UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark One)

☑ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2021

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission file number 000-54691

PHILLIPS EDISON & COMPANY®

PHILLIPS EDISON & COMPANY, INC.

(Exact name of registrant as specified in its charter)

Maryland	**27-1106076**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
11501 Northlake Drive, Cincinnati, Ohio	**45249**
(Address of principal executive offices)	(Zip Code)

(513) 554-1110

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	**Trading Symbol(s)**	**Name of each exchange on which registered**
Common stock, par value $0.01 per share	PECO	Nasdaq Global Select Market

Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes ☑ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Yes ☐ No ☑

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☑	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

Indicate by check mark whether the registrant is a shell company (as defined in rule 12b-2 of the Act). Yes ☐ No ☑

As of June 30, 2021, there was no established public market for the registrant's shares of common stock. On April 29, 2021, the Board of Directors of the registrant approved an estimated value per share of the registrant's common stock of $31.65 based substantially on the estimated market value of its portfolio of real estate properties as of March 31, 2021. Prior to April 29, 2021, the estimated value per share was $26.25. For a full description of the methodologies used to establish the estimated value per share, see "Part II, Item 5. Other Information - Estimated Value Per Share" of the Form 10-Q filed with the Securities and Exchange Commission (the "SEC") on May 4, 2021. As of June 30, 2021, the last business day of the Registrant's most recently completed second fiscal quarter, there were approximately 279.9 million shares of common stock held by non-affiliates.

The registrant subsequently closed its underwritten initial public offering on July 19, 2021.

As of February 1, 2022, there were approximately 113.4 million outstanding shares of common stock of the registrant.

Documents Incorporated by Reference: Certain required information will be included in our definitive proxy statement to be filed with the SEC within 120 days after December 31, 2021 in connection with the the Company's 2022 Annual Meeting of Stockholders, and is hereby incorporated by reference into this Form 10-K.

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Cautionary Note Regarding Forward-Looking Statements

Certain statements contained in this Annual Report on Form 10-K of Phillips Edison & Company, Inc. ("we," the "Company," "our," or "us") other than historical facts may be considered forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the Private Securities Litigation Reform Act of 1995 (collectively with the Securities Act and the Exchange Act, the "Acts"). These forward-looking statements are based on current expectations, estimates and projections about the industry and markets in which we operate, and beliefs of, and assumptions made by, management of our company and involve uncertainties that could significantly affect our financial results. We intend for all such forward-looking statements to be covered by the applicable safe harbor provisions for forward-looking statements contained in the Acts. Such forward-looking statements generally can be identified by the use of forward-looking terminology such as "may," "will," "can," "expect," "intend," "anticipate," "estimate," "believe," "continue," "possible," "initiatives," "focus," "seek," "objective," "goal," "strategy," "plan," "potential," "potentially," "preparing," "projected," "future," "long-term," "once," "should," "could," "would," "might," "uncertainty," or other similar words. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date this report is filed with the SEC. Such statements include, but are not limited to, (a) statements about our plans, strategies, initiatives, and prospects; (b) statements about the COVID-19 pandemic, including its duration and potential or expected impact on our tenants, our business, and our view on forward trends; (c) statements about our underwritten incremental yields; and (d) statements about our 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 our 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 our portfolio to our tenants; (v) the financial stability of our tenants, including, without limitation, their ability to pay rent; (vi) our ability to pay down, refinance, restructure, or extend our indebtedness as it becomes due; (vii) increases in our borrowing costs as a result of changes in interest rates and other factors; (viii) potential liability for environmental matters; (ix) damage to our properties from catastrophic weather and other natural events, and the physical effects of climate change; (x) our ability and willingness to maintain our 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) our corporate responsibility initiatives; (xiv) loss of key executives; (xv) the concentration of our portfolio in a limited number of industries, geographies or investments; (xvi) the economic, political and social impact of, and uncertainty relating to, the COVID-19 pandemic; (xvii) our ability to re-lease our properties on the same or better terms, or at all, in the event of non-renewal or in the event we exercise our right to replace an existing tenant; (xviii) the loss or bankruptcy of our tenants; (xix) to the extent we are seeking to dispose of properties, our ability to do so at attractive prices or at all; (xx) the impact of inflation on us and on our tenants; and (xxi) any of the other risks included in this Annual Report on Form 10-K, including those set forth in "Part I, Item 1A. Risk Factors". Therefore, such statements are not intended to be a guarantee of our performance in future periods.

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

w PART I

ITEM 1. BUSINESS

All references to “Notes” throughout this Annual Report on Form 10-K refer to the footnotes to the consolidated financial statements in “Part II, Item 8. Financial Statements and Supplementary Data”.

OVERVIEW—Phillips Edison & Company, Inc. (“we,” the “Company,” “PECO,” “our,” or “us”) is a real estate investment trust (“REIT”) that is one of the nation’s largest owners and operators of omni-channel grocery-anchored shopping centers. Additionally, we operate a third-party investment management business providing property management and advisory services to unconsolidated joint ventures and one private fund (collectively, the “Managed Funds”). The majority of our revenues are lease revenues derived from our real estate investments. Our portfolio primarily consists of neighborhood centers anchored by the #1 or #2 grocer tenants by sales within their respective formats by trade area. As of December 31, 2021, our portfolio was 96.3% occupied. Our tenants, who we refer to as “Neighbors,” are a mix of national, regional, and local retailers that primarily provide necessity-based goods and services. We believe our locations are in fundamentally strong demographic markets throughout the United States. Our brick and mortar assets positively contribute to our Neighbors’ omni-channel strategies and act as the last mile delivery solution.

We were formed as a Maryland corporation in October 2009 and have elected to be taxed as a REIT for U.S. federal income tax purposes. Substantially all of our business is conducted through Phillips Edison Grocery Center Operating Partnership I, L.P. (the “Operating Partnership”), a Delaware limited partnership formed in December 2009. We are a limited partner of the Operating Partnership, and our wholly-owned subsidiary, Phillips Edison Grocery Center OP GP I LLC, is the sole general partner of the Operating Partnership.

As of December 31, 2021, we wholly-owned 268 shopping centers. Additionally, we owned a 20% equity interest in Necessity Retail Partners (“NRP”), a joint venture with an affiliate of TPG Real Estate that owned one shopping center, and a 14% interest in Grocery Retail Partners I LLC (“GRP I”), a joint venture with Northwestern Mutual Life Insurance Company, which owned 20 shopping centers. In total, our managed portfolio of wholly-owned shopping centers and those owned through our unconsolidated joint ventures comprised approximately 33.0 million square feet located in 31 states.

BUSINESS OBJECTIVES AND STRATEGIES—Our business objective is to own, operate, and manage well-occupied grocery-anchored shopping centers in order to deliver long-term growth and value creation to all stakeholders while conducting as a corporate responsible citizen. Our goal is to create great grocery-anchored shopping experiences and improve our communities, one center at a time. We seek to achieve this objective by generating cash flows, income growth, and capital appreciation for our stockholders through our differentiated and focused strategy, responsible balance sheet management, and integrated operating platform.

Differentiated and Focused Strategy—We believe our differentiated strategy drives strong financial and operational performance and future growth, including showing resiliency during economic down cycles.

- *Omni-Channel Grocery-Anchored Neighborhood Shopping Centers*—We focus on investing in omni-channel shopping centers anchored by the #1 or #2 grocer by sales within their respective trade area. As of December 31, 2021, for our wholly-owned shopping centers, 88% of our annualized base rent (“ABR”) was generated from shopping centers anchored by such grocers. Grocery-anchored shopping centers generally have strong foot traffic leading to high demand for leasing Neighbor spaces, which enhances our ability to increase lease revenue. We target investments with attractive going-in yields and growth potential in markets with demographic profiles that support necessity-based retail concepts.
- *Neighbor-base*—We believe our centers act as the last mile delivery solution for our omni-channel Neighbors. As of December 31, 2021, approximately 72% of our ABR, including the pro rata portion attributable to properties owned through our unconsolidated joint ventures, is generated from Neighbors providing necessity-based goods and services. We believe our focus on necessity-based goods and services retailers limits our exposure to distressed retailers and allows us to demonstrate resiliency during times of real estate and economic down cycles.
- *Targeted Portfolio*—We focus on owning centers in trade areas with favorable demographics that align with those of leading grocers. Further, we seek to invest in small format centers where leasing activity is concentrated in smaller tenant spaces and limits exposure to high-risk retailers. We believe that smaller centers provide higher growth potential because they enjoy a positive leasing dynamic as: (i) we believe retailer demand is strongest for inline space, which contains less than 10,000 square feet of gross leasable area; (ii) there is less exposure to big box retailers, which we believe have higher risk because they require larger capital expenditures and have fewer leasing opportunities; and (iii) smaller centers typically have lower capital expenditures. We intend to grow our portfolio through targeted acquisitions that align with our differentiated and focused strategy.
- *Macroeconomic Trends*—We continually monitor the macroeconomic environment to identify trends that are positive for the growth potential of our shopping centers. We believe recent trends such as: (i) population shifts from urban to suburban communities in certain geographic locations; (ii) the increase in work from home initiatives; (iii) the importance of last mile delivery; (iv) increase in “shop local” trends; and (v) Neighbors relocating from malls to open air shopping centers are complementary to our existing and targeted Neighbor-base, which we believe creates additional leasing demand and growth opportunities for our shopping centers.

Balance Sheet Management Positioned for External Growth—Our strategy is to grow our portfolio by pursuing acquisitions in a disciplined manner, while maintaining an attractive leverage profile and flexible balance sheet to preserve our investment grade rating. We believe this is a critical part of maintaining access to multiple forms of capital, including common stock, unsecured debt, bank debt, and mortgage debt, to maximize availability and minimize our overall cost of capital.

- *Funding External Growth*—We believe the closing of our underwritten IPO, and the reduction in our leverage it facilitated, allows us to access equity and debt capital previously not available to us, further enhancing our financial flexibility and external growth potential. We believe our investment grade balance sheet provides us with the financial capacity to pursue external growth initiatives in an accretive and prudently capitalized manner. Additionally, our investment management platform enables us to source and manage incremental sources of capital through unconsolidated joint ventures, which provide us incremental fee revenue opportunities.
- *Debt Maturity Profile*—We believe we have maintained an appropriately staggered debt maturity profile, which will position us for long-term growth. Our outstanding debt obligations are composed primarily of (i) unsecured debt, including term loans, senior notes, and a revolving credit facility, and (ii) secured mortgage debt.

Internal Growth Through Our Integrated Operating Platform—We believe our internally-staffed, vertically-integrated operating platform to lease and manage omni-channel grocery-anchored neighborhood shopping centers will continue to provide stability and generate growth in our existing portfolio, optimizing returns for our stockholders.

- *Leasing*—Our national footprint of experienced, locally-smart, leasing professionals is dedicated to increasing net operating income ("NOI") at our centers by: (i) maximizing rental rates while improving the credit profile of our rental revenue; (ii) attracting high quality retailers while improving the merchandising mix; (iii) capitalizing on below-market rent opportunities by increasing rents as leases expire; (iv) executing leases with contractual rent increases; and (v) increasing occupancy.
- *Property Management Services*—We believe we add value by overseeing all aspects of operations at our properties. Our property managers maintain a local presence in order to effectively manage costs while maintaining a pleasant, clean, and safe environment where retailers can be successful and customers can enjoy a great shopping experience. Further, we provide our Neighbors with responsive customer service, marketing tools, as well as other sophisticated solutions, such as a centralized accounting, billing, and tax review platform to facilitate our daily operations.
- *Development and Redevelopment*—Our team of seasoned professionals identify opportunities to unlock additional value at our properties through investments in our outparcel and redevelopment program. Our strategies include outparcel development, footprint reconfiguration, anchor repositioning, and anchor expansion, among others. These projects create opportunities to increase the overall yield and value of our properties, which we believe will allow us to deliver long-term growth and value creation to all stakeholders while creating great grocery-anchored shopping center experiences.

During 2020, in response to the coronavirus ("COVID-19") pandemic and the resulting economic downturn, we implemented various initiatives to mitigate the negative impact on our operations. Our overall business objectives and strategies remained principally the same, which allowed us to execute the recovery of our portfolio during 2021. See "Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - COVID-19 Strategy" for a detailed discussion of the recovery of our portfolio as a result of the COVID-19 pandemic.

COMPETITION—Our business is inherently competitive. We believe that the competition is highly fragmented. We are subject to considerable competition in seeking shopping centers to acquire and in attracting and retaining Neighbors in our shopping centers. We compete with institutional investors and other REITs, as well as local, regional, and national owner-operators for property acquisitions. We compete with other properties including malls, lifestyle centers, power centers, community centers, neighborhood centers, free-standing retail, and main street retail in attracting new Neighbors and retaining existing Neighbors when their leases expire. The competition for Neighbors varies depending on the characteristics of each property.

We believe that the principal competitive factors in attracting and retaining Neighbors are the quality of the grocery anchor, location, trade area demographics, tenant mix, physical condition of the shopping center, and occupancy cost. These factors combine to determine the level of occupancy and rental rates that we are able to achieve at our properties. We believe that the quality of our omni-channel grocery-anchored shopping centers enables us to compete effectively for Neighbors. We believe that we maintain a competitive position in the acquisition market due to our track record and positive reputation.

SEGMENT DATA—Our principal business is the ownership and operation of community and neighborhood shopping centers. We do not distinguish our principal business or group our operations by geography or size for purposes of measuring performance. Accordingly, we have presented our results as a single reportable segment.

COMPLIANCE WITH GOVERNMENT REGULATION—Compliance with various governmental regulations has an impact on our business, including our capital expenditures, earnings, and competitive position. The impact of these governmental regulations can be material to our business. We incur costs to monitor and take action to comply with governmental regulations that are applicable to our business, which include, among others: federal securities laws and regulations; REIT and other tax laws and regulations; environmental and health and safety laws and regulations; local zoning, usage and other regulations relating to real property; and the Americans with Disabilities Act of 1990, as amended ("ADA"). See "Item 1A. Risk Factors" below for a discussion of material risks to us (including those, to the extent material to our competitive position, relating to governmental regulations) and see "Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" of this filing on Form 10-K, together with our consolidated financial statements and accompanying footnotes, for a discussion of material information relevant to an assessment of our financial condition and results of operations (including, to the extent material, the effects that compliance with governmental regulations may have upon our capital expenditures and earnings).

As of December 31, 2021, we are not aware of any environmental conditions or material costs of complying with environmental or other government regulations that would have a material adverse effect on our overall business. However, it is possible that we are not aware of, or may become subject to potential environmental liabilities or material costs of complying with government regulations due to changes in requirements or otherwise that could be material to our business.

HUMAN CAPITAL—As of December 31, 2021, we had approximately 290 associates located in 19 states across the country, with concentrations in our corporate offices in Cincinnati, Ohio; Park City, Utah; and Atlanta, Georgia. Approximately 53% of our workforce is female and 47% is male. Our senior leadership team is 19% female and 81% male, while manager roles and above are approximately 31% female and 69% male. For the year ended December 31, 2021, our overall turnover rate was 14%, with voluntary turnover being 12%, compared to our previous 3 year overall turnover average of 15% with a voluntary turnover rate of 11%. Further, we had no turnover among our senior leadership team during 2021.

We have a highly engaged team of dedicated associates, as reflected in our fifth consecutive recognition as a top place to work by the Cincinnati Enquirer in 2021. Our Board of Directors (the "Board"), and specifically our Compensation Committee, is actively engaged and oversees our human capital management practices.

We believe that the following components of human capital management are important:

Culture and Inclusion—We believe our team of highly engaged associates plays a key role in achieving long-term success for our stakeholders. We are committed to a Company culture that is collaborative, inclusive, and that provides significant opportunities for professional and personal development. Our culture is shaped by our core values (Do The Right Thing, Have Fun and Get it Done, Think Big Act Small, and Always Keep Learning) that empower and encourage our associates to "think and operate like owners." Our strong culture enables us to attract, develop and retain high performing and talented individuals who we believe help us to drive our business strategies and objectives, including attractive risk-adjusted returns for our stockholders. We provide associates with competitive salaries, bonuses, incentives, and opportunities for equity ownership. One unique aspect of our compensation philosophy is that each associate in the Company, regardless of level or tenure, has the opportunity for equity grants on an annual basis. During the year ended December 31, 2021, 100% of eligible associates received grants of service-based restricted stock units in the Company. Upon vesting, associates will receive shares of common stock, which encourages our associates to "think and operate like owners" of the Company.

Our commitment to an inclusive work environment is reinforced by two associate-led business resource groups: PECO Multicultural Opportunities, Resources & Education ("PECO MORE"), and PECO Networking Opportunities for Women ("PECO NOW"). PECO MORE is dedicated to furthering diversity and inclusion within the Company, the communities that we serve, and the commercial real estate industry. PECO MORE's programming has focused on providing education, raising awareness, and hosting events around Veterans Day, the Chinese New Year, Black History Month, Pride Month, and Women's History Month. PECO NOW's mission is to provide leadership opportunities to women through advocacy, support, scholarship, and development. PECO NOW was recognized for excellence by the International Council of Shopping Centers in 2016.

As an outward demonstration of our commitment to an inclusive culture, in 2021, Jeff Edison, our CEO, signed the CEO Action for Diversity & Inclusion™ Pledge on behalf of the Company. The pledge outlines a specific set of actions signatory CEOs will take to cultivate a trusting environment where all ideas are welcome and associates feel comfortable and empowered to have discussions about diversity and inclusion. Additionally, the role of our human resources leader was expanded to Chief People, Diversity & Inclusion Officer to further advance diversity, equity, and inclusion ("DE&I") within the Company. In 2021, we offered a series of interactive learning opportunities focused on unconscious bias, psychological safety, and communicating across cultures. Each of these sessions were designed to increase awareness, create dialogue, and lay a common framework for associates to build upon related to DE&I issues. As part of our external community efforts, in 2021, we also partnered with industry group ICSC (Innovating Commerce Serving Communities) and their Launch Academy, which was designed to recruit and prepare racially or ethnically diverse undergraduate students for a career in the commercial real estate industry. In addition to assisting with development of the Launch Academy curriculum, PECO hosted interns in its Cincinnati and Atlanta offices.

Learning and Development—"Always Keep Learning" is one of our core values. We are committed to continuous learning and both personal and professional development of our associates as part of what we call PECO XP, or the PECO Experience. During 2021, our associates participated in over 3,500 hours of internal training hours across the Company. Trainings ranged from managers sharpening their coaching skills and soft-skill communication sessions utilizing the DiSC© model, a personal assessment tool used to help improve teamwork, communication, and productivity in the workplace, to a week-long Company focus on Customer Service in September as well as on-demand technical offerings.

One example of our commitment to continuous learning and development is our Company-wide talent management process, whereby all associates are expected to set development goals for the upcoming year. During 2021, to help facilitate this process, managers were offered workshops specifically focused on holding development focused conversations, and associates were offered workshops and office hours to help them draft their development goals. These conversations are designed to focus on career progression and put action items in place to keep each associate moving forward. We also launched a formal mentoring program, PECO Mentor Match, in 2021 to increase our emphasis on career development.

Employee Health and Wellness—Our "Beyond Benefits" wellness program is an essential element of our culture and focuses on our associates' emotional, physical, and financial well-being. Together with an external partner, we offer a full wellness platform providing Health Savings Account incentive contributions for biometric screening results, preventive care, and activity-based items such as step counts, nutrition tracking, and workout activity minutes. In 2021, we contributed to associates' Health Savings Accounts for each covered associate, spouse, and dependent who received a COVID-19 vaccine. To keep associates engaged in wellness activities during 2021, we held five wellness challenges where individuals and teams could earn incentive dollars for winning competitions that tracked steps, workout activity, and water consumption. In May 2021, we also invested in a month-long focus on mental health providing a broad range of activities such as a Transformational Leadership Workshop and Mental Health Matters, a resiliency journal challenge, and frequent communications with resources, articles and support to raise awareness and acceptance of mental health issues. All of these efforts have facilitated a continued dedication to wellness and preventive care among our associates, and as a result, we were recognized for a second year in a row by Healthiest Employers LLC as one of the "Healthiest Employers of Ohio" in 2021.

As a Company, we have also taken the step in 2021 to solidify our commitment to flexibility and the future of the workplace, heightened by the issues brought forward through the COVID-19 pandemic, recognizing that work takes place in a variety of settings. Regardless of work location, we are always committed to ensuring that the operations at all our properties and corporate offices are conducted in a manner that safeguards the health and safety of associates, Neighbors, contractors, and

members of the public who are either present at, or affected by, operations at these locations. This commitment increased in importance in 2020 and continued throughout 2021 due to the unique challenges posed by the COVID-19 pandemic, and we continue to work with all of our stakeholders to mitigate the pandemic's impact.

CORPORATE RESPONSIBILITY—Being a responsible corporate citizen has always been integral to our corporate strategy and we operate under a clear mission statement of "creating great omni-channel grocery-anchored shopping center experiences and improving our communities, one shopping center at a time". We strive to have a strong corporate culture based on our core values - Do the Right Thing, Have Fun and Get it Done, Think Big Act Small, Always Keep Learning – which is designed to drive accountability in all aspects of our business with the overarching goal of achieving long-term growth and value creation for our stakeholders. We recognize that successful corporate responsibility is both internally and externally focused. With the goal of being able to better quantify the qualitative components of our corporate responsibility values and provide greater transparency to all of our stakeholders, in 2021, we established an internal cross-functional "ESG Team" consisting of our department heads from Portfolio Management, Construction, Property Management, Leasing, Investor Relations, Marketing, Human Resources, and Legal. Our General Counsel has overall responsibility for leading and managing our ESG Team, and reporting on our corporate responsibility and ESG matters to our Board, as more fully described below. Our ESG Team is tasked with conducting more detailed materiality and risk assessments and identifying opportunities with measurable key performance indicators and enhanced reporting, with the overall goal of driving long-term growth and value creation for all of our stakeholders.

***Environmental Stewardship*—**We believe that sustainable business practices fit with our core value of "Do The Right Thing" while at the same time being in the best interests of all our stakeholders by having a positive impact on our properties and the communities in which they are located. We recently began participating in the Global Real Estate Sustainability Benchmark ("GRESB") Real Estate Assessment using the GRI reporting standards, and our Corporate Social Responsibility Report is designed to align with a number of the 17 United Nations Sustainable Development Goals. Our sustainability initiatives include energy efficiency, alternative power sources, water conservation, sustainable design and waste management, among others. Through these initiatives, we continue to make progress towards mitigating the environmental impact of our shopping centers.

In our ongoing commitment to sustainability, we can highlight the following achievements:

- to further reduce energy consumption, the installation of over 3.5 million square feet of white reflective roofing was completed, resulting in over 900,000 kWh in savings and contributing to the minimalization of heat islands;
- our exterior lighting program included the execution of 54 LED retrofits in 2021, which brought the total number of centers retrofitted to 249 and has produced savings of 8.6 million kWH annually; and
- since the inception of the smart water control program, PECO has realized 285.3 million gallons of water saved.

As noted above, we align with GRI reporting standards and have realized a 9% increase in GRESB scoring from 2020 to 2021 assessments.

Our team of seasoned professionals identify opportunities in our redevelopment program, which includes outparcel development, footprint reconfiguration, anchor repositioning, and anchor expansions, among others. These projects create attractive sustainability opportunities to increase the overall value of our properties, while improving the environmental impact on our communities. Our ESG Team has been and will continue to be focused on strategic sustainability initiatives to enhance resource efficiencies as part of that program.

***Social Responsibility*—**Our culture is driven by our team's connection to each other and the communities in which we live and work. Our associates are one of our most valuable resources and we strive to have an outstanding culture that is collaborative, inclusive and that provides significant opportunities for professional and personal development. We encourage and strongly support associate-led programs such as PECO MORE, PECO NOW, and PECO Community Partnership (as described below). These groups give our associates opportunities to effect positive change within our Company, our industry, and our communities.

PECO MORE (Multicultural Opportunities, Resources, and Education) is dedicated to furthering diversity and inclusion within PECO, the communities we serve, and the commercial real estate industry, and uses a multi-pronged approach including education and awareness, community and industry partnerships, internal engagement, recruiting, and metric-led accountability. PECO NOW (Networking Opportunities for Women), whose mission is to provide leadership opportunities to women at PECO through advocacy, support, scholarship, and development, is working to develop and spotlight women leaders in our industry. Since the group's inception, the number of women in leadership at PECO has tripled. Currently, we have nine women in roles at the VP level or higher - including three women in the C-Suite; we also have two women who are independent directors on our Board. PECO Community Partnership is dedicated to encouraging community involvement and connecting associates to causes important to them, providing associates at every level and in different locations with an opportunity to participate. In 2021, the Community Partnership Group sponsored six community service focused events - that associates participated in - ranging from meal delivery, holiday giving, repair work, and food pantry organization that resulted in over 200 hours of community service. In addition, the group sponsored two educational events for the Company on recycling and living our core value of "Do the Right Thing".

Our local teams and property managers are passionate about the Neighbors they work with daily and engaging with the shoppers at our centers and the local communities. Their passion to their work and the communities in which our properties operate help drive great shopping experiences at our centers and improve the communities in which they are located.

***Corporate Governance and Compliance*—**We have a steadfast commitment to operating our business with the utmost integrity and the highest ethical standards as stewards of our investors' capital. We believe our corporate governance structure closely aligns our interests with those of our stockholders. Notable features include: (i) each of our directors is subject to election annually, and our charter prevents us from classifying our Board unless we receive prior stockholder approval; (ii) we have opted out of the business combination and control share acquisition statutes in the Maryland General Corporation Law; (iii) we do not have a stockholder rights plan; (iv) we have a Stock Ownership Policy that requires each non-associate director, our CEO and each other named executive officer to own a certain amount of our equity; and (v) our bylaws

provide that our stockholders may alter or replace our bylaws upon the affirmative vote of a majority of the votes entitled to be cast.

We operate under the direction of our Board, which is comprised of eight directors, seven of whom are independent per applicable Nasdaq and SEC rules. Our Audit, Nominating and Governance ("N&G"), and Compensation Committees are comprised solely of independent directors who complete annual self-assessments. Our board has adopted Corporate Governance Guidelines that, among other things, establish criteria and expectations for our directors, and our N&G Committee has responsibility for evaluating our Board. We are cognizant of "overboarding" and none of our directors serve on more than two other public company boards. We are compliant with the diverse director requirements under Nasdaq's Board Diversity Rule, and our upcoming 2022 proxy statement will include a Board diversity matrix.

Our full Board oversees each of our corporate social responsibility, ESG (environmental, social and governance) and ERM (enterprise risk management) programs, and our Audit Committee oversees our robust ethics and compliance program. Management provides periodic updates on each such program to the directors.

All of our associates are required to complete regular training on our Code of Business Conduct and Ethics and our Insider Trading Policy, and provide annual Code of Conduct Compliance Certifications to our Chief Ethics and Compliance Officer. We encourage our associates to speak up when our ethics standards are not being met, including by maintaining a 24-hour ethics hotline for reporting concerns and keeping our Audit Committee apprised of all reported concerns.

More information about our corporate responsibility strategy, goals and reporting is available on our website, which is not incorporated by reference and should not be considered part of this Annual Report on Form 10-K.

CORPORATE HEADQUARTERS—Our corporate headquarters, located at 11501 Northlake Drive, Cincinnati, Ohio 45249, is where we conduct a majority of our management, leasing, construction, and investment activities, as well as administrative functions such as accounting and finance. Additionally, we maintain two regional offices located in Atlanta, Georgia and Park City, Utah.

ACCESS TO COMPANY INFORMATION—We electronically file our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, Proxy and Information statements, and all amendments to those reports with the SEC. The SEC maintains an Internet site at www.sec.gov that contains the reports, proxy and information statements, and other information regarding issuers, including ours that are filed electronically.

We make available, free of charge, the Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and all amendments to those reports on our website, www.phillipsedison.com. These reports are available as soon as reasonably practicable after such material is electronically filed with or furnished to the SEC. Also available on our website are (i) our Corporate Governance Guidelines, (ii) our Code of Business Conduct and Ethics, and (iii) our Whistleblower Policy. In the event of any changes to these documents, revised copies will be made available on our website. We intend to disclose on our website under "Investors - Governance - Governance Overview" any amendment to, or waiver of, any provisions of our Code of Business Conduct and Ethics applicable to the directors and/or officers of the Company that would otherwise be required to be disclosed under the rules of the SEC or Nasdaq. We also disclose, and intend to disclose, on our website under "Investors" material nonpublic information to comply with our disclosure obligations under Regulation FD. The contents of our website are not incorporated by reference.

ITEM 1A. RISK FACTORS

You should specifically consider the following material risks in addition to the other information contained in this Annual Report on Form 10-K. The occurrence of any of the following risks might have a material adverse effect on our business, operating results, financial condition, and cash flows. Additional risks and uncertainties not presently known to us or that we currently deem immaterial also may impair our business, operating results, financial condition, and cash flows.

Summary of Risk Factors

An investment in our common stock involves risks. You should carefully consider the risks summarized here and described more fully below.

Risks Related to Our Business and Operations

- Our revenues and cash flows will be affected by the success and economic viability of our anchor Neighbors.
- A significant percentage of our revenues is derived from non-anchor Neighbors, and our net income and ability to make distributions to stockholders may be adversely affected if these Neighbors are not successful.
- The ongoing COVID-19 pandemic has had, and may continue to have, a negative effect on our and our Neighbors' businesses, financial condition, results of operations, cash flows, and liquidity.
- Long-term leases with our Neighbors may not result in fair value over time.
- We may be unable to sell shopping centers when desired, at an attractive price, or at all, and the sale of a property could cause significant tax payments.
- We face competition and other risks in pursuing acquisition opportunities that could increase the cost of such acquisitions and/or limit our ability to grow, and we may not be able to generate expected returns or successfully integrate completed acquisitions into our existing operations.
- We share ownership of our unconsolidated joint ventures and do not have exclusive decision-making power, and as such, we are unable to ensure that our objectives will be pursued.

- Our real estate assets may decline in value and be subject to significant impairment losses, which may reduce our net income.
- We actively reinvest in our portfolio in the form of development and redevelopment projects, which have inherent risks that could adversely affect our financial condition, cash flows, and results of operations.
- The continued shift in retail sales towards e-commerce may adversely affect our financial condition, cash flows, and results of operations.
- Actual incremental unlevered yields for our development and redevelopment projects may vary from our underwritten incremental unlevered yield range.

Risks Related to Our Indebtedness and Liquidity

- We have substantial indebtedness, and we may need to incur additional indebtedness, including recourse debt, in the future, which could adversely affect our business, financial condition, and ability to make distributions to our stockholders.

Risks Related to Our Corporate Structure and Organization

- We and our consolidated subsidiary, the Operating Partnership, a Delaware limited partnership formed in December 2009, entered into tax protection agreements with certain protected partners, which may limit the Operating Partnership's ability to sell or otherwise dispose of certain shopping centers and may require the Operating Partnership to maintain certain debt levels that otherwise would not be required to operate its business.

Risks Related to Our Real Estate Investment Trust ("REIT") Status and Other Tax Risks

- Failure to qualify as a REIT would cause us to be taxed as a regular C corporation, which would substantially reduce funds available for distributions to stockholders.
- If the Operating Partnership fails to qualify as a partnership for U.S. federal income tax purposes, we would fail to qualify as a REIT and would suffer adverse consequences.
- Complying with REIT requirements may cause us to forego otherwise attractive opportunities or liquidate otherwise attractive investments.

Risks Related to Business Continuity

- We and our Neighbors face risks relating to cybersecurity attacks, which could cause loss of confidential information and other disruptions to business operations, and compliance with new laws and regulations regarding cybersecurity and privacy may result in substantial costs and may decrease cash available for distributions.

Risks Related to Our Common Stock

- The market price and trading volume of shares of our common stock may be volatile.
- The number of shares of our common stock available for future issuance or sale could adversely affect the market price of our common stock.

Risks Related to Our Business and Operations

Our revenues and cash flows will be affected by the success and economic viability of our anchor Neighbors.

Anchor Neighbors (a Neighbor occupying 10,000 or more square feet) occupy large stores in our shopping centers, pay a significant portion of the total rent at a property, and contribute to the success of other Neighbors by attracting shoppers to the property. Our revenues and cash flows may be adversely affected by the loss of revenues and additional costs in the event a significant anchor Neighbor: (i) becomes bankrupt or insolvent; (ii) experiences a downturn in its business; (iii) defaults on its lease; (iv) decides not to renew its lease as it expires; (v) renews its lease at lower rental rates and/or requires tenant improvements; or (vi) renews its lease but reduces its store size, which results in down-time and additional tenant improvement costs to us to re-lease the space. Some anchors have the right to vacate their space and may prevent us from re-tenanting by continuing to comply and pay rent in accordance with their lease agreement. Vacated anchor space, including space owned by the anchor, can reduce rental revenues generated by the shopping center in other spaces because of the loss of the departed anchor's customer drawing power. In the event that we are unable to re-lease the vacated space to a new anchor Neighbor in such situations, we may incur additional expenses in order to re-model the space to be able to re-lease the space to more than one Neighbor.

If a significant Neighbor vacates a property, co-tenancy clauses in select lease contracts may allow other Neighbors to modify or terminate their rent or lease obligations. Co-tenancy clauses have several variants: (i) they may allow a Neighbor to postpone a store opening if certain other Neighbors fail to open their stores; (ii) they may allow a Neighbor to close its store prior to lease expiration if another Neighbor closes its store prior to lease expiration; or (iii) they may allow a Neighbor to pay reduced levels of rent until a certain number of Neighbors open their stores within the same shopping center.

The leases of some anchor Neighbors may permit the anchor Neighbor to transfer its lease to another retailer. The transfer to a new anchor Neighbor could cause customer traffic in the retail center to decrease and thereby reduce the income generated by that retail center. A lease transfer to a new anchor Neighbor could also allow other Neighbors to make reduced rental payments or to terminate their leases.

A significant percentage of our revenues is derived from non-anchor Neighbors, and our net income and ability to make distributions to stockholders may be adversely affected if these Neighbors are not successful.

A significant percentage of our revenues is derived from non-anchor Neighbors, some of which may be more vulnerable to negative economic conditions as they typically have more limited resources than anchor Neighbors. Significant Neighbor distress across our portfolio could adversely affect our financial condition, results of operations, and cash flows, and our ability to service our debt and make distributions to our stockholders. A property may incur vacancies either by the expiration of a Neighbor lease, the continued default of a Neighbor under its lease, or the early termination of a lease by a Neighbor. In order to maintain occupancy, we may have to offer inducements, such as free rent and tenant improvements, to compete for the right type or mix of non-anchor Neighbors in our shopping centers. In addition, if we are unable to attract additional or replacement Neighbors, the resale value of the property could be diminished, even below our acquisition costs, because the market value of a particular property depends principally upon the value of the cash flows generated by the leases associated with that property.

We face considerable competition in the leasing market and may be unable to renew leases or re-lease space as leases expire. Consequently, we may be required to make rent or other concessions and/or incur significant capital expenditures to retain and attract Neighbors, which could adversely affect our financial condition, cash flows, and results of operations.

There are numerous shopping venues, including other shopping centers and e-commerce, that compete with our portfolio in attracting and retaining retailers. This competition may hinder our ability to attract and retain Neighbors, leading to increased vacancy rates, reduced rents, and/or increased capital investments. For leases that renew, rental rates upon renewal may be lower than current rates. For those leases that do not renew, we may not be able to promptly re-lease the space on favorable terms or with reasonable capital investments, or at all. In these situations, our financial condition, cash flows, and results of operations could be adversely affected.

We may be unable to collect balances due from Neighbors in bankruptcy.

The bankruptcy or insolvency of a significant Neighbor or a number of smaller Neighbors may adversely affect our financial condition, cash flows and results of operations, and our ability to pay distributions to our stockholders. Generally, under bankruptcy law, a debtor Neighbor has the legal right to reject any or all of their leases and close related stores. If the Neighbor rejects the lease, we will have a claim against the Neighbor's bankruptcy estate. Although rent owing for the period between filing for bankruptcy and rejection of the lease may be afforded administrative expense priority and paid in full, pre-bankruptcy arrears and amounts owing under the remaining term of the lease will be afforded general unsecured claim status (absent collateral securing the claim). General unsecured claims are the last claims paid in a bankruptcy, and, therefore, funds may not be available to pay such claims in full. Moreover, amounts owing under the remaining term of the lease will be capped. As a result, it is likely that we would recover substantially less than the full value of any unsecured claims we hold. Additionally, we may incur significant expense to recover our claim and to re-lease the vacated space. In the event that a Neighbor with a significant number of leases in our shopping centers files bankruptcy and rejects its leases, we may experience a significant reduction in our revenues and may not be able to collect all pre-petition amounts owed by the bankrupt Neighbor.

The ongoing COVID-19 pandemic has had, and may continue to have, a negative effect on our and our Neighbors' businesses, financial condition, results of operations, cash flows, and liquidity.

In March 2020, the World Health Organization declared COVID-19 a global pandemic. The COVID-19 pandemic has caused, and may continue to cause, significant disruptions to the United States and global economy and has contributed to significant volatility and negative pressure in financial markets. Many countries, including the United States, reacted by instituting quarantines, restrictions on travel, and/or mandatory closures of businesses. Certain states and cities, including where our

shopping centers are located, also reacted by instituting quarantines, restrictions on travel, “shelter-in-place” or “stay-at-home” rules, restrictions on types of businesses that could continue to operate, and/or restrictions on the types of construction projects that could continue.

The COVID-19 pandemic impacted our historical business and financial performance. While we believe our collections have returned to levels consistent with those prior to the onset of the pandemic, there are no assurances that the COVID-19 pandemic, or another pandemic, will not have a further negative impact on our business and financial performance in the future. Our retail and service-based Neighbors depend on in-person interactions with their customers to generate unit-level profitability. Especially at its peak, the COVID-19 pandemic decreased customers’ willingness to frequent, and mandated “shelter-in-place” or “stay-at-home” orders prevented customers from frequenting, our Neighbors’ businesses, and a continued or renewed reluctance, or renewed mandates, could result in our Neighbors’ inability to maintain profitability and make timely rental payments to us under their leases or to otherwise seek lease modifications or to declare bankruptcy. At the peak of the pandemic-related closure activity, for our wholly-owned shopping centers and those owned through our joint ventures, our temporary closures reached approximately 37% of all Neighbor spaces, totaling 27% of our ABR and 22% of our gross leasable area (“GLA”). All temporarily closed Neighbors have since been permitted to reopen; however, certain of our Neighbors have permanently closed and/or declared bankruptcy as a result of the effects of the pandemic. Others may still be limiting the number of customers allowed in their stores, or have modified their operations in other ways that may impact their profitability, either as a result of government mandates or as self-elected efforts to reduce the spread of COVID-19. These actions, as well as the continuing economic impacts of the COVID-19 pandemic, or worsening impacts in the future, could result in increased permanent store closures. In addition to the permanent closures that have occurred in our portfolio, this could reduce the demand for leasing space in our shopping centers and result in a decline in average rental rates on expiring leases.

We believe substantially all our Neighbors, including those that were required to temporarily close under governmental mandates, are contractually obligated to continue with their rent payments as documented in our lease agreements with them. However, we negotiated relief for a small subset of our Neighbors, including rent deferrals. As of January 20, 2022, inclusive of our prorated share of shopping centers owned through our joint ventures, we had approximately $3.3 million of outstanding payment plans with our Neighbors and we expect to receive remaining amounts owed to us from these plans over a weighted-average term of approximately ten months. As of October 20, 2021, we have collected approximately 96% of rent and recoveries billed during the second through fourth quarter of 2020, and as of January 20, 2022, we have collected approximately 99% of rent and recoveries billed during 2021. Despite seeing improvements in collections, there is no guarantee that we will ultimately be able to collect on current and past due amounts, particularly if there is a worsening of the pandemic or tightening of restrictions in the future. Moreover, in the event of any default by a Neighbor under its lease agreement or relief agreement, we may not be able to fully recover, and/or may experience delays in recovering and additional costs in enforcing our rights as landlord to recover, amounts due to us under the terms of the lease agreement and/ or relief agreement.

Moreover, the worsening of the ongoing COVID-19 pandemic, or another pandemic, and/or renewed restrictions intended to prevent and mitigate its spread, and resulting consumer behavior and economic slowdown or recession could have additional adverse effects on our business in the future, including with regards to:

- the ability and willingness of our Neighbors to renew their leases upon expiration, our ability to re-lease the properties on the same or better terms in the event of nonrenewal or in the event we exercise our right to replace an existing Neighbor, and obligations we may incur in connection with the replacement of an existing Neighbor, particularly in light of the adverse impact to the financial health of many retailers and service providers that has historically occurred as a result of the COVID-19 pandemic;
- our ability to pay distributions to our stockholders, or to make distributions in shares of our common stock rather than solely in cash, which could result in our stockholders having a tax liability with respect to such distributions that exceeds the amount of cash received, if any;
- an increase in unemployment, like what occurred in the short-term in connection with the COVID-19 pandemic, and its effect on consumer behavior, and negative consequences that would occur if these trends are not reversed in a timely way;
- state, local, or industry-initiated efforts, such as a rent freeze for Neighbors or a suspension of a landlord’s ability to enforce evictions, which may affect our ability to collect rent or enforce remedies for the failure to pay rent;
- severe disruption and instability in the global financial markets or deteriorations in credit and financing conditions, which could make it difficult for us to access debt and equity capital on attractive terms, or at all, and impact our ability to fund business operations and activities and repay liabilities on a timely basis;
- the potential negative impact on the health of our personnel, particularly if a significant number of them and/or key personnel are impacted, and the potential impact of adaptations to our operations in order to protect our personnel, such as remote work arrangements, could introduce operational risk, including but not limited to cybersecurity risks, and could impair our ability to manage our business; and
- the heightening of many of the other risks and uncertainties described in this “Risk Factors” section.

While the unpredictable nature of the COVID-19 pandemic precludes any prediction as to its ultimate adverse impact, a worsening of the economic, political, and social environment as a result presents material risks and uncertainties with respect to our and our Neighbors’ business, financial condition, results of operations, cash flows, liquidity, and ability to satisfy debt service obligations.

Long-term leases with our Neighbors may not result in fair value over time.

From time to time, we enter into long-term leases with our Neighbors. Long-term leases do not typically allow for significant changes in rental payments and do not expire in the near term. If we do not accurately judge the potential for increases in

market rental rates when negotiating these long-term leases, significant increases in future property operating costs could result in receiving less than fair value from these leases, which would adversely affect our revenues and the funds available for distributions to stockholders.

We may be restricted from leasing space to certain retailers.

Some of our leases contain provisions that give a specific retailer the exclusive right to sell particular types of goods or services within that shopping center. These provisions may limit the number and types of prospective retailers to which we are able to lease space in a particular shopping center, which may result in increased costs to find a permissible retailer and decreased revenues if one or more spaces sit vacant or we have to accept lower rental rates or a less qualified retailer to fill the space.

We may be unable to sell shopping centers when desired, at an attractive price, or at all, and the sale of a property could cause significant tax payments.

Our shopping centers, including related tangible and intangible assets, represent the majority of our total consolidated assets and they may not be readily convertible to cash. As a result, our ability to sell one or more of our shopping centers, including shopping centers held in unconsolidated joint ventures, in response to changes in economic, industry, or other conditions, may be limited. The real estate market is affected by many factors that are beyond our control, including, but not limited to general economic conditions, availability and terms of financing, interest rates, supply and demand for space, and other factors. There may be less demand for lower quality shopping centers that we have identified for ultimate disposition in markets with uncertain economic or retail environments, and where buyers are more reliant on the availability of third party mortgage financing. If we want to sell a property, we can provide no assurance that we will be able to dispose of it in the desired time period or at all, or that the sale price of a property will be attractive at the relevant time or even exceed the carrying value of our investment. Moreover, if a property is mortgaged, we may not be able to obtain a release of the lien on that property without the payment of a substantial prepayment penalty, which may restrict our ability to dispose of the property, even though the sale might otherwise be desirable.

Some of our shopping centers have a low tax basis, which may result in a taxable gain on sale. We intend to utilize tax-deferred exchanges under Section 1031 of the Internal Revenue Code of 1986, as amended, (the "IRC"), to mitigate taxable income ("Section 1031 Exchanges"); however, there can be no assurance that we will identify exchange shopping centers that meet our investment objectives for acquisitions. In the event that we do not utilize Section 1031 Exchanges, we may be required to distribute the gain proceeds to stockholders or pay income tax, which may reduce our cash flows available to fund our commitments and distributions to stockholders. Moreover, it is possible that future legislation could be enacted that could modify or repeal the laws with respect to Section 1031 Exchanges, which could make it more difficult or impossible for us to dispose of shopping centers on a tax-deferred basis.

We face competition and other risks in pursuing acquisition opportunities that could increase the cost of such acquisitions and/or limit our ability to grow, and we may not be able to generate expected returns or successfully integrate completed acquisitions into our existing operations.

We continue to evaluate the market for acquisition opportunities, and we may acquire shopping centers when we believe strategic opportunities exist. Our ability to acquire shopping centers on favorable terms and successfully integrate, operate, reposition, or redevelop them is subject to several risks. We may be unable to acquire a desired property because of competition from other real estate investors, including from other well-capitalized REITs and institutional investment funds. Even if we are able to acquire a desired property, competition from such investors may significantly increase the purchase price. We may also abandon acquisition activities after expending resources to pursue such opportunities. Once we acquire new shopping centers, these shopping centers may not yield expected returns for several reasons, including: (i) failure to achieve expected occupancy and/or rent levels within the projected time frame, if at all; (ii) inability to successfully integrate new shopping centers into existing operations; and (iii) exposure to fluctuations in the general economy, including due to the time lag between signing definitive documentation to acquire a new property and the closing of the acquisition. If any of these events occur, the cost of the acquisition may exceed initial estimates or the expected returns may not achieve those originally contemplated, which could adversely affect our financial condition, cash flows, and results of operations.

We share ownership of our unconsolidated joint ventures and do not have exclusive decision-making power, and as such, we are unable to ensure that our objectives will be pursued.

We have invested capital, and may invest additional capital, in unconsolidated joint ventures (instead of directly acquiring wholly-owned assets), for which we do not have exclusive decision-making power over the development, financing, leasing, management, and other aspects of these investments. As a result, the institutional joint venture partners might have interests or goals that are inconsistent with ours, take action contrary to our interests, or otherwise impede our objectives. Conflicts arising between us and our partners may be difficult to manage and/or resolve and it could be difficult to manage or otherwise monitor the existing business arrangements.

In addition, unconsolidated joint venture arrangements may decrease our ability to manage risk and implicate additional risks, such as: (i) potentially inferior financial capacity, diverging business goals and strategies and the need for our venture partners' continued cooperation; (ii) the joint venture partners might become bankrupt, suffer a deterioration in their creditworthiness, or fail to fund their share of required capital contributions; (iii) our inability to take actions with respect to the unconsolidated joint ventures' activities that we believe are favorable to us if our institutional joint venture partners do not agree; (iv) our inability to control the legal entities that have title to the real estate associated with the joint ventures; (v) our lenders may not be easily able to sell our joint venture assets and investments or may view them less favorably as collateral, which could negatively affect our liquidity and capital resources; (vi) our institutional joint venture partners can take actions that we may not be able to anticipate or prevent, which could result in negative impacts on our debt and equity; and (vii) our institutional joint venture partners' business decisions or other actions or omissions may result in harm to our reputation or adversely affect the value of our investments.

Our real estate assets may decline in value and be subject to significant impairment losses, which may reduce our net income.

Our real estate properties are carried at cost less depreciation unless circumstances indicate that the carrying value of these assets may not be recoverable. We routinely evaluate whether there are any impairment indicators, including property operating performance, property occupancy trends, and actual marketing or listing price of properties being targeted for disposition, such that the value of the real estate properties (including any related tangible or intangible assets or liabilities) may not be recoverable. If, through our evaluation, we determine that a given asset exhibits one or more such indicators, we then compare the current carrying value of the asset to the estimated undiscounted cash flows that are directly associated with the use and ultimate disposition of the asset. Our estimated cash flows are based on several key assumptions, including rental rates, costs of Neighbor improvements, leasing commissions, anticipated holding periods, and assumptions regarding the residual value upon disposition, including the estimated exit capitalization rate. These key assumptions are subjective in nature and may differ materially from actual results. Changes in our disposition strategy or changes in the marketplace may alter the holding period of an asset or asset group, which may result in an impairment loss and such loss may be material to our financial condition or operating performance. To the extent that the carrying value of the asset exceeds the estimated undiscounted cash flows, an impairment loss is recognized equal to the excess of carrying value over fair value.

The fair value of real estate assets is subjective and is determined through the use of comparable sales information and other market data if available. These subjective assessments have a direct effect on our net income because recording an impairment charge results in an immediate negative adjustment to net income, which may be material. During the years ended December 31, 2021 and 2020, we incurred impairment charges of $6.8 million and $2.4 million, respectively, related to real estate assets that were under contract or actively being marketed for sale at a disposition price that was less than the carrying value. We have recorded such impairment charges as we have been selling non-core assets to improve the quality of our portfolio. We continue to sell non-core assets and may potentially recognize impairments in future quarters. Accordingly, there can be no assurance that we will not record additional impairment charges in the future related to our assets.

We actively reinvest in our portfolio in the form of development and redevelopment projects, which have inherent risks that could adversely affect our financial condition, cash flows, and results of operations.

We actively pursue opportunities for outparcel development and existing property redevelopment. Development and redevelopment activities require various government and other approvals for entitlements and any delay in or failure to receive such approvals may significantly delay this process or prevent us from recovering our investment. We are subject to other risks associated with these activities, including the following:

- we may be unable to lease developments and redevelopments to full occupancy on a timely basis;
- the occupancy rates and rents of a completed project may not be sufficient to make the project profitable;
- actual costs of a project may exceed original estimates, possibly making the project unprofitable;
- delays in the development or construction process may increase our costs;
- construction cost increases may reduce investment returns on development and redevelopment opportunities;
- we may abandon redevelopment opportunities and lose our investment due to adverse market conditions;
- the size of our development and redevelopment pipeline may strain our labor or capital capacity to complete projects within targeted timelines and may reduce our investment returns;
- a reduction in the demand for new retail space may reduce our future development and redevelopment activities, which in turn may reduce our net operating income; and/or
- changes in the level of future development activity may adversely impact our results from operations by reducing the amount of internal general overhead costs that may be capitalized.

If we fail to reinvest in our portfolio or maintain its attractiveness to retailers and consumers, if our capital improvements are not successful, or if retailers or consumers perceive that shopping at other venues (including e-commerce) is more convenient, cost-effective, or otherwise more compelling, our financial condition, cash flows, and results of operations could be adversely affected.

Adverse economic, regulatory, market, and real estate conditions may adversely affect our financial condition, cash flows, and results of operations.

Our portfolio is predominantly comprised of omni-channel neighborhood grocery-anchored shopping centers, and during the year ended December 31, 2021, our holdings in Florida and California accounted for 12.4% and 10.7%, respectively, of our ABR (including our wholly-owned portfolio as well as the prorated portion of shopping centers owned through our joint ventures). Therefore, our performance is subject to risks associated with owning and operating neighborhood omni-channel grocery-anchored shopping centers, and may be further subject to additional risk as a result of the geographic concentration noted above. Such risks include, but are not limited to: (i) changes in national, regional, and local economic climates or demographics; (ii) competition from other available shopping centers and e-commerce, and the attractiveness of our shopping centers to our Neighbors; (iii) increased competition for real estate assets targeted by our investment strategies; (iv) adverse local conditions, such as oversupply or reduction in demand for similar shopping centers in an area and changes in real estate zoning laws that may reduce the desirability of real estate in an area; (v) vacancies, changes in market rental rates, and the need to periodically repair, renovate, and re-lease space; (vi) ongoing disruption and/or consolidation in the retail sector; (vii) increases in operating costs, due to inflation or otherwise, including common area expenses, utilities, insurance, and real estate taxes, which are relatively inflexible and generally do not decrease if revenue or occupancy decreases; (viii) increases in the costs to repair, renovate, and re-lease space; (ix) changes in interest rates and the availability of financing, which may render the sale or refinance of a property or loan difficult or unattractive; (x) earthquakes, tornadoes, hurricanes, wildfires, or other natural disasters, civil unrest, terrorist acts, or acts of war, which may result in uninsured or underinsured losses; (xi) epidemics, pandemics, or other widespread outbreaks or resulting public fear that disrupt the businesses of our Neighbors causing them to fail to pay rent on time or at all; and (xii) changes in laws and governmental regulations, including those governing usage, zoning, the environment, and taxes. Such risks also include, but are not limited to, those that could impact

the financial stability of our Neighbors, including their ability to pay rent and expense reimbursements, such as supply chain disruptions and constraints, inflationary pressures throughout the supply chain, labor shortages and inflationary pressures on wages, increases in retail theft, and other risks and uncertainties described elsewhere in this "Risk Factors" section. These and other factors could adversely affect our financial condition, cash flows, and results of operations.

The continued shift in retail sales towards e-commerce may adversely affect our financial condition, cash flows, and results of operations.

Retailers are increasingly affected by e-commerce and changes in customer buying habits, which have been further accelerated as a result of the COVID-19 pandemic, including the delivery or curbside pick-up of items ordered online. Retailers are considering these e-commerce trends when making decisions regarding their brick and mortar stores and how they will compete and innovate in a rapidly changing e-commerce environment. Many retailers in our shopping centers provide services or sell goods that are unable to be performed online (such as haircuts, massages, and fitness centers) or that have historically been less likely to be purchased online (such as grocery stores, restaurants, and coffee shops); however, the continuing increase in e-commerce sales in all retail categories (including online orders for immediate delivery or pickup in store) may cause retailers to adjust the size or number of retail locations in the future or close stores. Our grocer Neighbors are incorporating e-commerce concepts through home delivery or curbside pickup, which could reduce foot traffic at our centers and adversely affect our occupancy and rental rates. Changes in shopping trends as a result of the growth in e-commerce may also affect the profitability of retailers that do not adapt to changes in market conditions. While we devote considerable effort and resources to analyze and respond to Neighbor trends, Neighbor and consumer preferences, and consumer spending patterns, we cannot predict with certainty what future Neighbors will want, what future retail spaces will look like, or how much revenue will be generated at traditional brick and mortar locations. If we are unable to anticipate and respond promptly to trends in the market (such as space for a drive through or curbside pickup), our occupancy levels and rental rates may decline, and our financial condition, cash flows, and results of operations may be adversely impacted.

Actual incremental unlevered yields for our development and redevelopment projects may vary from our underwritten incremental unlevered yield range.

As part of our standard development and redevelopment underwriting process, we analyze the yield for each project and establish a range of target yields (“underwritten incremental unlevered yields”). Underwritten incremental unlevered yields reflect the yield we target to generate from each project upon expected stabilization and are calculated as the estimated incremental NOI for a project at stabilization divided by its estimated net project investment. The estimated incremental NOI is the difference between the estimated annualized NOI we target to generate from a project upon stabilization and the estimated annualized NOI without the planned improvements. Underwritten incremental unlevered yield does not include peripheral impacts, such as lease rollover risk or the impact on the long term value of the property upon sale or disposition.

Underwritten incremental unlevered yields are based solely on our estimates, using data available to us in our development and redevelopment underwriting processes. The actual total cost to complete a development or redevelopment project may differ substantially from our estimates due to various factors, including unanticipated expenses, delays in the estimated start and/or completion date of planned development projects, effects of the COVID-19 pandemic, and other contingencies. In addition, the actual incremental NOI from our planned development and redevelopment activities may differ substantially from our estimates based on numerous other factors, including delays and/or difficulties in leasing and stabilizing a development or redevelopment project, failure to obtain estimated occupancy and rental rates, inability to collect anticipated rental revenues, Neighbor bankruptcies, and unanticipated expenses that we cannot pass on to our Neighbors. Actual incremental unlevered yields may vary from our underwritten incremental unlevered yield range based on the actual total cost to complete a project and its incremental NOI at stabilization.

Risks Related to Our Indebtedness and Liquidity

We have substantial indebtedness, and we may need to incur additional indebtedness, including recourse debt, in the future, which could adversely affect our business, financial condition, and ability to make distributions to our stockholders.

We have obtained, and are likely to continue to obtain, lines of credit, and other long-term financing that are secured by our shopping centers and other assets. On December 31, 2021, we had indebtedness of $1.9 billion comprised of $1.3 billion in unsecured debt, $0.4 billion in outstanding secured loan facilities, and $0.2 billion in mortgage loans and finance lease obligations. In connection with executing our business strategies, we expect to evaluate additional acquisitions and strategic investments, and we may elect to finance these endeavors by incurring additional indebtedness. We may also incur mortgage debt on shopping centers that we already own in order to obtain funds to acquire additional shopping centers or make other capital investments. In addition, we may borrow as necessary or advisable to ensure that we maintain our qualification as a REIT for U.S. federal income tax purposes, including borrowings to satisfy the REIT requirement that we distribute at least 90% of our annual REIT taxable income to our stockholders (computed without regard to the dividends-paid deduction and excluding net capital gain). However, we cannot guarantee that we will be able to obtain any such borrowings on satisfactory terms. Additionally, if we have insufficient income to service any recourse debt obligations, our lenders could institute proceedings against us to foreclose upon our assets.

If we mortgage a property and there is a shortfall between the cash flows from that property and the cash flows needed to service mortgage debt on that property, then the amount of cash available for distributions to stockholders may be reduced. In addition, incurring mortgage debt increases the risk of loss of a property because defaults on indebtedness secured by a property may result in lenders initiating foreclosure actions. If any mortgages contain cross-collateralization or cross-default provisions, a default on a single property could affect multiple shopping centers. Additionally, we may give full or partial guarantees to lenders of mortgage debt on behalf of the entities that own our shopping centers. When we give a guaranty on behalf of an entity that owns one of our shopping centers, we will be responsible to the lender for satisfaction of the debt if it is not paid by such entity. Currently, we are a limited guarantor on a mortgage loan for two of our unconsolidated joint ventures. In each case, our guarantee is limited to being the non-recourse carveout guarantor and the environmental indemnitor.

High debt levels could have material adverse consequences for the Company, including hindering our ability to adjust to changing market, industry, or economic conditions; limiting our ability to access the capital markets to refinance maturing debt or to fund acquisitions or emerging businesses; requiring the use of a substantial portion of our cash flows for the payment of principal and interest on our debt, thereby limiting the amount of free cash flow available for future operations, acquisitions, distributions, stock repurchases, or other uses; making us more vulnerable to economic or industry downturns, including interest rate increases; and placing us at a competitive disadvantage compared to less leveraged competitors.

We may not be able to access financing on favorable terms, or at all.

We may finance our assets over the long-term through a variety of means, including unsecured bonds, credit facilities, secured pools, issuance of commercial mortgage-backed securities, and other structured financings. Our ability to execute this strategy will depend on various market conditions that are beyond our control, including lack of capital availability and greater credit spreads. We cannot be certain that these markets will remain an efficient source of long-term financing for our assets. If our strategy is not viable, we will have to find alternative forms of long-term financing for our assets. This could subject us to more recourse indebtedness and the risk that debt service on less efficient forms of financing would require a larger portion of our cash flows, thereby reducing cash available for distribution to our stockholders and funds available for operations as well as for future business opportunities.

Covenants in our loan agreements may restrict our operations and adversely affect our financial condition and ability to make distributions to our stockholders.

When providing financing, a lender may impose restrictions on us that affect our distribution and operating policies and our ability to incur additional debt. Our loan agreements may contain covenants that limit our ability to further mortgage a property or discontinue insurance coverage. In addition, loan agreements may limit our ability to enter into or terminate certain operating or lease agreements related to a property. Mortgage debt and other property-level debt that we incur may also limit our ability to transfer properties from one subsidiary to another. These or other limitations would decrease our operating flexibility and our ability to achieve our operating objectives, which may adversely affect our financial condition and ability to make distributions to our stockholders.

Covenants in certain of our loan agreements specify that certain named individuals must remain a member of management and/or the Board or require certain level of management or Board continuity in connection with a fundamental transaction.

A number of our loan agreements contain covenants that require certain named individuals, including Mr. Edison, to continue serving as a member of management and/or the Board or require certain levels of senior management and/or Board continuity following a change of control or other fundamental transaction. If such individuals were to depart from the Company within a specified time prior to such transaction or within such specified time after such a transaction, we may be required to negotiate waivers of such covenants or obtain replacement financing, which we may not be able to do on satisfactory terms or at all.

Higher market capitalization rates and lower NOI for our shopping centers may adversely impact our ability to sell shopping centers and fund developments and acquisitions, and may dilute earnings.

As part of our capital recycling strategy, we sell shopping centers that no longer meet our growth and investment objectives due to stabilization or perceived future risk. Sales proceeds are then used to fund the construction of developments, redevelopments, expansions, and acquisitions, and to repay debt. An increase in market capitalization rates or a decline in NOI may cause a reduction in the value of shopping centers identified for sale, which would have an adverse effect on the amount of cash generated. Additionally, the sale of shopping centers resulting in significant tax gains may require higher distributions to our stockholders in order to maintain our REIT status or payment of additional income taxes. We intend to utilize Section 1031 Exchanges to mitigate taxable income. However, there can be no assurance that we will identify exchange shopping centers that meet our investment objectives for acquisitions.

The phase-out, replacement, or unavailability of LIBOR could affect interest rates for a significant portion of our indebtedness, as well as our ability to obtain future debt financing on favorable terms.

As of December 31, 2021, we had approximately $1.0 billion of indebtedness tied to the London Interbank Offered Rate (“LIBOR”), $0.9 billion of which was fixed through the use of interest rate swaps. Additionally, we have a revolving credit facility tied to LIBOR with a capacity of $500 million, on which we had no outstanding balance (excluding letters of credit in an amount of $10.7 million) as of December 31, 2021. In 2017, the Financial Conduct Authority (the regulatory authority over LIBOR) stated that it would phase out LIBOR as a benchmark, and in 2021 it announced that all LIBOR settings will either cease to be provided by any administrator or no longer be representative immediately after December 31, 2021, in the case of 1 week and 2 month U.S. dollar (“USD”) settings, and immediately after June 30, 2023, in the case of the remaining USD settings. The Federal Reserve Board has also advised banks to stop writing new USD LIBOR contracts. The Alternative Reference Rate Committee, a committee convened by the Federal Reserve that includes major market participants, has identified the Secured Overnight Financing Rate (“SOFR”), a new index calculated by short-term repurchase agreements, backed by U.S. Treasury securities, as its preferred alternative rate for LIBOR in the U.S. Working groups formed by financial regulators in other jurisdictions, including the U.K., the European Union, Japan, and Switzerland, have also recommended alternatives to LIBOR denominated in their local currencies. Although SOFR appears to be the preferred replacement rate for USD LIBOR, it is unclear if other benchmarks may emerge or if other rates will be adopted outside of the United States. At this time, it is not possible to predict how markets will respond to SOFR or other alternative rates as the transition away from the LIBOR benchmarks is anticipated in the coming years. Accordingly, the outcome of these reforms is uncertain, and any changes in the methods by which LIBOR is determined or regulatory activity related to LIBOR’s phaseout could cause LIBOR to perform differently than in the past or cease to exist. The consequences of these developments cannot be entirely predicted, and there can be no assurance that they will not result in financial market disruptions, significant increases in benchmark interest rates, substantially higher financing costs or a shortage of available debt financing, any of which could have an adverse effect on us.

Increases in interest rates could increase the amount of our loan payments and adversely affect our ability to pay distributions to our stockholders.

Although a significant amount of our outstanding debt has fixed interest rates, we borrow funds at variable interest rates under our credit facilities and term loans. As of December 31, 2021, 1.3% of our outstanding debt was variable rate debt. Increases in interest rates would increase our interest expense on any variable rate debt to the extent we have not hedged our exposure to changes in interest rates. In addition, increases in interest rates will affect the terms under which we refinance our existing debt as it matures, to the extent we have not hedged our exposure to changes in interest rates, resulting in higher interest rates and increased interest expense. Either of these events would reduce our future earnings and cash flows, which may adversely affect our ability to service our debt and meet our other obligations and also may reduce the amount we are able to distribute to stockholders.

Hedging activity may expose us to risks, including the risks that a counterparty will not perform and that the hedge will not yield the economic benefits we anticipate, which may adversely affect our financial condition, cash flows, and results of operations.

From time to time, we manage our exposure to interest rate volatility by using interest rate hedging arrangements that involve risk, including but not limited to, the risk that counterparties may fail to honor their obligations under these arrangements, that these arrangements may not be effective in reducing our exposure to interest rate changes, and that we may be required to pay the counterparty if interest rates decrease in the future below the hedged amount. There can be no assurance that our hedging arrangements will qualify for hedge accounting or that our hedging activities will have the desired beneficial impact on our results of operations. Should we desire to terminate a hedging agreement, there may be significant costs and cash requirements involved to fulfill our obligations under the hedging agreement. Failure to hedge effectively against interest rate changes may adversely affect our financial condition, cash flows, and results of operations.

Risks Related to Our Corporate Structure and Organization

The Operating Partnership's limited partnership agreement grants certain rights and protections to the limited partners, which allows them to vote in connection with a change of control transaction that might involve a premium price for shares of our common stock.

The Operating Partnership's limited partnership agreement grants certain rights and protections to the limited partners, including granting them the right to vote in connection with a change of control transaction. Any such change of control transaction is required to be approved by holders of ownership units of the Operating Partnership ("OP units") (including our Company and its subsidiaries) at the same level of approval as required for approval by holders of shares of our common stock. For purposes of any such vote, we will be deemed to vote the OP units held by us and our subsidiaries in proportion to the manner in which all of our outstanding shares of common stock were voted at a stockholders meeting relating to such transaction. As of January 31, 2022, we would have directly or indirectly controlled approximately 88.4% of the OP units. Furthermore, as of January 31, 2022, Mr. Edison had voting control over approximately 6.6% of the OP units (considering OP units owned by us), and therefore could have influence over votes on change of control transactions.

We and our consolidated subsidiary, the Operating Partnership, entered into tax protection agreements with certain protected partners, which may limit the Operating Partnership's ability to sell or otherwise dispose of certain shopping centers and may require the Operating Partnership to maintain certain debt levels that otherwise would not be required to operate its business.

We and the Operating Partnership entered into a tax protection agreement on October 4, 2017 (the "2017 TPA") with, among others, Mr. Edison, and certain entities controlled by him at the closing of a transaction in May 2017 pursuant to which we internalized our management structure through the acquisition of certain real estate assets and the third party investment management business of Phillips Edison Limited Partnership ("PELP") in exchange for OP units and cash. Pursuant to the 2017 TPA, if the Operating Partnership: (i) sells, exchanges, transfers or otherwise disposes of certain shopping centers in a taxable transaction, or undertakes any taxable merger, combination, consolidation or similar transaction (including a transfer of all or substantially all assets), for a period of ten years commencing on October 4, 2017; or (ii) fails, prior to the expiration of such period, to maintain certain minimum levels of indebtedness that would be allocable to each protected partner for tax purposes or, under certain circumstances, fails to offer such protected partners the opportunity to guarantee certain types of the Operating Partnership's indebtedness, then the Operating Partnership will indemnify each affected protected partner, including Mr. Edison, against certain resulting tax liabilities. Our tax indemnification obligations include a tax gross-up. As of December 31, 2021, 30 of our 268 wholly-owned shopping centers, four outparcels, and the land under which one of our properties is located, comprising approximately 11.9% of our ABR, are subject to the protection described in clause (i) above, and the potential "make-whole amount" on the estimated aggregate amount of built-in gain subject to such protection is approximately $146.8 million.

We and the Operating Partnership entered into an additional tax protection agreement (the "2021 TPA") on July 19, 2021 with Mr. Edison; Devin I. Murphy, our President; and Robert F. Myers, our Chief Operating Officer and Executive Vice President, which will become effective upon the expiration of the 2017 TPA. The 2021 TPA generally has the following terms: (i) the 2021 TPA will severally provide to Mr. Edison, Mr. Murphy and Mr. Myers the same protection provided under the 2017 TPA until 2031, so long as (a) Mr. Edison, Mr. Murphy or Mr. Myers (or their permitted transferees), as applicable, individually owns at least 65% of the OP units owned by him as of the date of the execution of the 2021 TPA and (b) in the case of Mr. Murphy or Mr. Myers, Mr. Edison individually owns at least 65% of the OP units owned by him as of the date of the execution of the 2021 TPA; and (ii) the 2021 TPA will provide that following the expiration of the four-year tax protection period under the 2021 TPA, for so long as Mr. Edison holds at least $5.0 million in value of OP units, (a) Mr. Edison will have the opportunity to guarantee debt of the Operating Partnership or enter into a "deficit restoration" obligation, and (b) the Operating Partnership will provide reasonable notice to Mr. Edison before effecting a significant transaction reasonably likely to result in the recognition of more than one-third of the built-in gain allocated to Mr. Edison that is protected under the 2017 TPA as of the date that the 2021 TPA is executed, and will consider in good faith any proposal made by Mr. Edison relating to structuring such transaction in a manner to avoid or mitigate adverse tax consequences to him.

Therefore, although it may be in our stockholders' best interest for us to cause the Operating Partnership to sell, exchange, transfer or otherwise dispose of one or more of these shopping centers, it may be economically prohibitive for us to do so until the expiration of the applicable protection period because of these indemnity obligations. Moreover, these obligations may require us to cause the Operating Partnership to maintain more or different indebtedness than we would otherwise require for our business. As a result, the tax protection agreements could, during their term, restrict our ability to take actions or make decisions that otherwise would be in our best interests.

Our stockholders have limited control over changes in our policies and operations, which increases the uncertainty and risks our stockholders face.

Our Board determines our major policies, including our policies regarding financing, growth, debt capitalization, REIT qualification and distributions. Our Board may amend or revise these and other policies without the vote of our stockholders. Under the MGCL and our charter, our stockholders have a right to vote only on limited matters. Our Board's broad discretion in setting policies and our stockholders' inability to exert control over those policies increases the uncertainty and risks our stockholders face.

Our charter, bylaws and Maryland law contain terms that may discourage a third party from acquiring us in a manner that could result in a premium price to our stockholders.

Our charter, bylaws and Maryland law contain provisions that may delay, defer, or prevent a transaction or a change of control that might involve a premium price for our common stock or that our stockholders otherwise believe to be in their best interest. Our charter authorizes our Board to, without stockholder approval, amend our charter to increase or decrease the aggregate number of authorized shares of stock, to authorize us to issue additional shares of our common stock or preferred stock and to classify or reclassify unissued shares of our common stock or preferred stock and thereafter to authorize us to issue such classified or reclassified shares of stock. We believe these charter provisions will provide us with increased flexibility in structuring possible future financings and acquisitions and in meeting other needs that might arise. The additional classes or series, as well as the additional authorized shares of our common stock, will be available for issuance without further action by our stockholders, unless such action is required by applicable law or the rules of any stock exchange or automated quotation system on which our securities may be listed or traded, and our Board could authorize the issuance of preferred stock with priority as to distributions and amounts payable upon liquidation over the rights of the holders of our common stock.

Our charter, with certain exceptions, authorizes our Board to take such actions as are necessary and desirable to preserve our qualification as a REIT. To help us comply with the REIT ownership requirements under the IRC, among other purposes, our charter prohibits any person from directly or constructively owning more than 9.8% in value of our aggregate outstanding stock or more than 9.8% in value or number of shares, whichever is more restrictive, of our aggregate outstanding common stock, unless exempted by our Board.

In addition, the MGCL permits our Board to implement certain takeover defenses without stockholder approval.

These and other provisions of our charter, bylaws and Maryland law could have the effect of delaying, deferring, or preventing a change in control, including an extraordinary transaction (such as a merger, tender offer, or sale of all or substantially all of our assets) that might provide a premium price to holders of our common stock.

Our rights and the rights of our stockholders to recover claims against our officers and directors are limited, which could reduce our stockholders' and our recovery against them if they cause us to incur losses.

Maryland law provides that a director has no liability in that capacity if he or she performs his or her duties in good faith, in a manner he or she reasonably believes to be in the corporation's best interests and with the care that an ordinarily prudent person in a like position would use under similar circumstances. Our charter, in the case of our directors and officers, requires us to indemnify our directors and officers to the maximum extent permitted by Maryland law. Additionally, our charter limits the liability of our directors and officers for monetary damages to the maximum extent permitted under Maryland law. As a result, we and our stockholders may have more limited rights against our directors, officers, associates, and agents than might otherwise exist under common law, which could reduce our stockholders' and our recovery against them. In addition, we may be obligated to fund the defense costs incurred by our directors, officers, associates, and agents in some cases, which would decrease the cash otherwise available for distribution to stockholders.

Risks Related to Our REIT Status and Other Tax Risks

Failure to qualify as a REIT would cause us to be taxed as a regular C corporation, which would substantially reduce funds available for distributions to stockholders.

We elected to be taxed as a REIT for U.S. federal income tax purposes commencing with our taxable year ended December 31, 2010. We believe that our organization and method of operation has enabled and will continue to enable us to meet the requirements for qualification and taxation as a REIT for U.S. federal income tax purposes. However, we cannot assure you that we will qualify as such. This is because qualification as a REIT involves the application of highly technical and complex provisions of the IRC as to which there are only limited judicial and administrative interpretations and involves the determination of facts and circumstances not entirely within our control. Future legislation, new regulations, administrative interpretations, or court decisions may significantly change the tax laws or the application of the tax laws with respect to qualification as a REIT for federal income tax purposes or the federal income tax consequences of such qualification.

If we fail to qualify as a REIT in any taxable year, and are unable to obtain relief under certain statutory provisions, we will face serious tax consequences that will substantially reduce the funds available for distributions to our stockholders because:

- we would not be allowed a deduction for dividends paid to stockholders in computing our taxable income and would be subject to federal and state income tax at regular corporate rates; and
- we could not elect to be taxed as a REIT for four taxable years following the year during which we were disqualified.

As a result of all these factors, our failure to qualify as a REIT could impair our ability to expand our business and raise capital, and it could adversely affect the value of our common stock. If we fail to qualify as a REIT, we would no longer be required to make distributions to our stockholders.

Even if we qualify as a REIT, we may face other tax liabilities that reduce our cash flows.

Even if we qualify as a REIT for U.S. federal income tax purposes, we may be subject to certain U.S. federal, state, and local taxes on our income and assets, including taxes on any undistributed income, tax on income from some activities conducted as a result of a foreclosure, and state or local income, property, and transfer taxes. Any of these taxes would decrease cash available for distributions to stockholders.

If the Operating Partnership fails to qualify as a partnership for U.S. federal income tax purposes, we would fail to qualify as a REIT and would suffer adverse consequences.

We believe that the Operating Partnership is organized and will be operated in a manner so as to be treated as a partnership, and not an association or publicly traded partnership taxable as a corporation for U.S. federal income tax purposes. As a partnership, the Operating Partnership will not be subject to U.S. federal income tax on its income. Instead, each of its partners, including us, will be allocated that partner's share of the Operating Partnership's income. No assurance can be provided, however, that the Internal Revenue Service (the "IRS") will not challenge the Operating Partnership's status as a partnership for U.S. federal income tax purposes, or that a court would not sustain such a challenge. If the IRS were successful in treating the Operating Partnership as an association or publicly traded partnership taxable as a corporation for U.S. federal income tax purposes, we would fail to meet the gross income tests and certain of the asset tests applicable to REITs and, accordingly, would cease to qualify as a REIT. Also, the failure of the Operating Partnership to qualify as a partnership would cause it to become subject to U.S. federal corporate income tax, which would reduce significantly the amount of its cash available for debt service and for distribution to its partners, including us.

The Operating Partnership has a carryover tax basis on certain of its assets as a result of our acquisition of PELP, and our merger with Phillips Edison Grocery Center REIT II, Inc. ("REIT II"), and the amount that we have to distribute to stockholders therefore may be higher.

As a result of each of the acquisition of PELP and our merger with REIT II, certain of the Operating Partnership's shopping centers have carryover tax bases that are lower than the fair market values of these shopping centers at the time of the acquisition. As a result of this lower aggregate tax basis, the Operating Partnership will recognize higher taxable gain upon the sale of these assets, and the Operating Partnership will be entitled to lower depreciation deductions on these assets than if it had purchased these shopping centers in taxable transactions at the time of the acquisition. Such lower depreciation deductions and increased gains on sales allocated to us generally will increase the amount of our required distribution under the REIT rules, and will decrease the portion of any distribution that otherwise would have been treated as a "return of capital" distribution.

Our property taxes could increase due to property tax rate changes or reassessment, which could impact our cash flow.

Even if we qualify as a REIT for U.S. federal income tax purposes, we are required to pay state and local property taxes on our shopping centers. The property taxes on our shopping centers may increase as property tax rates change or as our shopping centers are assessed or reassessed by taxing authorities. Therefore, the amount of property taxes we pay in the future may increase substantially from what we have paid in the past and such increases may not be covered by Neighbors pursuant to our lease agreements. If the property taxes we pay increase, our financial condition, results of operations, cash flow, per share trading price of our common stock, and ability to satisfy our principal and interest obligations and to make distributions to our stockholders could be adversely affected.

We use taxable REIT subsidiaries, which may cause us to fail to qualify as a REIT.

To qualify as a REIT for U.S. federal income tax purposes, we hold, and plan to continue to hold, substantially all of our non-qualifying REIT assets and conduct certain of our non-qualifying REIT income activities in or through one or more taxable REIT subsidiary ("TRS") entities. A TRS is a corporation other than a REIT in which a REIT directly or indirectly holds stock, and that has made a joint election with such REIT to be treated as a TRS. A TRS also includes any corporation other than a REIT with respect to which a TRS owns securities possessing more than 35% of the total voting power or value of the outstanding securities of such corporation. Other than some activities relating to lodging and health care facilities, a TRS may generally engage in any business, including the provision of customary or non-customary services to tenants of its parent REIT. A TRS is subject to U.S. federal income tax as a regular C-corporation at a current rate of 21%.

The net income of our TRS entities is not required to be distributed to us, and income that is not distributed to us will generally not be subject to the REIT income distribution requirement. However, our TRS entities may pay dividends. Such dividend income should qualify under the 95%, but not the 75%, gross income test. We will monitor the amount of the dividend and other income from our TRS entities and will take actions intended to keep this income, and any other non-qualifying income, within the limitations of the REIT income tests. While we expect these actions will prevent a violation of the REIT income tests, we cannot guarantee that such actions will in all cases prevent such a violation.

Our ownership of TRS entities is subject to limitations that could prevent us from growing our management business, and our transactions with our TRS entities could cause us to be subject to a 100% penalty tax on certain income or deductions if those transactions are not conducted on an arm's-length basis.

No more than 20% of the value of a REIT's gross assets may consist of interests in TRS entities. Compliance with this limitation could limit our ability to grow our management business. The IRC also imposes a 100% excise tax on certain transactions between a TRS and its parent REIT that are not conducted on an arm's-length basis. We will monitor the value of investments in our TRS entities in order to ensure compliance with TRS ownership limitations and will structure our transactions with our TRS entities on terms that we believe are arm's-length to avoid incurring the 100% excise tax described

above. There can be no assurance, however, that we will be able to comply with the TRS ownership limitation or be able to avoid application of the 100% excise tax.

REIT distribution requirements could adversely affect our ability to execute our business plans, including because we may be required to borrow funds to make distributions to stockholders or otherwise depend on external sources of capital to fund such distributions.

We generally must distribute annually at least 90% of our REIT taxable income (which is determined without regard to the dividends paid deduction or net capital gain for this purpose) in order to continue to qualify as a REIT. To the extent that we satisfy the distribution requirement but distribute less than 100% of our taxable income, we will be subject to federal corporate income tax on our undistributed taxable income. In addition, we may elect to retain and pay income tax on our net long-term capital gain. In that case, if we so elect, a stockholder would be taxed on its proportionate share of our undistributed long-term gain and would receive a credit or refund for its proportionate share of the tax we paid. A stockholder, including a tax-exempt or foreign stockholder, would have to file a U.S. federal income tax return to claim that credit or refund. Furthermore, we will be subject to a 4% nondeductible excise tax if the actual amount that we distribute to our stockholders in a calendar year is less than a minimum amount specified under federal tax laws.

We intend to make distributions to our stockholders to comply with the REIT requirements of the IRC and to avoid corporate income tax and the 4% excise tax. We may be required to make distributions to our stockholders at times when it would be more advantageous to reinvest cash in the business or when we do not have funds readily available for distribution. Thus, compliance with the REIT requirements may hinder our ability to operate solely on the basis of maximizing profits.

If we do not have other funds available, we could be required to borrow funds on unfavorable terms, sell investments at disadvantageous prices, distribute amounts that would otherwise be invested in future acquisitions or capital expenditures or used for the repayment of debt, pay dividends in the form of "taxable stock dividends," or find another alternative source of funds to make distributions sufficient to enable us to distribute enough of our taxable income to satisfy the REIT distribution requirement and to avoid corporate income tax and the 4% excise tax in a particular year. These alternatives could increase our costs or reduce our equity.

Complying with REIT requirements may cause us to forego otherwise attractive opportunities or liquidate otherwise attractive investments.

To continue to qualify as a REIT for U.S. federal income tax purposes, we must continually satisfy tests concerning, among other things, the sources of our income, the nature and diversification of our assets, the amounts we distribute to stockholders, and the ownership of our stock. As discussed above, we may be required to make distributions to shareholders at disadvantageous times or when we do not have funds readily available for distribution. Additionally, we may be unable to pursue investments that would be otherwise attractive to us in order to satisfy the requirements for qualifying as a REIT.

We must also ensure that at the end of each calendar quarter, at least 75% of the value of our assets consists of cash, cash items, U.S. government securities, and qualified real estate assets, including certain mortgage loans and mortgage-backed securities. The remainder of our investment in securities (other than U.S. government securities and qualified real estate assets) generally cannot include more than 10% of the outstanding voting securities of any one issuer or more than 10% of the total value of the outstanding securities of any one issuer. In addition, in general, no more than 5% of the value of our assets can consist of the securities of any one issuer (other than U.S. government securities and qualified real estate assets) and no more than 20% of the value of our gross assets may be represented by securities of one or more TRS entities. Finally, no more than 25% of our assets may consist of debt investments that are issued by "publicly offered REITs" and would not otherwise be treated as qualifying real estate assets. If we fail to comply with these requirements at the end of any calendar quarter, we must correct such failure within 30 days after the end of the calendar quarter to avoid losing our REIT status and being subject to adverse tax consequences, unless certain relief provisions apply. As a result, compliance with the REIT requirements may hinder our ability to operate solely on the basis of profit maximization and may require us to liquidate investments from our portfolio, or refrain from making otherwise attractive investments. These actions could have the effect of reducing our income and amounts available for distribution to stockholders.

