UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended **September 30, 2020**

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
None	**None**	**None**

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 is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☑

As of November 2, 2020, there were 290.5 million outstanding shares of common stock of the Registrant.

PHILLIPS EDISON & COMPANY, INC.
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PART I. FINANCIAL INFORMATION

w PART I FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

PHILLIPS EDISON & COMPANY, INC.
CONSOLIDATED BALANCE SHEETS
AS OF SEPTEMBER 30, 2020 AND DECEMBER 31, 2019
(Condensed and Unaudited)
(In thousands, except per share amounts)

	September 30, 2020	December 31, 2019
ASSETS		
Investment in real estate:		
Land and improvements	$ 1,547,154	$ 1,552,562
Building and improvements	3,220,949	3,196,762
In-place lease assets	441,670	442,729
Above-market lease assets	65,637	65,946
Total investment in real estate assets	5,275,410	5,257,999
Accumulated depreciation and amortization	(892,090)	(731,560)
Net investment in real estate assets	4,383,320	4,526,439
Investment in unconsolidated joint ventures	39,575	42,854
Total investment in real estate assets, net	4,422,895	4,569,293
Cash and cash equivalents	103,910	17,820
Restricted cash	32,888	77,288
Goodwill	29,066	29,066
Other assets, net	133,014	128,690
Real estate investment and other assets held for sale	—	6,038
Total assets	$ 4,721,773	$ 4,828,195
LIABILITIES AND EQUITY		
Liabilities:		
Debt obligations, net	$ 2,319,003	$ 2,354,099
Below-market lease liabilities, net	105,223	112,319
Earn-out liability	22,000	32,000
Derivative liabilities	60,615	20,974
Deferred income	14,092	15,955
Accounts payable and other liabilities	93,187	124,054
Total liabilities	2,614,120	2,659,401
Commitments and contingencies (Note 8)	—	—
Equity:		
Preferred stock, $0.01 par value per share, 10,000 shares authorized, zero shares issued and outstanding at September 30, 2020 and December 31, 2019	—	—
Common stock, $0.01 par value per share, 1,000,000 shares authorized, 290,466 and 289,047 shares issued and outstanding at September 30, 2020 and December 31, 2019, respectively	2,905	2,890
Additional paid-in capital (“APIC”)	2,796,655	2,779,130
Accumulated other comprehensive loss (“AOCI”)	(55,630)	(20,762)
Accumulated deficit	(980,534)	(947,252)
Total stockholders’ equity	1,763,396	1,814,006
Noncontrolling interests	344,257	354,788
Total equity	2,107,653	2,168,794
Total liabilities and equity	$ 4,721,773	$ 4,828,195

See notes to consolidated financial statements.

PHILLIPS EDISON & COMPANY, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019
(Condensed and Unaudited)
(In thousands, except per share amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Revenues:				
Rental income	$ 123,298	$ 132,715	$ 367,418	$ 390,605
Fees and management income	2,581	2,766	7,506	9,078
Other property income	816	528	2,334	1,676
Total revenues	126,695	136,009	377,258	401,359
Operating Expenses:				
Property operating	20,835	23,296	62,226	67,095
Real estate taxes	17,282	18,016	50,847	53,294
General and administrative	9,595	11,537	30,141	38,287
Depreciation and amortization	56,095	58,477	168,692	179,020
Impairment of real estate assets	—	35,710	—	74,626
Total operating expenses	103,807	147,036	311,906	412,322
Other:				
Interest expense, net	(20,388)	(25,309)	(65,317)	(76,151)
Gain on disposal of property, net	10,734	5,048	8,616	10,903
Other income (expense), net	196	1,561	9,565	(1,476)
Net income (loss)	13,430	(29,727)	18,216	(77,687)
Net (income) loss attributable to noncontrolling interests	(1,646)	3,850	(2,251)	10,045
Net income (loss) attributable to stockholders	$ 11,784	$ (25,877)	$ 15,965	$ (67,642)
Earnings per common share:				
Net income (loss) per share attributable to stockholders - basic and diluted (Note 10)	$ 0.04	$ (0.09)	$ 0.05	$ (0.24)
Comprehensive income (loss):				
Net income (loss)	$ 13,430	$ (29,727)	$ 18,216	$ (77,687)
Other comprehensive income (loss):				
Change in unrealized value on interest rate swaps	5,098	(9,731)	(40,013)	(47,737)
Comprehensive income (loss)	18,528	(39,458)	(21,797)	(125,424)
Net (income) loss attributable to noncontrolling interests	(1,646)	3,850	(2,251)	10,045
Other comprehensive (income) loss attributable to noncontrolling interests	(653)	1,293	5,145	6,399
Comprehensive income (loss) attributable to stockholders	$ 16,229	$ (34,315)	$ (18,903)	$ (108,980)

See notes to consolidated financial statements.

PHILLIPS EDISON & COMPANY, INC.
CONSOLIDATED STATEMENTS OF EQUITY
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019
(Condensed and Unaudited)
(In thousands, except per share amounts)

	Three Months Ended September 30, 2020 and 2019							
	Common Stock							
	Shares	Amount	APIC	AOCI	Accumulated Deficit	Total Stockholders' Equity	Noncontrolling Interests	Total Equity
Balance at July 1, 2019	283,770	$ 2,838	$ 2,718,871	$ (20,538)	$ (830,358)	$ 1,870,813	$ 371,213	$ 2,242,026
Dividend reinvestment plan ("DRIP")	1,475	14	16,357	—	—	16,371	—	16,371
Share repurchases	(1,660)	(17)	(18,193)	—	—	(18,210)	—	(18,210)
Change in unrealized value on interest rate swaps	—	—	—	(8,438)	—	(8,438)	(1,293)	(9,731)
Common distributions declared, $0.17 per share	—	—	—	—	(48,062)	(48,062)	—	(48,062)
Distributions to noncontrolling interests	—	—	—	—	—	—	(6,978)	(6,978)
Share-based compensation	1	—	502	—	—	502	1,674	2,176
Net loss	—	—	—	—	(25,877)	(25,877)	(3,850)	(29,727)
Balance at September 30, 2019	283,586	$ 2,835	$ 2,717,537	$ (28,976)	$ (904,297)	$ 1,787,099	$ 360,766	$ 2,147,865
Balance at July 1, 2020	290,465	$ 2,905	$ 2,795,434	$ (60,075)	$ (991,939)	$ 1,746,325	$ 341,144	$ 2,087,469
Change in unrealized value on interest rate swaps	—	—	—	4,445	—	4,445	653	5,098
Share-based compensation	1	—	1,036	—	—	1,036	818	1,854
Other	—	—	185	—	(379)	(194)	(4)	(198)
Net income	—	—	—	—	11,784	11,784	1,646	13,430
Balance at September 30, 2020	290,466	$ 2,905	$ 2,796,655	$ (55,630)	$ (980,534)	$ 1,763,396	$ 344,257	$ 2,107,653

	Nine Months Ended September 30, 2020 and 2019							
	Common Stock							
	Shares	Amount	APIC	AOCI	Accumulated Deficit	Total Stockholders' Equity	Noncontrolling Interests	Total Equity
Balance at January 1, 2019	279,803	$ 2,798	$ 2,674,871	$ 12,362	$ (692,573)	$ 1,997,458	$ 414,911	$ 2,412,369
DRIP	4,636	45	51,284	—	—	51,329	—	51,329
Share repurchases	(2,806)	(28)	(30,856)	—	—	(30,884)	—	(30,884)
Change in unrealized value on interest rate swaps	—	—	—	(41,338)	—	(41,338)	(6,399)	(47,737)
Common distributions declared, $0.50 per share	—	—	—	—	(144,082)	(144,082)	—	(144,082)
Distributions to noncontrolling interests	—	—	—	—	—	—	(21,206)	(21,206)
Share-based compensation	65	1	1,358	—	—	1,359	4,404	5,763
Conversion of noncontrolling interests	1,888	19	20,880	—	—	20,899	(20,899)	—
Net loss	—	—	—	—	(67,642)	(67,642)	(10,045)	(77,687)
Balance at September 30, 2019	283,586	$ 2,835	$ 2,717,537	$ (28,976)	$ (904,297)	$ 1,787,099	$ 360,766	$ 2,147,865
Balance at January 1, 2020	289,047	$ 2,890	$ 2,779,130	$ (20,762)	$ (947,252)	$ 1,814,006	$ 354,788	$ 2,168,794
DRIP	1,436	14	15,926	—	—	15,940	—	15,940
Share repurchases	(288)	(3)	(2,697)	—	—	(2,700)	—	(2,700)
Change in unrealized value on interest rate swaps	—	—	—	(34,868)	—	(34,868)	(5,145)	(40,013)
Common distributions declared, $0.17 per share	—	—	—	—	(48,809)	(48,809)	—	(48,809)
Distributions to noncontrolling interests	—	—	—	—	—	—	(7,105)	(7,105)
Share-based compensation	109	2	2,508	—	—	2,510	1,336	3,846
Conversion of noncontrolling interests	168	2	1,859	—	—	1,861	(1,861)	—
Other	(6)	—	(71)	—	(438)	(509)	(7)	(516)
Net income	—	—	—	—	15,965	15,965	2,251	18,216
Balance at September 30, 2020	290,466	$ 2,905	$ 2,796,655	$ (55,630)	$ (980,534)	$ 1,763,396	$ 344,257	$ 2,107,653

See notes to consolidated financial statements.

PHILLIPS EDISON & COMPANY, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019
(Condensed and Unaudited)
(In thousands)

	Nine Months Ended September 30, 2020	Nine Months Ended September 30, 2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	$ 18,216	$ (77,687)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization of real estate assets	164,288	174,501
Impairment of real estate assets	—	74,626
Depreciation and amortization of corporate assets	4,404	4,519
Net amortization of above- and below-market leases	(2,394)	(3,266)
Amortization of deferred financing expenses	3,739	3,758
Amortization of debt and derivative adjustments	2,154	6,007
Gain on disposal of property, net	(8,616)	(10,903)
Change in fair value of earn-out liability	(10,000)	(7,500)
Straight-line rent	(3,131)	(7,024)
Share-based compensation	3,846	5,971
Other impairment charges	—	9,661
Other	1,497	1,223
Changes in operating assets and liabilities:		
Other assets, net	(11,089)	858
Accounts payable and other liabilities	(5,669)	1,138
Net cash provided by operating activities	157,245	175,882
CASH FLOWS FROM INVESTING ACTIVITIES:		
Real estate acquisitions	(23,014)	(49,880)
Capital expenditures	(40,772)	(48,079)
Proceeds from sale of real estate	48,276	86,159
Return of investment in unconsolidated joint ventures	1,949	2,498
Net cash used in investing activities	(13,561)	(9,302)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net change in credit facility	—	(73,359)
Proceeds from mortgages and loans payable	—	60,000
Payments on mortgages and loans payable	(37,778)	(7,973)
Distributions paid, net of DRIP	(49,083)	(92,484)
Distributions to noncontrolling interests	(9,406)	(20,616)
Repurchases of common stock	(5,211)	(30,178)
Other	(516)	(208)
Net cash used in financing activities	(101,994)	(164,818)
NET INCREASE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	41,690	1,762
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH:		
Beginning of period	95,108	84,304
End of period	$ 136,798	$ 86,066
RECONCILIATION TO CONSOLIDATED BALANCE SHEETS:		
Cash and cash equivalents	$ 103,910	$ 29,516
Restricted cash	32,888	56,550
Cash, cash equivalents, and restricted cash at end of period	$ 136,798	$ 86,066

PHILLIPS EDISON & COMPANY, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019
(Condensed and Unaudited)
(In thousands)

	2020	2019
SUPPLEMENTAL CASH FLOW DISCLOSURE, INCLUDING NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Cash paid for interest	$ 59,906	$ 66,811
Right-of-use (“ROU”) assets obtained in exchange for new lease liabilities	551	1,444
Accrued capital expenditures	3,587	3,036
Change in distributions payable	(16,214)	269
Change in distributions payable - noncontrolling interests	(2,301)	590
Change in accrued share repurchase obligation	(2,511)	706
Distributions reinvested	15,940	51,329

See notes to consolidated financial statements.

