

# OUR LONG-TERM FOCUS AND STRATEGY

Our shareholder value creation strategy continues to include the following primary tactics:

- Maintain a diversified and well-occupied net-leased retail portfolio. After thoughtful consideration, we are not pursuing office and industrial properties as our experience shows that well-located retail locations generate better shareholder returns.
- Acquire carefully underwritten, net-lease retail properties in strong locations. While we remain selective and disciplined in our acquisition activities, our annualized base rent has increased by 82% over the last four years.
- We are continuing to focus our acquisition efforts on well-managed non-investment grade tenants. Our initial yields on these properties are attractive and the rental stream from these acquisitions grows over time. By contrast, properties leased to investment-grade retail tenants command the highest prices and the rental stream generally has zero growth over time!
- Sell select locations and reinvest the proceeds into newer, higher yielding properties to improve the quality and growth prospects of our core portfolio.
- Maintain a strong balance sheet with conservative leverage and a staggered debt maturity schedule. This approach has enabled us to maintain an enviable cost of capital.
- Employ the most talented professionals in our industry and continue to develop our outstanding team of associates. We are currently investing additional resources on this latter objective.

Our strategy has been very consistent for the last several years while several of our more direct competitors have pursued the acquisition of a variety of disparate property types. We continue to believe that: a) retail properties offer a more attractive risk return characteristic than office or industrial real estate; b) our size is more than sufficient to provide us the benefits of a fully diversified portfolio as well as access to low cost capital; and, c) a focused portfolio of higher yielding, well underwritten, retail properties allows for more consistent FFO per share growth.

## NUMBER OF PROPERTIES