The prohibited transactions tax may limit our ability to engage in transactions, including disposition of assets, which would be treated as sales for U.S. federal income tax purposes.

A REIT's net income from prohibited transactions is subject to a 100% tax. In general, prohibited transactions are sales or other dispositions of dealer property, other than foreclosure property. We may be subject to the prohibited transaction tax upon a disposition of real property. Although a safe-harbor exception to prohibited transaction treatment is available, we cannot assure you that we can comply with such safe harbor or that we will avoid owning property that may be characterized as held primarily for sale to customers in the ordinary course of our trade or business. Consequently, we may choose not to engage in certain sales of real property or may conduct such sales through a TRS.

It may be possible to reduce the impact of the prohibited transaction tax by conducting certain activities through a TRS. However, to the extent that we engage in such activities through a TRS, the income associated with such activities will be subject to a corporate income tax. In addition, the IRS may attempt to ignore or otherwise recast such activities in order to impose a prohibited transaction tax on us, and there can be no assurance that such recast will not be successful.

We may recognize substantial amounts of REIT taxable income, which we would be required to distribute to our stockholders, in a year in which we are not profitable under accounting principles generally accepted in the United States ("GAAP") or other economic measures.

We may recognize substantial amounts of REIT taxable income in years in which we are not profitable under GAAP or other economic measures as a result of the differences between GAAP and tax accounting methods. For instance, certain of our assets will be marked-to-market for GAAP purposes but not for tax purposes, which could result in losses for GAAP purposes that are not recognized in computing our REIT taxable income. Additionally, we may deduct our capital losses only to the extent of our capital gains in computing our REIT taxable income for a given taxable year. Consequently, we could recognize

substantial amounts of REIT taxable income and would be required to distribute such income to shareholders in a year in which we are not profitable under GAAP or other economic measures.

Our qualification as a REIT could be jeopardized as a result of an interest in joint ventures or investment funds.

We may hold certain limited partner or non-managing member interests in partnerships or limited liability companies that are joint ventures or investment funds. If a partnership or limited liability company in which we own an interest takes or expects to take actions that could jeopardize our qualification as a REIT or require us to pay tax, we may be forced to dispose of our interest in such entity. In addition, it is possible that a partnership or limited liability company could take an action which could cause us to fail a REIT gross income or asset test, and that we would not become aware of such action in time to dispose of our interest in the partnership or limited liability company or take other corrective action on a timely basis. In that case, we could fail to continue to qualify as a REIT unless we are able to qualify for a statutory REIT "savings" provision, which may require us to pay a significant penalty tax to maintain our REIT qualification.

Distributions paid by REITs do not qualify for the reduced tax rates that apply to other corporate distributions.

The maximum tax rate for "qualified dividends" paid by corporations to non-corporate stockholders generally is 20%. Distributions paid by REITs to non-corporate stockholders generally are taxed at rates lower than ordinary income rates, but those rates are higher than the 20% tax rate on qualified dividend income paid by corporations. Although this does not adversely affect the taxation of REITs or dividends payable by REITs, to the extent that the preferential rates continue to apply to regular corporate qualified dividends, the more favorable rates for corporate dividends may cause non-corporate investors to perceive that an investment in a REIT is less attractive than an investment in a non-REIT entity that pays dividends, thereby reducing the demand and market price of shares of our common stock.

Legislative or regulatory tax changes could adversely affect us or our stockholders.

At any time, the U.S. federal income tax laws or regulations governing REITs or the administrative interpretations of those laws or regulations may be amended. We cannot predict when or if any new U.S. federal income tax law, regulation or administrative interpretation, or any amendment to any existing U.S. federal income tax law, regulation or administrative interpretation, will be adopted, promulgated or become effective and any such law, regulation or interpretation may take effect retroactively. Any such change could result in an increase in our, or our stockholders', tax liability or require changes in the manner in which we operate in order to minimize increases in our tax liability. A shortfall in tax revenues for states and municipalities in which we operate may lead to an increase in the frequency and size of such changes. If such changes occur, we may be required to pay additional taxes on our assets or income or be subject to additional restrictions. These increased tax costs could, among other things, adversely affect our financial condition, results of operations, and the amount of cash available for the payment of dividends. We and our stockholders could be adversely affected by any such change in, or any new, U.S. federal income tax law, regulation, or administrative interpretation.

In addition, the COVID-19 pandemic has left many state and local governments with reduced tax revenue, which may lead such governments to increase taxes or otherwise make significant changes to their state and local tax laws. If such changes occur, we may be required to pay additional taxes on our assets or income.

If our assets are deemed to be plan assets, we may be exposed to liabilities under Title I of the Employee Retirement Income Security Act of 1974 ("ERISA") and the IRC.

In some circumstances where an ERISA plan holds an interest in an entity, the assets of the entity are deemed to be ERISA plan assets unless an exception applies. This is known as the "look-through rule." Under those circumstances, the obligations and other responsibilities of plan sponsors, plan fiduciaries and plan administrators, and of parties in interest and disqualified persons, under Title I of ERISA or Section 4975 of the IRC, may be applicable, and there may be liability under these and other provisions of ERISA and the IRC. We believe that our assets should not be treated as plan assets because the shares of our common stock should qualify as "publicly-offered securities" that are exempt from the look-through rules under applicable Treasury Regulations. We note, however, that because certain limitations are imposed upon the transferability of shares of our common stock so that we may qualify as a REIT, and perhaps for other reasons, it is possible that this exemption may not apply. If that is the case, and if we are exposed to liability under ERISA or the IRC, our performance and results of operations could be adversely affected.

Risks Related to Business Continuity

Uninsured losses relating to real property or excessively expensive premiums for insurance coverage could adversely affect our cash flows and stockholder returns.

We maintain insurance coverage with third-party carriers who provide a portion of the coverage of potential losses, including commercial general liability, fire, flood, extended coverage and rental loss insurance on all of our shopping centers. We currently self-insure a portion of our commercial insurance deductible risk through our captive insurance company. To the extent that our captive insurance company is unable to bear that risk, we may be required to fund additional capital to our captive insurance company or we may be required to bear that loss. As a result, our operating results may be adversely affected.

There are some types of losses, generally catastrophic in nature, such as losses due to wars, acts of terrorism, earthquakes, floods, hurricanes, pollution or environmental matters, that are uninsurable or not economically insurable, or may be insured subject to limitations, such as large deductibles or sublimits. Insurance risks associated with potential acts of terrorism could sharply increase the premiums that we pay for coverage against property and casualty claims. Additionally, mortgage lenders in some cases insist that commercial property owners purchase coverage against terrorism as a condition for providing mortgage loans. Such insurance policies may not be available at reasonable costs, if at all, which could inhibit our ability to finance or refinance our shopping centers. In such instances, we may be required to provide other financial support, either through financial assurances or self-insurance, to cover potential losses. We may not have adequate, or any, coverage for such losses. Changes in the cost or availability of insurance could expose us to uninsured casualty losses. If any of our shopping centers incur a casualty loss that is not fully insured, the value of our assets will be reduced by any such uninsured

loss, which may reduce the value of our stockholders' investment. In addition, other than any working capital reserve or other reserves we may establish, we have no source of funding to repair or reconstruct any uninsured property. Also, to the extent we must pay unexpectedly large amounts for insurance, such payments could adversely impact our cash flows and ability to make distributions to our stockholders.

Climate change may adversely affect our business, financial condition, cash flows, and results of operations.

Climate change, including the impact of global warming, creates physical and financial risks. Physical risks from climate change include an increase in sea level and changes in weather conditions, such as an increase in storm intensity and severity of weather (e.g. floods, tornadoes, or hurricanes) and extreme temperatures. The occurrence of sea level rise or one or more natural disasters, such as floods, tornados, hurricanes, tropical storms, wildfires, and earthquakes (whether or not caused by climate change), could cause considerable damage to our shopping centers, disrupt our operations and negatively affect our financial performance. To the extent any of these events results in significant damage to or closure of one or more of our shopping centers, our operations and financial performance could be adversely affected through lost Neighbors and an inability to lease or re-lease the space. In addition, these events could result in significant expenses to restore or remediate a property, increases in fuel or other energy costs or a fuel shortage, and increases in the costs of (or making unavailable) insurance on favorable terms if they result in significant loss of property or other insurable damage. In addition, transition risks associated with new or more stringent laws or regulations or stricter interpretations of existing laws may require material expenditures by us. For example, various federal, state, and regional laws and regulations have been implemented or are under consideration to mitigate the effects of climate change caused by greenhouse gas emissions. Among other things, "green" building codes may seek to reduce emissions through the imposition of standards for design, construction materials, water and energy usage and efficiency, and waste management. Such codes could require us to make improvements to our existing shopping centers, increase the costs of maintaining or improving our existing shopping centers or developing new shopping centers, or increase taxes and fees assessed on us or our shopping centers.

As an owner and/or operator of real estate, we could become subject to liability for environmental violations, regardless of whether we caused such violations, and our efforts to identify environmental liabilities may not be successful.

We could become subject to liability in the form of fines or damages for noncompliance with environmental laws and regulations. These laws and regulations generally govern wastewater discharges; air emissions; the operation and removal of underground and above-ground storage tanks; the use, storage, treatment, transportation and disposal of hazardous materials and wastes; the remediation of contaminated property associated with the release or disposal of hazardous materials and wastes; and other health and safety-related concerns. U.S. federal, state, and local laws and regulations relating to the protection of the environment may require us, as a current or previous owner or operator of real property, to investigate and clean up hazardous or toxic substances or petroleum product releases at a property or at impacted neighboring properties. Some of these laws and regulations may impose strict or joint and several liability on tenants, owners, or operators for the costs of investigation or remediation of contaminated properties, regardless of fault or the legality of the original disposal. Under various federal, state, and local environmental laws, ordinances, and regulations, a current or former owner or operator of real property may be liable for the cost to remove or remediate hazardous or toxic substances, wastes, or petroleum products on, under, from, or in such property. These costs could be substantial and liability under these laws may attach whether or not the owner or manager knew of, or was responsible for, the presence of such contamination. Even if more than one person may have been responsible for the contamination, each liable party may be held entirely responsible for all of the clean-up costs incurred. For example, many of our sites are currently or were formerly used for dry cleaning operations, and there have been and could be releases of chlorinated solvents as a result of these operations, which have resulted in and could give rise in the future to the requirement that we perform clean-up actions. As another example, many of our sites are currently or were formerly used for motor vehicle filling station and maintenance operations, and there have been and could be releases of petroleum products, hydraulic oil, or other substances associated with these operations, which have resulted in and could give rise in the future to the requirement that we or others investigate or remediate the releases. We may be subject to regulatory action and may also be held liable to third parties for personal injury or property damage incurred by such parties in connection with exposure to or offsite contamination caused by hazardous or toxic substances. The costs of investigation, removal or remediation of hazardous or toxic substances, and related liabilities, may be substantial and could materially and adversely affect us. The presence of hazardous or toxic substances, or the failure to remediate the related contamination, may also adversely affect our ability to sell, lease or redevelop a property or to borrow money using a property as collateral.

Although we believe that our portfolio is in substantial compliance with U.S. federal, state, and local environmental laws and regulations regarding hazardous or toxic substances, and that there is no material contamination that we would be responsible for addressing, this belief is based on limited evaluation and testing. Nearly all of our shopping centers have been subjected to Phase I or similar environmental audits. These environmental audits (which do not include subsurface testing) have not revealed, nor are we aware of, any environmental liability that we believe is reasonably likely to have a material adverse effect on us. However, we cannot assure you that: (i) previous environmental studies with respect to the portfolio revealed all potential environmental liabilities; (ii) any previous owner, occupant or Neighbor of a property did not create any material environmental condition not known to us; (iii) the current environmental condition of the portfolio will not be affected by Neighbors and occupants, by the condition of nearby properties, or by other unrelated third parties; or (iv) future uses or conditions (including, without limitation, changes in applicable environmental laws and regulations or the interpretation thereof) will not result in environmental liabilities.

We and our Neighbors face risks relating to cybersecurity attacks, which could cause loss of confidential information and other disruptions to business operations, and compliance with new laws and regulations regarding cybersecurity and privacy may result in substantial costs and may decrease cash available for distributions.

Cybersecurity attacks include attempts to gain unauthorized access to our data and/or computer systems to disrupt operations, corrupt data, or steal confidential information. We may face such cybersecurity attacks through malware, computer viruses, attachments to e-mails, persons inside our organization or persons with access to systems inside our

organization, and other significant disruptions of our information technology (IT) systems. The risk of a cybersecurity attack, including by computer hackers (individual or hacking organizations), foreign governments, and cyber terrorists, has generally increased as the number, intensity, and sophistication of attempted attacks and intrusions from around the world have increased. The techniques and sophistication used to conduct cyber attacks and breaches of IT systems, as well as the sources and targets of these attacks, change frequently and are often not recognized until such attacks are launched or have been in place for a period of time.

Our IT networks and related systems are essential to the operation of our business and our ability to perform day-to-day operations and, in some cases, may be critical to the operations of certain of our Neighbors. In addition to our own IT systems, we also depend on third parties to provide IT services relating to several key business functions, such as administration, accounting, communications, document management and storage, human resources, payroll, tax, investor relations, and certain finance functions. Our IT systems and those provided by third parties may contain personal, financial, or other information that is entrusted to us by our Neighbors and associates, as well as proprietary PECO information and other confidential information related to our business. We and such third parties employ a number of measures to prevent, detect, and mitigate these threats, including password protection, firewalls, backup servers, malware detection, intrusion sensors, threat monitoring, user training, and periodic penetration testing; however, there is no guarantee that such efforts will be successful in preventing a cybersecurity attack.

As our reliance on technology has increased, so have the risks posed to our systems, both internal and those we have outsourced. The primary risks that could directly result from the occurrence of a cyber incident include operational interruption, damage to our relationship with our Neighbors, and private data exposure. Our financial results and business operations may be negatively affected by such an incident or the resulting negative media attention. A cybersecurity attack could: (i) disrupt the proper functioning of our networks and systems and therefore our operations and/or those of certain of our Neighbors; (ii) compromise the confidential or proprietary information of our Neighbors, associates, and vendors, which others could use to compete against us or for disruptive, destructive, or otherwise harmful purposes and outcomes; (iii) result in our inability to maintain the building systems relied upon by our Neighbors for the efficient use of their leased space; (iv) require significant management attention and resources to remedy the damages that result; (v) result in misstated financial reports, violations of loan covenants and/or missed reporting deadlines; (vi) result in our inability to properly monitor our compliance with the rules and regulations regarding our qualification as a REIT; (vii) subject us to claims for breach of contract, damages, credits, penalties, or termination of leases or other agreements or relationships; (viii) cause reputational damage that adversely affects Neighbor, investor, and associate confidence in us, which could negatively affect our ability to attract and retain Neighbors, investors, and associates; (ix) result in significant remediation costs, some or all of which may not be recoverable from our insurance carriers; and (x) result in increases in the cost of obtaining insurance on favorable terms, or at all, if the attack results in significant insured losses. Such security breaches also could result in a violation of applicable federal and state privacy and other laws, and subject us to private consumer, business partner, or securities litigation and governmental investigations and proceedings, any of which could result in our exposure to material civil or criminal liability, and we may not be able to recover these expenses from our service providers, responsible parties, or insurance carriers. Similarly, our Neighbors rely extensively on IT systems to process transactions and manage their businesses and thus are also at risk from and may be adversely affected by cybersecurity attacks. An interruption in the business operations of our Neighbors or a deterioration in their reputation resulting from a cybersecurity attack, including unauthorized access to customers' credit card data and other confidential information, could indirectly negatively affect our business and cause lost revenues. As of December 31, 2021, we have not had any material incidents involving cybersecurity attacks.

Regulatory and Legal Risks

Compliance or failure to comply with the Americans with Disabilities Act (the "ADA"), and fire, safety, and other regulations could result in substantial costs and may decrease cash available for stockholder distributions.

Our shopping centers are or may become subject to the ADA which generally requires that all places of public accommodation comply with federal requirements related to access and use by disabled persons. Compliance with the ADA's requirements could require the removal of access barriers and noncompliance may result in the imposition of injunctive relief, monetary penalties, or in some cases, an award of damages. While we attempt to acquire shopping centers that are already in compliance with the ADA or place the burden of compliance on the seller or other third party, such as a Neighbor, we cannot assure stockholders that we will be able to acquire shopping centers or allocate responsibilities in this manner. In addition, we are required to operate the shopping centers in compliance with fire and safety regulations, building codes, and other land use regulations, as they may be adopted by governmental entities and become applicable to the shopping centers. We may be required to make substantial capital expenditures to comply with these requirements, and these expenditures may reduce our net income and may have a material adverse effect on our ability to meet our financial obligations and make distributions to our stockholders.

We could be subject to legal or regulatory proceedings that may adversely affect our cash flows and results of operations.

As an owner and operator of public shopping centers, from time to time, we are party to legal and regulatory proceedings that arise in the ordinary course of business. Due to the inherent uncertainties of litigation and regulatory proceedings, we cannot accurately predict the ultimate outcome of any such litigation or proceedings. We could experience an adverse effect to our cash flows, financial condition, and results of operations due to an unfavorable outcome.

Risks Related to Our Common Stock

An active trading market for our common stock may not be maintained.

Our common stock only recently began trading on Nasdaq, and we cannot assure you that an active trading market will be sustained. Whether an active public market for shares of our common stock will be maintained depends on a number of factors, including the extent of institutional investor interest in us, the general reputation of REITs and the attractiveness of their equity securities in comparison to other equity securities (including securities issued by other real estate based

companies), our financial performance, and general stock and bond market conditions. If an active trading market for shares of our common stock does not develop, you may have difficulty selling shares of our common stock, which could adversely affect the price that you receive for such shares.

The market price and trading volume of shares of our common stock may be volatile.

The U.S. stock markets, including Nasdaq, on which our common stock recently began trading, have experienced significant price and volume fluctuations. As a result, the market price of shares of our common stock is likely to be similarly volatile, and investors in shares of our common stock may experience a decrease in the value of their shares, including decreases unrelated to our operating performance or prospects. We cannot assure you that the market price of shares of our common stock will not fluctuate or decline significantly in the future.

In addition to the risks listed in this "Risk Factors" section, a number of factors could negatively affect the share price of our common stock or result in fluctuations in the price or trading volume of shares of our common stock, including:

- the annual yield from distributions on shares of our common stock as compared to yields on other financial instruments;
- equity issuances by us, or future sales of substantial amounts of shares of our common stock by our existing or future stockholders, or the perception that such issuances or future sales may occur;
- the recent automatic conversion of all shares of our Class B common stock into shares of our listed common stock;
- increases in market interest rates or a decrease in our distributions to stockholders that lead purchasers of shares of our common stock to demand a higher yield;
- changes in market valuations of similar companies;
- fluctuations in stock market prices and volumes;
- additions or departures of key management personnel;
- our operating performance and the performance of other similar companies;
- actual or anticipated differences in our quarterly operating results;
- changes in expectations of future financial performance or changes in estimates of securities analysts;
- publication of research reports about us or our industry by securities analysts;
- failure to qualify as a REIT;
- adverse market reaction to any indebtedness we incur in the future;
- strategic decisions by us or our competitors, such as acquisitions, divestments, spin offs, joint ventures, strategic investments, or changes in business strategy;
- the passage of legislation or other regulatory developments that adversely affect us or our industry;
- speculation in the press or investment community;
- changes in our earnings;
- failure to satisfy the listing requirements of Nasdaq;
- failure to comply with the requirements of the Sarbanes-Oxley Act;
- actions by institutional stockholders;
- changes in accounting principles; and
- general market conditions, including factors unrelated to our performance.

In the past, securities class action litigation has often been instituted against companies following periods of volatility in the price of their common stock. This type of litigation could result in substantial costs and divert our management's attention and resources, which could have a material adverse effect on our cash flows, our ability to execute our business strategy and our ability to make distributions to our stockholders.

The number of shares of our common stock available for future issuance or sale could adversely affect the market price of our common stock.

We cannot predict whether future issuances or sales of shares of our common stock or the availability of shares of our common stock for resale in the open market will decrease the market price of our common stock. The issuance of a substantial number of shares of our common stock in the public market, or upon exchange of common units of limited partnership interest in our OP units, or the perception that such issuances might occur, could adversely affect the market price of our common stock.

The exchange of OP units for common stock, including OP units granted to certain directors, executive officers and other employees under our equity incentive plan, or the issuance of our common stock or OP units in connection with future property, portfolio or business acquisitions could have an adverse effect on the market price of our common stock. In addition, the existence of OP units and shares of our common stock reserved for issuance under our equity incentive plan may adversely affect the terms upon which we may be able to obtain additional capital through the sale of equity securities. Future issuances of shares of our common stock may also be dilutive to existing stockholders.

Future offerings of debt securities, which would be senior to our common stock upon liquidation, and/or preferred equity securities, which may be senior to our common stock for purposes of dividend distributions or upon liquidation, may adversely affect the market price of our common stock.

In October 2021, we issued $350 million aggregate principal amount of 2.625% senior notes, and in the future, we may attempt to increase our capital resources by offering additional debt or equity securities (or causing our operating partnership to issue debt or equity securities), including medium term notes, senior or subordinated notes, and additional classes of preferred or common stock. Holders of debt securities or shares of preferred stock, as well as lenders with respect to other borrowings, will generally be entitled to receive interest payments or distributions, both current and in connection with any liquidation or sale, prior to the holders of our common stock. Additionally, any convertible or exchangeable securities that we issue in the future may have rights, preferences and privileges more favorable than those of our common stock and may result in dilution to owners of our common stock. We are not required to offer any such additional debt or equity securities to existing common stockholders on a preemptive basis. Therefore, offerings of common stock or other equity securities may dilute the holdings of our existing stockholders. Future offerings of debt or equity securities, or the perception that such offerings may occur, may reduce the market price of our common stock and/or the distributions that we pay with respect to our common stock. Because we may generally issue any such debt or equity securities in the future without obtaining the consent of our stockholders, you will bear the risk of our future offerings reducing the market price of our common stock and diluting your proportionate ownership.

If we pay distributions from sources other than our cash flows from operations, we may not be able to sustain our distribution rate, we may have fewer funds available for investment in shopping centers and other assets, and our stockholders' overall returns may be reduced.

Our organizational documents permit us to pay distributions from any source without limit (other than those limits set forth under Maryland law). To the extent we fund distributions from borrowings, we will have fewer funds available for investment in real estate shopping centers and other real estate-related assets, and our stockholders' overall returns may be reduced. At times, we may need to borrow funds to pay distributions, which could increase the costs to operate our business. Furthermore, if we cannot cover our distributions with cash flows from operations, we may be unable to sustain our distribution rate.

Our distributions to stockholders may change, which could adversely affect the market price of shares of our common stock.

All distributions will be at the sole discretion of our Board and will depend on our actual and projected financial condition, results of operations, cash flows, liquidity, maintenance of our REIT qualification, and such other matters as our Board may deem relevant from time to time. We intend to evaluate distributions throughout 2022, and it is possible that stockholders may not receive distributions equivalent to those previously paid by us for various reasons, including: (i) we may not have enough cash to pay such distributions due to changes in our cash requirements, indebtedness, capital spending plans, operating cash flows, or financial position; (ii) decisions on whether, when, and in what amounts to make any future distributions will remain at all times entirely at the discretion of the Board, which reserves the right to change our distribution practices at any time and for any reason; (iii) our Board may elect to retain cash for investment purposes, working capital reserves, or other purposes, or to maintain or improve our credit ratings; and (iv) the amount of distributions that our subsidiaries may distribute to us may be subject to restrictions imposed by state law, state regulators, and/or the terms of any current or future indebtedness that these subsidiaries may incur.

Stockholders have no contractual or other legal right to distributions that have not been authorized by the Board and declared by the Company. We may not be able to make distributions in the future or may need to fund such distributions from external sources, as to which no assurances can be given. In addition, as noted above, we may choose to retain operating cash flow, and those retained funds, although increasing the value of our underlying assets, may not correspondingly increase the market price of shares of our common stock. Our failure to meet the market's expectations with regard to future cash distributions likely would adversely affect the market price of shares of our common stock.

Increases in market interest rates may result in a decrease in the value of shares of our common stock.

One of the factors that may influence the price of shares of our common stock will be the dividend distribution rate on our common stock (as a percentage of the price of shares of our common stock) relative to market interest rates. If market interest rates rise, prospective purchasers of shares of our common stock may expect a higher distribution rate. Higher interest rates would not, however, result in more funds being available for distribution and, in fact, would likely increase our borrowing costs and might decrease our funds available for distribution. We therefore may not be able, or we may not choose, to provide a higher distribution rate. As a result, prospective purchasers may decide to purchase other securities rather than shares of our common stock, which would reduce the demand for, and result in a decline in the market price of, shares of our common stock.

If we fail to maintain an effective system of internal control over financial reporting and disclosure controls, we may not be able to accurately and timely report our financial results.

Effective internal control over financial reporting and disclosure controls are necessary for us to provide reliable financial reports, effectively prevent fraud, and to operate successfully as a public company. If we cannot provide reliable financial reports or prevent fraud, our reputation and operating results would be harmed. We are currently required to perform system and process evaluation and testing of our internal control over financial reporting to allow management to report on the effectiveness of our internal control over financial reporting, and as of December 31, 2022, we expect that we will be required to have our independent registered public accounting firm attest to the same, as required by Section 404 of the Sarbanes-Oxley Act of 2002. To date, the audit of our consolidated financial statements by our independent registered public accounting firm has included a consideration of internal control over financial reporting as a basis of designing their audit procedures, but not for the purpose of expressing an opinion (as will be required pursuant to Section 404(b) of the Sarbanes-Oxley Act of 2002) on the effectiveness of our internal control over financial reporting. If a material weakness or significant deficiency was to be identified in our internal control over financial reporting, we may also identify deficiencies in some of our disclosure

controls and procedures that we believe require remediation. If we or our independent registered public accounting firm discover weaknesses, we will make efforts to improve our internal control over financial reporting and disclosure controls. However, there is no assurance that we will be successful. Any failure to maintain effective controls or timely effect any necessary improvement of our internal control over financial reporting and disclosure controls could harm operating results or cause us to fail to meet our reporting obligations, which could affect the listing of our common stock on Nasdaq. Ineffective internal control over financial reporting and disclosure controls could also cause investors to lose confidence in our reported financial information, which would likely have a negative effect on the per share trading price of our common stock.

Prior to our underwritten IPO, we had no operating history as a publicly traded company and may not be able to successfully operate as a publicly traded company.

Prior to our underwritten IPO, we had no operating history as a publicly traded company. We cannot assure you that the past experience of our senior management team will be sufficient to successfully operate our Company as a publicly traded company. Upon completion of our underwritten IPO, we were required to comply with the Nasdaq listing standards, and this transition could place a significant strain on our management systems, infrastructure and other resources. Failure to operate successfully as a publicly traded company would have an adverse effect on our financial condition, results of operations, cash flow, and per share trading price of our common stock.

ITEM 1B. UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 2. PROPERTIES

REAL ESTATE INVESTMENTS—The following table details information for our wholly-owned properties and those owned through our unconsolidated joint ventures as of December 31, 2021, which is the basis for determining the prorated information included in the subsequent tables (dollars and square feet in thousands):

	Ownership Percentage	Number of Properties	ABR	GLA
Wholly-owned properties	100%	268	$ 405,281	30,691
Grocery Retail Partners I	14%	20	29,516	2,211
Necessity Retail Partners	20%	1	2,268	116

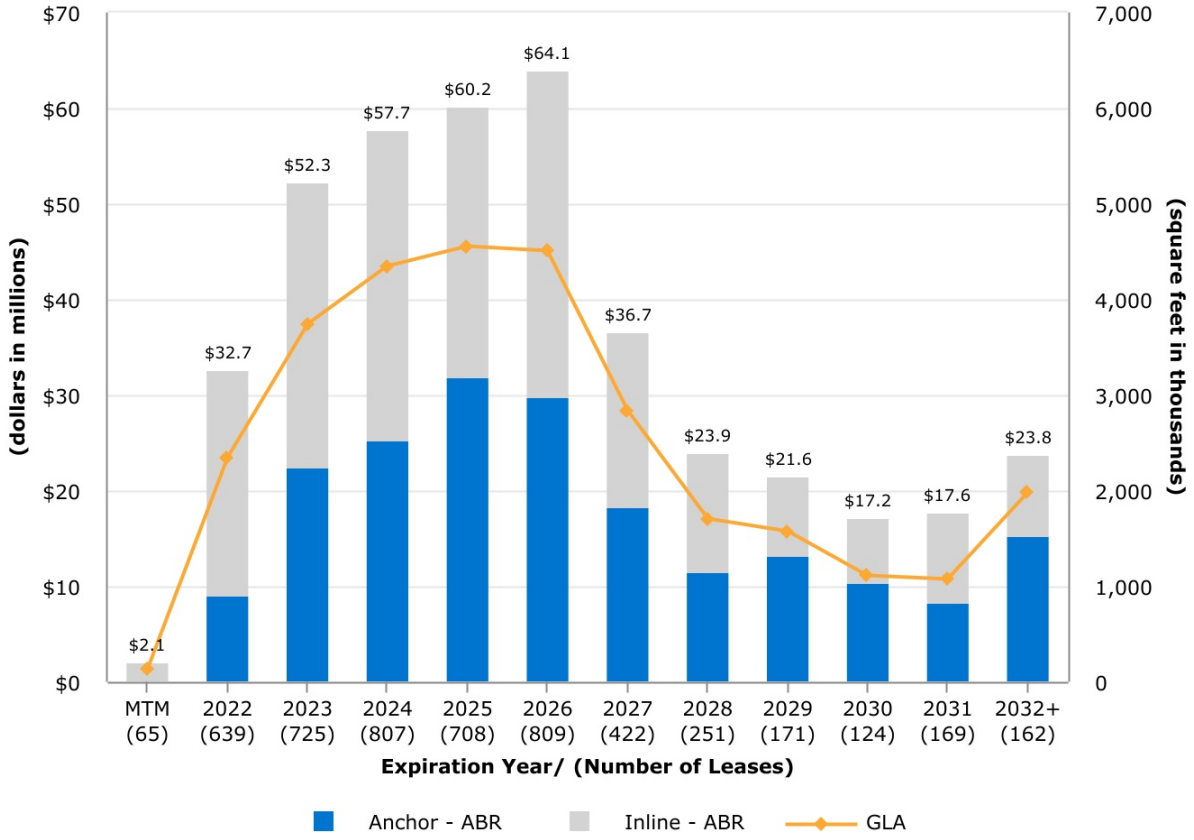
The following table presents information regarding the geographic location of our properties, including wholly-owned and the prorated portion of those owned through our unconsolidated joint ventures, by ABR as of December 31, 2021. For additional portfolio information, refer to “Schedule III - Real Estate Assets and Accumulated Depreciation” (dollars and square feet in thousands):

State	ABR[1]	% ABR	ABR/Leased Square Foot	GLA[2]	% GLA	% Leased	Number of Properties
Florida	$ 50,740	12.4 %	$ 13.40	4,034	13.0 %	93.9 %	50
California	43,842	10.7 %	19.49	2,345	7.6 %	95.9 %	25
Georgia	35,687	8.7 %	12.71	2,850	9.2 %	98.5 %	29
Texas	32,217	7.9 %	16.64	2,033	6.6 %	95.2 %	17
Ohio	25,873	6.3 %	10.33	2,602	8.4 %	96.2 %	21
Colorado	24,051	5.9 %	17.35	1,408	4.5 %	98.4 %	12
Illinois	23,408	5.7 %	15.16	1,635	5.3 %	94.5 %	14
Virginia	17,480	4.3 %	14.96	1,212	3.9 %	96.4 %	12
Massachusetts	15,856	3.9 %	14.17	1,145	3.7 %	97.8 %	9
Minnesota	13,918	3.4 %	13.24	1,067	3.4 %	98.5 %	11
Pennsylvania	11,846	2.9 %	12.16	1,004	3.2 %	97.0 %	6
Wisconsin	11,533	2.8 %	11.00	1,054	3.4 %	99.5 %	9
Arizona	9,740	2.4 %	13.71	736	2.4 %	96.5 %	6
Maryland	9,290	2.3 %	20.17	467	1.5 %	98.6 %	4
South Carolina	9,166	2.2 %	10.87	941	3.0 %	89.6 %	9
Nevada	8,580	2.1 %	18.62	475	1.5 %	97.1 %	4
North Carolina	7,650	1.9 %	12.14	659	2.1 %	95.7 %	10
Michigan	6,783	1.7 %	9.44	724	2.3 %	99.4 %	5
Indiana	6,737	1.6 %	8.54	832	2.7 %	94.7 %	5
Tennessee	5,871	1.4 %	8.51	692	2.2 %	99.8 %	4
Connecticut	5,592	1.4 %	13.84	419	1.3 %	96.5 %	4
New Mexico	5,410	1.3 %	14.17	404	1.3 %	94.6 %	3
Kentucky	4,915	1.2 %	10.05	502	1.6 %	97.5 %	3
Oregon	4,778	1.2 %	15.31	314	1.0 %	99.4 %	4
Kansas	4,376	1.1 %	11.99	376	1.2 %	97.0 %	3
New Jersey	4,101	1.0 %	25.23	163	0.5 %	100.0 %	1
Iowa	2,885	0.7 %	9.05	359	1.2 %	88.9 %	3
Washington	2,757	0.7 %	15.95	173	0.6 %	100.0 %	2
Missouri	2,621	0.5 %	11.98	221	0.7 %	99.1 %	2
New York	1,713	0.3 %	10.87	163	0.6 %	96.5 %	1
Utah	450	0.1 %	33.18	14	0.1 %	100.0 %	1
Total	$ 409,866	100.0 %	$ 13.72	31,023	100.0 %	96.3 %	289

(1) We calculate ABR as monthly contractual base rent as of December 31, 2021, multiplied by twelve months.

(2) GLA is defined as the total occupied and unoccupied square footage of a building that is available for Neighbors to lease.

LEASE EXPIRATIONS—The following chart shows the aggregate scheduled lease expirations, excluding our Neighbors who are occupying space on a temporary basis, after December 31, 2021 for each of the next ten years and thereafter for our wholly-owned properties and the prorated portion of those owned through our unconsolidated joint ventures:

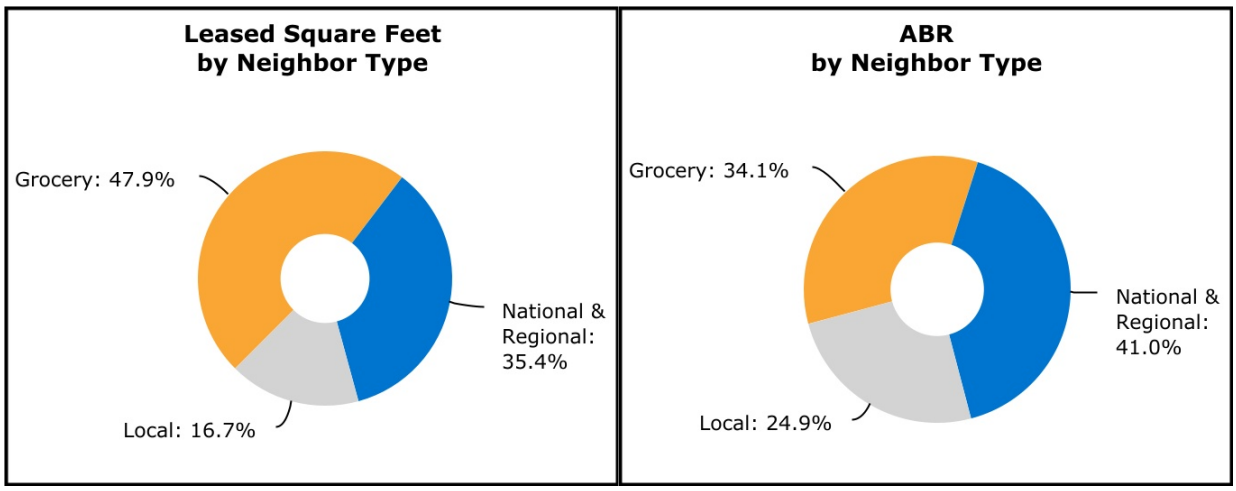


Our ability to create rental rate growth generally depends on our leverage during new and renewal lease negotiations with prospective and existing Neighbors, which typically occurs when occupancy at our centers is high or during periods of economic growth and recovery. Conversely, we may experience rental rate decline when occupancy at our centers is low or during periods of economic recession, as the leverage during new and renewal lease negotiations may shift to prospective and existing Neighbors.

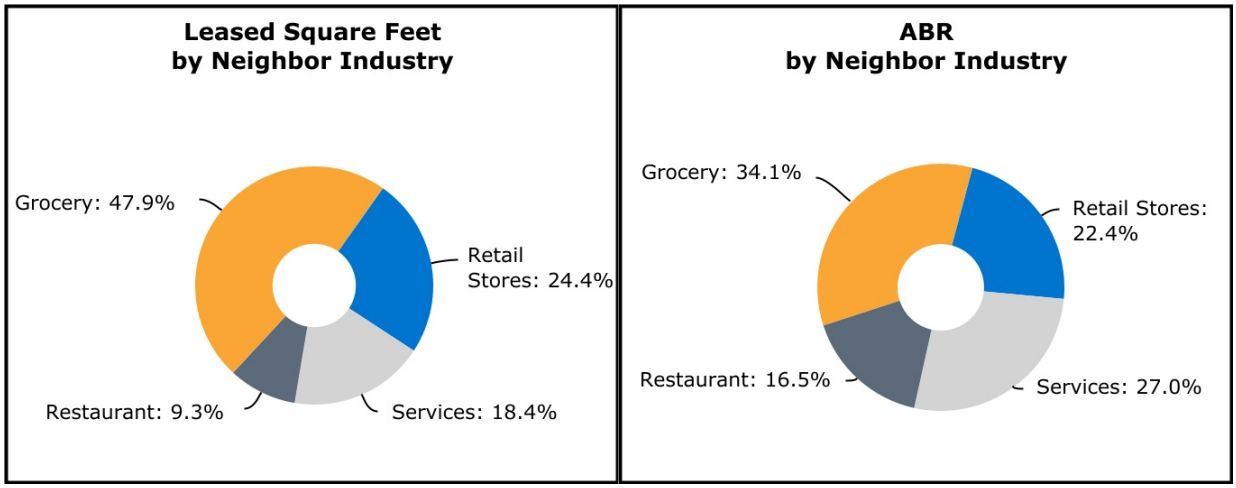
For our wholly-owned properties and those owned through our unconsolidated joint ventures, during the 2022 fiscal year, we have a total of 639 leases expiring, representing 2.3 million square feet of GLA. For our wholly-owned properties, during the 2022 fiscal year, we have 592 leases expiring, representing 2.3 million square feet of GLA. For our wholly-owned properties, the expiring leases have an ABR of $13.90 per square foot. While we cannot predict what rental rates we will achieve in 2022 as we renew or replace these expiring leases, the comparable rent spread of new leases signed during 2021 was 15.7%, and the comparable rent spread for lease renewals executed in 2021 was 8.1%. Further, during the fiscal year 2021, our occupancy improved 1.6% to 96.3%, indicating continued demand for leasing spaces at our centers.

See “Part II, Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations - Overview - Leasing Activity” of this filing on Form 10-K for further discussion of leasing activity.

PORTFOLIO TENANCY—We define national Neighbors as those Neighbors that operate in at least three states. Regional Neighbors are defined as those Neighbors that have at least three locations in fewer than three states. The following charts present the composition of our portfolio, including our wholly-owned properties and the prorated portion of those owned through our unconsolidated joint ventures, by Neighbor type as of December 31, 2021:



The following charts present the composition of our portfolio by neighbor industry as of December 31, 2021:



NECESSITY-BASED GOODS AND SERVICES—We define “Necessity-based goods and services” as goods and services that are indispensable, necessary, or common for day-to-day living, or that tend to be inelastic (i.e., those for which the demand does not change based on a consumer’s income level). We estimate that approximately 72% of our ABR, including the pro rata portion attributable to properties owned through our unconsolidated joint ventures, is generated from Neighbors providing necessity-based goods and services. Additionally, within Necessity-based goods and services, we estimate that approximately 49% of our ABR is generated from retail and service businesses generally deemed essential under most state and local mandates issued in response to the COVID-19 pandemic, including those that may have temporarily closed at various points during the pandemic due to decreases in foot traffic and customer patronage as a result of “stay-at-home” mandates and social distancing guidelines implemented in response to the pandemic.

TOP TWENTY NEIGHBORS—The following table presents our top twenty Neighbors by ABR, including our wholly-owned properties and the prorated portion of those owned through our unconsolidated joint ventures, as of December 31, 2021 (dollars and square feet in thousands):

Neighbor[1]	ABR	% of ABR	Leased Square Feet	% of Leased Square Feet	Number of Locations[2]
Kroger	$ 26,871	6.6 %	3,310	11.1 %	60
Publix	22,994	5.6 %	2,269	7.6 %	56
Albertsons-Safeway	17,253	4.2 %	1,648	5.5 %	30
Ahold Delhaize	17,241	4.2 %	1,204	4.0 %	22
Walmart	8,933	2.2 %	1,770	5.9 %	13
Giant Eagle	7,732	1.9 %	828	2.8 %	12
Sprouts Farmers Market	6,494	1.6 %	421	1.4 %	14
TJX Companies	5,498	1.3 %	465	1.6 %	17
Raley's	3,884	0.9 %	253	0.8 %	4
Dollar Tree	3,389	0.8 %	341	1.1 %	36
SUPERVALU	3,244	0.8 %	336	1.1 %	5
Subway Group	2,631	0.6 %	105	0.4 %	74
Anytime Fitness, Inc.	2,602	0.6 %	166	0.6 %	34
Schnucks	2,571	0.6 %	249	0.8 %	4
Lowe's	2,469	0.6 %	369	1.2 %	4
Kohl's Corporation	2,241	0.6 %	365	1.2 %	4
Food 4 Less (PAQ)	2,215	0.6 %	118	0.4 %	2
Save Mart	2,174	0.6 %	258	0.9 %	5
Petco Animal Supplies, Inc.	2,136	0.5 %	127	0.4 %	11
Franchise Group, Inc.	2,057	0.5 %	146	0.6 %	24
Total	$ 144,629	35.3 %	14,748	49.4 %	431

(1) Neighbors are grouped by parent company and may represent multiple subsidiaries and banners.

(2) Number of locations excludes auxiliary leases with grocery anchors such as fuel stations, pharmacies, and liquor stores. Additionally, in the event that a parent company has multiple subsidiaries or banners in a shopping center, those subsidiaries are included as one location.

ITEM 3. LEGAL PROCEEDINGS

From time to time, we are party to legal proceedings, which arise in the ordinary course of our business. We are not currently involved in any legal proceedings for which we are not covered by our liability insurance or the outcome is reasonably likely to have a material impact on our results of operations or financial condition, nor are we aware of any such legal proceedings contemplated by governmental authorities.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS, AND ISSUER PURCHASES OF EQUITY SECURITIES

MARKET INFORMATION—Our common stock is traded on the Nasdaq Global Select Market ("Nasdaq") under the ticker symbol "PECO." As of February 1, 2022, we had approximately 113.4 million shares of common stock outstanding, held by a total of 17,463 stockholders of record. This figure does not represent the actual number of beneficial owners of the Company's common shares because common shares are frequently held in "street name" by securities dealers and others for the beneficial owners who may vote the shares. As of December 31, 2021, there was no established public trading market for our Class B common stock, which automatically converted into our publicly traded common stock on January 18, 2022.

Underwritten Initial Public Offering—On July 19, 2021, we closed our underwritten initial public offering ("underwritten IPO"), through which we issued 19.6 million shares, including the underwriters' overallotment election, of a new class of common stock, $0.01 par value per share, at an initial price to the public of $28.00 per share. See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Overview" for more details.

Prior to our underwritten IPO, the independent directors of our board of directors (the "Board") engaged an independent valuation expert that has expertise in appraising commercial real estate assets, to provide a calculation of the range of an estimated value per share ("EVPS") of our common stock. On April 29, 2021, the independent directors of our Board declared the EVPS of our common stock as $31.65 as of March 31, 2021. On May 6, 2020, we previously established an EVPS of $26.25 as of March 31, 2020. See "Part II. Item 5. Other Information - Estimated Value per Share" of the Form 10-Q filed with the SEC on May 4, 2021 for further details on EVPS, including valuation methodologies, role of the independent directors, and limitations of EVPS.

DISTRIBUTIONS—We elected to be taxed as a real estate investment trust ("REIT") for federal income tax purposes commencing with our taxable year ended December 31, 2010. As a REIT, we have made, and intend to continue to make, distributions each taxable year equal to at least 90% of our taxable income (excluding capital gains and computed without regard to the dividends paid deduction).

The following table details distributions to our common stockholders and OP unit holders on a cash basis during the years ended December 31, 2021 and 2020:

Period[1]	Date of Record	Monthly Distribution Rate	Annual Distribution Rate	Date Distribution Paid
2021:				
December 2020	12/31/2020	$0.085	$1.02	1/12/2021
January 2021	1/15/2021	$0.085	$1.02	2/1/2021
February 2021	2/15/2021	$0.085	$1.02	3/1/2021
March 2021	3/19/2021	$0.085	$1.02	4/1/2021
April 2021	4/19/2021	$0.085	$1.02	5/3/2021
May 2021	5/17/2021	$0.085	$1.02	6/1/2021
June 2021	6/15/2021	$0.085	$1.02	7/1/2021
July 2021	7/15/2021	$0.085	$1.02	8/2/2021
August 2021	8/16/2021	$0.085	$1.02	9/1/2021
September 2021	9/15/2021	$0.085	$1.02	10/1/2021
October 2021	10/15/2021	$0.09	$1.08	11/1/2021
November 2021	11/15/2021	$0.09	$1.08	12/1/2021
December 2021	12/15/2021	$0.09	$1.08	1/3/2022
2020:				
December 2019	12/16/2019	$0.168	$2.02	1/2/2020
January 2020	1/15/2020	$0.168	$2.02	2/3/2020
February 2020	2/17/2020	$0.168	$2.02	3/2/2020
March 2020	3/16/2020	$0.168	$2.02	4/1/2020

[1] Due to the uncertainty of the COVID-19 pandemic, our Board suspended stockholder distributions effective after the payment of the March 2020 distribution on April 1, 2020 and continuing through November 2020. Our Board reinstated monthly stockholder distributions beginning December 2020.

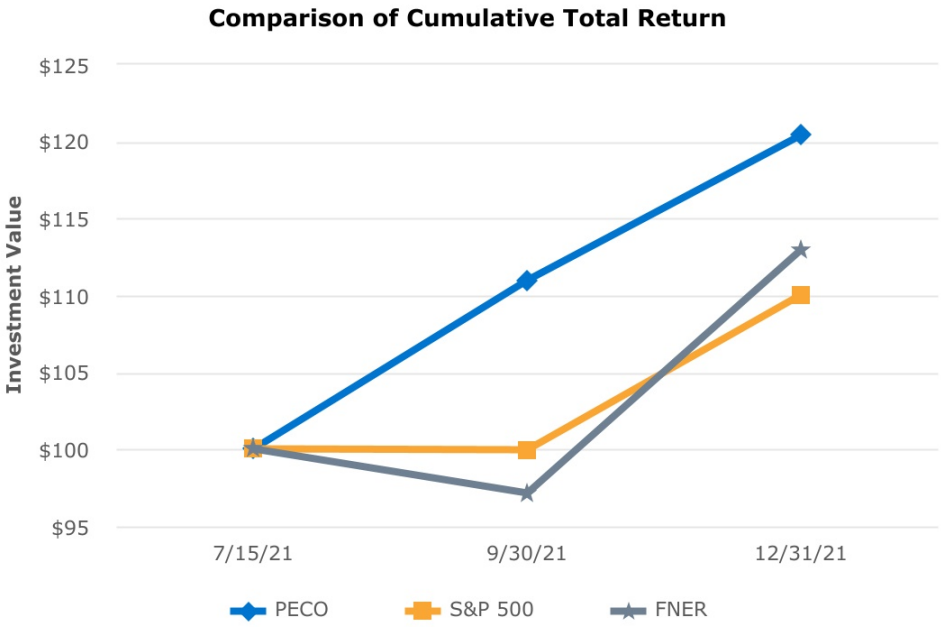
The January 2022 distributions of $0.09 per share were paid on February 1, 2022. On February 9, 2022, our Board authorized 2022 distributions for February, March, and April of $0.09 per share to the stockholders of record at the close of business on February 15, 2022, March 15, 2022, and April 15, 2022, respectively. Holders of ownership units of Phillips Edison Grocery Center Operating Partnership I, L.P. (the "Operating Partnership") ("OP units") will receive distributions at the same rate as common stockholders. The timing and amount of distributions is determined by our Board and is influenced in part by our intention to comply with REIT requirements of the Internal Revenue Code of 1986, as amended (the "IRC").

DIVIDEND REINVESTMENT PLAN ("DRIP") AND THE SHARE REPURCHASE PLAN ("SRP")—On August 4, 2021, as a result of our underwritten IPO, our Board approved the termination of the DRIP and the SRP.

UNREGISTERED SALE OF SECURITIES—During the year ended December 31, 2021, we issued an aggregate of approximately 28,000 shares of common stock in redemption of approximately 28,000 OP units. These shares of common stock were issued in reliance on an exemption from registration under Section 4(a)(2) of the Securities Act of 1933, as amended. We relied on the exemption under Section 4(a)(2) based upon factual representations received from the limited partner who received the shares of common stock.

SHARE REPURCHASES—During the three months ended December 31, 2021, we did not repurchase any shares of common stock as a result of the termination of the SRP, as described above.

PERFORMANCE GRAPH—The following graph is a comparison of the cumulative total return of shares of our common stock, the Standard and Poor's 500 Composite Index ("S&P 500") and the FTSE Nareit All Equity REITs index ("FNER"). The graph assumes that $100 was invested on July 15, 2021 and assumes the reinvestment of any dividends. The shareholder return shown on the graph below is not indicative of future performance. The information in this paragraph and the following performance graph are deemed "furnished", not "filed", with the SEC and is not to be incorporated by reference into any of our filings, whether made before or after the date hereof and irrespective of any general incorporation language contained in such filing, except as shall be expressly set forth by specific reference in such filing.



Ticker / Index	7/15/2021	9/30/2021	12/31/2021
PECO	100.00	110.98	120.41
S&P 500	100.00	99.98	110.01
FNER	100.00	97.13	112.97

ITEM 6.

Reserved.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis should be read in conjunction with our accompanying consolidated financial statements and notes thereto. See also "Cautionary Note Regarding Forward-Looking Statements" preceding Part I.

KEY PERFORMANCE INDICATORS AND DEFINED TERMS

We use certain key performance indicators ("KPIs"), which include both financial and nonfinancial metrics, to measure the performance of our operations. We believe these KPIs, as well as the core concepts and terms defined below, allow our Board, management, and investors to analyze trends around our business strategy, financial condition, and results of operations in a manner that is focused on items unique to the retail real estate industry.

We do not consider our non-GAAP measures to be alternatives to measures required in accordance with accounting principles generally accepted in the United States ("GAAP"). Certain non-GAAP measures should not be viewed as an alternative measure of our financial performance as they may not reflect the operations of our entire portfolio, and they may not 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 our shopping centers that could materially impact our results from operations. Additionally, certain non-GAAP measures should not be considered as an indication of our liquidity, nor as an indication of funds available to cover our cash needs, including our ability to fund distributions, and may not be a useful measure of the impact of long-term operating performance on value if we do not continue to operate our business in the manner currently contemplated. Accordingly, non-GAAP measures 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. Other REITs may use different methodologies for calculating similar non-GAAP measures, and accordingly, our non-GAAP measures may not be comparable to other REITs.

Our KPIs and terminology can be grouped into three key areas:

PORTFOLIO—Portfolio metrics help management to gauge the health of our centers overall and individually.

- Anchor space—We define an anchor space as a space greater than or equal to 10,000 square feet of gross leasable area ("GLA").
- Annualized Base Rent ("ABR")—We use ABR to refer to the monthly contractual base rent at the end of the period multiplied by twelve months.
- ABR per Square Foot ("PSF")—This metric is calculated by dividing ABR by leased GLA. Increases in ABR PSF can be an indication of our ability to create rental rate growth in our centers, as well as an indication of demand for our spaces, which generally provides us with greater leverage during lease negotiations.
- GLA—We use GLA to refer to the total occupied and unoccupied square footage of a building that is available for tenants (whom we refer to as a "Neighbor" or our "Neighbors") or other retailers to lease.
- Inline space—We define an inline space as a space containing less than 10,000 square feet of GLA.
- Leased Occupancy—This metric is calculated as the percentage of total GLA for which a lease has been signed regardless of whether the lease has commenced or the Neighbor has taken possession. High occupancy is an indicator of demand for our spaces, which generally provides us with greater leverage during lease negotiations.
- Underwritten incremental unlevered yield—This reflects the yield we target to generate from a project upon expected stabilization and is calculated as the estimated incremental net operating income ("NOI") for a project at stabilization divided by its estimated net project investment. The estimated incremental NOI is the difference between the estimated annualized NOI we target to generate by project upon stabilization and the estimated annualized NOI without the planned improvements. Underwritten incremental unlevered yield does not include peripheral impacts, such as lease rollover risk or the impact on the long term value of the property upon sale or disposition. Actual incremental unlevered yields may vary from our underwritten incremental unlevered yield range based on the actual total cost to complete a project and its actual incremental NOI at stabilization.

LEASING—Leasing is a key driver of growth for our company.

- Comparable lease—We use this term to refer to a lease with consistent terms that is executed for substantially the same space that has been vacant less than twelve months.
- Comparable rent spread—This metric is calculated as the percentage increase or decrease in first-year ABR (excluding any free rent or escalations) on new or renewal leases (excluding options) where the lease was considered a comparable lease. This metric provides an indication of our ability to generate revenue growth through leasing activity.
- Cost of executing new leases—We use this term to refer to certain costs associated with new leasing, namely, leasing commissions, tenant improvement costs, and tenant concessions.
- Portfolio retention rate—This metric is calculated by dividing (i) total square feet of retained Neighbors with current period lease expirations by (ii) the total square feet of leases expiring during the period. The portfolio retention rate

provides insight into our ability to retain Neighbors at our shopping centers as their leases approach expiration. Generally, the costs to retain an existing Neighbor are lower than costs to replace with a new Neighbor.

- Recovery rate—This metric is calculated by dividing (i) total recovery income by (ii) total recoverable expenses during the period. A high recovery rate is an indicator of our ability to recover certain property operating expenses and capital costs from our Neighbors.

FINANCIAL PERFORMANCE—In addition to financial metrics calculated in accordance with GAAP, such as net income or cash flows from operations, we utilize non-GAAP metrics to measure our operational and financial performance. See "Non-GAAP Measures" below for further discussion on the following metrics.

- Adjusted Earnings Before Interest, Taxes, Depreciation, and Amortization for Real Estate ("Adjusted EBITDA*re*")—To arrive at Adjusted EBITDA*re*, we adjust EBITDA*re*, as defined below, to exclude certain recurring and non-recurring items 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 our investments in our unconsolidated joint ventures; (iv) transaction and acquisition expenses; and (v) realized performance income. We use EBITDA*re* and Adjusted EBITDA*re* as additional measures of operating performance which allow us to compare earnings independent of capital structure and evaluate debt leverage and fixed cost coverage.
- Core Funds from Operations ("FFO")—To arrive at Core FFO, we adjust Nareit FFO attributable to stockholders and OP unit holders, as defined below, 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. We believe Nareit FFO provides insight into our operating performance as it excludes certain items that are not indicative of such performance. Core FFO provides further insight into the sustainability of our operating performance and provides an additional measure to compare our performance across reporting periods on a consistent basis by excluding items that may cause short-term fluctuations in net income (loss).
- EBITDA*re*—The National Association of Real Estate Investment Trusts ("Nareit") defines 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.
- Equity Market Capitalization—We calculate equity market capitalization as the total dollar value of all outstanding shares using the closing price for the applicable date.
- Nareit FFO—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; (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; and (iv) adjustments for unconsolidated partnerships and joint ventures, calculated to reflect FFO on the same basis. We calculate Nareit FFO in a manner consistent with the Nareit definition.
- Net Debt—We calculate net debt as total debt, excluding discounts, market adjustments, and deferred financing expenses, less cash and cash equivalents.
- Net Debt to Adjusted EBITDA*re*—This ratio is calculated by dividing net debt by Adjusted EBITDA*re* (included on an annualized basis within the calculation). It provides insight into our leverage rate based on earnings and is not impacted by fluctuations in our equity price.
- Net Debt to Total Enterprise Value—This ratio is calculated by dividing net debt by total enterprise value, as defined below. It provides insight into our capital structure and usage of debt.
- NOI—We calculate NOI as total operating revenues, adjusted to exclude non-cash revenue items, less property operating expenses and real estate taxes. NOI provides insight about our 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).
- Same-Center—We use this term to refer to a property, or portfolio of properties, that have been owned and operational for the entirety of each reporting period (i.e., since January 1, 2020).
- Total Enterprise Value—We calculate total enterprise value as our net debt plus our equity market capitalization on a fully diluted basis.

OVERVIEW

We are a REIT and one of the nation's largest owners and operators of omni-channel grocery-anchored shopping centers. Our portfolio primarily consists of neighborhood centers anchored by the #1 or #2 grocer tenants by sales within their respective formats by trade area. Our Neighbors are a mix of national, regional, and local retailers that primarily provide necessity-based goods and services.

As of December 31, 2021, we owned equity interests in 289 shopping centers, including 268 wholly-owned shopping centers and 21 shopping center properties owned through two unconsolidated joint ventures, which comprised approximately 33.0 million square feet in 31 states. In addition to managing our shopping centers, our third-party investment management

business provides comprehensive real estate management services to our unconsolidated joint ventures and one private fund (collectively, the "Managed Funds").

UNDERWRITTEN INITIAL PUBLIC OFFERING—On July 19, 2021, we closed our underwritten IPO, through which we offered 17.0 million shares of our common stock, $0.01 par value per share, at an initial price to the public of $28.00 per share, pursuant to a registration statement filed with the U.S. Securities and Exchange Commission ("SEC") on Form S-11 (File No. 333-255846), as amended. In connection with the underwritten IPO, the underwriters exercised a 30-day option to purchase additional shares of our common stock to cover overallotments, and, accordingly, on August 2, 2021, we settled the sale of an additional 2.6 million shares at a price of $28.00 per share. These shares are listed on Nasdaq under the trading symbol "PECO". The underwritten IPO, including the underwriters' overallotment election, resulted in gross proceeds of $547.4 million.

Basis of Presentation—The basis of presentation of our shares of common stock is described as follows:

- *Recapitalization*—On June 18, 2021, our stockholders approved an amendment to our charter (the "Articles of Amendment") that effected a change of each share of our common stock outstanding at the time the amendment became effective into one share of a newly created class of Class B common stock (the "Recapitalization"). The Articles of Amendment became effective upon filing with, and acceptance by, the State Department of Assessments and Taxation of Maryland on July 2, 2021. Unless otherwise indicated, all information in this Form 10-K gives effect to the Recapitalization and references to "shares" and per share metrics refer to our common stock and Class B common stock, collectively. Our Class B common stock automatically converted into our publicly traded common stock on January 18, 2022 (see Note 12).
- *Reverse Stock Split*—On July 2, 2021, our Board approved an amendment to our charter to effect a one-for-three reverse stock split. Concurrent with the reverse split, the Operating Partnership enacted a one-for-three reverse stock split of its outstanding OP units. Unless otherwise indicated, the information in this Form 10-K gives effect to the reverse stock and OP unit splits (see Note 12).
- *IPO*—Following our underwritten IPO, we are presenting common stock and Class B common stock as separate classes within our consolidated balance sheets and consolidated statements of equity. Any references to "common stock" in this Form 10-K refer to our Nasdaq-listed shares sold through the underwritten IPO, whereas Class B common stock refers to the newly-created class of Class B common stock that is not listed. This applies to all historical periods presented herein.

2021 BOND OFFERING—On September 20, 2021, the SEC declared effective our bond offering registration statement as filed on Form S-3 (File Nos. 333-259059 and 333-259059-01) relating to the offer, from time to time, of an unspecified number of debt securities not to exceed a maximum aggregate offering of $1 billion ("Bond Registration"). In October 2021, in connection with this Bond Registration, we settled $350 million aggregate principal amount of 2.625% senior notes ("2021 Bond Offering") priced at 98.692% of the principal amount and maturing in November 2031. The 2021 Bond Offering resulted in gross proceeds of $345.4 million. The notes are fully and unconditionally guaranteed by us.

AT-THE-MARKET OFFERING ("ATM")—On February 10, 2022, we and the Operating Partnership entered into a sales agreement relating to the potential sale of shares of common stock pursuant to a continuous offering program. In accordance with the terms of the sales agreement, we may offer and sell shares of our common stock having an aggregate offering price of up to $250 million from time to time through our sales agents, or, if applicable, as forward sellers.

PORTFOLIO AND LEASING STATISTICS—Below are statistical highlights of our wholly-owned portfolio as of December 31, 2021 and 2020 (dollars and square feet in thousands):

	2021	2020
Number of properties	268	283
Number of states	31	31
Total square feet	30,691	31,709
ABR	$ 405,281	$ 386,516
% ABR from omni-channel grocery-anchored shopping centers	96.7 %	97.3 %
Leased occupancy %:		
Total portfolio spaces	96.3 %	94.7 %
Anchor spaces	98.1 %	97.6 %
Inline spaces	92.7 %	88.9 %
Average remaining lease term (in years)[(1)]	4.6	4.5

(1) The average remaining lease term in years excludes future options to extend the term of the lease.

COVID-19 STRATEGY—During 2020, as a result of the coronavirus ("COVID-19") pandemic, many state governments issued "stay-at-home" mandates that generally limited travel and movement of the general public to essential activities only and required all non-essential businesses to close. All temporarily closed Neighbors have since been permitted to reopen; however, a portion of our Neighbors have permanently closed, and we continually work to backfill any remaining vacant spaces. We believe our collections have returned to levels consistent with those prior to the onset of the pandemic. All statistics and financial results included in this COVID-19 Strategy section are approximate and include the prorated portion attributable to properties owned through our unconsolidated joint ventures.

We believe substantially all Neighbors, including those that were required to temporarily close under governmental mandates, are contractually obligated to continue with their rent payments as documented in our lease agreements with them. However, we decided to negotiate relief for a small subset of our Neighbors, including rent deferrals. As of January 20, 2022, we have $3.3 million of outstanding payment plans with our Neighbors of which approximately 84% are scheduled to be received by December 31, 2022. As of January 20, 2022, the weighted-average term over which we expect to receive remaining amounts owed on executed payment plans is approximately ten months. We cannot guarantee that we will ultimately be able to collect these amounts; however, as of January 20, 2022, the collection rate on our payment plans executed during the COVID-19 pandemic exceeded 90%.

Despite seeing improvements in collections for current and past due amounts during 2021, the negative impact the pandemic has had on our Neighbors continues to be considered in our evaluation of Neighbors who potentially pose a credit risk. For Neighbors with a higher degree of uncertainty as to their creditworthiness, we may not record revenue for amounts billed until the cash is received. For the years ended December 31, 2021 and 2020, we had $3.6 million and $28.5 million, respectively, in net unfavorable monthly revenue adjustments for Neighbors who were being accounted for on a cash basis. As of December 31, 2021, our Neighbors currently being accounted for on a cash basis represented approximately 7% of our total Neighbor spaces, or approximately 5.9% of portfolio ABR. Further, many of our Neighbors who are on a cash basis of accounting are actively making payments toward their outstanding balances. When considering the ABR associated with Neighbors who are currently on a cash basis of accounting, 84% of this ABR is represented by Neighbors who are actively making payments.

Certain of our Neighbors were unable to remain in their spaces as a result of the factors previously noted. Despite this fallout, our leasing activity has been strong as demand for space in our centers remains high, which generally allows us to re-lease these spaces to Neighbors who may increase our concentration of necessity-based and omni-channel retailers. For the year ended December 31, 2021, our wholly-owned portfolio retention rate was 87.8%. Additionally, for the year ended December 31, 2021, for our wholly-owned portfolio, we executed 538 new leases, an increase as compared to both 2020 and 2019.

FINANCIAL HIGHLIGHTS—Owning, operating, and managing well-occupied omni-channel grocery-anchored real estate is a core part of our business strategy, and as of December 31, 2021, 96.7% of our ABR was derived from omni-channel grocery-anchored shopping centers. As of December 31, 2021, total leased occupancy improved 1.6% to 96.3% and inline occupancy improved 3.8% to 92.7%, when compared to December 31, 2020. We believe that our differentiated focused strategy, coupled with our responsible balance sheet management, left our portfolio well-positioned to recover from the economic downturn resulting from the COVID-19 pandemic. Our financial performance highlights during 2021 are as follows:

- Net income of $17.2 million, an increase of $11.8 million from a year ago, primarily due to increased collections, higher gains on the disposal of property, and lower interest expense.
- We closed our underwritten IPO and settled the 2021 Bond Offering, which generated gross proceeds of $547.4 million and $345.4 million, respectively.
- Collections during the second half of the year reached 99% of our monthly billings; returning to pre-COVID levels.
- Core FFO improved by $0.21 to $2.19 per diluted share primarily due to increased collections and lower interest expense.
- Same-Center NOI improved 8.2% to $346.8 million.
- Acquired $308.4 million and disposed of $206.4 million of assets, beginning our external growth strategy while improving portfolio quality with our dispositions.
- We paid monthly distributions of $0.085 per share, or $1.02 annualized, through the period of September 2021 and increased monthly distributions to $0.09 per share, or $1.08 annualized, for the remainder of the year.
- Net debt to Adjusted EBITDA*re* - annualized was 5.6x as compared to 7.3x during the same period a year ago.

EXECUTING OUR STRATEGY—Our performance for the year is linked to our key initiatives: differentiated and focused strategy, integrated operating platform, and responsible balance sheet management. We believe these initiatives will result in long-term growth and value creation to all of our stakeholders.

Differentiated and Focused Strategy—We continually monitor the commercial real estate sector for shopping centers that meet our investment objectives. During 2021, in the wake of the COVID-19 pandemic, our opportunities for investment in assets improved over 2020. Further, capital raised through our underwritten IPO during the third quarter of 2021 has created liquidity that we intend to use, in part, to grow our portfolio of assets. Highlights of our asset composition and acquisitions are as follows:

- 96.7% of our ABR was derived from omni-channel grocery-anchored shopping centers as of December 31, 2021.
- 71.6% of our ABR was derived from Neighbors providing Necessity-based goods and services.
- Acquired nine properties and five outparcels for a net cash outlay of $308.4 million, adding 1.1 million of GLA to our portfolio.

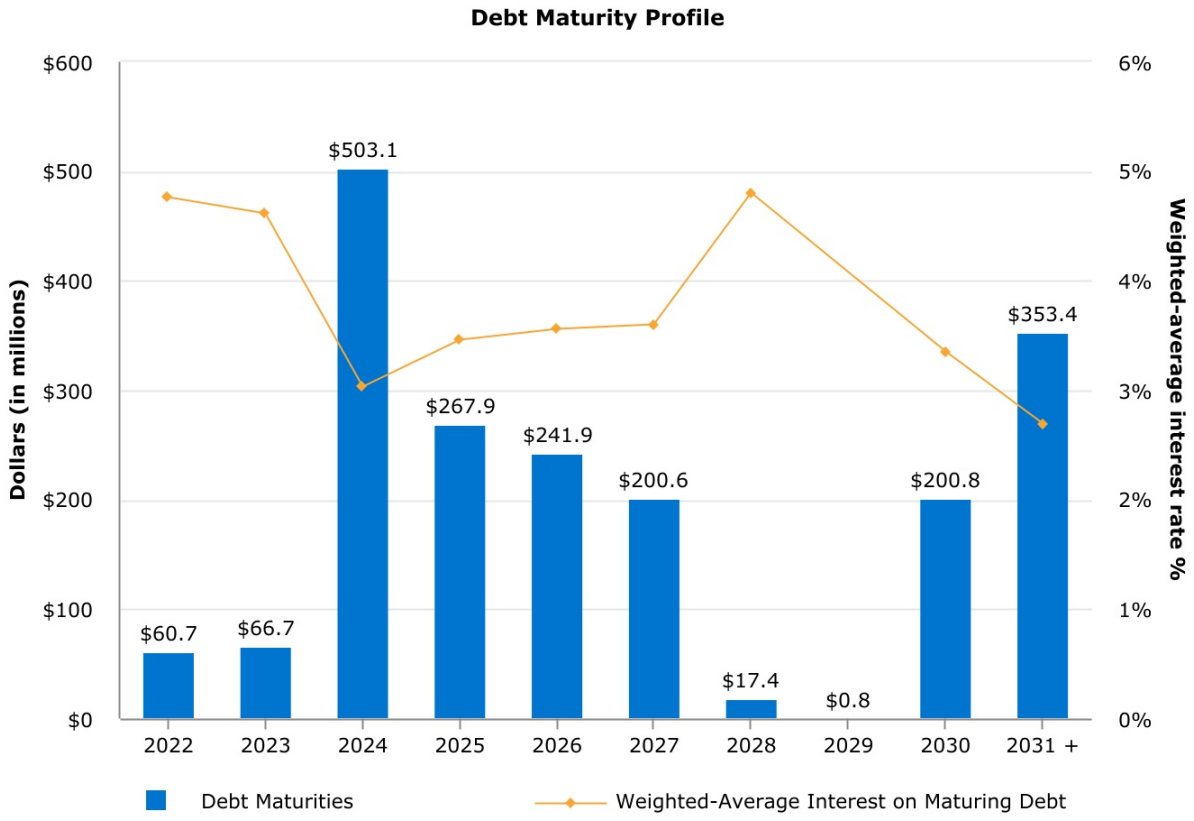
Internal Growth Through Our Integrated Operating Platform—During 2021, our leasing activity has increased as compared to both 2020 and 2019. We have focused on improving our occupancy through leasing vacant spaces, increasing lease revenue through rent growth, and executing development and redevelopment opportunities. Highlights of our wholly-owned operational activity as of and for the year ended December 31, 2021 are as follows:

- Leased occupancy for our wholly-owned portfolio improved to 96.3% as of December 31, 2021, compared to 94.7% as of December 31, 2020.
- We executed 1,135 leases (new, renewal, and options) totaling 5.6 million square feet during the year ended December 31, 2021, which was an increase from 861 leases totaling 4.7 million square feet executed during the year ended December 31, 2020.

- Total ABR per leased square foot for executed new leases improved 6.0% to $17.11, and inline ABR per leased square foot for executed new leases improved 13.9% to $20.63 during the year ended December 31, 2021.
- As of and for the year ended December 31, 2021, we had 26 development and redevelopment projects completed or in process, which we estimate will comprise a total investment of $59.2 million.
- Created $1.0 million of incremental ABR in 2021 as a result of development and redevelopment projects completed in 2020.

Balance Sheet Management Positioned for External Growth—Our management team has executed strategies to improve the flexibility of our balance sheet, including gaining access to additional forms of liquidity and extending our debt maturity profile. This execution well-positions us to preserve our investment grade rating, fund distributions to our stockholders, and invest in our targeted acquisitions. As of December 31, 2021, we had $604.8 million of total liquidity, comprised of $115.5 million of cash, cash equivalents, and restricted cash, plus $489.3 million of borrowing capacity available on our $500.0 million revolving credit facility. Our balance sheet management highlights as of and for the year ended December 31, 2021 are as follows:

- Closed our underwritten IPO, in which we issued approximately 19.6 million shares of common stock at $28.00 per share, generating gross proceeds of $547.4 million.
- We were assigned investment grade ratings from Moody's Investors Services (Baa3) and S&P Global Ratings (BBB-).
- We settled the 2021 Bond Offering, which resulted in gross proceeds of $345.4 million.
- We entered into a new $980 million credit facility comprised of a $500 million senior unsecured revolving credit facility and two $240 million senior unsecured term loan tranches (the "Refinancing").
- We paid down or refinanced $1.1 billion in term loan debt in 2021 utilizing proceeds from the underwritten IPO, the Refinancing, the 2021 Bond Offering, and cash on hand. Additionally, we executed early repayments of $55.2 million in mortgage debt. In total, we reduced our net outstanding debt obligations by 17.5% from a year ago.
- Our ratio of net debt to Adjusted EBITDA*re* was 5.6x as of December 31, 2021, as compared to 7.3x as of December 31, 2020 (see "Liquidity and Capital Resources - Financial Leverage Ratios" below for a discussion and calculation).
- Following our activity this year, our debt maturity profile with the respective principal payment obligations as of December 31, 2021 is as follows (including the impact of derivatives on weighted-average interest rates):



LEASING ACTIVITY—Below is a summary of leasing activity for our wholly-owned properties for the years ended December 31, 2021 and 2020[1]:

	Total Deals		Inline Deals	
	2021	2020	2021	2020
New leases:				
Number of leases	538	383	517	363
Square footage (in thousands)	1,805	1,290	1,193	957
ABR (in thousands)	$ 30,889	$ 20,823	$ 24,622	$ 17,325
ABR per square foot	$ 17.11	$ 16.14	$ 20.63	$ 18.11
Cost per square foot of executing new leases	$ 28.44	$ 26.14	$ 29.55	$ 28.58
Number of comparable leases	228	127	224	125
Comparable rent spread	15.7 %	8.2 %	15.7 %	10.9 %
Weighted average lease term (in years)	8.1	7.6	6.4	6.7
Renewals and options:				
Number of leases	597	478	537	422
Square footage (in thousands)	3,834	3,420	1,130	986
ABR (in thousands)	$ 47,603	$ 41,290	$ 25,891	$ 20,976
ABR per square foot	$ 12.42	$ 12.07	$ 22.92	$ 21.27
ABR per square foot prior to renewals	$ 11.68	$ 11.49	$ 20.86	$ 19.77
Percentage increase in ABR per square foot	6.3 %	5.1 %	9.9 %	7.6 %
Cost per square foot of executing renewals and options[2]	$ 0.63	$ 0.80	$ 1.23	$ 1.13
Number of comparable leases[3]	496	365	475	349
Comparable rent spread[3]	8.1 %	6.7 %	10.2 %	8.0 %
Weighted average lease term (in years)	4.8	5.1	4.1	3.9
Portfolio retention rate	87.8 %	85.2 %	79.4 %	72.8 %

(1) Per square foot amounts may not recalculate exactly based on other amounts presented within the table due to rounding.

(2) During the third quarter of 2021, we refined our calculation of cost per square foot of executing renewals and options to better align with actual costs incurred. Prior period amounts have been adjusted to reflect costs on the same basis.

(3) Excludes exercise of options.

RESULTS OF OPERATIONS

KNOWN TRENDS AND UNCERTAINTIES OF THE COVID-19 PANDEMIC—The COVID-19 pandemic resulted in reduced revenues beginning with the second quarter of 2020 and continuing through early 2021. During the second half of 2021, we saw our collections return to pre-COVID levels, including increased rental income as a result of collections in 2021 related to rent amounts billed in 2020. We believe our collections have likely stabilized, which will reduce volatility in our earnings.

SUMMARY OF OPERATING ACTIVITIES FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

(Dollars in thousands)	2021	2020	Favorable (Unfavorable) Change $	Favorable (Unfavorable) Change %[1]
Revenues:				
Rental income	$ 519,495	$ 485,483	$ 34,012	7.0 %
Fees and management income	10,335	9,820	515	5.2 %
Other property income	3,016	2,714	302	11.1 %
Total revenues	532,846	498,017	34,829	7.0 %
Operating Expenses:				
Property operating expenses	92,914	87,490	(5,424)	(6.2)%
Real estate tax expenses	65,381	67,016	1,635	2.4 %
General and administrative expenses	48,820	41,383	(7,437)	(18.0)%
Depreciation and amortization	221,433	224,679	3,246	1.4 %
Impairment of real estate assets	6,754	2,423	(4,331)	NM
Total operating expenses	435,302	422,991	(12,311)	(2.9)%
Other:				
Interest expense, net	(76,371)	(85,303)	8,932	10.5 %
Gain on disposal of property, net	30,421	6,494	23,927	NM
Other (expense) income, net	(34,361)	9,245	(43,606)	NM
Net income	17,233	5,462	11,771	NM
Net income attributable to noncontrolling interests	(2,112)	(690)	(1,422)	NM
Net income attributable to stockholders	$ 15,121	$ 4,772	$ 10,349	NM

[1] Line items that result in a percent change that exceed certain limitations are considered not meaningful ("NM") and indicated as such.

Our basis for analyzing significant fluctuations in our results of operations generally includes review of the results of our same-center portfolio, non-same-center portfolio, and revenues and expenses from our management activities. We define our same-center portfolio as the 256 properties that were owned and operational prior to January 1, 2020. We define our non-same-center portfolio as those properties that were not fully owned and operational in both periods owing to real estate asset activity occurring after December 31, 2019, which includes 31 properties disposed of and eleven properties acquired. Below are explanations of the significant fluctuations in the results of operations for the years ended December 31, 2021 and 2020:

Rental Income increased $34.0 million as follows:

- $37.3 million increase related to our same-center portfolio as follows:
  - $30.9 million increase primarily due to stronger collections in 2021 as compared with lower collections in 2020, the increase owing largely to the ongoing recovery of our portfolio in the wake of the COVID-19 pandemic and its economic impact, including a decrease in Neighbors we have identified as a credit risk, as well as collections on charges that were uncollected in 2020;
  - $7.6 million increase primarily due to a $0.29 increase in average minimum rent per square foot, partially offset by a 0.4% decline in average occupancy;
  - $2.9 million increase primarily due to straight-line rent adjustments; and
  - $4.1 million decrease owing largely to lower recoverable income resulting from lower real estate taxes and decline in average occupancy.
- $3.3 million decrease related to our net disposition of 20 properties.

Property Operating Expenses increased $5.4 million primarily as follows:

- $6.0 million increase related to our same-center portfolio and corporate operating activities primarily as follows:
  - $5.1 million increase owing largely to lower expense for performance-based compensation in 2020 as a result of the COVID-19 pandemic, as compared to 2021; and
  - $0.8 million increase primarily due to higher insurance expenses attributed to higher market rates and an increase in claims and claim development.
- $0.5 million decrease related to our net disposition of 20 properties.

Real Estate Tax Expenses decreased $1.6 million primarily as follows:

- $1.3 million decrease related to our same-center portfolio primarily due to successful tax appeals and favorable assessments at our centers; and
- $0.4 million decrease related to our net disposition of 20 properties.

General and Administrative Expenses increased $7.4 million primarily as follows:

- $8.7 million increase owing largely to lower expense for performance-based compensation in 2020 as a result of the COVID-19 pandemic, as compared to 2021;
- $1.2 million increase due to an increase in directors and officers insurance as a result of our underwritten IPO; and
- $2.3 million decrease primarily due to lower transfer agent costs and information technology costs.

Depreciation and Amortization decreased $3.2 million as follows:

- $1.8 million decrease related to our same-center portfolio and corporate operating activities primarily as follows:
  - $5.0 million decrease primarily due to intangible assets becoming fully amortized; and
  - $3.1 million increase primarily due to an increase in tenant improvements and leasing commissions as a result of our recent leasing activity.
- $1.4 million decrease related to our net disposition of 20 properties.

Impairment of Real Estate Assets:

- The $4.3 million increase in impairment of real estate assets was due to assets that were sold during 2021 at a disposition price that was less than the carrying value.

Interest Expense, Net:

- The $8.9 million decrease during the year ended December 31, 2021 as compared to the same period in 2020 was due to: (i) lower debt balances outstanding as a result of early repayments of debt; (ii) minimal borrowings on our revolving credit facility in 2021 as compared to 2020; and (iii) lower average interest rates during 2021 primarily due to the Refinancing; partially offset by (iv) the 2021 Bond Offering. Interest Expense, Net was comprised of the following (dollars in thousands):

	Year Ended December 31,	
	2021	2020
Interest on unsecured term loans and senior notes, net	$ 40,107	$ 46,798
Interest on secured debt	25,044	29,001
Interest on revolving credit facility, net	870	1,668
Non-cash amortization and other	6,758	7,832
Loss on extinguishment or modification of debt and other, net	3,592	4
Interest expense, net	$ 76,371	$ 85,303
Weighted-average interest rate as of end of year	3.3 %	3.1 %
Weighted-average term (in years) as of end of year	5.2	4.1

Gain on Disposal of Property, Net:

- The $23.9 million increase was primarily related to the sale of 24 properties and four outparcels (in addition to other property-related miscellaneous disposals and write-offs) with a net gain of $30.4 million during the year ended December 31, 2021, as compared to the sale of seven properties and one outparcel (in addition to other property-related miscellaneous disposals and write-offs) with a net gain of $6.5 million during the year ended December 31, 2020 (see Note 4).

Other (Expense) Income, Net:

- The $43.6 million change was largely due to: (i) the change in the fair value of our earn-out liability as a result of the commencement of our underwritten IPO as well as improved market conditions in 2021; (ii) an increase in transaction and acquisition expenses in connection with our underwritten IPO, including restricted stock units awarded; partially offset by (iii) an increase from equity in income of our unconsolidated joint ventures primarily due

to Necessity Retail Partners ("NRP") property dispositions. Other (Expense) Income, Net was comprised of the following (dollars in thousands):

	Year Ended December 31,	
	2021	2020
Change in fair value of earn-out liability (see Note 16)	$ (30,436)	$ 10,000
Equity in net income (loss) of unconsolidated joint ventures	1,695	(31)
Transaction and acquisition expenses	(5,363)	(539)
Federal, state, and local income tax expense	(327)	(491)
Other	70	306
Other (expense) income, net	$ (34,361)	$ 9,245

SUMMARY OF OPERATING ACTIVITIES FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

For a discussion of the year-to-year comparisons in the results of operations for the years ended December 31, 2020 and 2019, see "Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" of our 2020 Annual Report on Form 10-K, filed with the SEC on March 12, 2021.

NON-GAAP MEASURES

See "Key Performance Indicators and Defined Terms" above for additional information related to the following non-GAAP measures.