Phillips Edison & Company, Inc.
Notes to Consolidated Financial Statements
(Condensed and Unaudited)

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 (the "General Partner"), is the sole general partner of the Operating Partnership.

We are a real estate investment trust ("REIT") that invests primarily in well-occupied, 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 three institutional joint ventures, in which we have a partial ownership interest, and one private fund (collectively, the "Managed Funds") as of September 30, 2020.

As of September 30, 2020, we wholly-owned 283 real estate properties. Additionally, we owned a 20% equity interest in Necessity Retail Partners ("NRP"), a joint venture that owned six properties; a 15% interest in Grocery Retail Partners I LLC ("GRP I"), a joint venture that owned 17 properties; and a 10% interest in Grocery Retail Partners II LLC ("GRP II"), a joint venture that owned three properties.

On October 1, 2020, GRP I acquired GRP II. Our ownership in the combined entity was adjusted upon consummation of the transaction, and we own approximately a 14% equity interest in GRP I as a result of the acquisition.

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 interim 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, 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.

During the first quarter of 2020, a novel coronavirus ("COVID-19") began spreading globally, with the outbreak being classified as a pandemic by the World Health Organization on March 11, 2020. Because of the adverse economic conditions that exist as a result of the impacts of the COVID-19 pandemic, it is possible that the estimates and assumptions that have been utilized in the preparation of the consolidated financial statements could change significantly. Specifically, as it relates to our business, the current economic situation resulted in temporary tenant closures at our shopping centers, often as a result of "stay-at-home" government mandates which limited travel and movement of the general public to essential activities only and required all non-essential businesses to close.

Temporary closures of tenant spaces at our centers peaked in April and have significantly decreased as states reduced or removed restrictions on business operations and the travel and movement of the general public. Certain tenants remain temporarily closed, have since closed after reopening, are 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 self-elected efforts to reduce the spread of COVID-19. Some states and localities have temporarily reinstated certain mandates in response to increasing reported cases of COVID-19. These actions could result in increased permanent store closings and could reduce the demand for leasing space in our shopping centers and result in a decline in occupancy and rental revenues in our real estate portfolio. All of this activity impacts our estimates around the collectability of revenue and valuation of real estate assets, goodwill and other intangible assets, and certain liabilities, among others.

There were no changes to our significant accounting policies during the nine months ended September 30, 2020. For a full summary of our accounting policies, refer to our 2019 Annual Report on Form 10-K filed with the SEC on March 12, 2020.

Basis of Presentation and Principles of Consolidation—The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") for interim financial information and with instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. Readers of this Quarterly Report on Form 10-Q should refer to our audited consolidated financial statements for the year ended December 31, 2019, which are included in our 2019 Annual Report on Form 10-K. In the opinion of management, all normal and recurring adjustments necessary for the fair presentation of the unaudited consolidated financial statements for the periods presented have been included in this Quarterly Report. Our results of operations for the three and nine months ended September 30, 2020 are not necessarily indicative of the operating results expected for the full year.

The accompanying consolidated financial statements include our accounts and those of our majority-owned subsidiaries. All intercompany balances and transactions are eliminated upon consolidation.

Leases—Lease receivables are reviewed continually to determine whether or not it is probable that we will realize all amounts owed to us for each of our tenants (i.e., whether a tenant is deemed to be a credit risk). If we determine that the tenant is not a credit risk, no reserve or reduction of revenue is recorded, except in the case of disputed charges. If we determine that the tenant is a credit risk, revenue for that tenant is recorded on a cash basis, including any amounts relating to straight-line rent receivables and/or receivables for recoverable expenses. The COVID-19 pandemic has increased the uncertainty of collecting rents from a number of our tenants.

In our efforts to maximize collections in the near term while also supporting our tenants as they operate through this pandemic, we have begun negotiating rent relief primarily in the form of payment plans and deferrals on rent and recovery charges, which allow for changes in the timing of payments, but not the total amount of consideration due to us under the lease. In a limited number of instances, we may also agree to waive certain charges due to us under the lease; for additional details, please refer to Note 3.

Income Taxes—Our consolidated financial statements include the operations of wholly-owned subsidiaries that have jointly elected to be treated as Taxable REIT Subsidiaries and are subject to U.S. federal, state, and local income taxes at regular corporate tax rates. We recognized an insignificant amount of federal, state, and local income tax expense for the three and nine months ended September 30, 2020 and 2019, and we retain a full valuation allowance for our deferred tax asset. All income tax amounts are included in Other Income (Expense), Net on the consolidated statements of operations and comprehensive income (loss) ("consolidated statements of operations").

Recently Issued and Newly Adopted Accounting Pronouncements—In response to the COVID-19 pandemic, the Financial Accounting Standards Board ("FASB") issued interpretive guidance addressing the accounting treatment for lease concessions attributable to the pandemic. Under this guidance, entities may elect to account for such lease concessions consistent with how they would be accounted for under ASC Topic 842, *Leases,* ("ASC 842") if the enforceable rights and obligations for the lease concessions already existed within the lease agreement, regardless of whether such enforceable rights and obligations are explicitly outlined within the lease. This accounting treatment may only be applied if (1) the lease concessions were granted as a direct result of the pandemic, and (2) the total cash flows under the modified lease are less than or substantially the same as the cash flows under the original lease agreement. As a result, entities that make this election will not have to analyze each lease to determine whether enforceable rights and obligations for concessions exist within the contract, and may elect not to account for these concessions as lease modifications within the scope of ASC 842.

Some concessions will provide a deferral of payments, which may affect the timing of cash receipts without substantively impacting the total consideration per the original lease agreement. The FASB has stated that there are multiple acceptable methods to account for deferrals under the interpretive guidance:

- Account for the concession as if no changes to the lease contract were made, increasing the lease receivable as payments accrue and continuing to recognize income; or

- Account for deferred lease payments as variable lease payments.

We have elected not to account for any qualifying lease concessions granted as a result of the COVID-19 pandemic as lease modifications and will account for any qualifying concessions granted as if no changes to the lease contract were made. This will result in an increase to the related lease receivable as payments accrue while we continue to recognize rental income. We will, however, assess the impact of any such concessions on estimated collectability of the related lease payments and will reflect any adjustments as necessary as an offset to Rental Income on the consolidated statements of operations.

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") 2016-13, Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments ASU 2018-19, Financial Instruments - Credit Losses (Topic 326): Codification Improvements ASU 2019-05, Financial Instruments - Credit Losses (Topic 326): Targeted Transition Relief ASU 2019-11, Codification Improvements to Topic 326, Financial Instruments - Credit Losses ASU 2020-02, Financial Instruments - Credit Losses (Topic 326) and Leases (Topic 842)	The amendments in this update replaced the incurred loss impairment methodology in current GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. It clarified that receivables arising from operating leases are not within the scope of Accounting Standards Codification ("ASC") Topic 326. Instead, impairment of receivables arising from operating leases will be accounted for in accordance with Topic 842. It also allowed election of the fair value option on certain financial instruments.	January 1, 2020	The adoption of this standard did not have a material impact on our consolidated financial statements. The majority of our financial instruments result from operating lease transactions, which are not within the scope of this standard.
ASU 2018-17, Consolidation (Topic 810): Targeted Improvements to Related Party Guidance for Variable Interest Entities	This ASU amended two aspects of the related-party guidance in Topic 810: (1) added an elective private-company scope exception to the variable interest entity guidance for entities under common control and (2) indirect interests held through related parties in common control arrangements will be considered on a proportional basis for determining whether fees paid to decision makers and service providers are variable interests.	January 1, 2020	The adoption of this standard did not have a material impact on our consolidated financial statements.
ASU 2019-04, Codification Improvements to Topic 326, Financial Instruments—Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments	This ASU amended a variety of topics, improving certain aspects of previously issued ASUs, including ASU 2016-01, Financial Instruments-Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities, ASU 2016-13, Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, and ASU 2017-12, Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities.	January 1, 2020	The adoption of this standard did not have a material impact on our consolidated financial statements.
ASU 2020-04, Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting	This ASU contains practical expedients for reference rate reform related activities that impact debt, leases, derivatives and other contracts. The guidance in ASU 2020-04 is optional and may be elected over time as reference rate reform activities occur.	March 12, 2020	We have elected to apply the hedge accounting expedients related to probability and the assessments of effectiveness for future LIBOR-indexed cash flows to assume that the index upon which future hedged transactions will be based matches the index on the corresponding derivatives. Application of these expedients preserves the presentation of derivatives consistent with past presentation. We continue to evaluate the impact of the guidance and may apply other elections as applicable as additional changes in the market occur.

Reclassifications—The following line item on our consolidated balance sheet as of December 31, 2019 was reclassified to conform to current year presentation:

- Corporate Intangible Assets, Net was included in Other Assets, Net.

The following line item on our consolidated statement of operations for the nine months ended September 30, 2019 was reclassified to conform to current year presentation:

- Other Impairment Charges was included in Other Income (Expense), Net.

The following line item on our consolidated statement of cash flows for the nine months ended September 30, 2019 was reclassified to conform to current year presentation:

- Payments of Deferred Financing Expenses was included in Payments on Mortgages and Loans Payable.

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 three and nine months ended September 30, 2020 and 2019 (dollars in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Rental income related to fixed lease payments[1]	$ 94,511	$ 97,328	$ 285,572	$ 289,318
Rental income related to variable lease payments	31,781	33,626	94,278	93,105
Straight-line rent amortization[2]	1,772	2,548	3,103	7,055
Amortization of lease assets	802	1,032	2,367	3,230
Lease buyout income	664	632	972	1,088
Adjustments for collectability[2][3]	(6,232)	(2,451)	(18,874)	(3,191)
Total rental income	$ 123,298	$ 132,715	$ 367,418	$ 390,605

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

(2) Includes revenue adjustments for non-creditworthy tenants.

(3) Contains general reserves; excludes reserves for straight-line rent amortization.

