2027	\$38.5	1.10%	1.10%	1.10%	1.10%	2.50%
2028	\$37.4	1.10%	1.10%	1.10%	1.10%	1.10%
2029	\$16.2	1.10%	1.10%	1.10%	1.10%	1.10%
Thereafter	\$15.7	1.10%	1.10%	1.10%	1.10%	1.10%
Wavg Inline Rent Escalator		1.14%	1.31%	1.49%	1.72%	1.93%
Inline Impact on Portfolio NOI		0.63%	0.72%	0.82%	0.95%	1.06%
Anchor Impact		0.20%	0.20%	0.20%	0.20%	0.20%
Total Impact on Portfolio NOI		0.83%	0.92%	1.02%	1.15%	1.26%

Sources:

1. Illustrative assumptions and calculations based on 1.1% average annual escalator in current inline leases
2. Illustrative assumptions and calculations based on 2.5% average annual escalator in new inline leases
3. Company data

Growth Beyond Occupancy

These 3 components accumulate to a range of 300 - 415 bps of annual growth before any further occupancy lift