SAME-CENTER NET OPERATING INCOME—Same-Center NOI is presented as a supplemental measure of our performance, as it highlights operating trends such as occupancy levels, rental rates, and operating costs for our Same-Center portfolio. Other REITs may use different methodologies for calculating Same-Center NOI, and accordingly, our Same-Center NOI may not be comparable to other REITs. For the years ended December 31, 2021 and 2020, Same-Center NOI represents the NOI for the 256 properties that were wholly-owned and operational for the entire portion of both comparable reporting periods.

Same-Center NOI should not be viewed as an alternative measure of our financial performance as it does not reflect the operations of our 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 our properties that could materially impact our results from operations.

The table below compares Same-Center NOI for the years ended December 31, 2021 and 2020 (dollars in thousands):

			Favorable (Unfavorable)	
	2021	2020	$ Change	% Change
Revenues:				
Rental income[1]	$ 361,297	$ 356,096	$ 5,201	
Tenant recovery income	115,989	120,475	(4,486)	
Reserves for uncollectibility[2]	1,876	(26,243)	28,119	
Other property income	2,761	2,570	191	
Total revenues	481,923	452,898	29,025	6.4 %
Operating expenses:				
Property operating expenses	72,226	68,101	(4,125)	
Real estate taxes	62,929	64,420	1,491	
Total operating expenses	135,155	132,521	(2,634)	(2.0)%
Total Same-Center NOI	$ 346,768	$ 320,377	$ 26,391	8.2 %

(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 we deem 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 for the years ended December 31, 2021 and 2020 (in thousands):

	2021	2020
Net income	$ 17,233	$ 5,462
Adjusted to exclude:		
Fees and management income	(10,335)	(9,820)
Straight-line rental income[1]	(9,404)	(3,356)
Net amortization of above- and below-market leases	(3,581)	(3,173)
Lease buyout income	(3,485)	(1,237)
General and administrative expenses	48,820	41,383
Depreciation and amortization	221,433	224,679
Impairment of real estate assets	6,754	2,423
Interest expense, net	76,371	85,303
Gain on disposal of property, net	(30,421)	(6,494)
Other expense (income), net	34,361	(9,245)
Property operating expenses related to fees and management income	4,855	6,098
NOI for real estate investments	352,601	332,023
Less: Non-same-center NOI[2]	(5,833)	(11,646)
Total Same-Center NOI	$ 346,768	$ 320,377

(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—Nareit FFO is a non-GAAP financial performance measure that is widely recognized as a measure of REIT operating performance. Core FFO is an additional financial performance measure used by us as Nareit FFO includes certain non-comparable items that affect our performance over time. We believe that Core FFO is helpful in assisting management and investors with assessing the sustainability of our operating performance in future periods.

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

Accordingly, Nareit FFO, Nareit FFO Attributable to Stockholders and OP Unit Holders, 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. Our Nareit FFO, Nareit FFO Attributable to Stockholders and OP Unit Holders, and Core FFO, as presented, may not be comparable to amounts calculated by other REITs.

The following table presents our calculation of Nareit FFO, Nareit FFO Attributable to Stockholders and OP Unit Holders, and Core FFO for the years ended December 31, 2021, 2020, and 2019 (in thousands, except per share amounts):

	2021	2020	2019
Calculation of Nareit FFO Attributable to Stockholders and OP Unit Holders			
Net income (loss)	$ 17,233	$ 5,462	$ (72,826)
Adjustments:			
Depreciation and amortization of real estate assets	217,564	218,738	231,023
Impairment of real estate assets	6,754	2,423	87,393
Gain on disposal of property, net	(30,421)	(6,494)	(28,170)
Adjustments related to unconsolidated joint ventures	72	1,552	(128)
Nareit FFO attributable to the Company	211,202	221,681	217,292
Adjustments attributable to noncontrolling interests not convertible into common stock	—	—	(282)
Nareit FFO attributable to stockholders and OP unit holders	$ 211,202	$ 221,681	$ 217,010
Calculation of Core FFO			
Nareit FFO attributable to stockholders and OP unit holders	$ 211,202	$ 221,681	$ 217,010
Adjustments:			
Depreciation and amortization of corporate assets	3,869	5,941	5,847
Change in fair value of earn-out liability	30,436	(10,000)	(7,500)
Transaction and acquisition expenses	5,363	539	598
Loss on extinguishment or modification of debt and other, net	3,592	4	2,238
Amortization of unconsolidated joint venture basis differences	1,167	1,883	2,854
Realized performance income	(675)	—	—
Other impairment charges	—	359	9,661
Other	—	—	158
Core FFO	$ 254,954	$ 220,407	$ 230,866
Nareit FFO Attributable to Stockholders and OP Unit Holders/Core FFO per diluted share			
Weighted-average shares of common stock outstanding - diluted[(1)]	116,672	111,156	109,170
Nareit FFO attributable to stockholders and OP unit holders per share - diluted	$ 1.81	$ 1.99	$ 1.99
Core FFO per share - diluted	$ 2.19	$ 1.98	$ 2.11

(1) Restricted stock awards were dilutive to Nareit FFO attributable to stockholders and OP unit holders per share and Core FFO per share for the years ended December 31, 2021, 2020, and 2019, and, accordingly, their impact was included in the weighted-average shares of common stock used in their respective per share calculations. For the year ended December 31, 2019, restricted stock units had an anti-dilutive effect upon the calculation of earnings per share and thus were excluded. For details related to the calculation of earnings per share, see Note 14.

EBITDA*re* and ADJUSTED EBITDA*re*—We use EBITDA*re* and Adjusted EBITDA*re* as additional measures of operating performance which allow us to compare earnings independent of capital structure, determine debt service and fixed cost coverage, and measure enterprise value. Additionally, we believe they are a useful indicator of our ability to support our debt obligations.

EBITDA*re* and Adjusted EBITDA*re* should not be considered as alternatives to net income (loss), as an indication of our liquidity, nor as an indication of funds available to cover our cash needs, including our 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. Our EBITDA*re* and Adjusted EBITDA*re*, as presented, may not be comparable to amounts calculated by other REITs.

The following table presents our calculation of EBITDA*re* and Adjusted EBITDA*re* for the years ended December 31, 2021, 2020, and 2019 (in thousands):

	2021	2020	2019
Calculation of EBITDA*re*			
Net income (loss)	$ 17,233	$ 5,462	$ (72,826)
Adjustments:			
Depreciation and amortization	221,433	224,679	236,870
Interest expense, net	76,371	85,303	103,174
Gain on disposal of property, net	(30,421)	(6,494)	(28,170)
Impairment of real estate assets	6,754	2,423	87,393
Federal, state, and local tax expense	327	491	785
Adjustments related to unconsolidated joint ventures	1,431	3,355	2,571
EBITDA*re*	$ 293,128	$ 315,219	$ 329,797
Calculation of Adjusted EBITDA*re*			
EBITDA*re*	$ 293,128	$ 315,219	$ 329,797
Adjustments:			
Change in fair value of earn-out liability	30,436	(10,000)	(7,500)
Transaction and acquisition expenses	5,363	539	598
Amortization of unconsolidated joint venture basis differences	1,167	1,883	2,854
Realized performance income	(675)	—	—
Other impairment charges	—	359	9,661
Adjusted EBITDA*re*	$ 329,419	$ 308,000	$ 335,410

LIQUIDITY AND CAPITAL RESOURCES

GENERAL—Aside from standard operating expenses, we expect our principal cash demands to be for:

- investments in real estate;
- cash distributions to stockholders;
- redevelopment and repositioning projects;
- capital expenditures and leasing costs; and
- principal and interest payments on our outstanding indebtedness.

We expect our primary sources of liquidity to be:

- operating cash flows;
- proceeds received from the disposition of properties;
- proceeds from any ATM offering activities;
- proceeds from debt financings, including borrowings in connection with our Bond Registration and those under our unsecured revolving credit facility;
- distributions received from unconsolidated joint ventures; and
- available, unrestricted cash and cash equivalents.

At this time, we believe our current sources of liquidity are sufficient to meet our short- and long-term cash demands.

UNDERWRITTEN IPO—On July 19, 2021, we closed our underwritten IPO, through which we issued 19.6 million shares, including the underwriters' overallotment election, of our common stock, $0.01 par value per share, at an initial price to the public of $28.00 per share. The underwritten IPO, including the underwriters' overallotment election, resulted in gross proceeds of $547.4 million. See "Overview" above for more details.

DEBT—The following table summarizes information about our debt as of December 31, 2021 and 2020 (dollars in thousands):

	2021	2020
Total debt obligations, gross	$ 1,914,082	$ 2,307,686
Weighted-average interest rate	3.3 %	3.1 %
Weighted-average term (in years)	5.2	4.1
Revolving credit facility capacity[1]	$ 500,000	$ 500,000
Revolving credit facility availability[2]	489,329	490,404

[1] In July 2021, we refinanced the revolving credit facility and exercised our option to extend its maturity as noted below.

[2] Net of any outstanding balance and letters of credit.

Bond Registration—On September 20, 2021, the SEC declared effective our Bond Registration. We intend to use net proceeds from any sale of offered securities to repay outstanding indebtedness and for general corporate purposes, including funding future investment activity.

Debt Activity—During the years ended December 31, 2021 and 2020, we took steps to reduce our leverage and appropriately ladder our debt maturities. Our debt activity during the year ended December 31, 2021 was as follows:

- In July 2021, we completed the Refinancing. In connection with the Refinancing, we paid off a $472.5 million term loan due in November 2025. The revolving credit facility will mature in January 2026, and the two senior unsecured term loan tranches will mature in November 2025 and July 2026, respectively. Additionally, we used proceeds from the underwritten IPO to retire a $375.0 million term loan that was set to mature in April 2022.
- In August 2021, we executed a $150 million partial pay down on a term loan that was set to mature in November 2023 utilizing cash on hand.
- In October 2021, we settled the 2021 Bond Offering priced at 98.692% of the principal amount and maturing in November 2031. The 2021 Bond Offering resulted in gross proceeds of $345.4 million. In October 2021, net proceeds from the bond settlement were used, in part, to pay down the remaining $150 million balance of the term loan that was set to mature in November 2023. The notes are fully and unconditionally guaranteed by us.
- During 2021, we executed early repayments of $55.2 million in mortgage debt.

Our debt activity during the year ended December 31, 2020 was as follows:

- In January 2020, we paid down $30 million of term loan debt maturing in 2021 using proceeds from property dispositions in 2019.
- In April 2020, we borrowed $200 million on our revolving credit facility to meet our operating needs for a sustained period due to the COVID-19 pandemic.
- In June 2020, we fully repaid the outstanding balance on our revolving credit facility as our rent and recovery collections during the second quarter, combined with our COVID-19 expense reduction initiatives, sufficiently funded our operating needs and provided enough stability to allow for this repayment. Further, we did not borrow on our revolving credit facility during the remainder of 2020.
- In the fourth quarter, we executed early repayments of $24.5 million in mortgage debt.

Future Debt Obligations—As of December 31, 2021, including the impact of our swap agreements, our future contractual debt obligations were $123.5 million of debt principal and interest payments during 2022, and $2.1 billion of debt principal and interest payments thereafter (see Note 8).

Covenants—Credit agreements for our unsecured revolving credit facility and unsecured term loans contain customary financial covenants, including a leverage ratio of 60% or less, with a surge to 65% or less following a material acquisition, and require the fixed-charge ratio to be 1.5:1 or greater. Our unsecured senior notes due 2031 are also subject to customary financial covenants, including a leverage ratio of 65% or less, and require the fixed-charge ratio to be 150% or greater. As of December 31, 2021, we were in compliance with the restrictive covenants of our outstanding debt obligations and we expect to continue to meet the requirements of these covenants over the next twelve months.

OTHER CONTRACTUAL COMMITMENTS AND CONTINGENCIES AND OFF BALANCE SHEET ARRANGEMENTS—We enter into leases as a lessee as part of our real estate operations in the form of ground leases of land for certain properties, and as part of our corporate operations in the form of office space and office equipment leases. Currently, neither our operating leases nor our finance leases have residual value guarantees or other restrictions or covenants. We expect to fund these obligations through existing financing or cash flows from operations. As of December 31, 2021, our future contractual obligations as a lessee included operating lease obligations of $0.8 million during 2022, and $7.5 million thereafter. As of December 31, 2021, our future contractual finance lease obligations included $0.2 million during 2022, and $0.6 million thereafter.

We have an off-balance sheet arrangement that includes being the limited guarantor for up to $190 million, capped at $50 million in most instances, of debt for our NRP joint venture. Additionally, we are the limited guarantor of a $175 million mortgage loan secured by Grocery Retail Partners I LLC (“GRP I”) properties. Our guaranty for both the NRP and GRP I debt is limited to being the non-recourse carveout guarantor and the environmental indemnitor. Further, in both cases, we are also party to an agreement with our institutional joint venture partners in which any potential liability under such guarantees will be apportioned between us and our applicable joint venture partner based on our respective ownership percentages in the applicable joint venture. As of December 31, 2021, NRP and GRP I had outstanding debt balances of $15.3 million and $174.0 million, respectively.

Additionally, our off-balance sheet arrangements include the notional amount of our interest rate swaps which we use to hedge a portion of our exposure to interest rate fluctuations. Currently, all of our interest rate swaps fix the variable rate interest on our term loan debt. We intend to fund our interest rate swap payments utilizing cash flows from operations. As of December 31, 2021, the notional amount of our interest rate swaps was $0.9 billion. As of December 31, 2021, our future interest rate swap obligations are $17.8 million during 2022 and $32.6 million thereafter.

FINANCIAL LEVERAGE RATIOS—We believe our net debt to Adjusted EBITDA*re*, net debt to total enterprise value, and debt covenant compliance as of December 31, 2021 allow us access to future borrowings as needed in the near term. The following table presents our calculation of net debt and total enterprise value, inclusive of our prorated portion of net debt and cash and cash equivalents owned through our unconsolidated joint ventures, as of December 31, 2021 and 2020 (in thousands):

	2021	2020
Net debt:		
Total debt, excluding discounts, market adjustments, and deferred financing expenses	$ 1,941,504	$ 2,345,620
Less: Cash and cash equivalents	93,109	104,952
Total net debt	$ 1,848,395	$ 2,240,668
Enterprise value:		
Net debt	$ 1,848,395	$ 2,240,668
Total equity market capitalization[1]	4,182,996	2,797,234
Total enterprise value	$ 6,031,391	$ 5,037,902

(1) As of December 31, 2021, total equity market capitalization was calculated as the 126.6 million diluted shares multiplied by the closing market price per share of $33.04. As of December 31, 2020, prior to the underwritten IPO, total equity value was calculated as 106.6 million diluted shares multiplied by the EVPS of $26.25. Fully diluted shares include Class B common stock, common stock, and OP units.

The following table presents our calculation of net debt to Adjusted EBITDA*re* and net debt to total enterprise value as of December 31, 2021 and 2020 (dollars in thousands):

	2021	2020
Net debt to Adjusted EBITDA*re* - annualized:		
Net debt	$ 1,848,395	$ 2,240,668
Adjusted EBITDA*re* - annualized[1]	329,419	308,000
Net debt to Adjusted EBITDA*re* - annualized	5.6x	7.3x
Net debt to total enterprise value:		
Net debt	$ 1,848,395	$ 2,240,668
Total enterprise value	6,031,391	5,037,902
Net debt to total enterprise value	30.6%	44.5%

(1) Adjusted EBITDA*re* is based on a trailing twelve months. See "Non-GAAP Measures - EBITDA*re* and Adjusted EBITDA*re*" above for a reconciliation to Net Income (Loss).

CAPITAL EXPENDITURES AND REDEVELOPMENT ACTIVITY—We make capital expenditures during the course of normal operations, including maintenance capital expenditures and tenant improvements, as well as value-enhancing anchor space repositioning and redevelopment, ground-up outparcel development, and other accretive projects.

During the years ended December 31, 2021 and 2020, we had capital spend of $75.0 million and $64.0 million, respectively. Below is a summary of our capital spending activity, excluding leasing commissions, on a cash basis for the years ended December 31, 2021 and 2020 (in thousands):

	2021	2020[1]
Capital expenditures for real estate:		
Capital improvements	$ 15,862	$ 13,443
Tenant improvements	23,485	14,304
Redevelopment and development	31,579	30,521
Total capital expenditures for real estate	70,926	58,268
Corporate asset capital expenditures	2,194	3,972
Capitalized indirect costs[2]	1,915	1,725
Total capital spending activity	$ 75,035	$ 63,965

(1) Certain prior period amounts have been reclassified to conform with current year presentation.

(2) Amount includes internal salaries and related benefits of personnel who work directly on capital projects as well as capitalized interest expense.

We expect our capital expenditures to reach $95 million - $105 million in 2022, which includes $45 million - $55 million related to development and redevelopment projects. We anticipate that obligations related to capital improvements in 2022 can be met with cash flows from operations, cash flows from dispositions, or borrowings on our unsecured revolving credit facility.

Generally, we expect our development and redevelopment projects to stabilize within 24 months. Our underwritten incremental unlevered yields on development and redevelopment projects are expected to average between 10%-12%. Our current in process projects represent an estimated total investment of $45.4 million. Actual incremental unlevered yields may vary from our underwritten incremental unlevered yield range based on the actual total cost to complete a project and its actual incremental annual NOI at stabilization. See “Key Performance Indicators and Defined Terms” above for further information.

ACQUISITION ACTIVITY—We continually monitor the commercial real estate market for properties that have future growth potential, are located in attractive demographic markets, and support our business objectives. The following table highlights our property acquisitions during the years ended December 31, 2021 and 2020 (dollars in thousands):

	2021	2020
Number of properties acquired	9	2
Number of outparcels acquired[1]	5	2
Total price of acquisitions	$ 308,358	$ 41,482

(1) Outparcels acquired are adjacent to shopping centers that we own.

Subsequent to December 31, 2021, we acquired three properties for $100.4 million.

DISPOSITION ACTIVITY—We are actively evaluating our portfolio of assets for opportunities to make strategic dispositions of assets that no longer meet our growth and investment objectives or assets that have stabilized in order to capture their value. The following table highlights our property dispositions during the years ended December 31, 2021 and 2020 (dollars in thousands):

	2021	2020
Number of properties sold[1]	24	7
Number of outparcels sold[2][3]	4	1
Proceeds from sale of real estate, net	$ 206,377	$ 57,902
Gain on sale of property, net[4]	34,309	10,117

(1) We retained one outparcel related to property sales during each of the years ended December 31, 2021 and 2020; therefore, the sales did not result in reductions in our total property count.

(2) During the year ended December 31, 2021, one of our outparcel sales included the only remaining portion of a property we previously owned; therefore, the sale resulted in a reduction in our total property count.

(3) In addition to the four outparcels sold during the year ended December 31, 2021, a tenant at one of our properties exercised a bargain purchase option to acquire a parcel of land that we previously owned. This generated minimal proceeds for us.

(4) The gain on sale of property, net does not include miscellaneous write-off activity, which is also recorded in Gain on Disposal of Property, Net on the consolidated statements of operations and comprehensive income (loss).

Subsequent to December 31, 2021, we sold one property for $1.4 million.

DISTRIBUTIONS—The following table details distributions to our common stockholders and OP unit holders on a cash basis during the years ended December 31, 2021 and 2020:

Period[1]	Date of Record	Monthly Distribution Rate	Annual Distribution Rate	Date Distribution Paid
2021:				
December 2020	12/31/2020	$0.085	$1.02	1/12/2021
January 2021	1/15/2021	$0.085	$1.02	2/1/2021
February 2021	2/15/2021	$0.085	$1.02	3/1/2021
March 2021	3/19/2021	$0.085	$1.02	4/1/2021
April 2021	4/19/2021	$0.085	$1.02	5/3/2021
May 2021	5/17/2021	$0.085	$1.02	6/1/2021
June 2021	6/15/2021	$0.085	$1.02	7/1/2021
July 2021	7/15/2021	$0.085	$1.02	8/2/2021
August 2021	8/16/2021	$0.085	$1.02	9/1/2021
September 2021	9/15/2021	$0.085	$1.02	10/1/2021
October 2021	10/15/2021	$0.09	$1.08	11/1/2021
November 2021	11/15/2021	$0.09	$1.08	12/1/2021
December 2021	12/15/2021	$0.09	$1.08	1/3/2022
2020:				
December 2019	12/16/2019	$0.168	$2.02	1/2/2020
January 2020	1/15/2020	$0.168	$2.02	2/3/2020
February 2020	2/17/2020	$0.168	$2.02	3/2/2020
March 2020	3/16/2020	$0.168	$2.02	4/1/2020

[1] Due to the uncertainty of the COVID-19 pandemic, our Board suspended stockholder distributions effective after the payment of the March 2020 distribution on April 1, 2020 and continuing through November 2020. Our Board reinstated monthly stockholder distributions beginning December 2020.

The January 2022 distributions of $0.09 per share were paid on February 1, 2022. On February 9, 2022, our Board authorized 2022 distributions for February, March, and April of $0.09 per share to the stockholders of record at the close of business on February 15, 2022, March 15, 2022, and April 15, 2022, respectively. OP unit holders will receive distributions at the same rate as common stockholders. The timing and amount of distributions is determined by our Board and is influenced in part by our intention to comply with REIT requirements of the IRC.

To maintain our qualification as a REIT, we must make aggregate annual distributions to our stockholders of at least 90% of our REIT taxable income (which is computed without regard to the dividends paid deduction or net capital gain, and which does not necessarily equal net income or loss as calculated in accordance with GAAP). We generally will not be subject to U.S. federal income tax on the income that we distribute to our stockholders each year due to meeting the REIT qualification requirements. However, we may be subject to certain state and local taxes on our income, property, or net worth and to federal income and excise taxes on our undistributed income.

We have not established a minimum distribution level, and our charter does not require that we make distributions to our stockholders.

DRIP AND THE SRP—On August 4, 2021, as a result of our underwritten IPO, our Board approved the termination of the DRIP and the SRP.

CASH FLOW ACTIVITIES—As of December 31, 2021, we had cash and cash equivalents and restricted cash of $115.5 million, a net cash decrease of $16.4 million during the year ended December 31, 2021.

Below is a summary of our cash flow activity for the years ended December 31, 2021 and 2020 (dollars in thousands):

	2021	2020	$ Change	% Change
Net cash provided by operating activities	$ 262,902	$ 210,576	$ 52,326	24.8 %
Net cash used in investing activities	(180,491)	(44,092)	(136,399)	NM
Net cash used in financing activities	(98,819)	(129,655)	30,836	23.8 %

OPERATING ACTIVITIES—Our net cash provided by operating activities was primarily impacted by the following:

- ***Property operations and working capital—***Most of our operating cash comes from rental and tenant recovery income and is offset by property operating expenses, real estate taxes, and general and administrative costs. The increase in property operations was primarily due to a $26.4 million, or 8.2%, improvement in same-center NOI as

compared to 2020. During the year ended December 31, 2021, we had a net cash inflow of $4.0 million from changes in working capital as compared to a net cash outlay of $15.9 million during the same period in 2020. This change was primarily driven by improved collections on amounts due from Neighbors as well as expense reduction initiatives, and was partially offset by higher leasing commissions and prepaid expenses.

- ***Fee and management income*—**We also generate operating cash from our third-party investment management business, pursuant to various management and advisory agreements between us and the Managed Funds. Our fee and management income was $10.3 million for the year ended December 31, 2021, an increase of $0.5 million as compared to the same period in 2020.
- ***Cash paid for interest*—**During the year ended December 31, 2021, we paid $68.1 million for interest, a decrease of $10.4 million over the same period in 2020, largely due to: (i) lower debt balances outstanding as a result of early repayments of debt; (ii) minimal borrowings on our revolving credit facility in 2021 as compared to 2020; and (iii) lower average interest rates during 2021 primarily due to the Refinancing.

INVESTING ACTIVITIES—Our net cash used in investing activities was primarily impacted by the following:

- ***Real estate acquisitions*—**During the year ended December 31, 2021, our acquisitions resulted in a total cash outlay of $308.4 million, as compared to a total cash outlay of $41.5 million during the same period in 2020.
- ***Real estate dispositions*—**During the year ended December 31, 2021, our dispositions resulted in a net cash inflow of $206.4 million, as compared to a net cash inflow of $57.9 million during the same period in 2020.
- ***Capital expenditures*—**We invest capital into leasing our properties and maintaining or improving the condition of our properties. During the year ended December 31, 2021, we paid $75.0 million for capital expenditures, an increase of $11.1 million over the same period in 2020, primarily due to an increase in tenant improvements owing largely to an increase in leasing volume as compared to the same period a year ago.
- ***Return of investment in unconsolidated joint ventures***—During the year ended December 31, 2021, we had a return of investment in unconsolidated joint ventures of $5.0 million, including $2.4 million in connection with NRP primarily as a result of property dispositions. During the year ended December 31, 2020, we had a return of investment in unconsolidated joint ventures of $3.5 million.
- ***Investment in marketable securities***—During the the year ended December 31, 2021, we made an investment in marketable securities resulting in a net cash outflow of $5.5 million.
- ***Investment in third parties***—During the year ended December 31, 2021, we made an investment into a third party company that resulted in a net cash outflow of $3.0 million.

FINANCING ACTIVITIES—Our net cash used in financing activities was primarily impacted by the following:

- ***Underwritten IPO***—Upon consummation of our underwritten IPO in July 2021, including the over-allotment option exercised in full by the underwriters, we had gross proceeds from the issuance of common stock of $547.4 million, offset by a cash outflow of $39.0 million for offering costs, discounts, and commissions during the year ended December 31, 2021. We did not issue any shares of common stock during the year ended December 31, 2020, other than in connection with redemptions of OP units as set forth in our consolidated balance sheets under Noncontrolling Interests (see Note 12).
- ***Debt borrowings and payments*—**During the year ended December 31, 2021, we had $402.3 million in net repayment of debt as compared to $64.8 million in net repayment of debt during the same period a year ago. See “Debt Activity” above for more details.
- ***Distributions to stockholders and OP unit holders*—**Cash used for distributions to common stockholders and OP unit holders increased by $62.9 million during the year ended December 31, 2021 as compared to the same period in 2020, due to the suspension of our distributions from April 2020 through November 2020 and an increase in common shares outstanding as a result of our underwritten IPO.
- ***Share repurchases*—**Cash outflows for share repurchases increased by $72.5 million for the year ended December 31, 2021 as compared to the year ended December 31, 2020, primarily as a result of a tender offer, which was settled in January 2021.

INFLATION

Although inflation has been historically low and has had a minimal impact on the operating performance of our shopping centers, inflation has recently increased in the United States. Changes in economic conditions and supply chain constraints have driven a rise in wages and increased costs for materials. Further, monetary policy and stimulus measures implemented by the federal government and the Federal Reserve could lead to higher inflation rates or lengthen the period of inflation, which may negatively impact our Neighbors, our operating costs, and our construction costs. Substantially all of our leases contain provisions designed to mitigate the adverse effect of inflation, including rent escalations and requirements for Neighbors to pay their allocable share of operating expenses, including common area maintenance, utilities, real estate taxes, insurance, and certain capital expenditures. Additionally, many of our leases are for terms of less than ten years, which allows us to target increased rents to current market rates upon renewal.

CRITICAL ACCOUNTING ESTIMATES

Below is a discussion of our critical accounting estimates. Our accounting policies have been established to conform with GAAP. We consider these policies critical because they involve significant management judgments and assumptions, require estimates about matters that are inherently uncertain, and are important for understanding and evaluating our reported financial results. These judgments affect the reported amounts of assets at the dates of the consolidated financial statements, as well as the reported amounts of revenue during the reporting periods. With different estimates or assumptions, materially different amounts could be reported in our consolidated financial statements. Additionally, other companies may utilize different estimates that may impact the comparability of our results of operations to those of companies in similar businesses.

Because of the adverse economic conditions that have occurred as a result of the impacts of the COVID-19 pandemic and any remaining uncertainty related to the pandemic, it is possible that the estimates and assumptions that have been utilized in the preparation of the consolidated financial statements could change or vary significantly from actual results. Please refer to Notes 2 and 16 for additional discussion on the potential impact that the COVID-19 pandemic could have on these significant accounting estimates.

Real Estate Valuation—We assess the fair value of acquired real estate and allocate the purchase price of real estate assets and liabilities acquired based upon their estimated fair values as of the acquisition date. The allocation requires the use of market based estimates and assumptions including estimated market lease rates and comparable acquisitions, historical operating results, carrying costs during lease-up periods, discount and capitalization rates, market absorption periods, and the number of years the property will be held for investment.

Quarterly, we review our owned real estate properties, including those classified as real estate held for sale, for evidence of impairment, which requires us, at times, to estimate the fair value of our real estate assets. Valuing our investment in real estate assets requires us to utilize a significant amount of judgment in the inputs that we select for impairment testing and other analyses. We select these inputs based on all available evidence and using techniques that are commonly employed by other real estate companies. Examples of these inputs include projected revenue and expense growth rates, estimates of future cash flows, anticipated holding periods, capitalization rates, general economic conditions and trends, and other available market data.

We believe that our real estate valuation estimates are based on reasonable assumptions. However, the use of inappropriate estimates could result in an incorrect valuation of our real estate properties, at acquisition or during our ownership period, which could result in material impairment losses in the future.

Rental Income—The majority of our revenue is lease revenue derived from our real estate assets, for which we are the lessor. Lease receivables are reviewed continually to determine whether or not it is probable that we will realize substantially all remaining lease payments for each of our Neighbors (i.e., whether a Neighbor is deemed to be a credit risk). If we determine it is not probable that we will collect substantially all of the remaining lease payments from a Neighbor, revenue for that Neighbor is recorded on a cash basis (“cash-basis Neighbor”), including no longer recognizing straight-line rent receivables and/or receivables for recoverable expenses. We will resume recording lease income on an accrual basis for cash-basis Neighbors once we believe the collection of rent for the remaining lease term is probable, which will generally be after a period of regular payments and no remaining unpaid rent for a certain timeframe.

Additionally, we record a general reserve based on our review of operating lease receivables at a company level to ensure they are properly valued based on analysis of historical uncollectible tenant receivables, outstanding balances, and the current economic climate.

The aforementioned adjustments, as well as any reserve for disputed charges, are recorded as a reduction of Rental Income on the consolidated statements of operations and comprehensive income (loss).

Our revenue collectibility estimates are made based on historical experience, the current economic climate, and other Neighbor-specific factors. While we do not believe there is a reasonable likelihood of a material change in the estimates or assumptions that we use to recognize revenue, if actual payment levels were to vary significantly from estimates, we may be exposed to decreases in rental income that could be material or increases of non-cash straight-line income when a cash-basis Neighbor moves back to accrual accounting in accordance with GAAP.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

INTEREST RATE RISK—We utilize interest rate swaps in order to hedge a portion of our exposure to interest rate fluctuations. We do not intend to enter into derivative or interest rate transactions for speculative purposes. Our hedging decisions are determined based upon the facts and circumstances existing at the time of the hedge and may differ from our currently anticipated hedging strategy. Because we use derivative financial instruments to hedge against interest rate fluctuations, we may be exposed to both credit risk and market risk. Credit risk is the failure of the counterparty to perform under the terms of the derivative contract. If the fair value of a derivative contract is positive, the counterparty will owe us, which creates credit risk for us. If the fair value of a derivative contract is negative, we will owe the counterparty and, therefore, do not have credit risk. We seek to minimize the credit risk in derivative instruments by entering into transactions with high-quality counterparties. Market risk is the adverse effect on the value of a financial instrument that results from a change in interest rates. The market risk associated with interest-rate contracts is managed by establishing and monitoring parameters that limit the types and degree of market risk that may be undertaken.

As of December 31, 2021, we had five interest rate swaps that fixed LIBOR on $930 million of our unsecured term loan facilities.

As of December 31, 2021, we had not fixed the interest rate on $25 million of our unsecured debt through derivative financial instruments, and as a result, we are subject to the potential impact of rising interest rates, which could negatively impact our profitability and cash flows. We estimate that a one percentage point increase in interest rates on the outstanding balance of our variable-rate debt at December 31, 2021 would result in approximately $0.3 million of additional interest expense annually. The additional interest expense was determined based on the impact of hypothetical interest rates on our borrowing cost and assumes no changes in our capital structure. For further discussion of certain quantitative details related to our interest rate swaps, see Note 9.

The information presented above does not consider all exposures or positions that could arise in the future. Hence, the information represented herein has limited predictive value. As a result, the ultimate realized gain or loss with respect to interest rate fluctuations will depend on the exposures that arise during the period, the hedging strategies at the time, and the related interest rates.

LIBOR Transition—In July 2017, the Financial Conduct Authority ("FCA"), which regulates LIBOR, announced that it intended to phase out LIBOR as a benchmark by the end of 2021. In November 2020, ICE Benchmark Administration, the administrator of LIBOR, with the support of the Federal Reserve Board and the FCA, announced a plan to consult on ceasing publication of U.S. dollar LIBOR on December 31, 2021 for only the one week and two month U.S. dollar LIBOR, and on June 30, 2023 for all other U.S. dollar LIBOR, which the FCA subsequently confirmed in March 2021. The Federal Reserve Board concurrently issued a statement advising banks to stop new U.S. dollar LIBOR issuances by the end of 2021. Further, when USD LIBOR will no longer be published, market participants should amend legacy contracts to use the Secured Overnight Financing Rate or another alternative reference rate. We have contracts that are indexed to LIBOR and are monitoring and evaluating the related risks, which include interest amounts on our variable rate debt as discussed in Note 8 and the swap rate for our interest rate swaps, as discussed in Note 9. See “Part I, Item 1A. Risk Factors” of this filing on Form 10-K for further discussion on risks related to changes in LIBOR reporting practices.

FOREIGN CURRENCY EXCHANGE RISK—We do not have any foreign operations, and thus, we are not exposed to foreign currency fluctuations.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

See the Index to Consolidated Financial Statements on page F-1 of this report.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Principal Executive Officer and Principal Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) as of December 31, 2021. Based on that evaluation, our Principal Executive Officer and Principal Financial Officer concluded that our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) were effective as of December 31, 2021.

Management’s Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Exchange Act Rule 13a-15(f). Under the supervision and with the participation of our management, including our Principal Executive Officer and Principal Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”). Based on our evaluation under the framework in Internal Control - Integrated Framework (2013) issued by the COSO, our management concluded that our internal control over financial reporting was effective as of December 31, 2021.

Changes in Internal Control over Financial Reporting

During the quarter ended December 31, 2021, there were no changes in our internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

Not applicable.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

w PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS, AND CORPORATE GOVERNANCE

The information required by this Item will be included in our definitive proxy statement to be filed with the SEC within 120 days after December 31, 2021 in connection with the the Company's 2022 Annual Meeting of Stockholders, and is hereby incorporated by reference into this Form 10-K.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this Item will be included in our definitive proxy statement to be filed with the SEC within 120 days after December 31, 2021 in connection with the the Company's 2022 Annual Meeting of Stockholders, and is hereby incorporated by reference into this Form 10-K.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by this Item will be included in our definitive proxy statement to be filed with the SEC within 120 days after December 31, 2021 in connection with the the Company's 2022 Annual Meeting of Stockholders, and is hereby incorporated by reference into this Form 10-K.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by this Item will be included in our definitive proxy statement to be filed with the SEC within 120 days after December 31, 2021 in connection with the the Company's 2022 Annual Meeting of Stockholders, and is hereby incorporated by reference into this Form 10-K.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by this Item will be included in our definitive proxy statement to be filed with the SEC within 120 days after December 31, 2021 in connection with the the Company's 2022 Annual Meeting of Stockholders, and is hereby incorporated by reference into this Form 10-K.

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) Financial Statement Schedules

See the Index to Consolidated Financial Statements on page F-1 of this report.

(b) Exhibits

Ex.	Description	Reference
2.1	Contribution Agreement, dated as of May 18, 2017, between Phillips Edison Grocery Center REIT I, Inc., Phillips Edison Grocery Center Operating Partnership I, L.P., and the Contributors Listed Therein	Form 8-K, filed May 23, 2017, Exhibit 2.1
2.2	Amendment to Contribution Agreement, between Phillips Edison & Company, Inc. (f/k/a Phillips Edison Grocery Center REIT I, Inc.), Phillips Edison Grocery Center Operating Partnership I, L.P., and the Contributors listed therein, dated as of March 12, 2019	Form 10-K, filed March 13, 2019, Exhibit 2.2
3.1	Fifth Articles of Amendment and Restatement of Phillips Edison & Company, Inc., as amended	Form 10-Q, filed August 5, 2021, Exhibit 3.1
3.2	Fifth Amended and Restated Bylaws of Phillips Edison & Company, Inc.	Form 8-K, filed July 19, 2021, Exhibit 3.1
4.1	Statement regarding restrictions on transferability of shares of common stock (to appear on stock certificate or to be sent upon request and without charge to stockholders issued shares without certificates)	Form S-11, filed March 1, 2010, Exhibit 4.2
4.2	Third Amended and Restated Dividend Reinvestment Plan	Form S-3, filed October 31, 2019, Exhibit 4.7
4.3	Phillips Edison & Company, Inc. Fourth Amended and Restated Share Repurchase Program, dated January 14, 2021	Form 8-K, filed January 14, 2021, Exhibit 99.1
4.4	Fourth Amended and Restated Agreement of Limited Partnership of Phillips Edison Grocery Center Operating Partnership I, L.P.	Form 10-K, filed March 30, 2018, Exhibit 4.4
4.5	Description of Phillip Edison & Company, Inc.'s Securities Registered Under Section 12 of the Securities Exchange Act of 1934	Form 10-K, filed March 12, 2021, Exhibit 4.5
4.6	Indenture, dated as of October 6, 2021, by and among Phillips Edison Grocery Center Operating Partnership I, L.P., as issuer, Phillips Edison & Company, Inc., as guarantor, and U.S. Bank National Association, as trustee	Form 8-K, filed October 6, 2021, Exhibit 4.1
4.7	First Supplemental Indenture, dated as of October 6, 2021, by and among Phillips Edison Grocery Center Operating Partnership I, L.P., as issuer, Phillips Edison & Company, Inc., as guarantor, and U.S. Bank National Association, as trustee	Form 8-K, filed October 6, 2021, Exhibit 4.2
10.1	Tax Protection Agreement dated as of October 4, 2017 by and among Phillips Edison Grocery Center REIT I, Inc., Phillips Edison Grocery Center Operating Partnership I, L.P. and each Protected Partner identified as a signatory on Schedule I, as amended from time to time	Form 8-K, filed October 11, 2017, Exhibit 10.2
10.2	Tax Protection Agreement by and among Phillips Edison & Company, Inc., Phillips Edison Grocery Center Operating Partnership I, L.P., and each Protected Partner identified as a signatory on Schedule I	Form 8-K, filed July 19, 2021, Exhibit 10.1
10.3	Equityholder Agreement dated October 4, 2017 by and among Phillips Edison Grocery Center REIT I, Inc., Phillips Edison Grocery Center Operating Partnership I, L.P. and each of the individuals signatory thereto	Form 8-K, filed October 11, 2017, Exhibit 10.3
10.4	Credit Agreement among Phillips Edison Grocery Center Operating Partnership II, L.P., Phillips Edison Grocery Center REIT II, Inc., the Lenders and Capital One, National Association, as administrative agent, dated September 25, 2017	Form 10-Q of Phillips Edison Grocery Center REIT II, Inc., filed November 9, 2017, Exhibit 10.3
10.5	First Amendment to Credit Agreement among Phillips Edison Grocery Center Operating Partnership I, L.P., Phillips Edison & Company, Inc., the Lenders and Capital One, National Association, as administrative agent, dated November 16, 2018	Form S-11/A, filed July 7, 2021, Exhibit 10.4

Ex.	Description	Reference
10.6	Second Amendment to Credit Agreement, by and among Phillips Edison Grocery Center Operating Partnership I, L.P., Phillips Edison & Company, Inc., the Lenders and Capital One, National Association, as administrative agent, dated September 25, 2019	Form 10-Q, filed November 7, 2019, Exhibit 10.1
10.7	Third Amendment to Credit Agreement, by and among Phillips Edison Grocery Center Operating Partnership I, L.P., Phillips Edison & Company, Inc., the lenders party thereto and Capital One, National Association, as administrative agent, dated September 24, 2021	Form 8-K, filed September 28, 2021, Exhibit 10.2
10.8	Credit Agreement among Phillips Edison Grocery Center Operating Partnership I, L.P., Phillips Edison Grocery Center REIT I, Inc., the lenders party thereto and KeyBank National Association, as administrative agent, dated October 4, 2017	Form 10-Q, filed November 9, 2017, Exhibit 10.7
10.9	First Amendment to Credit Agreement, dated as of November 16, 2018, by and among Phillips Edison Grocery Center Operating Partnership I, L.P., Phillips Edison & Company, Inc., the lenders party thereto and KeyBank National Association, as administrative agent	Form 8-K, filed November 19, 2018, Exhibit 10.3
10.10	Second Amendment to Credit Agreement, by and among Phillips Edison Grocery Center Operating Partnership I, L.P., Phillips Edison & Company, Inc., the Lenders and KeyBank National Association, as administrative agent, dated October 4, 2019	Form 10-Q, filed November 7, 2019, Exhibit 10.2
10.11	Third Amendment to Credit Agreement, by and among Phillips Edison Grocery Center Operating Partnership I, L.P., Phillips Edison & Company, Inc., the lenders party thereto and KeyBank National Association, as administrative agent, dated September 24, 2021	Form 8-K, filed September 28, 2021, Exhibit 10.3
10.12	Credit Agreement among Phillips Edison Grocery Center Operating Partnership I, L.P., Phillips Edison Grocery Center REIT I, Inc., the lenders party thereto and Wells Fargo Bank, National Association, as administrative agent, dated October 4, 2017	Form 10-Q, filed November 9, 2017, Exhibit 10.8
10.13	First Amendment to Credit Agreement, dated as of November 16, 2018, by and among Phillips Edison Grocery Center Operating Partnership I, L.P., Phillips Edison & Company, Inc., the lenders party thereto and Wells Fargo Bank, National Association, as administrative agent**	
10.14	Amended and Restated Credit Agreement among Phillips Edison Grocery Center Operating Partnership I, L.P., Phillips Edison & Company, Inc., the lenders party thereto, and Bank of America, N.A., as administrative agent, dated November 16, 2018	Form 8-K, filed November 19, 2018, Exhibit 10.1
10.15	First Amendment to Amended and Restated Credit Agreement among Phillips Edison Grocery Center Operating Partnership I, L.P., Phillips Edison & Company, Inc., the lenders party thereto and Bank of America, N.A., as administrative agent, dated September 24, 2021	Form 8-K, filed September 28, 2021, Exhibit 10.1
10.16	Credit Agreement among Phillips Edison Grocery Center Operating Partnership I, L.P., Phillips Edison & Company, Inc., the lenders party thereto, and PNC Bank, National Association as administrative agent, dated July 2, 2021	Form 8-K, filed July 2, 2021, Exhibit 10.1
10.17	Loan Agreement by and among the Borrowers and Teachers Insurance and Annuity Association of America, dated October 4, 2017	Form 10-Q, filed November 9, 2017, Exhibit 10.10
10.18	Form of Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing	Form 10-Q, filed November 9, 2017, Exhibit 10.11
10.19	Phillips Edison & Company, Inc. 2020 Omnibus Incentive Plan*	Schedule 14A, filed April 7, 2020, Appendix A
10.20	First Amendment to Phillips Edison & Company, Inc. 2020 Omnibus Incentive Plan*	Schedule 14A, filed April 9, 2021, Appendix A
10.21	Amended and Restated 2010 Independent Director Stock Plan*	Form S-11/A, filed August 11, 2010, Exhibit 10.3
10.22	Amended and Restated 2010 Long-Term Incentive Plan*	Form 10-Q, filed November 9, 2017, Exhibit 10.14
10.23	Phillips Edison and Company, Inc. Amended & Restated Executive Severance and Change in Control Plan dated March 11, 2020*	Form S-11/A, filed July 7, 2021, Exhibit 10.19
10.24	Equity Vesting Agreement with Devin Murphy dated October 2, 2017*	Form 10-Q, filed November 9, 2017, Exhibit 10.15
10.25	Participation Agreement for Jeffrey Edison dated October 4, 2017*	Form 10-Q, filed November 9, 2017, Exhibit 10.16

Ex.	Description	Reference
10.26	Participation Agreement for Devin Murphy dated October 4, 2017*	Form 10-Q, filed November 9, 2017, Exhibit 10.17
10.27	Participation Agreement for Robert Myers dated October 4, 2017*	Form 10-Q, filed November 9, 2017, Exhibit 10.18
10.28	Participation Agreement for Tanya Brady dated March 12, 2019*	Form 10-K, filed March 13, 2019, Exhibit 10.23
10.29	Participation Agreement for John Caulfield dated August 7, 2019*	Form 10-Q, filed August 12, 2019, Exhibit 10.1
10.30	2019 Performance LTIP Unit Award Agreement for Jeffrey S. Edison, dated March 12, 2019*	Form 10-K, filed March 13, 2019, Exhibit 10.26
10.31	Amendment to 2019 Performance LTIP Unit Award Agreement for Jeffrey S. Edison, dated March 11, 2020*	Form 10-K, filed March 12, 2020, Exhibit 10.22
10.32	2019 Performance LTIP Unit Award Agreement for Devin I. Murphy, dated March 12, 2019*	Form 10-K, filed March 13, 2019, Exhibit 10.27
10.33	Amendment to 2019 Performance LTIP Unit Award Agreement for Devin I. Murphy, dated March 11, 2020*	Form 10-K, filed March 12, 2020, Exhibit 10.24
10.34	Form of LTIP Listing Equity Grant*	Form S-11/A, filed July 7, 2021, Exhibit 10.32
10.35	Form of LTIP Listing Equity Grant (Murphy)*	Form S-11/A, filed July 7, 2021, Exhibit 10.33
10.36	Form of RSU Listing Equity Grant*	Form S-11/A, filed July 7, 2021, Exhibit 10.34
10.37	Form of Restricted Stock Listing Equity Grant*	Form S-11/A, filed July 7, 2021, Exhibit 10.35
21.1	Subsidiaries of the Company**	
22.1	List of Issuers of Guaranteed Securities**	
23.1	Consent of Deloitte & Touche LLP**	
31.1	Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**	
31.2	Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**	
32.1	Certification of Principal Executive Officer pursuant to 18 U.S.C. 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002***	
32.2	Certification of Principal Financial Officer pursuant to 18 U.S.C. 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002***	
101.1	The following information from the Company's annual report on Form 10-K for the year ended December 31, 2021, formatted in XBRL (eXtensible Business Reporting Language): (i) Consolidated Balance Sheets; (ii) Consolidated Statements of Operations and Comprehensive (Loss) Income; (iii) Consolidated Statements of Equity; and (iv) Consolidated Statements of Cash Flows	
101.INS	Inline XBRL Instance Document	
101.SCH	Inline XBRL Taxonomy Extension Schema Document	
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document	
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document	
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document	
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document	
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)	

* Management Contract or Compensatory Plan

** Filed herewith

*** Furnished herewith

ITEM 16. FORM 10-K SUMMARY

Not applicable.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

* All schedules other than the one listed in the index have been omitted as the required information is either not applicable or the information is already presented in the consolidated financial statements or the related notes.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and the Board of Directors of Phillips Edison & Company, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Phillips Edison & Company, Inc. and subsidiaries (the "Company") as of December 31, 2021 and 2020, the related consolidated statements of operations and comprehensive income (loss), equity, and cash flows, for each of the three years in the period ended December 31, 2021, and the related notes and the schedule listed in the Index at Item 15 (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2021, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current-period audit of the financial statements that was communicated or required to be communicated to the audit committee and that (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Allocation of Purchase Price for Investment in Real Estate Assets – Refer to Notes 2 and 4 to the financial statements.

Critical Audit Matter Description

During the year ended December 31, 2021, the Company acquired nine properties and five outparcels for an aggregate purchase price of $308.4 million. The Company accounted for the acquisitions as asset acquisitions. Accordingly, the purchase price paid for assets acquired and liabilities assumed was allocated, based on their relative fair values, to building and building improvements, land and land improvements, furniture, fixtures, and equipment, in-place leases, and other intangible assets and assumed liabilities. Estimates of fair values were based upon assumptions that the Company believes are similar to those used by independent appraisers and that utilize valuation assumptions such as discount rates, capitalization rates, and estimated future cash flows. Estimated future cash flows include assumptions such as market rent, vacancy and collection loss, and operating expense estimates.

We identified the acquisitions as a critical audit matter because of the significant estimates management makes to determine the fair values of assets acquired and liabilities assumed. This required a high degree of auditor judgment and an increased extent of effort, including the need to involve our fair value specialists, when performing audit procedures to evaluate the reasonableness of management's assumptions.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to allocation of purchase price for investment in real estate assets included the following, among others:

- For each acquisition, we obtained and evaluated the third-party purchase price allocation report, along with relevant supporting documentation, such as the executed purchase and sale agreement, in order to corroborate our understanding of the substance of the acquisition obtained through inquiry with the Company's management, as well as assess the completeness of the assets acquired and liabilities assumed as part of the acquisition.

- We performed risk assessment procedures to evaluate the fair value estimates allocated to assets acquired and liabilities assumed compared to average historical allocations determined by the Company to identify outliers for further investigation.
- With the assistance of our fair value specialists, we:
    - Evaluated the reasonableness of the valuation methodology, costs to replace certain assets, and significant assumptions used in the cash flow models, including market rent, vacancy and collection loss, operating expense estimates, discount rate, and terminal capitalization rate.
    - Tested the mathematical accuracy of the calculations and compared the key inputs used in the projections to external market sources.

/s/ Deloitte & Touche LLP

Cincinnati, Ohio
February 16, 2022

We have served as the Company's auditor since 2009.

PHILLIPS EDISON & COMPANY, INC.
CONSOLIDATED BALANCE SHEETS
AS OF DECEMBER 31, 2021 AND 2020
(In thousands, except per share amounts)

	2021	2020
ASSETS		
Investment in real estate:		
Land and improvements	$ 1,586,993	$ 1,549,362
Building and improvements	3,355,433	3,237,986
In-place lease assets	452,504	441,683
Above-market lease assets	68,736	66,106
Total investment in real estate assets	5,463,666	5,295,137
Accumulated depreciation and amortization	(1,110,426)	(941,413)
Net investment in real estate assets	4,353,240	4,353,724
Investment in unconsolidated joint ventures	31,326	37,366
Total investment in real estate assets, net	4,384,566	4,391,090
Cash and cash equivalents	92,585	104,296
Restricted cash	22,944	27,641
Goodwill	29,066	29,066
Other assets, net	138,050	126,470
Real estate investments and other assets held for sale	1,557	—
Total assets	$ 4,668,768	$ 4,678,563
LIABILITIES AND EQUITY		
Liabilities:		
Debt obligations, net	$ 1,891,722	$ 2,292,605
Below-market lease liabilities, net	107,526	101,746
Earn-out liability	52,436	22,000
Derivative liabilities	24,096	54,759
Deferred income	19,145	14,581
Accounts payable and other liabilities	97,229	176,943
Liabilities of real estate investments held for sale	288	—
Total liabilities	2,192,442	2,662,634
Commitments and contingencies (see Note 11)	—	—
Equity:		
Preferred stock, $0.01 par value per share, 10,000 shares authorized, zero shares issued and outstanding at December 31, 2021 and 2020	—	—
Common stock, $0.01 par value per share, 650,000 shares authorized, 19,550 shares issued and outstanding at December 31, 2021; zero shares authorized, issued, and outstanding at December 31, 2020	196	—
Class B common stock, $0.01 par value per share, 350,000 shares authorized, 93,665 and 93,279 shares issued and outstanding at December 31, 2021 and 2020, respectively	936	2,798
Additional paid-in capital (“APIC”)	3,264,038	2,739,358
Accumulated other comprehensive loss (“AOCI”)	(24,819)	(52,306)
Accumulated deficit	(1,090,837)	(999,491)
Total stockholders’ equity	2,149,514	1,690,359
Noncontrolling interests	326,812	325,570
Total equity	2,476,326	2,015,929
Total liabilities and equity	$ 4,668,768	$ 4,678,563

See notes to consolidated financial statements.

PHILLIPS EDISON & COMPANY, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)
FOR THE YEARS ENDED DECEMBER 31, 2021, 2020, AND 2019
(In thousands, except per share amounts)

	2021	2020	2019
Revenues:			
Rental income	$ 519,495	$ 485,483	$ 522,270
Fees and management income	10,335	9,820	11,680
Other property income	3,016	2,714	2,756
Total revenues	532,846	498,017	536,706
Operating Expenses:			
Property operating	92,914	87,490	90,900
Real estate taxes	65,381	67,016	70,164
General and administrative	48,820	41,383	48,525
Depreciation and amortization	221,433	224,679	236,870
Impairment of real estate assets	6,754	2,423	87,393
Total operating expenses	435,302	422,991	533,852
Other:			
Interest expense, net	(76,371)	(85,303)	(103,174)
Gain on disposal of property, net	30,421	6,494	28,170
Other (expense) income, net	(34,361)	9,245	(676)
Net income (loss)	17,233	5,462	(72,826)
Net (income) loss attributable to noncontrolling interests	(2,112)	(690)	9,294
Net income (loss) attributable to stockholders	$ 15,121	$ 4,772	$ (63,532)
Earnings per share of common stock:			
Net income (loss) per share attributable to stockholders - basic and diluted (see Note 14)	$ 0.15	$ 0.05	$ (0.67)
Comprehensive income (loss):			
Net income (loss)	$ 17,233	$ 5,462	$ (72,826)
Other comprehensive income (loss):			
Change in unrealized value on interest rate swaps	32,000	(33,820)	(38,274)
Comprehensive income (loss)	49,233	(28,358)	(111,100)
Net (income) loss attributable to noncontrolling interests	(2,112)	(690)	9,294
Change in unrealized value on interest rate swaps attributable to noncontrolling interests	(4,500)	4,351	5,150
Reallocation of comprehensive loss upon conversion of noncontrolling interests	(13)	(2,075)	—
Comprehensive income (loss) attributable to stockholders	$ 42,608	$ (26,772)	$ (96,656)

See notes to consolidated financial statements.

PHILLIPS EDISON & COMPANY, INC.
CONSOLIDATED STATEMENTS OF EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2021, 2020, AND 2019
(In thousands, except per share amounts)

	Common Stock		Class B Common Stock							
	Shares	Amount	Shares	Amount	APIC	AOCI	Accumulated Deficit	Total Stockholders' Equity	Noncontrolling Interests	Total Equity
Balance at January 1, 2019	—	$ —	93,268	$ 2,798	$ 2,674,871	$ 12,362	$ (692,573)	$ 1,997,458	$ 414,911	$ 2,412,369
Issuance of common stock for acquisition, net	—	—	1,505	45	49,891	—	—	49,936	—	49,936
Dividend reinvestment plan ("DRIP")	—	—	2,029	60	67,367	—	—	67,427	—	67,427
Share repurchases	—	—	(1,104)	(33)	(35,930)	—	—	(35,963)	—	(35,963)
Change in unrealized value on interest rate swaps	—	—	—	—	—	(33,124)	—	(33,124)	(5,150)	(38,274)
Common distributions declared, $2.01 per share	—	—	—	—	—	—	(191,147)	(191,147)	—	(191,147)
Distributions to noncontrolling interests	—	—	—	—	—	—	—	—	(30,444)	(30,444)
Share-based compensation	—	—	22	1	2,051	—	—	2,052	5,664	7,716
Conversion of noncontrolling interests	—	—	629	19	20,880	—	—	20,899	(20,899)	—
Net loss	—	—	—	—	—	—	(63,532)	(63,532)	(9,294)	(72,826)
Balance at December 31, 2019	—	—	96,349	2,890	2,779,130	(20,762)	(947,252)	1,814,006	354,788	2,168,794
DRIP	—	—	479	14	15,926	—	—	15,940	—	15,940
Share repurchases	—	—	(4,582)	(138)	(80,260)	—	—	(80,398)	—	(80,398)
Change in unrealized value on interest rate swaps	—	—	—	—	—	(29,469)	—	(29,469)	(4,351)	(33,820)
Common distributions declared, $0.588 per share	—	—	—	—	—	—	(57,011)	(57,011)	—	(57,011)
Distributions to noncontrolling interests	—	—	—	—	—	—	—	—	(8,255)	(8,255)
Share-based compensation	—	—	36	2	3,708	—	—	3,710	2,151	5,861
Conversion of noncontrolling interests	—	—	997	30	18,056	—	—	18,086	(18,086)	—
Reallocation of operating partnership interests	—	—	—	—	3,442	(2,075)	—	1,367	(1,367)	—
Other	—	—	—	—	(644)	—	—	(644)	—	(644)
Net income	—	—	—	—	—	—	4,772	4,772	690	5,462
Balance at December 31, 2020	—	—	93,279	2,798	2,739,358	(52,306)	(999,491)	1,690,359	325,570	2,015,929
Issuance of common stock	19,550	196	—	—	547,205	—	—	547,401	—	547,401
Offering costs, discounts, and commissions	—	—	—	—	(39,048)	—	—	(39,048)	—	(39,048)
DRIP	—	—	280	8	7,360	—	—	7,368	—	7,368
Share repurchases	—	—	(24)	—	(123)	—	—	(123)	—	(123)
Change in unrealized value on interest rate swaps	—	—	—	—	—	27,500	—	27,500	4,500	32,000
Common distributions declared, $1.035 per share	—	—	—	—	—	—	(106,467)	(106,467)	—	(106,467)
Distributions to noncontrolling interests	—	—	—	—	—	—	—	—	(14,332)	(14,332)
Share-based compensation	—	—	102	1	6,753	—	—	6,754	9,640	16,394
Conversion of noncontrolling interests	—	—	28	—	743	—	—	743	(743)	—
Reallocation of operating partnership interests	—	—	—	—	(52)	(13)	—	(65)	65	—
Impact of reverse stock split	—	—	—	(1,871)	1,871	—	—	—	—	—
Other	—	—	—	—	(29)	—	—	(29)	—	(29)
Net income	—	—	—	—	—	—	15,121	15,121	2,112	17,233
Balance at December 31, 2021	19,550	$ 196	93,665	$ 936	$ 3,264,038	$ (24,819)	$ (1,090,837)	$ 2,149,514	$ 326,812	$ 2,476,326

See notes to consolidated financial statements.

PHILLIPS EDISON & COMPANY, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021, 2020 AND 2019
(In thousands)

	2021	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income (loss)	$ 17,233	$ 5,462	$ (72,826)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization of real estate assets	217,564	218,738	231,023
Impairment of real estate assets	6,754	2,423	87,393
Depreciation and amortization of corporate assets	3,869	5,941	5,847
Net amortization of above- and below-market leases	(3,581)	(3,173)	(4,185)
Amortization of deferred financing expenses	4,416	4,975	5,060
Amortization of debt and derivative adjustments	1,846	2,444	7,514
Loss on extinguishment or modification of debt, net	1,996	4	2,238
Gain on disposal of property, net	(30,421)	(6,494)	(28,170)
Change in fair value of earn-out liability	30,436	(10,000)	(7,500)
Straight-line rent	(9,427)	(3,325)	(9,079)
Share-based compensation	16,394	5,861	7,716
Other impairment charges	—	359	9,661
Return on investment in unconsolidated joint ventures	2,696	1,962	3,922
Other	(883)	1,287	540
Changes in operating assets and liabilities:			
Other assets, net	(4,498)	(6,945)	1,271
Accounts payable and other liabilities	8,508	(8,943)	(13,550)
Net cash provided by operating activities	262,902	210,576	226,875
CASH FLOWS FROM INVESTING ACTIVITIES:			
Real estate acquisitions	(308,358)	(41,482)	(71,722)
Capital expenditures	(75,035)	(63,965)	(75,492)
Proceeds from sale of real estate, net	206,377	57,902	223,083
Investment in third parties	(3,000)	—	—
Return of investment in unconsolidated joint ventures	5,039	3,453	5,310
Investment in marketable securities	(5,514)	—	—
Acquisition of REIT III, net of cash acquired	—	—	(16,996)
Net cash (used in) provided by investing activities	(180,491)	(44,092)	64,183
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from the issuance of common stock	547,401	—	—
Payment of offering costs	(39,048)	—	—
Repurchases of Class B stock	(77,765)	(5,267)	(34,675)
Proceeds from revolving credit facility	9,000	255,000	122,641
Payments on revolving credit facility	(9,000)	(255,000)	(196,000)
Proceeds from notes and loans payable	822,018	—	260,000
Payments on mortgages and loans payable	(1,229,715)	(64,978)	(279,406)
Distributions paid, net of DRIP	(106,699)	(49,331)	(123,135)
Distributions to noncontrolling interests	(14,982)	(9,435)	(29,679)
Other	(29)	(644)	—
Net cash used in financing activities	(98,819)	(129,655)	(280,254)
NET (DECREASE) INCREASE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	(16,408)	36,829	10,804
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH:			
Beginning of year	131,937	95,108	84,304
End of year	$ 115,529	$ 131,937	$ 95,108
RECONCILIATION TO CONSOLIDATED BALANCE SHEETS			
Cash and cash equivalents	$ 92,585	$ 104,296	$ 17,820
Restricted cash	22,944	27,641	77,288
Cash, cash equivalents, and restricted cash at end of year	$ 115,529	$ 131,937	$ 95,108

PHILLIPS EDISON & COMPANY, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2021, 2020 AND 2019
(In thousands)

	2021	2020	2019
SUPPLEMENTAL CASH FLOW DISCLOSURE, INCLUDING NON-CASH INVESTING AND FINANCING ACTIVITIES:			
Cash paid for interest	$ 68,092	$ 78,521	$ 89,373
Cash paid for income taxes, net	559	947	589
Obligation for shares tendered pursuant to a tender offer	—	77,642	—
Right-of-use ("ROU") assets obtained in exchange for new lease liabilities	902	561	4,772
Accrued capital expenditures	6,443	4,394	6,299
Change in distributions payable	(7,600)	(8,260)	585
Change in distributions payable - noncontrolling interests	(650)	(1,180)	765
Change in accrued share repurchase obligation	—	(2,511)	1,288
Distributions reinvested	7,368	15,940	67,427
Amounts related to the merger of GRP I and GRP II:			
Ownership interest in fair value of assets assumed	—	5,062	—
Ownership interest in GRP II contributed to GRP I	—	(5,105)	—
Amounts related to the acquisition of REIT III:			
Fair value of equity issued	—	—	49,936
Net settlement of related party receivables	—	—	2,246
Derecognition of management contracts intangible asset and related party investment	—	—	1,601

See notes to consolidated financial statements.

1. ORGANIZATION

Phillips Edison & Company, Inc. ("we," the "Company," "PECO," "our," or "us") was formed as a Maryland corporation in October 2009. Substantially all of our business is conducted through Phillips Edison Grocery Center Operating Partnership I, L.P., (the "Operating Partnership"), a Delaware limited partnership formed in December 2009. We are a limited partner of the Operating Partnership, and our wholly-owned subsidiary, Phillips Edison Grocery Center OP GP I LLC, is the sole general partner of the Operating Partnership.

We are a real estate investment trust ("REIT") that invests primarily in omni-channel grocery-anchored neighborhood and community shopping centers that have a mix of creditworthy national, regional, and local retailers that sell necessity-based goods and services in strong demographic markets throughout the United States. In addition to managing our own shopping centers, our third-party investment management business provides comprehensive real estate and asset management services to two institutional joint ventures, in which we have a partial ownership interest, and one private fund (collectively, the "Managed Funds").

On October 1, 2020, Grocery Retail Partners I LLC ("GRP I"), a joint venture with Northwestern Mutual Life Insurance Company ("Northwestern Mutual") in which we own an equity interest, acquired Grocery Retail Partners II LLC ("GRP II"), an additional joint venture with Northwestern Mutual in which we owned an equity interest. Our ownership in the combined entity was adjusted upon consummation of the transaction, and we own approximately a 14% interest in GRP I as a result of the acquisition.

As of December 31, 2021, we wholly-owned 268 real estate properties. Additionally, we owned a 20% equity interest in Necessity Retail Partners ("NRP"), a joint venture that owned one property, and a 14% interest in GRP I, which owned 20 properties.

On June 18, 2021, our stockholders approved an amendment to our charter (the "Articles of Amendment") that effected a change of each share of our common stock outstanding at the time the amendment became effective into one share of a newly created class of Class B common stock (the "Recapitalization"). The Articles of Amendment became effective upon filing with, and acceptance by, the State Department of Assessments and Taxation of Maryland on July 2, 2021. Unless otherwise indicated, all information in this Form 10-K gives effect to the Recapitalization and references to "shares" and per share metrics refer to our common stock and Class B common stock, collectively. Our Class B common stock automatically converted into our publicly traded common stock on January 18, 2022 (see Note 12).

On July 2, 2021, our board of directors (the "Board") approved an amendment to our charter to effect a one-for-three reverse stock split. Concurrent with the reverse split, the Operating Partnership enacted a one-for-three reverse stock split of its outstanding Operating Partnership units ("OP units"). Unless otherwise indicated, the information in this Form 10-K gives effect to the reverse stock and OP unit splits (see Note 12).

On July 19, 2021, we closed our underwritten initial public offering ("underwritten IPO"), through which we offered 17.0 million shares of our common stock, $0.01 par value per share, at an initial price to the public of $28.00 per share, pursuant to a registration statement filed with the U.S. Securities and Exchange Commission ("SEC") on Form S-11 (File No. 333-255846), as amended. In connection with the underwritten IPO, the underwriters exercised a 30-day option to purchase additional shares of our common stock to cover overallotments, and, accordingly, on August 2, 2021, we settled the sale of an additional 2.6 million shares at a price of $28.00 per share. These shares are listed on the Nasdaq Global Select Market ("Nasdaq") under the trading symbol "PECO". The underwritten IPO, including the underwriters' overallotment election, resulted in gross proceeds of $547.4 million.

On September 20, 2021, the SEC declared effective our bond offering registration statement as filed on Form S-3 (File Nos. 333-259059 and 333-259059-01) relating to the offer, from time to time, of an unspecified number of debt securities not to exceed a maximum aggregate offering of $1 billion ("Bond Registration"). In October 2021, in connection with this Bond Registration, we settled $350 million aggregate principal amount of 2.625% senior notes ("2021 Bond Offering") priced at 98.692% of the principal amount and maturing in November 2031. The notes are fully and unconditionally guaranteed by us.

Following our underwritten IPO, we are presenting common stock and Class B common stock as separate classes within our consolidated balance sheets and consolidated statements of equity. Any references to "common stock" in this Form 10-K refer to our Nasdaq-listed shares sold through the underwritten IPO, whereas Class B common stock refers to the newly-created class of Class B common stock that is not listed. This applies to all historical periods presented herein.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Set forth below is a summary of the significant accounting estimates and policies that management believes are important to the preparation of our consolidated financial statements. Certain of our accounting estimates are particularly important for an understanding of our financial position and results of operations and require the application of significant judgment by management. For example, significant estimates and assumptions have been made with respect to the useful lives of assets, remaining hold periods of assets, recoverable amounts of receivables, and other fair value measurement assessments required for the preparation of the consolidated financial statements. As a result, these estimates are subject to a degree of uncertainty.

Beginning in 2020, the coronavirus (“COVID-19”) pandemic caused significant disruption to our operations. The continuing economic impacts of the COVID-19 pandemic could result in increased permanent store closures, reduce the demand for leasing space in our shopping centers, and/or result in a decline in occupancy and rental revenues in our real estate portfolio. Because of the adverse economic conditions that have occurred as a result of the impacts of the COVID-19 pandemic and any remaining uncertainty related to the pandemic, it is possible that the estimates and assumptions that have been utilized in the preparation of the consolidated financial statements could change significantly. All of this activity impacts our estimates around the collectibility of revenue and valuation of real estate assets, goodwill and other intangible assets, and certain liabilities, among others.

Basis of Presentation and Principles of Consolidation—The accompanying consolidated financial statements include our accounts and the accounts of the Operating Partnership and its wholly-owned subsidiaries (over which we exercise financial and operating control). The financial statements of the Operating Partnership are prepared using accounting policies consistent with our accounting policies. All intercompany balances and transactions are eliminated upon consolidation.

Debt issued under the Bond Registration is issued by the Operating Partnership and fully and unconditionally guaranteed by us. At December 31, 2021, the Operating Partnership had issued and outstanding its 2.625% senior notes. The obligations of the Operating Partnership to pay principal, premiums, if any, and interest on the 2.625% senior notes are fully and unconditionally guaranteed by us on a senior basis. As a result of the amendments to SEC Rule 3-10 of Regulation S-X, subsidiary issuers of obligations guaranteed by the parent are not required to provide separate financial statements, provided that: (i) the subsidiary obligor is consolidated into the parent company’s consolidated financial statements, (ii) the parent guarantee is “full and unconditional”, and (iii) subject to certain exceptions as set forth below, the alternative disclosure required by Rule 13-01 of Regulation S-X is provided, which includes narrative disclosure and summarized financial information. We meet the conditions of this requirement and thus, are not presenting separate financial statements. Furthermore, as permitted under Rule 13-01(a)(4)(vi) of Regulation S-X, we have excluded the summarized financial information for the Operating Partnership because the assets, liabilities, and results of operations of the Operating Partnership are not materially different than the corresponding in our consolidated financial statements, and management believes such summarized financial information would be repetitive and would not provide incremental value to investors.

Use of Estimates—The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States (“GAAP”) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods. For example, significant estimates and assumptions have been made with respect to the useful lives of assets; remaining hold periods of assets; recoverable amounts of receivables; initial valuations of tangible and intangible assets and liabilities, including goodwill, and related amortization periods of deferred costs and intangibles, particularly with respect to property acquisitions; the valuation and nature of derivatives and their effectiveness as hedges; valuations of contingent consideration; and other fair value measurement assessments required for the preparation of the consolidated financial statements. Actual results could differ from those estimates.

Underwritten IPO Costs—Underwritten IPO costs are offset against underwritten IPO proceeds and included as a component of APIC on the consolidated balance sheets. Other costs and expenses incurred that were related to our underwritten IPO activities but were not directly related to our equity raise, including grants of restricted stock units (“RSUs”), were not capitalized and are included as transaction costs in Other (Expense) Income, Net on our consolidated statements of operations and comprehensive income (loss) (“consolidated statements of operations”). As of December 31, 2021, we had underwritten IPO costs of approximately $39.0 million, and we incurred costs and expenses related to our underwritten IPO but not directly related to our equity raise of approximately $4.3 million.

Partially-Owned Entities—If we determine that we are an owner in a variable-interest entity (“VIE”), and we hold a controlling financial interest, then we will consolidate the entity as the primary beneficiary. For a partially-owned entity determined not to be a VIE, we analyze rights held by each partner to determine which would be the consolidating party. We will generally consolidate entities (in the absence of other factors when determining control) when we have over a 50% ownership interest in the entity. We will assess our interests in VIEs on an ongoing basis to determine whether or not we are the primary beneficiary. However, we will also evaluate who controls the entity even in circumstances in which we have greater than a 50% ownership interest. If we do not control the entity due to the lack of decision-making abilities, we will not consolidate the entity. We have determined that the Operating Partnership is considered a VIE. We are the primary beneficiary of the VIE and our partnership interest is considered a majority voting interest. As such, we have consolidated the Operating Partnership and its wholly-owned subsidiaries. Further, as we hold a majority voting interest in the Operating Partnership, we qualify for the exemption from providing certain of the disclosure requirements associated with variable interest entities.

Additionally, a Section 1031 like-kind exchange (“Section 1031 Exchange”) pursuant to the Internal Revenue Code of 1986, as amended, (the “IRC”), entails selling one property and reinvesting the proceeds in one or more properties that are similar in nature, character, or class within 180 days. A reverse Section 1031 Exchange occurs when one or more properties is purchased prior to selling one property to be matched in the like-kind exchange, during which time legal title to the purchased property is held by an intermediary. Because we retain essentially all of the legal and economic benefits and obligations related to the acquisition, we consider the purchased property in a reverse Section 1031 Exchange to be a VIE, and therefore, we will consolidate the entity as the primary beneficiary in these instances.

Noncontrolling Interests—Noncontrolling interests represent the portion of equity that we do not own in the entities we consolidate. We classify noncontrolling interests within permanent equity on our consolidated balance sheets. The amounts of consolidated net earnings attributable to us and to the noncontrolling interests are presented separately on our consolidated statements of operations. For additional information regarding noncontrolling interests, refer to Note 12.

Cash and Cash Equivalents—We consider all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. Cash equivalents may include cash and short-term investments. Short-term investments are stated at cost, which approximates fair value and may consist of investments in money market accounts and money market

funds. From time to time, the cash and cash equivalent balances at one or more of our financial institutions may exceed the Federal Depository Insurance Corporation coverage.

Restricted Cash—Restricted cash primarily consists of cash restricted for the purpose of facilitating a Section 1031 Exchange, escrowed tenant improvement funds, real estate taxes, capital improvement funds, insurance premiums, and other amounts required to be escrowed pursuant to loan agreements. As of December 31, 2021 and 2020, we sold three and two properties, respectively, as part of facilitating a Section 1031 Exchange that remained open at the end of the year. The net proceeds of these sales were held as restricted cash with a qualified intermediary, totaling $8.2 million and $10.3 million, respectively.

Investment in Property and Lease Intangibles—We apply Accounting Standards Codification ("ASC") Topic 805: *Business Combinations* ("ASC 805") when evaluating any purchases of real estate. Under this guidance, our real estate acquisition activity is not generally considered a business combination and is instead classified as an asset acquisition. As a result, most acquisition-related costs are capitalized and amortized over the life of the related assets, and there is no recognition of goodwill. None of our real estate acquisitions in 2021 and 2020 met the definition of a business; therefore, we accounted for all as asset acquisitions.

Real estate assets are stated at cost less accumulated depreciation. The majority of acquisition-related costs are capitalized and allocated to the various classes of assets acquired. These costs are then depreciated over the estimated useful lives associated with the assets acquired. Depreciation is computed using the straight-line method. The estimated useful lives for computing depreciation are generally not to exceed 5-7 years for furniture, fixtures, and equipment, 15 years for land improvements, and 30 years for buildings and building improvements. Tenant improvements are amortized over the shorter of the respective lease term or the expected useful life of the asset. Major replacements that extend the useful lives of the assets are capitalized, and maintenance and repair costs are expensed as incurred.

We assess the acquisition-date fair values of all tangible assets, identifiable intangibles, and assumed liabilities using methods similar to those used by independent appraisers (e.g., discounted cash flow analysis, sales comparison approach, and replacement cost approach) that utilize appropriate discount and/or capitalization rates and available market information. Estimates of future cash flows are based on a number of factors including historical operating results, known and anticipated trends, and market and economic conditions. The fair value of tangible assets of an acquired property considers the value of the property as if it were vacant.

The fair values of buildings and improvements are determined on an as-if-vacant basis. The estimated fair value of acquired in-place leases is the cost we would have incurred to lease the properties to the occupancy level of the properties at the date of acquisition. Such estimates include leasing commissions, legal costs, and other direct costs that would be incurred to lease the properties to such occupancy levels. Additionally, we evaluate the time period over which such occupancy levels would be achieved. Such evaluation includes an estimate of the net market-based rental revenues and net operating costs (primarily consisting of real estate taxes, insurance, and utilities) that would be incurred during the lease-up period. Acquired in-place leases as of the date of acquisition are amortized over the remaining lease terms.

Acquired above- and below-market lease values are recorded based on the present value (using discount rates that reflect the risks associated with the leases acquired) of the difference between the contractual amounts to be paid pursuant to the in-place leases and management's estimate of the market lease rates for the corresponding in-place leases. The capitalized above- and below-market lease values are amortized as adjustments to rental income over the remaining terms of the respective leases. We also consider fixed-rate renewal options in our calculation of the fair value of below-market leases and the periods over which such leases are amortized. If a tenant has a unilateral option to renew a below-market lease and we determine that the tenant has a financial incentive to exercise such option, we include such option in the calculation of the fair value of such lease and the period over which the lease is amortized.

We estimate the value of tenant origination and absorption costs by considering the estimated carrying costs during hypothetical expected lease-up periods, considering current market conditions. In estimating carrying costs, management includes real estate taxes, insurance and other operating expenses, and estimates of lost rentals at market rates during the expected lease-up periods.

We estimate the fair value of assumed loans payable based upon indications of then-current market pricing for similar types of debt with similar maturities. Assumed loans payable are initially recorded at their estimated fair value as of the assumption date, and the difference between such estimated fair value and the loan's outstanding principal balance is amortized over the life of the loan as an adjustment to interest expense. Our accumulated amortization of above- and below-market debt was $1.1 million and $2.9 million as of December 31, 2021 and 2020, respectively.

Real estate assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the individual property may not be recoverable. In such an event, a comparison will be made of the projected operating cash flows of each property on an undiscounted basis to the carrying amount of such property. If deemed unrecoverable on an undiscounted basis, such carrying amount would be adjusted, if necessary, to estimated fair values to reflect impairment in the value of the asset. For additional information regarding real estate asset impairments, refer to our fair value measurement accounting policy below.

Goodwill and Other Intangibles—In the case of an acquisition of a business, after identifying all tangible and intangible assets and liabilities, the excess consideration paid over the fair value of the assets and liabilities acquired represents goodwill. We allocate goodwill to the respective reporting units in which such goodwill arises. We evaluate goodwill for impairment when an event occurs or circumstances change that indicate the carrying value may not be recoverable, or at least annually. Our annual testing date is November 30.

The goodwill impairment evaluation is completed using either a qualitative or quantitative approach. Under a qualitative approach, the impairment review for goodwill consists of an assessment of whether it is more-likely-than-not that the reporting unit's fair value is less than its carrying value, including goodwill. If a qualitative approach indicates it is more likely-than-not that the estimated carrying value of a reporting unit (including goodwill) exceeds its fair value, or if we choose to bypass the qualitative approach for any reporting unit, we perform the quantitative approach described below.

When we perform a quantitative test of goodwill for impairment, we compare the carrying value of a reporting unit with its fair value. If the fair value of the reporting unit exceeds its carrying amount, we do not consider goodwill to be impaired and no further analysis would be required. If the fair value is determined to be less than its carrying value, the amount of goodwill impairment equals the amount by which the reporting unit's carrying value exceeds its fair value, not to exceed the carrying amount of goodwill.

If impairment indicators arise with respect to non-real estate intangible assets with finite useful lives, we evaluate impairment by comparing the carrying amount of the asset to the estimated future undiscounted cash flows expected to be generated by the asset. If estimated future undiscounted cash flows are less than the carrying amount of the asset, then we estimate the fair value of the asset and compare the estimated fair value to the intangible asset's carrying value. We recognize the shortfall from carrying value as an impairment loss in the current period.

Estimates of fair value used in our evaluation of goodwill and intangible assets are based upon discounted future cash flow projections, relevant competitor multiples, or other acceptable valuation techniques. These techniques are based, in turn, upon all available evidence including level three inputs (see fair value measurement policy below), such as revenue and expense growth rates, estimates of future cash flows, capitalization rates, discount rates, general economic conditions and trends, or other available market data. Our ability to accurately predict future operating results and cash flows and to estimate and determine fair values impacts the timing and recognition of impairments. While we believe our assumptions are reasonable, changes in these assumptions may have a material impact on our financial results. Based on the results of our analysis, we concluded that goodwill was not impaired for the years ended December 31, 2021 and 2020.

Held for Sale Assets—We consider assets to be held for sale when management believes that a sale is probable within a year. This generally occurs when a sales contract is executed with no substantive contingencies, and the prospective buyer has significant funds at risk. Assets that are classified as held for sale are recorded at the lower of their carrying amount or fair value less cost to sell. For additional information regarding assets held for sale, refer to Note 4.

Deferred Financing Expenses—Deferred financing expenses are capitalized and amortized on a straight-line basis over the term of the related financing arrangement, which approximates the effective interest method. Deferred financing expenses related to our term loan facilities and mortgages are in Debt Obligations, Net, while deferred financing expenses related to our revolving credit facility are in Other Assets, Net, on our consolidated balance sheets. The accumulated amortization of deferred financing expenses in Debt Obligations, Net was $12.5 million and $13.8 million as of December 31, 2021 and 2020, respectively.

Fair Value Measurement—ASC Topic 820, *Fair Value Measurement* ("ASC 820") defines fair value, establishes a framework for measuring fair value in accordance with GAAP, and expands disclosures about fair value measurements. ASC 820 emphasizes that fair value is intended to be a market-based measurement, as opposed to a transaction-specific measurement. Fair value is defined by ASC 820 as the price that would be received at sale for an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Depending on the nature of the asset or liability, various techniques and assumptions can be used to estimate the fair value. Assets and liabilities are measured using inputs from three levels of the fair value hierarchy, as follows:

Level 1—Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that we have the ability to access at the measurement date. An active market is defined as a market in which transactions for the assets or liabilities occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2—Inputs include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active (markets with few transactions), inputs other than quoted prices that are observable for the asset or liability (i.e., interest rates, yield curves, etc.), and inputs that are derived principally from or corroborated by observable market data correlation or other means (market corroborated inputs).

Level 3—Unobservable inputs, only used to the extent that observable inputs are not available, reflect our assumptions about the pricing of an asset or liability.

Considerable judgment is necessary to develop estimated fair values of financial and non-financial assets and liabilities. Accordingly, the estimates presented herein are not necessarily indicative of the amounts we did or could actually realize upon disposition of the financial assets and liabilities previously sold or currently held.

On a quarterly basis, we employ a multi-step approach to assess our real estate assets for possible impairment and record any impairment charges identified. The first step is the identification of potential triggering events, such as significant decreases in occupancy or the presence of large dark or vacant spaces. If we observe any of these indicators for a shopping center, we then perform an additional screen test consisting of a years-to-recover analysis to determine if we will recover the net book value of the property over its remaining economic life based upon net operating income ("NOI") as forecasted for the current year. In the event that the results of this first step indicate a triggering event for a center, we proceed to the second step, utilizing an undiscounted cash flow model for the center to identify potential impairment. If the undiscounted cash flows are less than the net book value of the center as of the balance sheet date, we record an impairment charge based on the fair value determined in the third step. In performing the third step, we utilize market data such as capitalization rates and sales price per square foot on comparable recent real estate transactions to estimate the fair value of the real estate assets. We also utilize expected net sales proceeds to estimate the fair value of any centers that are actively being marketed for sale.