Approximate future fixed contractual lease payments to be received under non-cancelable operating leases in effect as of September 30, 2020, assuming no new or renegotiated leases or option extensions on lease agreements, are as follows (in thousands):

Year	Amount
Remaining 2020	$ 98,238
2021	364,782
2022	330,635
2023	282,988
2024	227,052
Thereafter	594,574
Total	$ 1,898,269

During the nine months ended September 30, 2020, we executed payment plans with our tenants agreeing to defer approximately $3.7 million in rent and related charges, and we granted rent abatements totaling approximately $1.3 million. These payment plans and rent abatements represented 0.9% and 0.3% of our wholly-owned portfolio's annualized base rent ("ABR"), respectively, and the weighted-average term over which we expect to receive payment on executed payment plans is approximately eight months. For the three and nine months ended September 30, 2020, we had $5.2 million and $20.0 million, respectively, in billings that will not be recognized as revenue until cash is collected or the tenant resumes regular payments and/or is considered creditworthy. These amounts include the estimated impact of tenants who have filed for bankruptcy.

No single tenant comprised 10% or more of our aggregate ABR as of September 30, 2020. As of September 30, 2020, our real estate investments in Florida and California represented 12.3% and 10.6% 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 September 30, 2020 and December 31, 2019 (in thousands):

Balance Sheet Information	Balance Sheet Location	September 30, 2020	December 31, 2019
ROU assets, net - operating leases[1]	Investment in Real Estate	$ 3,895	$ 7,613
ROU assets, net - operating and finance leases	Other Assets, Net	1,998	2,111
Operating lease liability	Accounts Payable and Other Liabilities	5,880	9,453
Finance lease liability	Debt Obligations, Net	240	443

(1) During the nine months ended September 30, 2020, one of our acquisitions was land upon which one of our shopping centers is situated that was previously subject to a ground lease in which the lessor controlled an option requiring us to purchase the land subject to the lease. Our valuation of the ROU asset and lease liability as of December 31, 2019 for this ground lease reflected the assumption that the lessor would exercise this option and that we would purchase the underlying land asset.

4. REAL ESTATE ACTIVITY

Property Sales—The following table summarizes our real estate disposition activity (dollars in thousands):

	Nine Months Ended September 30,	
	2020	2019
Number of properties sold[1]	6	10
Number of outparcels sold	—	1
Proceeds from sale of real estate	$ 48,276	$ 86,159
Gain on sale of properties, net[2]	9,915	12,369

(1) We retained certain outparcels of land associated with one of our property dispositions during the nine months ended September 30, 2020, and as a result, this property is still included in our total property count.

(2) The gain on sale of properties, 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 September 30, 2020, we sold one outparcel for approximately $1.1 million.

Impairment of Real Estate Assets—During the three and nine months ended September 30, 2020, we did not recognize any impairment charges. During the three and nine months ended September 30, 2019, we recognized impairment charges totaling $35.7 million and $74.6 million, respectively. The impairments were associated with certain anticipated property dispositions where the net book value exceeded the estimated fair value. Our estimated fair value was based upon the contracted price to sell or the marketed price for disposition, less estimated costs to sell. We applied reasonable estimates and judgments in determining the amount of impairment recognized.

Acquisitions—During the nine months ended September 30, 2020, we acquired one property and two parcels of land for a total of $23.0 million. Both parcels of land are adjacent to shopping centers that we own. During the nine months ended September 30, 2019, we acquired one property and one outparcel for a total of $49.9 million.

The fair value and weighted-average useful life at acquisition for lease intangibles acquired as part of acquisitions in the nine months ended September 30, 2020 and 2019 are as follows (dollars in thousands, weighted-average useful life in years):

	Nine Months Ended			
	September 30, 2020		September 30, 2019	
	Fair Value	Weighted-Average Useful Life	Fair Value	Weighted-Average Useful Life
In-place leases	$ 1,682	16	$ 4,736	11
Above-market leases	120	5	825	8
Below-market leases	(1,882)	26	(2,097)	16

Subsequent to September 30, 2020, we purchased one property for approximately $18.4 million.

5. OTHER ASSETS, NET

The following is a summary of Other Assets, Net outstanding as of September 30, 2020 and December 31, 2019, excluding amounts related to assets classified as held for sale (in thousands):

	September 30, 2020	December 31, 2019
Other assets, net:		
Deferred leasing commissions and costs	$ 40,465	$ 38,738
Deferred financing expenses	13,971	13,971
Office equipment, ROU assets, and other	21,772	19,430
Corporate intangible assets	4,883	4,883
Total depreciable and amortizable assets	81,091	77,022
Accumulated depreciation and amortization	(43,565)	(35,055)
Net depreciable and amortizable assets	37,526	41,967
Accounts receivable, net[1]	50,384	46,125
Accounts receivable - affiliates	622	728
Deferred rent receivable	32,179	29,291
Derivative assets	—	2,728
Prepaid expenses and other	12,303	7,851
Total other assets, net	$ 133,014	$ 128,690

(1) Net of $7.1 million and $6.9 million of general reserves for uncollectible amounts. Receivables that were removed for tenants considered to be non-creditworthy were $23.4 million and $6.9 million as of September 30, 2020 and December 31, 2019, respectively.

6. DEBT OBLIGATIONS

The following is a summary of the outstanding principal balances and interest rates, which include the effect of derivative financial instruments, for our debt obligations as of September 30, 2020 and December 31, 2019 (dollars in thousands):

	Interest Rate[1]	September 30, 2020	December 31, 2019
Revolving credit facility[2]	LIBOR + 1.40%	$ —	$ —
Term loans[3]	2.58% - 4.59%	1,622,500	1,652,500
Secured loan facilities	3.35% - 3.52%	395,000	395,000
Mortgages	3.45% - 7.91%	317,148	324,578
Finance lease liability		240	443
Assumed market debt adjustments, net		(1,419)	(1,218)
Deferred financing expenses, net		(14,466)	(17,204)
Total		$ 2,319,003	$ 2,354,099

(1) Interest rates are as of September 30, 2020.

(2) We had $255.0 million of both gross borrowings and payments under our revolving credit facility during the nine months ended September 30, 2020. The gross borrowings and payments under our revolving credit facility were $116.6 million and $190.0 million, respectively, during the nine months ended September 30, 2019.

(3) Our term loans carry an interest rate of LIBOR plus a spread. While a majority of the rates are fixed through the use of swaps, some of these rates are not fixed through a swap, and thus are still indexed to LIBOR.

In January 2020, we made the final $30 million payment on our term loan maturing in 2021. Following this payment, the next term loan maturity is in April 2022.

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 paid down the outstanding balance on our revolving credit facility. Our debt is subject to certain covenants, and as of September 30, 2020, we were in compliance with the restrictive covenants of our outstanding debt obligations.

In October 2020, we executed early repayments of $20.4 million in mortgage debt securing two of our properties.

The allocation of total debt between fixed-rate and variable-rate as well as between secured and unsecured, excluding market debt adjustments and deferred financing expenses, net, as of September 30, 2020 and December 31, 2019, is summarized below (in thousands):

	September 30, 2020	December 31, 2019
As to interest rate:[1]		
Fixed-rate debt	$ 1,754,388	$ 2,122,021
Variable-rate debt	580,500	250,500
Total	$ 2,334,888	$ 2,372,521
As to collateralization:		
Unsecured debt	$ 1,622,500	$ 1,652,500
Secured debt	712,388	720,021
Total	$ 2,334,888	$ 2,372,521
Weighed-average interest rate[1]	3.1 %	3.4 %

(1) Includes the effects of derivative financial instruments (see Notes 7 and 12).

7. 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 nine months ended September 30, 2020 and 2019, 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 $19.4 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 September 30, 2020 and December 31, 2019 (notional amounts in thousands):

	September 30, 2020	December 31, 2019
Count	6	9
Notional amount	$ 1,042,000	$ 1,402,000
Fixed LIBOR	1.3% - 2.9%	0.8% - 2.9%
Maturity date	2021 - 2025	2020 - 2025

The table below details the nature of the gain or loss recognized on interest rate derivatives designated as cash flow hedges in the consolidated statements of operations (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Amount of loss recognized in other comprehensive income on derivatives	$ (45)	$ (9,193)	$ (51,575)	$ (44,398)
Amount of loss (gain) reclassified from AOCI into interest expense	5,143	(538)	11,562	(3,339)

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 September 30, 2020, 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 $60.6 million. As of September 30, 2020, 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 $60.6 million.

8. 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 our 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 these estimates, and such premiums may be reimbursed by tenants pursuant to specific lease terms.

As of September 30, 2020, we had four letters of credit outstanding totaling approximately $8.0 million to provide security for our obligations under Silver Rock’s insurance and reinsurance contracts.

COVID-19—As of September 30, 2020, we were not aware of any significant liabilities or obligations to waive rent that we have incurred under force majeure or co-tenancy clauses in tenant leases.

9. 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 our board of directors (“Board”). Our charter does not provide for cumulative voting in the election of directors.

On November 4, 2020, our Board approved an amendment to our articles of incorporation to effect a one-for-four reverse stock split effective in March 2021. Neither the number of authorized shares nor the par value of the common stock will be changed. In addition, we intend to amend the limited partnership agreement of our Operating Partnership to effect a corresponding reverse stock split of the OP units. As a result of the reverse stock split, every four shares of our common stock or OP units will be automatically combined and converted into one issued and outstanding share of common stock or OP unit rounded to the nearest 1/100th share, after which our stockholders will have an estimated value per share (“EVPS”) of $35.00. The reverse stock split impacts all common stock proportionately and will have no impact on any stockholder’s percentage ownership of common stock.

On May 6, 2020, our Board decreased the EVPS of our common stock to $8.75 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. The decrease was primarily driven by the negative impact of the COVID-19 pandemic on our non-grocery tenants resulting from social distancing and stay-at-home guidelines and the uncertainty of the duration and full effect on the overall economy. We engaged a third-party valuation firm to provide a calculation of the range in EVPS of our common stock as of March 31, 2020, which reflected certain balance sheet assets and liabilities as of that date. Previously, our EVPS was $11.10, 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, 2019.

Distributions—On March 27, 2020, our Board suspended stockholder distributions, effective after the payment of the March 2020 distribution on April 1, 2020, as a result of the uncertainty surrounding the COVID-19 pandemic. On November 4, 2020, our Board authorized distributions for stockholders of record at the close of business on December 28, 2020 equal to a monthly amount of $0.02833333 per share of common stock, or $0.34 annually. Operating partnership unit (“OP Unit”) holders will receive distributions at the same rate as common stockholders. We expect to pay this distribution on January 7, 2021.

Dividend Reinvestment Plan—The DRIP allows stockholders to invest distributions in additional shares of our common stock, subject to certain limits. Stockholders who elect to participate in the DRIP may choose to invest all or a portion of their cash distributions in shares of our common stock at a price equal to our most recent EVPS.

Stockholders who elect to participate in the DRIP, and who are subject to U.S. federal income taxation laws, will incur a tax liability on an amount equal to the fair value on the relevant distribution date of the shares of our common stock purchased with reinvested distributions, even though such stockholders have elected not to receive the distributions in cash.

On March 27, 2020, the DRIP was suspended, and the March 2020 distribution was paid in all cash on April 1, 2020. The DRIP remained suspended as of September 30, 2020. On November 4, 2020, our Board reinstated the DRIP, which will be effective beginning with the December 2020 distribution to be paid in January 2021.

Tender Offer—On November 4, 2020, our Board approved a voluntary tender offer commencing on November 10, 2020 (the "Tender Offer") for up to 4.5 million shares of our outstanding common stock at a price of $5.75 per share, for a total value of approximately $26 million.

Share Repurchase Program ("SRP")—The SRP provides an opportunity for stockholders to have shares of common stock repurchased, subject to certain restrictions and limitations. The Board reserves the right, in its sole discretion, at any time and from time to time, to reject any request for repurchase.

On August 7, 2019, the Board suspended the SRP with respect to standard repurchases. The SRP for death, qualifying disability, or determination of incompetence ("DDI") was suspended effective March 27, 2020, in response to the uncertainty of COVID-19. Both the SRP with respect to standard repurchases and the SRP for death, qualifying disability, or determination of incompetence remain suspended as of September 30, 2020.

We expect to restart share repurchases for DDI at $5.75 per share, but no shares will be repurchased until at least 10 business days after completion of the Tender Offer. The SRP with respect to standard repurchases will remain suspended.

Convertible Noncontrolling Interests—Under the terms of the Fourth Amended and Restated Agreement of Limited Partnership (the "Partnership Agreement"), OP Unit holders may elect to exchange OP units. The Operating Partnership controls the form of the redemption, and may elect to exchange 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 September 30, 2020 and December 31, 2019 are classified as Noncontrolling Interests within permanent equity on our consolidated balance sheets. The distributions that have been paid on OP units are included in Distributions to Noncontrolling Interests on the consolidated statements of equity. During the nine months ended September 30, 2020 and 2019, 0.2 million and 1.9 million OP units were converted into shares of our common stock at a 1:1 ratio, respectively. There were approximately 42.7 million OP units outstanding as of September 30, 2020 and December 31, 2019. Additionally, certain of our outstanding time- and performance-based equity awards will result in the issuance of shares or OP units upon vesting in future periods. Simultaneously with the reverse stock split described above, to be made effective in 2021, every four OP units then outstanding will be automatically combined and converted into one OP unit.

10. EARNINGS PER SHARE

We use the two-class method of computing earnings per share ("EPS"), which is an earnings allocation formula that determines EPS for common stock and any participating securities according to dividends declared (whether paid or unpaid). Under the two-class method, basic 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.

OP units held by limited partners other than us are considered to be participating securities because they contain non-forfeitable rights to dividends or dividend equivalents, and have the potential to be exchanged for an equal number of shares of our common stock in accordance with the terms of the the Partnership Agreement.

The impact of outstanding OP units on basic and diluted EPS has been calculated using the two-class method whereby earnings are allocated to the OP units based on dividends declared and the OP units' participation rights in undistributed earnings. The effects of the two-class method on basic and diluted EPS were immaterial to the consolidated financial statements during the nine months ended September 30, 2020 and 2019.

The following table provides a reconciliation of the numerator and denominator of the earnings per share calculations (in thousands, except per share amounts):

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2020		2019		2020		2019	
Numerator:								
Net income (loss) attributable to stockholders - basic	$	11,784	$	(25,877)	$	15,965	$	(67,642)
Net income (loss) attributable to convertible OP units(1)		1,646		(3,893)		2,251		(10,319)
Net income (loss) - diluted	$	13,430	$	(29,770)	$	18,216	$	(77,961)
Denominator:								
Weighted-average shares - basic		290,465		283,827		290,295		282,714
OP units(1)		42,742		42,783		42,792		43,356
Dilutive restricted stock awards		356		—		393		—
Adjusted weighted-average shares - diluted		333,563		326,610		333,480		326,070
Earnings per common share:								
Basic and diluted income (loss) per share	$	0.04	$	(0.09)	$	0.05	$	(0.24)

(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.

Approximately 1.0 million time-based and 2.5 million performance-based unvested stock units were outstanding as of September 30, 2019. These securities were anti-dilutive for the three and nine months ended September 30, 2019, and as a result, their impact was excluded from the weighted-average common shares used to calculate diluted EPS for those periods.

11. REVENUE RECOGNITION AND RELATED PARTY TRANSACTIONS

Revenue—Summarized below are amounts included in Fees and Management Income. The revenue includes the fees and reimbursements earned by us from the Managed Funds, and other revenues that are not in the scope of ASC Topic 606, *Revenue from Contracts with Customers,* but that are included in this table for the purpose of disclosing all related party revenues (in thousands):

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2020		2019		2020		2019	
Recurring fees(1)	$	1,233	$	1,669	$	3,631	$	4,890
Transactional revenue and reimbursements(2)		719		606		2,109		2,655
Insurance premiums(3)		629		491		1,766		1,533
Total fees and management income	$	2,581	$	2,766	$	7,506	$	9,078

(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 from third parties not affiliated with us.

During the nine months ended September 30, 2019, we recognized a net charge of $1.9 million in Other Expense, Net on our consolidated statements 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 Phillips Edison Grocery Center REIT III, Inc. ("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.

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 September 30, 2020, we were also the limited guarantor of a $175 million mortgage loan for GRP I. Our guaranty in both cases is limited to being the non-recourse carveout guarantor and the environmental indemnitor. We are also party to a separate agreement with our joint venture partner in which any potential liability under our guaranty for GRP I will be apportioned between us and our joint venture partner based on our respective ownership percentages in GRP I. We have no liability recorded on our consolidated balance sheets for either guaranty as of September 30, 2020 and December 31, 2019.

12. 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, were 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 debt 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.

The following is a summary of borrowings as of September 30, 2020 and December 31, 2019 (in thousands):

	September 30, 2020		December 31, 2019	
	Recorded Principal Balance[1]	Fair Value	Recorded Principal Balance[1]	Fair Value
Term loans	$ 1,609,291	$ 1,602,032	$ 1,636,470	$ 1,656,765
Secured portfolio loan facilities	391,011	404,971	390,780	399,054
Mortgages[2]	318,701	330,159	326,849	337,614
Total	$ 2,319,003	$ 2,337,162	$ 2,354,099	$ 2,393,433

(1) Recorded principal balances include net deferred financing expenses of $14.5 million and $17.2 million as of September 30, 2020 and December 31, 2019, respectively. Recorded principal balances also include assumed market debt adjustments of $1.4 million and $1.2 million as of September 30, 2020 and December 31, 2019, respectively. We have recorded deferred financing expenses related to our revolving credit facility in Other Assets, Net on our consolidated balance sheets which are not included in these balances.

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

Recurring and Nonrecurring Fair Value Measurements—Our 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 nine months ended September 30, 2020 and the year ended December 31, 2019, were as follows (in thousands):

	September 30, 2020			December 31, 2019		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Recurring						
Derivative assets[1]	$ —	$ —	$ —	$ —	$ 2,728	$ —
Derivative liabilities[1]	—	(60,615)	—	—	(20,974)	—
Earn-out liability	—	—	(22,000)	—	—	(32,000)
Nonrecurring						
Impaired real estate assets, net[2]	—	—	—	—	280,593	—
Impaired corporate intangible asset, net[3]	—	—	—	—	—	4,401

(1) We record derivative assets in Other Assets, Net and 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.

(3) The carrying value of our impaired corporate intangible asset, net, which consists of in-place management contracts, subsequently decreased after the measurement date due to amortization as well as through derecognition as part of the merger with REIT III.

Derivative Instruments—As of September 30, 2020 and December 31, 2019, 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 Topic 820, *Fair Value Measurement*, 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 September 30, 2020 and December 31, 2019, 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"), 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 is now eligible to earn between three million and five million OP units based on the timing and valuation of a liquidity event for PECO. The liquidity event can occur no later than December 31, 2021 for the maximum shares to be awarded, but can occur as late as December 31, 2023.

We estimate the fair value of this liability on a quarterly basis using the Monte Carlo method. This method requires us to make assumptions about future dividend yields, volatility, and timing and pricing of liquidity events, which are unobservable and are considered Level 3 inputs in the fair value hierarchy. A change in these inputs to a different amount might result in a significantly higher or lower fair value measurement at the reporting date. In calculating the fair value of this liability as of September 30, 2020, we have determined that the most likely range of potential outcomes includes a possibility of no additional OP units issued as well as up to a maximum of five million units being issued.

Changes in the fair value of the earn-out liability have been and will continue to be recognized in earnings. The following table presents a reconciliation of the change in the earn-out liability measured at fair value on a recurring basis using Level 3 inputs and recognized as Other Income (Expense), Net in the consolidated statements of operations (in thousands):

	Earn-Out Liability
Balance at December 31, 2019	$ 32,000
Change in fair value recognized in Other Income (Expense), Net	(10,000)
Balance at September 30, 2020	$ 22,000

Real Estate Asset Impairment—Our real estate assets are measured and recognized at fair value, less costs to sell for held-for-sale properties, on a nonrecurring basis dependent upon when we determine an impairment has occurred. During the three and nine months ended September 30, 2019, we impaired assets that were under contract or actively marketed for sale 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. There were no impairment charges recorded during the three and nine months ended September 30, 2020.

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 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 proceed to 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 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. If the estimated fair value of the property is less than the recorded net book value at the balance sheet date, we record an impairment charge.

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.

Our quarterly impairment procedures have not been altered by the COVID-19 pandemic, as we believe key impairment indicators such as temporary store closings and large dark or vacant spaces will continue to be identified in our review. We have utilized forecasts that incorporate estimated decreases in net operating income ("NOI") and cash flows as a result of the COVID-19 pandemic in performing our review procedures for the three and nine months ended September 30, 2020. However, it is possible that we could experience unanticipated changes in assumptions that are employed in our impairment review which could impact our cash flows and fair value conclusions. Such unanticipated changes relative to our expectations may include but are not limited to: increases or decreases in the duration or permanence of tenant closures, increases or decreases in collectability reserves and write-offs, additional capital required to fill vacancies, extended lease-up periods, future closings of large tenants, changes in macroeconomic assumptions such as rate of inflation and capitalization rates, and changes to the estimated timing of disposition of the properties under review.

We recorded the following expense upon impairment of real estate assets (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Impairment of real estate assets	$ —	$ 35,710	$ —	$ 74,626

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 Income (Expense), Net on the consolidated statements of operations in the second quarter of 2019.

We have not noted any triggering events related to our corporate intangible asset, and accordingly have not recorded any impairments, subsequent to this date.

13. SUBSEQUENT EVENTS

In preparing the condensed and unaudited consolidated financial statements, we have evaluated subsequent events through the filing of this report on Form 10-Q 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.

ITEM 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

All references to “Notes” throughout this document refer to the footnotes to the consolidated financial statements in Part I, Item 1. Financial Statements.