In addition to these procedures, we also review undeveloped or unimproved land parcels that we own for evidence of impairment and record any impairment charges as necessary. Primary impairment triggers for these land parcels are changes to our plans or intentions with regards to such properties, or planned dispositions at prices that are less than the current carrying values.

Investments in Unconsolidated Joint Ventures—We account for our investments in unconsolidated joint ventures using the equity method of accounting as we exercise significant influence over, but do not control, these entities. These investments were initially recorded at cost and are subsequently adjusted for contributions made to and distributions received from the joint ventures. Earnings or losses from our investments are recognized in accordance with the terms of the applicable

joint venture agreements, generally through a pro rata allocation. Under a pro rata allocation, net income or loss is allocated between the partners in the joint ventures based on their respective stated ownership percentages.

We utilize the cumulative-earnings approach for purposes of determining whether distributions should be classified as either a return on investment, which would be included in operating activities, or a return of investment, which would be included in investing activities on the consolidated statements of cash flows. Under this approach, distributions are presumed to be returns on investment unless cumulative returns on investment exceed our cumulative equity in earnings. When such an excess occurs, the current-period distribution up to this excess is considered a return of investment and classified as cash flows from investing activities.

On a periodic basis, management assesses whether there are indicators, including the operating performance of the underlying real estate and general market conditions, that the value of our investments in our unconsolidated joint ventures may be impaired. An investment's value is impaired only if management's estimate of the fair value of the investment is less than its carrying value and such difference is deemed to be other-than-temporary. To the extent impairment has occurred, the loss is measured as the excess of the carrying amount of the investment over its estimated fair value.

Management's estimates of fair value are based upon a discounted cash flow model for each specific investment that includes all estimated cash inflows and outflows over a specified holding period. Where applicable, any estimated debt premiums, capitalization rates, discount rates and credit spreads used in these models are based upon rates we believe to be within a reasonable range of current market rates.

Our joint venture investment in NRP was acquired as part of an acquisition and initially recorded at fair value. Basis differences arise when the fair value we record differs from our proportionate share of the entity's underlying net assets. A basis difference for our joint venture is amortized starting at the date of acquisition and recorded as an offset to earnings from the related joint venture in Other (Expense) Income, Net on our consolidated statements of operations. When a property is sold, the remaining basis difference related to that property is written off. Our investment in NRP differs from our proportionate share of the underlying net assets due to an initial basis difference of $6.2 million, of which $0.2 million remains unamortized as of December 31, 2021. For additional information regarding our unconsolidated joint ventures, refer to Note 6.

Leases—We are party to a number of lease agreements, both as a lessor as well as a lessee of various types of assets.

Lessor—The majority of our revenue is lease revenue derived from our real estate assets, which is accounted for under ASC Topic 842, *Leases* ("ASC 842"). We adopted the accounting guidance contained within ASC 842 on January 1, 2019, the effective date of the standard for public companies. We record lease and lease-related revenue as Rental Income on the consolidated statements of operations, in accordance with ASC 842.

We enter into leases primarily as a lessor as part of our real estate operations, and leases represent the majority of our revenue. We lease space in our properties generally in the form of operating leases. Our leases typically provide for reimbursements from tenants for common area maintenance, insurance, and real estate tax expenses. Common area maintenance reimbursements can be fixed, with revenue earned on a straight-line basis over the term of the lease, or variable, with revenue recognized as services are performed for which we will be reimbursed.

The lease agreements frequently contain fixed-price renewal options to extend the terms of leases and other terms and conditions as negotiated. In calculating the term of our leases, we consider whether these options are reasonably certain to be exercised. Our determination involves a combination of contract-, asset-, entity-, and market-based factors and involves considerable judgment. We retain substantially all of the risks and benefits of ownership of the real estate assets leased to tenants. Currently, our tenants have no options to purchase at the end of the lease term, although in a small number of leases, a tenant, usually the anchor tenant, may have the right of first refusal to purchase one of our properties if we elect to sell the center.

We evaluate whether a lease is an operating, sales-type, or direct financing lease using the criteria established in ASC 842. Leases will be considered either sales-type or direct financing leases if any of the following criteria are met:

- if the lease transfers ownership of the underlying asset to the lessee by the end of the term;
- if the lease grants the lessee an option to purchase the underlying asset that is reasonably certain to be exercised;
- if the lease term is for the major part of the remaining economic life of the underlying asset; or
- if the present value of the sum of the lease payments and any residual value guaranteed by the lessee equals or exceeds substantially all of the fair value of the underlying asset.

We utilize substantial judgment in determining the fair value of the leased asset, the economic life of the leased asset, and the relevant borrowing rate in performing our lease classification analysis. If none of the criteria listed above are met, the lease is classified as an operating lease. Currently, all of our leases are classified as operating leases, and we expect that the majority, if not all, of our leases will continue to be classified as operating leases based upon our typical lease terms.

We commence revenue recognition on our leases based on a number of factors. In most cases, revenue recognition under a lease begins when the lessee takes possession of or controls the physical use of the leased asset. The determination of when revenue recognition under a lease begins, as well as the nature of the leased asset, is dependent upon our assessment of who is the owner, for accounting purposes, of any related tenant improvements. If we are the owner, for accounting purposes, of the tenant improvements, then the leased asset is the finished space, and revenue recognition begins when the lessee takes possession of the finished space, typically when the improvements are substantially complete.

If we conclude that we are not the owner, for accounting purposes, of the tenant improvements (i.e., the lessee is the owner), then the leased asset is the unimproved space and any tenant allowances funded under the lease are treated as lease incentives, which reduce revenue recognized over the term of the lease. In these circumstances, we begin revenue recognition when the lessee takes possession of the unimproved space to construct their own improvements. We consider a number of different factors in evaluating whether the lessee or we are the owner of the tenant improvements for accounting purposes. These factors include:

- whether the lease stipulates how and on what a tenant improvement allowance may be spent;
- whether the tenant or landlord retains legal title to the improvements;
- the uniqueness of the improvements;
- the expected economic life of the tenant improvements relative to the length of the lease; and
- who constructs or directs the construction of the improvements.

The majority of our leases provide for fixed rental escalations, and we recognize rental income on a straight-line basis over the term of each lease in such instances. The difference between rental income earned on a straight-line basis and the cash rent due under the provisions of the lease agreements is recorded as deferred rent receivable and is included as a component of Other Assets, Net. Due to the impact of the straight-line adjustments, rental income generally will be greater than the cash collected in the early years and will be less than the cash collected in the later years of a lease.

Reimbursements from tenants for recoverable real estate taxes and operating expenses that are fixed per the terms of the applicable lease agreements are recorded on a straight-line basis, as described above. The majority of our lease agreements with tenants, however, provide for tenant reimbursements that are variable depending upon the applicable expenses incurred. These reimbursements are accrued as revenue in the period in which the applicable expenses are incurred. We make certain assumptions and judgments in estimating the reimbursements at the end of each reporting period. We do not expect the actual results to materially differ from the estimated reimbursements. Both fixed and variable tenant reimbursements are recorded as Rental Income in the consolidated statements of operations. In certain cases, the lease agreement may stipulate that a tenant make a direct payment for real estate taxes to the relevant taxing authorities. In these cases, beginning on January 1, 2019, we no longer record any revenue or expense related to these tenant expenditures. Although we expect such cases to be rare, in the event that a direct-paying tenant failed to make their required payment to the taxing authorities, we would potentially be liable for such amounts, although they are not recorded as a liability in our consolidated balance sheets per the requirements of ASC 842. We have made a policy election to exclude amounts collected from customers for all sales tax and other similar taxes from the transaction price in our recognition of lease revenue. We record such taxes on a net basis in our consolidated statements of operations.

Additionally, we record an immaterial amount of variable revenue in the form of percentage rental income. Our policy for percentage rental income is to defer recognition of contingent rental income until the specified target (i.e., breakpoint) that triggers the contingent rental income is achieved.

In some instances, as part of our negotiations, we may offer lease incentives to our tenants. These incentives usually take the form of payments made to or on behalf of the tenant, and such incentives will be deducted from the lease payment and recorded on a straight-line basis over the term of the new lease.

We record lease termination income if there is a signed termination agreement, all of the conditions of the agreement have been met, collectibility is reasonably assured, and the tenant is no longer occupying the property. Upon early lease termination, we provide for losses related to unrecovered tenant-specific intangibles and other assets. We record lease termination income as Rental Income in the consolidated statements of operations.

Historically, we periodically reviewed the collectibility of outstanding receivables. Following the adoption of ASC 842, lease receivables are reviewed continually to determine whether or not it is probable that we will realize substantially all remaining lease payments for each of our tenants (i.e., whether a tenant is deemed to be a credit risk). Additionally, we record a general reserve based on our review of operating lease receivables at a company level to ensure they are properly valued based on analysis of historical bad debt, outstanding balances, and the current economic climate. If we determine it is not probable that we will collect substantially all of the remaining lease payments from a tenant, revenue for that tenant is recorded on a cash basis (“cash-basis tenant”), including any amounts relating to straight-line rent receivables and/or receivables for recoverable expenses. We will resume recording lease income on an accrual basis for cash-basis tenants once we believe the collection of rent for the remaining lease term is probable, which will generally be after a period of regular payments. Under ASC 842, the aforementioned adjustments as well as any reserve for disputed charges are recorded as a reduction of Rental Income on the consolidated statements of operations. As of December 31, 2021 and 2020, the reserve in accounts receivable for uncollectible amounts was $3.5 million and $8.9 million, respectively. Receivables on our consolidated balance sheets exclude amounts removed related to tenants considered to be non-creditworthy, which were $13.9 million and $27.2 million as of December 31, 2021 and 2020, respectively.

Lessee—We enter into leases as a lessee as part of our real estate operations in the form of ground leases of land for certain properties, and as part of our corporate operations in the form of office space and office equipment leases. Ground leases typically contain one or more options to renew for additional terms and may include options that grant us, as the lessee, the right to terminate the lease, without penalty, in advance of the full lease term. Our office space leases generally have no renewal options. Office equipment leases typically have options to extend the term for a year or less, but contain minimal termination rights. In calculating the term of our leases, we consider whether we are reasonably certain to exercise renewal and/or termination options. Our determination involves a combination of contract-, asset-, entity-, and market-based factors and involves considerable judgment.

Currently, neither our operating leases nor our finance leases have residual value guarantees or other restrictions or covenants, but a small number may contain non-lease components which have been deemed not material and are not separated from the leasing component. Beginning January 1, 2019, we evaluate whether a lease is a finance or operating lease using the criteria established in ASC 842. The criteria we use to determine whether a lease is a finance lease are the same as those we use to determine whether a lease is sales-type lease as a lessor. If none of the finance lease criteria is met, we classify the lease as an operating lease.

We record ROU assets and liabilities in the consolidated balance sheets based upon the terms and conditions of the applicable lease agreement. We use discount rates to calculate the present value of lease payments when determining lease classification and measuring our lease liability. We use the rate implicit in the lease as our discount rate unless that rate cannot be readily determined, in which case we consider various factors, including our incremental secured borrowing rate, in selecting an

appropriate discount rate. This requires the application of judgment, and we consider the length of the lease as well as the length and securitization of our outstanding debt agreements in selecting an appropriate rate. Refer to Note 3 for further detail.

Revenue Recognition—In addition to our lease-related revenue, we also earn fee revenues by providing services to the Managed Funds. These fees are accounted for within the scope of ASC Topic 606, *Revenue from Contracts with Customers* ("ASC 606"), and are recorded as Fees and Management Income on the consolidated statements of operations. We provide services to the Managed Funds, all of which are considered related parties. These services primarily include asset acquisition and disposition services, asset management, operating and leasing of properties, construction management, and other general and administrative responsibilities. These services are currently provided under various combinations of advisory agreements, property management agreements, and other service agreements (the "Management Agreements"). The wide variety of duties within the Management Agreements makes determining the performance obligations within the contracts a matter of judgment. We have concluded that each of the separately disclosed fee types in the below table represents a separate performance obligation within the Management Agreements.

Fee	Performance Obligation Satisfied	Form and Timing of Payment	Description
Asset Management	Over time	In cash, monthly	Because each increment of service is distinct, although substantially the same, revenue is recognized at the end of each reporting period based upon invested equity and the applicable rate.
Property Management	Over time	In cash, monthly	Because each increment of service is distinct, although substantially the same, revenue is recognized at the end of each month based on a percentage of the properties' cash receipts.
Leasing Commissions	Point in time (upon close of a transaction)	In cash, upon completion	Revenue is recognized in an amount equal to the fees charged by unaffiliated persons rendering comparable services in the same geographic location.
Construction Management	Point in time (upon close of a project)	In cash, upon completion	Revenue is recognized in an amount equal to the fees charged by unaffiliated persons rendering comparable services in the same geographic location.
Acquisition/Disposition	Point in time (upon close of a transaction)	In cash, upon close of the transaction	Revenue is recognized based on a percentage of the purchase price or disposition price of the property acquired or sold.

Due to the nature of the services being provided under our Management Agreements, each performance obligation has a variable component. Therefore, when we determine the transaction price for the contracts, we are required to constrain our estimate to an amount that is not probable of significant revenue reversal. For most of these fee types, such as acquisition fees and leasing commissions, compensation only occurs if a transaction takes place and the amount of compensation is dependent upon the terms of the transaction. For our property and asset management fees, due to the large number and broad range of possible consideration amounts, we calculate the amount earned at the end of each month.

In addition to the fees listed above, certain of our Management Agreements include the potential for additional revenues if certain market conditions are in place or certain events take place. We have not recognized revenue related to these fees, nor will we until it is no longer highly probable that there would be a material reversal of revenue.

Sales or transfers to non-customers of non-financial assets or in substance non-financial assets that do not meet the definition of a business are accounted for within the scope of ASC Topic 610-20, *Other Income—Gains and Losses from the Derecognition of Nonfinancial Assets* ("ASC 610-20"). Generally, our sales of real estate would be considered a sale of a non-financial asset as defined by ASC 610-20. Under ASC 610-20, if we determine we do not have a controlling financial interest in the entity that holds the asset and the arrangement meets the criteria to be accounted for as a contract, we would derecognize the asset and recognize a gain or loss on the sale of the real estate when control of the underlying asset transfers to the buyer. Further, we may defer a tax gain through a Section 1031 Exchange by purchasing another property within a specified time period. For additional information regarding gain on sale of assets, refer to Note 4.

Share-Based Compensation—We account for equity awards in accordance with ASC Topic 718, *Compensation—Stock Compensation*, which requires that all share based payments to employees and non-employee directors be recognized in the consolidated statements of operations over the requisite service period based on their fair value. Prior to our underwritten IPO, fair value was based on the estimated value per share ("EVPS") of our stock. Subsequent to our underwritten IPO, fair value is based on the Nasdaq closing stock price at the date of the grant. In connection with a 2017 acquisition, we assumed employee awards of phantom stock units. For these share-based awards that were settled in cash and recorded as a liability, the fair value and associated expense was adjusted when the published price of our stock changed. The phantom stock units were fully vested as of December 31, 2020. Share-based compensation expense for all awards is included in General and Administrative and Property Operating in our consolidated statements of operations, excluding the expense related to RSUs awarded in connection with our underwritten IPO, which is included in Other (Expense) Income, Net. For more information about our stock based compensation program, see Note 13.

Repurchase of Common Stock—Prior to its termination in August 2021, we offered a share repurchase program ("SRP") which allowed stockholders who participated to have their shares repurchased subject to approval and certain limitations and restrictions. Shares repurchased pursuant to our SRP were immediately retired upon purchase. Repurchased common stock was reflected as a reduction of stockholders' equity. Our accounting policy related to share repurchases was to reduce common stock based on the par value of the shares and to reduce capital surplus for the excess of the repurchase price over the par value. Since the inception of the SRP in August 2010, we have had an accumulated deficit balance; therefore, the excess over the par value has been applied to additional paid-in capital.

Segments—Our principal business is the ownership and operation of community and neighborhood shopping centers. We do not distinguish our principal business, or group our operations, by geography or size for purposes of measuring performance. Accordingly, we have presented our results as a single reportable segment.

Income Taxes—We have elected to be taxed as a REIT under the IRC. To qualify as a REIT, we must meet a number of organization and operational requirements, including a requirement to annually distribute to our stockholders at least 90% of our REIT taxable income, determined without regard to the dividends paid deduction and excluding net capital gains. We intend to continue to adhere to these requirements and to maintain our REIT status. As a REIT, we are entitled to a deduction for some or all of the distributions we pay to our stockholders. Accordingly, we are generally subject to U.S. federal income taxes on any taxable income that is not currently distributed to our stockholders. If we fail to qualify as a REIT in any taxable year, we will be subject to U.S. federal income taxes and may not be able to qualify as a REIT until the fifth subsequent taxable year.

Notwithstanding our qualification as a REIT, we may be subject to certain state and local taxes on our income or properties. In addition, our consolidated financial statements include the operations of wholly-owned subsidiaries that have jointly elected to be treated as taxable REIT subsidiary ("TRS") entities and are subject to U.S. federal, state, and local income taxes at regular corporate tax rates. As a REIT, we may also be subject to certain U.S. federal excise taxes if we engage in certain types of transactions. We recognized an insignificant amount of federal, state, and local income tax expense for the years ended December 31, 2021, 2020, and 2019 and we retain a full valuation allowance for our net deferred tax asset. All income tax amounts are included in Other (Expense) Income, Net on our consolidated statements of operations. For more information regarding our income taxes, see Note 10.

Newly Adopted Accounting Pronouncements—The following table provides a brief description of newly adopted accounting pronouncements and their effect on our consolidated financial statements:

Standard	Description	Date of Adoption	Effect on the Financial Statements or Other Significant Matters
Accounting Standards Update ("ASU") 2020-01, Investments - Equity Securities (Topic 321), Investments - Equity Method and Joint Ventures (Topic 323), Derivatives and Hedging (Topic 815)	The amendments in this update clarify the interaction between the accounting for equity securities, equity method investments, and certain derivative instruments. This ASU, among other things, clarifies that an entity should consider observable transactions that require a company to either apply or discontinue the equity method of accounting under Topic 323 for the purposes of applying the measurement alternative in accordance with Topic 321 immediately before applying or upon discontinuing the equity method.	January 1, 2021	The adoption of this standard did not have a material impact on our consolidated financial statements.
ASU 2021-01 Reference Rate Reform (Topic 848): Scope	The amendments in this update clarify that certain optional expedients and exceptions in Topic 848, Reference Rate Reform, for contract modifications and hedge accounting apply to derivatives that are affected by the discounting transition.	January 1, 2021	The adoption of this standard did not have a material impact on our consolidated financial statements.

3. LEASES

Lessor—The majority of our leases are largely similar in that the leased asset is retail space within our properties, and the lease agreements generally contain similar provisions and features, without substantial variations. All of our leases are currently classified as operating leases. Lease income related to our operating leases was as follows for the years ended December 31, 2021, 2020, and 2019 (in thousands):

	2021	2020	2019
Rental income related to fixed lease payments[1]	$ 382,667	$ 380,439	$ 385,948
Rental income related to variable lease payments[1][2]	119,077	125,256	127,790
Straight-line rent amortization[3]	9,005	3,258	9,003
Amortization of lease assets	3,539	3,138	4,138
Lease buyout income	3,485	1,237	1,166
Adjustments for collectibility[4]	1,722	(27,845)	(5,775)
Total rental income	$ 519,495	$ 485,483	$ 522,270

(1) Includes rental income related to lease payments before assessing for collectibility.

(2) Variable payments are primarily related to tenant recovery income.

(3) For the years ended December 31, 2021, 2020, and 2019, includes unfavorable revenue adjustments to straight-line rent for tenants considered non-creditworthy of $0.5 million, $3.7 million, and $0.6 million, respectively.

(4) Includes general reserves as well as adjustments for tenants not considered creditworthy for which we are recording revenue on a cash basis, per ASC 842.

For the year ended December 31, 2021, we had net favorable changes of $4.7 million to general reserves. For the years ended 2020 and 2019, we had net unfavorable changes of $3.5 million and $2.4 million, respectively, to general reserves. Additionally, for the years ended December 31, 2021, 2020, and 2019, we had net unfavorable adjustments of $3.0 million, $24.4 million, and $3.3 million, respectively, related to monthly revenue for tenants that we deemed non-creditworthy and for which we were recording revenue on a cash basis.

Approximate future fixed contractual lease payments to be received under non-cancelable operating leases in effect as of December 31, 2021, assuming no new or renegotiated leases or option extensions on lease agreements, and including the impact of rent abatements, payment plans, and tenants who have been moved to the cash basis of accounting for revenue recognition purposes are as follows (in thousands):

Year	Amount
2022	$ 393,971
2023	356,827
2024	303,809
2025	248,058
2026	183,695
Thereafter	456,161
Total	$ 1,942,521

In response to the COVID-19 pandemic, we executed payment plans with a small subset of our tenants. As of December 31, 2021, we had $3.2 million of outstanding payment plans with our tenants and we expect to receive remaining amounts owed to us from these plans over a weighted-average term of approximately nine months.

No single tenant comprised 10% or more of our aggregate annualized base rent ("ABR") as of December 31, 2021. As of December 31, 2021, our wholly-owned real estate investments in Florida and California represented 12.2% and 10.7% of our ABR, respectively. As a result, the geographic concentration of our portfolio makes it particularly susceptible to adverse weather or economic events, including the impact of the COVID-19 pandemic, in the Florida and California real estate markets.

Lessee—Lease assets and liabilities, grouped by balance sheet line where they are recorded, consisted of the following as of December 31, 2021 and 2020 (in thousands):

Balance Sheet Information	Balance Sheet Location	2021	2020
ROU assets, net - operating leases	Investment in Real Estate	$ 3,946	$ 3,867
ROU assets, net - operating and finance leases	Other Assets, Net	1,615	1,438
Operating lease liability	Accounts Payable and Other Liabilities	5,311	5,731
Finance lease liability	Debt Obligations, Net	766	164

As of December 31, 2021, the weighted-average remaining lease term was approximately three years for finance leases and 23 years for operating leases. The weighted-average discount rate was 3.5% for finance leases and 4.3% for operating leases.

Future undiscounted payments for fixed lease charges by lease type, inclusive of options reasonably certain to be exercised, are as follows as of December 31, 2021 (in thousands):

	Undiscounted	
Year	Operating	Finance
2022	$ 823	$ 237
2023	672	295
2024	546	279
2025	317	—
2026	254	—
Thereafter	5,678	—
Total undiscounted cash flows from leases	8,290	811
Total lease liabilities recorded at present value	5,311	766
Difference between undiscounted cash flows and present value of lease liabilities	$ 2,979	$ 45

4. REAL ESTATE ACTIVITY

Property Dispositions—The following table summarizes our real estate disposition activity for the years ended December 31, 2021, 2020, and 2019 (dollars in thousands):

	2021	2020	2019
Number of properties sold[1]	24	7	21
Number of outparcels sold[2][3]	4	1	1
Proceeds from sale of real estate, net	$ 206,377	$ 57,902	$ 223,083
Gain on sale of property, net[4]	34,309	10,117	30,039

(1) We retained one outparcel related to property sales during each of the years ended December 31, 2021 and 2020; therefore, the sales did not result in reductions in our total property count.

(2) During the year ended December 31, 2021, one of our outparcel sales included the only remaining portion of a property we previously owned; therefore, the sale resulted in a reduction in our total property count.

(3) In addition to the four outparcels sold during the year ended December 31, 2021, a tenant at one of our properties exercised a bargain purchase option to acquire a parcel of land that we previously owned. This generated minimal proceeds for us.

(4) The gain on sale of property, net does not include miscellaneous write-off activity, which is also recorded in Gain on Disposal of Property, Net on the consolidated statements of operations.

Subsequent to December 31, 2021, we sold one property for $1.4 million.

Acquisitions—The following table summarizes our real estate acquisition activity for the years ended December 31, 2021, 2020, and 2019 (dollars in thousands):

	2021	2020	2019
Number of properties acquired[1]	9	2	2
Number of outparcels acquired[2]	5	2	2
Total price of acquisitions	$ 308,358	$ 41,482	$ 71,722

(1) Excludes three properties acquired in the merger with Phillips Edison Grocery Center REIT III, Inc. ("REIT III") in 2019.

(2) Outparcels acquired are adjacent to shopping centers that we own.

Subsequent to December 31, 2021, we acquired three properties for $100.4 million.

The aggregate purchase price of the assets acquired during the years ended December 31, 2021 and 2020 were allocated as follows (in thousands):

	2021	2020
ASSETS		
Land and improvements	$ 89,569	$ 15,400
Building and improvements	208,515	24,479
In-place leases assets	27,949	3,360
Above-market lease assets	4,507	709
Total assets	330,540	43,948
LIABILITIES		
Below-market lease liabilities	22,182	2,466
Total liabilities	22,182	2,466
Net assets acquired	$ 308,358	$ 41,482

The weighted-average amortization periods for in-place, above-market, and below-market lease intangibles acquired during the years ended December 31, 2021 and 2020 are as follows (in years):

	2021	2020
Acquired in-place leases	8	10
Acquired above-market leases	6	4
Acquired below-market leases	15	21

In October 2019, we completed a merger with REIT III which resulted in the acquisition of three properties. As part of the merger with REIT III, we also acquired a 10% equity interest in GRP II valued at approximately $5.4 million (refer to Note 6 for further information) and a net working capital liability. GRP II was subsequently acquired by GRP I in October 2020. Consideration for the merger with REIT III primarily included (i) the issuance of 4.5 million shares of our Class B common

stock with a value of $49.9 million; (ii) $21.1 million in cash used to pay down REIT III debt and cash paid to REIT III stockholders; (iii) the partial derecognition of a management contract intangible asset in the amount of $1.1 million; (iv) transaction costs of $0.8 million that were capitalized as part of this asset acquisition; and (v) the settlement of net related party balances of $0.5 million.

Prior to the close of the merger with REIT III, all of REIT III's real properties were managed and leased by us, under the terms of various management agreements. As we had contractual relationships with REIT III, we considered the provisions of ASC 805 regarding the settlement of pre-existing relationships. This guidance provides that a transaction that in effect settles pre-existing relationships between the acquirer and acquiree should be evaluated under the guidance set forth in ASC 805 for possible gain/loss recognition. In applying the relevant guidance to the settlement of our contractual relationships with REIT III, we noted that the provisions of the various agreements provided both parties to each of the agreements with substantial termination rights. The agreements permitted either party to terminate without cause or penalty upon prior written notice within a specified number of days' notice. Therefore, we determined that the termination of the agreements did not result in a settlement gain or loss under the relevant guidance, and thus no gain or loss was recorded in the consolidated financial statements.

Property Held for Sale—As of December 31, 2021, there was one property held for sale. As of December 31, 2020, no properties were classified as held for sale. A property classified as held for sale is under contract to sell, with no substantive contingencies, and the prospective buyer has significant funds at risk. Subsequent to December 31, 2021, we sold our one held for sale property. A summary of assets and liabilities for the property held for sale as of December 31, 2021 is below (in thousands):

	2021
ASSETS	
Total investment in real estate assets, net	$ 1,554
Other assets, net	3
Total assets	$ 1,557
LIABILITIES	
Below-market lease liabilities, net	$ 284
Accounts payable and other liabilities	4
Total liabilities	$ 288

5. INTANGIBLE ASSETS AND LIABILITIES

Goodwill—During the years ended December 31, 2021, 2020, and 2019, we recorded no impairments to goodwill.

Other Intangible Assets and Liabilities—Other intangible assets and liabilities consisted of the following as of December 31, 2021 and 2020, excluding amounts related to other intangible assets and liabilities classified as held for sale (in thousands):

	2021		2020	
	Gross Amount	Accumulated Amortization	Gross Amount	Accumulated Amortization
Corporate intangible assets	$ 6,706	$ (5,284)	$ 6,804	$ (4,922)
In-place leases	452,504	(229,969)	441,683	(204,698)
Above-market leases	68,736	(46,335)	66,106	(41,125)
Below-market lease liabilities	(162,077)	54,551	(150,579)	48,834

Summarized below is the amortization recorded on other intangible assets and liabilities for the years ended December 31, 2021, 2020, and 2019 (in thousands):

	2021	2020	2019
Corporate intangible assets	$ 372	$ 2,478	$ 2,735
In-place leases	34,221	36,000	42,902
Above-market leases	6,319	6,890	7,502
Below-market lease liabilities	(9,900)	(10,063)	(11,687)

During the year ended December 31, 2019, we recorded an impairment of $7.8 million related to the management contracts intangible asset; please refer to Note 16. In addition, the portion of this asset that was related to our contract with REIT III was internalized as part of the merger with REIT III. As a result, during the year ended December 31, 2019, we derecognized a net book value of $1.1 million of these intangible assets and included the amount within capitalized asset acquisition costs for that transaction. We evaluated the useful life of the remaining management contracts after this derecognition and concluded that the asset had a remaining useful life of one year, which was fully amortized in 2020.

Estimated future amortization of the respective other intangible assets and liabilities as of December 31, 2021, excluding estimated amounts related to other intangible assets and liabilities classified as held for sale, for each of the next five years is as follows (in thousands):

	Corporate Intangible Assets	In-Place Leases	Above-Market Leases	Below-Market Lease Liabilities
2022	$ 365	$ 29,866	$ 5,250	$ (9,886)
2023	365	25,816	3,870	(9,114)
2024	328	22,339	2,586	(8,506)
2025	—	18,970	1,522	(7,838)
2026	—	16,812	942	(7,502)

6. INVESTMENTS IN UNCONSOLIDATED JOINT VENTURES

Grocery Retail Partners I and II—In November 2018, through our direct and indirect subsidiaries, we entered into a joint venture with Northwestern Mutual. We acquired a 15% ownership interest in the new joint venture, GRP I, and Northwestern Mutual acquired the remaining 85% ownership interest. The joint venture is set to expire ten years after the date of the agreement, unless otherwise extended by the members.

In connection with the merger with REIT III, we assumed a 10% equity interest in GRP II with a fair value of $5.4 million at acquisition. GRP II was initially formed in November 2018 pursuant to the terms of a joint venture agreement between REIT III and Northwestern Mutual and was set to expire ten years after the date of the joint venture contribution agreement unless otherwise extended by the members.

In October 2020, GRP I acquired GRP II. As a part of the transaction, the carrying amount of our investment in GRP II was contributed to GRP I as consideration for an additional interest in GRP I. Our ownership interest in GRP I upon consummation of the transaction was adjusted to approximately 14% as a result of the acquisition.

Necessity Retail Partners—As of December 31, 2021, we owned a 20% equity interest in NRP. NRP was initially formed in March 2016 pursuant to the terms of a joint venture agreement between REIT II and an affiliate of TPG Real Estate and is set to expire seven years after the date of the joint venture contribution agreement unless otherwise extended by the members. We are in the process of disposing and liquidating the final asset of this joint venture as a result of the planned expiration. As of December 31, 2021, we recognized income of $0.7 million for NRP's achievement of certain performance targets, which was recorded to Fees and Management Income on our consolidated statements of operations.

The following table summarizes balances on the consolidated balance sheets related to our unconsolidated joint ventures as of December 31, 2021 and 2020 (dollars in thousands):

	2021				2020			
Joint Venture	Ownership Percentage	Number of Shopping Centers	Investment Balance	Unamortized Basis Difference	Ownership Percentage	Number of Shopping Centers	Investment Balance	Unamortized Basis Difference
NRP	20 %	1	$ 2,700	$ 219	20 %	5	$ 6,304	$ 1,381
GRP I	14 %	20	28,626	—	14 %	20	31,062	—

The following table summarizes the activity on the consolidated statements of operations related to our unconsolidated joint ventures as of December 31, 2021, 2020, and 2019 (in thousands):

	2021	2020	2019
Distributions to PECO After Formation or Assumption			
NRP	$ 5,137	$ 4,192	$ 7,167
GRP I	2,598	1,047	2,025
GRP II	N/A	177	40
Gain (Loss) from Unconsolidated Joint Ventures			
NRP	$ 2,695	$ 2,119	$ 3,989
GRP I	162	(309)	(72)
GRP II	N/A	42	6
Amortization and Write-Off of Basis Differences			
NRP	$ 1,162	$ 1,808	$ 2,837
GRP II[1]	N/A	879	17

(1) As part of the merger between GRP I and GRP II, the total remaining value of our GRP II investment of $5.1 million was contributed to GRP I, and the result of this transaction was an increase in our GRP I investment of $5.1 million.

7. OTHER ASSETS, NET

The following is a summary of Other Assets, Net outstanding as of December 31, 2021 and 2020, excluding amounts related to assets classified as held for sale (in thousands):

	2021	2020
Other assets, net:		
Deferred leasing commissions and costs	$ 44,968	$ 41,664
Deferred financing expenses[1]	4,898	13,971
Office equipment, including capital lease assets, and other	24,823	21,578
Corporate intangible assets	6,706	6,804
Total depreciable and amortizable assets	81,395	84,017
Accumulated depreciation and amortization	(41,236)	(45,975)
Net depreciable and amortizable assets	40,159	38,042
Accounts receivable, net[2]	36,762	46,893
Accounts receivable - affiliates	711	543
Deferred rent receivable, net[3]	40,212	32,298
Prepaid expenses and other	11,655	8,694
Investment in third parties	3,000	—
Investment in marketable securities	5,551	—
Total other assets, net	$ 138,050	$ 126,470

(1) Deferred financing expenses per the above table are related to our revolving credit facility, and as such we have elected to classify them as an asset rather than as a contra-liability.

(2) Net of $3.5 million and $8.9 million of general reserves for uncollectible amounts as of December 31, 2021 and 2020, respectively. Receivables that were removed for tenants considered to be non-creditworthy were $9.2 million and $22.8 million as of December 31, 2021 and 2020, respectively.

(3) Net of $4.7 million and $4.4 million of receivables removed as of December 31, 2021 and 2020, respectively, related to straight-line rent for tenants previously or currently considered to be non-creditworthy.

8. DEBT OBLIGATIONS

The following is a summary of the outstanding principal balances and interest rates, which includes the effect of derivative financial instruments, on our debt obligations as of December 31, 2021 and 2020 (dollars in thousands):

	Interest Rate[1]	2021	2020
Revolving credit facility	LIBOR + 1.1%	$ —	$ —
Term loans[2]	1.3% - 4.2%	955,000	1,622,500
Senior unsecured notes due 2031	2.6%	350,000	—
Secured loan facilities	3.4% - 3.5%	395,000	395,000
Mortgages	3.5% - 6.4%	213,316	290,022
Finance lease liability		766	164
Discount on notes payable		(7,680)	—
Assumed market debt adjustments, net		(1,530)	(1,543)
Deferred financing expenses, net		(13,150)	(13,538)
Total		$ 1,891,722	$ 2,292,605
Weighted-average interest rate[3]		3.3 %	3.1 %

(1) Interest rates are as of December 31, 2021.

(2) Our term loans carry an interest rate of LIBOR plus a spread. While most of the rates are fixed through the use of swaps, there is a portion of these loans that are not subject to a swap, and thus are still indexed to LIBOR.

(3) Includes the effects of derivative financial instruments (see Notes 9 and 16).

2021 Debt Activity—In July 2021, we entered into a new $980 million credit facility comprised of a $500 million senior unsecured revolving credit facility and two $240 million senior unsecured term loan tranches (the "Refinancing"). In connection with the Refinancing, we paid off a $472.5 million term loan due in November 2025. The revolving credit facility will mature in January 2026, and the two senior unsecured term loan tranches will mature in November 2025 and July 2026, respectively. Additionally, we used proceeds from the underwritten IPO to retire a $375 million term loan that was set to mature in April 2022.

In August 2021, we paid down $150 million of our $300 million term loan that was set to mature in November 2023.

In October 2021, in connection with our Bond Registration, we settled the 2021 Bond Offering priced at 98.692% of the principal amount and maturing in November 2031. This offering resulted in gross proceeds of $345.4 million. The notes are fully and unconditionally guaranteed by us. In October 2021, net proceeds from the bond settlement were used, in part, to pay down the remaining $150 million outstanding balance of our $300 million term loan debt that was set to mature in November 2023, as described above.

During 2021, we executed early repayments of $55.2 million in mortgage debt.

2020 Debt Activity—In January 2020, we made the final $30 million payment on our term loan maturing in 2021. In April 2020, we borrowed $200 million on our revolving credit facility to meet our operating needs for a sustained period due to the COVID-19 pandemic. Our rent and recovery collections during the second quarter, combined with other cost saving initiatives, sufficiently funded our short term operating needs and provided enough stability to allow us to repay in full the outstanding balance on our revolving credit facility in June 2020.

Revolving Credit Facility—We have a $500 million senior unsecured revolving credit facility with availability of $489.3 million, which is net of current letters of credit, as of December 31, 2021. The maturity date is January 2026 and we pay a facility fee of 0.25% on the unused portion of the facility.

Term Loans—We have five unsecured term loans with maturities ranging from 2024 to 2026. Our term loans have interest rates of LIBOR plus interest rate spreads based on our investment grade rating. We have utilized interest rate swaps to fix the rates on the majority of our term loans, with $25.0 million in term loans not fixed through such swaps.

As of December 31, 2021 and 2020, the weighted-average interest rate, including the impact of swaps, on our term loans was 3.2% and 2.7%, respectively.

Secured Debt—Our secured debt includes two facilities secured by certain properties in our portfolio, mortgage loans secured by individual properties, and finance leases. The interest rates on our secured debt are fixed. As of December 31, 2021 and 2020, our weighted average interest rate for our secured debt was 3.9% and 4.0%, respectively.

Debt Allocation—The allocation of total debt between fixed-rate and variable-rate as well as between secured and unsecured, excluding market debt adjustments, discount on senior notes, and deferred financing expenses, net, as of December 31, 2021 and 2020, is summarized below (in thousands):

	2021	2020
As to interest rate:		
Fixed-rate debt	$ 1,889,082	$ 1,727,186
Variable-rate debt	25,000	580,500
Total	$ 1,914,082	$ 2,307,686
As to collateralization:		
Unsecured debt	$ 1,305,000	$ 1,622,500
Secured debt	609,082	685,186
Total	$ 1,914,082	$ 2,307,686

Maturity Schedule—Below is our maturity schedule with the respective principal payment obligations, excluding finance lease liabilities, market debt adjustments, discount on senior notes, and deferred financing expenses, net (in thousands):

	2022	2023	2024	2025	2026	Thereafter	Total
Unsecured debt[1]	$ —	$ —	$ 475,000	$ 240,000	$ 240,000	$ 350,000	$ 1,305,000
Secured debt	60,746	66,657	28,126	27,873	1,908	423,006	608,316
Total	$ 60,746	$ 66,657	$ 503,126	$ 267,873	$ 241,908	$ 773,006	$ 1,913,316

(1) Includes our term loans and senior notes.

9. DERIVATIVES AND HEDGING ACTIVITIES

Risk Management Objective of Using Derivatives—We are exposed to certain risks arising from both our business operations and economic conditions. We principally manage our exposure to a wide variety of business and operational risks through management of our core business activities. We manage economic risks, including interest rate, liquidity, and credit risk, primarily by managing the amount, sources, and duration of our debt funding, and through the use of derivative financial instruments. Specifically, we enter into interest rate swaps to manage exposures that arise from business activities that result in the receipt or payment of future known and uncertain cash amounts, the value of which are determined by interest rates. Our derivative financial instruments are used to manage differences in the amount, timing, and duration of our known or expected cash receipts and our known or expected cash payments principally related to our investments and borrowings.

Cash Flow Hedges of Interest Rate Risk—Interest rate swaps designated as cash flow hedges involve the receipt of variable amounts from a counterparty in exchange for our making fixed-rate payments over the life of the agreements without exchange of the underlying notional amount.

The changes in the fair value of derivatives designated, and that qualify, as cash flow hedges are recorded in AOCI and are subsequently reclassified into earnings in the period that the hedged forecasted transaction affects earnings. During the years ended December 31, 2021 and 2020, such derivatives were used to hedge the variable cash flows associated with certain variable-rate debt. Amounts reported in AOCI related to these derivatives will be reclassified to Interest Expense, Net as interest payments are made on the variable-rate debt. During the next twelve months, we estimate that an additional $14.0 million will be reclassified from AOCI as an increase to Interest Expense, Net.

The following is a summary of our interest rate swaps that were designated as cash flow hedges of interest rate risk as of December 31, 2021 and 2020 (notional amounts in thousands):

	2021	2020
Count	5	6
Notional amount	$ 930,000	$ 1,042,000
Fixed LIBOR	1.3% - 2.9%	1.3% - 2.9%
Maturity date	2022 - 2025	2021 - 2025
Weighted-average term (in years)	1.9	2.8

The table below details the nature of the gain and loss recognized on interest rate derivatives designated as cash flow hedges in the consolidated statements of operations for the years ended December 31, 2021, 2020, and 2019 (in thousands):

	2021	2020	2019
Amount of gain (loss) recognized in Other Comprehensive Income (Loss)	$ 12,501	$ (50,552)	$ (35,865)
Amount of loss reclassified from AOCI into Interest Expense, Net	19,499	16,732	2,409

Credit-risk-related Contingent Features—We have agreements with our derivative counterparties that contain provisions where, if we default, or are capable of being declared in default, on any of our indebtedness, we could also be declared to be in default on our derivative obligations. As of December 31, 2021, the fair value of our derivatives in a net liability position, which included accrued interest but excluded any adjustment for nonperformance risk related to these agreements, was approximately $24.1 million. As of December 31, 2021, we had not posted any collateral related to these agreements and were not in breach of any agreement provisions. If we had breached any of these provisions, we could have been required to settle our obligations under the agreements at their termination value of $24.1 million.

10. INCOME TAXES

General—We have elected to be taxed as a REIT under the IRC. To qualify as a REIT, we must meet a number of organization and operational requirements, including a requirement to annually distribute to our stockholders at least 90% of our REIT taxable income, determined without regard to the dividends paid deduction and excluding net capital gains. We intend to continue to adhere to these requirements and to maintain our REIT status. As a REIT, we are entitled to a deduction for some or all of the distributions we pay to our stockholders. Accordingly, we are generally subject to U.S. federal income taxes on any taxable income that is not currently distributed to our stockholders. If we fail to qualify as a REIT in any taxable year, we will be subject to U.S. federal income taxes and may not be able to qualify as a REIT until the fifth taxable year following the year of disqualification.

Notwithstanding our qualification as a REIT, we may be subject to certain state and local taxes on our income or properties. In addition, our consolidated financial statements include the operations of certain wholly-owned entities that have jointly elected to be treated as TRS entities and are subject to U.S. federal, state, and local incomes taxes at regular corporate tax rates. As a REIT, we may also be subject to certain U.S. federal excise taxes if we engage in certain types of transactions.

Income tax benefits from uncertain tax positions are recognized in the consolidated financial statements only if we believe it is more likely than not that the uncertain tax position will be sustained based solely on the technical merits of the tax position and consideration of the relevant taxing authority's widely understood administrative practices and precedents. We do not believe that we have any uncertain tax positions at December 31, 2021 and 2020.

The statute of limitations for the federal income tax returns remain open for the 2018 through 2020 tax years. The statute of limitations for state income tax returns remain open in accordance with each state's statute.

Our accounting policy is to classify interest and penalties as a component of income tax expense. We accrued no interest or penalties as of December 31, 2021 and 2020.

Deferred Tax Assets and Liabilities—Deferred income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted income tax rates in effect for the year in which these temporary differences are expected to reverse. Deferred tax assets are recognized only to the extent that it is more likely than not that they will be realized based on consideration of available evidence, including future reversal of existing taxable temporary differences, the magnitude and timing of future projected taxable income, and tax planning strategies. We believe, based on available evidence, it is not more likely than not that our net deferred tax assets will be realized in future periods and, therefore, have recorded a valuation allowance equal to the net deferred tax asset balance.

The following is a summary of our deferred tax assets and liabilities as of December 31, 2021 and 2020 (in thousands):

	2021	2020
Deferred tax assets:		
Accrued compensation	$ 3,875	$ 3,250
Accrued expenses and reserves	124	89
Net operating loss ("NOL") carryforward	2,404	2,787
Other	309	306
Gross deferred tax asset	6,712	6,432
Less: valuation allowance	(3,050)	(3,183)
Total deferred tax asset	3,662	3,249
Deferred tax liabilities:		
Real estate assets and other capitalized assets	(3,594)	(3,236)
Other	(68)	(13)
Total deferred tax liabilities	(3,662)	(3,249)
Net deferred tax asset	$ —	$ —

Our deferred tax assets and liabilities result from the activities of our TRS entities. The TRS entities have a federal NOL carryforward of approximately $10.4 million. The federal NOL carryforward can be carried forward indefinitely. As of December 31, 2021, the TRS entities have state NOL carryforwards of approximately $4.7 million, which will expire as determined under each state's statute.

Differences between the net income or loss presented on the consolidated statements of operations and taxable income are primarily related to the timing of the recognition of gain on the sale of investment properties for financial reporting purposes and tax reporting, the recognition of impairment expense for financial reporting purposes which is not deductible for tax reporting purposes, and differences in recognition of rental income and depreciation and amortization expense for both financial reporting and tax reporting.

Distributions—The following table reconciles Net Income (Loss) Attributable to Stockholders to REIT taxable income before the dividends paid deduction for the years ended December 31, 2021, 2020, and 2019 (in thousands):

	2021	2020	2019
Net income (loss) attributable to stockholders	$ 15,121	$ 4,772	$ (63,532)
Net (income) loss from TRS	(533)	(702)	5,346
Net income (loss) attributable to REIT operations	14,588	4,070	(58,186)
Book/tax differences	69,943	63,846	153,047
REIT taxable income	84,531	67,916	94,861
Less: Capital gains	(19,765)	—	(16,353)
REIT taxable income subject to 90% dividend requirement	$ 64,766	$ 67,916	$ 78,508

Total gross distributions to our stockholders exceeded 100% of REIT taxable income for the years ended December 31, 2021 and 2019. Total gross distributions to our stockholders for the year ended December 31, 2020 were approximately $64.7 million. As permitted under the IRC, we utilized approximately $3.2 million of our January 2021 distribution to offset our 2020 REIT taxable income.

The tax characterization of our distributions declared for the years ended December 31, 2021, 2020, and 2019 was as follows:

	2021	2020	2019
Common stock:			
Ordinary dividends	62.8 %	100.0 %	38.0 %
Non-dividend distributions	18.1 %	— %	53.4 %
Capital gain distributions[(1)]	19.1 %	— %	8.6 %
Total distributions per share of common stock	100.0 %	100.0 %	100.0 %

(1) Pursuant to U.S. Treasury Regulation §1.1061-6(c) and §1061 of the IRC, the One Year Amounts and Three Year Amounts disclosures are both zero with respect to direct and indirect holders of "applicable partnership interests" for us and our subsidiary REIT, Phillips Edison Institutional REIT, LLC.

11. COMMITMENTS AND CONTINGENCIES

Litigation—We are involved in various claims and litigation matters arising in the ordinary course of business, some of which involve claims for damages. Many of these matters are covered by insurance, although they may nevertheless be subject to deductibles or retentions. Although the ultimate liability for these matters cannot be determined, based upon information currently available, we believe the resolution of such claims and litigation will not have a material adverse effect on our consolidated financial statements.

Environmental Matters—In connection with the ownership and operation of real estate, we may potentially be liable for costs and damages related to environmental matters. In addition, we may own or acquire certain properties that are subject to environmental remediation. Depending on the nature of the environmental matter, the seller of the property, a tenant of the property, and/or another third party may be responsible for environmental remediation costs related to a property. Additionally, in connection with the purchase of certain properties, the respective sellers and/or tenants may agree to indemnify us against future remediation costs. We also carry environmental liability insurance on our properties that provides limited coverage for any remediation liability and/or pollution liability for third-party bodily injury and/or property damage claims for which we may be liable. We are not aware of any environmental matters which we believe are reasonably likely to have a material effect on our consolidated financial statements.

Captive Insurance—Our captive insurance company, Silver Rock Insurance, Inc. (“Silver Rock”) provides general liability insurance, wind, reinsurance, and other coverage to us and certain related-party joint ventures. We capitalize Silver Rock in accordance with applicable regulatory requirements.

Silver Rock established annual premiums based on the past loss experience of the insured properties. An independent third party was engaged to perform an actuarial estimate of projected future claims, related deductibles, and projected future expenses necessary to fund associated risk management programs. Premiums paid to Silver Rock may be adjusted based on this estimate. Premiums paid to Silver Rock may be reimbursed by tenants pursuant to specific lease terms.

As of December 31, 2021, we had four letters of credit outstanding totaling approximately $9.0 million to provide security for our obligations under Silver Rock’s insurance and reinsurance contracts.

The following is a summary of the activity in the liability for unpaid losses, which is recorded in Accounts Payable and Other Liabilities on our consolidated balance sheets, for the years ended December 31, 2021 and 2020 (in thousands):

	2021	2020
Beginning balances	$ 7,386	$ 6,021
Incurred related to:		
Current year	2,676	1,943
Prior years	742	2,249
Total incurred	3,418	4,192
Paid related to:		
Current year	57	36
Prior years	2,141	2,791
Total paid	2,198	2,827
Liabilities for unpaid losses as of December 31	$ 8,606	$ 7,386

12. EQUITY

General—The holders of common stock are entitled to one vote per share on all matters voted on by stockholders, including one vote per nominee in the election of the Board. Our charter does not provide for cumulative voting in the election of directors.

Class B Common Stock—On June 18, 2021, our stockholders approved Articles of Amendment that effected the Recapitalization, wherein each share of our common stock outstanding at the time the amendment became effective was converted into one share of a newly created class of Class B common stock.

Our Class B common stock was identical to our common stock, except that it was not listed on a national securities exchange. Per the terms of the Recapitalization, on January 18, 2022, each share of our Class B common stock automatically converted into one share of our listed common stock.

Reverse Stock Split—On July 2, 2021, we effected a one-for-three reverse stock split. Concurrent with the reverse split, the Operating Partnership enacted a one-for-three reverse split of its outstanding OP units. Neither the number of authorized shares nor the par value of the common stock were impacted. As a result of the reverse split, every three shares of our common stock or OP units were automatically combined and converted into one issued and outstanding share of common stock or OP unit rounded to the nearest 1/100th share. The reverse stock split impacted all common stock and OP units proportionately and had no impact on any stockholder's percentage ownership of common stock.

In connection with the reverse stock split, the number of shares of common stock and OP units underlying the outstanding share-based awards was also proportionately reduced. All references to shares of common stock, number of OP units, and per share data for all periods presented in our consolidated financial statements and notes have been adjusted to reflect the reverse split on a retroactive basis.

Underwritten IPO—On July 19, 2021, we completed an underwritten IPO and issued 17.0 million shares of common stock at an offering price to the public of $28.00 per share. We used a portion of the net proceeds to reduce our leverage and used the remaining amount to fund external growth with property acquisitions and for other general corporate uses. As part of the underwritten IPO, underwriters were granted an option exercisable within 30 days from July 14, 2021 to purchase up to an additional 2.6 million shares of common stock at the underwritten IPO price, less underwriting discounts and commissions. On July 29, 2021, the underwriters exercised their option. The underwritten IPO, including the underwriters' overallotment election, resulted in gross proceeds of $547.4 million.

At-the-Market Offering ("ATM")—On February 10, 2022, we and the Operating Partnership entered into a sales agreement relating to the potential sale of shares of common stock pursuant to a continuous offering program. In accordance with the terms of the sales agreement, we may offer and sell shares of our common stock having an aggregate offering price of up to $250 million from time to time through our sales agents, or, if applicable, as forward sellers.

Distributions—Distributions paid to stockholders and OP unit holders of record subsequent to December 31, 2021 were as follows (dollars in thousands, excluding per share amounts):

Month	Date of Record	Monthly Distribution Rate	Date Distribution Paid	Net Cash Distribution
December	12/15/2021	$0.09	1/3/2022	$ 10,189
January	1/19/2022	0.09	2/1/2022	10,207

On February 9, 2022, our Board authorized 2022 distributions for February, March, and April of $0.09 per share to the stockholders of record at the close of business on February 15, 2022, March 15, 2022, and April 15, 2022, respectively. OP unit holders will receive distributions at the same rate as common stockholders. The timing and amount of distributions is determined by our Board and is influenced in part by our intention to comply with REIT requirements of the IRC.

Dividend Reinvestment Plan and Share Repurchase Program—On August 4, 2021, as a result of our underwritten IPO, our Board approved the termination of the DRIP and the SRP.

Tender Offer—On November 4, 2020, our Board approved a voluntary tender offer that commenced on November 10, 2020 (the "Tender Offer") for up to 1.5 million shares of our outstanding Class B common stock at a price of $17.25 per share, for a total value of approximately $26 million. On December 14, 2020, the Tender Offer was amended to extend the expiration date to December 29, 2020, and the offer to purchase shares was increased to approximately 5.8 million shares, for a total value of approximately $100 million. All of the other terms and conditions of the Tender Offer remained unchanged. In connection with the Tender Offer, we repurchased 4.5 million shares of common stock for a total value of $77.6 million, which includes the issuance of 0.9 million common shares in redemption of 0.9 million OP units converted at the time of repurchase. The $77.6 million due to stockholders who tendered their shares was not yet paid as of December 31, 2020, and was recorded as Accounts Payable and Other Liabilities on our consolidated balance sheet. The amount was subsequently paid on January 5, 2021.

Convertible Noncontrolling Interests—As of December 31, 2021 and 2020, we had approximately 13.4 million and 13.3 million outstanding OP units, respectively. Additionally, certain of our outstanding restricted share and performance share awards will result in the issuance of OP units upon vesting in future periods. These are included in the outstanding unvested award totals disclosed in Note 13.

Under the terms of the Fourth Amended and Restated Agreement of Limited Partnership, OP unit holders may elect to cause the Operating Partnership to redeem their OP units. The Operating Partnership controls the form of the redemption, and may elect to redeem OP units for shares of our common stock, provided that the OP units have been outstanding for at least one

year, or for cash. As the form of redemption for OP units is within our control, the OP units outstanding as of December 31, 2021 and 2020 are classified as Noncontrolling Interests within permanent equity on our consolidated balance sheets.

The table below is a summary of our OP unit activity for the years ended December 31, 2021 and 2020 (dollars and shares in thousands):

	2021	2020
OP units converted into shares of common stock[1]	28	997
Distributions paid on OP units[2]	$ 14,332	$ 8,255

(1) Prior to our Recapitalization on June 18, 2021, OP units were converted to shares of common stock at a 1:1 ratio. From the Recapitalization through January 18, 2022, OP units were converted into shares of our Class B common stock at a 1:1 ratio. On January 18, 2022, each share of our Class B common stock automatically converted into one share of our listed common stock, and going forward, OP units will be converted into shares of our common stock on a 1:1 ratio.

(2) Distributions paid on OP units are included in Distributions to Noncontrolling Interests on the consolidated statements of equity.

Of the OP units converted in 2020, 0.9 million were converted and repurchased as part of the Tender Offer.

Nonconvertible Noncontrolling Interests—In addition to partnership units of the Operating Partnership, Noncontrolling Interests also includes a 25% minority-owned interest held by a third party in a consolidated partnership, which was not significant to our results in 2019. As the consolidated partnership ceased a majority of its operations in 2019, there was no impact to our results in 2020 or 2021.

Estimated Value per Share—Prior to our underwritten IPO, on April 29, 2021, our Board increased the EVPS of our common stock to $31.65 based substantially on the estimated market value of our portfolio of real estate properties and our third-party investment management business as of March 31, 2021. We engaged a third-party valuation firm to provide a calculation of the range in EVPS of our common stock as of March 31, 2021, which reflected certain balance sheet assets and liabilities as of that date. Previously, our EVPS was $26.25, based substantially on the estimated market value of our portfolio of real estate properties and our third-party investment management business as of March 31, 2020.

13. COMPENSATION

Employee Long Term Incentive Plan—We issue stock awards that vest based upon the completion of a service period (“service-based awards”) under our 2020 Omnibus Incentive Plan (“2020 Incentive Plan”), which became effective in June 2020. The 2020 Incentive Plan replaced the Amended and Restated 2010 Long-Term Incentive Plan (the “2010 LTIP”), which expired in August 2020. Awards to employees are typically granted and vest during the first quarter of each year. Service-based awards typically follow a four-year graded vesting schedule and will vest in the form of common stock or OP units.

We recognize expense for awards with graded vesting under the accelerated recognition method, whereby each vesting is treated as a separate award with expense for each vesting recognized ratably over the requisite service period. Expense amounts are recorded in General and Administrative or Property Operating on our consolidated statements of operations. Prior to our underwritten IPO, the awards were valued according to the EVPS for our common stock at the date of grant. Subsequent to our underwritten IPO, awards are valued according to the Nasdaq closing stock price at the date of the grant. Holders of unvested service-based awards are entitled to dividend and distribution rights, but are not entitled to voting rights.

Additionally, we issue performance-based awards that are earned based on the achievement of specified performance metrics measured at the end of the three-year performance period. The maximum number of performance-based awards earned cannot exceed two times the target number. Half of the earned performance-based awards vest when earned at the end of the three-year performance period and half of the earned performance-based awards vest one year later, subject to continued employment. In addition to the applicable performance metrics, a net asset value (“NAV”) modifier will be applied to the calculation of earned performance-based awards if the NAV per share at the end of the performance period is less than the value at issuance. Subsequent to our underwritten IPO, the NAV per share will be measured by the Nasdaq closing stock price at the end of the performance period. Specifically, to the extent performance above the target level is achieved at the end of the performance period, yet our NAV per share at the end of the performance period is less than the value at issuance, the amount of earned awards will be capped at the target amount. The remaining amount of awards (the difference between those that would have otherwise been earned based on actual performance and the target level) may become earned, and thereafter vested, if our NAV per share exceeds the NAV per share at the beginning of the performance period for 20 consecutive trading days up to five years following the completion of the performance period, assuming continued employment on such date.

The performance period for the performance-based awards granted in 2018 ended on December 31, 2020. Based on our performance through December 31, 2020, these awards would have been earned at maximum, but because our NAV per share growth for that same performance period was negative, the amount of earned awards was capped at the target amount. The unearned portion in excess of target and up to the maximum will remain eligible to vest if our NAV per share growth becomes positive on or prior to December 31, 2025. While still subject to approval by the Compensation Committee of the Board (the “Committee”), we believe the performance-based awards granted in 2019 have been earned at maximum based on our performance through December 31, 2021, but our NAV per share growth for that same performance period was negative. Based on the performance of common stock closing prices throughout the fourth quarter of 2021, we believe it is more than probable that we will achieve positive NAV per share growth for 20 consecutive trading days prior to December 31, 2025. As such, we recognized approximately $4.2 million of expense associated with achieving the maximum award for both of these grants during the year ended December 31, 2021, of which $3.2 million was recorded in General and Administrative and $1.0 million was recorded in Property Operating on our consolidated statements of operations.

In March 2019, the Committee approved a new form of awards under the 2010 LTIP for performance-based long term incentive units (“Performance LTIP Units”) and made one-time grants of Performance LTIP Units to certain of our executives.

Any amounts earned under the Performance LTIP Unit award agreements will be issued in the form of LTIP Units, which represent OP units that are structured as a profits interest in the Operating Partnership. Dividends will accrue on the Performance LTIP Units until the measurement date, subject to a quarterly distribution of 10% of the regular quarterly distributions.

Underwritten IPO Grants—In connection with our underwritten IPO, we issued a total of 0.5 million RSUs, inclusive of 0.3 million OP units, and restricted stock awards in the form of time-based stock compensation awards with expenses included within Other (Expense) Income, Net on our consolidated statement of operations. Included in the restricted stock awards were 24,000 RSUs granted to our independent directors. The shares have a grant price of $28.00 per share and, with the exception of one individual whose award is subject to accelerated vesting provisions, 50% of the shares will vest after 18 months and the remaining 50% will vest after 36 months.

Independent Director Stock Plan—The Board approves restricted stock awards pursuant to our Amended and Restated 2010 Independent Director Stock Plan. The awards are granted to our independent directors as service-based awards. As of December 31, 2021 and 2020, there were approximately 38,000 and 50,000 outstanding unvested awards granted to independent directors, respectively, in connection with the 2010 Independent Director Stock Plan.

Share-Based Compensation Award Activity—All share-based compensation awards, regardless of the form of payout upon vesting, are presented in the following table, which summarizes our stock-based award activity. For performance-based awards, the number of shares deemed to be issued per the table below reflects the number of units at target performance. Performance-based awards contain terms which dictate that the number of award units to be issued will vary based upon actual performance compared to the respective plan's performance metrics, with the potential for certain awards to earn additional shares beyond target performance (number of units in thousands):

	Restricted Stock Awards[1]	Performance Stock Awards[1]	Phantom Stock Units	Weighted-Average Grant-Date Fair Value[2]
Nonvested at January 1, 2019	269	66	332	$ 31.80
Granted	157	764	—	33.15
Vested	(65)	—	(256)	31.08
Forfeited	(34)	(3)	(16)	32.31
Nonvested at December 31, 2019	327	827	60	33.00
Granted	146	86	—	32.82
Vested	(101)	—	(58)	32.13
Forfeited	(23)	(8)	(2)	33.00
Nonvested at December 31, 2020	349	905	—	33.06
Granted	663	131	—	27.55
Vested	(151)	(62)	—	32.52
Forfeited	(24)	—	—	29.35
Nonvested at December 31, 2021	837	974	—	$ 30.71

(1) The maximum number of award units that could be issued under all outstanding grants was 2.0 million as of December 31, 2021. The number of award units expected to vest was 1.3 million as of December 31, 2021.

(2) Prior to our underwritten IPO, we engaged an independent third-party valuation advisory consulting firm to estimate the EVPS of our common stock on an annual basis. The weighted-average grant-date fair values calculated herein reflect the EVPS estimates prior to our underwritten IPO and Nasdaq closing stock prices subsequent to our IPO.

The expense for all stock-based awards during the years ended December 31, 2021, 2020, and 2019 was $16.8 million, $6.3 million, and $10.1 million, respectively. We had $21.1 million of unrecognized compensation costs related to these awards that we expect to recognize over a weighted average period of approximately two years. The fair value at the vesting date for stock-based awards that vested during the year ended December 31, 2021 was $6.4 million.

401(k) Plan—We sponsor a 401(k) plan that provides benefits for qualified employees. Our match of the employee contributions is discretionary and has a five-year vesting schedule. The cash contributions to the plan for the years ended December 31, 2021, 2020, and 2019 were approximately $1.0 million, $0.9 million, and $0.9 million, respectively. All employees who have attained the age of 21 are eligible to participate starting the first day of the month following their date of hire. Employees are vested immediately with respect to employee contributions.

14. EARNINGS PER SHARE

Basic earnings per share ("EPS") is computed by dividing Net Income (Loss) Attributable to Stockholders by the weighted-average number of shares of common stock outstanding for the period. Diluted EPS reflects the potential dilution that could occur from share equivalent activity.

The following table provides a reconciliation of the numerator and denominator of the earnings per share calculations for the years ended December 31, 2021, 2020, and 2019 (in thousands, except per share amounts):

	2021	2020	2019
Numerator:			
Net income (loss) attributable to stockholders - basic	$ 15,121	$ 4,772	$ (63,532)
Net income (loss) attributable to convertible OP units[1]	2,112	690	(9,583)
Net income (loss) - diluted	$ 17,233	$ 5,462	$ (73,115)
Denominator:			
Weighted-average shares - basic[2]	102,403	96,760	94,636
OP units[1][3]	14,071	14,255	14,403
Dilutive restricted stock awards	198	141	—
Adjusted weighted-average shares - diluted	116,672	111,156	109,039
Earnings per common share:			
Basic and diluted income (loss) per share	$ 0.15	$ 0.05	$ (0.67)

(1) OP units include units that are convertible into common stock or cash, at the Operating Partnership's option. The Operating Partnership income or loss attributable to these OP units, which is included as a component of Net (Income) Loss Attributable to Noncontrolling Interests on the consolidated statements of operations, has been added back in the numerator as these OP units were included in the denominator for all years presented. OP units are allocated income on a consistent basis with the common stockholder and therefore have no dilutive impact to earnings per share of common stock.

(2) Includes 93.6 million weighted-average shares of Class B common stock and 8.8 million weighted-average shares of common stock during the year ended December 31, 2021.

(3) Includes 0.7 million weighted-average shares of OP units awarded as a result of the earn-out (see Note 16).

Approximately 0.3 million time-based and 0.8 million performance-based unvested stock units were outstanding as of December 31, 2019. These securities were anti-dilutive for the year ended December 31, 2019, and as a result, their impact was excluded from the weighted-average common shares used to calculate diluted EPS for that period. Outstanding restricted stock awards were dilutive for the years ended December 31, 2021 and 2020, and thus are included in the calculation above.

15. RELATED PARTY TRANSACTIONS

Revenue—We have entered into agreements with the Managed Funds related to certain advisory, management, and administrative services we provide to their real estate assets in exchange for fees and reimbursement of certain expenses. Summarized below are amounts included in Fees and Management Income. The revenue includes the fees and reimbursements earned by us from the Managed Funds during the years ended December 31, 2021, 2020, and 2019, and also includes other revenues that are not in the scope of ASC 606, but are included in this table for the purpose of disclosing all related party revenues (in thousands):

	2021	2020	2019
Recurring fees[1]	$ 5,020	$ 4,801	$ 6,362
Transactional revenue and reimbursements[2]	2,166	2,633	3,329
Insurance premiums[3]	3,149	2,386	1,989
Total fees and management income	$ 10,335	$ 9,820	$ 11,680

(1) Recurring fees include asset management fees and property management fees.

(2) Transactional revenue includes items such as leasing commissions, construction management fees, and acquisition fees.

(3) Insurance premium income includes amounts for reinsurance from third parties not affiliated with us.

During the year ended December 31, 2019, we recognized a net charge of $1.9 million in Other (Expense) Income, Net on our consolidated statement of operations. The charge was related to a reduction in our related party accounts receivable and organization and offering costs payable for amounts incurred in connection with the REIT III public offering. Remaining accounts receivable and organization and offering costs payable that were outstanding as of September 30, 2019 related to REIT III were settled when we merged with REIT III in October 2019.

Tax Protection Agreement—Through our Operating Partnership, we are currently party to a tax protection agreement (the "2017 TPA") with certain partners that contributed property to our Operating Partnership on October 4, 2017, among them certain of our executive officers, including Jeffrey S. Edison, our Chairman and Chief Executive Officer, under which the Operating Partnership has agreed to indemnify such partners for tax liabilities that could accrue to them personally related to our potential disposition of certain properties within our portfolio. The 2017 TPA will expire on October 4, 2027. On July 19, 2021, we entered into an additional tax protection agreement (the "2021 TPA") with certain of our executive officers, including Mr. Edison. The 2021 TPA carries a term of four years and will become effective upon the expiration of the 2017 TPA. As of December 31, 2021, the potential "make-whole amount" on the estimated aggregate amount of built-in gain subject to protection under the agreements is approximately $146.8 million. The protection provided under the terms of the 2021 TPA will expire in 2031. We have not recorded any liability related to the 2017 TPA or the 2021 TPA on our consolidated balance sheets for any periods presented, nor recognized any expense since the inception of the 2017 TPA, owing to the fact that any potential liability under the agreements is controlled by us and we believe we will either (i) continue to own and operate the protected properties or (ii) be able to successfully complete Section 1031 Exchanges (unless there is a change in applicable law) or complete other tax-efficient transactions to avoid any liability under the agreements.

Other Related Party Matters—We are the limited guarantor for up to $190 million, capped at $50 million in most instances, of debt for our NRP joint venture. As of December 31, 2021, the outstanding loan balance related to our NRP joint venture was $15.3 million. As of December 31, 2021, we were also the limited guarantor of a $175 million mortgage loan secured by GRP I properties. Our guaranty for both the NRP and GRP I debt is limited to being the non-recourse carveout guarantor and the environmental indemnitor. Further, in both cases, we are also party to an agreement with our institutional joint venture partners in which any potential liability under such guaranties will be apportioned between us and our applicable joint venture partner based on our respective ownership percentages in the applicable joint venture. We have no liability recorded on our consolidated balance sheets for either guaranty as of December 31, 2021 and 2020.

Additionally, during 2021, we made a cash investment of $3.0 million into a third-party company in exchange for preferred shares of their stock. As part of the investment agreement, the third-party company committed to enter into leases at two of our properties. As of December 31, 2021, we had entered into two leases under the terms of the investment agreement, both of which carry a term of ten years, over which period we expect to receive contractual rents of $2.6 million in total for both leases.

PECO Air L.L.C. ("PECO Air"), an entity in which Mr. Edison, our Chairman and Chief Executive Officer, owns a 50% interest, owns an airplane that we use for business purposes in the course of our operations. We paid approximately $0.8 million, $1.0 million, and $1.0 million to PECO Air for use of its airplane per the terms of our contractual agreements for the years ended December 31, 2021, 2020, and 2019, respectively.

16. FAIR VALUE MEASUREMENTS

The following describes the methods we use to estimate the fair value of our financial and nonfinancial assets and liabilities:

Cash and Cash Equivalents, Restricted Cash, Accounts Receivable, and Accounts Payable—We consider the carrying values of these financial instruments to approximate fair value because of the short period of time between origination of the instruments and their expected realization.

Real Estate Investments—The purchase prices of the investment properties, including related lease intangible assets and liabilities, are allocated at estimated fair value based on Level 3 inputs, such as discount rates, capitalization rates, comparable sales, replacement costs, income and expense growth rates, and current market rents and allowances as determined by management.

Debt Obligations—We estimate the fair value of our term loans, secured portfolio of loans, and mortgages by discounting the future cash flows of each instrument at rates currently offered for similar debt instruments of comparable maturities by our lenders using Level 3 inputs. The discount rates used approximate current lending rates for loans or groups of loans with similar maturities and credit quality, assuming the debt is outstanding through maturity and considering the debt's collateral (if applicable). We have utilized market information, as available, or present value techniques to estimate the amounts required to be disclosed. We estimate the fair value of our senior unsecured notes by using quoted prices in active markets, which are considered Level 1 inputs.

The following is a summary of borrowings as of December 31, 2021 and 2020 (in thousands):

	2021		2020	
	Recorded Principal Balance[1]	Fair Value	Recorded Principal Balance[1]	Fair Value
Term loans	$ 943,127	$ 955,919	$ 1,610,204	$ 1,621,902
Senior unsecured notes due 2031	342,320	344,099	—	—
Secured portfolio loan facilities	391,612	394,356	391,131	404,715
Mortgages[2]	214,663	221,741	291,270	303,647
Total	$ 1,891,722	$ 1,916,115	$ 2,292,605	$ 2,330,264

(1) As of December 31, 2021 and 2020, respectively, recorded principal balances include; (i) net deferred financing fees of $13.2 million and $13.5 million; (ii) assumed market debt adjustments of $1.5 million and $1.5 million; and (iii) notes payable discounts of $7.7 million and $0.

(2) Our finance lease liability is included in the mortgages line item, as presented.

Recurring and Nonrecurring Fair Value Measurements—Our marketable securities, earn-out liability, and interest rate swaps are measured and recognized at fair value on a recurring basis, while certain real estate assets and liabilities are measured and recognized at fair value as needed. Fair value measurements that occurred as of and during the years ended December 31, 2021 and 2020 were as follows (in thousands):

	2021			2020		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Recurring						
Marketable securities	$ 5,551	$ —	$ —	$ —	$ —	$ —
Derivative liabilities[1]	—	(24,096)	—	—	(54,759)	—
Earn-out liability	—	(52,436)	—	—	—	(22,000)
Nonrecurring						
Impaired real estate assets, net[2]	$ —	$ 24,000	$ —	$ —	$ 19,350	$ —
Impaired corporate ROU asset, net	—	—	—	—	537	—

[1] We record derivative liabilities in Derivative Liabilities on our consolidated balance sheets.

[2] The carrying value of impaired real estate assets may have subsequently increased or decreased after the measurement date due to capital improvements, depreciation, or sale.

Marketable Securities—We estimate the fair value of marketable securities using Level 1 inputs. We utilize unadjusted quoted prices for identical assets in active markets that we have the ability to access.

Derivative Instruments—As of December 31, 2021 and 2020, we had interest rate swaps that fixed LIBOR on portions of our unsecured term loan facilities.

All interest rate swap agreements are measured at fair value on a recurring basis. The valuation of these instruments is determined using widely accepted valuation techniques, including discounted cash flow analysis on the expected cash flows of each derivative. This analysis reflects the contractual terms of the derivatives, including the period to maturity, and uses observable market-based inputs, including interest rate curves and implied volatilities. The fair values of interest rate swaps are determined using the market standard methodology of netting the discounted future fixed cash receipts (or payments) and the discounted expected variable cash payments (or receipts). The variable cash payments (or receipts) are based on an expectation of future interest rates (forward curves) derived from observable market interest rate curves.

To comply with the provisions of ASC 820, we incorporate credit valuation adjustments to appropriately reflect both our own nonperformance risk and the respective counterparty's nonperformance risk in the fair value measurements. In adjusting the fair value of our derivative contracts for the effect of nonperformance risk, we have considered the impact of netting and any applicable credit enhancements, such as collateral postings, thresholds, mutual puts, and guarantees.

Although we determined that the significant inputs used to value our derivatives fell within Level 2 of the fair value hierarchy, the credit valuation adjustments associated with our counterparties and our own credit risk utilize Level 3 inputs, such as estimates of current credit spreads, to evaluate the likelihood of default by us and our counterparties. However, as of December 31, 2021 and 2020, we have assessed the significance of the impact of the credit valuation adjustments on the overall valuation of our derivative positions and have determined that the credit valuation adjustments are not significant to the overall valuation of our derivatives. As a result, we have determined that our derivative valuations in their entirety are classified in Level 2 of the fair value hierarchy.

Earn-out—As part of our acquisition of Phillips Edison Limited Partnership ("PELP") in 2017, an earn-out structure was established which gave PELP the opportunity to earn additional OP units based upon the potential achievement of certain performance targets subsequent to the acquisition. After the expiration of certain provisions in 2019, PELP was eligible to earn a minimum of 1.0 million and a maximum of approximately 1.7 million OP units as contingent consideration based on the timing and valuation of a liquidity event for PECO. Certain of these performance targets are tied to the post-underwritten IPO trading price of our common stock. The number of OP units awarded vary based on the highest volume weighted average price per share of our common stock over any 30 consecutive trading day period during the 180 days following the underwritten IPO commencement (the "liquidity event price per share"):

- if the liquidity event price per share is greater than or equal to $33.60, PELP will receive approximately 1.7 million OP units;
- if the liquidity event price per share is less than $33.60 but greater than or equal to $26.40, PELP will receive a number of OP units equal to (i) 1.0 million plus (ii) the product of (A) approximately 0.7 million and (B) the quotient obtained by dividing the liquidity event price per share in excess of $26.40 by $7.20; or
- if the liquidity event price per share is less than $26.40, PELP will receive 1.0 million OP units.

Prior to the second quarter of 2021, we estimated the fair value of this liability on a quarterly basis using the Monte Carlo method. Following our underwritten IPO, the only remaining variable for calculating final amounts to be paid under the earn-out agreement was the liquidity event price per share. Therefore, as of December 31, 2021, we calculated the fair value of the liability related to the earn-out using the number of units earned (approximately 1.6 million) multiplied by the closing market price per share of $33.04.

We recognized expense of $30.4 million and income of $10.0 million related to changes in the fair value of the earn-out liability for the years ended December 31, 2021 and 2020, respectively. The increase in the fair value of the liability as of December 31, 2021 was attributable to the commencement of our underwritten IPO as well as improved market conditions in

2021. The change in fair value for each year has been recognized in Other (Expense) Income, Net in the consolidated statements of operations.

In January 2022, at the end of the 180-day period following our underwritten IPO commencement, we finalized the fair value of the earn-out liability and issued approximately 1.6 million OP units in full settlement of the liability with a value of $54.2 million.

Real Estate Asset Impairment—Our real estate assets are measured and recognized at fair value, less costs to sell held-for-sale properties, on a nonrecurring basis dependent upon when we determine an impairment has occurred. During the years ended December 31, 2021, 2020, and 2019, we impaired assets that were under contract at a disposition price that was less than carrying value, or that had other operational impairment indicators. The valuation technique used for the fair value of all impaired real estate assets was the expected net sales proceeds, which we consider to be a Level 2 input in the fair value hierarchy.

We recorded the following expense upon impairment of real estate assets for the years ended December 31, 2021, 2020, and 2019 (in thousands):

	2021	2020	2019
Impairment of real estate assets	$ 6,754	$ 2,423	$ 87,393

Corporate Intangible Asset Impairment—In connection with our acquisition of PELP, we acquired a corporate intangible asset consisting of in-place management contracts. We evaluate our corporate intangible asset for impairment when a triggering event occurs, or circumstances change, that indicate the carrying value may not be recoverable.

In June 2019, the suspension of the REIT III public offering constituted a triggering event for further review of the corporate intangible asset's fair value compared to its carrying value. We estimated the fair value of the corporate intangible asset using a discounted cash flow model which leveraged certain Level 3 inputs. The evaluation of corporate intangible assets for potential impairment required management to exercise significant judgment and to make certain assumptions. The assumptions utilized in the evaluation included projected future cash flows and a discount rate of 19%. Based on this analysis, we concluded the carrying value exceeded the estimated fair value of the corporate intangible asset, and an impairment charge of $7.8 million was recorded in Other (Expense) Income, Net on the consolidated statements of operations in the second quarter of 2019.

17. SUBSEQUENT EVENTS

In preparing the audited consolidated financial statements, we have evaluated subsequent events through the filing of this report on Form 10-K for recognition and/or disclosure purposes. Based on this evaluation, we have determined that there were no events that have occurred that require recognition or disclosure, other than certain events and transactions that have been disclosed elsewhere in these consolidated financial statements.