Cautionary Note Regarding Forward-Looking Statements

Certain statements contained in this Quarterly Report on Form 10-Q (this “Report”) 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”). 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 U.S. Securities and Exchange Commission (“SEC”). Such statements include, but are not limited to, (a) statements about our focus, 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 estimated value per share; (c) statements about our intentions regarding the Tender Offer, a reverse stock split, our distributions, share repurchase program, and dividend reinvestment program; 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) changes in interest rates and the availability of permanent mortgage financing; (v) competition from other available properties and the attractiveness of properties in our portfolio to our tenants; (vi) the financial stability of tenants, including the ability of tenants to pay rent; (vii) changes in tax, real estate, environmental, and zoning laws; (viii) the concentration of our portfolio in a limited number of industries, geographies, or investments; (ix) the effects of the COVID-19 pandemic, including on the demand for consumer goods and services and levels of consumer confidence in the safety of visiting shopping centers as a result of the COVID-19 pandemic; (x) the measures taken by federal, state, and local government agencies and tenants in response to the COVID-19 pandemic, including mandatory business shutdowns, stay-at-home orders and social distancing guidelines; (xi) the impact of the COVID-19 pandemic on our tenants and their ability to pay rent on time or at all, or to renew their leases and, in the case of non-renewal, our ability to re-lease the space at the same or more favorable terms or at all; (xii) the length and severity of the COVID-19 pandemic in the United States; (xiii) the pace of recovery following the COVID-19 pandemic given the current severe economic contraction and increase in unemployment rates; (xiv) our ability to implement cost containment strategies; (xv) our and our tenants’ ability to obtain loans under government programs; (xvi) our ability to pay down, refinance, restructure, or extend our indebtedness as it becomes due; (xvii) to the extent we were seeking to dispose of properties in the near term, significantly greater uncertainty regarding our ability to do so at attractive prices; (xviii) the impact of the COVID-19 pandemic on our business, results of operations, financial condition, and liquidity; and (xix) supply chain disruptions due to the COVID-19 pandemic. Additional important factors that could cause actual results to differ are described in the filings made from time to time by the Company with the SEC and include the risk factors and other risks and uncertainties described in our 2019 Annual Report on Form 10-K, filed with the SEC on March 12, 2020, and those included in this Report, in each case as updated from time to time in our periodic and/or current reports filed with the SEC, which are accessible on the SEC’s website at www.sec.gov.

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.

Overview

We are an internally-managed REIT and one of the nation’s largest owners and operators of grocery-anchored shopping centers. The majority of our revenue is lease revenue derived from our real estate investments. Additionally, we operate an investment management business providing property management and advisory services to approximately $550 million of third-party assets. This business provides comprehensive real estate and asset management services to the Managed Funds.

As of September 30, 2020, we wholly-owned 283 real estate properties. Additionally, we owned a 20% interest in NRP, a joint venture that owned six properties; a 15% interest in GRP I, a joint venture that owned 17 properties; and a 10% interest in GRP II, a joint venture that owned three properties.

On October 1, 2020, GRP I acquired GRP II. Our ownership in the combined entity was adjusted upon consummation of the transaction, and we own approximately a 14% equity interest in GRP I as a result of the acquisition.

COVID-19 Strategy—During the first quarter of 2020, the COVID-19 pandemic began spreading globally, with the outbreak being classified as a pandemic by the World Health Organization on March 11, 2020. As a result of the 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. The following initiatives were enacted in response to the pandemic and remain in effect as of the date of this filing, unless otherwise noted:

- We suspended stockholder distributions, after the March 2020 distribution (see Note 9 for more detail);

- We suspended the SRP for DDI;
- Our Compensation Committee approved a temporary 25% reduction to the base salary of our chief executive officer; a temporary 10% reduction to the base salaries of our president, chief operating officer, chief financial officer, and general counsel; and a temporary 10% reduction to board members' base compensation for the 2020-2021 term;
- We have implemented expense reductions at the property and corporate levels, including reductions to our workforce and travel costs;
- Our capital investments have been prioritized to support the reopening of our tenants (which we refer to as a "neighbor" or our "neighbors") and new leasing activity, or deferred if possible;
- We borrowed $200 million on our revolving credit facility in April 2020 to ensure that we were able to meet our operating needs for a sustained period. Our rent and recovery collections during the second quarter, combined with the above 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; and

In May 2020, many state governments began lifting, in whole or in part, the "stay-at-home" mandates, effectively removing or lessening the limitations on travel and allowing many businesses to reopen in full or limited capacity. Some states and localities have temporarily reinstated certain mandates in response to increasing reported cases of COVID-19. The impact these measures and the resulting consumer behavior are having on our portfolio has evolved throughout the second and third quarters, and we expect that it will continue to do so. Our management team has determined the following are key indicators of recovery for our portfolio and is executing a strategy to guide our neighbors through these phases (all statistics are approximate and include the prorated portion attributable to properties owned through our joint ventures):

- *Assisting Neighbors in Reopening*—Our wholly-owned properties and those owned through our joint ventures contained approximately 5,600 occupied neighbor spaces as of November 4, 2020. At the peak of the pandemic-related closure activity, temporary closures reached 37% of all neighbor spaces, totaling 27% of our ABR and 22% of our GLA. As of November 4, 2020, 98% of our occupied tenant spaces, totaling 99% of our ABR and GLA, are open for business. We believe that the best way to ensure that we receive monthly payment of rent and other amounts due is to first have neighbors open and operating.

  In order to facilitate communication with our neighbors, we launched PECO Connect™, a webpage designed to provide resources, information, and tools to assist our neighbors in reopening as states lifted "stay-at-home" requirements and other restrictions. Resources made available through PECO Connect include, but are not limited to: a digital tool kit providing various marketing options, industry guides and blueprints to facilitate effective communication between our neighbors and their customers; educational videos and webinars to help neighbors prepare for and adjust to the consumer environment as businesses reopen; a neighbor rewards program; and DashComm®, our proprietary internal communications platform designed to deliver important updates and information to our neighbors as well as to facilitate our responses to neighbor questions and concerns.
- *Returning to Monthly Payments*—We continue to work with our neighbors to resume normal monthly rent payments. Our efforts have included raising awareness of the benefits available through the Coronavirus Aid, Relief, and Economic Security Act, including the Paycheck Protection Program and Health Care Enhancement Act (collectively, the "CARES Act") and other small business programs. The CARES Act was intended to provide economic relief and stimulus to taxpayers and businesses in order to mitigate the economic impact of the pandemic, and provided an estimated $2.7 trillion to combat the COVID-19 pandemic and stimulate the economy through the provision of government loans and grants to affected individuals and businesses.

  As our neighbors have reopened, we have seen our collections continue to improve, including those related to the second quarter. As of November 4, 2020, total collections for the second quarter improved to 90%, and third quarter collections were 94%. Additionally, our collections for October 2020 were approximately 94%. As of November 4, 2020, 87% of our neighbors are paying their rent in full.
- *Establishing and Collecting on Payment Plans*—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. We further believe that it is best to begin negotiation of relief only once a neighbor has reopened, and we have continued to see payments made toward rent and recovery charges owed. As of November 4, 2020, we have executed payment plans with our neighbors agreeing to defer approximately $4.3 million in rent and related charges, and we had granted rent abatements totaling approximately $2.0 million. These payment plans and rent abatements represented 1.1% and 0.5% of portfolio ABR, respectively, and the weighted-average term over which we expect to receive payment on executed payment plans is approximately eight months. We are in negotiations with additional neighbors, which we believe will lead to more neighbors repaying their past due charges. We will continue to work with neighbors on establishing plans to repay past due amounts, and will monitor the impact of such payment plans on our results of operations in future quarters. The final measure of recovery for our portfolio is to collect past due amounts under the terms negotiated with our neighbors. We cannot guarantee that we will ultimately be able to collect these amounts.

On November 4, 2020, our Board reinstated monthly stockholder distributions beginning December 2020 to stockholders of record as of December 28, 2020, payable on January 7, 2021.

Additionally, the Board approved a Tender Offer commencing on November 10, 2020 for up to 4.5 million shares of our outstanding common stock at a price of $5.75 per share, for a total value of approximately $26 million. This price is lower than our current EVPS of $8.75, reflecting the Board's acknowledgment that the share prices of our publicly-traded peers in the shopping center REIT sector have declined significantly below their respective estimated net asset values, primarily as a result of the ongoing market uncertainty caused by the COVID-19 pandemic. Accordingly, they believe that if our shares were listed on a national securities exchange, the price of our shares of common stock might similarly trade at a discount to our EVPS.

We expect to restart share repurchases for DDI at $5.75 per share, but no shares will be repurchased until at least 10 business days after completion of the Tender Offer (see Note 9 for more detail). The SRP with respect to standard repurchases will remain suspended.

COVID-19 Operational Impact—During the COVID-19 pandemic, we have been closely monitoring the status of our neighbors to identify those who potentially pose a credit risk in order to appropriately account for the impact to revenue and in order to quickly take action when a neighbor was ultimately unable to remain in a space.

The current economic environment has increased the uncertainty of collecting rents from a number of our neighbors. For neighbors with a higher degree of uncertainty, we may not record revenue for amounts billed until the cash is received. Based on our analysis, no individual neighbor category was deemed to be entirely non-creditworthy as of September 30, 2020; however, we continue to evaluate each neighbor's creditworthiness on an individual basis. For the three and nine months ended September 30, 2020, inclusive of the prorated portion attributable to properties owned through our joint ventures, we had $5.3 million and $20.3 million, respectively, in billings that will not be recognized as revenue until cash is collected or the neighbor resumes payment and is considered creditworthy. As of September 30, 2020, this represented approximately 7% of out of nearly 5,600 total neighbors in our entire portfolio.

Additionally, certain of our neighbors have entered into bankruptcy proceedings. While some of these cases have already been resolved, with the assumption or rejection of the lease already reflected in our results, in some cases these claims have yet to be resolved, and as such, the potential fallout is not yet reflected in our occupancy rate or ABR metrics. We believe that neighbors in the bankruptcy process represent an exposure of only 1.2% of our total portfolio ABR as of September 30, 2020. We have included our assessment of the impact of these bankruptcies in our estimate of rent collectability, which impacted recorded revenue, as noted previously.

Portfolio and Leasing Statistics—Below are statistical highlights of our wholly-owned portfolio as of September 30, 2020 and 2019:

	September 30, 2020	September 30, 2019
Number of properties	283	294
Number of states	31	32
Total square feet (in thousands)	31,731	33,203
Leased % of rentable square feet:		
Total portfolio spaces	95.3 %	95.0 %
Anchor spaces	98.3 %	98.1 %
Inline spaces	89.5 %	89.2 %
Average remaining lease term (in years)[1]	4.5	4.7
% ABR from grocery-anchored properties	97.0 %	96.0 %

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

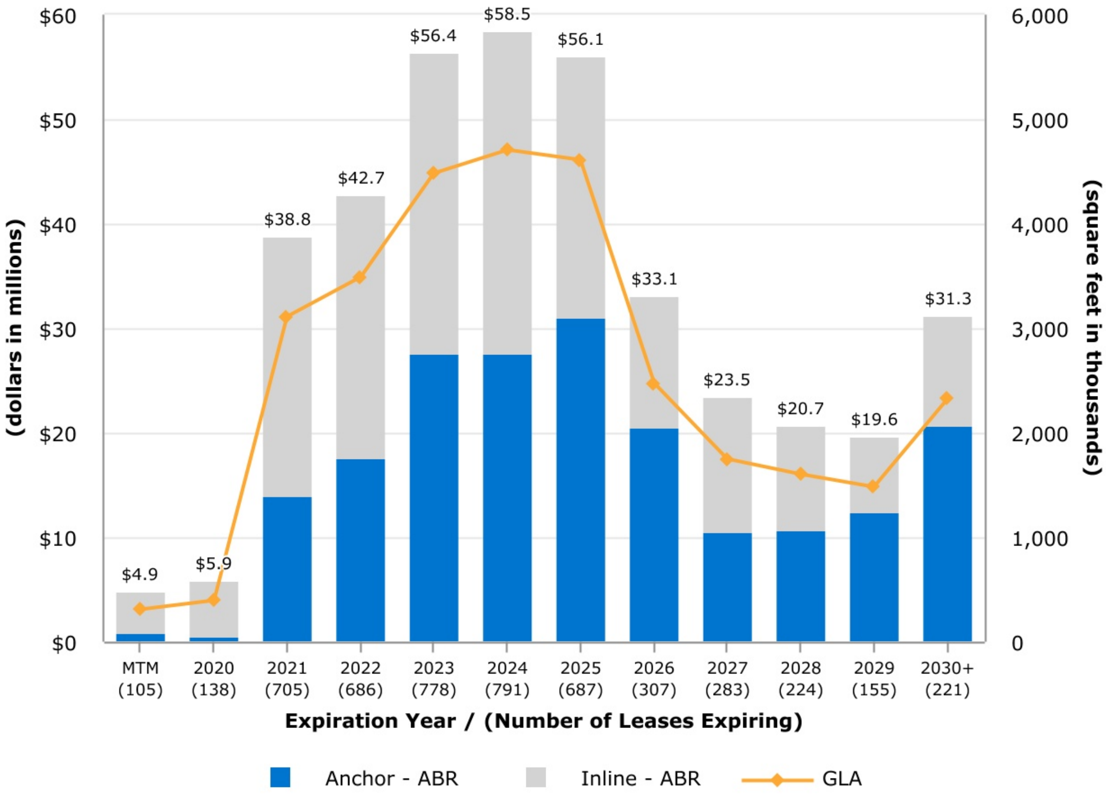
The following table details information for our joint ventures, which is the basis for determining the prorated information included in the subsequent tables as of September 30, 2020 (dollars and square feet in thousands):

	September 30, 2020			
Joint Venture	Ownership Percentage	Number of Properties	ABR[1]	GLA[2]
Necessity Retail Partners	20%	6	$ 10,330	698
Grocery Retail Partners I	15%	17	24,740	1,905
Grocery Retail Partners II	10%	3	3,841	312

(1) We calculate ABR as monthly contractual rent as of September 30, 2020, multiplied by 12 months.

(2) GLA is defined as the portion of the total square feet of a building that is available for leasing.

Lease Expirations—The following chart shows, on an aggregate basis, all of the scheduled lease expirations after September 30, 2020 for each of the next ten years and thereafter for our wholly-owned properties and the prorated portion of those owned through our joint ventures:



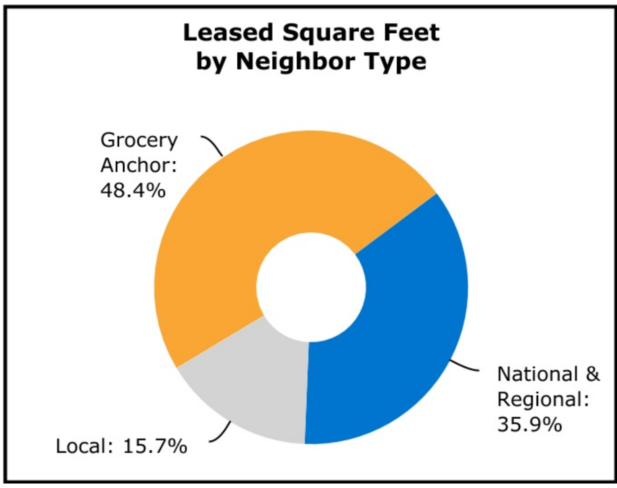
Our ability to create rental rate growth generally depends on our leverage during new and renewal lease negotiations with prospective and existing neighbors, which typically occurs when occupancy at our centers is high or during periods of economic growth and recovery. Conversely, we may experience rental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

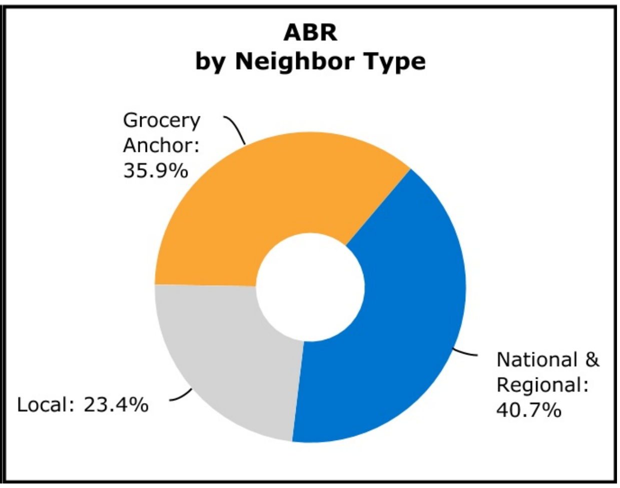
Most of our grocery neighbors have remained open throughout the COVID-19 pandemic, and many other neighbor spaces were allowed to remain open, though their sales may have been impacted by social distancing and “stay-at-home” mandates. The number of our neighbor spaces that temporarily closed as a result of the COVID-19 pandemic peaked in April 2020 and has significantly decreased as states began to lift in full or in part “stay-at-home” mandates in May 2020. Certain neighbors remain temporarily closed, have since closed after reopening, are 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 self-elected efforts to reduce the spread of COVID-19. Some states and localities have temporarily reinstated certain mandates in response to increasing reported cases of COVID-19. These actions could result in increased permanent store closings and could reduce the demand for leasing space in our shopping centers and result in a decline in average rental rates on expiring leases. As of September 30, 2020, our average rental rates on new leases have exceeded the average rental rates on expiring leases and our occupancy remained flat as compared to December 31, 2019. We anticipate increased volatility in new and renewal rental rates until the business environment becomes more stable.

For our wholly-owned properties and the prorated share of those owned through our joint ventures, subsequent to September 30, 2020, we renewed approximately 0.2 million total square feet and $3.8 million of total ABR of future expiring leases. This includes three anchor lease renewals, one of which was pursuant to the exercise of an option to extend the lease.

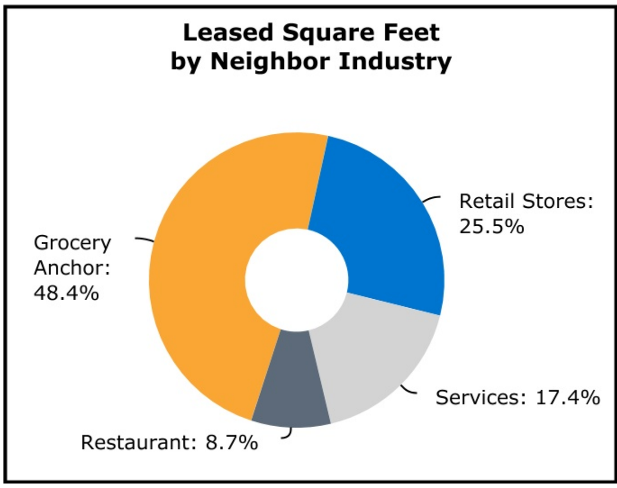
See the section below titled Management’s Discussion and Analysis of Financial Condition and Results of Operations - Results of Operations - Leasing Activity for further discussion of leasing activity.

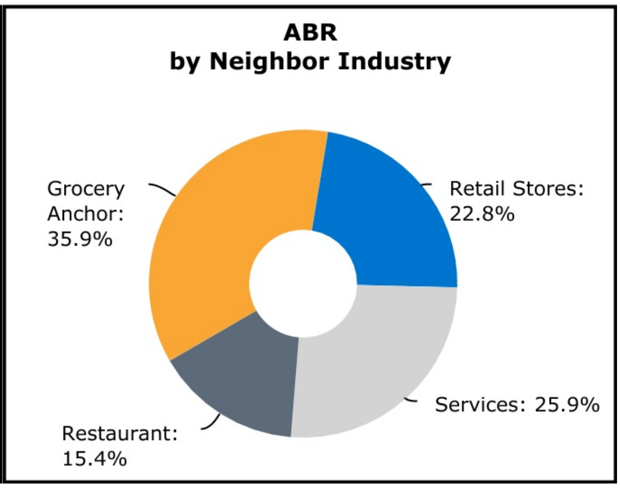
Portfolio Tenancy—We define national neighbors as those neighbors that operate in at least three states. Regional neighbors are defined as those neighbors that have at least three locations in fewer than three states. The following charts present the composition of our portfolio, including our wholly-owned properties and the prorated portion of those owned through our joint ventures, by neighbor type as of September 30, 2020:





The following charts present the composition of our portfolio by neighbor industry as of September 30, 2020:





We estimate that approximately 51% of our ABR, including the pro rata portion attributable to our properties owned through our joint ventures, is from retail and service businesses generally deemed essential under most state and local mandates issued in response to the COVID-19 pandemic. The composition of our portfolio as a percentage of ABR is as follows:

	September 30, 2020
Essential Retail and Services:	
Grocery	35.9 %
Banks	2.4 %
Dollar stores	2.3 %
Pet supply	2.2 %
Medical	1.8 %
Hardware/Automotive	1.6 %
Wine, beer, and liquor	1.3 %
Pharmacy	1.0 %
Other essential	2.8 %
Total essential retail and services[1]	51.3 %
Restaurants:	
Quick service	9.5 %
Full service	5.9 %
Total restaurants	15.4 %
Other Retail and Services:	
Services	16.3 %
Soft goods	12.7 %
Fitness	3.2 %
Entertainment	1.1 %
Total other retail and services	33.3 %
Total ABR	100.0 %

(1) Includes neighbors that we believe are considered to be essential retail and service businesses but that may have temporarily closed 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 COVID-19 pandemic.

The following table presents our top twenty neighbors by ABR, including our wholly-owned properties and the prorated portion of those owned through our joint ventures, as of September 30, 2020 (dollars and square feet in thousands):

	September 30, 2020				
Neighbor[(1)]	ABR	% of ABR	Leased Square Feet	% of Leased Square Feet	Number of Locations[(2)]
Kroger	$ 27,281	7.0 %	3,467	11.3 %	65
Publix	22,021	5.6 %	2,241	7.3 %	56
Ahold Delhaize	17,496	4.5 %	1,278	4.2 %	25
Albertsons-Safeway	16,579	4.2 %	1,588	5.2 %	30
Walmart	8,932	2.3 %	1,770	5.8 %	13
Giant Eagle	8,147	2.1 %	823	2.7 %	12
TJX Companies	4,979	1.3 %	428	1.4 %	15
Sprouts Farmers Market	4,885	1.2 %	334	1.1 %	11
Dollar Tree	4,047	1.0 %	423	1.4 %	44
Raley's	3,884	1.0 %	253	0.8 %	4
SUPERVALU	3,455	0.9 %	376	1.2 %	7
Subway Group	3,052	0.8 %	125	0.4 %	90
Schnuck's	3,025	0.8 %	329	1.1 %	5
Anytime Fitness, Inc.	2,694	0.7 %	179	0.6 %	38
Southeastern Grocers	2,626	0.7 %	291	0.9 %	8
Save Mart	2,619	0.7 %	309	1.0 %	6
Lowe's	2,407	0.6 %	371	1.2 %	4
Kohl's Corporation	2,255	0.6 %	365	1.2 %	4
Food 4 Less (PAQ)	2,215	0.6 %	118	0.4 %	2
Petco Animal Supplies, Inc.	2,104	0.4 %	127	0.3 %	11
	$ 144,703	37.0 %	15,195	49.5 %	450

(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 single shopping center, those subsidiaries are included as one location.