SCHEDULE III—REAL ESTATE ASSETS AND ACCUMULATED DEPRECIATION
December 31, 2021
(in thousands)

Property Name	City, State	Encumbrances[1]	Initial Cost		Costs Capitalized Subsequent to Acquisition[2]	Gross Amount Carried at End of Period[3]			Accumulated Depreciation	Date Constructed/ Renovated	Date Acquired
			Land and Improvements	Buildings and Improvements		Land and Improvements	Buildings and Improvements	Total			
Lakeside Plaza	Salem, VA	$—	$3,344	$5,247	$896	$3,491	$5,996	$9,487	$3,011	1988	11/23/2011
Snow View Plaza	Parma, OH	—	4,104	6,432	1,104	4,326	7,314	11,640	4,100	1981	11/23/2011
St. Charles Plaza	Davenport, FL	—	4,090	4,399	778	4,397	4,870	9,267	3,078	2007	11/23/2011
Burwood Village Center	Glen Burnie, MD	—	5,448	10,167	633	5,748	10,500	16,248	5,420	1971	11/23/2011
Centerpoint	Easley, SC	—	2,404	4,361	1,459	3,007	5,217	8,224	2,677	2002	11/23/2011
Southampton Village	Tyrone, GA	—	2,670	5,176	1,067	2,901	6,012	8,913	2,937	2003	11/23/2011
Cureton Town Center	Waxhaw, NC	—	6,569	6,197	2,542	5,932	9,376	15,308	4,608	2006	12/29/2011
Tramway Crossing	Sanford, NC	—	2,016	3,071	921	2,515	3,493	6,008	2,146	1996	2/23/2012
Village At Glynn Place	Brunswick, GA	—	5,202	6,095	1,480	5,423	7,354	12,777	4,165	1992	4/27/2012
Meadowthorpe Manor Shoppes	Lexington, KY	—	4,093	4,185	632	4,562	4,348	8,910	2,476	1989/2008	5/9/2012
Brentwood Commons	Bensenville, IL	—	6,105	8,024	2,407	6,323	10,213	16,536	4,448	1981/2001	7/5/2012
Sidney Towne Center	Sidney, OH	—	1,429	3,802	1,508	2,025	4,714	6,739	2,836	1981/2007	8/2/2012
Broadway Plaza	Tucson, AZ	—	4,979	7,169	2,310	6,010	8,448	14,458	4,233	1982/1995	8/13/2012
Baker Hill	Glen Ellyn, IL	—	7,068	13,738	10,177	7,686	23,297	30,983	8,702	1998	9/6/2012
New Prague Commons	New Prague, MN	—	3,248	6,604	2,810	3,415	9,247	12,662	4,259	2008	10/12/2012
Heron Creek Towne Center	North Port, FL	—	4,062	4,082	589	4,312	4,421	8,733	2,408	2001	12/17/2012
Quartz Hill Towne Centre	Lancaster, CA	11,740	6,352	13,529	1,196	6,906	14,171	21,077	5,670	1991/2012	12/27/2012
Village One Plaza	Modesto, CA	17,700	5,166	18,752	675	5,255	19,338	24,593	7,115	2007	12/28/2012
Hilfiker Shopping Center	Salem, OR	—	2,879	4,750	96	2,947	4,778	7,725	1,937	1984/2011	12/28/2012
Butler Creek	Acworth, GA	—	3,925	6,129	3,185	4,327	8,912	13,239	3,350	1989	1/15/2013
Fairview Oaks	Ellenwood, GA	6,430	3,563	5,266	928	3,925	5,832	9,757	2,579	1996	1/15/2013
Grassland Crossing	Alpharetta, GA	—	3,680	5,791	1,101	3,936	6,636	10,572	2,882	1996	1/15/2013
Hamilton Ridge	Buford, GA	—	4,772	7,168	882	5,041	7,781	12,822	3,778	2002	1/15/2013
Mableton Crossing	Mableton, GA	—	4,426	6,413	1,446	4,930	7,355	12,285	3,472	1997	1/15/2013
Shops at Westridge	McDonough, GA	—	2,788	3,901	1,903	2,835	5,757	8,592	2,287	2006	1/15/2013
Fairlawn Town Centre	Fairlawn, OH	20,000	10,398	29,005	3,937	11,636	31,704	43,340	14,142	1962/1996	1/30/2013
Macland Pointe	Marietta, GA	—	3,493	5,364	1,189	3,905	6,141	10,046	2,982	1992	2/13/2013
Kleinwood Center	Spring, TX	—	11,478	18,954	1,276	11,775	19,933	31,708	8,707	2003	3/21/2013
Murray Landing	Columbia, SC	6,750	3,221	6,856	1,716	3,597	8,196	11,793	3,340	2003	3/21/2013
Vineyard Shopping Center	Tallahassee, FL	—	2,761	4,221	569	3,034	4,517	7,551	2,149	2002	3/21/2013
Lutz Lake Crossing	Lutz, FL	—	2,636	6,600	945	2,965	7,216	10,181	2,741	2002	4/4/2013
Publix at Seven Hills	Spring Hill, FL	—	2,171	5,642	1,133	2,507	6,439	8,946	2,504	1991/2006	4/4/2013
Hartville Centre	Hartville, OH	—	2,069	3,691	1,817	2,470	5,107	7,577	2,299	1988/2008	4/23/2013
Sunset Shopping Center	Corvallis, OR	15,410	7,933	14,939	1,118	8,041	15,949	23,990	6,205	1998	5/31/2013
Savage Town Square	Savage, MN	9,000	4,106	9,409	379	4,403	9,491	13,894	4,012	2003	6/19/2013
Glenwood Crossings	Kenosha, WI	—	1,872	9,914	1,100	2,337	10,549	12,886	3,770	1992	6/27/2013

SCHEDULE III—REAL ESTATE ASSETS AND ACCUMULATED DEPRECIATION
December 31, 2021
(in thousands)

Property Name	City, State	Encumbrances[1]	Initial Cost		Costs Capitalized Subsequent to Acquisition[2]	Gross Amount Carried at End of Period[3]			Accumulated Depreciation	Date Constructed/ Renovated	Date Acquired
			Land and Improvements	Buildings and Improvements		Land and Improvements	Buildings and Improvements	Total			
Shiloh Square Shopping Center	Kennesaw, GA	—	4,685	8,729	2,193	4,840	10,767	15,607	3,890	1996/2003	6/27/2013
Pavilions at San Mateo	Albuquerque, NM	—	6,470	18,726	1,858	6,786	20,268	27,054	7,470	1997	6/27/2013
Boronda Plaza	Salinas, CA	14,750	9,027	11,870	777	9,342	12,332	21,674	4,734	2003/2006	7/3/2013
Westwoods Shopping Center	Arvada, CO	—	3,706	11,115	897	4,299	11,419	15,718	4,462	2003	8/8/2013
Paradise Crossing	Lithia Springs, GA	—	2,204	6,064	987	2,501	6,754	9,255	2,554	2000	8/13/2013
Contra Loma Plaza	Antioch, CA	—	3,243	3,926	1,703	3,811	5,061	8,872	1,807	1989	8/19/2013
South Oaks Plaza	St. Louis, MO	—	1,938	6,634	563	2,121	7,014	9,135	2,571	1969/1987	8/21/2013
Yorktown Centre	Millcreek Township, PA	—	3,736	15,396	2,510	4,287	17,355	21,642	7,370	1989/2013	8/30/2013
Dyer Town Center	Dyer, IN	8,725	6,017	10,214	810	6,460	10,581	17,041	4,305	2004/2005	9/4/2013
East Burnside Plaza	Portland, OR	—	2,484	5,422	133	2,560	5,479	8,039	1,681	1955/1999	9/12/2013
Red Maple Village	Tracy, CA	20,584	9,250	19,466	506	9,408	19,814	29,222	6,312	2009	9/18/2013
Crystal Beach Plaza	Palm Harbor, FL	6,360	2,334	7,918	707	2,433	8,526	10,959	3,155	2010	9/25/2013
CitiCentre Plaza	Carroll, IA	—	770	2,530	469	1,052	2,717	3,769	1,076	1991/1995	10/2/2013
Duck Creek Plaza	Bettendorf, IA	—	4,612	13,007	1,668	5,218	14,069	19,287	5,057	2005/2006	10/8/2013
Cahill Plaza	Inver Grove Heights, MN	—	2,587	5,114	892	2,973	5,620	8,593	2,213	1995	10/9/2013
College Plaza	Normal, IL	—	4,460	17,772	3,884	5,134	20,982	26,116	5,760	1983/1999	10/22/2013
Courthouse Marketplace	Virginia Beach, VA	11,650	6,130	8,061	1,239	6,398	9,032	15,430	3,460	2005	10/25/2013
Hastings Marketplace	Hastings, MN	—	3,980	10,045	1,051	4,434	10,642	15,076	4,078	2002	11/6/2013
Coquina Plaza	Southwest Ranches, FL	—	9,458	11,770	1,165	9,686	12,707	22,393	4,317	1998	11/7/2013
Shoppes of Paradise Lakes	Miami, FL	—	5,811	6,020	1,048	6,116	6,763	12,879	2,581	1999	11/7/2013
Collington Plaza	Bowie, MD	—	12,207	15,142	1,094	12,499	15,944	28,443	5,601	1996	11/21/2013
Golden Town Center	Golden, CO	14,711	7,065	10,166	1,705	7,478	11,458	18,936	4,465	1993/2003	11/22/2013
Northstar Marketplace	Ramsey, MN	—	2,810	9,204	1,102	2,932	10,184	13,116	3,767	2004	11/27/2013
Bear Creek Plaza	Petoskey, MI	—	5,677	17,611	1,724	5,891	19,121	25,012	7,076	1998/2009	12/18/2013
East Side Square	Springfield, OH	—	394	963	127	412	1,072	1,484	425	2007	12/18/2013
Flag City Station	Findlay, OH	—	4,685	9,630	3,159	4,919	12,555	17,474	4,081	1992	12/18/2013
Town & Country Shopping Center	Noblesville, IN	13,480	7,361	16,269	465	7,460	16,635	24,095	6,390	1998	12/18/2013
Sulphur Grove	Huber Heights, OH	—	553	2,142	753	611	2,837	3,448	811	2004	12/18/2013
Southgate Shopping Center	Des Moines, IA	—	2,434	8,358	1,223	2,906	9,109	12,015	$3,583	1972/2013	12/20/2013
Sterling Pointe Center	Lincoln, CA	24,073	7,039	20,822	1,625	7,625	21,861	29,486	6,955	2004	12/20/2013
Arcadia Plaza	Phoenix, AZ	—	5,774	6,904	2,889	6,004	9,563	15,567	3,298	1980	12/30/2013
Stop & Shop Plaza	Enfield, CT	—	8,892	15,028	1,328	9,410	15,838	25,248	5,875	1988/1998	12/30/2013

SCHEDULE III—REAL ESTATE ASSETS AND ACCUMULATED DEPRECIATION
December 31, 2021
(in thousands)

Property Name	City, State	Encumbrances[1]	Initial Cost		Costs Capitalized Subsequent to Acquisition[2]	Gross Amount Carried at End of Period[3]			Accumulated Depreciation	Date Constructed/ Renovated	Date Acquired
			Land and Improvements	Buildings and Improvements		Land and Improvements	Buildings and Improvements	Total			
Fairacres Shopping Center	Oshkosh, WI	—	3,543	5,189	1,087	3,895	5,924	9,819	2,471	1992/2013	1/21/2014
Savoy Plaza	Savoy, IL	—	4,304	10,895	889	4,776	11,312	16,088	4,737	1999/2007	1/31/2014
The Shops of Uptown	Park Ridge, IL	—	7,744	16,884	1,414	8,135	17,907	26,042	5,511	2006	2/25/2014
Chapel Hill North Center	Chapel Hill, NC	6,290	4,776	10,189	1,602	5,123	11,444	16,567	4,384	1998	2/28/2014
Coppell Market Center	Coppell, TX	—	4,870	12,236	265	5,024	12,347	17,371	4,181	2008	3/5/2014
Winchester Gateway	Winchester, VA	—	9,342	23,468	2,247	9,642	25,415	35,057	8,556	2006	3/5/2014
Stonewall Plaza	Winchester, VA	—	7,929	16,642	1,015	8,024	17,562	25,586	6,054	2007	3/5/2014
Town Fair Center	Louisville, KY	—	8,108	14,411	5,512	8,816	19,215	28,031	6,850	1988/1994	3/12/2014
Villages at Eagles Landing	Stockbridge, GA	—	2,824	5,515	1,184	3,365	6,158	9,523	2,662	1995	3/13/2014
ChampionsGate Village	Davenport, FL	—	1,814	6,060	540	2,067	6,347	8,414	2,417	2001	3/14/2014
Towne Centre at Wesley Chapel	Wesley Chapel, FL	—	2,466	5,553	778	2,730	6,067	8,797	2,116	2000	3/14/2014
Statler Square	Staunton, VA	6,900	4,108	9,072	1,003	4,620	9,563	14,183	3,708	1989	3/21/2014
Burbank Plaza	Burbank, IL	—	2,972	4,546	3,931	3,586	7,863	11,449	2,800	1972/1995	3/25/2014
Hamilton Village	Chattanooga, TN	—	12,682	19,103	3,546	12,774	22,557	35,331	8,494	1989	4/3/2014
Waynesboro Plaza	Waynesboro, VA	—	5,597	8,334	268	5,787	8,412	14,199	3,342	2005	4/30/2014
Southwest Marketplace	Las Vegas, NV	—	16,019	11,270	2,977	16,121	14,145	30,266	5,260	2008	5/5/2014
Hampton Village	Taylors, SC	—	5,456	7,254	4,219	6,006	10,923	16,929	4,211	1959/1998	5/21/2014
Central Station	Louisville, KY	12,095	6,143	6,932	2,492	6,546	9,021	15,567	3,359	2005/2007	5/23/2014
Kirkwood Market Place	Houston, TX	—	5,786	9,697	1,070	6,054	10,499	16,553	3,535	1979/2008	5/23/2014
Fairview Plaza	New Cumberland, PA	—	2,786	8,500	539	3,160	8,665	11,825	2,687	1992/1999	5/27/2014
Broadway Promenade	Sarasota, FL	—	3,831	6,795	626	4,116	7,136	11,252	2,300	2007	5/28/2014
Townfair Center	Indiana, PA	—	7,007	13,233	1,375	7,334	14,281	21,615	5,571	1995/2010	5/29/2014
Heath Brook Commons	Ocala, FL	6,930	3,470	8,352	934	3,725	9,031	12,756	3,043	2002	5/30/2014
The Orchards	Yakima, WA	—	5,425	8,743	565	5,773	8,960	14,733	3,232	2002	6/3/2014
Shaw's Plaza Hanover	Hanover, MA	—	2,826	5,314	10	2,826	5,324	8,150	1,798	1994/2000	6/23/2014
Shaw's Plaza Easton	Easton, MA	—	5,520	7,173	642	5,890	7,445	13,335	2,836	1984/2004	6/23/2014
Lynnwood Place	Jackson, TN	—	3,341	4,826	892	3,629	5,430	9,059	2,182	1986/2013	7/28/2014
Thompson Valley Towne Center	Loveland, CO	—	5,758	17,387	1,846	6,362	18,629	24,991	6,068	1999	8/1/2014
Lumina Commons	Wilmington, NC	6,741	2,008	11,249	1,517	2,103	12,671	14,774	3,534	1974/2007	8/4/2014
Driftwood Village	Ontario, CA	—	6,811	12,993	1,635	7,480	13,959	21,439	4,491	1985	8/7/2014
French Golden Gate	Bartow, FL	—	2,599	12,877	1,955	2,886	14,545	17,431	4,424	1960/2011	8/28/2014
Orchard Square	Washington Township, MI	—	1,361	11,550	633	1,622	11,922	13,544	3,788	1999	9/8/2014
Trader Joe's Center	Dublin, OH	6,745	2,338	7,922	2,669	2,763	10,166	12,929	3,170	1986	9/11/2014
Palmetto Pavilion	North Charleston, SC	—	2,509	8,526	1,139	3,376	8,798	12,174	2,762	2003	9/11/2014

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Property Name	City, State	Encumbrances[1]	Initial Cost		Costs Capitalized Subsequent to Acquisition[2]	Gross Amount Carried at End of Period[3]			Accumulated Depreciation	Date Constructed/ Renovated	Date Acquired
			Land and Improvements	Buildings and Improvements		Land and Improvements	Buildings and Improvements	Total			
Five Town Plaza	Springfield, MA	—	8,912	19,635	6,451	10,036	24,962	34,998	9,748	1970/2013	9/24/2014
Fairfield Crossing	Beavercreek, OH	—	3,572	10,026	250	3,715	10,133	13,848	3,392	1994	10/24/2014
Beavercreek Towne Center	Beavercreek, OH	—	14,055	30,799	3,229	15,000	33,083	48,083	11,609	1994	10/24/2014
Grayson Village	Loganville, GA	—	3,952	5,620	2,213	4,114	7,671	11,785	3,194	2002	10/24/2014
The Fresh Market Commons	Pawleys Island, SC	—	2,442	4,941	128	2,457	5,054	7,511	1,767	2011	10/28/2014
Claremont Village	Everett, WA	—	5,635	10,544	1,386	6,038	11,527	17,565	3,708	1994/2012	11/6/2014
Cherry Hill Marketplace	Westland, MI	—	4,641	10,137	2,743	5,292	12,229	17,521	4,677	1992/2000	12/17/2014
Nor'Wood Shopping Center	Colorado Springs, CO	—	5,358	6,684	556	5,446	7,152	12,598	3,014	2003	1/8/2015
Sunburst Plaza	Glendale, AZ	—	3,435	6,041	1,313	3,673	7,116	10,789	2,979	1970	2/11/2015
Rivermont Station	Johns Creek, GA	—	6,876	8,916	2,386	7,011	11,167	18,178	5,024	1996/2003	2/27/2015
Breakfast Point Marketplace	Panama City Beach, FL	—	5,578	12,052	801	6,026	12,405	18,431	4,119	2009/2010	3/13/2015
Falcon Valley	Lenexa, KS	—	3,131	6,873	278	3,375	6,907	10,282	2,527	2008/2009	3/13/2015
Kohl's Onalaska	Onalaska, WI	—	2,670	5,648	300	2,670	5,948	8,618	2,200	1992/1993	3/13/2015
Coronado Center	Santa Fe, NM	11,560	4,396	16,460	4,176	4,729	20,303	25,032	5,402	1964	5/1/2015
West Creek Plaza	Coconut Creek, FL	5,326	3,459	6,131	445	3,624	6,411	10,035	1,869	2006/2013	7/10/2015
Northwoods Crossing	Taunton, MA	—	10,092	14,437	330	10,157	14,702	24,859	6,345	2003/2010	5/24/2016
Murphy Marketplace	Murphy, TX	—	28,652	33,122	4,051	29,042	36,783	65,825	8,920	2008/2015	6/24/2016
Harbour Village	Jacksonville, FL	—	5,630	16,727	2,225	6,032	18,550	24,582	4,538	2006	9/22/2016
Oak Mill Plaza	Niles, IL	992	6,843	13,692	2,321	7,419	15,437	22,856	5,172	1977	10/3/2016
Southern Palms	Tempe, AZ	22,744	10,025	24,346	2,515	10,494	26,392	36,886	8,014	1982	10/26/2016
Golden Eagle Village	Clermont, FL	6,962	3,746	7,735	500	3,968	8,013	11,981	2,177	2011	10/27/2016
Atwater Marketplace[5]	Atwater, CA	—	6,116	7,597	(13,265)	417	31	448	62	N/A	2/10/2017
Rocky Ridge Town Center	Roseville, CA	20,177	5,449	29,207	687	5,618	29,725	35,343	5,548	1996	4/18/2017
Greentree Centre	Racine, WI	—	2,955	8,718	1,249	3,474	9,448	12,922	2,193	1989/1994	5/5/2017
Sierra Del Oro Towne Centre	Corona, CA	6,576	9,011	17,989	1,756	9,300	19,456	28,756	4,182	1991	6/20/2017
Barclay Place Shopping Center	Lakeland, FL	—	1,984	7,174	(2,090)	1,626	5,442	7,068	804	1989	10/4/2017
Birdneck Shopping Center	Virginia Beach, VA	—	1,900	3,253	902	2,066	3,989	6,055	1,220	1987	10/4/2017
Crossroads Plaza	Asheboro, NC	—	1,722	2,720	693	2,107	3,028	5,135	1,161	1984	10/4/2017
Dunlop Village	Colonial Heights, VA	—	2,420	4,892	1,907	2,635	6,584	9,219	1,485	1987	10/4/2017
Edgecombe Square	Tarboro, NC	—	1,412	2,258	441	1,493	2,618	4,111	1,404	1990	10/4/2017
Forest Park Square	Cincinnati, OH	—	4,007	5,877	1,179	4,378	6,685	11,063	2,078	1988	10/4/2017
Goshen Station	Goshen, OH	3,605	1,555	4,621	149	1,655	4,670	6,325	1,678	1973/2003	10/4/2017
The Village Shopping Center	Mooresville, IN	—	2,059	8,325	353	1,842	8,895	10,737	1,847	1965/1997	10/4/2017

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Hickory Plaza	Nashville, TN	4,650	2,927	5,099	1,976	2,978	7,024	10,002	1,514	1974/1986	10/4/2017
Highland Fair	Gresham, OR	6,652	3,263	7,979	553	3,356	8,439	11,795	1,762	1984/1999	10/4/2017
Mayfair Village	Hurst, TX	16,398	15,343	16,522	2,687	15,753	18,799	34,552	4,463	1981/2004	10/4/2017
LaPlata Plaza	La Plata, MD	17,860	8,434	22,855	2,039	8,698	24,630	33,328	4,648	2003	10/4/2017
Lafayette Square	Lafayette, IN	6,992	5,387	5,636	113	5,422	5,714	11,136	3,761	1963/2001	10/4/2017
Melbourne Village Plaza	Melbourne, FL	—	5,418	7,280	(884)	4,874	6,940	11,814	1,615	1987	10/4/2017
Commerce Square	Brownwood, TX	—	6,027	8,341	(2,503)	5,060	6,805	11,865	339	1969/2007	10/4/2017
Monfort Heights	Cincinnati, OH	4,216	2,357	3,545	9	2,357	3,554	5,911	1,008	1987	10/4/2017
Mountain Park Plaza	Roswell, GA	6,169	6,118	6,652	367	6,152	6,985	13,137	1,626	1988/2003	10/4/2017
Nordan Shopping Center	Danville, VA	—	1,911	6,751	844	2,047	7,459	9,506	2,041	1961/2002	10/4/2017
Northside Plaza	Clinton, NC	—	1,406	5,471	330	1,449	5,758	7,207	1,599	1982	10/4/2017
Park Place Plaza	Port Orange, FL	—	2,347	8,458	(2,353)	1,838	6,614	8,452	931	1984	10/4/2017
Parsons Village	Seffner, FL	4,631	3,465	10,864	(4,127)	2,445	7,757	10,202	1,202	1983/1994	10/4/2017
Hillside - West	Hillside, UT	—	691	1,739	3,870	4,561	1,739	6,300	535	2006	10/4/2017
South Oaks Shopping Center	Live Oak, FL	3,147	1,742	5,119	138	1,800	5,199	6,999	2,373	1976/2000	10/4/2017
Southgate Center	Heath, OH	—	4,075	21,862	967	4,143	22,761	26,904	5,183	1960/1997	10/4/2017
Summerville Galleria	Summerville, SC	—	4,104	8,668	728	4,468	9,032	13,500	2,266	1989/2003	10/4/2017
The Oaks	Hudson, FL	—	3,876	6,668	(1,141)	3,507	5,896	9,403	1,743	1981	10/4/2017
Riverplace Centre	Noblesville, IN	5,175	3,890	4,044	798	4,008	4,724	8,732	1,806	1992	10/4/2017
Town & Country Center	Hamilton, OH	2,015	2,268	4,372	340	2,351	4,629	6,980	1,403	1950	10/4/2017
Towne Crossing Shopping Center	Mesquite, TX	—	5,358	15,584	1,381	5,426	16,897	22,323	3,953	1984	10/4/2017
Village at Waterford	Midlothian, VA	4,063	2,702	5,194	597	2,820	5,673	8,493	1,403	1991	10/4/2017
Windsor Center	Dallas, NC	—	2,488	5,186	457	2,494	5,637	8,131	1,853	1974/1996	10/4/2017
12 West Marketplace	Litchfield, MN	—	835	3,538	153	988	3,538	4,526	1,515	1989	10/4/2017
Willowbrook Commons	Nashville, TN	—	5,384	6,002	364	5,480	6,270	11,750	1,749	2005	10/4/2017
Edgewood Towne Center	Edgewood, PA	—	10,029	22,535	2,227	10,648	24,143	34,791	6,450	1990	10/4/2017
Everson Pointe	Snellville, GA	7,734	4,222	8,421	477	4,367	8,753	13,120	2,165	1999	10/4/2017
Village Square of Delafield	Delafield, WI	8,257	6,206	6,869	469	6,520	7,024	13,544	1,983	2007	10/4/2017
Shoppes of Lake Village	Leesburg, FL	—	4,065	3,795	6,416	4,327	9,949	14,276	2,482	1987/1998	2/26/2018
Sierra Vista Plaza	Murrieta, CA	—	9,824	11,669	2,208	10,372	13,329	23,701	2,125	1991	9/28/2018
Wheat Ridge Marketplace	Wheat Ridge, CO	11,085	7,926	8,393	855	8,442	8,732	17,174	1,789	1996	10/3/2018
Atlantic Plaza	North Reading, MA	—	12,341	12,699	733	12,652	13,121	25,773	2,711	1959/1973	11/9/2018
Staunton Plaza	Staunton, VA	—	4,818	14,380	43	4,843	14,398	19,241	1,974	2006	11/16/2018
Bethany Village	Alpharetta, GA	—	6,138	8,355	544	6,152	8,885	15,037	1,482	2001	11/16/2018
Northpark Village	Lubbock, TX	—	3,087	6,047	122	3,102	6,154	9,256	960	1990	11/16/2018

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Kings Crossing	Sun City Center, FL	10,467	5,654	11,225	251	5,813	11,317	17,130	1,778	2000/2018	11/16/2018
Lake Washington Crossing	Melbourne, FL	—	4,222	13,553	938	4,276	14,437	18,713	2,703	1987/2012	11/16/2018
Kipling Marketplace	Littleton, CO	—	4,020	10,405	307	4,056	10,676	14,732	1,912	1983/2009	11/16/2018
MetroWest Village	Orlando, FL	—	6,841	15,333	639	6,948	15,865	22,813	2,400	1990	11/16/2018
Spring Cypress Village	Houston, TX	—	9,579	14,567	931	9,759	15,318	25,077	2,347	1982/2007	11/16/2018
Commonwealth Square	Folsom, CA	5,698	9,955	12,586	767	9,973	13,335	23,308	2,977	1987	11/16/2018
Point Loomis	Milwaukee, WI	—	4,171	4,901	1,168	4,171	6,069	10,240	1,740	1965/1991	11/16/2018
Shasta Crossroads	Redding, CA	—	9,598	18,643	(3,830)	8,330	16,081	24,411	2,105	1989/2016	11/16/2018
Milan Plaza	Milan, MI	—	925	1,974	219	942	2,176	3,118	971	1960/1975	11/16/2018
Hilander Village	Roscoe, IL	—	2,571	7,461	1,032	2,657	8,407	11,064	2,051	1994	11/16/2018
Laguna 99 Plaza	Elk Grove, CA	—	5,422	16,952	206	5,429	17,151	22,580	2,418	1992	11/16/2018
Southfield Center	St. Louis, MO	—	5,612	13,643	1,190	5,904	14,541	20,445	2,421	1987	11/16/2018
Waterford Park Plaza	Plymouth, MN	—	4,935	19,543	256	5,077	19,657	24,734	3,043	1989	11/16/2018
Colonial Promenade	Winter Haven, FL	—	12,403	22,097	843	12,456	22,887	35,343	4,118	1986/2008	11/16/2018
Willimantic Plaza	Willimantic, CT	—	3,596	8,859	93	3,621	8,927	12,548	2,101	1968/1990	11/16/2018
Quivira Crossings	Overland Park, KS	—	7,512	10,729	1,111	7,958	11,394	19,352	2,269	1996	11/16/2018
Spivey Junction	Stockbridge, GA	—	4,083	10,414	119	4,091	10,525	14,616	1,706	1998	11/16/2018
Plaza Farmington	Farmington, NM	—	6,322	9,619	170	6,405	9,706	16,111	1,753	2004	11/16/2018
Harvest Plaza	Akron, OH	—	2,693	6,083	58	2,741	6,093	8,834	1,086	1974/2000	11/16/2018
Oakhurst Plaza	Seminole, FL	—	2,782	4,506	352	2,867	4,773	7,640	972	1974/2001	11/16/2018
Old Alabama Square	Johns Creek, GA	—	10,782	17,359	1,133	10,836	18,438	29,274	2,705	2000	11/16/2018
North Point Landing	Modesto, CA	20,061	8,040	28,422	641	8,158	28,945	37,103	3,865	1964/2008	11/16/2018
Glenwood Crossing	Cincinnati, OH	—	4,581	3,922	106	4,602	4,007	8,609	1,101	1999	11/16/2018
Rosewick Crossing	La Plata, MD	—	8,252	23,507	600	8,290	24,069	32,359	3,442	2008	11/16/2018
Alameda Crossing	Avondale, AZ	12,616	7,785	19,875	3,761	8,024	23,397	31,421	3,434	2005	11/16/2018
Vineyard Center	Templeton, CA	5,143	1,753	6,406	138	1,776	6,521	8,297	902	2007	11/16/2018
Ocean Breeze Plaza	Ocean Breeze, FL	—	6,416	9,986	576	6,462	10,516	16,978	1,752	1993/2010	11/16/2018
Central Valley Marketplace	Ceres, CA	15,526	6,163	17,535	51	6,187	17,562	23,749	2,451	2005	11/16/2018
51st & Olive Square	Glendale, AZ	—	2,236	9,038	159	2,321	9,112	11,433	1,472	1975/2007	11/16/2018
West Acres Shopping Center	Fresno, CA	—	4,866	5,627	342	4,986	5,849	10,835	1,519	1990	11/16/2018
Meadows on the Parkway	Boulder, CO	—	23,954	32,744	1,116	24,161	33,653	57,814	4,682	1989	11/16/2018
Wyandotte Plaza	Kansas City, KS	—	5,204	17,566	157	5,240	17,687	22,927	2,576	1961/2015	11/16/2018
Broadlands Marketplace	Broomfield, CO	—	7,434	9,459	565	7,804	9,654	17,458	1,697	2002	11/16/2018
Village Center	Racine, WI	—	6,051	26,473	632	6,159	26,997	33,156	4,315	2002/2003	11/16/2018
Shoregate Town Center	Willowick, OH	—	7,152	16,282	3,601	7,240	19,795	27,035	4,822	1958/2005	11/16/2018

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Plano Market Street	Plano, TX	—	14,837	33,178	952	15,099	33,868	48,967	4,458	2009	11/16/2018
Island Walk Shopping Center	Fernandina Beach, FL	—	8,190	19,992	826	8,279	20,729	29,008	3,519	1987/2012	11/16/2018
Normandale Village	Bloomington, MN	11,364	8,390	11,407	1,123	8,864	12,056	20,920	2,914	1973	11/16/2018
North Pointe Plaza	North Charleston, SC	—	10,232	26,348	538	10,513	26,605	37,118	4,990	1989	11/16/2018
Palmer Town Center	Easton, PA	—	7,331	23,525	1,092	7,327	24,621	31,948	3,581	2005	11/16/2018
Alico Commons	Fort Myers, FL	—	4,670	16,557	660	4,897	16,990	21,887	2,400	2009	11/16/2018
Windover Square	Melbourne, FL	11,048	4,115	13,309	319	4,195	13,548	17,743	1,937	1984/2010	11/16/2018
Rockledge Square	Rockledge, FL	—	3,477	4,469	(1,137)	3,496	3,313	6,809	856	1985	11/16/2018
Fairfield Commons	Lakewood, CO	—	8,802	29,946	1,333	8,818	31,263	40,081	4,060	1985	11/16/2018
Cocoa Commons	Cocoa, FL	—	4,838	8,247	726	4,851	8,960	13,811	1,901	1986	11/16/2018
Hamilton Mill Village	Dacula, GA	—	7,059	9,734	415	7,110	10,098	17,208	1,757	1996	11/16/2018
Sheffield Crossing	Sheffield Village, OH	—	8,841	10,232	312	9,026	10,359	19,385	2,094	1989	11/16/2018
The Shoppes at Windmill Place	Batavia, IL	—	8,186	16,005	407	8,234	16,364	24,598	2,728	1991/1997	11/16/2018
Stone Gate Plaza	Crowley, TX	7,027	5,261	7,007	1,102	5,269	8,101	13,370	1,278	2003	11/16/2018
Everybody's Plaza	Cheshire, CT	—	2,520	10,096	290	2,556	10,350	12,906	1,437	1960/2005	11/16/2018
Lakewood City Center	Lakewood, OH	—	1,593	10,308	299	1,651	10,549	12,200	1,378	1991	11/16/2018
Carriagetown Marketplace	Amesbury, MA	—	7,084	15,492	723	7,092	16,207	23,299	2,682	2000	11/16/2018
Crossroads of Shakopee	Shakopee, MN	—	8,869	20,320	1,044	9,025	21,208	30,233	3,768	1998	11/16/2018
Broadway Pavilion	Santa Maria, CA	—	8,512	20,427	358	8,533	20,764	29,297	3,198	1987	11/16/2018
Sanibel Beach Place	Fort Myers, FL	—	3,918	7,043	678	4,035	7,604	11,639	1,489	2003	11/16/2018
Shoppes at Glen Lakes	Weeki Wachee, FL	—	3,118	7,473	510	3,186	7,915	11,101	1,331	2008	11/16/2018
Bartow Marketplace	Cartersville, GA	19,305	11,944	24,610	457	12,058	24,953	37,011	5,469	1995	11/16/2018
Bloomingdale Hills	Riverview, FL	—	4,384	5,179	367	4,437	5,493	9,930	1,308	2002/2012	11/16/2018
University Plaza	Amherst, NY	—	6,402	9,800	850	6,410	10,642	17,052	2,912	1980/1999	11/16/2018
McKinney Market Street	McKinney, TX	1,612	10,941	16,061	1,581	11,002	17,581	28,583	3,028	2003	11/16/2018
Montville Commons	Montville, CT	—	12,417	11,091	519	12,474	11,553	24,027	2,586	2007	11/16/2018
Shaw's Plaza Raynham	Raynham, MA	—	8,378	26,829	1,037	8,419	27,825	36,244	4,520	1965/1998	11/16/2018
Suntree Square	Southlake, TX	8,798	6,335	15,642	535	6,366	16,146	22,512	2,386	2000	11/16/2018
Green Valley Plaza	Henderson, NV	—	7,284	16,879	303	7,355	17,111	24,466	2,648	1978/1982	11/16/2018
Crosscreek Village	St. Cloud, FL	—	3,821	9,604	499	3,901	10,023	13,924	1,632	2008	11/16/2018
Market Walk	Savannah, GA	—	20,679	31,836	2,717	20,763	34,469	55,232	5,098	2014/2015	11/16/2018
Livonia Plaza	Livonia, MI	—	4,118	17,037	204	4,156	17,203	21,359	2,758	1988	11/16/2018
Franklin Centre	Franklin, WI	—	6,353	5,482	462	6,401	5,896	12,297	2,230	1994/2009	11/16/2018
Plaza 23	Pompton Plains, NJ	—	11,412	40,144	4,861	11,762	44,655	56,417	5,482	1963/1997	11/16/2018

SCHEDULE III—REAL ESTATE ASSETS AND ACCUMULATED DEPRECIATION
December 31, 2021
(in thousands)

Property Name	City, State	Encumbrances[1]	Initial Cost		Costs Capitalized Subsequent to Acquisition[2]	Gross Amount Carried at End of Period[3]			Accumulated Depreciation	Date Constructed/ Renovated	Date Acquired
			Land and Improvements	Buildings and Improvements		Land and Improvements	Buildings and Improvements	Total			
Shorewood Crossing	Shorewood, IL	—	9,468	20,993	2,631	9,608	23,484	33,092	3,791	2001	11/16/2018
Herndon Place	Fresno, CA	—	7,148	10,071	(804)	6,808	9,607	16,415	1,348	2005	11/16/2018
Windmill Marketplace	Clovis, CA	—	2,775	7,299	(317)	2,796	6,961	9,757	647	2001	11/16/2018
Riverlakes Village	Bakersfield, CA	—	8,567	15,242	1,015	8,649	16,175	24,824	2,289	1997	11/16/2018
Evans Towne Centre	Evans, GA	—	4,018	7,013	292	4,127	7,196	11,323	1,369	1995	11/16/2018
Mansfield Market Center	Mansfield, TX	—	4,672	13,154	345	4,702	13,469	18,171	1,843	2015	11/16/2018
Ormond Beach Mall	Ormond Beach, FL	—	4,954	7,006	872	5,039	7,793	12,832	1,516	1967/2010	11/16/2018
Heritage Plaza	Carol Stream, IL	8,886	6,205	16,507	362	6,259	16,815	23,074	2,551	1988	11/16/2018
Mountain Crossing	Dacula, GA	3,433	6,602	6,835	260	6,683	7,014	13,697	1,328	1997	11/16/2018
Seville Commons	Arlington, TX	—	4,689	12,602	894	4,845	13,340	18,185	2,003	1987	11/16/2018
Cinco Ranch at Market Center	Katy, TX	—	5,553	14,063	549	5,739	14,426	20,165	2,021	2007/2008	12/12/2018
Naperville Crossings	Naperville, IL	25,380	15,766	30,881	3,961	16,421	34,187	50,608	4,698	2007/2016	4/26/2019
Orange Grove Shopping Center	North Fort Myers, FL	—	2,637	7,340	414	2,961	7,430	10,391	933	1999	10/31/2019
Sudbury Crossing	Sudbury, MA	—	6,483	12,933	439	6,504	13,351	19,855	1,331	1984	10/31/2019
Ashburn Farm Market Center	Ashburn, VA	—	14,035	16,648	295	14,049	16,929	30,978	1,730	2000	10/31/2019
Del Paso Marketplace	Sacramento, CA	—	5,722	12,242	719	6,105	12,578	18,683	1,250	2006	12/12/2019
Hickory Flat Commons	Canton, GA	—	6,976	11,786	975	7,249	12,488	19,737	1,101	2008	8/17/2020
Roxborough Marketplace	Littleton, CO	—	4,105	12,668	1,201	4,688	13,286	17,974	833	2005	10/5/2020
Cinco Ranch Station II	Katy, TX	—	1,045	—	210	1,045	210	1,255	—	N/A	1/26/2021
West Village Center	Chanhassen, MN	—	10,860	11,281	676	11,031	11,786	22,817	618	1994	2/4/2021
Hickory Creek Plaza	Denton, TX	—	5,370	2,710	200	5,506	2,774	8,280	165	2007	2/25/2021
Hickory Creek Plaza Outparcel	Denton, TX	—	5,506	—	—	5,506	—	5,506	—	2008	2/25/2021
Foxridge Plaza	Centennial, CO	—	3,740	11,637	515	4,003	11,889	15,892	223	1983	8/20/2021
Valrico Commons	Valrico, FL	—	7,522	26,486	786	8,073	26,721	34,794	431	1986/2011	8/25/2021
Market Place at Pabst Farms	Oconomowoc, WI	—	5,648	17,199	86	5,715	17,218	22,933	235	2005	10/13/2021
Arapahoe Marketplace	Greenwood Village, CO	—	13,779	49,321	595	13,779	49,916	63,695	483	1977/1989	10/19/2021
Loganville Town Center	Loganville, GA	—	5,309	7,919	424	5,413	8,239	13,652	1,407	1997	11/5/2021
Town & Country Village	Sacramento, CA	—	21,895	35,791	81	21,894	35,873	57,767	277	1950/2004	11/12/2021
Sprouts Plaza	Las Vegas, NV	—	5,104	22,621	10	5,104	22,631	27,735	76	1995/2019	12/3/2021
Rainbow Plaza	Las Vegas, NV	—	7,158	30,170	12	7,158	30,182	37,340	101	1989/2019	12/3/2021
Northlake Station LLC[5]	Cincinnati, OH	7,902	2,327	11,805	790	2,537	12,385	14,922	2,251	1985	10/6/2006
Corporate Adjustments[6]		—	6	2,733	(6,138)	(2,099)	(1,300)	(3,399)	247		
Totals		$608,316	$1,536,068	$3,139,119	$267,239	$1,586,993	$3,355,433	$4,942,426	$834,123		

(1) Encumbrances do not include our finance leases.

(2) Reductions to costs capitalized subsequent to acquisition are generally attributable to parcels/outparcels sold, impairments, and assets held-for-sale.

(3) The aggregate basis of properties for federal income tax purposes is approximately $4.8 billion at December 31, 2021.

(4) The main shopping center at this location was sold and we currently only own an outparcel.

(5) Amounts consist of corporate building and land.

(6) Amounts consist of elimination of intercompany construction management fees charged by the property manager to the real estate assets.

Reconciliation of real estate assets at cost:

	2021	2020
Balance at January 1	$ 4,787,348	$ 4,749,324
Additions during the year:		
Real estate acquisitions	298,084	39,879
Net additions to/improvements of real estate	74,767	57,700
Deductions during the year:		
Real estate dispositions	(203,976)	(54,188)
Impairment of real estate	(12,332)	(5,367)
Real estate held for sale	(1,465)	—
Balance at December 31	$ 4,942,426	$ 4,787,348

Reconciliation of accumulated depreciation:

	2021	2020
Balance at January 1	$ 695,591	$ 526,309
Additions during the year:		
Depreciation expense	177,734	177,860
Deductions during the year:		
Accumulated depreciation of real estate dispositions	(33,429)	(5,568)
Impairment of real estate	(5,750)	(3,010)
Accumulated depreciation of real estate held for sale	(23)	—
Balance at December 31	$ 834,123	$ 695,591

* * * * *

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized this 16th day of February 2022.

PHILLIPS EDISON & COMPANY, INC.

By: /s/ JEFFREY S. EDISON
Jeffrey S. Edison
Chairman of the Board and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ JEFFREY S. EDISON **Jeffrey S. Edison**	Chairman of the Board and Chief Executive Officer (Principal Executive Officer)	February 16, 2022
/s/ JOHN P. CAULFIELD **John P. Caulfield**	Executive Vice President, Chief Financial Officer, and Treasurer (Principal Financial Officer)	February 16, 2022
/s/ JENNIFER L. ROBISON **Jennifer L. Robison**	Senior Vice President and Chief Accounting Officer (Principal Accounting Officer)	February 16, 2022
/s/ LESLIE T. CHAO **Leslie T. Chao**	Director	February 16, 2022
/s/ ELIZABETH FISCHER **Elizabeth Fischer**	Director	February 16, 2022
/s/ PAUL J. MASSEY, JR. **Paul J. Massey, Jr.**	Director	February 16, 2022
/s/ STEPHEN R. QUAZZO **Stephen R. Quazzo**	Director	February 16, 2022
/s/ JANE SILFEN **Jane Silfen**	Director	February 16, 2022
/s/ JOHN A. STRONG **John A. Strong**	Director	February 16, 2022
/s/ GREGORY S. WOOD **Gregory S. Wood**	Director	February 16, 2022

FIRST AMENDMENT TO CREDIT AGREEMENT

THIS FIRST AMENDMENT TO CREDIT AGREEMENT, dated as of November 16, 2018 (this "Amendment"), is entered into among Phillips Edison Grocery Center Operating Partnership I, L.P., a Delaware limited partnership (the "Borrower"), Phillips Edison & Company, Inc. (f/k/a Phillips Edison Grocery Center REIT I, Inc.), a Maryland corporation (the "Parent Entity"), the Lenders party hereto and Wells Fargo Bank, National Association, as Administrative Agent (in such capacity, the "Administrative Agent").

RECITALS

A. The Borrower, the Parent Entity, the Lenders and the Administrative Agent entered into that certain Credit Agreement, dated as of October 4, 2017 (as amended, restated, extended, supplemented or otherwise modified in writing from time to time, the "Existing Credit Agreement").

B. The Borrower has requested that the Required Lenders agree to make certain amendments to the Existing Credit Agreement.

C. The Borrower has requested that the Existing Credit Agreement be amended to provide for the matters referred to above and that, as so amended, the Existing Credit Agreement for ease of reference be restated (after giving effect to this Amendment) in the form of Appendix A hereto.

D. In consideration of the agreements hereinafter set forth, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows.

AGREEMENT

1. Defined Terms. Capitalized terms used but not otherwise defined herein have the meanings assigned to them in the Amended Credit Agreement (as defined below), as the context may require.

2. Amendment. Effective as of the date hereof (the "First Amendment Closing Date"), the Existing Credit Agreement is hereby amended by this Amendment and for ease of reference restated (after giving effect to this Amendment) in the form of Appendix A hereto (the Existing Credit Agreement, as so amended by this Amendment, being referred to as the "Amended Credit Agreement").

3. Effectiveness; Conditions Precedent. This Amendment shall be effective as of the date hereof when all of the conditions set forth in this Section 3 shall have been satisfied in form and substance satisfactory to the Administrative Agent.

(a) Execution and Delivery of Agreement. The Administrative Agent shall have received copies of this Amendment duly executed by the Borrower, the Parent Entity, as Guarantor, the Required Lenders under the Existing Credit Agreement, and the Administrative Agent.

(b) Opinions of Counsel. Receipt by the Administrative Agent of customary opinions of legal counsel to the Loan Parties, addressed to the Administrative Agent and each Lender,

dated as of the date hereof, and in form and substance reasonably satisfactory to the Administrative Agent.

(c) Organization Documents, Resolutions, Etc. Receipt by the Administrative Agent of such certificates of resolutions or other action, incumbency certificates and/or other certificates of Responsible Officers of each Loan Party as the Administrative Agent may require evidencing the identity, authority and capacity of each Responsible Officer thereof authorized to act as a Responsible Officer in connection with this Amendment and the other Loan Documents to which such Loan Party is a party.

(d) Closing Certificate. Receipt by the Administrative Agent of a duly completed closing certificate setting forth such matters as reasonably requested by the Administrative Agent.

(e) Termination of Existing Debt. Receipt by the Administrative Agent of evidence that prior to or concurrently with the Closing Date: (i) the Borrower, the Parent Entity, the guarantors party thereto, the lenders party thereto and Bank of America, N.A., as administrative agent, swing line lender and letter of credit issuer and the other swing line lenders and letter of credit issuers party thereto entered into an Amended and Restated Credit Agreement providing for, among other things, the payment in full of the A-1 Term Loan and the A-2 Term Loan thereunder and (ii) an amendment to the Credit Agreement, dated as of July 2, 2014 (as amended from time to time), among the Borrower (by assumption from Phillips Edison Grocery Center Operating Partnership II, L.P.), the Parent Entity (by assumption from Phillips Edison Grocery Center REIT II Inc.), the guarantors party thereto, the lenders party thereto and Key Bank, National Association, as administrative agent, has been entered into providing for, among other things, the termination of the revolving commitments thereunder and the payment in full of all amounts owing with respect thereto and the payment in full of the Term Loan A-1 thereunder.

(f) Know Your Customer Requirements. The Lenders shall have completed a due diligence investigation of the Loan Parties, in scope, and with results, reasonably satisfactory to the Lender, including, OFAC, the United States Foreign Corrupt Practices Act of 1977 and “know your customer” due diligence. Upon the reasonable request of any Lender, each Loan Party shall have provided to such Lender the documentation and other information regarding itself and any other Person so reasonably requested in connection with applicable “know your customer” and anti-money-laundering rules and regulations, including the Patriot Act, in each case at least five days prior to the Closing Date. At least five days prior to the date of this Amendment, if the Borrower qualifies as a “legal entity customer” under the Beneficial Ownership Regulation, it shall deliver a Beneficial Ownership Certification in relation to the Borrower.

(g) Fees/Expenses. The Borrower shall have paid all fees and expenses, if any, owed by the Borrower to the Administrative Agent, its counsel or any Lender.

4. Ratification of Credit Agreement. Each of the Loan Parties acknowledges and consents to the terms set forth herein and agrees that this Amendment does not impair, reduce or limit any of its obligations under the Loan Documents as amended hereby.

5. Representations and Warranties. Each of the Loan Parties represents and warrants to the Lenders as follows:

(a) It has taken all necessary action to authorize the execution, delivery and performance of this Amendment;

(b) This Amendment has been duly executed and delivered by such Person and constitutes such Person's legal, valid and binding obligations, enforceable in accordance with its

terms, except as such enforceability may be limited by bankruptcy, insolvency or similar laws affecting creditor's rights generally;

(c) No material consent, approval, authorization or order of, or filing, registration or qualification with, any court or governmental authority or third party is required in connection with the execution, delivery or performance by such Person of this Amendment;

(d) The execution and delivery of this Amendment does not (i) violate, contravene or conflict with any provision of such Person's Organization Documents or (ii) violate, contravene or conflict with any Laws applicable to such Person except, in the case referred to in this clause (ii), to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect;

(e) After giving effect to this Amendment, the representations and warranties of the Borrower and each other Loan Party set forth in Article VI of the Amended Credit Agreement and the other Loan Documents are true and correct in all material respects (unless already qualified by materiality or Material Adverse Effect, in which case they shall be true and correct in all respects) as of the date hereof, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they shall be true and correct in all material respects (unless already qualified by materiality or Material Adverse Effect, in which case they shall be true and correct in all respects) as of such earlier date, and except that for purposes of this Section 4, the representations and warranties contained in subsections (a) and (b) of Section 6.05 of the Amended Credit Agreement shall be deemed to refer to the most recent statements furnished pursuant to clauses (a) and (b), respectively, of Section 7.01 of the Amended Credit Agreement; and

(f) After giving effect to this Amendment, no Default exists.

6. Counterparts/PDF. This Amendment may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. Delivery of an executed counterpart of a signature page of this Amendment by electronic imaging means (e.g. "pdf" or "tif") shall be effective as delivery of a manually executed counterpart of this Amendment.

7. GOVERNING LAW. THIS AMENDMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

8. Reference to and Effect on Credit Agreement. Except as specifically modified herein, the Existing Credit Agreement and the other Loan Documents shall remain in full force and effect and are each hereby ratified and confirmed. This Amendment shall be considered a Loan Document from and after the date hereof. The Loan Parties intend for the amendments to the Loan Documents set forth herein to evidence an amendment to the terms of the existing indebtedness of the Loan Parties to the Administrative Agent and the Lenders and do not intend for such amendments to constitute a novation in any manner whatsoever.

[remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed as of the date first above written.

BORROWER: PHILLIPS EDISON GROCERY CENTER OPERATING PARTNERSHIP I, L.P.,
a Delaware limited partnership

By: Phillips Edison Grocery Center OP GP I LLC,
a Delaware limited liability company,
its General Partner

By: /s/ Robert F. Myers
Name: Robert F. Myers
Title: Vice President

PARENT ENTITY: PHILLIPS EDISON & COMPANY, INC.,
(f/k/a Phillips Edison Grocery Center REIT I, Inc.), a Maryland corporation

By: /s/ Robert F. Myers
Name: Robert F. Myers
Title: Vice President

ADMINISTRATIVE AGENT:

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Administrative Agent

By: /s/ Scott S. Solis
Name: Scott S. Solis
Title: Managing Director

LENDERS: **WELLS FARGO BANK, NATIONAL ASSOCIATION**

By: /s/ Scott S. Solis
Name: Scott S. Solis
Title: Managing Director

BANK OF AMERICA, N.A.

By: /s/ Gary J. Katunas
Name: Gary J. Katunas
Title: Senior Vice President

KEYBANK NATIONAL ASSOCIATION

By: /s/ Michael P. Szuba
Name: Michael P. Szuba
Title: Vice President

PNC BANK, NATIONAL ASSOCIATION

By: /s/ Brian B. Fagan
Name: Brian B. Fagan
Title: Senior Vice President

JPMORGAN CHASE BANK, N.A.

By: /s/ Paul Choi
Name: Paul Choi
Title: Authorized Officer

U.S. BANK NATIONAL ASSOCIATION

By: /s/ Curt M. Steiner
Name: Curt M. Steiner
Title: Senior Vice President

CITIBANK, N.A.

By: /s/ David Bouton
Name: David Bouton
Title: Managing Director

REGIONS BANK

By: /s/ C. Vincent Hughes, Jr.
Name: C. Vincent Hughes, Jr.
Title: Vice President

ROYAL BANK OF CANADA

By: /s/ Sheena Lee
Name: Sheena Lee
Title: Authorized Signatory

BRANCH BANKING AND TRUST COMPANY

By: /s/ Ken Blackwell
Name: Ken Blackwell
Title: Senior Vice President

CREDIT AGREEMENT

Dated as of October 4, 2017

among

PHILLIPS EDISON GROCERY CENTER OPERATING PARTNERSHIP I, L.P.
as the Borrower,

PHILLIPS EDISON & COMPANY, INC.
(f/k/a PHILLIPS EDISON GROCERY CENTER REIT I, INC.)
as the Parent Entity

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Administrative Agent,

PNC BANK, NATIONAL ASSOCIATION,
BANK OF AMERICA, N.A.
and
JPMORGAN CHASE BANK, N.A.
as Co-Syndication Agents,

KEYBANK NATIONAL ASSOCIATION,
REGIONS BANK,
U.S. BANK, NATIONAL ASSOCIATION
and
CITIBANK, N.A.,
as Co-Documentation Agents

and

THE OTHER LENDERS PARTY HERETO

WELLS FARGO SECURITIES LLC, PNC CAPITAL MARKETS LLC,
MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED
and
JPMORGAN CHASE BANK, N.A.
as Joint Lead Arrangers
and

WELLS FARGO SECURITIES, LLC
and PNC CAPITAL MARKETS LLC,
as Joint Bookrunners

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CREDIT AGREEMENT

This CREDIT AGREEMENT is entered into as of October 4, 2017 among PHILLIPS EDISON GROCERY CENTER OPERATING PARTNERSHIP I, L.P., a Delaware limited partnership (the "Borrower"), PHILLIPS EDISON & COMPANY, INC. (f/k/a PHILLIPS EDISON GROCERY CENTER REIT I, INC.) (or its successors as permitted hereunder), the other Guarantors (defined herein), the Lenders (defined herein) and WELLS FARGO BANK, NATIONAL ASSOCIATION, as Administrative Agent.

The Borrower has requested that the Lenders provide a term loan credit facility in an initial aggregate principal amount of $375,000,000 for the purposes set forth herein, and the Lenders are willing to do so on the terms and conditions set forth herein.

In consideration of the mutual covenants and agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I

DEFINITIONS AND ACCOUNTING TERMS

1.01 Defined Terms.

As used in this Agreement, the following terms shall have the meanings set forth below:

"Adjusted EBITDA" means (i) Consolidated EBITDA for the most recently ended period of four fiscal quarters minus (ii) the aggregate Annual Capital Expenditure Adjustment.

"Administrative Agent" means Wells Fargo in its capacity as administrative agent under any of the Loan Documents, or any successor administrative agent.

"Administrative Agent's Office" means the Administrative Agent's address and, as appropriate, account as set forth on Schedule 11.02 or such other address or account as the Administrative Agent may from time to time notify the Borrower and the Lenders.

"Administrative Questionnaire" means an Administrative Questionnaire in a form supplied by the Administrative Agent.

"Affiliate" means, with respect to a specified Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified.

"Agreement" means this Credit Agreement.

"Annual Capital Expenditure Adjustment" means, for any retail Property, an amount equal to the product of (a) $0.15 multiplied by (b) the aggregate net rentable area (determined on a square feet basis) of all such Properties.

"Anti-Money Laundering Laws" has the meaning set forth in Section 6.21.

"Applicable Percentage" means with respect to any Lender at any time, (a) with respect to such Lender's portion of the outstanding Term Loan A-1, the percentage of the outstanding principal amount of the Term Loan A-1 held by such Lender at such time and (b) with respect to such Lender's portion of the outstanding amount of any Incremental Term Loan, the percentage of the outstanding principal amount of such Incremental Term Loan held by such Lender at such time. The initial Applicable Percentage of each Lender in respect of the Term Loan A-1 is set forth opposite the name of such Lender on Schedule 2.01 or in the Assignment and Assumption or other agreement pursuant to which such Lender becomes a party hereto, as applicable.

"Applicable Rate" means:

(a) subject to clause (b) below, the applicable rate per annum set forth in the table below opposite the Leverage Ratio, as determined as of the last day of the immediately preceding fiscal quarter..

Pricing Level	Leverage Ratio	Applicable Rate for Eurodollar Rate Loans/ LIBOR Daily Floating Rate Loans	Applicable Rate for Base Rate Loans
1	≤ 40%	1.25%	0.25%
2	> 40% - ≤ 45%	1.30%	0.30%
3	> 45% - ≤ 50%	1.45%	0.45%
4	> 50% - ≤ 55%	1.60%	0.60%
5	> 55% - ≤ 60%	1.85%	0.85%
6	> 60%	2.05%	1.05%

Any increase or decrease in the Applicable Rate resulting from a change in the Leverage Ratio shall become effective as of the first Business Day immediately following the date a Compliance Certificate is delivered pursuant to Section 7.02(a); provided, however, that if a Compliance Certificate is not delivered when due in accordance with such Section 7.02(a), then, upon the request of the Required Lenders, Pricing Tier 6 shall apply as of the first Business Day after the date on which such Compliance Certificate was required to have been delivered and shall continue to apply until the first Business Day immediately following the date a Compliance Certificate is delivered in accordance with Section 7.02(a), whereupon the Applicable Rate shall be adjusted based upon the calculation of the Leverage Ratio contained in such Compliance Certificate; and provided further, that the Applicable Rate for any Incremental Term Loan shall be set forth in the relevant Incremental Term Loan Agreement. The Applicable Rate in effect from the Closing Date to the first Business Day immediately following the date a Compliance Certificate is delivered pursuant to Section 7.02(a) for the fiscal quarter ending September 30, 2017 shall be determined based on Pricing Level 2. Notwithstanding anything to the contrary contained in this clause (a), the determination of the Applicable Rate under this clause (a) for any period shall be subject to the provisions of Section 2.10(b).

(b) If the Parent Entity obtains an Investment Grade Rating, the Borrower may, upon written notice to the Administrative Agent, make an irrevocable one time written election to exclusively use the below table based on the Debt Rating of the Parent Entity (setting forth the date for such election to be effective), and thereafter the Applicable Rate shall be determined based on the applicable rate per annum set forth in the below table notwithstanding any failure of the Parent Entity to maintain an Investment Grade Rating or any failure of Parent Entity to maintain a Debt Rating.

Pricing Level	Debt Rating of Parent Entity	Applicable Rate for Eurodollar Rate Loans/LIBOR Daily Floating Rate Loans	Applicable Rate for Base Rate Loans
1	≥ A-/ A-/A3	0.850%	N/A
2	< A-/ A-/A3 ≥ BBB+ / BBB+ Baa1	0.900%	N/A
3	< BBB+ / BBB+ Baa1 ≥ BBB / BBB / Baa2	1.00%	N/A
4	< BBB / BBB / Baa2 ≥ BBB- / BBB- / Baa3	1.25%	0.25%
5	< BBB- / BBB- / Baa3 or unrated	1.65%	0.65%

Each change in the Applicable Rate resulting from a change in the Debt Rating of the Parent Entity shall be effective for the period commencing on the effective date of such change and ending on the date immediately preceding the effective date of the next such change. Notwithstanding the above, after making the one time election described herein, (i) if at any time there are two ratings and there is a split in such Debt Ratings of the Parent Entity, and the Debt Ratings differ by one level, then the Pricing Level for the higher of such Debt Ratings shall apply (with the Debt Rating for Pricing Level 1 being the highest and the Debt Rating for Pricing Level 5 being the lowest); (ii) if there are two ratings and there is a split in Debt Ratings of the Parent Entity of more than one level, then the Pricing Level that is one level lower than the Pricing Level of the higher Debt Rating shall apply; (iii) if the Parent Entity has only one Debt Rating, such Debt Rating shall apply; provided, that, if the only Debt Rating is from Fitch, pricing shall be set at Pricing Level 5; (iv) if there are three ratings, but two ratings are at the same level, then the Pricing Level for those two Debt Ratings shall apply; (v) if there are three ratings and each rating is at a different level, the Pricing Level for the middle Debt Rating shall apply; and (vi) if S&P, Moody's and Fitch discontinue their ratings of the REIT industry generally or the Parent Entity specifically (so long as the reason for such discontinuance is not the Parent Entity's non-payment for the services of S&P, Moody's and Fitch), (A) for the period from such discontinuance until the earlier of (x) ninety days after such discontinuance and (y) the date the Parent Entity receives a rating from another substitute rating agency reasonably acceptable to the Administrative Agent, the Pricing Level in effect immediately prior to such discontinuance shall apply, (B) if no such substitute rating agency reasonably acceptable to the Administrative Agent has been identified and accepted by the Administrative Agent within 90 days of such discontinuance, Pricing Level 5 under this subsection (b) shall apply and (C) if the Parent Entity receives a substitute rating from a rating agency reasonably acceptable to the Administrative Agent, the above pricing grid will be adjusted upon the receipt of such new rating from such new rating agency in a manner that the Pricing Levels based on such new rating most closely correspond to the above ratings levels.

"Approved Fund" means any Fund that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers or manages a Lender.

"Arranger Fee Letters" means (a) that certain fee letter, dated as of the Closing Date, among the Borrower, PNC Bank, National Association and PNCCM, (b) that certain fee letter, dated as of the Closing Date, among the Borrower, Bank of America, N.A. and Merrill Lynch, Pierce, Fenner & Smith Incorporated and (c) that certain fee letter, dated as of the Closing Date, between the Borrower and JPMorgan Chase Bank, N.A.

"Arrangers" means Wells Fargo Securities, PNCCM, Merrill Lynch, Pierce, Fenner & Smith Incorporated and JPMorgan Chase Bank, N.A.

"Assignment and Assumption" means an assignment and assumption entered into by a Lender and an Eligible Assignee (with the consent of any party whose consent is required by Section 11.06(b)), and accepted by the Administrative Agent, in substantially the form of Exhibit E or any other form (including electronic documentation generated by MarkitClear or other electronic platform) approved by the Administrative Agent.

"Attributable Indebtedness" means, on any date, (a) in respect of any Capitalized Lease Obligations of any Person, the capitalized amount thereof that would appear on a balance sheet of such Person prepared as of such date in accordance with GAAP and (b) in respect of any Synthetic Lease Obligations of any Person, the capitalized amount of the remaining lease payments under the relevant lease that would appear on a balance sheet of such Person prepared as of such date in accordance with GAAP if such lease were accounted for as a Capitalized Lease Obligations.

"Audited Financial Statements" means the audited consolidated balance sheet of the Consolidated Group for the fiscal year ended December 31, 2016, and the related consolidated statements of income or operations, shareholders' equity and cash flows for such fiscal year of the Consolidated Group, including the notes thereto, audited by independent public accountants of recognized national standing and prepared in conformity with GAAP.

"Availability Period" means the period commencing on the Closing Date to the earliest of (a) the date six (6) months following the Closing Date, (b) the date all of the Delayed Draw Term Loan A-1 Commitments have been drawn, (c) the date of termination of the Delayed Draw Term Loan A-1 Commitments pursuant to Section 2.06 and (d) the date of termination of the commitment of each Lender to make Loans pursuant to Section 9.02.

"Bail-In Action" means the exercise of any Write-Down and Conversion Powers by the applicable EEA Resolution Authority in respect of any liability of an EEA Financial Institution.

"Bail-In Legislation" means, with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule.

"Balance Sheet Cash" means all unrestricted cash and Cash Equivalents set forth on the balance sheet of the Consolidated Group, as determined in accordance with GAAP.

"BAML Agreement" means that certain Amended and Restated Credit Agreement dated as of November 16, 2018 among the Borrower, the Parent Entity, the other guarantors party thereto, the lenders party thereto and Bank of America, N.A. as administrative agent, as such agreement is amended, modified, restated or replaced from time to time.

"Base Rate" means for any day a fluctuating rate per annum equal to the highest of (a) the Federal Funds Rate plus 0.50%, (b) the rate of interest in effect for such day as publicly announced from time to time by the Administrative Agent as its "prime rate" and (c) the Eurodollar Rate plus 1.00%; provided that if the Base Rate shall be less than zero, such rate shall be deemed to be zero for purposes of this Agreement. The "prime rate" is a rate set by the Administrative Agent based upon various factors including the Administrative Agent's costs and desired return, general economic conditions and other factors, and is used as a reference point for pricing some loans, which may be priced at, above, or below such announced rate, and such announced rate is an index or base rate and shall not necessarily be its lowest or best rate charged to its customers or other banks. Any change in the "prime rate" announced by the Administrative Agent shall take effect at the opening of business on the day specified in the public

announcement of such change. If the Base Rate is being used as an alternate rate of interest pursuant to Section 3.03 hereof, then the Base Rate shall be the greater of clauses (a) and (b) above and shall be determined without reference to clause (c) above.

"Base Rate Loan" means a Loan that bears interest based on the Base Rate.

"Beneficial Ownership Certification" means a certification regarding beneficial ownership required by the Beneficial Ownership Regulation.

"Beneficial Ownership Regulation" means 31 C.F.R. § 1010.230.

"Benefit Plan" means any of (a) an "employee benefit plan" (as defined in ERISA) that is subject to Title I of ERISA, (b) a "plan" as defined in and subject to Section 4975 of the Code or (c) any Person whose assets include (for purposes of ERISA Section 3(42) or otherwise for purposes of Title I of ERISA or Section 4975 of the Code) the assets of any such "employee benefit plan" or "plan."

"Borrower" has the meaning specified in the introductory paragraph hereto.

"Borrower Materials" has the meaning specified in Section 7.02.

"Borrowing" means a Term Borrowing.

"Business Day" means any day other than a Saturday, Sunday or other day on which commercial banks are authorized to close under the Laws of, or are in fact closed in, the state where the Administrative Agent's Office is located and, if such day relates to any Eurodollar Rate Loan, means any such day that is also a London Banking Day.

"Capitalization Rate" means six and three quarters percent (6.75%).

"Capitalized Lease Obligation" means the monetary obligation of a Person under any lease of any property by such Person as lessee which would, in accordance with GAAP, be required to be accounted for as a capital lease on the balance sheet of such Person.

"Cash Equivalents" means, as at any date, (a) securities issued or directly and fully guaranteed or insured by the United States or any agency or instrumentality thereof (provided that the full faith and credit of the United States is pledged in support thereof) having maturities of not more than twelve months from the date of acquisition, (b) Dollar denominated time deposits and certificates of deposit of (i) any Lender, (ii) any domestic commercial bank of recognized standing having capital and surplus in excess of $500,000,000 or (iii) any bank whose short-term commercial paper rating from S&P is at least A-1 or the equivalent thereof or from Moody's is at least P-1 or the equivalent thereof (any such bank being an "Approved Bank"), in each case with maturities of not more than 270 days from the date of acquisition, (c) commercial paper and variable or fixed rate notes issued by any Approved Bank (or by the parent company thereof) or any variable rate notes issued by, or guaranteed by, any domestic corporation rated A-1 (or the equivalent thereof) or better by S&P or P-1 (or the equivalent thereof) or better by Moody's and maturing within six months of the date of acquisition, (d) repurchase agreements entered into by any Person with a bank or trust company (including any of the Lenders) or recognized securities dealer having capital and surplus in excess of $500,000,000 for direct obligations issued by or fully guaranteed by the United States in which such Person shall have a perfected first priority security interest (subject to no other Liens) and having, on the date of purchase thereof, a fair market value of at least 100% of the amount of the repurchase obligations and (e) investments, classified in accordance with GAAP as current assets, in money market investment programs registered under the Investment Company Act of 1940 which are administered by reputable financial institutions having capital of at least $500,000,000 and the portfolios of which are limited to investments of the character described in the foregoing subdivisions (a) through (d).

"Change in Law" means the occurrence, after the date of this Agreement, of any of the following: (a) the adoption or taking effect of any law, rule, regulation or treaty, (b) any change in any law, rule, regulation or treaty or in the administration, interpretation, implementation or application thereof by any Governmental Authority or (c) the making or issuance of any request, rule, guideline or directive (whether or not having the force of law) by any Governmental Authority; provided, that, notwithstanding anything herein to the contrary, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith or in the implementation thereof and (y) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a "Change in Law", regardless of the date enacted, adopted, issued or implemented.

"Change of Control" means the occurrence of any of the following events:

(a) any "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, but excluding the Key Principals, their respective immediate family members, Affiliates, or trusts or entities for the benefit of, or directly or indirectly controlled by, the Key Principals or their respective immediate family members and any employee benefit plan of such person or its subsidiaries, and any person or entity acting in its capacity as trustee, agent or other fiduciary or administrator of any such plan), is or becomes the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Securities Exchange Act of 1934, except that a person or group shall be deemed to have "beneficial ownership" of all securities that such person or group has the right to acquire (such right, an "option right"), whether such right is exercisable immediately or only after the passage of time), directly or indirectly, of 40% of the Equity Interests of the Parent Entity entitled to vote for members of the board of directors or equivalent governing body of the Parent Entity on a fully diluted basis (and taking into account all such securities that such person or group has the right to acquire pursuant to any option right);

(b) during any period of 12 consecutive months, a majority of the members of the board of directors or other equivalent governing body of the Parent Entity cease to be composed of individuals (i) who were members of that board or equivalent governing body on the first day of such period, (ii) whose election or nomination to that board or equivalent governing body was approved by individuals referred to in clause (i) above constituting at the time of such election or nomination at least a majority of that board or equivalent governing body or (iii) whose election or nomination to that board or other equivalent governing body was approved by individuals referred to in clauses (i) and (ii) above constituting at the time of such election or nomination at least a majority of that board or equivalent governing body (including, without limitation, each replacement for any such members resulting from (1) the death or incapacity of any such member and/or (2) the resignation or removal of any such member or any such member's refusal to stand or failure to be nominated for re-election to the board or other equivalent governing body);

(c) the Parent Entity (i) ceases to own, directly or indirectly, a majority of the Voting Stock and economic and beneficial interests of the Borrower, or (ii) ceases to be the sole owner of the General Partner; or

(d) the General Partner ceases to be the sole general partner of the Borrower.

"Closing Date" means the date of this Agreement.

"Closing Date Term Loan A-1 Commitment" has the meaning specified in the definition of "Term Loan A-1 Commitment".

"Closing Date Material Adverse Effect" means any event or circumstance, either individually or in the aggregate, that has had or could reasonably be expected to have (A) a material adverse change in, or a material adverse effect on, the operations, business, assets, properties, liabilities (actual or contingent), or financial condition of the Consolidated Group, taken as a whole, (B) a material adverse effect on the rights and remedies of the Administrative Agent or any Lender under any Loan Document, or of the ability of the Borrower and the Guarantors taken as a whole to perform their obligations under any Loan Document, and (C) a material adverse effect upon the legality, validity, binding effect or enforceability against the Borrower or a Guarantor of any Loan Document to which it is a party.

"Commitment" means, as to each Lender, the Term Loan A-1 Commitment of such Lender and any commitment of such Lender to make an Incremental Term Loan, as applicable.

"Commodity Exchange Act" means the Commodity Exchange Act (7 U.S.C. § 1 *et seq*.) as amended or otherwise modified, and any successor statute.

"Compliance Certificate" means a certificate substantially in the form of Exhibit B.

"Connection Income Taxes" means Other Connection Taxes that are imposed on or measured by net income (however denominated) or that are franchise Taxes or branch profits Taxes.

"Consolidated EBITDA" means, for the Consolidated Group, without duplication, the sum of (a) Net Income of the Consolidated Group, in each case, excluding (i) any non-recurring, extraordinary and unusual charges, expenses, impairment, gains and losses for such period (including, without limitation, prepayment penalties and costs or fees incurred in connection with any capital markets offering, debt financing, or amendment thereto, redemption or exchange of Indebtedness, tender offer, lease termination, business combination, acquisition, exchange listing or delisting, disposition, recapitalization or similar transaction including, without limitation, pursuant to any Permitted Reorganization (regardless of whether such transaction is completed), (ii) any income or gain and any loss in each case resulting from early extinguishment of Indebtedness, (iii) any net income or gain or any loss resulting from a swap or other derivative contract (including by virtue of a termination thereof), and (iv) non-cash expenses or charges, plus (b) an amount which, in the determination of net income for such period pursuant to clause (a) above, has been deducted for or in connection with (i) Interest Expense, (ii) income taxes, (iii) depreciation and amortization, (iv) adjustments as a result of the straight lining of rents, (v) amortization of above and below market lease adjustments and market debt adjustments, (vi) amortization of tenant allowance, (vii) amortization of deferred financing costs, in each case of (i) through (vii) above, as determined in accordance with GAAP, (viii) the Unused Fee and (ix) any unused fee paid by the Borrower pursuant to the BAML Agreement and any other customary unused fees paid by the Borrower with respect to borrowed money Indebtedness, plus (c) the Consolidated Group Pro Rata Share of the above attributable to interests in Unconsolidated Affiliates.

"Consolidated Group" means the Loan Parties and their consolidated subsidiaries, as determined in accordance with GAAP.

"Consolidated Group Pro Rata Share" means, with respect to any Unconsolidated Affiliate, the percentage of the total equity ownership interests held by the Consolidated Group, in the aggregate, in such Unconsolidated Affiliate determined by calculating the greater of (a) the percentage of the issued and outstanding stock, partnership interests or membership interests in such Unconsolidated Affiliate held by the Consolidated Group in the aggregate and (b) the percentage of the total book value of such Unconsolidated Affiliate that would be received by the Consolidated Group in the aggregate, upon liquidation of such Unconsolidated Affiliate, after repayment in full of all Indebtedness of such Unconsolidated Affiliate; provided, that to the extent a given calculation includes liabilities, obligations or Indebtedness of any Unconsolidated Affiliate and the Consolidated Group, in the aggregate, is or would be liable for a portion of such liabilities, obligations or Indebtedness in a percentage in excess of

that calculated pursuant to clauses (a) and (b) above, the "Consolidated Group Pro Rata Share" with respect to such liabilities, obligations or Indebtedness shall be equal to the percentage of such liabilities, obligations or Indebtedness for which the Consolidated Group is or would be liable.

"Construction in Progress" means, as of any date, any Property then under development; provided that a Property shall no longer be included in Construction in Progress and shall be deemed to be a stabilized project upon the earlier of (a) the date on which the first rental payment for such Property is received and (b) the last day of the fiscal quarter in which the annualized Net Operating Income attributable to such Property divided by the Capitalization Rate exceeds the undepreciated book value of such Property.

"Contractual Obligation" means, as to any Person, any provision of any security issued by such Person or of any agreement, instrument or other undertaking to which such Person is a party or by which it or any of its property is bound.

"Control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. "Controlling" and "Controlled" have meanings correlative thereto. Without limiting the generality of the foregoing, a Person shall be deemed to be Controlled by another Person if such other Person possesses, directly or indirectly, power to vote 5% or more of the securities having ordinary voting power for the election of directors, managing general partners or the equivalent.

"Credit Extension" means a Borrowing.

"Debt Rating" means, as of any date of determination, the rating as determined by S&P, Moody's or Fitch of a Person's non-credit-enhanced, senior unsecured long-term debt. The Debt Rating in effect at any date is the Debt Rating that is in effect at the close of business on such date.

"Debtor Relief Laws" means the Bankruptcy Code of the United States, and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief Laws of the United States or other applicable jurisdictions from time to time in effect.

"Default" means any event or condition that constitutes an Event of Default or that, with the giving of any notice, the passage of time, or both, would be an Event of Default.

"Default Rate" means an interest rate equal to (i) the Base Rate plus (ii) the Applicable Rate, if any, applicable to Base Rate Loans plus (iii) 2% per annum; provided, however, that with respect to a Eurodollar Rate Loan, the Default Rate shall be an interest rate equal to the interest rate (including any Applicable Rate) otherwise applicable to such Loan plus 2% per annum, in each case to the fullest extent permitted by applicable Laws.

"Defaulting Lender" means, subject to Section 2.15(b), any Lender that (a) has failed to (i) fund all or any portion of its Loans within two (2) Business Days of the date such Loans were required to be funded hereunder unless such Lender notifies the Administrative Agent and the Borrower in writing that such failure is the result of such Lender's determination that one or more conditions precedent to funding (each of which conditions precedent, together with any applicable default, shall be specifically identified in such writing) has not been satisfied, or (ii) pay to the Administrative Agent or any other Lender any other amount required to be paid by it hereunder within two Business Days of the date when due, (b) has notified the Borrower or the Administrative Agent in writing that it does not intend to comply with its funding obligations hereunder, or has made a public statement to that effect (unless such writing or public statement relates to such Lender's obligation to fund a Loan hereunder and states that such position is based on such Lender's determination that a condition precedent to funding (which condition precedent, together with any applicable default, shall be specifically identified in such writing or public statement)

cannot be satisfied), (c) has failed, within three (3) Business Days after written request by the Administrative Agent or the Borrower, to confirm in writing to the Administrative Agent and the Borrower that it will comply with its prospective funding obligations hereunder (provided that such Lender shall cease to be a Defaulting Lender pursuant to this clause (c) upon receipt of such written confirmation by the Administrative Agent and the Borrower), or (d) has, or has a direct or indirect parent company that has, (i) become the subject of a proceeding under any Debtor Relief Law, (ii) had appointed for it a receiver, custodian, conservator, trustee, administrator, assignee for the benefit of creditors or similar Person charged with reorganization or liquidation of its business or assets, including the Federal Deposit Insurance Corporation or any other state or federal regulatory authority acting in such a capacity or (iii) become the subject of a Bail-In Action; provided, that, a Lender shall not be a Defaulting Lender solely by virtue of the ownership or acquisition of any Equity Interests in that Lender or any direct or indirect parent company thereof by a Governmental Authority so long as such ownership interest does not result in or provide such Lender with immunity from the jurisdiction of courts within the United States or from the enforcement of judgments or writs of attachment on its assets or permit such Lender (or such Governmental Authority) to reject, repudiate, disavow or disaffirm any contracts or agreements made with such Lender. Any determination by the Administrative Agent that a Lender is a Defaulting Lender under any one or more of clauses (a) through (d) above, and of the effective date of such status, shall be conclusive and binding absent manifest error, and such Lender shall be deemed to be a Defaulting Lender (subject to Section 2.15(b)) as of the date established therefor by the Administrative Agent in a written notice of such determination, which shall be delivered by the Administrative Agent to the Borrower and each other Lender promptly following such determination.

"Delaware LLC" means any limited liability company organized or formed under the laws of the State of Delaware.

"Delaware LLC Division" means (a) the statutory division of any Delaware LLC into two or more Delaware LLCs pursuant to Section 18-217 of the Delaware Limited Liability Company Act or (b) the statutory division of any limited liability company organized under the laws of any other jurisdiction into two or more limited liability companies pursuant to the applicable provisions of such jurisdiction's limited liability company laws.

"Delayed Draw Term Loan A-1 Commitment" has the meaning specified in the definition of "Term Loan A-1 Commitment".

"Designated Jurisdiction" means any country or territory to the extent that such country or territory is the subject of any Sanction.

"Disbursement Instruction Agreement" means an agreement substantially in the form of Exhibit G to be executed and delivered by the Borrower pursuant to Section 2.02(f), as the same may be amended, restated or modified from time to time with the prior written approval of the Administrative Agent.

"Disposition" or "Dispose" means the sale, transfer, license, lease or other disposition (including any Sale and Leaseback Transaction) of any property by any Loan Party or any Subsidiary (including the Equity Interests of any Subsidiary), including any sale, assignment, transfer or other disposal, with or without recourse, of any notes or accounts receivable or any rights and claims associated therewith.

"Dividend Payout Ratio" means, for any four fiscal quarter period, the ratio of (a) an amount equal to (i) one hundred percent (100%) of all dividends or other distributions paid, direct or indirect, on account of any Equity Interests of the Parent Entity (except (x) for dividends or other distributions payable solely in shares of that class of Equity Interest to the holders of that class and (y) in connection with any redemption, retirement, surrender, defeasance, repurchase, purchase or other similar transaction or acquisition for value, direct or indirect, on account of any Equity Interests of the Parent Entity) during

such four fiscal quarter period, less (ii) any amount of such dividends or distributions constituting Dividend Reinvestment Proceeds, to (b) Funds From Operations of the Consolidated Group for such four fiscal quarter period.

"Dividend Reinvestment Proceeds" means all dividends or other distributions, direct or indirect, on account of any shares of any Equity Interests of the Parent Entity which any holder(s) of such Equity Interests direct to be used, concurrently with the making of such dividend or distribution, for the purpose of purchasing for the account of such holder(s) additional Equity Interests in the Consolidated Group.

"Dollar" and "$" mean lawful money of the United States.

"EEA Financial Institution" means (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority, (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition, or (c) any financial institution established in an EEA Member Country which is a subsidiary of an institution described in clauses (a) or (b) of this definition and is subject to consolidated supervision with its parent.

"EEA Member Country" means any of the member states of the European Union, Iceland, Liechtenstein, and Norway.

"EEA Resolution Authority" means any public administrative authority or any person entrusted with public administrative authority of any EEA Member Country (including any delegee) having responsibility for the resolution of any EEA Financial Institution.

"Eligible Assignee" means any Person that meets the requirements to be an assignee under Section 11.06(b)(iii) and (v) (subject to such consents, if any, as may be required under Section 11.06(b)(iii)).

"Environmental Laws" means any and all federal, state, local, foreign and other applicable statutes, laws, regulations, ordinances, rules, judgments, orders, decrees, permits, concessions, grants, franchises, licenses, agreements or governmental restrictions relating to pollution and the protection of the environment or the release of any materials into the environment, including those related to hazardous substances or wastes, air emissions and discharges to waste or public systems.

"Environmental Liability" means any liability (including any liability for damages, costs of environmental remediation, fines, penalties or indemnities), of the Borrower, any other Loan Party or (to the extent any such liability is recourse to a Loan Party) any of their respective Subsidiaries directly or indirectly resulting from or based upon (a) violation of any Environmental Law with respect to any project, (b) the generation, use, handling, transportation, storage, treatment or disposal of any Hazardous Materials on any project, (c) exposure of any project to any Hazardous Materials, (d) the release of any Hazardous Materials originating from any project into the environment or (e) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

"Equity Interests" means, with respect to any Person, all of the shares of capital stock of (or other ownership or profit interests in) such Person, all of the warrants, options or other rights for the purchase or acquisition from such Person of shares of capital stock of (or other ownership or profit interests in) such Person, all of the securities convertible into or exchangeable for shares of capital stock of (or other ownership or profit interests in) such Person or warrants, rights or options for the purchase or acquisition from such Person of such shares (or such other interests), and all of the other ownership or profit interests in such Person (including partnership, member or trust interests therein), whether voting or nonvoting,

and whether or not such shares, warrants, options, rights or other interests are outstanding on any date of determination.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended, and the rules and regulations promulgated thereunder.

"ERISA Affiliate" means any trade or business (whether or not incorporated) under common control with the Borrower within the meaning of Section 414(b) or (c) of the Internal Revenue Code (and Sections 414(m) and (o) of the Internal Revenue Code for purposes of provisions relating to Section 412 of the Internal Revenue Code).

"ERISA Event" means (a) a Reportable Event with respect to a Pension Plan; (b) the withdrawal of the Borrower or any ERISA Affiliate from a Pension Plan subject to Section 4063 of ERISA during a plan year in which such entity was a "substantial employer" as defined in Section 4001(a)(2) of ERISA or a cessation of operations that is treated as such a withdrawal under Section 4062(e) of ERISA; (c) a complete or partial withdrawal by the Borrower or any ERISA Affiliate from a Multiemployer Plan or notification that a Multiemployer Plan is in reorganization; (d) the filing of a notice of intent to terminate, the treatment of a Pension Plan amendment as a termination under Sections 4041 or 4041A of ERISA; (e) the institution by the PBGC of proceedings to terminate a Pension Plan; (f) any event or condition which constitutes grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Pension Plan; (g) the determination that any Pension Plan is considered an at-risk plan or a plan in endangered or critical status within the meaning of Sections 430, 431 and 432 of the Internal Revenue Code or Sections 303, 304 and 305 of ERISA; or (h) the imposition of any liability under Title IV of ERISA, other than for PBGC premiums due but not delinquent under Section 4007 of ERISA, upon the Borrower or any ERISA Affiliate.

"EU Bail-In Legislation Schedule" means the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor person), as in effect from time to time.

"Eurodollar Base Rate":

(a) means, for any Interest Period with respect to a Eurodollar Rate Loan, the rate per annum equal to the London Interbank Offered Rate as administered by ICE Benchmark Administration (or any other Person that takes over the administration of such rate for U.S. Dollars for a period equal in length to such Interest Period ("LIBOR")), as published on the applicable Bloomberg screen page (or such other commercially available source providing such quotations as may be designated by the Administrative Agent from time to time) at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period, for Dollar deposits (for delivery on the first day of such Interest Period) with a term equivalent to such Interest Period;

(b) means, for any interest rate calculation with respect to a Base Rate Loan on any date, the rate per annum equal to LIBOR, at approximately 11:00 a.m., London time, determined two Business Days prior to such date for Dollar deposits with a term of one month commencing that date; and

(c) if the Eurodollar Base Rate shall be less than zero, such rate shall be deemed zero for purposes of this Agreement.

"Eurodollar Rate" means

(a) for any Interest Period with respect to any Eurodollar Rate Loan, a rate per annum determined by the Administrative Agent to be equal to the quotient obtained by dividing (i) the Eurodollar Base Rate for such Eurodollar Rate Loan for such Interest Period by (ii) one

minus the Eurodollar Reserve Percentage for such Eurodollar Rate Loan for such Interest Period and

(b) for any day with respect to any Base Rate Loan bearing interest at a rate based on the Eurodollar Rate, a rate per annum determined by the Administrative Agent to be equal to the quotient obtained by dividing (i) the Eurodollar Base Rate for such Base Rate Loan for such day by (ii) one minus the Eurodollar Reserve Percentage for such Base Rate Loan for such day.

"Eurodollar Rate Loan" means a Loan that bears interest at a rate based on clause (a) of the definition of "Eurodollar Rate".

"Eurodollar Reserve Percentage" means, for any day, the reserve percentage (expressed as a decimal, carried out to five decimal places) in effect on such day, whether or not applicable to any Lender, under regulations issued from time to time by the FRB for determining the maximum reserve requirement (including any emergency, supplemental or other marginal reserve requirement) with respect to Eurocurrency funding (currently referred to as "Eurocurrency liabilities"). The Eurodollar Rate for each outstanding Eurodollar Rate Loan and for each outstanding Base Rate Loan the interest on which is determined by reference to the Eurodollar Rate, in each case, shall be adjusted automatically as of the effective date of any change in the Eurodollar Reserve Percentage.

"Event of Default" has the meaning specified in Section 9.01.

"Excluded Swap Obligation" means, with respect to any Guarantor, any Swap Obligation if, and to the extent that, all or a portion of the Guaranty of such Guarantor of, or the grant under a Loan Document by such Guarantor of a security interest to secure, such Swap Obligation (or any Guarantee thereof) is or becomes illegal under the Commodity Exchange Act (or the application or official interpretation thereof) by virtue of such Guarantor's failure for any reason to constitute an "eligible contract participant" as defined in the Commodity Exchange Act (determined after giving effect to Section 4.08 hereof and any and all guarantees of such Guarantor's Swap Obligations by other Loan Parties) at the time the Guaranty of such Guarantor, or grant by such Guarantor of a security interest, becomes effective with respect to such Swap Obligation. If a Swap Obligation arises under a Master Agreement governing more than one Swap Contract, such exclusion shall apply only to the portion of such Swap Obligation that is attributable to Swap Contracts for which such Guaranty or security interest becomes illegal.

"Excluded Taxes" means any of the following Taxes imposed on or with respect to any Recipient or required to be withheld or deducted from a payment to a Recipient, (a) Taxes imposed on or measured by net income (however denominated), franchise Taxes, and branch profits Taxes, in each case, (i) imposed as a result of such Recipient being organized under the laws of, or having its principal office or, in the case of any Lender, its Lending Office located in, the jurisdiction imposing such Tax (or any political subdivision thereof) or (ii) that are Other Connection Taxes, (b) in the case of a Lender, U.S. Federal withholding Taxes imposed on amounts payable to or for the account of such Lender with respect to an applicable interest in a Loan or Commitment pursuant to a law in effect on the date on which (i) such Lender acquires such interest in the Loan or Commitment (other than pursuant to an assignment request by the Borrower under Section 11.13) or (ii) such Lender changes its Lending Office, except in each case to the extent that pursuant to Section 3.01(a)(ii), (a)(iii) or (c), amounts with respect to such Taxes were payable either to such Lender's assignor immediately before such Lender became a party hereto or to such Lender immediately before it changed its Lending Office, (c) Taxes attributable to such Recipient's failure to comply with Section 3.01(e) and (d) any U.S. federal withholding Taxes imposed under FATCA.

"Extension Amendments" has the meaning specified in Section 11.01.

"FATCA" means Sections 1471 through 1474 of the Internal Revenue Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof and any agreements entered into pursuant to Section 1471(b)(1) of the Code and any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement, treaty or convention among Governmental Authorities entered into in connection with the implementation of the foregoing.

"Federal Funds Rate" means, for any day, the rate per annum equal to the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System on such day, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day; provided that (a) if such day is not a Business Day, the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Business Day as so published on the next succeeding Business Day, (b) if no such rate is so published on such next succeeding Business Day, the Federal Funds Rate for such day shall be the average rate charged to the Administrative Agent on such day on such transactions as determined by the Administrative Agent and (c) if the Federal Funds Rate shall be less than zero, said rate shall be deemed to be zero for purposes of this Agreement.

"Fee Letters" means the Wells Fargo Fee Letter and the Arranger Fee Letters.

"FFO Percentage" means 95%.

"First Amendment Effective Date" means November 16, 2018.

"Fitch" means Fitch Ratings Inc., and any successor thereto.

"Fixed Charge Coverage Ratio" means, for any four fiscal quarter period, the ratio of (a) Adjusted EBITDA for such four fiscal quarter period to (b) Fixed Charges for such four fiscal quarter period.

"Fixed Charges" means, for the Consolidated Group, without duplication, the sum of (a) Interest Expense, plus (b) scheduled principal payments, exclusive of balloon payments, plus (c) dividends and distributions on preferred stock, if any, plus (d) the Consolidated Group Pro Rata Share of the above attributable to interests in Unconsolidated Affiliates, all for the most recently ended period of four fiscal quarters.

"Foreign Lender" means (a) if the Borrower is a U.S. Person, a Lender that is not a U.S. Person, and (b) if the Borrower is not a U.S. Person, a Lender that is resident or organized under the laws of a jurisdiction other than that in which the Borrower is resident for tax purposes. For purposes of this definition, the United States, each State thereof and the District of Columbia shall be deemed to constitute a single jurisdiction.

"FRB" means the Board of Governors of the Federal Reserve System of the United States.

"Fund" means any Person (other than a natural Person) that is (or will be) engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of its activities.

"Funds from Operations" means, with respect to any Person for any period, an amount equal to (a) the Net Income of such Person for such period, computed in accordance with GAAP, excluding gains and losses from sales of depreciated property other than out lot sales, non-cash impairment charges, gains and losses from extinguishment of debt, amortization of above and below market lease adjustments and market debt adjustments, amortization of tenant allowances, amortization of deferred financing costs, other non-cash charges, and gains or losses to the extent non-cash from Swap Contracts, plus (b) depreciation and amortization and non-cash amortization of transaction expenses arising from the creation of new investment funds, and after adjustments for unconsolidated partnerships and joint ventures;

provided, that (x) adjustments for unconsolidated partnerships and joint ventures will be recalculated to reflect funds from operations on the same basis, (y) Funds from Operations shall be reported in accordance with the NAREIT policies unless otherwise agreed to above in this definition and (z) costs and fees incurred by the Consolidated Group in connection with the acquisition or disposition of real property assets and transaction costs incurred by the Consolidated Group in connection with any capital markets offering, debt financing, or amendment thereto, redemption or exchange of indebtedness, tender offer, lease termination, business combination, acquisition, exchange listing or delisting, disposition, recapitalization or similar transaction including, without limitation, pursuant to any Permitted Reorganization (regardless of whether such transaction is completed), in each case, shall be excluded from the calculation of Funds from Operations.

"GAAP" means generally accepted accounting principles in the United States set forth in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board, consistently applied and as in effect from time to time.

"General Partner" means Phillips Edison Grocery Center OP GP I LLC, a Delaware limited liability company, or any successor general partner of the Borrower approved by the Administrative Agent in accordance with this Agreement.

"Governmental Authority" means the government of the United States or any other nation, or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supra-national bodies such as the European Union or the European Central Bank).

"Guarantee" means, as to any Person, (a) any obligation, contingent or otherwise, of such Person guaranteeing or having the economic effect of guaranteeing any Indebtedness or other obligation payable or performable by another Person (the "primary obligor") in any manner, whether directly or indirectly, and including any obligation of such Person, direct or indirect, (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation, (ii) to purchase or lease property, securities or services for the purpose of assuring the obligee in respect of such Indebtedness or other obligation of the payment or performance of such Indebtedness or other obligation, (iii) to maintain working capital, equity capital or any other financial statement condition or liquidity or level of income or cash flow of the primary obligor so as to enable the primary obligor to pay such Indebtedness or other obligation, or (iv) entered into for the purpose of assuring in any other manner the obligee in respect of such Indebtedness or other obligation of the payment or performance thereof or to protect such obligee against loss in respect thereof (in whole or in part); provided that any customary non-recourse carve-out guarantee shall not be deemed a Guarantee hereunder, except, if and to the extent that the guarantor thereunder has acknowledged such liability or it has been determined, by a court of competent jurisdiction to be liable for a claim thereunder for which such guarantor is not otherwise indemnified by any third party which has the financial ability to perform with respect to such indemnity and is not disavowing its obligations thereunder or (b) any Lien on any assets of such Person securing any Indebtedness or other obligation of any other Person, whether or not such Indebtedness or other obligation is assumed by such Person (or any right, contingent or otherwise, of any holder of such Indebtedness to obtain any such Lien). The amount of any Guarantee shall be deemed to be an amount equal to the stated or determinable amount of the related primary obligation, or portion thereof, in respect of which such Guarantee is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof as determined by the guaranteeing Person in good faith. The term "Guarantee" as a verb has a corresponding meaning.

"Guarantors" means (a) the Parent Entity, (b) any Subsidiary that is required to be a Guarantor pursuant to Section 7.13, (c) with respect to (i) Obligations under any Swap Contract between any Loan Party and a Lender or Affiliate of a Lender, (ii) Obligations under any Treasury Management Agreement between any Loan Party and a Lender or Affiliate of a Lender and (iii) any Swap Obligation of a Specified Loan Party (determined before giving effect to Sections 4.01 and 4.08) under the Guaranty, the Borrower and (d) the successors and permitted assigns of the foregoing.

"Guaranty" means the Guaranty made by the Guarantors in favor of the Administrative Agent, the Lenders and the other holders of the Obligations pursuant to Article IV.

"Hazardous Materials" means all explosive or radioactive substances or wastes and all hazardous or toxic substances, wastes or other pollutants, including petroleum or petroleum distillates, asbestos or asbestos-containing materials, polychlorinated biphenyls, radon gas, infectious or medical wastes and all other substances or wastes of any nature regulated pursuant to any Environmental Law.

"Impacted Loans" has the meaning specified in Section 3.03.

"Incremental Term Loan" has the meaning specified in Section 2.16(a).

"Incremental Term Loan Agreement" has the meaning specified in Section 2.16(e).

"Indebtedness" means, for the Consolidated Group, without duplication, all of the following, whether or not included as indebtedness or liabilities in accordance with GAAP:

(a) all obligations for borrowed money and all obligations evidenced by bonds, debentures, notes, loan agreements or other similar instruments.

(b) all direct or contingent obligations under letters of credit (including standby and commercial), bankers' acceptances and similar instruments (including bank guaranties, surety bonds, comfort letters, keep-well agreements and capital maintenance agreements) to the extent such instruments or agreements support financial, rather than performance, obligations.

(c) net obligations under any Swap Contract.

(d) all obligations to pay the deferred purchase price of property or services.

(e) Capitalized Lease Obligations and Synthetic Lease Obligations.

(f) all obligations to purchase, redeem, retire, defease or otherwise make any payment in respect of any equity interest, valued, in the case of a redeemable preferred interest, at the greater of its voluntary or involuntary liquidation preference, plus accrued and unpaid dividends.

(g) indebtedness (excluding prepaid interest thereon) secured by a Lien on property (including indebtedness arising under conditional sales or other title retention agreements) whether or not such indebtedness has been assumed by the grantor of the Lien or is limited in recourse.

(h) all Guarantees in respect of any of the foregoing.

For all purposes hereof, Indebtedness shall include the Consolidated Group Pro Rata Share of the foregoing items and components attributable to Indebtedness of Unconsolidated Affiliates. The amount of any net obligation under any Swap Contract on any date shall be deemed to be the Swap Termination Value thereof as of such date. The amount of any Capitalized Lease Obligation or Synthetic Lease Obligation as of any date shall be deemed to be the amount of Attributable Indebtedness in respect thereof as of such date.

"Indemnified Taxes" means (a) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of any Loan Party under any Loan Document and (b) to the extent not otherwise described in (a), Other Taxes.

"Indemnitees" has the meaning specified in Section 11.04(b).

"Information" has the meaning specified in Section 11.07.

"Interest Expense" means, without duplication, total interest expense of the Consolidated Group determined in accordance with GAAP; provided that (a) amortization of deferred financing costs shall be excluded, to the extent included in accordance with GAAP and (b) for the avoidance of doubt capitalized interest and interest expense attributable to the Consolidated Group Pro Rata Share in Unconsolidated Affiliates shall be included.

"Interest Payment Date" means (a) as to any Eurodollar Rate Loan, the last day of each Interest Period applicable to such Loan and the applicable Maturity Date; provided, however, that if any Interest Period for a Eurodollar Rate Loan exceeds three months, the respective dates that fall every three months after the beginning of such Interest Period shall also be Interest Payment Dates; and (b) as to any Base Rate Loan or LIBOR Daily Floating Rate Loan, the first Business Day of each calendar month and the applicable Maturity Date.

"Interest Period" means as to each Eurodollar Rate Loan, the period commencing on the date such Eurodollar Rate Loan is disbursed or converted to or continued as a Eurodollar Rate Loan and ending on the date one, two, three or six months thereafter (in each case, subject to availability), as selected by the Borrower in its Loan Notice; provided that:

(a) any Interest Period that would otherwise end on a day that is not a Business Day shall be extended to the next succeeding Business Day unless, in the case of a Eurodollar Rate Loan, such Business Day falls in another calendar month, in which case such Interest Period shall end on the next preceding Business Day;

(b) any Interest Period pertaining to a Eurodollar Rate Loan that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of the calendar month at the end of such Interest Period; and

(c) no Interest Period with respect to any Loan shall extend beyond the applicable Maturity Date.

"Interim Financial Statements" means the unaudited consolidated financial statements of the Consolidated Group for the fiscal quarter ended June 30, 2017, including balance sheets and statements of income or operations, shareholders' equity and cash flows.

"Internal Revenue Code" means the Internal Revenue Code of 1986, as amended.

"Internal Revenue Service" means the United States Internal Revenue Service.

"Investment Grade Rating" means a senior unsecured debt rating of the Parent Entity of BBB- or better from Standard & Poor's or Fitch or Baa3 or better from Moody's.

"IP Rights" has the meaning specified in Section 6.17.

"Joinder Agreement" means a joinder agreement substantially in the form of Exhibit D executed and delivered by a Subsidiary in accordance with the provisions of Section 7.13.

"Key Principals" means each of Jeffrey S. Edison, Michael C. Phillips and Devin I. Murphy.

"Laws" means, collectively, all international, foreign, federal, state and local statutes, treaties, rules, guidelines, regulations, ordinances, codes and administrative or judicial precedents or authorities, including the interpretation or administration thereof by any Governmental Authority charged with the enforcement, interpretation or administration thereof, and all applicable administrative orders, directed duties, requests, licenses, authorizations and permits of, and agreements with, any Governmental Authority, in each case whether or not having the force of law.

"Lenders" means each of the Persons identified as a "Lender" on the signature pages hereto and their successors and assigns.

"Lending Office" means, as to any Lender, the office or offices of such Lender described as such in such Lender's Administrative Questionnaire, or such other office or offices as a Lender may from time to time notify the Borrower and the Administrative Agent.

"Leverage Ratio" means, with respect to the Consolidated Group as of any date of calculation, (a) Total Indebtedness as of such date minus the amount of Balance Sheet Cash as of such date in excess of $25,000,000 to the extent there is an equivalent amount of Total Indebtedness that matures within twenty-four (24) months from such date of calculation divided by (b) Total Asset Value as of such date minus the amount of Balance Sheet Cash deducted in subsection (a) of this definition.

"LIBOR" has the meaning specified in the definition of "Eurodollar Base Rate".

"LIBOR Daily Floating Rate" means, for any day, a fluctuating rate of interest per annum equal to LIBOR, as published on the applicable Bloomberg screen page (or such other commercially available source providing such quotations as may be designated by Administrative Agent from time to time), at or about 11:00 a.m., London time, two (2) London Banking Days prior to such day, for U.S. Dollar deposits with a term of one (1) month commencing that day; provided that if the LIBOR Daily Floating Rate shall be less than zero, such rate will be deemed zero for purposes of this Agreement.

"LIBOR Daily Floating Rate Loan" means a Loan that bears interest based on the LIBOR Daily Floating Rate.

"LIBOR Screen Rate" means the LIBOR quote on the applicable screen page the Administrative Agent designates to determine LIBOR (or such other commercially available source providing such quotations as may be designated by the Administrative Agent from time to time).

"LIBOR Successor Rate" has the meaning specified in Section 3.08.

"LIBOR Successor Rate Conforming Changes" means, with respect to any proposed LIBOR Successor Rate, any conforming changes to the definition of Base Rate, Interest Period, timing and frequency of determining rates and making payments of interest and other administrative matters as may be appropriate, in the discretion of the Administrative Agent, to reflect the adoption of such LIBOR Successor Rate and to permit the administration thereof by the Administrative Agent in a manner substantially consistent with market practice (or, if the Administrative Agent determines that adoption of any portion of such market practice is not administratively feasible or that no market practice for the administration of such LIBOR Successor Rate exists, in such other manner of administration as the Administrative Agent determines in consultation with the Borrower).

"Lien" means any mortgage, deed of trust, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), charge, or preference, priority or other security interest or preferential arrangement in the nature of a security interest of any kind or nature whatsoever (including (i) any conditional sale or other title retention agreement, (ii) any easement, right of way or other encumbrance on title to real Property that materially affects the value of such real Property, and (iii) any financing lease having substantially the same economic effect as any of the foregoing).

"Loan" means an extension of credit by a Lender to the Borrower under Article II in the form of a Term Loan A-1 or an Incremental Term Loan, as applicable.

"Loan Amendment" has the meaning specified in Section 11.01.

"Loan Documents" means this Agreement, including schedules and exhibits hereto, each Note, each Joinder Agreement, the Fee Letters and any Incremental Term Loan Agreement.

"Loan Modification Offer" has the meaning specified in Section 11.01.

"Loan Notice" means a notice of (a) a Borrowing of Term Loans, (b) a conversion of Term Loans from one Type to the other, or (c) a continuation of Eurodollar Rate Loans, in each case pursuant to Section 2.02(a), which, if in writing, shall be substantially in the form of Exhibit A.

"Loan Party" means the Borrower or any Guarantor and "Loan Parties" means, collectively, the Borrower and the Guarantors.

"London Banking Day" means any day on which dealings in Dollar deposits are conducted by and between banks in the London interbank eurodollar market.

"Major Tenant" means a tenant of a Loan Party under a lease of Property which entitles it to occupy 15,000 square feet or more of the net rentable area of such Property.

"Master Agreement" has the meaning specified in the definition of "Swap Contract".

"Material Acquisition" means a simultaneous acquisition of assets with a purchase price of 5% or more of Total Asset Value.

"Material Adverse Effect" means any event or circumstance, either individually or in the aggregate, that has had or could reasonably be expected to have (a) a material adverse change in, or a material adverse effect on, the business, properties, liabilities or financial condition of the Consolidated Group, taken as a whole, (B) a material adverse effect on the rights and remedies of the Administrative Agent or any Lender under any Loan Document, or of the ability of the Borrower and the Guarantors taken as a whole to perform their obligations under any Loan Document, or (C) a material adverse effect upon the legality, validity, binding effect or enforceability against the Borrower or a Guarantor of any Loan Document to which it is a party.

"Maturity Date" means (a) the Term Loan A-1 Maturity Date and (b) with respect to an outstanding Incremental Term Loan, the maturity date provided in the applicable Incremental Term Loan Agreement.

"Mezzanine Debt Investments" means any mezzanine or subordinated mortgage loans made (or acquired) by a member of the Consolidated Group to entities that own commercial real estate or to the members, partners or stockholders of such entities, which real estate has a value in excess of the sum of (a) (i) if such mezzanine or subordinated mortgage loans were originated by a third party and acquired by such member of the Consolidated Group, the purchase price of such indebtedness with respect to any such indebtedness or (ii) if such mezzanine or subordinated mortgage loans were originated by such member of the Consolidated Group, the amount of such indebtedness plus (b) any senior indebtedness encumbering such commercial real estate, in each case to the extent such mezzanine or subordinated mortgage loans have been designated by the Borrower as a "Mezzanine Debt Investment" in its most recent compliance certificate; provided, however, that (i) any such indebtedness owed by an Unconsolidated Affiliate shall be reduced by the Consolidated Group Pro Rata Share of such indebtedness, and (ii) any such indebtedness owed by a non-wholly owned member of the Consolidated Group shall be reduced by the Consolidated Group Pro Rata Share of such indebtedness.

"Moody's" means Moody's Investors Service, Inc. and any successor thereto.

"Mortgage Receivables" means any investment securities that represent an interest in, or are secured by, one or more pools of commercial mortgage loans or synthetic mortgages.

"Multiemployer Plan" means any employee benefit plan of the type described in Section 4001(a)(3) of ERISA, to which the Borrower or any ERISA Affiliate makes or is obligated to make contributions, or during the preceding five plan years, has made or been obligated to make contributions.

"Multiple Employer Plan" means a Plan which has two or more contributing sponsors (including the Borrower or any ERISA Affiliate) at least two of whom are not under common control, as such a plan is described in Section 4064 of ERISA.

"Negative Pledge" shall mean with respect to a given asset, any provision of a document, instrument or agreement (other than any Loan Document) which prohibits or purports to prohibit the creation or assumption of any Lien on such asset as security for Indebtedness of the Person owning such asset or any other Person; provided, however, that an agreement that conditions a Person's ability to encumber its assets upon the maintenance of one or more specified ratios that limit such Person's ability to encumber its assets but that do not generally prohibit the encumbrance of its assets, or the encumbrance of specific assets, shall not constitute a Negative Pledge.

"Net Income" means the net income (or loss) of the Consolidated Group for the subject period; provided, however that Net Income shall exclude (a) extraordinary gains and extraordinary losses for such period, (b) the net income of any Subsidiary of the Parent Entity during such period to the extent that the declaration or payment of dividends or similar distributions by such Subsidiary of such income is not permitted by operation of the terms of its Organization Documents or any agreement, instrument or Law applicable to such Subsidiary during such period, except that the Parent Entity's equity in any net loss of any such Subsidiary for such period shall be included in determining Net Income, (c) any income (or loss) from an Unconsolidated Affiliate of the Parent Entity in an amount equal to the aggregate amount of cash actually distributed by such Unconsolidated Affiliate during such period to the Parent Entity or a Subsidiary thereof as a dividend or other distribution (and in the case of a dividend or other distribution to a Subsidiary of the Parent Entity, such Subsidiary is not precluded from further distributing such amount to the Parent Entity as described in clause (b) of this proviso), and (d) any rental income received from leases to Major Tenants in any bankruptcy proceedings, to the extent the relevant leases have been rejected pursuant to such bankruptcy proceedings during the subject period.

"Net Operating Income" means for any Property, for any period, an amount equal to (a) the aggregate gross revenues from the operations of such Property during such period from tenants paying rent (exclusive of any rental income from any leases to Major Tenants in any bankruptcy proceedings, to the extent the relevant leases have been rejected pursuant to such bankruptcy proceedings during the subject period and exclusive of above and below market lease adjustments and amortization of tenant allowance in accordance with GAAP) minus (b) the sum of all expenses and other charges incurred in connection with the operation of such Property during such period (including accruals for real estate taxes and insurance and Property Management Fees, but excluding debt service charges, income taxes, depreciation, amortization and other non-cash expenses), which expenses and accruals shall be calculated in accordance with GAAP.

"New Lenders" has the meaning set forth in Section 2.16(c).

"Non-Consenting Lender" means any Lender that does not approve any consent, waiver or amendment that (a) requires the approval of all Lenders or all affected Lenders in accordance with the terms of Section 11.01 and (b) has been approved by the Required Lenders.

"Non-Defaulting Lender" means, at any time, each Lender that is not a Defaulting Lender at such time.

"Non-Recourse Debt" means Indebtedness of any member of the Consolidated Group in which the liability of the applicable obligor is limited to such obligor's interest in specified assets securing such Indebtedness, subject to customary nonrecourse carve-outs, including, without limitation, exclusions for claims that are based on fraud, intentional misrepresentation, misapplication of funds, gross negligence or willful misconduct to the extent no claim of liability has been made pursuant to any such carve-outs.

"Non-Stabilized Property" means, for any Property, (a) a Property designated in writing by the Borrower as a Non-Stabilized Property which has not previously been designated as such and (b) the occupancy rate for such designated Property is below 80% at the time of such designation; provided, that, once designated as a Non-Stabilized Property, such Property shall cease to be a Non-Stabilized Property upon the earlier of (i) Borrower's request or (ii) eight fiscal quarters following the designation of such Property as a Non-Stabilized Property.

"Note" or "Notes" means the Term Notes, individually or collectively, as appropriate.

"OFAC" means the Office of Foreign Assets Control of the United States Department of the Treasury.

"Obligations" means all advances to, and debts, liabilities, obligations, covenants and duties of, any Loan Party arising under any Loan Document or otherwise with respect to any Loan, whether direct or indirect (including those acquired by assumption), absolute or contingent, due or to become due, now existing or hereafter arising and including interest and fees that accrue after the commencement by or against any Loan Party of any proceeding under any Debtor Relief Laws naming such Person as the debtor in such proceeding, regardless of whether such interest and fees are allowed claims in such proceeding. The foregoing shall also include any Swap Contract and any Treasury Management Agreement between any Loan Party and any Lender or Affiliate of a Lender; provided that the "Obligations" shall exclude any Excluded Swap Obligations.

"Organization Documents" means, (a) with respect to any corporation, the certificate or articles of incorporation and the bylaws (or equivalent or comparable constitutive documents with respect to any non-U.S. jurisdiction); (b) with respect to any limited liability company, the certificate or articles of formation or organization and operating agreement; and (c) with respect to any partnership, joint venture, trust or other form of business entity, the partnership, joint venture or other applicable agreement of formation or organization and any agreement, instrument, filing or notice with respect thereto filed in connection with its formation or organization with the applicable Governmental Authority in the jurisdiction of its formation or organization and, if applicable, any certificate or articles of formation or organization of such entity.

"Other Connection Taxes" means, with respect to any Recipient, Taxes imposed as a result of a present or former connection between such Recipient and the jurisdiction imposing such Tax (other than connections arising from such Recipient having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Loan Document, or sold or assigned an interest in any Loan or Loan Document).

"Other Taxes" means all present or future stamp, court or documentary, intangible, recording, filing or similar Taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, any Loan Document, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment (other than an assignment made pursuant to Section 3.06).

"PACE Financings" means (a) any "Property-Assessed Clean Energy" loan or financing or (b) any other indebtedness, without regard to the name given thereto, which is (i) incurred for improvements

to a Property for the purpose of increasing energy efficiency, increasing use of renewable energy sources, resource conservation, or a combination of the foregoing, and (ii) repaid through multi-year assessments against such Property.

"Parent Entity" means Phillips Edison & Company, Inc. (f/k/a Phillips Edison Grocery Center REIT I, Inc.) or such other entity following any reorganization permitted by Section 8.04.

"Participant" has the meaning specified in Section 11.06(d).

"Participant Register" has the meaning specified in Section 11.06(d).

"Patriot Act" has the meaning set forth in Section 11.17.

"PBGC" means the Pension Benefit Guaranty Corporation or any successor thereto.

"PE II/KeyBank Credit Agreement" means that certain credit agreement, dated as of July 2, 2014, among Phillips Edison Grocery Center Operating Partnership II, L.P., as borrower, Phillips Edison Grocery Center REIT II Inc., the other guarantors party thereto, the other lenders party thereto and KeyBank National Association as the administrative agent.

"PE II/Capital One Credit Agreement" means that certain credit agreement, dated as of September 25, 2017, among Phillips Edison Grocery Center Operating Partnership II, L.P., as borrower, Phillips Edison Grocery Center REIT II Inc., the other guarantors party thereto, the other lenders party thereto and Capital One, National Association as the administrative agent.

"Pension Funding Rules" means the rules of the Code and ERISA regarding minimum required contributions (including any installment payment thereof) to Pension Plans set forth in Section 412, 430, 431, 432 and 436 of the Code and Sections 302, 303, 304 and 305 of ERISA.

"Pension Plan" means any employee pension benefit plan (including a Multiple Employer Plan or a Multiemployer Plan) that is maintained or is contributed to by the Borrower and any ERISA Affiliate and is either covered by Title IV of ERISA or is subject to the minimum funding standards under Section 412 of the Code.

"Permitted Liens" means the following:

(a) Liens pursuant to any Loan Document;

(b) Liens (other than Liens imposed under ERISA) for taxes, assessments or governmental charges or levies not yet delinquent or which are being contested in good faith and by appropriate proceedings diligently conducted, if adequate reserves with respect thereto are maintained on the books of the applicable Person in accordance with GAAP;

(c) statutory Liens of landlords and Liens of carriers, warehousemen, mechanics, materialmen and suppliers and other Liens imposed by law or pursuant to customary reservations or retentions of title arising in the ordinary course of business; provided that such Liens secure only amounts not yet due and payable or, if due and payable, are unfiled and no other action has been taken to enforce the same or are being contested in good faith by appropriate proceedings for which adequate reserves determined in accordance with GAAP have been established;

(d) pledges or deposits in the ordinary course of business in connection with workers' compensation, unemployment insurance and other social security legislation, other than any Lien imposed by ERISA;

(e) deposits to secure the performance of bids, trade contracts and leases (other than Indebtedness), statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature incurred in the ordinary course of business;

(f) easements, rights-of-way, restrictions and other similar encumbrances affecting real property which, in the aggregate, are not substantial in amount, and which do not in any case materially detract from the value of the property subject thereto for its current use or materially interfere with the use thereof by the Loan Parties;

(g) Liens securing judgments for the payment of money (or appeal or other surety bonds relating to such judgments) not constituting an Event of Default under Section 9.01(h);

(h) leases or subleases granted to others not interfering in any material respect with the business of any Loan Party or any of its Subsidiaries;

(i) any interest of title of a lessor under, and Liens arising from UCC financing statements relating to, leases permitted by this Agreement;

(j) normal and customary rights of setoff upon deposits of cash in favor of banks or other depository institutions;

(k) Liens of a collection bank arising under Section 4-210 of the Uniform Commercial Code on items in the course of collection;

(l) Liens of sellers of goods to a Loan Party and any of its Subsidiaries arising under Article 2 of the Uniform Commercial Code or similar provisions of applicable law in the ordinary course of business, covering only the goods sold and securing only the unpaid purchase price for such goods and related expenses;

(m) Liens securing PACE Financings in an amount not to exceed (a) $1,000,000 in any one year and (b) $2,500,000, in the aggregate, during the term of this Agreement; and

(n) Liens, if any, in favor of Bank of America, N.A., on Cash Collateral (as defined in the BAML Agreement) pursuant to Section 2.14(a) of the BAML Agreement.

"Permitted Reorganization" means any or all of the following: (a) the corporate reorganization of the Consolidated Group and any related mergers with respect thereto (including, without limitation, any merger, purchase, contribution or assumption of assets and/or liabilities or other similar transaction with any Affiliate), (b) the internalization (in whole or in part, whether by merger, purchase, contribution or assumption of assets and/or liabilities or other similar transaction) of the existing external manager of the Parent Entity and the Borrower, (c) the initial public offering of the Parent Entity and/or the listing of the Parent Entity on a recognized US stock exchange, and (d) the issuance of additional Equity Interests of the Borrower and/or the conversion of Equity Interests of the Borrower into Equity Interests of the Parent Entity; provided that after giving effect to any Permitted Reorganization (i) the Parent Entity shall remain a Guarantor, (ii) the Parent Entity shall continue to own, directly or indirectly, a majority of the Voting Stock and economic and beneficial interests of the Borrower, (iii) Phillips Edison Grocery Center Operating Partnership I, L.P., a Delaware limited partnership, shall remain as the Borrower, and (iv) the Borrower shall deliver to the Administrative Agent, (x) a written certificate reasonably satisfactory to the Administrative Agent showing, in reasonable detail, that the Consolidated Group will be in pro forma compliance with the financial covenants in Section 8.11 after giving effect to any Permitted Reorganization and (y) all documentation and other information required by bank regulatory authorities under applicable "know-your-customer" and anti-money laundering rules and regulations, including, without limitation, the Patriot Act.

"Person" means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

"Plan" means any employee benefit plan within the meaning of Section 3(3) of ERISA (including a Pension Plan), maintained for employees of the Borrower or any such Plan to which the Borrower is required to contribute on behalf of any of its employees.

"Platform" has the meaning specified in Section 7.02.

"PNC Agreement" has the meaning set forth in Section 8.03(a).

"PNCCM" means PNC Capital Markets LLC.

"Property" means any real estate asset directly owned by any member of the Consolidated Group, any of its Subsidiaries or any Unconsolidated Affiliate.

"Property Management Fees" means, with respect to each Property for any period, 3% of the aggregate base rent and percentage rent due and payable under leases with tenants at such Property.

"PTE" means a prohibited transaction class exemption issued by the U.S. Department of Labor, as any such exemption may be amended from time to time.

"Public Lender" has the meaning specified in Section 7.02.

"Qualified ECP Guarantor" means, at any time, each Loan Party with total assets exceeding $10,000,000 or that qualified at such time as an "eligible contract participant" under the Commodity Exchange Act and can cause another Person to qualify as an "eligible contract participant" at such time under Section 1a(18)(A)(v)(II) of the Commodity Exchange Act.

"Qualified Fees" means, to the extent earned on a current basis (i.e. expected to be paid or settled in 30 days but excluding any payments made with Equity Interests) and are not deferred (except as set forth in (vii) below) by (a) the Borrower, (b) a wholly-owned Subsidiary of the Borrower or (c) a majority owned Subsidiary of the Borrower in which the Borrower, directly or indirectly, has the sole discretion to distribute any Qualified Fees at such Subsidiary to the Borrower (for clarification purposes, with respect to any non-wholly owned Subsidiary, only the pro rata portion of those fees that can be distributed to the Borrower shall constitute Qualified Fees for the purposes hereunder), all amounts consisting of the following: (i) property management fees, (ii) asset management fees, (iii) leasing commissions, (iv) tenant improvement oversight fees, (v) property acquisition fees, (vi) property financing fees and (vii) deferred asset management fees; provided that if the Qualified Fees attributable to the fees incurred with respect to clauses (v), (vi) and (vii) above accounts for more than 40% of the aggregate Qualified Fees, the amount of such property acquisition fees, property financing fees and deferred asset management fees that exceed such limit shall be deducted from Qualified Fees. With respect to a transaction that constitutes the acquisition of any Person or any management contracts, for the purpose of calculating Total Asset Value and Unencumbered Asset Value for the quarter during which the acquisition occurs and each of the next three full fiscal quarter periods subsequent to such acquisition, the Qualified Fees with respect to the acquired Person or management contracts, if any, shall be determined as follows: (1) for the quarter in which such acquisition occurs, the Qualified Fees for the last full quarter period prior to such acquisition multiplied by four, (2) for the first full quarter period subsequent to such acquisition, the actual Qualified Fees for such quarter multiplied by four, (3) for the first two full quarter period subsequent to such acquisition, the actual Qualified Fees for such two quarter period multiplied by two and (4) for the first three full quarter period subsequent to such acquisition, the actual Qualified Fees for such three quarter period multiplied by 4/3.

"Recipient" means the Administrative Agent or any Lender.

"Recourse Debt" means any Indebtedness (other than Non-Recourse Debt) of any member of the Consolidated Group for which such Person has personal liability; provided that any customary non-recourse carve-outs with respect to such Indebtedness shall not be deemed Recourse Debt hereunder,

except, if and to the extent that the obligor thereunder has acknowledged such liability or it has been determined, by a court of competent jurisdiction to be liable for a claim thereunder for which such obligor is not otherwise indemnified by any third party which has the financial ability to perform with respect to such indemnity and is not disavowing its obligations thereunder.

"Register" has the meaning specified in Section 11.06(c).

"REIT" means a "real estate investment trust" under Sections 856-860 of the Internal Revenue Code.

"Related Parties" means, with respect to any Person, such Person's Affiliates and the partners, directors, officers, employees, agents, trustees, administrators, managers, advisors and representatives of such Person and of such Person's Affiliates.

"Reportable Event" means any of the events set forth in Section 4043(c) of ERISA, other than events for which the thirty-day notice period has been waived.

"Request for Credit Extension" means with respect to a Borrowing, conversion or continuation of Term Loans, a Loan Notice.

"Required Lenders" means, at any time, Lenders having Total Credit Exposures representing more than 50% of the Total Credit Exposures of all Lenders. The Total Credit Exposure of any Defaulting Lender shall be disregarded in determining Required Lenders at any time.

"Responsible Officer" means the chief executive officer, president (including co-president) vice-president, chief financial officer, treasurer, assistant treasurer or controller of a Loan Party and, solely for purposes of the delivery of certificates pursuant to Sections 5.01 or 7.13, the secretary or any assistant secretary of a Loan Party. Any document delivered hereunder that is signed by a Responsible Officer of a Loan Party shall be conclusively presumed to have been authorized by all necessary corporate, partnership and/or other action on the part of such Loan Party and such Responsible Officer shall be conclusively presumed to have acted on behalf of such Loan Party.

"Restricted Payment" means any dividend or other distribution (whether in cash, securities or other property) with respect to any Equity Interests of any Loan Party or any Subsidiary, or any payment (whether in cash, securities or other property), including any sinking fund or similar deposit, on account of the purchase, redemption, retirement, acquisition, cancellation or termination of any such Equity Interests or on account of any return of capital to the Borrower's stockholders, partners or members (or the equivalent Person thereof), or any setting apart of funds or property for any of the foregoing.

"S&P" means Standard & Poor's Financial Services LLC, a subsidiary of S&P Global, Inc., and any successor thereto.

"Sale and Leaseback Transaction" means any arrangement pursuant to which any Loan Party, directly or indirectly, becomes liable as lessee, guarantor or other surety with respect to any lease, whether an operating lease or a capital lease, of any Property (a) which such Person has sold or transferred (or is to sell or transfer) to another Person which is not a Loan Party or (b) which such Person intends to use for substantially the same purpose as any other Property which has been sold or transferred (or is to be sold or transferred) by such Person to another Person which is not a Loan Party in connection with such lease.

"Sanctions" means any international economic sanction administered or enforced by the United States government (including, without limitation, OFAC) the United Nations Security Council, the European Union, Her Majesty's Treasury or other relevant sanctions authority.

"Scheduled Unavailability Date" has the meaning specified in Section 3.08.

"SEC" means the Securities and Exchange Commission, or any Governmental Authority succeeding to any of its principal functions.

"Secured Indebtedness" means, for any Person, Indebtedness of such Person that is secured by a Lien; provided that (a) direct Indebtedness (as opposed to a Guarantee) that is secured solely by a Lien on Equity Interests and (b) PACE Financings, in each case, shall not be deemed to be Secured Indebtedness for the purposes of this Agreement.

"Secured Leverage Ratio" means, with respect to the Consolidated Group as of any date of calculation, (a) Total Secured Indebtedness as of such date minus the amount of Balance Sheet Cash as of such date in excess of $25,000,000 to the extent there is an equivalent amount of Total Secured Indebtedness that matures within twenty-four (24) months from the applicable date of calculation divided by (b) Total Asset Value as of such date minus the amount of Balance Sheet Cash deducted in subsection (a) of this definition.

"Shareholders' Equity" means an amount equal to shareholders' equity or net worth of the Consolidated Group, as determined in accordance with GAAP.

"Solvent" or "Solvency" means, with respect to any Person as of a particular date, that on such date (a) such Person is able to pay its debts and other liabilities, contingent obligations and other commitments as they mature in the ordinary course of business, (b) such Person does not intend to, and does not believe that it will, incur debts or liabilities beyond such Person's ability to pay as such debts and liabilities mature in their ordinary course, (c) such Person is not engaged in a business or a transaction, and is not about to engage in a business or a transaction, for which such Person's property would constitute unreasonably small capital after giving due consideration to the prevailing practice in the industry in which such Person is engaged or is to engage, (d) the fair value of the property of such Person is greater than the total amount of liabilities, including, without limitation, contingent liabilities, of such Person and (e) the present fair salable value of the assets of such Person is not less than the amount that will be required to pay the probable liability of such Person on its debts as they become absolute and matured. In computing the amount of contingent liabilities at any time, it is intended that such liabilities will be computed at the amount which, in light of all the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability.

"Specified Loan Party" has the meaning set forth in Section 4.08.

"Subsidiary" of a Person means a corporation, partnership, joint venture, limited liability company or other business entity of which a majority of the shares of Voting Stock is at the time beneficially owned, or the management of which is otherwise controlled, directly, or indirectly through one or more intermediaries, or both, by such Person. Unless otherwise specified, all references herein to a "Subsidiary" or to "Subsidiaries" shall refer to a Subsidiary or Subsidiaries of the Parent Entity.

"Subsidiary Guarantors" means any Subsidiary that becomes a Guarantor hereunder.

"Swap Contract" means (a) any and all rate swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options, forward foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions, currency options, spot contracts, or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement, and (b) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and

Derivatives Association, Inc., any International Foreign Exchange Master Agreement, or any other master agreement (any such master agreement, together with any related schedules, a "Master Agreement"), including any such obligations or liabilities under any Master Agreement.

"Swap Obligation" means with respect to any Guarantor any obligation to pay or perform under any agreement, contract or transaction that constitutes a "swap" within the meaning of Section 1a(47) of the Commodity Exchange Act.

"Swap Termination Value" means, after taking into account the effect of any legally enforceable netting agreement relating to any Swap Contract, (a) for any date on or after the date such Swap Contract has been closed out and termination value(s) determined in accordance therewith, such termination value(s), and (b) for any date prior to the date referenced in clause (a), the amount(s) determined as the mark-to-market value(s) for such Swap Contract, as determined based upon one or more mid-market or other readily available quotations provided by any recognized dealer in such Swap Contracts (which may include a Lender or any affiliate of a Lender).

"Synthetic Lease Obligation" means the monetary obligation of a Person under (a) a so-called synthetic, off-balance sheet or tax retention lease, or (b) an agreement for the use or possession of property creating obligations that do not appear on the balance sheet of such Person but which, upon the insolvency or bankruptcy of such Person, would be characterized as the indebtedness of such Person (without regard to accounting treatment).

"Tangible Net Worth" means, for the Consolidated Group as of any date of determination, (a) total equity (including, without limitation, redeemable Equity Interests) determined in accordance with GAAP, minus (b) all intangible assets determined in accordance with GAAP (except for intangible assets related to the value of acquired in-place leases), plus (c) all accumulated depreciation and amortization determined in accordance with GAAP.

"Taxes" means all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

"Term Borrowing" means a borrowing consisting of simultaneous Term Loans of the same tranche, the same Type and, in the case of Eurodollar Rate Loans, having the same Interest Period made by each of the Lenders pursuant to Section 2.01(b) or Section 2.16.

"Term Loan A-1" has the meaning specified in Section 2.01(b).

"Term Loan A-1 Commitment" means, as to each Lender (a) its obligation to make its portion of $310,000,000 of the Term Loan A-1 to the Borrower on the Closing Date pursuant to Section 2.01(b), in the principal amount set forth opposite such Lender's name on Schedule 2.01 (the "Closing Date Term Loan A-1 Commitment") and (b) its obligation to make its portion of $65,000,000 of the Term Loan A-1 during the Availability Period pursuant to Section 2.01(b), in the principal amount set forth opposite such Lender's name on Schedule 2.01 (the "Delayed Draw Term Loan A-1 Commitment"). The aggregate principal amount of the Term Loan A-1 Commitments of all Lenders as in effect on the Closing Date is $375,000,000.

"Term Loan Commitment" means, as to each Lender, (a) the Term Loan A-1 Commitment and (b) its obligation to make any portion of an Incremental Term Loan pursuant to Section 2.16.

"Term Loan A-1 Maturity Date" means, with respect to Term Loan A-1, April 4, 2022; provided, however, that if such date is not a Business Day, the Term Loan A-1 Maturity Date shall be the immediately preceding Business Day.

"Term Loan A-1 Note" has the meaning specified in Section 2.11.

"Term Loans" means Term Loan A-1 or any Incremental Term Loan, as the context may require.

"Term Notes" means the Term Loan A-1 Note and any note in connection with an Incremental Term Loan.

"Threshold Amount" means $50,000,000.

"Total Asset Value" means, at any time for the Consolidated Group, without duplication, the sum of the following: (a) an amount equal to (i) Net Operating Income for the most recently ended four fiscal quarters from all Properties (other than Non-Stabilized Properties) owned by the Consolidated Group for four full fiscal quarters or longer (which amount for each individual Property as well as the aggregate amount for all Properties shall not be less than zero) divided by (ii) the Capitalization Rate, plus (b) the aggregate acquisition cost of all Properties acquired by the Consolidated Group during the then most recently ended four fiscal quarter period, plus (c) the undepreciated book value of Non-Stabilized Properties; provided that, if the Total Asset Value attributable to Non-Stabilized Properties accounts for more than 15% of Total Asset Value, the amount of undepreciated book value of such Non-Stabilized Properties that exceeds such limit shall be deducted from Total Asset Value, plus (d) the product of (i) Qualified Fees for the most recently ended four fiscal quarter period multiplied by (ii) six (6); provided that if the Total Asset Value attributable to Qualified Fees calculated pursuant to this clause (d) accounts for more than 10% of Total Asset Value, the amount of Qualified Fees calculated pursuant to this clause (d) that exceeds such limit shall be deducted from Total Asset Value, plus (e) cash from like-kind exchanges on deposit with a qualified intermediary ("1031 proceeds"), plus (f) the value of Mezzanine Debt Investments and the value of Mortgage Receivables owned by the Consolidated Group, in each case that are not more than ninety (90) days past due determined in accordance with GAAP and are not with an obligor subject to a bankruptcy or insolvency proceeding; provided that if the Total Asset Value attributable to Mezzanine Debt Investments and Mortgage Receivables accounts for more than 10% of Total Asset Value, the amount of Mezzanine Debt Investments and Mortgage Receivables that exceeds such limit shall be deducted from Total Asset Value, plus (g) the aggregate undepreciated book value of all Unimproved Land and Construction in Progress owned by the Consolidated Group, plus (h) the Consolidated Group Pro Rata Share of the foregoing items and components attributable to interests in Unconsolidated Affiliates, plus (i) Total Cash; provided that, to the extent that Total Asset Value attributable to investments in Mezzanine Debt Investments, Mortgage Receivables, 1031 proceeds, Unimproved Land, Unconsolidated Affiliates, and Construction in Progress accounts for more than 25% of Total Asset Value, in the aggregate, the amount that exceeds such limit shall be deducted from Total Asset Value. For the avoidance of doubt, upon the acquisition of Phillips Edison Grocery Center Operating Partnership II, L.P. by the Borrower, the Properties owned by Phillips Edison Grocery Center Operating Partnership II, L.P. shall be included in clause (a)(i) of this definition for purposes of calculating Total Asset Value, using the definitions of "Net Operating Income" and "Capitalization Rate" from this Agreement.

"Total Cash" means all cash and Cash Equivalents of the Consolidated Group, including, cash and Cash Equivalents held as collateral, in escrow in a bank account by a lender, creditor or contract counterparty and from like-kind exchanges (including cash from like-kind exchanges on deposit with a qualified intermediary).

"Total Credit Exposure" means, as to any Lender at any time, the sum of the outstanding unpaid principal amount of Term Loans and any unused Term Loan Commitment of such Lender at such time.

"Total Indebtedness" means (a) all Indebtedness of the Consolidated Group determined on a consolidated basis plus (b) the Consolidated Group Pro Rata Share of Indebtedness attributable to interests in Unconsolidated Affiliates.

"Total Secured Indebtedness" means (a) all Secured Indebtedness of the Consolidated Group determined on a consolidated basis plus (b) the Consolidated Group Pro Rata Share of Secured Indebtedness attributable to interests in Unconsolidated Affiliates.

"Treasury Management Agreement" means any agreement governing the provision of treasury or cash management services, including deposit accounts, overdraft, credit or debit card, funds transfer, automated clearinghouse, zero balance accounts, returned check concentration, controlled disbursement, lockbox, account reconciliation and reporting and trade finance services and other cash management services.

"Type" means, with respect to any Loan, its character as a Base Rate Loan, a Eurodollar Rate Loan or a LIBOR Daily Floating Rate Loan.

"Unconsolidated Affiliates" means an Affiliate of the Parent Entity or any other member of the Consolidated Group whose financial statements are not required to be consolidated with the financial statements of the Parent Entity in accordance with GAAP.

"Undrawn Amount" means the amount of Delayed Draw Term Loan A-1 Commitments outstanding that have not been drawn pursuant to Section 2.01(b).

"Unencumbered Asset Value" means, at any time for the Consolidated Group, without duplication, the sum of the following: (a) an amount equal to (i) Unencumbered NOI from all Unencumbered Properties (other than Non-Stabilized Properties and acquisition properties described in clause (b) below) that have been owned by the Consolidated Group for four full fiscal quarter periods or longer (which amount for each individual Unencumbered Property as well as the aggregate amount for all Unencumbered Properties shall not be less than zero) divided by (ii) the Capitalization Rate, plus (b) the aggregate acquisition cost of all Unencumbered Properties acquired during the then most recently ended four fiscal quarter period, plus (c) the undepreciated book value of Unencumbered Properties that are Non-Stabilized Properties; provided that if the Unencumbered Asset Value attributable to Non-Stabilized Properties accounts for more than 15% of Unencumbered Asset Value, the amount of undepreciated book value of such Non-Stabilized Properties that exceeds such limit shall be deducted from Unencumbered Asset Value, plus (d) cash from like-kind exchanges on deposit with a qualified intermediary ("1031 proceeds"), plus (e) the value of Mezzanine Debt Investments and Mortgage Receivables owned by the Consolidated Group that are not more than ninety (90) days past due determined in accordance with GAAP, in each case that are not subject to a Lien or Negative Pledge; provided that if the Unencumbered Asset Value attributable to Mezzanine Debt Investments and Mortgage Receivables accounts for more than 10% of Unencumbered Asset Value, the amount of Mezzanine Debt Investments and Mortgage Receivables that exceeds such limit shall be deducted from Unencumbered Asset Value, plus (f) the undepreciated book value of all Unimproved Land and Construction in Progress owned by the Consolidated Group to the extent any such assets are not subject to a Lien or Negative Pledge, plus (g) Balance Sheet Cash; provided that, to the extent that Unencumbered Asset Value attributable to investments in Mezzanine Debt Investments, Mortgage Receivables, 1031 proceeds, Unimproved Land, and Construction in Progress account for more than 25% of Unencumbered Asset Value, in the aggregate, the amount that exceeds such limit shall be deducted from Unencumbered Asset Value. For clarification purposes, in determining whether clause (a) or clause (b) above applies, the date a Property will be deemed to have been acquired is the date it was acquired by the Consolidated Group or any prior Affiliate of the Consolidated Group. For the avoidance of doubt, upon the acquisition of Phillips Edison Grocery Center Operating Partnership II, L.P. by the Borrower, the Unencumbered Properties owned by Phillips Edison Grocery Center Operating Partnership II, L.P. shall be included in clause (a)(i) of this definition for purposes of calculating Unencumbered Asset Value, using the definitions of "Unencumbered NOI" and "Capitalization Rate" from this Agreement.

"Unencumbered NOI" means (a) for Unencumbered Properties that have been owned for four full fiscal quarters or longer, the Net Operating Income from such Unencumbered Property asset for the four fiscal quarter period minus the Annual Capital Expenditure Adjustment with respect to such Unencumbered Property, (b) for Unencumbered Properties that have been owned for at least one full fiscal quarter but less than four full fiscal quarters, the Net Operating Income from such Unencumbered Property for the most recently ended fiscal quarter, multiplied by four minus the Annual Capital Expenditure Adjustment with respect to such Unencumbered Property, (c) for Unencumbered Properties that have not been owned for at least one full fiscal quarter, but owned for at least one month, the Net Operating Income from such Unencumbered Property for the most recently ended calendar month, multiplied by twelve minus the Annual Capital Expenditure Adjustment with respect to such Unencumbered Property and (d) for Unencumbered Properties that have been owned for less than one month, the average daily Net Operating Income from such Unencumbered Property for the period of ownership of such Unencumbered Property, multiplied by 30, multiplied by 12 minus the Annual Capital Expenditure Adjustment with respect to such Unencumbered Property; provided that (x) the Net Operating Income of a Property that is sold by a member of the Consolidated Group within the most recently ended fiscal quarter will be excluded in calculating Unencumbered NOI, (y) income from Major Tenants in bankruptcy will be excluded from the calculation to the extent the relevant leases have been rejected pursuant to such bankruptcy proceedings and (z) if the Net Operating Income related to ground leases in connection with Unencumbered Properties accounts for more than 5% of the aggregate Unencumbered NOI, the amount of Net Operating Income that exceeds such limit shall be deducted from the aggregate Unencumbered NOI. For the avoidance of doubt, upon the acquisition of Phillips Edison Grocery Center Operating Partnership II, L.P. by the Borrower, the Unencumbered Properties owned by Phillips Edison Grocery Center Operating Partnership II, L.P. shall be included in clause (a) of this definition for purposes of calculating Unencumbered NOI, using the definition of "Net Operating Income" from this Agreement.

"Unencumbered Properties" means a Property that: (a) is one hundred percent (100%) fee owned by a member of the Consolidated Group or subject to a ground lease approved by the Administrative Agent (such approval not to be unreasonably withheld or delayed); provided, that if such property is subject to a ground lease and the Unencumbered NOI related to such ground lease does not exceed twenty percent (20%) of the aggregate Net Operating Income of such property, such ground lease shall be deemed approved by the Administrative Agent; (b) is located in the United States; (c) is not subject to any Liens other than Permitted Liens or any Negative Pledges and the owner thereof has (i) not granted a Negative Pledge to any other creditor that would affect the Lenders' ability to take a Lien on such property and (ii) not agreed to guarantee or otherwise become liable for any Indebtedness of another party; (d) if such Property is a single tenant Property, it is one hundred percent (100%) occupied, (e) is a shopping center retail property or such other type of property consented to by the Lenders; (f) is not subject to any material environmental, title or structural problems; (g) is not subject to any leases that are in payment or bankruptcy default, after giving effect to any notice or cure periods set forth therein; provided that, in the case of multi-tenant Properties, the qualification in this clause (g) shall be limited to leases of anchor tenants in payment or bankruptcy default; (h) is insured in accordance with the requirements under the Loan Documents and (i) is not owned by a Subsidiary that, if such Subsidiary was subject to Section 9.01(f) or (g), would cause an Event of Default under either such Section.

"Unimproved Land" means Properties which have not been developed for any type of commercial, industrial, residential or other income-generating use and are not, as of such date, under development.

"United States" and "U.S." mean the United States of America.

"Unsecured Indebtedness" means all Indebtedness which is not secured by a Lien; provided that (a) direct Indebtedness (as opposed to a Guarantee) that is secured solely by a Lien on Equity Interests and (b) PACE Financings, in each case, shall be deemed Unsecured Indebtedness for the purposes of this Agreement.

"Unused Fee" means, for each day during the Availability Period, an amount equal to (a) the Undrawn Amount for such day multiplied by (b) a per annum percentage for such day (as determined for a three hundred sixty (360) day year) equal to 0.20%.

"U.S. Person" means any Person that is a "United States Person" as defined in Section 7701(a)(30) of the Internal Revenue Code.

"U.S. Tax Compliance Certificate" has the meaning specified in Section 3.01(e)(ii)(B)(III).

"Voting Stock" means, with respect to any Person, Equity Interests issued by such Person the holders of which are ordinarily, in the absence of contingencies, entitled to vote for the election of directors (or persons performing similar functions) of such Person, even though the right so to vote has been suspended by the happening of such a contingency.

"Wells Fargo" means Wells Fargo Bank, National Association.

"Wells Fargo Fee Letter" means that certain fee letter, dated as of the Closing Date, among the Borrower, Wells Fargo and Wells Fargo Securities.

"Wells Fargo Securities" means Wells Fargo Securities, LLC.

"Write-Down and Conversion Powers" means, with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule.

1.02 Other Interpretive Provisions.

With reference to this Agreement and each other Loan Document, unless otherwise specified herein or in such other Loan Document:

(a) The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include," "includes" and "including" shall be deemed to be followed by the phrase "without limitation." The word "will" shall be construed to have the same meaning and effect as the word "shall." Unless the context requires otherwise, (i) any definition of or reference to any agreement, instrument or other document (including the Loan Documents and any Organization Document) shall be construed as referring to such agreement, instrument or other document as from time to time amended, modified, extended, restated, replaced or supplemented from time to time (subject to any restrictions on such amendments, supplements or modifications set forth herein or in any other Loan Document), (ii) any reference herein to any Person shall be construed to include such Person's successors and assigns, (iii) the words "hereto", "herein," "hereof" and "hereunder," and words of similar import when used in any Loan Document, shall be construed to refer to such Loan Document in its entirety and not to any particular provision thereof, (iv) all references in a Loan Document to Articles, Sections, Preliminary Statements, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Preliminary Statements, Exhibits and Schedules to, the Loan Document in which such references appear, (v) any reference to any law

shall include all statutory and regulatory rules, regulations, orders and provisions consolidating, amending, replacing or interpreting such law and any reference to any law or regulation shall, unless otherwise specified, refer to such law or regulation as amended, modified, extended, restated, replaced or supplemented from time to time, and (vi) the words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all real and personal property and tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

(b) In the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including;" the words "to" and "until" each mean "to but excluding;" and the word "through" means "to and including."

(c) Section headings herein and in the other Loan Documents are included for convenience of reference only and shall not affect the interpretation of this Agreement or any other Loan Document.

(d) Any reference herein to a merger, transfer, consolidation, amalgamation, assignment, sale, disposition or transfer, or similar term, shall be deemed to apply to a division of or by a limited liability company, or an allocation of assets to a series of a limited liability company (or the unwinding of such a division or allocation), as if it were a merger, transfer, consolidation, amalgamation, assignment, sale, disposition or transfer, or similar term, as applicable, to, of or with a separate Person. Any division of a limited liability company shall constitute a separate Person hereunder (and each division of any limited liability company that is a Subsidiary, joint venture or any other like term shall also constitute such a Person or entity).

1.03 Accounting Terms.

(a) Generally. All accounting terms not specifically or completely defined herein shall be construed in conformity with, and all financial data (including financial ratios and other financial calculations) required to be submitted pursuant to this Agreement shall be prepared in conformity with, GAAP applied on a consistent basis, as in effect from time to time, applied in a manner consistent with that used in preparing the Audited Financial Statements, except as otherwise specifically prescribed herein. Notwithstanding any other provision contained herein, all terms of an accounting or financial nature used herein shall be construed, and all computations of amounts and ratios referred to herein shall be made, (i) without giving effect to any election under Accounting Standards Codification 825 (or any other Financial Accounting Standard or Accounting Standards Codification having a similar result or effect) to value any Indebtedness or other liabilities of the Consolidated Group or any Unconsolidated Affiliate at "fair value," as defined therein and (ii) any change to lease accounting rules from those in effect pursuant to FASB ASC 840 and other related lease accounting guidance as in effect on the Closing Date.

(b) Changes in GAAP. If at any time any change in GAAP (including the adoption of IFRS) would affect the computation of any financial ratio or requirement set forth in any Loan Document, and either the Borrower or the Required Lenders shall so request, the Administrative Agent, the Lenders and the Borrower shall negotiate in good faith to amend such ratio or requirement to preserve the original intent thereof in light of such change in GAAP (subject to the approval of the Required Lenders); provided that, until so amended, (i) such ratio or requirement shall continue to be computed in accordance with GAAP prior to such change therein and (ii) the Borrower shall provide to the Administrative Agent and the Lenders financial statements and other documents required under this Agreement or as requested hereunder setting forth a

reconciliation between calculations of such ratio or requirement made before and after giving effect to such change in GAAP.

(c) Consolidation of Variable Interest Entities. All references herein to consolidated financial statements of the Consolidated Group or to the determination of any amount for the Consolidated Group on a consolidated basis or any similar reference shall, in each case, be deemed to include each variable interest entity that the Parent Entity is required to consolidate pursuant to FASB ASC 810 as if such variable interest entity were a Subsidiary as defined herein.

1.04 Rounding.

Any financial ratios required to be maintained pursuant to this Agreement shall be calculated by dividing the appropriate component by the other component, carrying the result to one place more than the number of places by which such ratio is expressed herein and rounding the result up or down to the nearest number (with a rounding-up if there is no nearest number).

1.05 Times of Day; Rates

(a) Times of Day. Unless otherwise specified, all references herein to times of day shall be references to Eastern time (daylight or standard, as applicable).

(b) Rates. The Administrative Agent does not warrant, nor accept responsibility, nor shall the Administrative Agent have any liability with respect to, the administration, submission or any other matter related to the rates in the definition of "Eurodollar Base Rate" or with respect to any comparable or successor rate thereto.

ARTICLE II

THE COMMITMENTS AND CREDIT EXTENSIONS

2.01 Commitments.

(a) [Reserved]

(b) Term Loan A-1. Subject to the terms and conditions set forth herein, each Lender severally agrees to make its portion of a term loan (the "Term Loan A-1") to the Borrower in Dollars, on (a) the Closing Date, in an amount equal to such Lender's Closing Date Term Loan A-1 Commitment and (b) any Business Day during the Availability Period, in an aggregate amount not to exceed such Lender's Delayed Draw Term Loan A-1 Commitment; provided, that (i) after giving effect to any such Borrowing, the aggregate amount of all Term Loan A-1 Borrowings shall not exceed the aggregate Term Loan A-1 Commitments, (ii) the aggregate amount of Borrowings under the Closing Date Term Loan A-1 Commitment shall not exceed the Closing Date Term Loan A-1 Commitments, (iii) the aggregate amount of Borrowings under the Delayed Draw Term Loan A-1 Commitment shall not exceed the Delayed Draw Term Loan A-1 Commitments, (iv) no more than three (3) Borrowings can be made after the Closing Date with respect to the Delayed Draw Term Loan A-1 Commitments and (v) each Borrowing under the Delayed Draw Term Loan A-1 Commitments must be in a minimum amount of the greater of (x)

$15,000,000 and (y) the remaining amount of the Delayed Draw Term Loan A-1 Commitment. Amounts borrowed under this Section 2.01(b) and repaid or prepaid may not be reborrowed. The Term Loan A-1 may be composed of Base Rate Loans, Eurodollar Rate Loans or LIBOR Daily Floating Rate Loans, or a combination thereof, as further provided herein.

2.02 Borrowings, Conversions and Continuations of Loans.

(a) Each Borrowing, each conversion of Loans from one Type to the other, and each continuation of Eurodollar Rate Loans shall be made upon the Borrower's irrevocable notice to the Administrative Agent, which may be given by telephone. Each such notice must be received by the Administrative Agent not later than 11:00 a.m. (i) three Business Days prior to the requested date of any Borrowing of, conversion to or continuation of, Eurodollar Rate Loans or of any conversion of Eurodollar Rate Loans to Base Rate Loans, and (ii) on the requested date of any Borrowing of Base Rate Loans or LIBOR Daily Floating Rate Loans. Each telephonic notice by the Borrower pursuant to this Section 2.02(a) must be confirmed promptly by delivery to the Administrative Agent of a written Loan Notice, appropriately completed and signed by a Responsible Officer of the Borrower. Each Borrowing of, conversion to or continuation of Eurodollar Rate Loans shall be in a principal amount of $1,000,000 or a whole multiple of $100,000 in excess thereof. Each Borrowing of, conversion to or continuation of LIBOR Daily Floating Rate Loans shall be in a principal amount of $2,000,000 or a whole multiple of $100,000 in excess thereof. Each Borrowing of or conversion to Base Rate Loans shall be in a principal amount of $1,000,000 or a whole multiple of $500,000 in excess thereof. Each Loan Notice (whether telephonic or written) shall specify (i) whether the Borrower is requesting a Borrowing, a conversion of Loans from one Type to the other, or a continuation of Loans, as the case may be, (ii) whether such Borrowing is a Term Loan A-1 or an Incremental Term Loan, (iii) the requested date of the Borrowing, conversion or continuation, as the case may be (which shall be a Business Day), (iv) the principal amount of Loans to be borrowed, converted or continued, (v) the Type of Loans to be borrowed or to which existing Loans are to be converted, (vi) if applicable, the duration of the Interest Period with respect thereto, and (vii) if requesting a Borrowing, a certification that such Borrowing complies with Section 2.01. If the Borrower fails to specify a Type of a Loan in a Loan Notice or if the Borrower fails to give a timely notice requesting a conversion or continuation, then the applicable Loans shall be made as, or converted to, Base Rate Loans. Any such automatic conversion to Base Rate Loans shall be effective as of the last day of the Interest Period then in effect with respect to the applicable Eurodollar Rate Loans. If the Borrower requests a Borrowing of, conversion to, or continuation of Eurodollar Rate Loans in any Loan Notice, but fails to specify an Interest Period, it will be deemed to have specified an Interest Period of one month.

(b) Following receipt of a Loan Notice, the Administrative Agent shall promptly notify each Lender of the amount of its Applicable Percentage of the applicable Loans, and if no timely notice of a conversion or continuation is provided by the Borrower, the Administrative Agent shall notify each Lender of the details of any automatic conversion to Base Rate Loans as described in the preceding subsection. In the case of a Borrowing, each Lender shall make the amount of its Loan available to the Administrative Agent in immediately available funds at the Administrative Agent's Office not later than 1:00 p.m. on the Business Day specified in the applicable Loan Notice. Upon satisfaction or waiver of the applicable conditions set forth in Section 5.02 (and, if such Borrowing is the initial Credit Extension, Section 5.01), the Administrative Agent shall make all funds so received available to the Borrower in like funds as received by the Administrative Agent either by (i) crediting the account of the Borrower on the

books of the Administrative Agent with the amount of such funds or (ii) wire transfer of such funds, in each case in accordance with instructions provided to (and acceptable to) the Administrative Agent by the Borrower.

(c) Except as otherwise provided herein, a Eurodollar Rate Loan may be continued or converted only on the last day of the Interest Period for such Eurodollar Rate Loan. During the existence of a Default, no Loans may be requested as, converted to or continued as Eurodollar Rate Loans without the consent of the Required Lenders, and the Required Lenders may demand that any or all of the then outstanding Eurodollar Rate Loans be converted immediately to Base Rate Loans.

(d) The Administrative Agent shall promptly notify the Borrower and the Lenders of the interest rate applicable to any Interest Period for Eurodollar Rate Loans upon determination of such interest rate. At any time that Base Rate Loans are outstanding, the Administrative Agent shall notify the Borrower and the Lenders of any change in the Administrative Agent's prime rate used in determining the Base Rate promptly following the public announcement of such change. At any time that LIBOR Daily Floating Rate Loans are outstanding, the Administrative Agent shall notify the Borrower and the Lenders of any change in such rate promptly following any change in such published rate.

(e) After giving effect to all Borrowings, all conversions of Term Loans A-1 from one Type to the other, and all continuations of Term Loans A-1 as the same Type, there shall not be more than three (3) Interest Periods in effect with respect to all Term Loans A-1.

(f) The Borrower hereby authorizes the Administrative Agent to disburse the proceeds of any Loan made by the Lenders or any of their Affiliates pursuant to the Loan Documents as requested by an authorized representative of the Borrower to any of the accounts designated in any Disbursement Instruction Agreement.

2.03 [Reserved]

2.04 [Reserved]

2.05 Voluntary Prepayments.

The Borrower may, upon notice from the Borrower to the Administrative Agent, at any time or from time to time voluntarily prepay any Term Loan in whole or in part without premium or penalty; provided that (A) such notice must be received by the Administrative Agent not later than 11:00 a.m. (1) three Business Days prior to any date of prepayment of Eurodollar Rate Loans and (2) on the date of prepayment of Base Rate Loans and LIBOR Daily Floating Rate Loans; (B) any such prepayment of Eurodollar Rate Loans shall be in a principal amount of $1,000,000 or a whole multiple of $1,000,000 in excess thereof (or, if less, the entire principal amount thereof then outstanding); (C) any such prepayment of LIBOR Daily Floating Rate Loans shall be in a principal amount of $500,000 or a whole multiple of $100,000 in excess thereof (or, if less, the entire principal amount thereof then outstanding); and (D) any prepayment of Base Rate Loans shall be in a principal amount of $500,000 or a whole multiple of $100,000 in excess thereof (or, if less, the entire principal amount thereof then outstanding). Each such notice shall specify the date and amount of such prepayment, the tranche of Terms Loans to be prepaid and the Type(s) of Term Loans to be prepaid. The Administrative Agent will promptly notify each applicable Lender of its receipt of each such notice, and of the amount of such Lender's Applicable

Percentage of such prepayment. If such notice is given by the Borrower, the Borrower shall make such prepayment and the payment amount specified in such notice shall be due and payable on the date specified therein. Any prepayment of a Eurodollar Rate Loan shall be accompanied by all accrued interest on the amount prepaid, together with any additional amounts required pursuant to Section 3.05. Subject to Section 2.15, each such prepayment shall be applied to the applicable Term Loans of the Lenders in accordance with their respective Applicable Percentages.

2.06 Termination or Reduction of Aggregate Delayed Draw Term Loan A-1 Commitments

(a) Optional Reductions of Delayed Draw Term Loan A-1 Commitments. The Borrower may, upon notice to the Administrative Agent, permanently reduce any or all undrawn amounts of the Delayed Draw Term Loan A-1 Commitments; provided that any such notice shall be received by the Administrative Agent not later than 1:00 p.m., five (5) Business Days prior to the date of termination or reduction and any such partial reduction shall be in an aggregate amount of $2,000,000 or any whole multiple of $1,000,000 in excess thereof.

(b) Notice. The Administrative Agent will promptly notify the Lenders of any termination or reduction of the Delayed Draw Term Loan A-1 Commitments under this Section 2.06. Upon any reduction of the Delayed Draw Term Loan A-1 Commitments, the Delayed Draw Term Loan A-1 Commitment of each Lender shall be reduced by such Lender's Applicable Percentage of such reduction amount. All fees in respect of the Delayed Draw Term Loan A-1 Commitments accrued until the effective date of any reduction of the Delayed Draw Term Loan A-1 Commitments shall be paid on the effective date of such reduction.

2.07 Repayment of Loans.

The Borrower shall repay to the Lenders (a) on the Term Loan A-1 Maturity Date the aggregate principal amount of Term Loan A-1 outstanding on such date and (b) any Incremental Term Loan, on the applicable maturity date thereof as set forth in the applicable Incremental Term Loan Agreement, together, in each case, with all accrued and unpaid interest with respect thereto.

2.08 Interest.

(a) Subject to the provisions of subsection (b) below, (i) each Eurodollar Rate Loan shall bear interest on the outstanding principal amount thereof for each Interest Period at a rate per annum equal to the sum of the Eurodollar Rate for such Interest Period plus the Applicable Rate, (ii) each LIBOR Daily Floating Rate Loan shall bear interest on the outstanding principal amount thereof from the applicable borrowing date at a rate per annum equal to the LIBOR Daily Floating Rate plus the Applicable Rate and (iii) each Base Rate Loan shall bear interest on the outstanding principal amount thereof from the applicable borrowing date at a rate per annum equal to the Base Rate plus the Applicable Rate.

(b) (i) If any amount of principal of any Loan is not paid when due (without regard to any applicable grace periods), whether at stated maturity, by acceleration or otherwise or if any Event of Default has occurred under Section 9.01(f), all outstanding Obligations hereunder shall thereafter bear interest at a fluctuating interest rate per annum at all times equal to the Default Rate to the fullest extent permitted by applicable Laws.

(ii) If any amount (other than principal of any Loan) is not paid when due (after giving effect to any applicable grace periods), whether at stated maturity, by

acceleration or otherwise, then upon the request of the Required Lenders, such amount shall thereafter bear interest at a fluctuating interest rate per annum at all times equal to the Default Rate to the fullest extent permitted by applicable Laws.

(iii) Upon the request of the Required Lenders, while any Event of Default exists, the Borrower shall pay interest on the principal amount of all outstanding Obligations hereunder at a fluctuating interest rate per annum at all times equal to the Default Rate to the fullest extent permitted by applicable Laws.

(iv) Accrued and unpaid interest on past due amounts (including interest on past due interest) shall be due and payable upon demand.

(c) Interest on each Loan shall be due and payable in arrears on each Interest Payment Date applicable thereto and at such other times as may be specified herein. Interest hereunder shall be due and payable in accordance with the terms hereof before and after judgment, and before and after the commencement of any proceeding under any Debtor Relief Law.

2.09 Fees.

(a) The Borrower shall pay to the Arrangers and the Administrative Agent such fees set forth in the Fee Letters and as shall have been separately agreed upon in writing in the amounts and at the times so specified. Such fees shall be fully earned when paid and shall not be refundable for any reason whatsoever.

(b) The Borrower shall pay to the Lenders such fees as shall have been separately agreed upon in writing in the amounts and at the times so specified. Such fees shall be fully earned when paid and shall not be refundable for any reason whatsoever.

(c) For each day during the Availability Period, the Borrower shall pay a fee to the Administrative Agent for the pro rata benefit of Lenders having a Delayed Draw Term Loan A-1 Commitment in an amount equal to the Unused Fee for such day. The Unused Fee shall be payable in arrears on (i) the first Business Day of each fiscal quarter, (ii) the date of any reduction in the Delayed Draw Term Loan A-1 Commitments pursuant to Section 2.06, and (iii) on the last day of the Availability Period.

2.10 Computation of Interest and Fees; Retroactive Adjustments of Applicable Rate.

(a) All computations of interest for Base Rate Loans (including Base Rate Loans determined by reference to the Eurodollar Rate) shall be made on the basis of a year of 365 or 366 days, as the case may be, and actual days elapsed. All other computations of fees and interest shall be made on the basis of a 360-day year and actual days elapsed (which results in more fees or interest, as applicable, being paid than if computed on the basis of a 365-day year). Interest shall accrue on each Loan for the day on which the Loan is made, and shall not accrue on a Loan, or any portion thereof, for the day on which the Loan or such portion is paid, provided that any Loan that is repaid on the same day on which it is made shall, subject to Section 2.12(a), bear interest for one day. Each determination by the Administrative Agent of an interest rate or fee hereunder shall be conclusive and binding for all purposes, absent manifest error.

(b) If, as a result of any restatement of or other adjustment to the financial statements of the Consolidated Group or for any other reason, the Borrower or the Lenders determine that (i)

the Leverage Ratio as calculated by the Borrower as of any applicable date was inaccurate and (ii) a proper calculation of the Leverage Ratio would have resulted in higher pricing for such period, the Borrower shall immediately and retroactively be obligated to pay to the Administrative Agent for the account of the applicable Lenders promptly on demand by the Administrative Agent (or, after the occurrence of an actual or deemed entry of an order for relief with respect to the Borrower under the Bankruptcy Code of the United States, automatically and without further action by the Administrative Agent or any Lender), an amount equal to the excess of the amount of interest and fees that should have been paid for such period over the amount of interest and fees actually paid for such period. This paragraph shall not limit the rights of the Administrative Agent or any Lender, as the case may be, under Section 2.08(b) or under Article IX. The Borrower's obligations under this paragraph shall survive the termination of the Commitments of all of the Lenders and the repayment of all other Obligations hereunder.

2.11 Evidence of Debt.

The Credit Extensions made by each Lender shall be evidenced by one or more accounts or records maintained by such Lender in the ordinary course of business. The Administrative Agent shall maintain the Register in accordance with Section 11.06(c). The accounts or records maintained by the Administrative Agent and each Lender shall be conclusive absent manifest error of the amount of the Credit Extensions made by the Lenders to the Borrower and the interest and payments thereon. Any failure to so record or any error in doing so shall not, however, limit or otherwise affect the obligation of the Borrower hereunder to pay any amount owing with respect to the Obligations. In the event of any conflict between the accounts and records maintained by any Lender and the Register, the Register shall control in the absence of manifest error. Upon the request of any Lender made through the Administrative Agent, the Borrower shall execute and deliver to such Lender (through the Administrative Agent) a promissory note, which shall evidence such Lender's Loans in addition to such accounts or records. Each such promissory note shall, in the case of Term Loan A-1, be in the form of Exhibit C (a "Term Loan A-1 Note"). Each Lender may attach schedules to its Note and endorse thereon the date, Type (if applicable), amount and maturity of its Loans and payments with respect thereto.

2.12 Payments Generally; Administrative Agent's Clawback.

(a) General. All payments to be made by the Borrower shall be made free and clear of and without condition or deduction for any counterclaim, defense, recoupment or setoff. Except as otherwise expressly provided herein, all payments by the Borrower hereunder shall be made to the Administrative Agent, for the account of the respective Lenders to which such payment is owed, at the Administrative Agent's Office in Dollars and in immediately available funds not later than 2:00 p.m. on the date specified herein. The Administrative Agent will promptly distribute to each Lender its Applicable Percentage (or other applicable share as provided herein) of such payment in like funds as received by wire transfer to such Lender's Lending Office. All payments received by the Administrative Agent after 2:00 p.m. shall be deemed received on the next succeeding Business Day and any applicable interest or fee shall continue to accrue. Subject to the definition of "Interest Period", if any payment to be made by the Borrower shall come due on a day other than a Business Day, payment shall be made on the next following Business Day, and such extension of time shall be reflected in computing interest or fees, as the case may be.

(b) (i) Funding by Lenders; Presumption by Administrative Agent. Unless the Administrative Agent shall have received notice from a Lender prior to the proposed date of any

Borrowing of Eurodollar Rate Loans (or, in the case of any Borrowing of Base Rate Loans or LIBOR Daily Floating Rate Loans, prior to 12:00 noon on the date of such Borrowing) that such Lender will not make available to the Administrative Agent such Lender's share of such Borrowing, the Administrative Agent may assume that such Lender has made such share available on such date in accordance with Section 2.02 (or, in the case of any Borrowing of Base Rate Loans or LIBOR Daily Floating Rate Loans, that such Lender has made such share available in accordance with and at the time required by Section 2.02) and may, in reliance upon such assumption, make available to the Borrower a corresponding amount. In such event, if a Lender has not in fact made its share of the applicable Borrowing available to the Administrative Agent, then the applicable Lender and the Borrower severally agree to pay to the Administrative Agent forthwith on demand such corresponding amount in immediately available funds with interest thereon, for each day from and including the date such amount is made available to the Borrower to but excluding the date of payment to the Administrative Agent, at (A) in the case of a payment to be made by such Lender, the greater of the Federal Funds Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation and (B) in the case of a payment to be made by the Borrower, the interest rate applicable to Base Rate Loans. If the Borrower and such Lender shall pay such interest to the Administrative Agent for the same or an overlapping period, the Administrative Agent shall promptly remit to the Borrower the amount of such interest paid by the Borrower for such period. If such Lender pays its share of the applicable Borrowing to the Administrative Agent, then the amount so paid shall constitute such Lender's Loan included in such Borrowing. Any payment by the Borrower shall be without prejudice to any claim the Borrower may have against a Lender that shall have failed to make such payment to the Administrative Agent.

(ii) Payments by Borrower; Presumptions by Administrative Agent. Unless the Administrative Agent shall have received notice from the Borrower prior to the date on which any payment is due to the Administrative Agent for the account of the Lenders hereunder that the Borrower will not make such payment, the Administrative Agent may assume that the Borrower has made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to the Lenders the amount due. In such event, if the Borrower has not in fact made such payment, then each of the Lenders severally agrees to repay to the Administrative Agent forthwith on demand the amount so distributed to such Lender, in immediately available funds with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Administrative Agent, at the greater of the Federal Funds Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation.

A notice of the Administrative Agent to any Lender or the Borrower with respect to any amount owing under subsection (b) shall be conclusive, absent manifest error.

(c) Failure to Satisfy Conditions Precedent. If any Lender makes available to the Administrative Agent funds for any Loan to be made by such Lender as provided in the foregoing provisions of this Article II, and such funds are not made available to the Borrower by the Administrative Agent because the conditions to the applicable Credit Extension set forth in Article V are not satisfied or waived in accordance with the terms hereof, the Administrative Agent shall return such funds (in like funds as received from such Lender) to such Lender, without interest.

(d) Obligations of Lenders Several. The obligations of the Lenders hereunder to make Loans and to make payments pursuant to Section 11.04(c) are several and not joint. The

failure of any Lender to make any Loan or to make any payment under Section 11.04(c) on any date required hereunder shall not relieve any other Lender of its corresponding obligation to do so on such date, and no Lender shall be responsible for the failure of any other Lender to so make its Loan or to make its payment under Section 11.04(c).

(e) Funding Source. Nothing herein shall be deemed to obligate any Lender to obtain the funds for any Loan in any particular place or manner or to constitute a representation by any Lender that it has obtained or will obtain the funds for any Loan in any particular place or manner.

2.13 Sharing of Payments by Lenders.

If any Lender shall, by exercising any right of setoff or counterclaim or otherwise, obtain payment in respect of any principal of or interest on any of the Loans made by it, resulting in such Lender's receiving payment of a proportion of the aggregate amount of such Loans or participations and accrued interest thereon greater than its pro rata share thereof as provided herein, then the Lender receiving such greater proportion shall (a) notify the Administrative Agent of such fact, and (b) purchase (for cash at face value) participations in the Loans of the other Lenders, or make such other adjustments as shall be equitable, so that the benefit of all such payments shall be shared by the Lenders ratably in accordance with the aggregate amount of principal of and accrued interest on their respective Loans and other amounts owing them, provided that:

(i) if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, without interest; and

(ii) the provisions of this Section shall not be construed to apply to (x) any payment made by or on behalf of the Borrower pursuant to and in accordance with the express terms of this Agreement (including the application of funds arising from the existence of a Defaulting Lender), or (y) any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Loans to any assignee or participant, other than an assignment to the Borrower or any Subsidiary thereof (as to which the provisions of this Section shall apply).

Each Loan Party consents to the foregoing and agrees, to the extent it may effectively do so under applicable law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against such Loan Party rights of setoff and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of such Loan Party in the amount of such participation.

2.14 [Reserved]

2.15 Defaulting Lenders.

(a) Adjustments. Notwithstanding anything to the contrary contained in this Agreement, if any Lender becomes a Defaulting Lender, then, until such time as that Lender is no longer a Defaulting Lender, to the extent permitted by applicable Law:

(i) Waivers and Amendment. Such Defaulting Lender's right to approve or disapprove any amendment, waiver or consent with respect to this Agreement shall be restricted as set forth in the definition of "Required Lenders" and Section 11.01.

(ii) Defaulting Lender Waterfall. Any payment of principal, interest, fees or other amount received by the Administrative Agent for the account of such Defaulting Lender (whether voluntary or mandatory, at maturity, pursuant to Article IX or otherwise) or received by the Administrative Agent from a Defaulting Lender pursuant to Section 11.08, shall be applied at such time or times as may be determined by the Administrative Agent as follows: first, to the payment of any amounts owing by such Defaulting Lender to the Administrative Agent hereunder; second, as the Borrower may request (so long as no Default or Event of Default exists), to the funding of any Loan in respect of which such Defaulting Lender has failed to fund its portion thereof as required by this Agreement, as determined by the Administrative Agent; third, to the payment of any amounts owing to the Lenders as a result of any judgment of a court of competent jurisdiction obtained by any Lender against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement; fourth, so long as no Default or Event of Default exists, to the payment of any amounts owing to the Borrower as a result of any judgment of a court of competent jurisdiction obtained by the Borrower against that Defaulting Lender as a result of that Defaulting Lender's breach of its obligations under this Agreement; and fifth, to such Defaulting Lender or as otherwise directed by a court of competent jurisdiction; provided, that, if (x) such payment is a payment of the principal amount of any Loans in respect of which such Defaulting Lender has not fully funded its appropriate share, and (y) such Loans were made at a time when the conditions set forth in Section 5.02 were satisfied or waived, such payment shall be applied solely to pay the Loans of all Non-Defaulting Lenders on a pro rata basis prior to being applied to the payment of any Loans of such Defaulting Lender until such time as all Loans are held by the Lenders pro rata in accordance with the Commitments hereunder without giving effect to Section 2.15(a)(iv). Any payments, prepayments or other amounts paid or payable to a Defaulting Lender that are applied (or held) to pay amounts owed by a Defaulting Lender pursuant to this Section 2.15(a)(ii) shall be deemed paid to and redirected by such Defaulting Lender, and each Lender irrevocably consents hereto.