Results of Operations

Known Trends and Uncertainties of the COVID-19 Pandemic

The COVID-19 pandemic has resulted in reduced revenues for the second and third quarters, and our estimates around collectability will likely continue to create volatility in our earnings. The total impact on revenue in the future cannot be determined at this time. The duration of the pandemic and mitigating measures, and the resulting economic impact, has caused some of our neighbors to permanently vacate their spaces and/or not renew their leases, and we may have difficulty leasing these spaces on the same or better terms or at all, and/or incur additional costs to lease vacant spaces, which may reduce our occupancy rates in the future and ultimately reduce our revenue. Extended periods of vacancy or reduced revenues may trigger impairments of our real estate assets. Additionally, these factors may impact disposition activity by decreasing demand and negatively impacting capitalization rates. Our disposition and acquisition activity has been reduced as a result of the pandemic during 2020.

The ongoing impact of the COVID-19 pandemic and the resulting economic downturn will likely continue to be significant to our results of operations for the remainder of 2020 and potentially beyond as a result of a number of factors outside of our control. These factors include, but are not limited to: overall economic conditions on both a macro and micro level, including consumer demand as well as retailer demand for space within our shopping centers; the impact of social distancing guidelines, recommendations from governmental authorities, and consumer shopping preferences; the nature and effectiveness of any economic stimulus or relief measures; and the impact of all of the factors above, including other potentially unknown factors, on our neighbors' ability to continue paying rent and related charges on time or at all and neighbors' willingness to renew their leases on the same terms or at all. The impact of these factors, some of which have already been realized, could include reduced revenue from neighbor concessions, increased collectability reserves, decreased recovery rates on expenses, and other unforeseen impacts that may arise in the course of operating during these circumstances. See Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations - Overview for our observation of neighbor impacts through November 4, 2020.

We believe that our investment focus on grocery-anchored shopping centers that provide daily necessities will help lessen the negative effect of the pandemic on our business compared to non-grocery anchored shopping centers. We are closely monitoring the occupancy, operating performance, and neighbor sales results at our centers, including those neighbors operating with reduced hours or under government-imposed restrictions. Further, we have taken action to maximize our financial flexibility by implementing expense reductions at the property and corporate level; prioritizing capital projects to support the reopening of our neighbors and new leasing activity, or deferring if possible; and suspending monthly distributions and share repurchases.

Summary of Operating Activities for the Three Months Ended September 30, 2020 and 2019

	Three Months Ended September 30,		Favorable (Unfavorable) Change	
(Dollars in thousands)	2020	2019	$	%
Revenues:				
Rental income	$ 123,298	$ 132,715	$ (9,417)	(7.1)%
Fee and management income	2,581	2,766	(185)	(6.7)%
Other property income	816	528	288	54.5 %
Total revenues	126,695	136,009	(9,314)	(6.8)%
Operating Expenses:				
Property operating expenses	(20,835)	(23,296)	2,461	10.6 %
Real estate tax expenses	(17,282)	(18,016)	734	4.1 %
General and administrative expenses	(9,595)	(11,537)	1,942	16.8 %
Depreciation and amortization	(56,095)	(58,477)	2,382	4.1 %
Impairment of real estate assets	—	(35,710)	35,710	NM
Total operating expenses	(103,807)	(147,036)	43,229	29.4 %
Other:				
Interest expense, net	(20,388)	(25,309)	4,921	19.4 %
Gain on disposal of property, net	10,734	5,048	5,686	112.6 %
Other income, net	196	1,561	(1,365)	(87.4)%
Net income (loss)	13,430	(29,727)	43,157	145.2 %
Net (income) loss attributable to noncontrolling interests	(1,646)	3,850	(5,496)	(142.8)%
Net income (loss) attributable to stockholders	$ 11,784	$ (25,877)	$ 37,661	145.5 %

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 276 properties that were owned and operational prior to January 1, 2019. 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, 2018, which includes 27 properties disposed of and six properties acquired. Below are explanations of the significant fluctuations in the results of operations for the three months ended September 30, 2020 and 2019:

Rental Income decreased $9.4 million as follows:

- $4.9 million decrease related to our same-center portfolio as follows:
  - $3.2 million decrease in minimum rent largely due to the COVID-19 pandemic and its economic impact. This includes an increased number of neighbors we have identified as a credit risk, which resulted in a decrease of $2.1 million related to revenue that will not be recognized until cash is collected or the neighbor resumes payment and is considered creditworthy, including a $0.7 million increase in revenues due to reserves on straight-line rent adjustments for the related leases. Additionally, we saw a $1.1 million decrease in rental revenues as a result of rent abatement;
  - $1.8 million decrease primarily due to non-cash straight-line rent amortization;
  - $1.4 million decrease in recovery income largely due to the increased number of neighbors we have identified as a credit risk in connection with the COVID-19 pandemic, which resulted in a decrease of $0.9 million;
  - $1.5 million increase primarily due to improvements in average minimum rent per square foot and average occupancy; and
- $4.5 million decrease primarily related to our net disposition of 21 properties.

Property Operating Expenses decreased $2.5 million primarily as follows:

- $1.6 million decrease related to our same-center portfolio and corporate operating activities, including $1.7 million of decreases to compensation in connection with our expense reduction initiatives and performance compensation; and
- $0.8 million decrease related to our net disposition of 21 properties.

General and Administrative Expenses:

- The $1.9 million decrease in general and administrative expenses was primarily related to expense reductions taken to reduce the impact of the COVID-19 pandemic, with the majority of these decreases related to compensation.

Depreciation and Amortization decreased $2.4 million as follows:

- $1.8 million decrease related to our net disposition of 21 properties; and
- $0.6 million decrease related to our same-center portfolio and corporate operating activities, primarily due to intangible assets becoming fully amortized by December 31, 2019.

Impairment of Real Estate Assets:

- Our decrease in impairment of real estate assets of $35.7 million was related to assets under contract or actively marketed for sale at a disposition price that was less than the carrying value in 2019, the proceeds from which were used to fund tax-efficient acquisitions, to fund redevelopment opportunities in owned centers, and for general corporate purposes. We continue to sell non-core assets and may potentially recognize impairments in future quarters, but our anticipated disposition activity will likely be delayed or reduced due to current market conditions as a result of the COVID-19 pandemic.

Interest Expense, Net:

- The $4.9 million decrease during the three months ended September 30, 2020 as compared to the same period in 2019 was largely due to the decrease in LIBOR and expiring interest rate swaps in 2020 as well as repricing activities that occurred in 2019. Interest Expense, Net was comprised of the following (dollars in thousands):

	Three Months Ended September 30,	
	2020	2019
Interest on revolving credit facility, net	$ 260	$ 227
Interest on term loans, net	11,195	16,409
Interest on secured debt	7,308	5,780
Non-cash amortization and other	1,625	2,893
Interest expense, net	$ 20,388	$ 25,309
Weighted-average interest rate as of end of period	3.1 %	3.5 %
Weighted-average term (in years) as of end of period	4.3	4.3

Gain on Disposal of Property, Net:

- The $5.7 million increase was primarily related to the sale of two properties with a net gain of $10.7 million during the three months ended September 30, 2020, as compared to the sale of four properties with a net gain of $5.0 million during the three months ended September 30, 2019 (see Note 4).

Other Income, Net:

- The $1.4 million decrease was largely due to a decrease in income from our unconsolidated joint ventures primarily due to lower gains on the disposition of properties in NRP as compared to the three months ended September 30, 2019. Other Income, Net was comprised of the following (dollars in thousands):

	Three Months Ended September 30,	
	2020	2019
Equity in net income of unconsolidated joint ventures	$ 133	$ 1,550
Transaction and acquisition expenses	(152)	(120)
Federal, state, and local income tax expense	(173)	(176)
Other	388	307
Other income, net	$ 196	$ 1,561

Summary of Operating Activities for the Nine Months Ended September 30, 2020 and 2019

(Dollars in thousands)	Nine Months Ended September 30, 2020	Nine Months Ended September 30, 2019	Favorable (Unfavorable) Change $	Favorable (Unfavorable) Change %
Revenues:				
Rental income	$ 367,418	$ 390,605	$ (23,187)	(5.9)%
Fee and management income	7,506	9,078	(1,572)	(17.3)%
Other property income	2,334	1,676	658	39.3 %
Total revenues	377,258	401,359	(24,101)	(6.0)%
Operating Expenses:				
Property operating expenses	(62,226)	(67,095)	4,869	7.3 %
Real estate tax expenses	(50,847)	(53,294)	2,447	4.6 %
General and administrative expenses	(30,141)	(38,287)	8,146	21.3 %
Depreciation and amortization	(168,692)	(179,020)	10,328	5.8 %
Impairment of real estate assets	—	(74,626)	74,626	NM
Total operating expenses	(311,906)	(412,322)	100,416	24.4 %
Other:				
Interest expense, net	(65,317)	(76,151)	10,834	14.2 %
Gain on disposal of property, net	8,616	10,903	(2,287)	(21.0)%
Other income (expense), net	9,565	(1,476)	11,041	NM
Net income (loss)	18,216	(77,687)	95,903	123.4 %
Net (income) loss attributable to noncontrolling interests	(2,251)	10,045	(12,296)	(122.4)%
Net income (loss) attributable to stockholders	$ 15,965	$ (67,642)	$ 83,607	123.6 %

For details surrounding our basis for analyzing significant fluctuations in our results of operations as well as definitions related to our portfolio of real estate assets, please see the Summary of Operating Activities for the Three Months Ended September 30, 2020 and 2019 section above. Below are explanations of the significant fluctuations in the results of operations for the nine months ended September 30, 2020 and 2019:

Rental Income decreased $23.2 million as follows:

- $10.3 million decrease related to our same-center portfolio as follows:
  - $15.3 million decrease in minimum rent largely due to the COVID-19 pandemic and its economic impact. This includes an increased number of neighbors we have identified as a credit risk which resulted in a decrease of $13.6 million, including a $2.4 million reduction in revenues due to reserves on straight-line rent adjustments for the related leases. Additionally, we saw a $1.7 million decrease due to rent abatement;
  - $2.2 million decrease primarily due to non-cash straight-line rent amortization;
  - $6.2 million increase primarily due to a $0.24 increase in average minimum rent per square foot and a 1.1% improvement in average occupancy;
  - $1.0 million increase in recovery income primarily due to improved recoverability of expenses and higher occupancy at our centers, partially offset by the increased number of neighbors we have identified as a credit risk in connection with the COVID-19 pandemic, which resulted in a decrease of $3.7 million; and
- $12.9 million decrease primarily related to our net disposition of 21 properties.