(b) Defaulting Lender Cure. If the Borrower and the Administrative Agent agree in writing that a Lender is no longer a Defaulting Lender, the Administrative Agent will so notify the parties hereto, whereupon as of the effective date specified in such notice and subject to any conditions set forth therein that Lender will, to the extent applicable, purchase at par that portion of outstanding Loans of the other Lenders or take such other actions as the Administrative Agent may determine to be necessary to cause the Loans to be held on a pro rata basis by the Lenders in accordance with their Applicable Percentages, whereupon such Lender will cease to be a Defaulting Lender; provided, that, no adjustments will be made retroactively with respect to fees accrued or payments made by or on behalf of the Borrower while that Lender was a Defaulting Lender; provided, further, that, except to the extent otherwise expressly agreed by the affected parties, no change hereunder from Defaulting Lender to Lender will constitute a waiver or release of any claim of any party hereunder arising from that Lender having been a Defaulting Lender.

1.16 Increase in Commitments.

(a) Request for Increase. Provided there exists no Default, upon notice to the Administrative Agent (which shall promptly notify the Lenders), the Borrower may from time to time, request (x) an increase in Term Loan A-1 or (y) a new term loan (an "Incremental Term Loan"); provided that (i) any such request shall be in a minimum amount of $25,000,000, (ii) the

aggregate amount of all such requested increases and Incremental Term Loans may not exceed $150,000,000 and (iii) the sum of the principal amount of all outstanding Term Loans may not exceed $525,000,000 at any one time. At the time of sending such notice, the Borrower (in consultation with the Administrative Agent) shall specify the time period within which each Lender is requested to respond (which shall in no event be less than ten (10) Business Days from the date of delivery of such notice to the Lenders).

(b) Lender Elections to Increase. Each Lender shall notify the Administrative Agent within the time period specified by the Borrower pursuant to Section 2.16(a) whether or not it agrees to increase Term Loan A-1 or agrees to participate in an Incremental Term Loan and, if so, whether by an amount equal to, greater than, or less than its Applicable Percentage of such requested increase. Any Lender not responding within such time period shall be deemed to have declined to increase its Term Loan A-1 or participate in an Incremental Term Loan.

(c) Notification by Administrative Agent; Additional Lenders. The Administrative Agent shall notify the Borrower and each Lender of the Lenders' responses to each request made hereunder. To achieve the full amount of a requested increase, and subject to the approval of the Administrative Agent, the Borrower may also invite additional Eligible Assignees to become Lenders pursuant to a joinder agreement ("New Lenders") in form and substance reasonably satisfactory to the Administrative Agent.

(d) Effective Date and Allocations. If the Term Loan A-1 is increased or an Incremental Term Loan is added in accordance with this Section, the Administrative Agent and the Borrower shall determine the effective date (the "Increase Effective Date") and the final allocation of such increase or Incremental Term Loan. The Administrative Agent shall promptly notify the Borrower and the Lenders and the New Lenders, if any, of the final allocation of such increase or Incremental Term Loan and the Increase Effective Date.

(e) Conditions to Effectiveness of Increase. As a condition precedent to such increase, the Borrower shall deliver to the Administrative Agent (i) a certificate of each Loan Party dated as of the Increase Effective Date (in sufficient copies for each Lender) signed by a Responsible Officer of such Loan Party (A) certifying and attaching the resolutions adopted by such Loan Party approving or consenting to such increase, and (B) in the case of the Borrower, certifying that, before and after giving effect to such increase, (1) the representations and warranties contained in Article VI and the other Loan Documents are true and correct in all material respects (unless already qualified by materiality or Material Adverse Effect, in which case they shall be true and correct in all respects), on and as of the Increase Effective Date, except to the extent that such representations refer to an earlier date, in which case they are true and correct in all material respects as of such earlier date, and except that for purposes of this Section, the representations and warranties contained in subsections (a) and (b) of Section 6.05 shall be deemed to refer to the most recent statements furnished pursuant to clauses (a) and (b), respectively, of Section 7.01, and (2) both before and after giving effect to the increase, no Default exists and (ii) if such increase is in the form of an Incremental Term Loan, an agreement, in form and substance reasonably satisfactory to the Administrative Agent, duly executed by each applicable Lender and New Lender, the Borrower and the Administrative Agent (each such agreement, an "Incremental Term Loan Agreement") setting forth the Applicable Rate and the maturity date for such Incremental Term Loan. The Borrower shall deliver or cause to be delivered any other customary documents (including, without limitation, customary legal opinions) as reasonably requested by the Administrative Agent in connection with any such increase in the Term Loan A-1 or the making of an Incremental Term Loan.

(f) Conflicting Provisions. This Section shall supersede any provisions in Section 2.13 or 11.01 to the contrary.

2.17 Extension of Maturity Date.

(a) Requests for Extension.

(i) The Borrower may, by notice to the Administrative Agent and the Lenders not earlier than 90 days and not later than 45 days prior to the Term Loan A-1 Maturity Date (the "Existing Maturity Date"), request that the Lenders extend the Term Loan A-1 Maturity Date for an additional six month period from the Existing Maturity Date.

(b) Conditions to Effectiveness of Extension. As a condition precedent to such extension, the Borrower shall (i) deliver to the Administrative Agent a certificate of each Loan Party dated as of the Existing Maturity Date, signed by a Responsible Officer of such Loan Party (A) certifying and attaching the resolutions adopted by such Loan Party approving or consenting to such extension and (B) certifying that, before and after giving effect to such extension, (x) the representations and warranties contained in Article VI and the other Loan Documents are true and correct in all material respects (unless already qualified by materiality or Material Adverse Effect, in which case they shall be true and correct in all respects) on and as of the Existing Maturity Date, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they are true and correct in all material respects (unless already qualified by materiality or Material Adverse Effect, in which case they shall be true and correct in all respects) as of such earlier date, and except that for purposes of this Section 2.17, the representations and warranties contained in subsections (a) and (b) of Section 6.05 shall be deemed to refer to the most recent statements furnished pursuant to subsections (a) and (b), respectively, of Section 7.01, and (y) no Default exists and (ii) pay a fee to the Administrative Agent, for the pro rata benefit of the applicable Lenders, equal to 0.075% on the principal amount of the then outstanding Term Loan A-1 Loan at the time of such extension.

ARTICLE III

TAXES, YIELD PROTECTION AND ILLEGALITY

3.01 Taxes.

(a) Payments Free of Taxes; Obligation to Withhold; Payments on Account of Taxes.

(i) Any and all payments by or on account of any obligation of any Loan Party under any Loan Document shall be made without deduction or withholding for any Taxes, except as required by applicable Laws. If any applicable Laws (as determined in the good faith discretion of the Administrative Agent or a Loan Party, as applicable) require the deduction or withholding of any Tax from any such payment by the Administrative Agent or a Loan Party, then the Administrative Agent or such Loan Party shall be entitled to make such deduction or withholding, upon the basis of the information and documentation to be delivered pursuant to subsection (e) below.

(ii) If any Loan Party or the Administrative Agent shall be required by the Internal Revenue Code to withhold or deduct any Taxes, including both United States Federal backup withholding and withholding taxes, from any payment, then (A) the Administrative Agent shall withhold or make such deductions as are determined by the Administrative Agent to be required based upon the information and documentation it has received pursuant to subsection (e) below, (B) the Administrative Agent shall timely pay the full amount withheld or deducted to the relevant Governmental Authority in accordance with the Internal Revenue Code, and (C) to the extent that the withholding or deduction is made on account of Indemnified Taxes, the sum payable by the applicable Loan Party shall be increased as necessary so that after any required withholding or the making of all required deductions (including deductions applicable to additional sums payable under this Section 3.01) the applicable Recipient receives an amount equal to the sum it would have received had no such withholding or deduction been made.

(iii) If any Loan Party or the Administrative Agent shall be required by any applicable Laws other than the Internal Revenue Code to withhold or deduct any Taxes from any payment, then (A) such Loan Party or the Administrative Agent, as required by such Laws, shall withhold or make such deductions as are determined by it to be required based upon the information and documentation it has received pursuant to subsection (e) below, (B) such Loan Party or the Administrative Agent, to the extent required by such Laws, shall timely pay the full amount withheld or deducted to the relevant Governmental Authority in accordance with such Laws, and (C) to the extent that the withholding or deduction is made on account of Indemnified Taxes, the sum payable by the applicable Loan Party shall be increased as necessary so that after any required withholding or the making of all required deductions (including deductions applicable to additional sums payable under this Section 3.01) the applicable Recipient receives an amount equal to the sum it would have received had no such withholding or deduction been made.

(b) Payment of Other Taxes by the Loan Parties. Without limiting the provisions of subsection (a) above, the Loan Parties shall timely pay to the relevant Governmental Authority in accordance with applicable law, or at the option of the Administrative Agent timely reimburse it for the payment of, any Other Taxes.

(c) Tax Indemnifications.

(i) Each of the Loan Parties shall, and does hereby, jointly and severally indemnify each Recipient, and shall make payment in respect thereof within 10 days after demand therefor, for the full amount of any Indemnified Taxes (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this Section 3.01) payable or paid by such Recipient or required to be withheld or deducted from a payment to such Recipient, and any reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the Borrower by a Lender (with a copy to the Administrative Agent), or by the Administrative Agent on its own behalf or on behalf of a Lender, shall be conclusive absent manifest error.

(ii) Each Lender shall, and does hereby, severally indemnify, and shall make payment in respect thereof within 10 days after demand therefor, (x) the Administrative Agent against any Indemnified Taxes attributable to such Lender (but only to the extent

that any Loan Party has not already indemnified the Administrative Agent for such Indemnified Taxes and without limiting the obligation of the Loan Parties to do so), (y) the Administrative Agent against any Taxes attributable to such Lender's failure to comply with the provisions of Section 11.06(d) relating to the maintenance of a Participant Register and (z) the Administrative Agent against any Excluded Taxes attributable to such Lender, in each case, that are payable or paid by the Administrative Agent in connection with any Loan Document, and any reasonable expenses arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to any Lender by the Administrative Agent shall be conclusive absent manifest error. Each Lender hereby authorizes the Administrative Agent to set off and apply any and all amounts at any time owing to such Lender under this Agreement or any other Loan Document against any amount due to the Administrative Agent under this clause (ii).

(d) Evidence of Payments. Upon request by any Loan Party or the Administrative Agent, as the case may be, after any payment of Taxes by any Loan Party or by the Administrative Agent to a Governmental Authority as provided in this Section 3.01, each Loan Party shall deliver to the Administrative Agent or the Administrative Agent shall deliver to the Borrower, as the case may be, the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of any return required by Laws to report such payment or other evidence of such payment reasonably satisfactory to the Borrower or the Administrative Agent, as the case may be.

(e) Status of Lenders; Tax Documentation.

(i) Any Lender that is entitled to an exemption from or reduction of withholding Tax with respect to payments made under any Loan Document shall deliver to the Borrower and the Administrative Agent, at the time or times reasonably requested by the Borrower or the Administrative Agent, such properly completed and executed documentation reasonably requested by the Borrower or the Administrative Agent as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Lender, if reasonably requested by the Borrower or the Administrative Agent, shall deliver such other documentation prescribed by applicable Law or reasonably requested by the Borrower or the Administrative Agent as will enable the Borrower or the Administrative Agent to determine whether or not such Lender is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation set forth in Section 3.01(e)(ii)(A), (ii)(B) and (ii)(D) below) shall not be required if in the Lender's reasonable judgment such completion, execution or submission would subject such Lender to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Lender.

(ii) Without limiting the generality of the foregoing, in the event that the Borrower is a U.S. Person,

(A) any Lender that is a U.S. Person shall deliver to the Borrower and the Administrative Agent on or prior to the date on which such Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), executed

copies of Internal Revenue Service Form W-9 certifying that such Lender is exempt from U.S. federal backup withholding Tax;

(B) any Foreign Lender (or any successor Administrative Agent that is not a U.S. Person) shall, to the extent it is legally entitled to do so, deliver to the Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement or on which such successor Administrative Agent becomes the Administrative Agent under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), whichever of the following is applicable:

(I) in the case of a Foreign Lender claiming the benefits of an income tax treaty to which the United States is a party (x) with respect to payments of interest under any Loan Document, executed copies of Internal Revenue Service Form W-8BEN or W-8BEN-E, as applicable, establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "interest" article of such tax treaty and (y) with respect to any other applicable payments under any Loan Document, Internal Revenue Service Form W-8BEN or W-8BEN-E, as applicable, establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "business profits" or "other income" article of such tax treaty;

(II) executed copies of Internal Revenue Service Form W-8ECI,

(III) in the case of a Foreign Lender claiming the benefits of the exemption for portfolio interest under Section 881(c) of the Internal Revenue Code, (x) a certificate substantially in the form of Exhibit F-1 to the effect that such Foreign Lender is not a "bank" within the meaning of Section 881(c)(3)(A) of the Internal Revenue Code, a "10 percent shareholder" of the Borrower within the meaning of Section 881(c)(3)(B) of the Internal Revenue Code, or a "controlled foreign corporation" described in Section 881(c)(3)(C) of the Internal Revenue Code (a "U.S. Tax Compliance Certificate") and (y) executed copies of Internal Revenue Service Form W-8BEN or W-8BEN-E, as applicable; orExhibit F-1U.S. Tax Compliance Certificate

(IV) to the extent a Foreign Lender is not the beneficial owner, executed copies of Internal Revenue Service Form W-8IMY, accompanied by Internal Revenue Service Form W-8ECI, Internal Revenue Service Form W-8BEN or W-8BEN-E, as applicable, a U.S. Tax Compliance Certificate substantially in the form of Exhibit F-2 or Exhibit F-3, Internal Revenue Service Form W-9, and/or other certification documents from each beneficial owner, as applicable; provided that if the Foreign Lender is a partnership and one or more direct or indirect partners of such Foreign Lender are claiming the portfolio interest exemption, such Foreign Lender may provide a U.S. Tax Compliance Certificate substantially in the form of Exhibit F-4 on behalf of each such direct and indirect partner;

(C) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), executed copies of any other form prescribed by applicable Law as a basis for claiming exemption from or a reduction in U.S. federal withholding Tax, duly completed, together with such supplementary documentation as may be prescribed by applicable law to permit the Borrower or the Administrative Agent to determine the withholding or deduction required to be made; and

(D) if a payment made to a Lender under any Loan Document would be subject to U.S. federal withholding Tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Internal Revenue Code, as applicable), such Lender shall deliver to the Borrower and the Administrative Agent at the time or times prescribed by Law and at such time or times reasonably requested by the Borrower or the Administrative Agent such documentation prescribed by applicable Law (including as prescribed by Section 1471(b)(3)(C)(i) of the Internal Revenue Code) and such additional documentation reasonably requested by the Borrower or the Administrative Agent as may be necessary for the Borrower and the Administrative Agent to comply with their obligations under FATCA and to determine that such Lender has complied with such Lender's obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this clause (D), "FATCA" shall include any amendments made to FATCA after the date of this Agreement.

(iii) Each Lender agrees that if any form or certification it previously delivered pursuant to this Section 3.01 expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify the Borrower and the Administrative Agent in writing of its legal inability to do so.

(f) Treatment of Certain Refunds. Unless required by applicable Laws, at no time shall the Administrative Agent have any obligation to file for or otherwise pursue on behalf of a Lender, or have any obligation to pay to any Lender, any refund of Taxes withheld or deducted from funds paid for the account of such Lender, as the case may be. If any Recipient determines, in its sole discretion exercised in good faith, that it has received a refund of any Taxes as to which it has been indemnified by any Loan Party or with respect to which any Loan Party has paid additional amounts pursuant to this Section 3.01, it shall pay to the Loan Party an amount equal to such refund (but only to the extent of indemnity payments made, or additional amounts paid, by a Loan Party under this Section 3.01 with respect to the Taxes giving rise to such refund), net of all out-of-pocket expenses (including Taxes) incurred by such Recipient, and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund), provided that the Loan Party, upon the request of the Recipient, agrees to repay the amount paid over to the Loan Party (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) to the Recipient in the event the Recipient is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this subsection, in no event will the applicable Recipient be required to pay any amount to the Loan Party pursuant to this subsection the payment of which would place the Recipient in a less

favorable net after-Tax position than such Recipient would have been in if the Tax subject to indemnification and giving rise to such refund had not been deducted, withheld or otherwise imposed and the indemnification payments or additional amounts with respect to such Tax had never been paid. This subsection shall not be construed to require any Recipient to make available its Tax returns (or any other information relating to its Taxes that it deems confidential) to any Loan Party or any other Person.

(g) Survival. Each party's obligations under this Section 3.01 shall survive the resignation or replacement of the Administrative Agent or any assignment of rights by, or the replacement of, a Lender, the termination of the Commitments and the repayment, satisfaction or discharge of all other Obligations.

3.02 Illegality.

If any Lender determines that any Law has made it unlawful, or that any Governmental Authority has asserted that it is unlawful, for any Lender or its Lending Office to make, maintain or fund Loans whose interest is determined by reference to the Eurodollar Rate or the LIBOR Daily Floating Rate, or to determine or charge interest rates based upon the Eurodollar Rate or LIBOR Daily Floating Rate, or any Governmental Authority has imposed material restrictions on the authority of such Lender to purchase or sell, or to take deposits of, Dollars in the London interbank market, then, on notice thereof by such Lender to the Borrower through the Administrative Agent, (i) any obligation of such Lender to make or continue Eurodollar Rate Loans or LIBOR Daily Floating Rate Loans or to convert Base Rate Loans to Eurodollar Rate Loans or LIBOR Daily Floating Rate Loans shall be suspended and (ii) if such notice asserts the illegality of such Lender making or maintaining Base Rate Loans the interest rate on which is determined by reference to the Eurodollar Rate component of the Base Rate, the interest rate on which Base Rate Loans of such Lender shall, if necessary to avoid such illegality, be determined by the Administrative Agent without reference to the Eurodollar Rate component of the Base Rate, in each case until such Lender notifies the Administrative Agent and the Borrower that the circumstances giving rise to such determination no longer exist. Upon receipt of such notice, (x) the Borrower shall, upon demand from such Lender (with a copy to the Administrative Agent), prepay or, if applicable, convert all Eurodollar Rate Loans and LIBOR Daily Floating Rate Loans of such Lender to Base Rate Loans (the interest rate on which Base Rate Loans of such Lender shall, if necessary to avoid such illegality, be determined by the Administrative Agent without reference to the Eurodollar Rate component of the Base Rate), either, in the case of LIBOR Daily Floating Rate Loans, immediately, or, in the case of Eurodollar Rate Loans, on the last day of the Interest Period therefor, if such Lender may lawfully continue to maintain such Eurodollar Rate Loans to such day, or immediately, if such Lender may not lawfully continue to maintain such Eurodollar Rate Loans, and (y) if such notice asserts the illegality of such Lender determining or charging interest rates based upon the Eurodollar Rate or the LIBOR Daily Floating Rate for any period, the Administrative Agent shall during the period of such suspension compute the Base Rate applicable to such Lender without reference to the Eurodollar Rate component thereof until the Administrative Agent is advised in writing by such Lender that it is no longer illegal for such Lender to determine or charge interest rates based upon the Eurodollar Rate. Upon any such prepayment or conversion, the Borrower shall also pay accrued interest on the amount so prepaid or converted.

3.03 Inability to Determine Rates.

If in connection with any request for a Eurodollar Rate Loan or a conversion to or continuation thereof or otherwise, (a) the Administrative Agent determines that (i) Dollar deposits are not being offered to banks in the London interbank eurodollar market for such currency for the applicable amount

and Interest Period of such Eurodollar Rate Loan or (ii) adequate and reasonable means do not exist for determining (x) the LIBOR Daily Floating Rate or (y) the Eurodollar Base Rate for any requested Interest Period with respect to a proposed Eurodollar Rate Loan or in connection with an existing or proposed Base Rate Loan (in each case with respect to this clause (a), "Impacted Loans"), or (b) the Administrative Agent or the Required Lenders determine that for any reason the Eurodollar Base Rate for any requested Interest Period with respect to a proposed Eurodollar Rate Loan does not adequately and fairly reflect the cost to the Lenders of funding such Loan, the Administrative Agent will promptly notify the Borrower and all Lenders. Thereafter, (i) the obligation of the Lenders to make or maintain Eurodollar Rate Loans with an Interest Period having the duration of such Interest Period shall be suspended, and (ii) in the event of a determination described in the preceding sentence with respect to the LIBOR Daily Floating Rate or the Eurodollar Rate component of the Base Rate, the utilization of the LIBOR Daily Floating Rate or the Eurodollar Rate component in determining the Base Rate shall be suspended, in each case until the Administrative Agent (upon the instruction of the Required Lenders) revokes such notice. Upon receipt of such notice, the Borrower may revoke any pending request for a Borrowing, conversion or continuation of Eurodollar Rate Loans (to the extent of the affected Eurodollar Rate Loans or Interest Periods) or, failing that, will be deemed to have converted such request into a request for a Borrowing of Base Rate Loans in the amount specified therein.

Notwithstanding the foregoing, if the Administrative Agent has made the determination described in clause (a) of this Section 3.03, the Administrative Agent, in consultation with the Borrower and the affected Lenders, may establish an alternative interest rate for the applicable Impacted Loans, in which case, such alternative interest rate shall apply with respect to such Impacted Loans until (1) the Administrative Agent revokes the notice delivered with respect to the applicable Impacted Loans under the first sentence of this Section 3.03, (2) the Administrative Agent notifies the Borrower that such alternative interest rate does not adequately and fairly reflect the cost to such Lenders of funding the applicable Impacted Loans, or (3) any Lender determines that any Law has made it unlawful, or that any Governmental Authority has asserted that it is unlawful, for such Lender or its applicable Lending Office to make, maintain or fund Loans whose interest is determined by reference to such alternative interest rate or to determine or charge interest rates based upon such rate or any Governmental Authority has imposed material restrictions on the ability of such Lender to do any of the foregoing and, in each case, such Lender provides the Administrative Agent and the Borrower written notice thereof.

3.04 Increased Costs.

(a) Increased Costs Generally. If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or credit extended or participated in by, any Lender (except any reserve requirement reflected in the Eurodollar Rate);

(ii) subject any Recipient to any Taxes (other than (A) Indemnified Taxes, (B) Taxes described in clauses (b) through (d) of the definition of Excluded Taxes, (C) Connection Income Taxes and (D) Taxes imposed as a penalty for a Lender's failure to comply with non-U.S. legislation implementing FATCA) on its loans, loan principal, letters of credit, commitments, or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto; or

(iii) impose on any Lender or the London interbank market any other condition, cost or expense affecting this Agreement or Eurodollar Rate Loans made by such Lender;

and the result of any of the foregoing shall be to increase the cost to such Lender of making, converting to, continuing or maintaining any Loan the interest on which is determined by reference to the Eurodollar Rate (or of maintaining its obligation to make any such Loan), or to reduce the amount of any sum received or receivable by such Lender hereunder (whether of principal, interest or any other amount) then, upon request of such Lender, the Borrower will pay to such Lender such additional amount or amounts as will compensate such Lender for such additional costs incurred or reduction suffered.

(b) Capital Requirements. If any Lender determines that any Change in Law affecting such Lender or any Lending Office of such Lender or such Lender's holding company, if any, regarding capital or liquidity ratios or requirements has or would have the effect of reducing the rate of return on such Lender's capital or on the capital of such Lender's holding company, if any, as a consequence of this Agreement, the Commitments of such Lender or the Loans made by such Lender to a level below that which such Lender or such Lender's holding company could have achieved but for such Change in Law (taking into consideration such Lender's policies and the policies of such Lender's holding company with respect to capital adequacy), then from time to time the Borrower will pay to such Lender such additional amount or amounts as will compensate such Lender or such Lender's holding company for any such reduction suffered.

(c) Certificates for Reimbursement. A certificate of a Lender setting forth the amount or amounts necessary to compensate such Lender or its holding company, as the case may be, as specified in subsection (a) or (b) of this Section and delivered to the Borrower shall be conclusive absent manifest error. The Borrower shall pay such Lender the amount shown as due on any such certificate within 10 days after receipt thereof.

(d) Delay in Requests. Failure or delay on the part of any Lender to demand compensation pursuant to the foregoing provisions of this Section shall not constitute a waiver of such Lender's right to demand such compensation, provided that the Borrower shall not be required to compensate a Lender pursuant to the foregoing provisions of this Section for any increased costs incurred or reductions suffered more than nine months prior to the date that such Lender, as the case may be, notifies the Borrower of the Change in Law giving rise to such increased costs or reductions and of such Lender's intention to claim compensation therefor (except that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the nine-month period referred to above shall be extended to include the period of retroactive effect thereof).

3.05 Compensation for Losses.

Upon demand of any Lender (with a copy to the Administrative Agent) from time to time, the Borrower shall promptly compensate such Lender for and hold such Lender harmless from any loss, cost or expense incurred by it as a result of:

(a) any continuation, conversion, payment or prepayment of any Loan other than a Base Rate Loan or a LIBOR Daily Floating Rate Loan on a day other than the last day of the Interest Period for such Loan (whether voluntary, mandatory, automatic, by reason of acceleration, or otherwise);

(b) any failure by the Borrower (for a reason other than the failure of such Lender to make a Loan) to prepay, borrow, continue or convert any Loan other than a Base Rate Loan or a LIBOR Daily Floating Rate Loan on the date or in the amount notified by the Borrower; or

(c) any assignment of a Eurodollar Rate Loan on a day other than the last day of the Interest Period therefor as a result of a request by the Borrower pursuant to Section 11.13;

including any loss of anticipated profits and any loss or expense arising from the liquidation or reemployment of funds obtained by it to maintain such Loan or from fees payable to terminate the deposits from which such funds were obtained. The Borrower shall also pay any customary administrative fees charged by such Lender in connection with the foregoing.

For purposes of calculating amounts payable by the Borrower to the Lenders under this Section 3.05, each Lender shall be deemed to have funded each Eurodollar Rate Loan made by it at the Eurodollar Base Rate used in determining the Eurodollar Rate for such Loan by a matching deposit or other borrowing in the London interbank eurodollar market for a comparable amount and for a comparable period, whether or not such Eurodollar Rate Loan was in fact so funded.

3.06 Mitigation Obligations; Replacement of Lenders.

(a) Designation of a Different Lending Office. If any Lender requests compensation under Section 3.04, or requires the Borrower to pay any Indemnified Taxes or additional amounts to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 3.01, or if any Lender gives a notice pursuant to Section 3.02, then at the request of the Borrower such Lender shall, as applicable, use reasonable efforts to designate a different Lending Office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the judgment of such Lender, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 3.01 or 3.04, as the case may be, in the future, or eliminate the need for the notice pursuant to Section 3.02, as applicable, and (ii) in each case, would not subject such Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender. The Borrower hereby agrees to pay all reasonable costs and expenses incurred by any Lender in connection with any such designation or assignment.

(b) Replacement of Lenders. If any Lender requests compensation under Section 3.04, or if the Borrower is required to pay any Indemnified Taxes or additional amounts to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 3.01 and, in each case, such Lender has declined or is unable to designate a different lending office in accordance with Section 3.06(a), the Borrower may replace such Lender in accordance with Section 11.13.

3.07 Survival.

All of the Borrower's obligations under this Article III shall survive termination of any outstanding Commitments, repayment of all other Obligations hereunder and resignation of the Administrative Agent.

3.08 Successor LIBOR.

Notwithstanding anything to the contrary in this Agreement or any other Loan Documents (including Section 11.01), if the Administrative Agent determines (which determination shall be conclusive absent manifest error), or the Borrower or Required Lenders notify the Administrative Agent

(with, in the case of the Required Lenders, a copy to the Borrower) that the Borrower or Required Lenders (as applicable) have determined, that:

(a) adequate and reasonable means do not exist for ascertaining LIBOR for any requested Interest Period because the LIBOR Screen Rate is not available or published on a current basis and such circumstances are unlikely to be temporary; or

(b) the administrator of LIBOR Screen Rate or a Governmental Authority having jurisdiction over the Administrative Agent has made a public statement identifying a specific date after which LIBOR or the LIBOR Screen Rate shall no longer be made available, or used for determining the interest rate of loans (such specific date, the "Scheduled Unavailability Date"), or

(c) syndicated loans currently being executed, or that include language similar to that contained in this Section, are being executed or amended (as applicable) to incorporate or adopt a new benchmark interest rate to replace LIBOR,

then, reasonably promptly after such determination by the Administrative Agent or receipt by the Administrative Agent of such notice, as applicable, the Administrative Agent and the Borrower may amend this Agreement to replace LIBOR with an alternate benchmark rate (including any mathematical or other adjustments to the benchmark (if any) incorporated therein), giving due consideration to any evolving or then existing convention for similar Dollar denominated syndicated credit facilities for such alternative benchmarks (any such proposed rate, a "LIBOR Successor Rate"), together with any proposed LIBOR Successor Rate Conforming Changes and any such amendment shall become effective at 5:00 p.m. on the fifth Business Day after the Administrative Agent shall have posted such proposed amendment to all Lenders unless, prior to such time, Lenders comprising the Required Lenders have delivered to the Administrative Agent written notice that such Required Lenders do not accept such amendment (which such notice shall note with specificity the particular provisions of the amendment to which such Lender objects).

If no LIBOR Successor Rate has been determined and the circumstances under clause (a) above exist or the Scheduled Unavailability Date has occurred (as applicable), the Administrative Agent will promptly so notify the Borrower and each Lender. Thereafter, (x) the obligation of the Lenders to make or maintain Eurodollar Rate Loans and LIBOR Daily Floating Rate Loans shall be suspended, (to the extent of the affected Eurodollar Rate Loans or Interest Periods or LIBOR Daily Floating Rate Loans, as applicable), and (y) the Eurodollar Base Rate component shall no longer be utilized in determining the Base Rate. Upon receipt of such notice, the Borrower may revoke any pending request for a Borrowing of, conversion to or continuation of Eurodollar Rate Loans (to the extent of the affected Eurodollar Rate Loans or Interest Periods or LIBOR Daily Floating Rate Loans, as applicable) or, failing that, will be deemed to have converted such request into a request for a Borrowing of Base Rate Loans (subject to the foregoing clause (y)) in the amount specified therein.

Notwithstanding anything else herein, in no event shall the LIBOR Successor Rate be less than zero for purposes of this Agreement.

ARTICLE IV

GUARANTY

4.01 The Guaranty.

Each of the Guarantors hereby jointly and severally guarantees to each Lender, each Affiliate of a Lender party to a Swap Contract or Treasury Management Agreement with a Loan Party, and the Administrative Agent as hereinafter provided, as primary obligor and not as surety, the prompt payment of all Obligations in full when due (whether at stated maturity, as a mandatory prepayment, by acceleration or otherwise) strictly in accordance with the terms thereof. The Guarantors hereby further agree that if any of the Obligations are not paid in full when due (whether at stated maturity, as a mandatory prepayment, by acceleration or otherwise), the Guarantors will, jointly and severally, promptly pay the same, without any demand or notice whatsoever, and that in the case of any extension of time of payment or renewal of any of the Obligations, the same will be promptly paid in full when due (whether at extended maturity, as a mandatory prepayment, by acceleration or otherwise) in accordance with the terms of such extension or renewal.

Notwithstanding any provision to the contrary contained herein or in any other of the Loan Documents, Swap Contracts with a Lender or Affiliate of a Lender or Treasury Management Agreements with a Lender or Affiliate of a Lender, (i) the obligations of each Guarantor under this Agreement and the other Loan Documents shall be limited to an aggregate amount equal to the largest amount that would not render such obligations subject to avoidance under the Debtor Relief Laws or any comparable provisions of any applicable state law and (ii) the Obligation of a Guarantor that are guaranteed under this Guaranty shall exclude any Excluded Swap Obligations with respect to such Guarantor.

4.02 Obligations Unconditional.

The obligations of the Guarantors under Section 4.01 are joint and several, absolute and unconditional, irrespective of the value, genuineness, validity, regularity or enforceability of any of the Loan Documents, Swap Contracts with a Lender or Affiliate of a Lender or Treasury Management Agreements with a Lender or Affiliate of a Lender, or any other agreement or instrument referred to therein, or any substitution, release, impairment or exchange of any other guarantee of or security for any of the Obligations, and, to the fullest extent permitted by applicable law, irrespective of any law or regulation or other circumstance whatsoever which might otherwise constitute a legal or equitable discharge or defense of a surety or guarantor, it being the intent of this Section 4.02 that the obligations of the Guarantors hereunder shall be absolute and unconditional under any and all circumstances. Each Guarantor agrees that such Guarantor shall have no right of subrogation, indemnity, reimbursement or contribution against the Borrower or any other Guarantor for amounts paid under this Article IV until such time as the Obligations have been paid in full and the Commitments have expired or terminated. Without limiting the generality of the foregoing, it is agreed that, to the fullest extent permitted by law, the occurrence of any one or more of the following shall not alter or impair the liability of any Guarantor hereunder, which shall remain absolute and unconditional as described above:

(a) at any time or from time to time, without notice to any Guarantor, the time for any performance of or compliance with any of the Obligations shall be extended, or such performance or compliance shall be waived;

(b) any of the acts mentioned in any of the provisions of any of the Loan Documents, any Swap Contracts with a Lender or Affiliate of a Lender or Treasury Management Agreements with a Lender or Affiliate of a Lender, or any other agreement or instrument referred to in the Loan Documents, such Swap Contracts with a Lender or Affiliate of a Lender or Treasury Management Agreements with a Lender or Affiliate of a Lender shall be done or omitted;

(c) the maturity of any of the Obligations shall be accelerated, or any of the Obligations shall be modified, supplemented or amended in any respect, or any right under any of the Loan Documents, any Swap Contracts with a Lender or Affiliate of a Lender or Treasury Management Agreements with a Lender or Affiliate of a Lender, or any other agreement or instrument referred to in the Loan Documents, such Swap Contracts with a Lender or Affiliate of a Lender or Treasury Management Agreements with a Lender or Affiliate of a Lender, shall be waived or any other guarantee of any of the Obligations shall be released, impaired or exchanged in whole or in part or otherwise dealt with; or

(d) any of the Obligations shall be determined to be void or voidable (including, without limitation, for the benefit of any creditor of any Guarantor) or shall be subordinated to the claims of any Person (including, without limitation, any creditor of any Guarantor).

With respect to its obligations hereunder, each Guarantor hereby expressly waives diligence, presentment, demand of payment, protest and all notices whatsoever, and any requirement that the Administrative Agent or any Lender exhaust any right, power or remedy or proceed against any Person under any of the Loan Documents, any Swap Contracts with a Lender or Affiliate of a Lender or Treasury Management Agreements with a Lender or Affiliate of a Lender, or any other agreement or instrument referred to in the Loan Documents, such Swap Contracts with a Lender or Affiliate of a Lender or Treasury Management Agreements with a Lender or Affiliate of a Lender, or against any other Person under any other guarantee of, or security for, any of the Obligations.

4.03 Reinstatement.

The obligations of the Guarantors under this Article IV shall be automatically reinstated if and to the extent that for any reason any payment by or on behalf of any Person in respect of the Obligations is rescinded or must be otherwise restored by any holder of any of the Obligations, whether as a result of any proceedings in bankruptcy or reorganization or otherwise, and each Guarantor agrees that it will indemnify the Administrative Agent and each Lender on demand for all reasonable costs and expenses (including, without limitation, the fees, charges and disbursements of counsel) incurred by the Administrative Agent or such Lender in connection with such rescission or restoration, including any such costs and expenses incurred in defending against any claim alleging that such payment constituted a preference, fraudulent transfer or similar payment under any bankruptcy, insolvency or similar law.

4.04 Certain Additional Waivers.

Each Guarantor agrees that such Guarantor shall have no right of recourse to security for the Obligations, except through the exercise of rights of subrogation pursuant to Section 4.02 and through the exercise of rights of contribution pursuant to Section 4.06.

4.05 Remedies.

The Guarantors agree that, to the fullest extent permitted by law, as between the Guarantors, on the one hand, and the Administrative Agent and the Lenders, on the other hand, the Obligations may be declared to be forthwith due and payable as provided in Section 9.02 (and shall be deemed to have become automatically due and payable in the circumstances provided in said Section 9.02) for purposes of Section 4.01 notwithstanding any stay, injunction or other prohibition preventing such declaration (or preventing the Obligations from becoming automatically due and payable) as against any other Person and that, in the event of such declaration (or the Obligations being deemed to have become automatically

due and payable), the Obligations (whether or not due and payable by any other Person) shall forthwith become due and payable by the Guarantors for purposes of Section 4.01.

4.06 Rights of Contribution.

The Guarantors agree among themselves that, in connection with payments made hereunder, each Guarantor shall have contribution rights against the other Guarantors as permitted under applicable law. Such contribution rights shall be subordinate and subject in right of payment to the obligations of such Guarantors under the Loan Documents and no Guarantor shall exercise such rights of contribution until all Obligations have been paid in full and the Commitments have terminated.

4.07 Guarantee of Payment; Continuing Guarantee.

The guarantee in this Article IV is a guaranty of payment and not of collection, is a continuing guarantee, and shall apply to all Obligations whenever arising.

4.08 Keepwell.

Each Loan Party that is a Qualified ECP Guarantor at the time the Guaranty in this Article IV by any Loan Party that is not then an "eligible contract participant" under the Commodity Exchange Act (a "Specified Loan Party") or the grant of a security interest under the Loan Documents by any such Specified Loan Party, in either case, becomes effective with respect to any Swap Obligation, hereby jointly and severally, absolutely, unconditionally and irrevocably undertakes to provide such funds or other support to each Specified Loan Party with respect to such Swap Obligation as may be needed by such Specified Loan Party from time to time to honor all of its obligations under the Loan Documents in respect of such Swap Obligation (but, in each case, only up to the maximum amount of such liability that can be hereby incurred without rendering such Qualified ECP Guarantor's obligations and undertakings under this Article IV voidable under applicable Debtor Relief Laws, and not for any greater amount). The obligations and undertakings of each applicable Loan Party under this Section shall remain in full force and effect until such time as the Obligations (other than contingent indemnification obligations that survive the termination of this Agreement) have been paid in full and the Commitments have expired or terminated. Each Loan Party intends this Section to constitute, and this Section shall be deemed to constitute, a guarantee of the obligations of, and a "keepwell, support, or other agreement" for the benefit of, each Specified Loan Party for all purposes of the Commodity Exchange Act.

ARTICLE V

CONDITIONS PRECEDENT TO CREDIT EXTENSIONS

5.01 Conditions of Initial Credit Extension.

This Agreement shall become effective upon and the obligation of each Lender to make its initial Credit Extension hereunder is subject to satisfaction of the following conditions precedent, unless otherwise waived by the Administrative Agent and the Lenders:

(a) Loan Documents. Receipt by the Administrative Agent of executed counterparts of this Agreement and the other Loan Documents, each properly executed by a Responsible Officer of the signing Loan Party and, in the case of this Agreement, by each Lender.

(b) Opinions of Counsel. Receipt by the Administrative Agent of customary opinions of legal counsel to the Loan Parties, addressed to the Administrative Agent and each Lender, dated as of the Closing Date, and in form and substance reasonably satisfactory to the Administrative Agent.

(c) Financial Statements. Receipt by the Administrative Agent of:

(i) the Audited Financial Statements; and

(ii) Interim Financial Statements.

(d) No Closing Date Material Adverse Effect. Since June 30, 2017, no event or circumstance, either individually or in the aggregate, has occurred that has had or could reasonably be expected to have a Closing Date Material Adverse Effect.

(e) Litigation. There shall not exist any action, suit, investigation or proceeding pending in any court or before an arbitrator or Governmental Authority that could reasonably be expected to have a Closing Date Material Adverse Effect.

(f) Organization Documents, Resolutions, Etc. Receipt by the Administrative Agent of the following, each of which shall be originals or facsimiles (followed promptly by originals), in form and substance reasonably satisfactory to the Administrative Agent:

(i) copies of the Organization Documents of each Loan Party certified to be true and complete as of a recent date by the appropriate Governmental Authority of the state or other jurisdiction of its incorporation or organization, where applicable, and certified by a secretary or assistant secretary of such Loan Party to be true and correct as of the Closing Date;

(ii) such certificates of resolutions or other action, incumbency certificates and/or other certificates of Responsible Officers of each Loan Party as the Administrative Agent may require evidencing the identity, authority and capacity of each Responsible Officer thereof authorized to act as a Responsible Officer in connection with this Agreement and the other Loan Documents to which such Loan Party is a party; and

(iii) such documents and certifications as the Administrative Agent may require to evidence that each Loan Party is duly organized or formed, and is validly existing, in good standing and qualified to engage in business in its state of organization or formation.

(g) Closing Certificate. Receipt by the Administrative Agent of a certificate signed by a Responsible Officer of the Borrower certifying that the conditions specified in Sections 5.01(d) and (e) and 5.02(a) and (b) have been satisfied.

(h) Compliance Certificate. Receipt by the Administrative Agent of a duly completed Compliance Certificate, as of the last day of the fiscal quarter of the Consolidated Group ended on June 30, 2017, giving pro forma effect to this Agreement and all Credit Extensions and repayments of Indebtedness on the Closing Date, signed by a Responsible Officer of the Parent Entity.

(i) Fees. Receipt by the Administrative Agent, the Arrangers and the Lenders of any fees required to be paid on or before the Closing Date.

(j) Know Your Customer Requirements. Receipt by the Administrative Agent of, at least five (5) Business Days prior to the Closing Date, all documentation and other information required by bank regulatory authorities under applicable "know your customer" and anti-money laundering rules and regulations, including, without limitation, the USA Patriot Act, as well as a complete and accurate list of each Loan Party, together with (i) each such Person's jurisdiction of organization and (ii) each such Person's U.S. taxpayer identification number.

(k) Attorney Costs. Unless waived by the Administrative Agent, the Borrower shall have paid all reasonable and documented fees, charges and disbursements of counsel to the Administrative Agent to the extent invoiced prior to or on the Closing Date, plus such additional amounts of such fees, charges and disbursements as shall constitute its reasonable estimate of such fees, charges and disbursements incurred or to be incurred by it through the closing proceedings (provided that such estimate shall not thereafter preclude a final settling of accounts between the Borrower and the Administrative Agent).

Without limiting the generality of the provisions of the last paragraph of Section 10.03, for purposes of determining compliance with the conditions specified in this Section 5.01, each Lender that has signed this Agreement shall be deemed to have consented to, approved or accepted or to be satisfied with, each document or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to a Lender unless the Administrative Agent shall have received notice from such Lender prior to the proposed Closing Date specifying its objection thereto.

5.02 Conditions to all Credit Extensions.

The obligation of each Lender to honor any Request for Credit Extension is subject to the following conditions precedent:

(a) The representations and warranties of the Borrower and each other Loan Party contained in Article VI or any other Loan Document, or which are contained in any document furnished at any time under or in connection herewith or therewith, shall be true and correct in all material respects (unless already qualified by materiality or Material Adverse Effect, in which case they shall be true and correct in all respects) on and as of the date of such Credit Extension, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they shall be true and correct in all material respects (unless already qualified by materiality or Material Adverse Effect, in which case they shall be true and correct in all respects) as of such earlier date, and except that for purposes of this Section 5.02, the representations and warranties contained in subsections (a) and (b) of Section 6.05 shall be deemed to refer to the most recent statements furnished pursuant to clauses (a) and (b), respectively, of Section 7.01.

(b) No Default shall exist, or would result from such proposed Credit Extension or from the application of the proceeds thereof.

(c) The Administrative Agent shall have received a Request for Credit Extension in accordance with the requirements hereof.

Each Request for Credit Extension submitted by the Borrower shall be deemed to be a representation and warranty that the conditions specified in Sections 5.02(a) and (b) have been satisfied on and as of the date of the applicable Credit Extension.

ARTICLE VI

REPRESENTATIONS AND WARRANTIES

The Loan Parties represent and warrant to the Administrative Agent and the Lenders that:

6.01 Existence, Qualification and Power.

(a) Each Loan Party (i) is duly organized or formed, validly existing and in good standing under the Laws of the jurisdiction of its incorporation or organization and (ii) has all requisite power and authority and all requisite governmental licenses, authorizations, consents and approvals to execute, deliver and perform its obligations under the Loan Documents to which it is a party.

(b) Each Loan Party (i) has all requisite power and authority and all requisite governmental licenses, authorizations, consents and approvals to own or lease its assets and carry on its business and (ii) is in good standing under the Laws of each jurisdiction where the conduct of its business requires such qualification or license, except to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect.

6.02 Authorization; No Contravention.

The execution, delivery and performance by each Loan Party of each Loan Document to which such Person is party have been duly authorized by all necessary corporate or other organizational action, and do not (a) contravene the terms of any of such Person's Organization Documents; (b) conflict with or result in any breach or contravention of, or the creation of any Lien (other than a Lien permitted under Section 8.01) or require any payment to be made under any order, injunction, writ or decree of any Governmental Authority or any arbitral award to which such Person or its property is subject; or (c) violate any Law (including, without limitation, Regulation U or Regulation X issued by the FRB); except in each case referred to in clause (b) or (c), to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect.

6.03 Governmental Authorization; Other Consents.

No material approval, consent, exemption, authorization, or other action by, or notice to, or filing with, any Governmental Authority or any other Person is necessary or required in connection with the execution, delivery or performance by, or enforcement against, any Loan Party of this Agreement or any other Loan Document.

6.04 Binding Effect.

Each Loan Document constitutes a legal, valid and binding obligation of each Loan Party that is party thereto, enforceable against each such Loan Party in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency or similar laws affecting the enforcement of creditor's rights generally.

6.05 Financial Statements; No Material Adverse Effect.

(a) The Audited Financial Statements (i) were prepared in accordance with GAAP in effect on the preparation date thereof, except as otherwise expressly noted therein; (ii) fairly present the financial condition of the Consolidated Group as of the date thereof and their results of operations for the period covered thereby in accordance with GAAP except as otherwise expressly noted therein; and (iii) show all material indebtedness and other liabilities, direct or contingent, of the Consolidated Group as of the date thereof, including liabilities for taxes, commitments and Indebtedness, in each case to the extent required under GAAP.

(b) The Interim Financial Statements (i) were prepared in accordance with GAAP, except as otherwise expressly noted therein; (ii) fairly present the financial condition of the Consolidated Group as of the date thereof and their results of operations for the period covered thereby, subject, in the case of clauses (i) and (ii), to normal year-end audit adjustments; and (iii) show all material indebtedness and other liabilities, direct or contingent, of the Consolidated Group as of the date thereof, including liabilities for taxes, material commitments and Indebtedness.

(c) The financial statements delivered pursuant to Section 7.01(a) and (b) have been prepared in accordance with GAAP (except as may otherwise be permitted under Section 7.01(a) and (b)) and present fairly (on the basis disclosed in the footnotes to such financial statements) the consolidated financial condition, results of operations and cash flows of the Consolidated Group as of the dates thereof and for the periods covered thereby.

(d) Since June 30, 2017, there has been no event or circumstance, either individually or in the aggregate, that has had or could reasonably be expected to have a Material Adverse Effect.

6.06 Litigation.

There are no actions, suits, proceedings, claims or disputes pending or, to the knowledge of the Loan Parties after due and diligent investigation, threatened or contemplated, at law, in equity, in arbitration or before any Governmental Authority, by or against any Loan Party or any of its Subsidiaries which if determined adversely, could reasonably be expected to have a Material Adverse Effect.

6.07 [Reserved].

6.08 Ownership of Property; Liens.

Each Loan Party has good record and marketable title to, or valid leasehold interests in, all real property necessary or used in the ordinary conduct of its business, except for such defects in title as could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. As of the Closing Date and the date of each update of Schedule 6.08 pursuant to Section 7.02, set forth on Schedule 6.08 is a list of all real property owned by the Consolidated Group with a notation as to which such real properties are Unencumbered Properties.

6.09 Environmental Compliance.

There are no violations of Environmental Laws and there are no outstanding claims with respect to Environmental Liabilities that, in either case, could reasonably be expected to have a Material Adverse Effect.

6.10 Insurance.

The properties of the Loan Parties are insured with financially sound and reputable insurance companies (which may include a captive insurance company that is an Affiliate of the Parent Entity), in such amounts, with such deductibles and covering such risks as are customarily carried by companies engaged in similar businesses and owning similar properties in localities where the applicable Loan Party operates.

6.11 Taxes.

The Loan Parties have filed all federal, state and other material tax returns and reports required to be filed, and have paid all federal, state and other material taxes, assessments, fees and other governmental charges levied or imposed upon them or their properties, income or assets otherwise due and payable, except those which are being contested in good faith by appropriate proceedings diligently conducted and for which adequate reserves have been provided in accordance with GAAP. There is no proposed tax assessment against any Loan Party or any Subsidiary that would, if made, have a Material Adverse Effect. Neither any Loan Party nor any Subsidiary thereof is party to any tax sharing agreement. For the avoidance of doubt, agreements pursuant to which a Loan Party or any Subsidiary thereof agrees to make payments to one or more of its partners or members, or their Related Parties (a "Protected Party"), on account of any such Protected Party's Taxes arising from the Loan Party's or such Subsidiary's (i) sale of property, (ii) failure to allocate debt to such Protected Party, or (iii) failure to allow such Protected Party to guarantee the debt of a Loan Party or any Subsidiary thereof, or any similar agreements, shall not be considered a tax sharing agreement.

6.12 ERISA Compliance.

(a) Each Plan is in compliance in all material respects with the applicable provisions of ERISA, the Internal Revenue Code and other federal or state laws. Each Pension Plan that is intended to be a qualified plan under Section 401(a) of the Internal Revenue Code has received a favorable determination letter from the Internal Revenue Service to the effect that the form of such Plan is qualified under Section 401(a) of the Internal Revenue Code and the trust related thereto has been determined by the Internal Revenue Service to be exempt from federal income tax under Section 501(a) of the Internal Revenue Code or an application for such a letter is currently being processed by the Internal Revenue Service. To the best knowledge of the Loan Parties, nothing has occurred that would prevent, or cause the loss of, such tax-qualified status.

(b) There are no pending or, to the best knowledge of the Loan Parties, threatened claims, actions or lawsuits, or action by any Governmental Authority, with respect to any Plan that could reasonably be expected to have a Material Adverse Effect. There has been no prohibited transaction or violation of the fiduciary responsibility rules with respect to any Plan that has resulted or could reasonably be expected to result in a Material Adverse Effect.

(c) (i) No ERISA Event has occurred and neither a Loan Party nor any ERISA Affiliate is aware of any fact, event or circumstance that could reasonably be expected to constitute or result in an ERISA Event with respect to any Pension Plan; (ii) each Loan Party and each ERISA Affiliate has met all applicable requirements under the Pension Funding Rules in respect of each Pension Plan, and no waiver of the minimum funding standards under the Pension Funding Rules has been applied for or obtained; (iii) neither a Loan Party nor any ERISA

Affiliate has incurred any liability to the PBGC other than for the payment of premiums, and there are no premium payments which have become due that are unpaid; (iv) neither a Loan Party nor any ERISA Affiliate has engaged in a transaction that could be subject to Section 4069 or Section 4212(c) of ERISA; and (v) no Pension Plan has been terminated by the plan administrator thereof nor by the PBGC, and no event or circumstance has occurred or exists that could reasonably be expected to cause the PBGC to institute proceedings under Title IV of ERISA to terminate any Pension Plan.

(d) No Loan Party is using "plan assets" (within the meaning of 29 CFR § 2510.3-101, as modified by Section 3(42) of ERISA) of one or more Benefit Plans in connection with the Loans or the Commitments.

6.13 [Reserved].

6.14 Margin Regulations; Investment Company Act.

(a) The Borrower is not engaged and will not engage, principally or as one of its important activities, in the business of purchasing or carrying margin stock (within the meaning of Regulation U issued by the FRB), or extending credit for the purpose of purchasing or carrying margin stock. Following the application of the proceeds of each Borrowing, not more than 25% of the value of the assets (either of the Borrower only or of the Consolidated Group on a consolidated basis) subject to the provisions of Section 8.01 or Section 8.05 or subject to any restriction contained in any agreement or instrument between the Borrower and any Lender or any Affiliate of any Lender relating to Indebtedness and within the scope of Section 9.01(e) will be margin stock.

(b) None of any Loan Party, any Person Controlling any Loan Party, or any Subsidiary is or is required to be registered as an "investment company" under the Investment Company Act of 1940.

6.15 Disclosure.

(a) To the Borrower's knowledge, no material written report, financial statement, certificate or other information furnished (other than information of a general economic or industry specific nature concerning any Loan Party) by or on behalf of any Loan Party to the Administrative Agent or any Lender in connection with the transactions contemplated hereby and the negotiation of this Agreement or delivered hereunder or under any other Loan Document (in each case, as modified or supplemented by other information so furnished) contains any untrue statement of a material fact or omits to state any material fact necessary to make the statements therein not misleading, in each case, in the light of the circumstances under which they were made; provided that, with respect to projected financial information, the Loan Parties represent only that such information was prepared in good faith based upon assumptions believed to be reasonable at the time (it being understood and agreed that financial projections are not a guarantee of financial performance and actual results may differ from such projections and such differences may be material).

(b) As of the First Amendment Effective Date, the information included in the Beneficial Ownership Certification, if applicable, is true and correct in all respects.

6.16 Compliance with Laws.

Each Loan Party and each Subsidiary is in compliance with the requirements of all Laws, including without limitation, the Patriot Act, and all orders, writs, injunctions and decrees applicable to it or to its properties, except in such instances in which the failure to comply therewith, individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect.

6.17 Intellectual Property; Licenses, Etc.

Except as could not reasonably be expected to have a Material Adverse Effect: (a) each Loan Party owns, or possesses the legal right to use, all of the trademarks, service marks, trade names, copyrights, patents, patent rights, franchises, licenses and other intellectual property rights (collectively, "IP Rights") that are reasonably necessary for the operation of their respective businesses, (b) no claim has been asserted and is pending by any Person challenging or questioning the use of any IP Rights or the validity or effectiveness of any IP Rights, nor does any Loan Party know of any such claim, and (c) to the knowledge of the Loan Parties, the use of any IP Rights by any Loan Party or the granting of a right or a license in respect of any IP Rights from any Loan Party does not infringe on the rights of any Person.

6.18 Solvency.

The Loan Parties are Solvent on a consolidated basis.

6.19 OFAC.

Neither a Loan Party, nor any of its Subsidiaries, nor, to the knowledge of a Loan Party, any director, officer, employee, agent, affiliate or representative thereof, is an individual or entity that is, or is owned or controlled by any individual or entity that is (i) currently the subject or target of any Sanctions, (ii) included on OFAC's List of Specially Designated Nationals, HMT's Consolidated List of Financial Sanctions Targets and the Investment Ban List, or any similar list enforced by any other relevant sanctions authority or (iii) located, organized or resident in a Designated Jurisdiction.

6.20 REIT Status.

(a) The Parent Entity is qualified as a REIT.

(b) The Parent Entity is in compliance in all material respects with all provisions of the Internal Revenue Code applicable to the qualification of the Parent Entity as a REIT.

6.21 Anti-Money Laundering Laws.

None of the Loan Parties (a) is under investigation by any Governmental Authority for, or has been charged with, or convicted of, money laundering, drug trafficking, terrorist-related activities or other money laundering predicate crimes under any applicable Law (collectively, "Anti-Money Laundering Laws"), (b) has been assessed civil penalties under any Anti-Money Laundering Laws or (c) has had any of its funds seized or forfeited in an action under any Anti-Money Laundering Laws. Each Loan Party has taken reasonable measures appropriate to the circumstances (in any event as required by applicable Law), to ensure that such Loan Party and its Subsidiaries each is and will continue to be in compliance with all applicable current and future Anti-Money Laundering Laws.

6.22 Anti-Corruption Laws.

The Parent Entity and its Subsidiaries have conducted their businesses in compliance with the United States Foreign Corrupt Practices Act of 1977, the UK Bribery Act 2010, and other similar anti-corruption legislation in other jurisdictions and have instituted and maintained policies and procedures designed to promote and achieve compliance with such laws.

6.23 EEA Financial Institution.

No Loan Party is an EEA Financial Institution.

ARTICLE VII

AFFIRMATIVE COVENANTS

So long as any Lender shall have any Commitment hereunder, any Loan or other Obligation hereunder shall remain unpaid or unsatisfied, the Loan Parties shall and, where applicable, shall cause each Subsidiary to:

7.01 Financial Statements.

Deliver to the Administrative Agent and each Lender, in form and detail reasonably satisfactory to the Administrative Agent:

(a) upon the earlier of the date that is one hundred twenty (120) days after the end of each fiscal year of the Consolidated Group and the date such information is filed with the SEC, a consolidated balance sheet of the Consolidated Group as at the end of such fiscal year, and the related consolidated statements of income or operations, changes in shareholders' equity and cash flows for such fiscal year, setting forth in each case in comparative form the figures for the previous fiscal year, all in reasonable detail and prepared in accordance with GAAP, audited and accompanied by a report and opinion of an independent certified public accountant of nationally recognized standing acceptable to the Administrative Agent, which report and opinion shall be prepared in accordance with generally accepted auditing standards and shall not be subject to (i) any "going concern" or like qualification or exception or (ii) any qualification or exception as to the scope of such audit; and

a. (x) with respect to the fiscal quarters ending March 31, June 30 and September 30, not later than sixty (60) days after the end of each such fiscal quarter of the Consolidated Group and (y) with respect to each fiscal quarter ending December 31, not later than ninety (90) days after the end of each such fiscal quarter of the Consolidated Group, in each case, a consolidated balance sheet of the Consolidated Group as at the end of such fiscal quarter, and the related consolidated statements of income or operations, changes in shareholders' equity and cash flows for such fiscal quarter and for the portion of the Consolidated Group's fiscal year then ended, setting forth in each case in comparative form the figures for the corresponding fiscal quarter of the previous fiscal year and the corresponding portion of the previous fiscal year, all in reasonable detail and certified by a Responsible Officer of the Parent Entity as fairly presenting the financial condition, results of operations, shareholders' equity and cash flows of the Consolidated Group in accordance with GAAP, subject only to normal year-end audit adjustments and the absence of footnotes.

7.02 Certificates; Other Information.

Deliver to the Administrative Agent and each Lender, in form and detail reasonably satisfactory to the Administrative Agent and the Required Lenders:

(a) concurrently with the delivery of the financial statements referred to in Section 7.01(b), (i) a duly completed Compliance Certificate signed a Responsible Officer of the Parent Entity and (ii) an updated Schedule 6.08, if applicable.

(b) concurrently with the delivery of the financial statements referred to in Section 7.01(a), a certificate of its independent certified public accountants certifying such financial statements.

(c) within 30 days after the end of each fiscal year, beginning with the fiscal year ending December 31, 2017, an annual business plan and budget of the Consolidated Group containing, among other things, pro forma financial statements for each quarter of the next fiscal year.

(d) promptly, and in any event within ten Business Days after receipt thereof by any Loan Party or any Subsidiary thereof, copies of each notice or other correspondence received from the SEC (or comparable agency in any applicable non-U.S. jurisdiction) concerning any material investigation or possible material investigation or other inquiry by such agency regarding financial or other operational results of any Loan Party or any Subsidiary thereof.

(e) promptly following any request therefor, information and documentation reasonably requested by the Administrative Agent or any Lender for purposes of compliance with applicable "know your customer" and anti-money-laundering rules and regulations, including, without limitation, the PATRIOT Act and the Beneficial Ownership Regulation.

(f) promptly, such additional information regarding the business, financial or corporate affairs of any Loan Party or any Subsidiary, or compliance with the terms of the Loan Documents, as the Administrative Agent or any Lender may from time to time reasonably request (subject to legal privilege requirements in the ordinary course and customary written confidentiality obligations as long as such legal privilege requirements or confidentiality obligations were not invoked or incurred in contemplation of this Agreement or with a view to avoid providing information to the Administrative Agent or the Lenders).

Documents required to be delivered pursuant to Section 7.01(a) or (b) or Section 7.02 (to the extent any such documents are included in materials otherwise filed with the SEC) may be delivered electronically and if so delivered, shall be deemed to have been delivered on the date (i) on which the Parent Entity or the Borrower posts such documents, or provides a link thereto on its website on the Internet at the website address listed on Schedule 11.02; or (ii) on which such documents are posted on the Parent Entity's or the Borrower's behalf on an Internet or intranet website, if any, to which each Lender and the Administrative Agent have access (whether a commercial, third-party website or whether sponsored by the Administrative Agent);

The Loan Parties hereby acknowledge that (a) the Administrative Agent and/or the Arrangers may, but shall not be obligated to, make available to the Lenders materials and/or information provided by or on behalf of the Borrower or its Affiliates hereunder (collectively, the "Borrower Materials") by posting the Borrower Materials on Debt Domain, IntraLinks, Syndtrak or another similar electronic system (the "Platform") and (b) certain of the Lenders (each, a "Public Lender") may have personnel who do not wish to receive material non-public information with respect to the Borrower or its Affiliates, or

the respective securities of any of the foregoing, and who may be engaged in investment and other market-related activities with respect to such Person's securities. The Loan Parties hereby agree that (w) all Borrower Materials that are to be made available to Public Lenders shall be clearly and conspicuously marked "PUBLIC" which, at a minimum, shall mean that the word "PUBLIC" shall appear prominently on the first page thereof; (x) by marking Borrower Materials "PUBLIC," the Loan Parties shall be deemed to have authorized the Administrative Agent, the Arrangers and the Lenders to treat such Borrower Materials as not containing any material non-public information with respect to the Borrower, its Affiliates or its securities for purposes of United States federal and state securities laws (provided, however, that to the extent such Borrower Materials constitute Information, they shall be treated as set forth in Section 11.07); (y) all Borrower Materials marked "PUBLIC" are permitted to be made available through a portion of the Platform designated as "Public Side Information;" and (z) the Administrative Agent and the Arrangers shall be entitled to treat any Borrower Materials that are not marked "PUBLIC" as being suitable only for posting on a portion of the Platform that is not designated as "Public Side Information."

7.03 Notices.

Promptly (and in any event, within two Business Days after a Responsible Officer obtains knowledge of the same) notify the Administrative Agent of:

(a) the occurrence of any Default.

(b) any matter that has resulted or could reasonably be expected to result in a Material Adverse Effect.

(c) the occurrence of any ERISA Event.

(d) any material change in accounting policies or financial reporting practices by a Loan Party or any Subsidiary, including any determination referred to in Section 2.10(b).

(e) If the Parent Entity has obtained an Investment Grade Rating, any change in such Debt Rating.

Each notice pursuant to this Section 7.03(a) through (d) shall be accompanied by a statement of a Responsible Officer of the Borrower setting forth details of the occurrence referred to therein and stating what action the applicable Loan Party has taken and proposes to take with respect thereto. Each notice pursuant to Section 7.03(a) shall describe with particularity any and all provisions of this Agreement and any other Loan Document that have been breached. The Administrative Agent agrees to notify the Lenders of any notice delivered to the Administrative Agent by the Borrower pursuant to this Section 7.03.

7.04 Payment of Obligations.

Pay and discharge, as the same shall become due and payable (a) all tax liabilities, assessments and governmental charges or levies upon it or its properties or assets, unless the same are being contested in good faith by appropriate proceedings diligently conducted and adequate reserves in accordance with GAAP are being maintained by the Loan Party or such Subsidiary and (b) all lawful claims which, if unpaid, would by law become a Lien upon its property (other than Liens permitted under Section 8.01).

7.05 Preservation of Existence, Etc. and REIT Status.

(a) Preserve, renew and maintain in full force and effect its legal existence and good standing under the Laws of the jurisdiction of its organization except in a transaction permitted by Section 8.04 or 8.05.

(b) Take all reasonable action to maintain all rights, privileges, permits, licenses and franchises necessary or desirable in the normal conduct of its business, except to the extent that the failure to do so could not reasonably be expected to have a Material Adverse Effect.

(c) Preserve or renew all of its registered patents, copyrights, trademarks, trade names and service marks, the non-preservation or non-renewal of which could reasonably be expected to have a Material Adverse Effect.

(d) Maintain or cause to be maintained (as applicable) the Parent Entity's status as a REIT in compliance with all applicable provisions under the Internal Revenue Code relating to such status.

7.06 Maintenance of Properties.

Do all things reasonably required to maintain, preserve and protect all of its properties and equipment necessary in the operation of its business in good working order and condition, ordinary wear and tear excepted and make all necessary repairs thereto and renewals and replacements thereof, except where the failure to do so could not reasonably be expected to have a Material Adverse Effect.

7.07 Maintenance of Insurance.

Maintain with financially sound and reputable insurance companies not Affiliates of a Loan Party, insurance with respect to its properties and business against loss or damage of the kinds customarily insured against by Persons engaged in the same or similar business, of such types and in such amounts as are customarily carried under similar circumstances by such other Persons; provided, that notwithstanding the above, the Loan Parties may comply with this Section 7.07 by maintaining any such insurance with a captive insurance company that is an Affiliate of the Parent Entity.

7.08 Compliance with Laws.

Comply with the requirements of all Laws, including without limitation the Patriot Act, OFAC, Anti-Money Laundering Laws and all orders, writs, injunctions and decrees applicable to it or to its business or property, except in such instances in which (a) such requirement of Law or order, writ, injunction or decree is being contested in good faith by appropriate proceedings diligently conducted or (b) the failure to comply therewith could not reasonably be expected to have a Material Adverse Effect.

7.09 Books and Records.

Maintain proper books of record and account, (a) in which full, true and correct entries in all material respects shall be made of all financial transactions and matters involving the assets and business of the Consolidated Group to the extent required and in conformity with GAAP and (b) in material conformity with all material requirements of any Governmental Authority having regulatory jurisdiction over the Consolidated Group.

7.10 Inspection Rights.

Permit representatives of the Administrative Agent and each Lender to visit and inspect any of its properties, to examine its corporate, financial and operating records, and make copies thereof or abstracts therefrom (subject to legal privilege requirements in the ordinary course and customary written confidentiality obligations as long as such legal privilege requirements or confidentiality obligations were not incurred in contemplation of this Agreement or with a view to avoid providing information to the Administrative Agent or the Lenders) and to discuss its affairs, finances and accounts with its directors, officers, and independent public accountants (provided that the Borrower shall have the opportunity to participate in any discussions with its independent public accountants), at the expense of the Borrower (subject to the limitations below) and at such reasonable times during normal business hours and as often as may be reasonably requested, upon reasonable advance notice to the Borrower; provided, however, that (a) absent the existence of an Event of Default only one such visit a year shall be at the Borrower's expense and (b) when an Event of Default exists, the Administrative Agent or any Lender (or any of their respective representatives or independent contractors) may do any of the foregoing at the expense of the Borrower at any time during normal business hours and without advance notice.

7.11 Use of Proceeds.

Use the proceeds of the Credit Extensions (a) to finance working capital, capital expenditures, acquisitions, redevelopment, joint ventures, note purchases, Mezzanine Debt Investments and construction and (b) for other general corporate purposes; provided that in no event shall the proceeds of the Credit Extensions be used in contravention of any Law or of any Loan Document.

7.12 ERISA Compliance.

Do, and cause each of its ERISA Affiliates to do, each of the following: (a) maintain each Plan in compliance in all material respects with the applicable provisions of ERISA, the Internal Revenue Code and other federal or state law; (b) cause each Plan that is qualified under Section 401(a) of the Internal Revenue Code to maintain such qualification; and (c) make all required contributions to any Pension Plan.

7.13 Addition of Subsidiary Guarantors.

If any Subsidiary guaranties any borrowed money Indebtedness owed by the Borrower, the Parent Entity or any other Loan Party, the Borrower shall (a) cause such Subsidiary to become a Subsidiary Guarantor by executing and delivering to the Administrative Agent a Joinder Agreement in the form of Exhibit D or such other document as the Administrative Agent shall deem appropriate for such purpose, (b) deliver to the Administrative Agent documents of the types referred to in Sections 5.01 (b), (f) and (j) for such Person, in each case in form and substance similar to those delivered on the Closing Date and (c) provide a certificate that the representations in Section 6.01 through 6.04 inclusive are true and correct in all material respects (unless already qualified by materiality or Material Adverse Effect, in which case they shall be true and correct in all respects) as of the date of such certificate, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they are true and correct in all material respects (unless already qualified by materiality or Material Adverse Effect, in which case they shall be true and correct in all respects) as of such earlier date, with respect to the new Subsidiary Guarantor.

ARTICLE VIII

NEGATIVE COVENANTS

So long as any Lender shall have any Commitment hereunder, any Loan or other Obligation hereunder shall remain unpaid or unsatisfied, no Loan Party shall, nor shall it permit any Subsidiary to, directly or indirectly:

8.01 Liens.

Create, incur, assume or suffer to exist any Lien upon any of its property, assets or revenues, whether now owned or hereafter acquired, other than the following:

(a) Permitted Liens; and

(b) other Liens as long as (i) such Liens do not encumber Unencumbered Properties or the Equity Interests of the Borrower or any Subsidiary Guarantor, (ii) such Liens do not encumber assets owned by the Parent Entity or the Borrower, and (iii) the incurrence of such Lien will not cause, on a pro forma basis, a Default under the Loan Documents, including the financial covenants in Section 8.11.

8.02 [Reserved].

8.03 Indebtedness.

Create, incur, assume or suffer to exist any Indebtedness, except:

(a) (i) Indebtedness under the Loan Documents, (ii) Indebtedness incurred under the BAML Agreement, (iii) Indebtedness incurred under that certain Credit Agreement, dated as of September 16, 2016, (as amended, modified, or restated from time to time) among the Borrower, the Parent Entity, any other guarantors party thereto, the lenders party thereto and PNC Bank, National Association, as administrative agent (the "PNC Agreement"), (iv) Indebtedness incurred under that certain Credit Agreement, dated as of October 4, 2017, (as amended, modified, or restated from time to time) among the Borrower, the Parent Entity, any other guarantors party thereto, the lenders party thereto and KeyBank National Association, as administrative agent (the "Key Agreement"); (v) Indebtedness incurred under the PE II/KeyBank Credit Agreement upon the assumption by the Borrower of the obligations of Phillips Edison Grocery Center Operating Partnership II, L.P.; and (vi) Indebtedness incurred under the PE II/Capital One Credit Agreement upon the assumption by the Borrower of the obligations of Phillips Edison Grocery Center Operating Partnership II, L.P.

(b) intercompany Indebtedness among members of the Consolidated Group;

(c) obligations (contingent or otherwise) of a Loan Party or any Subsidiary existing or arising under any Swap Contract; provided that (i) such obligations are (or were) entered into by such Person in the ordinary course of business for the purpose of directly mitigating risks associated with liabilities, commitments, investments, assets, or property held or reasonably anticipated by such Person, or changes in the value of securities issued by such Person, and not for purposes of speculation or taking a "market view;" and (ii) such Swap Contract does not contain any provision exonerating the non-defaulting party from its obligation to make payments on outstanding transactions to the defaulting party;

(d) other Indebtedness as long as the incurrence of such Indebtedness will not cause, on a pro forma basis, a Default under the Loan Documents, including the financial covenants in Section 8.11; and

(e) Guaranties of the foregoing; provided that, a Subsidiary cannot guaranty borrowed money Indebtedness owed by the Parent Entity, the Borrower or any other Loan Party unless such Subsidiary is, or simultaneously becomes, a Subsidiary Guarantor as set forth in Section 7.13.

8.04 Fundamental Changes.

Merge, dissolve, liquidate, consolidate with or into another Person, or Dispose of (whether in one transaction or in a series of transactions) all or substantially all of its assets (whether now owned or hereafter acquired) to or in favor of any Person (including, in each case, pursuant to a Delaware LLC Division); provided that, notwithstanding the foregoing provisions of this Section 8.04 (a) the Parent Entity may merge or consolidate with any of its Subsidiaries (other than the Borrower); provided that the Parent Entity shall be the continuing or surviving Person, (b) the Borrower may merge or consolidate with any of its Subsidiaries; provided that the Borrower shall be the continuing or surviving corporation, (c) any Loan Party (other than the Parent Entity or the Borrower) may merge or consolidate with any other Loan Party, (d) any non-Loan Party may merge with a Loan Party as long as the Loan Party is the continuing or surviving Person, (e) any non-Loan Party may be merged or consolidated with or into any other non-Loan Party and (f) the Permitted Reorganization and the transactions contemplated thereby may occur.

8.05 Dispositions.

Make any Disposition unless such Disposition would not, on a pro forma basis after giving effect to such Disposition, cause a Default under the Loan Documents.

8.06 Restricted Payments.

(a) Permit the Dividend Payout Ratio, as of the last day of any fiscal quarter, to exceed the FFO Percentage.

(b) Subject to the paragraph below, permit the Parent Entity, at any time an Event of Default exists, to make or declare any dividends or similar distributions without the written consent of the Administrative Agent and Required Lenders.

Notwithstanding anything in this Section 8.06 to the contrary, (i) the Parent Entity shall be permitted at all times to distribute the minimum amount of dividends necessary for the Parent Entity to maintain its status as a REIT for U.S. federal and state income tax purposes, (ii) provided there is no continuing Event of Default under Sections 9.01(a) or (f), the Parent Entity shall be permitted at all times to pay dividends necessary for it to avoid the payment of federal or state income or excise taxes, (iii) the Borrower and its Subsidiaries may declare and make distributions on their Equity Interests in accordance with their respective Organization Documents in an amount sufficient to enable the Parent Entity to pay dividends pursuant to clauses (i) and (ii) above and (iv) the Borrower and its Subsidiaries shall be permitted to make any dividends or similar distributions that are required to be made to in order to give effect to the Permitted Reorganization.

8.07 Change in Nature of Business.

Engage in any material line of business substantially different from those lines of business conducted by the Consolidated Group on the Closing Date or any business substantially related or incidental thereto.

8.08 Transactions with Affiliates.

Enter into any transaction of any kind with any Affiliate of the Consolidated Group, whether or not in the ordinary course of business, other than (a) on fair and reasonable terms substantially as favorable to such member of the Consolidated Group as would be obtainable by such member of the Consolidated Group at the time in a comparable arm's length transaction with a Person other than an Affiliate, (b) transactions permitted under Section 8.04, (c) dividends or distributions permitted under Section 8.06, (d) transactions with a captive insurance company that is an Affiliate of the Parent Entity, (e) transactions entered into to acquire the additional Equity Interests, if any, in PECO-ARC Institutional Joint Venture I, L.P. or (f) in connection with the Permitted Reorganization.

8.09 Burdensome Agreements.

Enter into, or permit to exist, any Contractual Obligation that (a) prohibits the ability of any such Person to (i) make Restricted Payments to any Loan Party, (ii) pay any Indebtedness or other obligations owed to any Loan Party or (iii) with respect to a Loan Party, pledge its property pursuant to and to the extent required under the Loan Documents or any renewals, refinancings, exchanges, refundings or extension thereof except for (1) this Agreement and the other Loan Documents, (2) any document or instrument governing Secured Indebtedness incurred in compliance with Section 8.01; provided that any such restriction contained therein relates only to the asset or assets secured in connection therewith, (3) any Lien permitted under Section 8.01 or any document or instrument governing any Lien permitted under Section 8.01; provided that any such restriction contained therein relates only to the asset or assets subject to such Lien permitted under Section 8.01, or (4) customary restrictions and conditions contained in any agreement relating to the sale of any property permitted under Section 8.05 pending the consummation of such sale or (b) with respect to a Loan Party, requires the grant of any security for any obligation if such property is given as security for the Obligations.

8.10 Use of Proceeds.

Use the proceeds of any Credit Extension, whether directly or indirectly, and whether immediately, incidentally or ultimately, to purchase or carry margin stock (within the meaning of Regulation U of the FRB) or to extend credit to others for the purpose of purchasing or carrying margin stock or to refund indebtedness originally incurred for such purpose.

8.11 Financial Covenants.

(a) Leverage Ratio. Permit the Leverage Ratio, as of the last day of any fiscal quarter of the Consolidated Group, to be greater than sixty percent (60%), or, for a period of four consecutive fiscal quarters following a Material Acquisition, sixty-five percent (65%).

(b) Secured Leverage Ratio. Permit the Secured Leverage Ratio, as of the last day of any fiscal quarter of the Consolidated Group, to be greater than forty percent (40%), or, for a

period of four consecutive fiscal quarters following a Material Acquisition, forty-five percent (45%).

(c) Fixed Charge Coverage Ratio. Permit the Fixed Charge Coverage Ratio, as of the last day of any fiscal quarter of the Consolidated Group, to be less than 1.50 to 1.00, or, for a period of four consecutive fiscal quarters following a Material Acquisition, 1.40 to 1.00.

(d) Minimum Tangible Net Worth. Permit Tangible Net Worth, as of the last day of any fiscal quarter of the Consolidated Group, beginning with the fiscal quarter ending December 31, 2018, to be less than the sum of (i) seventy-five percent (75%) of Tangible Net Worth as of the quarter ending December 31, 2018 plus (ii) an amount equal to seventy percent (70%) of the aggregate increases in Shareholders' Equity of the Consolidated Group occurring subsequent to the quarter ending December 31, 2018 by reason of the issuance and sale of Equity Interests of the Consolidated Group (other than any Dividend Reinvestment Proceeds), including upon any conversion of debt securities of the Parent Entity or the Borrower into such Equity Interests, minus (iii) the aggregate amount of payments made with respect to any redemption, retirement, surrender, defeasance, repurchase, purchase or other similar transaction or acquisition for value, direct or indirect, on account of any Equity Interests of the Parent Entity subsequent to the quarter ending December 31, 2018 and on or prior to the last day of the fiscal quarter of the Consolidated Group immediately following the date the Parent Entity obtained an Investment Grade Rating (the sum of (i) plus (ii) minus (iii), "Minimum Tangible Net Worth"); provided that following the date that the Parent Entity obtains an Investment Grade Rating, the requirement pursuant to this Section 8.11(d) shall be a fixed number based on the Minimum Tangible Net Worth required as of the last day of the fiscal quarter of the Consolidated Group immediately following the date the Parent Entity obtained an Investment Grade Rating minus the aggregate amount of payments made with respect to any redemption, retirement, surrender, defeasance, repurchase, purchase or other similar transaction or acquisition for value, direct or indirect, on account of any Equity Interests of the Parent Entity after the last day of the fiscal quarter of the Consolidated Group immediately following the date the Parent Entity obtained the Investment Grade Rating.

(e) Maximum Unsecured Indebtedness to Unencumbered Asset Value Ratio. Permit, as of the last day of any fiscal quarter of the Consolidated Group, the ratio of (i) Unsecured Indebtedness as of such date to (ii) Unencumbered Asset Value as of the four fiscal quarter period ending on such date to be greater than sixty percent (60%) or, for a period of four consecutive fiscal quarters following a Material Acquisition, sixty-five percent (65%).

(f) Unencumbered NOI to Interest Expense on Unsecured Indebtedness Ratio. Permit, as of the last day of any fiscal quarter of the Consolidated Group, the ratio of (i) Unencumbered NOI for the most recent four fiscal quarter period to (ii) Interest Expense incurred with respect to Unsecured Indebtedness for the most recent four fiscal quarter period to be less than 1.75 to 1.00 or, for a period of four consecutive fiscal quarters following a Material Acquisition, 1.70 to 1.00.

8.12 Organization Documents; Fiscal Year; Legal Name, State of Formation and Form of Entity.

(a) With respect to any Loan Party, (i) change its name, state of formation or form of organization without providing the Administrative Agent at least ten (10) Business Days prior written notice or (ii) amend, modify or change its Organization Documents in a manner adverse to the Lenders.

(b) Change its fiscal year.

8.13 Sanctions.

Directly or indirectly, knowingly use the proceeds or any Loan, or lend, contribute or otherwise make available such proceeds to any Subsidiary, joint venture partner or other individual or entity, to fund any activities or business with any individual or entity, or in any Designated Jurisdiction that, at the time of such funding, is the subject of any Sanctions, or in any other manner that will result in a breach by any individual or entity (including any individual or entity participating in the transaction, whether as Lender, Lead Arranger, Administrative Agent or otherwise) of Sanctions.

8.14 Anti-Corruption Laws.

Directly or indirectly, use the proceeds of any Credit Extension for any purpose which would breach the United States Foreign Corrupt Practices Act of 1977, the UK Bribery Act 2010 or other similar anti-corruption legislation in other jurisdictions.

ARTICLE IX

EVENTS OF DEFAULT AND REMEDIES

9.01 Events of Default.

Any of the following shall constitute an Event of Default:

(a) Non-Payment. The Borrower or any other Loan Party fails to pay (i) when and as required to be paid herein, any amount of principal of any Loan or (ii) within five Business Days after the same becomes due, any interest on any Loan or any fee due hereunder, or (iii) within five Business Days after the same becomes due, any other amount payable hereunder or under any other Loan Document; or

(b) Specific Covenants. Any Loan Party fails to perform or observe any term, covenant or agreement contained in any of Section 7.01, 7.02, 7.03, 7.05, 7.10, 7.11 or 7.13 or Article VIII or

(c) Other Defaults. Any Loan Party fails to perform or observe any other covenant or agreement (not specified in subsection (a) or (b) above) contained in any Loan Document on its part to be performed or observed and such failure continues for thirty days; or

(d) Representations and Warranties. Any representation or warranty made or deemed made by or on behalf of the Borrower or any other Loan Party herein, in any other Loan Document, or in any document delivered in connection herewith or therewith shall be incorrect or misleading in any material respect (unless already qualified by materiality or Material Adverse Effect, in which case an Event of Default shall exist if such representation, warranty or statement of fact shall be incorrect or misleading in any respect) when made or deemed made; or

(e) Cross-Default. (i) Any Loan Party or any Subsidiary (A) fails to make any payment when due (whether by scheduled maturity, required prepayment, acceleration, demand, or otherwise) in respect of any Indebtedness that is Recourse Debt or any Guarantee of any such Recourse Debt (in either case, other than the Obligations and Indebtedness under Swap Contracts)

having an aggregate outstanding principal amount (including undrawn committed or available amounts and including amounts owing to all creditors under any combined or syndicated credit arrangement) of more than Fifty Million Dollars ($50,000,000) and such failure is not waived and continues beyond any cure period as may be specifically noted therein, or (B) fails to observe or perform any other material agreement or condition relating to any such Recourse Debt or Guarantee or contained in any instrument or agreement evidencing, securing or relating thereto, or any other event occurs, in each case that is not waived, continues beyond any cure period and results in such Recourse Debt or Guarantee becoming or being declared immediately due and payable; (ii) Any Loan Party or any Subsidiary (A) fails to make any payment when due (whether by scheduled maturity, required prepayment, acceleration, demand, or otherwise) in respect of any Indebtedness that is Non-Recourse Debt or any Guarantee of any such Non-Recourse Debt having an aggregate outstanding principal amount (including undrawn committed or available amounts and including amounts owing to all creditors under any combined or syndicated credit arrangement) of more than One Hundred Fifty Million Dollars ($150,000,000) and such failure is not waived and continues beyond any cure period as may be specifically noted therein; provided, that the failure to pay any such Non-Recourse Debt when due shall not constitute an Event of Default (and such Non-Recourse Debt shall be excluded from the applicable aggregate limit referred to above) so long as the only default by the Loan Party or Subsidiary is the failure to pay such Non-Recourse Debt when due on its scheduled maturity date and the Loan Party or Subsidiary is actively pursuing the extension or refinancing of such Non-Recourse Debt and the holder of such Non-Recourse Debt has not initiated a foreclosure of its Lien or proceedings to have a receiver appointed for the collateral securing such Non-Recourse Debt, except that (x) the deferral under this clause (ii)(A) shall not extend for more than ninety (90) days after the maturity date of such Non-Recourse Debt, subject to extension of such deferral period for an additional thirty (30) days if prior to the expiration of such initial 90 day period the Borrower has provided to the Administrative Agent reasonably satisfactory evidence that the Loan Party or Subsidiary is continuing to actively pursue such extension or refinancing; or (B) fails to observe or perform any other material agreement or condition relating to any such Non-Recourse Debt or Guarantee or contained in any instrument or agreement evidencing, securing or relating thereto, or any other event occurs, in each case that is not waived, continues beyond any cure period and results in such Non-Recourse Debt or Guarantee becoming or being declared immediately due and payable; (iii) there occurs under any Swap Contract an Early Termination Date (as defined in such Swap Contract) resulting from (A) any Event of Default (as defined in such Swap Contract) as to which any Loan Party is the Defaulting Party (as defined in such Swap Contract) that is not waived and continues beyond any cure period provided therein or (B) any Termination Event (as defined in such Swap Contract) under such Swap Contract as to which any Loan Party is an Affected Party (as defined therein) and, in either event, the Swap Termination Value owed by any Loan Party as a result thereof is greater than the Threshold Amount; or (iv) there exists (A) an Event of Default (as defined under the BAML Agreement) under the BAML Agreement that is not waived and continues beyond any cure period provided therein and results in such debt under the BAML Agreement becoming or being declared immediately due and payable (B) an Event of Default (as defined under the PNC Agreement) under the PNC Agreement that is not waived and continues beyond any cure period provided therein and results in such debt under the PNC Agreement becoming or being declared immediately due and payable, (C) an Event of Default (as defined under the Key Agreement) under the Key Agreement that is not waived and continues beyond any cure period provided therein and results in such debt under the Key Agreement becoming or being declared immediately due and payable, (D) an Event of Default (as defined under the PE II/KeyBank Credit Agreement) under the PE II/KeyBank Credit Agreement that is not waived and continues beyond any cure period provided therein and results in such debt under the PE II/

KeyBank Credit Agreement becoming or being declared immediately due and payable, or (E) an Event of Default (as defined under the PE II/Capital One Credit Agreement) under the PE II/Capital One Credit Agreement that is not waived and continues beyond any cure period provided therein and results in such debt under the PE II/Capital One Credit Agreement becoming or being declared immediately due and payable; or

(f) Insolvency Proceedings, Etc. Any Loan Party institutes or consents to the institution of any proceeding under any Debtor Relief Law, or makes an assignment for the benefit of creditors; or applies for or consents to the appointment of any receiver, trustee, custodian, conservator, liquidator, rehabilitator or similar officer for it or for all or any material part of its property; or any receiver, trustee, custodian, conservator, liquidator, rehabilitator or similar officer is appointed without the application or consent of such Person and the appointment continues undischarged or unstayed for sixty calendar days; or any proceeding under any Debtor Relief Law relating to any such Person or to all or any material part of its property is instituted without the consent of such Person and continues undismissed or unstayed for sixty calendar days, or an order for relief is entered in any such proceeding; or

(g) Inability to Pay Debts; Attachment. (i) Any Loan Party becomes unable or admits in writing its inability or fails generally to pay its debts as they become due, or (ii) any writ or warrant of attachment or execution or similar process is issued or levied against all or any material part of the property of any such Person and is not released, vacated or fully bonded within thirty days after its issue or levy; or

(h) Judgments. There is entered against any Loan Party one or more final judgments or orders for the payment of money in an aggregate amount exceeding the Threshold Amount (to the extent not covered by independent third-party insurance as to which the insurer does not dispute coverage) which remains unpaid for sixty days and (i) enforcement proceedings are commenced by any creditor upon such judgment or order, or (ii) such judgment or order has not been stayed on appeal or otherwise appropriately contested in good faith; or

(i) ERISA. (i) An ERISA Event occurs with respect to a Pension Plan or Multiemployer Plan which has resulted or could reasonably be expected to result in liability of any Loan Party under Title IV of ERISA to the Pension Plan, Multiemployer Plan or the PBGC in an aggregate amount in excess of the Threshold Amount, or (ii) the Borrower or any ERISA Affiliate fails to pay when due, after the expiration of any applicable grace period, any installment payment with respect to its withdrawal liability under Section 4201 of ERISA under a Multiemployer Plan in an aggregate amount in excess of the Threshold Amount; or

(j) Invalidity of Loan Documents. Any Loan Document, at any time after its execution and delivery and for any reason other than as expressly permitted hereunder or thereunder or satisfaction in full of all the Obligations, ceases to be in full force and effect; or any Loan Party or any other Person contests in any manner the validity or enforceability of any Loan Document; or any Loan Party denies that it has any or further liability or obligation under any Loan Document, or purports to revoke, terminate or rescind any Loan Document; or

(k) Change of Control. There occurs any Change of Control.

9.02 Remedies Upon Event of Default.

If any Event of Default occurs and is continuing, the Administrative Agent shall, at the request of, or may, with the consent of, the Required Lenders, take any or all of the following actions:

(a) declare any commitment of each Lender to make Loans to be terminated, whereupon such commitments and obligation shall be terminated;

(b) declare the unpaid principal amount of all outstanding Loans, all interest accrued and unpaid thereon, and all other amounts owing or payable hereunder or under any other Loan Document to be immediately due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived by the Borrower; and

(c) exercise on behalf of itself and the Lenders all rights and remedies available to it and the Lenders under the Loan Documents;

provided, however, that upon the occurrence of an actual or deemed entry of an order for relief with respect to any Loan Party under the Bankruptcy Code of the United States, the obligation of each Lender to make Loans shall automatically terminate, the unpaid principal amount of all outstanding Loans and all interest and other amounts as aforesaid shall automatically become due and payable without further act of the Administrative Agent or any Lender.

9.03 Application of Funds.

After the exercise of remedies provided for in Section 9.02 (or after the Loans have automatically become immediately due and payable as set forth in the proviso to Section 9.02), any amounts received on account of the Obligations shall be applied by the Administrative Agent in the following order:

First, to payment of that portion of the Obligations constituting fees, indemnities, expenses and other amounts (including fees, charges and disbursements of counsel to the Administrative Agent and amounts payable under Article III) payable to the Administrative Agent in its capacity as such;

Second, to payment of that portion of the Obligations constituting fees, indemnities and other amounts (other than principal, interest) payable to the Lenders (including fees, charges and disbursements of counsel to the respective Lenders) arising under the Loan Documents and amounts payable under Article III, ratably among them in proportion to the respective amounts described in this clause Second payable to them;

Third, to payment of that portion of the Obligations constituting accrued and unpaid interest on the Loans, ratably among the Lenders in proportion to the respective amounts described in this clause Third held by them;

Fourth, to payment of that portion of the Obligations constituting (i) accrued and unpaid principal of the Loans and (ii) breakage, termination or other payments due under any Swap Contract between and Loan Party and any Lender or Affiliate of a Lender, ratably among the Lenders, the applicable Affiliates (with respect to clause (ii)) in proportion to the respective amounts described in this clause Fourth held by them; and

Last, the balance, if any, after all of the Obligations have been indefeasibly paid in full, to the Borrower or as otherwise required by Law.

Excluded Swap Obligations with respect to any Loan Party shall not be paid with amounts received from such Loan Party or such Loan Party's assets, but appropriate adjustments shall be made with respect to payments from other Loan Parties to preserve the allocation to Obligations otherwise set forth above in this Section.

ARTICLE X

ADMINISTRATIVE AGENT

10.01 Appointment and Authority.

Each of the Lenders hereby irrevocably appoints Wells Fargo to act on its behalf as the Administrative Agent hereunder and under the other Loan Documents and authorizes the Administrative Agent to take such actions on its behalf and to exercise such powers as are delegated to the Administrative Agent by the terms hereof or thereof, together with such actions and powers as are incidental thereto. The provisions of this Article are solely for the benefit of the Administrative Agent, the Lenders, and neither the Borrower nor any other Loan Party shall have rights as a third party beneficiary of any of such provisions. It is understood and agreed that the use of the term "agent" herein or in any other Loan Documents (or any other similar term) with reference to the Administrative Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any applicable Law. Instead such term is used as a matter of market custom, and is intended to create or reflect only an administrative relationship between contracting parties.

10.02 Rights as a Lender.

The Person serving as the Administrative Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not the Administrative Agent and the term "Lender" or "Lenders" shall, unless otherwise expressly indicated or unless the context otherwise requires, include the Person serving as the Administrative Agent hereunder in its individual capacity. Such Person and its Affiliates may accept deposits from, lend money to, own securities of, act as the financial advisor or in any other advisory capacity for and generally engage in any kind of business with any Loan Party or any Subsidiary or other Affiliate thereof as if such Person were not the Administrative Agent hereunder and without any duty to account therefor to the Lenders.

10.03 Exculpatory Provisions.

The Administrative Agent shall not have any duties or obligations except those expressly set forth herein and in the other Loan Documents, and its duties hereunder shall be administrative in nature. Without limiting the generality of the foregoing, the Administrative Agent:

(a) shall not be subject to any fiduciary or other implied duties, regardless of whether a Default has occurred and is continuing;

(b) shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby or by the other Loan Documents that the Administrative Agent is required to exercise as directed in writing by the Required Lenders (or such other number or percentage of the Lenders as shall be expressly provided for herein or in the other Loan Documents), provided that the Administrative Agent shall not be required to take any action that, in its reasonable opinion, may expose the Administrative Agent to liability or that is contrary to any Loan Document or applicable law, including for the avoidance of doubt any action that may be in violation of the automatic stay under any Debtor Relief Law or that may affect a forfeiture, modification or termination of property of a Defaulting Lender in violation of any Debtor Relief Law; and

(c) shall not, except as expressly set forth herein and in the other Loan Documents, have any duty to disclose, and shall not be liable for such failure to disclose, any information relating to any Loan Party or any of its Affiliates that is communicated to or obtained by the Person serving as the Administrative Agent or any of its Affiliates in any capacity.

The Administrative Agent shall not be liable for any action taken or not taken by it (i) with the consent or at the request of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary, or as the Administrative Agent shall believe in good faith shall be necessary, under the circumstances as provided in Sections 11.01 and 9.02) or (ii) in the absence of its own bad faith, gross negligence or willful misconduct as determined by a court of competent jurisdiction by final and non-appealable judgment. The Administrative Agent shall be deemed not to have knowledge of any Default unless and until notice describing such Default is given in writing to the Administrative Agent by the Borrower or a Lender.

The Administrative Agent shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with this Agreement or any other Loan Document, (ii) the contents of any certificate, report or other document delivered hereunder or thereunder or in connection herewith or therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein or therein or the occurrence of any Default, (iv) the validity, enforceability, effectiveness or genuineness of this Agreement, any other Loan Document or any other agreement, instrument or document or (v) the satisfaction of any condition set forth in Article V or elsewhere herein, other than to confirm receipt of items expressly required to be delivered to the Administrative Agent.

10.04 Reliance by Administrative Agent.

The Administrative Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing (including any electronic message, Internet or intranet website posting or other distribution) believed by it to be genuine and to have been signed, sent or otherwise authenticated by the proper Person. The Administrative Agent also may rely upon any statement made to it orally or by telephone and believed by it to have been made by the proper Person, and shall not incur any liability for relying thereon. In determining compliance with any condition hereunder to the making of a Loan that by its terms must be fulfilled to the satisfaction of a Lender, the Administrative Agent may presume that such condition is satisfactory to such Lender unless the Administrative Agent shall have received notice to the contrary from such Lender prior to the making of such Loan. The Administrative Agent may consult with legal counsel (who may be counsel for the Loan Parties), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

10.05 Delegation of Duties.

The Administrative Agent may perform any and all of its duties and exercise its rights and powers hereunder or under any other Loan Document by or through any one or more sub-agents appointed by the Administrative Agent. The Administrative Agent and any such sub-agent may perform any and all of its duties and exercise its rights and powers by or through their respective Related Parties. The exculpatory provisions of this Article shall apply to any such sub-agent and to the Related Parties of the Administrative Agent and any such sub-agent, and shall apply to their respective activities in connection

with the syndication of the credit facilities provided for herein as well as activities as Administrative Agent.

10.06 Resignation of Administrative Agent.

(a.) The Administrative Agent may at any time give notice of its resignation to the Lenders and the Borrower. Upon receipt of any such notice of resignation, the Required Lenders shall have the right, in consultation with the Borrower, to appoint a successor, which shall be a bank with an office in the United States, or an Affiliate of any such bank with an office in the United States. If no such successor shall have been appointed by the Required Lenders and shall have accepted such appointment within thirty (30) days after the retiring Administrative Agent gives notice of its resignation (or such earlier day as shall be agreed by the Required Lenders) (the "Resignation Effective Date"), then the retiring Administrative Agent may (but shall not be obligated to) on behalf of the Lenders, appoint a successor Administrative Agent meeting the qualifications set forth above. Whether or not a successor has been appointed, such resignation shall become effective in accordance with such notice on the Resignation Effective Date.

(b.) If the Person serving as Administrative Agent is a Defaulting Lender pursuant to clause (d) of the definition thereof, the Required Lenders may, to the extent permitted by applicable Law by notice in writing to the Borrower and such Person remove such Person as the Administrative Agent and, in consultation with the Borrower, appoint a successor; provided, that if an Event of Default has occurred and is continuing, no consultation with the Borrower shall be required for any successor that is a Lender or an Affiliate of a Lender. If no such successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within thirty (30) days (or such earlier day as shall be agreed by the Required Lenders) (the "Removal Effective Date"), then such removal shall nonetheless become effective in accordance with such notice on the Removal Effective Date.

(c.) With effect from the Resignation Effective Date or the Removal Effective Date (as applicable) (1) the retiring or removed Administrative Agent shall be discharged from its duties and obligations hereunder and under the other Loan Documents (except that in the case of any collateral security held by the Administrative Agent on behalf of the Lenders under any of the Loan Documents, the retiring or removed Administrative Agent shall continue to hold such collateral security until such time as a successor Administrative Agent is appointed) and (2) except for any indemnity payments or other amounts then owed to the retiring or removed Administrative Agent, all payments, communications and determinations provided to be made by, to or through the Administrative Agent shall instead be made by or to each Lender directly, until such time, if any, as the Required Lenders appoint a successor Administrative Agent as provided for above. Upon the acceptance of a successor's appointment as Administrative Agent hereunder, such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring or removed Administrative Agent (other than as provided in Section 3.01(g) and other than any rights to indemnity payments or other amounts owed to the retiring or removed Administrative Agent as of the Resignation Effective Date or the Removal Effective Date, as applicable), and the retiring or removed Administrative Agent shall be discharged from all of its duties and obligations hereunder or under the other Loan Documents (if not already discharged therefrom as provided above in this Section). The fees payable by the Borrower to a successor Administrative Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Borrower and such successor. After the retiring or removed Administrative Agent's resignation or removal hereunder and under the other Loan Documents,

the provisions of this Article and Section 11.04 shall continue in effect for the benefit of such retiring or removed Administrative Agent, its sub-agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while the retiring Administrative Agent was acting as Administrative Agent.

10.07 Non-Reliance on Administrative Agent and Other Lenders.

Each Lender acknowledges that it has, independently and without reliance upon the Administrative Agent or any other Lender or any of their Related Parties and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance upon the Administrative Agent or any other Lender or any of their Related Parties and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any other Loan Document or any related agreement or any document furnished hereunder or thereunder.

10.08 No Other Duties; Etc.

Anything herein to the contrary notwithstanding, none of the bookrunners, arrangers, syndication agents, documentation agents or co-agents shall have any powers, duties or responsibilities under this Agreement or any of the other Loan Documents, except in its capacity, as applicable, as the Administrative Agent or a Lender.

10.09 Administrative Agent May File Proofs of Claim.

In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding relative to any Loan Party, the Administrative Agent (irrespective of whether the principal of any Loan shall then be due and payable as herein expressed or by declaration or otherwise and irrespective of whether the Administrative Agent shall have made any demand on the Borrower) shall be entitled and empowered, by intervention in such proceeding or otherwise:

(a) to file and prove a claim for the whole amount of the principal and interest owing and unpaid in respect of the Loans and all other Obligations (other than obligations under Swap Contracts or Treasury Management Agreements to which the Administrative Agent is not a party) that are owing and unpaid and to file such other documents as may be necessary or advisable in order to have the claims of the Lenders and the Administrative Agent (including any claim for the reasonable compensation, expenses, disbursements and advances of the Lenders and the Administrative Agent and their respective agents and counsel and all other amounts due the Lenders and the Administrative Agent under Sections 2.09 and 11.04) allowed in such judicial proceeding; and

(b) to collect and receive any monies or other property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Lender to make such payments to the Administrative Agent and, in the event that the Administrative Agent shall consent to the making of such payments directly to the Lenders, to pay to the Administrative Agent any amount due for the reasonable

compensation, expenses, disbursements and advances of the Administrative Agent and its agents and counsel, and any other amounts due the Administrative Agent under Sections 2.09 and 11.04.

Nothing contained herein shall be deemed to authorize the Administrative Agent to authorize or consent to or accept or adopt on behalf of any Lender any plan of reorganization, arrangement, adjustment or composition affecting the Obligations or the rights of any Lender or to authorize the Administrative Agent to vote in respect of the claim of any Lender in any such proceeding.

10.10 Guaranty Matters.

Each Lender irrevocably authorizes the Administrative Agent, at its option and in its discretion to release any Subsidiary Guarantor from its obligations under the Guaranty if such Person ceases to be required to be a Subsidiary Guarantor under Section 7.13. Upon request by the Administrative Agent at any time, the Required Lenders will confirm in writing the Administrative Agent's authority to release any Subsidiary Guarantor from its obligations under the Guaranty, pursuant to this Section 10.10.

10.11 Treasury Management Agreements and Swap Contracts.

No Lender or Affiliate of a Lender that obtains the benefit of Section 9.03 or the Guaranty by virtue of the provisions hereof shall have any right to notice of any action or to consent to, direct or object to any action hereunder or under any other Loan Document (or to notice of or to consent to any amendment, waiver or modification of the provisions hereof or of the Guaranty) other than in its capacity as a Lender and, in such case, only to the extent expressly provided in the Loan Documents. Notwithstanding any other provision of this Article X to the contrary, the Administrative Agent shall not be required to verify the payment of, or that other satisfactory arrangements have been made with respect to, Obligations arising under Treasury Management Agreements and Swap Contracts except to the extent expressly provided herein and unless the Administrative Agent has received written notice of such Obligations, together with such supporting documentation as the Administrative Agent may request, from the applicable Lender or Affiliate of a Lender, as the case may be. The Administrative Agent shall not be required to verify the payment of, or that other satisfactory arrangements have been made with respect to, Obligations arising under Treasury Management Agreements and Swap Contracts.

10.12 ERISA Matters.

(a) Each Lender (i) represents and warrants, as of the date such Person became a Lender party hereto, to, and (ii) covenants, from the date such Person became a Lender party hereto to the date such Person ceases being a Lender party hereto, for the benefit of, the Administrative Agent, each Arranger, and their respective Affiliates, and not, for the avoidance of doubt, to or for the benefit of the Borrower or any other Loan Party, that at least one of the following is and will be true:

(A) such Lender is not using "plan assets" (within the meaning of 29 CFR § 2510.3-101, as modified by Section 3(42) of ERISA) of one or more Benefit Plans in connection with the Loans, the Letters of Credit or the Commitments,

(B) the transaction exemption set forth in one or more PTEs, such as PTE 84-14 (a class exemption for certain transactions determined by independent qualified professional asset managers), PTE 95-60 (a class

exemption for certain transactions involving insurance company general accounts), PTE 90-1 (a class exemption for certain transactions involving insurance company pooled separate accounts), PTE 91-38 (a class exemption for certain transactions involving bank collective investment funds) or PTE 96-23 (a class exemption for certain transactions determined by in-house asset managers), is applicable with respect to such Lender's entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments and this Agreement,

(C) (1) such Lender is an investment fund managed by a "Qualified Professional Asset Manager" (within the meaning of Part VI of PTE 84-14), (2) such Qualified Professional Asset Manager made the investment decision on behalf of such Lender to enter into, participate in, administer and perform the Loans, the Letters of Credit, the Commitments and this Agreement, (3) the entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments and this Agreement satisfies the requirements of sub-sections (b) through (g) of Part I of PTE 84-14 and (4) to the best knowledge of such Lender, the requirements of subsection (a) of Part I of PTE 84-14 are satisfied with respect to such Lender's entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments and this Agreement, or

(D) such other representation, warranty and covenant as may be agreed in writing between the Administrative Agent, in its sole discretion, and such Lender.

(b) In addition, unless either (1) subclause (i) in the immediately preceding clause (a) is true with respect to a Lender or (2) a Lender has provided another representation, warranty and covenant as provided in subclause (iv) in the immediately preceding clause (a), such Lender further (x) represents and warrants, as of the date such Person became a Lender party hereto, to, and (y) covenants, from the date such Person became a Lender party hereto to the date such Person ceases being a Lender party hereto, for the benefit of, the Administrative Agent, each Arranger, and their respective Affiliates, and not, for the avoidance of doubt, to or for the benefit of the Borrower or any other Loan Party, that none of the Administrative Agent, any Arranger or any of their respective Affiliates is a fiduciary with respect to the assets of such Lender involved in the Loans, the Letters of Credit, the Commitments and this Agreement (including in connection with the reservation or exercise of any rights by the Administrative Agent under this Agreement, any Loan Document or any documents related to hereto or thereto).

ARTICLE XI

MISCELLANEOUS

11.01 Amendments, Etc.

No amendment or waiver of any provision of this Agreement or any other Loan Document, and no consent to any departure by the Borrower or any other Loan Party therefrom, shall be effective unless in writing signed by the Required Lenders and the Borrower or the applicable Loan Party, as the case may be, and acknowledged by the Administrative Agent, and each such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided, further, that

(a) no such amendment, waiver or consent shall:

(i) extend or increase the Commitment of a Lender (or reinstate any Commitment terminated pursuant to Section 9.02) without the written consent of such Lender whose Commitment is being extended or increased (it being understood and agreed that a waiver of any condition precedent set forth in Section 5.02 or of any Default or a mandatory reduction in Commitments is not considered an extension or increase in Commitments of any Lender);

(ii) postpone any date fixed by this Agreement or any other Loan Document for any payment or mandatory prepayment of principal, interest, fees or other amounts due to the Lenders (or any of them) or any scheduled or mandatory reduction of the Commitments hereunder or under any other Loan Document without the written consent of each Lender entitled to receive such payment or whose Commitments are to be reduced;

(iii) reduce the principal of, or the rate of interest specified herein on, any Loan, or (subject to clause (i) of the final paragraph of this Section 11.01) any fees or other amounts payable hereunder or under any other Loan Document without the written consent of each Lender entitled to receive such payment of principal, interest, fees or other amounts; provided, however, that only the consent of the Required Lenders shall be necessary to amend the definition of "Default Rate" or to waive any obligation of the Borrower to pay interest at the Default Rate;

(iv) change Section 2.13 or Section 9.03 in a manner that would alter the pro rata sharing of payments required thereby without the written consent of each Lender directly affected thereby;

(v) change any provision of this Section 11.01(a) or the definition of "Required Lenders" without the written consent of each Lender directly affected thereby; or

(vi) release the Borrower or the Parent Entity without the written consent of each Lender.

(b) unless also signed by the Administrative Agent, no amendment, waiver or consent shall affect the rights or duties of the Administrative Agent under this Agreement or any other Loan Document.

Notwithstanding anything to the contrary herein:

(i) the Fee Letters may be amended, or rights or privileges thereunder waived, in a writing executed only by the parties thereto.

(ii) no Defaulting Lender shall have any right to approve or disapprove any amendment, waiver or consent hereunder (and any amendment, waiver or consent which by its terms requires the consent of all Lenders or each affected Lender may be effected with the consent of the applicable Lenders other than Defaulting Lenders), except that (x) the Commitment of any Defaulting Lender may not be increased or extended without the consent of such Lender and (y) any waiver, amendment or modification requiring the consent of all Lenders or each affected Lender that by its terms affects any Defaulting Lender disproportionately adversely relative to other affected Lenders shall require the consent of such Defaulting Lender.

(iii) each Lender is entitled to vote as such Lender sees fit on any bankruptcy reorganization plan that affects the Loans, and each Lender acknowledges that the provisions of Section 1126(c) of the Bankruptcy Code of the United States supersede the unanimous consent provisions set forth herein.

(iv) the Required Lenders shall determine whether or not to allow a Loan Party to use cash collateral in the context of a bankruptcy or insolvency proceeding and such determination shall be binding on all of the Lenders.

(v) amendments and waivers that affect solely the Lenders under Term Loan A-1 or any Incremental Term Loan (including waiver or modification of (x) conditions to extensions of credit under the relevant Term Loan and (y) the availability and conditions to funding of any Incremental Term Loan) and do not otherwise contradict the rights of Lenders under clause (a) of this Section 11.01: (1) shall only require the consent of those Lenders holding a majority of the outstanding Commitments and Loans with respect to Term Loan A-1 or Incremental Term Loan, as applicable and (2) any fees paid with respect to such amendment or waiver need only be offered pro rata to those Lenders whose consent is required.

(vi) any amendment entered into in order to effectuate an increase in Term Loan A-1 or to provide an Incremental Term Loan, in each case in accordance with Section 2.16, shall only require the consent of the Lenders providing such increase or Incremental Term Loan as long as the purpose of such amendment is solely to incorporate the appropriate provisions for such increase or Incremental Term Loan.

(vii) the Borrower may, by written notice to the Administrative Agent from time to time (and with the consent of the Administrative Agent, not to be unreasonably withheld), make one or more offers (each, a "Loan Modification Offer") to all the Lenders under a Term Loan to make one or more amendments or modifications to allow the maturity of such Loans of the accepting Lenders to be extended (and in connection therewith increase the Applicable Rate and/or fees payable with respect to such Loans of the accepting Lenders) ("Extension Amendments") pursuant to procedures reasonably specified by the Administrative Agent and reasonably acceptable to the Borrower. Such notice shall set forth (x) the terms and conditions of the requested Extension Amendment and (y) the date on which such Extension Amendment is requested to become effective. Extension Amendments shall become effective only with respect to the Loans of the Lenders that accept in writing the applicable Loan Modification Offer (such Lenders, the "Accepting Lenders") and, in the case of any Accepting Lender, only with respect to such Lender's Loans as to which such Lender's acceptance has been made. The Borrower, each other Loan Party and each Accepting Lender shall execute and deliver to the Administrative Agent such documentation (the "Loan Amendment") as the Administrative Agent shall reasonably specify to evidence the acceptance of the Extension Amendments and the terms and conditions thereof, and the Loan Parties shall also deliver such corporate resolutions, opinions and other documents as reasonably requested by the Administrative Agent. The Administrative Agent shall promptly notify each Lender as to the effectiveness of each Loan Amendment. Each of the parties hereto hereby agrees that upon the effectiveness of any Loan Amendment, this Agreement shall be deemed amended to the extent (but only to the extent) necessary to reflect the existence and terms of the Extension Amendment evidenced thereby and only with respect to the Loans of the Accepting Lenders as to

which such Lenders' acceptance has been made and shall not contradict the rights of the Lenders under clause (a) of this Section 11.01 with respect to the Loans of non-Accepting Lenders.

11.02 Notices and Other Communications; Facsimile Copies.

(a) Notices Generally. Except in the case of notices and other communications expressly permitted to be given by telephone (and except as provided in subsection (b) below), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by facsimile as follows, and all notices and other communications expressly permitted hereunder to be given by telephone shall be made to the applicable telephone number, as follows:

(i) if to the Borrower or any other Loan Party or the Administrative Agent, to the address, facsimile number, e-mail address or telephone number specified for such Person on Schedule 11.02; and

(ii) if to any other Lender, to the address, facsimile number, e-mail address or telephone number specified in its Administrative Questionnaire (including, as appropriate, notices delivered solely to the Person designated by a Lender on its Administrative Questionnaire then in effect for the delivery of notices that may contain material non-public information relating to the Borrower).

Notices and other communications sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received; notices and other communications sent by facsimile or e-mail transmission shall be deemed to have been given when sent (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next Business Day for the recipient). Notices and other communications delivered through electronic communications to the extent provided in subsection (b) below, shall be effective as provided in such subsection (b).

(b) Electronic Communications. Notices and other communications to the Lenders hereunder may be delivered or furnished by electronic communication (including e-mail address and Internet or intranet websites) pursuant to procedures approved by the Administrative Agent, provided that the foregoing shall not apply to notices to any Lender pursuant to Article II if such Lender has notified the Administrative Agent that it is incapable of receiving notices under such Article by electronic communication. The Administrative Agent or the Borrower may each, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it, provided that approval of such procedures may be limited to particular notices or communications.

Unless the Administrative Agent otherwise prescribes, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement), and (ii) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient at its e-mail address as described in the foregoing clause (i) of notification that such notice or communication is available and identifying the website address therefor; provided that, for both clauses (i) and (ii), if such notice, email or other communication is not sent during the normal business hours of the recipient, such notice, email or communication shall be deemed to have been sent at the opening of business on the next Business

Day for the recipient. Notwithstanding anything contained herein, the Borrower shall deliver paper copies of any documents to the Administrative Agent or to any Lender that requests such paper copies until a written request to cease delivering paper copies is given by the Administrative Agent or such Lender. The Administrative Agent shall have no obligation to request the delivery of or to maintain paper copies of the documents delivered electronically, and in any event shall have no responsibility to monitor compliance by the Borrower with any such request for delivery. Each Lender shall be solely responsible for requesting delivery to it of paper copies and maintaining its paper or electronic documents.

(c) The Platform. THE PLATFORM IS PROVIDED "AS IS" AND "AS AVAILABLE." THE AGENT PARTIES (AS DEFINED BELOW) DO NOT WARRANT THE ACCURACY OR COMPLETENESS OF THE BORROWER MATERIALS OR THE ADEQUACY OF THE PLATFORM, AND EXPRESSLY DISCLAIM LIABILITY FOR ERRORS IN OR OMISSIONS FROM THE BORROWER MATERIALS. NO WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR STATUTORY, INCLUDING ANY WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT OF THIRD PARTY RIGHTS OR FREEDOM FROM VIRUSES OR OTHER CODE DEFECTS, IS MADE BY ANY AGENT PARTY IN CONNECTION WITH THE BORROWER MATERIALS OR THE PLATFORM. In no event shall the Administrative Agent or any of its Related Parties (collectively, the "Agent Parties") have any liability to the Borrower, any Lender or any other Person for losses, claims, damages, liabilities or expenses of any kind (whether in tort, contract or otherwise) arising out of the Borrower's, any Loan Party's or the Administrative Agent's transmission of Borrower Materials or any other Information through the Internet or any telecommunications, electronic or other information transmission systems.

(d) Change of Address, Etc. Each of the Borrower and the Administrative Agent may change its address, facsimile or telephone number for notices and other communications hereunder by notice to the other parties hereto. Each other Lender may change its address, facsimile or telephone number or e-mail address for notices and other communications hereunder by notice to the Borrower and the Administrative Agent. In addition, each Lender agrees to notify the Administrative Agent from time to time to ensure that the Administrative Agent has on record (i) an effective address, contact name, telephone number, facsimile number and e-mail address to which notices and other communications may be sent and (ii) accurate wire instructions for such Lender. Furthermore, each Public Lender agrees to cause at least one individual at or on behalf of such Public Lender to at all times have selected the "Private Side Information" or similar designation on the content declaration screen of the Platform in order to enable such Public Lender or its delegate, in accordance with such Public Lender's compliance procedures and applicable Law, including United States federal and state securities Laws, to make reference to Borrower Materials that are not made available through the "Public Side Information" portion of the Platform and that may contain material non-public information with respect to the Borrower or its securities for purposes of United States federal or state securities laws.

(e) Reliance by Administrative Agent and Lenders. The Administrative Agent and the Lenders shall be entitled to rely and act upon any notices (including telephonic or electronic Loan Notices) purportedly given by or on behalf of any Loan Party even if (i) such notices were not made in a manner specified herein, were incomplete or were not preceded or followed by any other form of notice specified herein, or (ii) the terms thereof, as understood by the recipient, varied from any confirmation thereof. The Loan Parties shall indemnify the Administrative Agent, each Lender and the Related Parties of each of them from all losses, costs, expenses and

liabilities resulting from the reliance by such Person on each notice purportedly given by or on behalf of a Loan Party. All telephonic notices to and other telephonic communications with the Administrative Agent may be recorded by the Administrative Agent, and each of the parties hereto hereby consents to such recording.

11.03 No Waiver; Cumulative Remedies; Enforcement.

No failure by any Lender or the Administrative Agent to exercise, and no delay by any such Person in exercising, any right, remedy, power or privilege hereunder or under any other Loan Document shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided, and provided under each other Loan Document, are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law.

Notwithstanding anything to the contrary contained herein or in any other Loan Document, the authority to enforce rights and remedies hereunder and under the other Loan Documents against the Loan Parties or any of them shall be vested exclusively in, and all actions and proceedings at law in connection with such enforcement shall be instituted and maintained exclusively by, the Administrative Agent in accordance with Section 10.01 for the benefit of all the Lenders; provided, however, that the foregoing shall not prohibit (a) the Administrative Agent from exercising on its own behalf the rights and remedies that inure to its benefit (solely in its capacity as Administrative Agent) hereunder and under the other Loan Documents, (b) any Lender from exercising setoff rights in accordance with Section 11.08 (subject to the terms of Section 2.13), or (c) any Lender from filing proofs of claim or appearing and filing pleadings on its own behalf during the pendency of a proceeding relative to any Loan Party under any Debtor Relief Law; and provided, further, that if at any time there is no Person acting as Administrative Agent hereunder and under the other Loan Documents, then (i) the Required Lenders shall have the rights otherwise ascribed to the Administrative Agent pursuant to Section 10.01 and (ii) in addition to the matters set forth in clauses (b) and (c) of the preceding proviso and subject to Section 2.13, any Lender may, with the consent of the Required Lenders, enforce any rights and remedies available to it and as authorized by the Required Lenders.

11.04 Expenses; Indemnity; and Damage Waiver.

(a) Costs and Expenses. The Loan Parties shall pay (i) all reasonable and documented out-of-pocket expenses incurred by the Administrative Agent and its Affiliates (including the reasonable and documented fees, charges and disbursements of one counsel for the Administrative Agent) in connection with the syndication of the credit facilities provided for herein, the preparation, negotiation, execution, delivery and administration of this Agreement and the other Loan Documents or any amendments, modifications or waivers of the provisions hereof or thereof (whether or not the transactions contemplated hereby or thereby shall be consummated) and (ii) all reasonable and documented out-of-pocket expenses incurred by the Administrative Agent or any Lender (including the reasonable fees, charges and disbursements of one counsel for the Administrative Agent, any Lender) taken as a whole (unless (x) a conflict exists as determined in the good faith judgment of each affected Lender, in which case(s) the reasonable and documented fees, charges and disbursements of one reasonably necessary additional counsel for each such affected Lender shall be covered, or (y) a special counsel is necessary as determined in the good faith judgment of the Administrative Agent, in which case(s) the reasonable and documented fees, charges and disbursements of one reasonably necessary special counsel for the

Administrative Agent shall be covered), in connection with the enforcement or protection of its rights (A) in connection with this Agreement and the other Loan Documents, including its rights under this Section, or (B) in connection with the Loans made hereunder, including all such reasonable and documented out-of-pocket expenses incurred during any workout, restructuring or negotiations in respect of such Loans.

(b) Indemnification by the Loan Parties. The Loan Parties shall indemnify the Administrative Agent (and any sub-agent thereof), each Lender and each Related Party of any of the foregoing Persons (each such Person being called an "Indemnitee") against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related expenses (including the reasonable fees, charges and disbursements of one counsel for all Indemnitees, plus, (x) in the event of a conflict of interest as determined in the good faith judgment of each affected Indemnitee, one additional counsel for all such affected Indemnitees (taken together with all similarly situated Indemnitees) and (y) in the event that a special counsel is necessary as determined in the good faith judgment of the Administrative Agent, one additional counsel for Administrative Agent), incurred by any Indemnitee or asserted against any Indemnitee by any Person (including the Borrower or any other Loan Party) arising out of, in connection with, or as a result of (i) the execution or delivery of this Agreement, any other Loan Document or any agreement or instrument contemplated hereby or thereby, the performance by the parties hereto of their respective obligations hereunder or thereunder or the consummation of the transactions contemplated hereby or thereby, or, in the case of the Administrative Agent (and any sub-agent thereof) and its Related Parties only, the administration of this Agreement and the other Loan Documents, (ii) any Loan or the use or proposed use of the proceeds therefrom, (iii) any actual or alleged presence or release of Hazardous Materials on or from any property owned or operated by a Loan Party or any of its Subsidiaries, or any Environmental Liability related in any way to a Loan Party or any of its Subsidiaries, or (iv) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory, whether brought by a third party or by the Borrower or any other Loan Party, and regardless of whether any Indemnitee is a party thereto, in all cases, whether or not caused by or arising, in whole or in part, out of the comparative, contributory or sole negligence of the Indemnitee; provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses (x) are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnitee or (y) result from a claim brought by the Borrower or any other Loan Party against an Indemnitee for breach in bad faith of such Indemnitee's obligations hereunder or under any other Loan Document, if the Borrower or such other Loan Party has obtained a final and nonappealable judgment in its favor on such claim as determined by a court of competent jurisdiction. Without limiting the provisions of Section 3.01(c), this Section 11.04(b) shall not apply with respect to Taxes other than any Taxes that represent losses, claims, damages, etc. arising from any non-Tax claim.

(c) Reimbursement by Lenders. To the extent that the Loan Parties for any reason fail to indefeasibly pay any amount required under subsection (a) or (b) of this Section to be paid by them to the Administrative Agent (or any sub-agent thereof) or any Related Party of any of the foregoing, each Lender severally agrees to pay to the Administrative Agent (or any such sub-agent) or such Related Party, as the case may be, such Lender's pro rata share (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought based on each Lender's share of sum of the aggregate unpaid principal amount of the Term Loans then outstanding, such payment to be made severally among them based on such Lenders' Applicable Percentages (determined as of the time that the applicable unreimbursed expense or indemnity

payment is sought), provided, further that, the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against the Administrative Agent (or any such sub-agent), in its capacity as such, or against any Related Party of any of the foregoing acting for the Administrative Agent (or any such sub-agent), in connection with such capacity. The obligations of the Lenders under this subsection (c) are subject to the provisions of Section 2.12(d).

(d) Waiver of Consequential Damages, Etc. To the fullest extent permitted by applicable law, no Loan Party shall assert, and each Loan Party hereby waives, and acknowledges that no other Person shall have, any claim against any Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any other Loan Document or any agreement or instrument contemplated hereby, the transactions contemplated hereby or thereby, any Loan or the use of the proceeds thereof. No Indemnitee referred to in subsection (b) above shall be liable for any damages arising from the use by unintended recipients of any information or other materials distributed by it through telecommunications, electronic or other information transmission systems in connection with this Agreement or the other Loan Documents or the transactions contemplated hereby or thereby. No Loan Party shall be liable for any special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of this Agreement, any other Loan Document or any agreement or instrument contemplated hereby, the transactions contemplated hereby or thereby, any Loan or the use of proceeds thereof.

(e) Payments. All amounts due under this Section shall be payable not later than ten Business Days after demand therefor.

(f) Survival. The agreements in this Section and the indemnity provisions of Section 11.02(e) shall survive the resignation of the Administrative Agent, the replacement of any Lender, the termination of the Commitments and the repayment, satisfaction or discharge of all the other Obligations.

11.05 Payments Set Aside.

To the extent that any payment by or on behalf of any Loan Party is made to the Administrative Agent or any Lender, or the Administrative Agent or any Lender exercises its right of setoff, and such payment or the proceeds of such setoff or any part thereof is subsequently invalidated, declared to be fraudulent or preferential, set aside or required (including pursuant to any settlement entered into by the Administrative Agent or such Lender in its discretion) to be repaid to a trustee, receiver or any other party, in connection with any proceeding under any Debtor Relief Law or otherwise, then (a) to the extent of such recovery, the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such setoff had not occurred, and (b) each Lender severally agrees to pay to the Administrative Agent upon demand its applicable share (without duplication) of any amount so recovered from or repaid by the Administrative Agent, plus interest thereon from the date of such demand to the date such payment is made at a rate per annum equal to the Federal Funds Rate from time to time in effect. The obligations of the Lenders under clause (b) of the preceding sentence shall survive the payment in full of the Obligations and the termination of this Agreement.

11.06 Successors and Assigns.

(a) Successors and Assigns Generally. The provisions of this Agreement and the other Loan Documents shall be binding upon and inure to the benefit of the parties hereto and thereto and their respective successors and assigns permitted hereby, except that the Borrower may not assign or otherwise transfer any of its rights or obligations hereunder or thereunder without the prior written consent of the Administrative Agent and each Lender and no Lender may assign or otherwise transfer any of its rights or obligations hereunder except (i) to an assignee in accordance with the provisions of subsection (b) of this Section, (ii) by way of participation in accordance with the provisions of subsection (d) of this Section or (iii) by way of pledge or assignment of a security interest subject to the restrictions of subsection (e) of this Section (and any other attempted assignment or transfer by any party hereto shall be null and void). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby, Participants to the extent provided in subsection (d) of this Section and, to the extent expressly contemplated hereby, the Related Parties of each of the Administrative Agent and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) Assignments by Lenders. Any Lender may at any time assign to one or more assignees all or a portion of its rights and obligations under this Agreement and the other Loan Documents (including all or a portion of its Commitment and the Loans at the time owing to it); provided that any such assignment shall be subject to the following conditions:

(i) Minimum Amounts.

(A) in the case of an assignment of the entire remaining amount of the assigning Lender's Commitment and/or the Loans at the time owing to it or contemporaneous assignments to related Approved Funds that equal at least the amount specified in paragraph (b)(i)(B) of this Section in the aggregate or in the case of an assignment to a Lender, an Affiliate of a Lender or an Approved Fund, no minimum amount need be assigned; and

(B) in any case not described in subsection (b)(i)(A) of this Section, the aggregate amount of the Commitment (which for this purpose includes Loans outstanding thereunder) or, if the Commitment is not then in effect, the principal outstanding balance of the Loans of the assigning Lender subject to each such assignment, determined as of the date the Assignment and Assumption with respect to such assignment is delivered to the Administrative Agent or, if "Trade Date" is specified in the Assignment and Assumption, as of the Trade Date, shall not be less than $5,000,000 unless each of the Administrative Agent and, so long as no Event of Default has occurred and is continuing, the Borrower otherwise consents (each such consent not to be unreasonably withheld or delayed).

(ii) Proportionate Amounts. Each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's Loans and Commitments, and rights and obligations with respect thereto assigned.

(iii) Required Consents. No consent shall be required for any assignment except to the extent required by subsection (b)(i)(B) of this Section and, in addition:

(A) the consent of the Borrower (such consent not to be unreasonably withheld or delayed) shall be required unless (1) an Event of Default has occurred and is continuing at the time of such assignment or (2)

such assignment is to a Lender, an Affiliate of a Lender or an Approved Fund; and

(B) the consent of the Administrative Agent (such consent not to be unreasonably withheld or delayed) shall be required for assignments to a Person that is not a Lender, an Affiliate of such Lender or an Approved Fund with respect to such Lender.

(iv) Assignment and Assumption. The parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Assumption, together with a processing and recordation fee in the amount of $3,500; provided, however, that the Administrative Agent may, in its sole discretion, elect to waive such processing and recordation fee in the case of any assignment. The assignee, if it is not a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire.

(v) No Assignment to Certain Persons. No such assignment shall be made (A) to the Borrower or any of the Borrower's Affiliates or Subsidiaries, (B) to any Defaulting Lender or any of its Subsidiaries, or any Person who, upon becoming a Lender hereunder, would constitute any of the foregoing Persons described in this clause (B) or (C) to a natural Person.

(vi) Certain Additional Payments. In connection with any assignment of rights and obligations of any Defaulting Lender hereunder, no such assignment shall be effective unless and until, in addition to the other conditions thereto set forth herein, the parties to the assignment shall make such additional payments to the Administrative Agent in an aggregate amount sufficient, upon distribution thereof as appropriate (which may be outright payment, purchases by the assignee of participations or subparticipations, or other compensating actions, including funding, with the consent of the Borrower and the Administrative Agent, the applicable pro rata share of Loans previously requested but not funded by the Defaulting Lender, to each of which the applicable assignee and assignor hereby irrevocably consent), to (x) pay and satisfy in full all payment liabilities then owed by such Defaulting Lender to the Administrative Agent or any Lender hereunder (and interest accrued thereon) and (y) acquire (and fund as appropriate) its full pro rata share of all Loans in accordance with its Applicable Percentage. Notwithstanding the foregoing, in the event that any assignment of rights and obligations of any Defaulting Lender hereunder shall become effective under applicable Law without compliance with the provisions of this paragraph, then the assignee of such interest shall be deemed to be a Defaulting Lender for all purposes of this Agreement until such compliance occurs.

Subject to acceptance and recording thereof by the Administrative Agent pursuant to subsection (c) of this Section, from and after the effective date specified in each Assignment and Assumption, the assignee thereunder shall be a party to this Agreement and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto) but shall continue to be entitled to the benefits of Sections 3.01, 3.04, 3.05 and 11.04 with respect to facts and circumstances occurring prior to the effective date of such assignment; provided, that except to the extent otherwise expressly agreed by the affected parties, no

assignment by a Defaulting Lender will constitute a waiver or release of any claim of any party hereunder arising from that Lender's having been a Defaulting Lender. Upon request, the Borrower (at its expense) shall execute and deliver a Note to the assignee Lender. Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this subsection shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with subsection (d) of this Section.

(c) Register. The Administrative Agent, acting solely for this purpose as an agent of the Borrower, shall maintain at the Administrative Agent's Office a copy of each Assignment and Assumption delivered to it (or the equivalent thereof in electronic form) and a register for the recordation of the names and addresses of the Lenders, and the Commitments of, and principal amounts (and stated interest) of the Loans owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive absent manifest error, and the Borrower, the Administrative Agent and the Lenders shall treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement. The Register shall be available for inspection by the Borrower and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

(d) Participations. Any Lender may at any time, without the consent of, or notice to, the Borrower or the Administrative Agent, sell participations to any Person (other than a natural Person, a Defaulting Lender or the Borrower or any of the Borrower's Affiliates or Subsidiaries) (each, a "Participant") in all or a portion of such Lender's rights and/or obligations under this Agreement (including all or a portion of its Commitment and/or the Loans owing to it); provided that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (iii) the Borrower, the Administrative Agent, the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. For the avoidance of doubt, each Lender shall be responsible for the indemnity under Section 11.04(c) without regard to the existence of any participation.

Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, waiver or other modification described in clauses (i) through (vi) of Section 11.01(a) that affects such Participant. The Borrower agrees that each Participant shall be entitled to the benefits of Sections 3.01, 3.04 and 3.05 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to subsection (b) of this Section (subject to the requirements and limitations therein, including the requirements under Section 3.01(e) and it being understood that the documentation required under Section 3.01(e) shall be delivered to the Lender who sells the participation); provided that such Participant (A) agrees to be subject to the provisions of Sections 3.06 and 11.13 as if it were an assignee under paragraph (b) of this Section and (B) shall not be entitled to receive any greater payment under Sections 3.01 or 3.04, with respect to any participation, than the Lender from whom it acquired the applicable participation would have been entitled to receive, except to the extent such entitlement to receive a greater payment results from a Change in Law that occurs after the Participant acquired the applicable participation. Each Lender that sells a participation agrees, at the Borrower's request and expense, to use reasonable efforts to cooperate with the Borrower to effectuate the provisions of Section 3.06 with respect to any Participant. To the extent permitted

by law, each Participant also shall be entitled to the benefits of Section 11.08 as though it were a Lender, provided such Participant agrees to be subject to Section 2.13 as though it were a Lender. Each Lender that sells a participation shall, acting solely for this purpose as an agent of the Borrower, maintain a register on which it enters the name and address of each Participant and the principal amounts (and stated interest) of each Participant's interest in the Loans or other obligations under the Loan Documents (the "Participant Register"); provided that no Lender shall have any obligation to disclose all or any portion of the Participant Register (including the identity of any Participant or any information relating to a Participant's interest in any commitments, loans, or its other obligations under any Loan Document) to any Person except to the extent that such disclosure is necessary to establish that such commitment, loan, or other obligation is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations. The entries in the Participant Register shall be conclusive absent manifest error, and such Lender shall treat each Person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary. For the avoidance of doubt, the Administrative Agent (in its capacity as Administrative Agent) shall have no responsibility for maintaining a Participant Register.

(e) Certain Pledges. Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement (including under its Note, if any) to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank; provided that no such pledge or assignment shall release such Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

11.07 Treatment of Certain Information; Confidentiality.

(a) Treatment of Confidential Information. Each of the Administrative Agent and the Lenders agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its Affiliates and to its Related Parties (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent required or requested by any regulatory authority purporting to have jurisdiction over such Person or its Related Parties (including any self-regulatory authority, such as the National Association of Insurance Commissioners), (c) to the extent required by applicable Laws or regulations or by any subpoena or similar legal process, (d) to any other party hereto, (e) in connection with the exercise of any remedies hereunder or under any other Loan Document or any action or proceeding relating to this Agreement or any other Loan Document or the enforcement of rights hereunder or thereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section, to (i) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights and obligations under this Agreement or (ii) any actual or prospective party (or its Related Parties) to any swap, derivative or other transaction under which payments are to be made by reference to a Loan Party and its obligations, this Agreement or payments hereunder, (g) on a confidential basis to (i) any rating agency in connection with rating the Borrower or its Subsidiaries or the credit facilities provided hereunder or (ii) the CUSIP Service Bureau or any similar agency in connection with the issuance and monitoring of CUSIP numbers or other market identifiers with respect to the credit facilities provided hereunder, (h) with the consent of the Borrower or (i) to the extent such Information (x) becomes publicly available other than as a result of a breach of this Section or (y) becomes available to the Administrative Agent or any Lender or any of their respective Affiliates on a nonconfidential

basis from a source other than the Borrower. For purposes of this Section, "Information" means all information received from a Loan Party or any Subsidiary relating to the Loan Parties or any Subsidiary or any of their respective businesses, other than any such information that is available to the Administrative Agent or any Lender on a nonconfidential basis prior to disclosure by such Loan Party or any Subsidiary, provided that, in the case of information received from a Loan Party or any Subsidiary after the date hereof, such information is clearly identified at the time of delivery as confidential. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

(b) Non-Public Information. Each of the Administrative Agent and the Lenders acknowledges that (a) the Information may include material non-public information concerning the Borrower or a Subsidiary, as the case may be, (b) it has developed compliance procedures regarding the use of material non-public information and (c) it will handle such material non-public information in accordance with applicable Law, including United States Federal and state securities Laws.

11.08 Set-off.

If an Event of Default shall have occurred and be continuing, each Lender and each of their respective Affiliates is hereby authorized at any time and from time to time, after obtaining the prior written consent of the Administrative Agent, to the fullest extent permitted by applicable law, to set off and apply any and all deposits (general or special, time or demand, provisional or final, in whatever currency) at any time held and other obligations (in whatever currency) at any time owing by such Lender or any such Affiliate to or for the credit or the account of the Borrower or any other Loan Party against any and all of the obligations of the Borrower or such Loan Party now or hereafter existing under this Agreement or any other Loan Document to such Lender or their respective Affiliates, irrespective of whether or not such Lender or Affiliate shall have made any demand under this Agreement or any other Loan Document and although such obligations of the Borrower or such Loan Party may be contingent or unmatured or are owed to a branch office or Affiliate of such Lender different from the branch office or Affiliate holding such deposit or obligated on such indebtedness; provided, that, in the event that any Defaulting Lender shall exercise any such right of setoff, (x) all amounts so set off shall be paid over immediately to the Administrative Agent for further application in accordance with the provisions of Section 2.15 and, pending such payment, shall be segregated by such Defaulting Lender from its other funds and deemed held in trust for the benefit of the Administrative Agent and the Lenders and (y) the Defaulting Lender shall provide promptly to the Administrative Agent a statement describing in reasonable detail the Obligations owing to such Defaulting Lender as to which it exercised such right of setoff. The rights of each Lender and their respective Affiliates under this Section are in addition to other rights and remedies (including other rights of setoff) that such Lender or their respective Affiliates may have. Each Lender agrees to notify the Borrower and the Administrative Agent promptly after any such setoff and application, provided that the failure to give such notice shall not affect the validity of such setoff and application.

11.09 Interest Rate Limitation.

Notwithstanding anything to the contrary contained in any Loan Document, the interest paid or agreed to be paid under the Loan Documents shall not exceed the maximum rate of non-usurious interest permitted by applicable Law (the "Maximum Rate"). If the Administrative Agent or any Lender shall

receive interest in an amount that exceeds the Maximum Rate, the excess interest shall be applied to the principal of the Loans or, if it exceeds such unpaid principal, refunded to the Borrower. In determining whether the interest contracted for, charged, or received by the Administrative Agent or a Lender exceeds the Maximum Rate, such Person may, to the extent permitted by applicable Law, (a) characterize any payment that is not principal as an expense, fee, or premium rather than interest, (b) exclude voluntary prepayments and the effects thereof, and (c) amortize, prorate, allocate, and spread in equal or unequal parts the total amount of interest throughout the contemplated term of the Obligations hereunder.

11.10 Counterparts; Integration; Effectiveness.

This Agreement may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement, the other Loan Documents, and any separate letter agreements with respect to fees payable to the Administrative Agent or any Arranger, constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Except as provided in Section 5.01, this Agreement shall become effective when it shall have been executed by the Administrative Agent and when the Administrative Agent shall have received counterparts hereof that, when taken together, bear the signatures of each of the other parties hereto. Delivery of an executed counterpart of a signature page of this Agreement by facsimile or other electronic imaging means (e.g. “pdf” or “tif”) shall be effective as delivery of a manually executed counterpart of this Agreement.

11.11 Survival of Representations and Warranties.

All representations and warranties made hereunder and in any other Loan Document or other document delivered pursuant hereto or thereto or in connection herewith or therewith shall survive the execution and delivery hereof and thereof. Such representations and warranties have been or will be relied upon by the Administrative Agent and each Lender, regardless of any investigation made by the Administrative Agent or any Lender or on their behalf and notwithstanding that the Administrative Agent or any Lender may have had notice or knowledge of any Default at the time of any Credit Extension, and shall continue in full force and effect as long as any Loan or any other Obligation hereunder shall remain unpaid or unsatisfied.

11.12 Severability.

If any provision of this Agreement or the other Loan Documents is held to be illegal, invalid or unenforceable, (a) the legality, validity and enforceability of the remaining provisions of this Agreement and the other Loan Documents shall not be affected or impaired thereby and (b) the parties shall endeavor in good faith negotiations to replace the illegal, invalid or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the illegal, invalid or unenforceable provisions. The invalidity of a provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. Without limiting the foregoing provisions of this Section 11.12, if and to the extent that the enforceability of any provisions in this Agreement relating to Defaulting Lenders shall be limited by Debtor Relief Laws, as determined in good faith by the Administrative Agent, then such provisions shall be deemed to be in effect only to the extent not so limited.

11.13 Replacement of Lenders.

If the Borrower is entitled to replace a Lender pursuant to the provisions of Section 3.06, or if any Lender is a Defaulting Lender or a Non-Consenting Lender, then the Borrower may, at its sole expense and effort, upon notice to such Lender and the Administrative Agent, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in, and consents required by, Section 11.06), all of its interests, rights (other than its existing rights to payments pursuant to Sections 3.01 and 3.04) and obligations under this Agreement and the related Loan Documents to an Eligible Assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment), provided that:

(a) the Borrower shall have paid to the Administrative Agent the assignment fee (if any) specified in Section 11.06(b);

(b) such Lender shall have received payment of an amount equal to one hundred percent (100%) of the outstanding principal of its Loans, accrued interest thereon, accrued fees and all other amounts payable to it hereunder and under the other Loan Documents (including any amounts under Section 3.05) from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Borrower (in the case of all other amounts);

(c) in the case of any such assignment resulting from a claim for compensation under Section 3.04 or payments required to be made pursuant to Section 3.01, such assignment will result in a reduction in such compensation or payments thereafter;

(d) such assignment does not conflict with applicable Laws; and

(e) in the case of any such assignment resulting from a Non-Consenting Lender's failure to consent to a proposed change, waiver, discharge or termination with respect to any Loan Document, the applicable replacement bank, financial institution or Fund consents to the proposed change, waiver, discharge or termination; provided that the failure by such Non-Consenting Lender to execute and deliver an Assignment and Assumption shall not impair the validity of the removal of such Non-Consenting Lender and the mandatory assignment of such Non-Consenting Lender's Commitments and outstanding Loans pursuant to this Section 11.13 shall nevertheless be effective without the execution by such Non-Consenting Lender of an Assignment and Assumption.

A Lender shall not be required to make any such assignment or delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling the Borrower to require such assignment and delegation cease to apply.

Each party hereto agrees that (a) an assignment required pursuant to this Section 11.13 may be effected pursuant to an Assignment and Assumption executed by the Borrower, the Administrative Agent and the assignee and (b) the Lender required to make such assignment need not be a party thereto in order for such assignment to be effective and shall be deemed to have consented to and be bound by the terms thereof; provided that, (x) following the effectiveness of any such assignment, the other parties to such assignment agree to execute and deliver such documents necessary to evidence such assignment as reasonably requested by the applicable Lender and (y) any such documents shall be without recourse to or warranty by the parties thereto.

11.14 Governing Law; Jurisdiction; Etc.

(a) GOVERNING LAW. This Agreement and the other Loan Documents shall be governed by, and construed in accordance with, the law of the State of NEW YORK.

(b) SUBMISSION TO JURISDICTION. THE BORROWER AND EACH OTHER LOAN PARTY IRREVOCABLY AND UNCONDITIONALLY AGREES THAT IT WILL NOT COMMENCE ANY ACTION, LITIGATION OR PROCEEDING OF ANY KIND OR DESCRIPTION, WHETHER IN LAW OR EQUITY, WHETHER IN CONTRACT OR IN TORT OR OTHERWISE, AGAINST THE ADMINISTRATIVE AGENT, ANY LENDER OR ANY RELATED PARTY OF THE FOREGOING IN ANY WAY RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS RELATING HERETO OR THERETO, IN ANY OTHER FORUM OTHER THAN THE COURTS OF THE STATE OF NEW YORK SITTING IN NEW YORK COUNTY AND OF THE UNITED STATES DISTRICT COURT OF THE SOUTHERN DISTRICT OF NEW YORK, AND ANY APPELLATE COURT FROM ANY THEREOF, AND EACH OF THE PARTIES HERETO IRREVOCABLY AND UNCONDITIONALLY SUBMITS TO THE JURISDICTION OF SUCH COURTS AND AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION, LITIGATION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH NEW YORK STATE COURT OR, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, IN SUCH FEDERAL COURT. EACH OF THE PARTIES HERETO AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW.

(c) WAIVER OF VENUE. THE BORROWER AND EACH OTHER LOAN PARTY IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT IN ANY COURT REFERRED TO IN PARAGRAPH (B) OF THIS SECTION. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING IN ANY SUCH COURT.

(d) SERVICE OF PROCESS. EACH PARTY HERETO IRREVOCABLY CONSENTS TO SERVICE OF PROCESS IN THE MANNER PROVIDED FOR NOTICES IN SECTION 11.02. NOTHING IN THIS AGREEMENT WILL AFFECT THE RIGHT OF ANY PARTY HERETO TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY APPLICABLE LAW.

11.15 Waiver of Right to Trial by Jury.

EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT

AND THE OTHER LOAN DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

11.16 Electronic Execution of Assignments and Certain Other Documents.

The words "execute," "execution," "signed," "signature" and words of like import in any Assignment and Assumption or in any amendment or other modification hereof (including waivers and consents) shall be deemed to include electronic signatures, the electronic matching of assignment terms and contract formations on electronic platforms approved by the Administrative Agent, or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act.

11.17 USA PATRIOT Act.

Each Lender that is subject to the Act (as hereinafter defined) and the Administrative Agent (for itself and not on behalf of any Lender) hereby notifies the Borrower that pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "Patriot Act"), it is required to obtain, verify and record information that identifies the Borrower, which information includes the name and address of the Borrower and other information that will allow such Lender or the Administrative Agent, as applicable, to identify the Borrower in accordance with the Patriot Act. The Borrower shall, promptly following a request by the Administrative Agent or any Lender, provide all documentation and other information that the Administrative Agent or such Lender requests in order to comply with its ongoing obligations under applicable "know your customer" and anti-money laundering rules and regulations, including the Patriot Act.

11.18 No Advisory or Fiduciary Relationship.

In connection with all aspects of each transaction contemplated hereby (including in connection with any amendment, waiver or other modification hereof or of any other Loan Document), the Borrower acknowledges and agrees, and acknowledges its Affiliates' understanding, that: (a)(i) the arranging and other services regarding this Agreement provided by the Administrative Agent, the Arrangers, and the Lenders are arm's-length commercial transactions between the Borrower and its Affiliates, on the one hand, and the Administrative Agent, the Arrangers and the Lenders on the other hand, (ii) the Borrower has consulted its own legal, accounting, regulatory and tax advisors to the extent it has deemed appropriate, and (iii) the Borrower is capable of evaluating, and understands and accepts, the terms, risks and conditions of the transactions contemplated hereby and by the other Loan Documents; (b)(i) the Administrative Agent, each Arranger and each Lender is and has been acting solely as a principal and, except as expressly agreed in writing by the relevant parties, has not been, is not and will not be acting as an advisor, agent or fiduciary, for the Borrower or any of Affiliates or any other Person and (ii) neither the Administrative Agent nor any Lender or Arranger has any obligation to the Borrower or any of its Affiliates with respect to the transactions contemplated hereby except those obligations expressly set forth herein and in the other Loan Documents; and (c) the Administrative Agent, the Arrangers and the Lenders and their respective Affiliates may be engaged in a broad range of transactions that involve interests that differ from those of the Borrower and its Affiliates, and neither the Administrative Agent nor any Lender or Arranger has any obligation to disclose any of such interests to the Borrower or its Affiliates. To the

fullest extent permitted by law, the Borrower hereby waives and releases, any claims that it may have against the Administrative Agent or any Lender or Arranger with respect to any breach or alleged breach of agency or fiduciary duty in connection with any aspect of any transaction contemplated hereby.

11.19 Acknowledgement and Consent to Bail-In of EEA Financial Institutions.

Notwithstanding anything to the contrary in any Loan Document or in any other agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any Lender that is an EEA Financial Institution arising under any Loan Document, to the extent such liability is unsecured, may be subject to the write-down and conversion powers of an EEA Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

(a) the application of any Write-Down and Conversion Powers by an EEA Resolution Authority to any such liabilities arising hereunder which may be payable to it by any Lender that is an EEA Financial Institution; and

(b) the effects of any Bail-in Action on any such liability, including, if applicable:

(c) a reduction in full or in part or cancellation of any such liability;

(d) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such EEA Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any other Loan Document; or

(e) the variation of the terms of such liability in connection with the exercise of the write-down and conversion powers of any EEA Resolution Authority.

[SIGNATURE PAGES FOLLOW]

[SIGNATURE PAGES INTENTIONALLY OMITTED]

Exhibit 21.1

Subsidiaries of Phillips Edison & Company, Inc.

Entity	Jurisdiction
12 West Station LLC	Delaware
51st & Olive Station LLC	Delaware
7400 Rivers Avenue LLC	Delaware
Aegis Waterford, L.L.C.	Delaware
Alameda Crossing Station II LLC	Delaware
Alameda Crossing Station III LLC	Delaware
Alameda Crossing Station LLC	Delaware
Albertville Station LLC	Delaware
Alico Station LLC	Delaware
Amherst Station II LLC	Delaware
Antelope Marketplace Station LLC	Delaware
Arapahoe Station LLC	Delaware
Arcadia Station LLC	Delaware
Ardrey Kell Station LLC	Delaware
Arlington Station LLC	Delaware
Ashburn Farm Station LLC	Delaware
Atlantic Plaza Station LLC	Delaware
Atwater Station L.P.	Delaware
B. & O., Ltd.	Ohio
Baker Hill Station LLC	Delaware
Barclay Station LLC	Delaware
Barnwell Station LLC	Delaware
Bartow Marketplace Station LLC	Delaware
Bear Creek Station LLC	Delaware
Beavercreek Towne Station LLC	Delaware
Bethany Village Station LLC	Delaware
Birdneck Station LLC	Delaware
Bloomingdale Hills Station LLC	Delaware
Boronda Station LLC	Delaware
Breakfast Point Station LLC	Delaware
Brentwood Commons Station LLC	Delaware
Broadlands Station LLC	Delaware
Broadway Pavilion Station L.P.	Delaware
Broadway Promenade Station LLC	Delaware
Broadway Station LLC	Delaware
Burbank Plaza Station LLC	Delaware
Burwood Station LLC	Delaware
Butler Creek Station LLC	Delaware
Cahill Station LLC	Delaware
Carriagetown Station LLC	Delaware
CenTeComm LLC	Delaware
Centerpoint Station LLC	Delaware
Central Station (KY) LLC	Delaware
Central Valley Station L.P.	Delaware
Champions Gate Station LLC	Delaware
Chapel Hill North Station LLC	Delaware

Entity	Jurisdiction
Cherry Hill Station LLC	Delaware
Cheshire Station LLC	Delaware
Cinco Ranch Station LLC	Delaware
Cinco Ranch Station II LLC	Delaware
CitiCentre Station LLC	Delaware
Claremont Village Station LLC	Delaware
Cocoa Commons Station LLC	Delaware
College Plaza Station LLC	Delaware
Collington Plaza Station LLC	Delaware
Colonial Promenade Station LLC	Delaware
Commerce GP LLC	Delaware
Commerce Station LP	Delaware
Commonwealth Square Station LLC	Delaware
Contra Loma Station II L.P.	Delaware
Contra Loma Station L.P.	Delaware
Coppell Station LLC	Delaware
Coquina Station LLC	Delaware
Coronado Center Station LLC	Delaware
Courthouse Marketplace Station LLC	Delaware
Crosscreek Station II LLC	Delaware
Crosscreek Village Station LLC	Delaware
Crossroads Asheboro Station L.P.	Delaware
Crystal Station LLC	Delaware
Cureton Station LLC	Delaware
Cushing Station LLC	Delaware
Dean Taylor Station LLC	Delaware
Deerwood Lake Station LLC	Delaware
Del Paso Station L.P.	Delaware
Delafield Station LLC	Delaware
Driftwood Village Station L.P.	Delaware
Dublin Station LLC	Delaware
Duck Creek Station LLC	Delaware
Dunlop Station LLC	Delaware
Dyer Station LLC	Delaware
Eagles Landing Station LLC	Delaware
East Burnside Station LLC	Delaware
East Side Station LLC	Delaware
Edgecombe Station L.P.	Delaware
Edgewood Station LLC	Delaware
Enfield Station LLC	Delaware
Evans Station LLC	Delaware
Everson Pointe Station LLC	Delaware
Fair Acres Station LLC	Delaware
Fairfield Commons Station LLC	Delaware
Fairfield Station LLC	Delaware
Fairlawn Station LLC	Delaware
Fairview Oaks Station LLC	Delaware
Fairview Plaza Station (PA) LLC	Delaware

Entity	Jurisdiction
Falcon Valley Station LLC	Delaware
Farmington Station LLC	Delaware
Five Town Station LLC	Delaware
Flag City Station LLC	Delaware
Flynn Crossing Station LLC	Delaware
Forest Park Station II LLC	Delaware
Forest Park Station LLC	Delaware
Foxridge Station LLC	Delaware
Franklin Station LLC	Delaware
French Golden Gate Station LLC	Delaware
Georgesville Station LLC	Delaware
Glen Lakes Station LLC	Delaware
Glenwood Crossing Station LLC	Delaware
Glenwood Station LLC	Delaware
Glynn Place Station LLC	Delaware
Golden Eagle Station II LLC	Delaware
Golden Eagle Station LLC	Delaware
Golden Station LLC	Delaware
Goolsby Pointe Station LLC	Delaware
Goshen Station LLC	Delaware
Grassland Crossing Station LLC	Delaware
Grayson Station LLC	Delaware
Green Valley Station LLC	Delaware
Greentree Station LLC	Delaware
Grocery Retail Partners I LLC	Delaware
Hamilton Mill Village Station LLC	Delaware
Hamilton Ridge Station LLC	Delaware
Hamilton Ridge Station Outparcel LLC	Delaware
Hamilton Village Station LLC	Delaware
Hampton Village Station LLC	Delaware
Harbour Village Station LLC	Delaware
Harrison Pointe Station LLC	Delaware
Hartville Station LLC	Delaware
Harvest Station LLC	Delaware
Hastings Marketplace Station LLC	Delaware
Heath Brook Station LLC	Delaware
Heritage Plaza Station II LLC	Delaware
Heritage Plaza Station LLC	Delaware
Herndon Station L.P.	Delaware
Heron Creek Station LLC	Delaware
Hickory Creek Station LLC	Delaware
Hickory Station LLC	Delaware
Hickory Flat Station LLC	Delaware
Highland Fair Station LLC	Delaware
Hilander Village Station LLC	Delaware
Hilfiker Station LLC	Delaware
Hillside - West LLC	Delaware
Hoffman Village Station LLC	Delaware

Entity	Jurisdiction
Hurstborne Townfair Station LLC	Delaware
Island Walk Station LLC	Delaware
Kings Crossing Station LLC	Delaware
Kipling Station LLC	Delaware
Kirkwood Market Place Station LLC	Delaware
Kleinwood Station LLC	Delaware
Lafayette Station LLC	Ohio
Laguna Station L.P.	Delaware
Lake Village Station LLC	Delaware
Lake Washington Station LLC	Delaware
Lakeside (Salem) Station LLC	Delaware
Lakewood (Ohio) Station LLC	Delaware
Lakewood Station LLC	Delaware
LaPlata IV LLC	Delaware
LaPlata North LLC	Delaware
LaPlata Plaza LLC	Delaware
LaPlata South LLC	Delaware
Livonia Station LLC	Delaware
Loganville Station LLC	Delaware
Loganville Station Outparcel LLC	Delaware
Lumina Commons Station LLC	Delaware
Lutz Lake Station LLC	Delaware
Lynnwood Place Station LLC	Delaware
Mableton Crossing Station LLC	Delaware
Macland Pointe Station LLC	Delaware
Mansfield Station LLC	Delaware
Market Walk Station LLC	Delaware
Mayfair Station LLC	Delaware
McKinney Station II LLC	Delaware
McKinney Station LLC	Delaware
Meadows on the Parkway Station LLC	Delaware
Meadowthorpe Station LLC	Delaware
Melbourne Station LLC	Delaware
MetroWest Village Station LLC	Delaware
Milan Station LLC	Delaware
Monfort Heights Station LLC	Delaware
Montville Station LLC	Delaware
Mountain Crossing Outparcel Station LLC	Delaware
Mountain Crossing Station LLC	Delaware
Mountain Park Station LLC	Delaware
Murphy Marketplace Station LLC	Delaware
Murray Station LLC	Delaware
Murray Station Outlot LLC	Delaware
Naperville Crossings Station LLC	Delaware
Naperville Crossings Station II LLC	Delaware
New Prague Station LLC	Delaware
Nordan Station LLC	Delaware
Normal Station LLC	Delaware

Entity	Jurisdiction
Normandale Station LLC	Delaware
North Point Station L.P.	Delaware
North Pointe (SC) Station LLC	Delaware
Northlake Station LLC	Delaware
Northpark Village Station LLC	Delaware
Northridge Station LLC	Delaware
Northside Station L.P.	Delaware
Northstar Marketplace Station LLC	Delaware
Northtowne Station LLC	Delaware
Northwoods Crossing Station LLC	Delaware
Norwood Station LLC	Delaware
Oak Mill Station II LLC	Delaware
Oak Mill Station LLC	Delaware
Oakhurst Plaza Station LLC	Delaware
Ocean Breeze Station LLC	Delaware
Old Alabama Square Station LLC	Delaware
Onalaska Station LLC	Delaware
Orange Grove Station LLC	Delaware
Orchard Square Station LLC	Delaware
Orchards Center Station LLC	Delaware
Ormond Beach Station LLC	Delaware
Pabst Farms Station LLC	Delaware
PAI GP LLC	Delaware
Palmer Town Station LLC	Delaware
Palmetto Station LLC	Delaware
Paradise Crossing Station LLC	Delaware
Paradise Lakes Station LLC	Delaware
Park Place Station LLC	Delaware
Parsons Village Station LLC	Ohio
Pawleys Island Station LLC	Delaware
PE OP II Value Added Grocery, LLC	Delaware
PE Value Added Grocery HoldCo, LLC	Delaware
PECO GRP I Managing Member LLC	Delaware
PECO Value Added Grocery Manager, LLC	Delaware
Phillips Edison & Company Ltd.	Ohio
Also Doing Business As:	
Phillips Edison & Company LLC (UT)	
Phillips Edison & Company LLC (FL)	
Phillips Edison & Company, Inc.	Maryland
Phillips Edison Grocery Center OP GP I LLC	Delaware
Phillips Edison Grocery Center OP GP II LLC	Delaware
Phillips Edison Grocery Center Operating Partnership I, L.P.	Delaware
Phillips Edison Grocery Center Operating Partnership II, L.P.	Delaware
Phillips Edison Grocery TRS, Inc	Delaware
Phillips Edison HoldCo LLC	Ohio
Phillips Edison HoldCo Manager LLC	Ohio
Phillips Edison Institutional Joint Venture I, L.P.	Delaware
Phillips Edison Institutional REIT LLC	Delaware

Entity	Jurisdiction
Phillips Edison North Carolina LLC	Delaware
Phillips Edison NTR III LLC	Delaware
Phillips Edison Value Added Grocery Venture, LLC	Delaware
Plano Station LLC	Delaware
Plaza 23 Station LLC	Delaware
Plaza of the Oaks Station LLC	Delaware
Point Loomis Station LLC	Delaware
Quartz Hill Station LLC	Delaware
Quivira Crossings Station LLC	Delaware
Quivira Crossings Station Outparcel LLC	Delaware
Raynham Station LLC	Delaware
Raynham Station II LLC	Delaware
Red Maple Station L.P.	Delaware
Richmond Station LLC	Delaware
Riverlakes Station LLC	Delaware
Rivermont Station II LLC	Delaware
Rivermont Station LLC	Delaware
Riverplace Station LLC	Delaware
Rockledge Station LLC	Delaware
Rocky Ridge Station LLC	Delaware
Rolling Meadows Station LLC	Delaware
Rosewick Crossing Station LLC	Delaware
Roxborough Station LLC	Delaware
San Mateo Station LLC	Delaware
Sanibel Station LLC	Delaware
Savage Station LLC	Delaware
Savoy Station LLC	Delaware
Seven Hills Station LLC	Delaware
Shakopee Station LLC	Delaware
Shasta Station L.P.	Delaware
Shaws Easton Station LLC	Delaware
Shaws Hanover Station LLC	Delaware
Sheffield Crossing Station LLC	Delaware
Shiloh Station LLC	Delaware
Shoregate Station LLC	Delaware
Shorewood Station LLC	Delaware
Sidney Station LLC	Delaware
Sierra Station LLC	Delaware
Sierra Vista Station L.P.	Delaware
Silver Rock Insurance, Inc.	Utah
Silver Rock Real Estate LLC	Delaware
Snowview Station LLC	Delaware
South Oaks (Missouri) Station LLC	Delaware
South Oaks Station LLC	Ohio
Southampton Station LLC	Delaware
Southern Palms Station LLC	Delaware
Southfield Station LLC	Delaware
Southgate (Ohio) Station LLC	Delaware

Entity	Jurisdiction
Southgate Station LLC	Delaware
Southwest Marketplace Station LLC	Delaware
Spivey Junction Station LLC	Delaware
Spring Cypress Village Station LLC	Delaware
St Cloud Station LLC	Delaware
St. Charles Station LLC	Delaware
Statler Station LLC	Delaware
Staunton Station LLC	Delaware
Sterling Point Station L.P.	Delaware
Stockbridge Station LLC	Delaware
Stockbridge Station Outparcel LLC	Delaware
Stone Gate Station LLC	Delaware
Stonewall Station LLC	Delaware
Sudbury Crossing Station LLC	Delaware
Sulphur Grove Station LLC	Delaware
Summerville Station LLC	Delaware
Sunburst Station LLC	Delaware
Sunset Center Station LLC	Delaware
Suntree Station LLC	Delaware
The Phillips Edison Group LLC	Ohio
Thompson Valley Station III LLC	Delaware
Thompson Valley Station LLC	Delaware
Thompson Valley Station Outlot LLC	Delaware
Titusville Station LLC	Delaware
Town & Country Noblesville Station LLC	Delaware
Towne Crossing Station LLC	Delaware
Townfair (PA) Station LLC	Delaware
Tramway Station LLC	Delaware
Uptown Station LLC	Delaware
Valrico Station LLC	Delaware
Village Center Station LLC	Delaware
Village Mooresville Station LLC	Delaware
Village One Station LLC	Delaware
Vineyard Center Station LLC	Delaware
Vineyard Station LLC	Delaware
Waterford Park Station LLC	Delaware
Waynesboro Station LLC	Delaware
Wesley Chapel Station LLC	Delaware
West Acres Station L.P.	Delaware
West Creek Station LLC	Delaware
West Village Station LLC	Delaware
Westcreek Plaza Station LLC	Delaware
Westridge Station LLC	Delaware
Westwoods Station LLC	Delaware
Westwoods Station Phase II LLC	Delaware
Wheat Ridge Station LLC	Delaware
Willimantic Station LLC	Delaware
Willowbrook Commons Station LLC	Delaware

Entity	Jurisdiction
Winchester Gateway Station LLC	Delaware
Windmill Place Station LLC	Delaware
Windmill Station L.P.	Delaware
Windover Station LLC	Delaware
Windsor Station L.P.	Delaware
Winter Springs Station LLC	Delaware
Wyandotte Plaza Station LLC	Delaware
Yorktown Station LLC	Delaware

Exhibit 22.1

List of Issuers of Guaranteed Securities

As of December 31, 2021, the following subsidiary was the issuer of the Senior Notes due 2031 guaranteed by Phillips Edison and Company, Inc.

Name of Subsidiary	Jurisdiction of Organization
Phillips Edison Grocery Center Operating Partnership I, L.P.	Delaware

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement No. 333-234393 on Form S-3D, Registration Statement No. 333-259059 on Form S-3/A, Registration Statement No. 333-262627 on Form S-3, and Registration Statement Nos. 333-212876, 333-223619, 333-245566, and 333-257635 on Form S-8, of our report dated February 16, 2022, relating to the financial statements of Phillips Edison & Company, Inc. and subsidiaries appearing in this Annual Report on Form 10-K for the year ended December 31, 2021.

/s/ Deloitte & Touche LLP

Cincinnati, Ohio
February 16, 2022

Exhibit 31.1

Certification pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002

I, Jeffrey S. Edison, certify that:

1. I have reviewed this annual report on Form 10-K of Phillips Edison & Company, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 16, 2022

/s/ Jeffrey S. Edison

Jeffrey S. Edison
Chairman of the Board and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

Certification pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002

I, John P. Caulfield, certify that:

1. I have reviewed this annual report on Form 10-K of Phillips Edison & Company, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 16, 2022

/s/ John P. Caulfield

John P. Caulfield
Executive Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

Exhibit 32.1

Certification pursuant to 18 U.S.C. Section 1350,
as Adopted pursuant to Section 906 of the
Sarbanes-Oxley Act of 2002

In connection with the Annual Report on Form 10-K of Phillips Edison & Company, Inc. (the "Registrant") for the year ended December 31, 2021 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, Jeffrey S. Edison, Chief Executive Officer of the Registrant, hereby certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his knowledge and belief:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

Date: February 16, 2022

/s/ Jeffrey S. Edison

Jeffrey S. Edison
Chairman of the Board and Chief Executive Officer
(Principal Executive Officer)

Exhibit 32.2

Certification pursuant to 18 U.S.C. Section 1350,
as Adopted pursuant to Section 906 of the
Sarbanes-Oxley Act of 2002

In connection with the Annual Report on Form 10-K of Phillips Edison & Company, Inc. (the "Registrant") for the year ended December 31, 2021, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, John P. Caulfield, Chief Financial Officer of the Registrant, hereby certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his knowledge and belief:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

Date: February 16, 2022

/s/ John P. Caulfield

John P. Caulfield
Executive Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)