Fee and Management Income:

- The $1.6 million decrease in fee and management income is primarily due to fees no longer received from REIT III following its acquisition by us in October 2019 and a decrease in fees received from NRP, primarily due to property dispositions. This offsets improvements in fees received from GRP I and GRP II.

Property Operating Expenses decreased $4.9 million as follows:

- $2.5 million decrease related to our same-center portfolio and corporate operating activities, including $3.8 million of reduced compensation in connection with our expense reduction initiatives and performance compensation, partially offset by higher insurance costs; and
- $2.4 million decrease related to our net disposition of 21 properties.

Real Estate Tax Expenses decreased $2.4 million as follows:

- $1.6 million decrease related to our net disposition of 21 properties; and
- $0.8 million decrease related to our same-center portfolio primarily as a result of successful real estate tax appeals.

General and Administrative Expenses:

- The $8.1 million decrease in general and administrative expenses was primarily related to expense reductions taken to reduce the impact of the COVID-19 pandemic, with the majority of these decreases related to compensation.

Depreciation and Amortization decreased $10.3 million as follows:

- $6.3 million decrease related to our net disposition of 21 properties; and
- $4.0 million decrease related to our same-center portfolio and corporate operating activities, primarily due to intangible lease assets becoming fully amortized by December 31, 2019.

Impairment of Real Estate Assets:

- The decrease in impairment of real estate assets of $74.6 million was related to assets under contract or actively marketed for sale at a disposition price that was less than the carrying value in 2019, the proceeds from which were used to fund tax-efficient acquisitions, to fund redevelopment opportunities in owned centers, and for general corporate purposes. We continue to sell non-core assets and may potentially recognize impairments in future quarters, but our anticipated disposition activity will likely be delayed or reduced due to current market conditions as a result of the COVID-19 pandemic.

Interest Expense, Net:

- The $10.8 million decrease during the nine months ended September 30, 2020 as compared to the same period in 2019 was largely due to the decrease in LIBOR and expiring interest rate swaps in 2020 as well as repricing activities that occurred in 2019. Interest Expense, Net was comprised of the following (dollars in thousands):

	Nine Months Ended September 30,	
	2020	2019
Interest on revolving credit facility, net	$ 1,455	$ 1,648
Interest on term loans, net	35,611	47,113
Interest on secured debt	21,973	17,319
Non-cash amortization and other	6,278	10,071
Interest expense, net	$ 65,317	$ 76,151
Weighted-average interest rate as of end of period	3.1 %	3.5 %
Weighted-average term (in years) as of end of period	4.3	4.3

Gain on Disposal of Property, Net:

- The $2.3 million change was primarily related to the sale of six properties with a net gain of $8.6 million during the nine months ended September 30, 2020, as compared to the sale of ten properties and one outparcel with a net gain of $10.9 million during the nine months ended September 30, 2019 (see Note 4).

Other Income (Expense), Net:

- The $11.0 million change was largely due to other impairment charges of $9.7 million in connection with the REIT III public offering during the three months ended September 30, 2019, which included $7.8 million of impairment charges related to our corporate intangible asset and $1.9 million of impairment charges related to organization and offering costs, as well as the change in the fair value of our earn-out liability. Other Income (Expense), Net was comprised of the following (dollars in thousands):

	Nine Months Ended September 30,	
	2020	2019
Change in fair value of earn-out liability	$ 10,000	$ 7,500
Equity in (loss) income of unconsolidated joint ventures	(506)	574
Transaction and acquisition expenses	(211)	(396)
Federal, state, and local income tax expense	(382)	(517)
Other impairment charges	—	(9,661)
Other	664	1,024
Other income (expense), net	$ 9,565	$ (1,476)

Leasing Activity—The average rent per square foot and cost of executing leases fluctuates based on the neighbor mix, size of the leased space, and lease term. Leases with national and regional neighbors generally require a higher cost per square foot to execute than those with local neighbors. However, generally such national and regional neighbors will also pay higher rates for a longer term.

Below is a summary of leasing activity for our wholly-owned properties for the three months ended September 30, 2020 and 2019:

	Total Deals[1]		Inline Deals[1][2]	
	2020	2019	2020	2019
New leases:				
Number of leases	111	98	110	95
Square footage (in thousands)	302	370	287	276
ABR (in thousands)	$ 5,181	$ 5,635	$ 5,023	$ 4,595
ABR per square foot	$ 17.15	$ 15.24	$ 17.49	$ 16.67
Cost per square foot of executing new leases[3]	$ 27.25	$ 18.08	$ 26.01	$ 20.40
Number of comparable leases[4]	34	33	34	31
Comparable rent spread[5]	8.2 %	12.6 %	8.2 %	7.6 %
Weighted-average lease term (in years)	6.6	7.6	6.3	6.6
Renewals and options:				
Number of leases	119	148	101	126
Square footage (in thousands)	1,035	1,053	244	271
ABR (in thousands)	$ 12,473	$ 10,361	$ 4,993	$ 5,403
ABR per square foot	$ 12.06	$ 9.84	$ 20.45	$ 19.90
ABR per square foot prior to renewals	$ 11.56	$ 9.46	$ 19.16	$ 18.38
Percentage increase in ABR per square foot	4.3 %	4.0 %	6.7 %	8.3 %
Cost per square foot of executing renewals and options[3]	$ 2.42	$ 2.28	$ 4.60	$ 4.32
Number of comparable leases[4]	87	110	82	101
Comparable rent spread[5]	4.1 %	2.7 %	6.4 %	11.0 %
Weighted-average lease term (in years)	4.8	4.5	4.2	4.0
Portfolio retention rate[6]	90.4 %	88.7 %	74.9 %	74.8 %

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

(2) We consider an inline deal to be a lease for less than 10,000 square feet of GLA.

(3) The cost of executing new leases, renewals, and options includes leasing commissions, tenant improvement costs, landlord work, and tenant concessions. The costs associated with landlord work are excluded for repositioning and redevelopment projects, if any.

(4) A comparable lease is a lease that is executed for the exact same space (location and square feet) in which a neighbor was previously located. For a lease to be considered comparable, it must have been executed within 365 days from the earlier of legal possession or the day the prior neighbor physically vacated the space.

(5) The comparable rent spread compares the percentage increase (or decrease) of new or renewal leases (excluding options) to the expiring lease of a unit that was occupied within the past twelve months.

(6) The portfolio retention rate is calculated by dividing (a) total square feet of retained neighbors with current period lease expirations by (b) the square feet of leases expiring during the period.

Below is a summary of leasing activity for our wholly-owned properties for the nine months ended September 30, 2020 and 2019[(1)]:

	Total Deals		Inline Deals	
	2020	2019	2020	2019
New leases:				
Number of leases	259	305	245	294
Square footage (in thousands)	881	1,086	627	755
ABR (in thousands)	$ 13,778	$ 15,980	$ 11,038	$ 12,779
ABR per square foot	$ 15.63	$ 14.71	$ 17.62	$ 16.93
Cost per square foot of executing new leases	$ 23.25	$ 23.64	$ 25.89	$ 25.93
Number of comparable leases	79	106	78	102
Comparable rent spread	9.7 %	13.9 %	9.7 %	11.2 %
Weighted-average lease term (in years)	7.7	7.6	6.6	6.7
Renewals and options:				
Number of leases	354	470	309	426
Square footage (in thousands)	2,749	2,457	702	906
ABR (in thousands)	$ 31,135	$ 30,490	$ 14,498	$ 19,268
ABR per square foot	$ 11.33	$ 12.41	$ 20.64	$ 21.26
ABR per square foot prior to renewals	$ 10.74	$ 11.55	$ 18.94	$ 19.19
Percentage increase in ABR per square foot	5.4 %	7.4 %	9.0 %	10.7 %
Cost per square foot of executing renewals and options	$ 2.40	$ 2.64	$ 4.24	$ 4.57
Number of comparable leases	263	362	252	345
Comparable rent spread	7.4 %	8.4 %	9.9 %	12.0 %
Weighted-average lease term (in years)	4.9	4.7	4.0	4.4
Portfolio retention rate	82.7 %	86.6 %	70.5 %	77.3 %

(1) See the footnotes to the summary of leasing activity table for the three months ended September 30, 2020 and 2019 for more detail regarding certain items throughout this table.

Non-GAAP Measures

Same-Center Net Operating Income—We present Same-Center NOI as a supplemental measure of our performance. We define NOI as total operating revenues, adjusted to exclude non-cash revenue items, less property operating expenses and real estate taxes. For the three and nine months ended September 30, 2020 and 2019, Same-Center NOI represents the NOI for the 276 properties that were wholly-owned and operational for the entire portion of both comparable reporting periods. We believe Same-Center NOI provides useful information to our investors 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). Because Same-Center NOI excludes the change in NOI from properties acquired or disposed of after December 31, 2018, it highlights operating trends such as occupancy levels, rental rates, and operating costs on properties that were operational for both comparable periods. Other REITs may use different methodologies for calculating Same-Center NOI, and accordingly, our Same-Center NOI may not be comparable to other REITs.

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 (dollars in thousands):

	Three Months Ended September 30, 2020	Three Months Ended September 30, 2019	Favorable (Unfavorable) $ Change	Favorable (Unfavorable) % Change	Nine Months Ended September 30, 2020	Nine Months Ended September 30, 2019	Favorable (Unfavorable) $ Change	Favorable (Unfavorable) % Change
Revenues:								
Rental income[1]	$ 86,574	$ 89,281	$ (2,707)		$ 261,061	$ 268,046	$ (6,985)	
Tenant recovery income	29,964	31,425	(1,461)		88,283	87,369	914	
Other property income	786	493	293		2,243	1,549	694	
Total revenues	117,324	121,199	(3,875)	(3.2)%	351,587	356,964	(5,377)	(1.5)%
Operating expenses:								
Property operating expenses	16,865	16,940	75		51,681	50,979	(702)	
Real estate taxes	16,975	17,167	192		50,161	50,417	256	
Total operating expenses	33,840	34,107	267	0.8 %	101,842	101,396	(446)	(0.4)%
Total Same-Center NOI	$ 83,484	$ 87,092	$ (3,608)	(4.1)%	$ 249,745	$ 255,568	$ (5,823)	(2.3)%

(1) Excludes straight-line rental income, net amortization of above- and below-market leases, and lease buyout income.

Same-Center NOI Reconciliation—Below is a reconciliation of Net Income (Loss) to NOI for our real estate investments and Same-Center NOI (in thousands):

	Three Months Ended September 30, 2020	Three Months Ended September 30, 2019[1]	Nine Months Ended September 30, 2020	Nine Months Ended September 30, 2019[1]
Net income (loss)	$ 13,430	$ (29,727)	$ 18,216	$ (77,687)
Adjusted to exclude:				
Fees and management income	(2,581)	(2,766)	(7,506)	(9,078)
Straight-line rental income[2]	(1,800)	(2,573)	(3,164)	(7,105)
Net amortization of above- and below-market leases	(811)	(1,042)	(2,394)	(3,266)
Lease buyout income	(664)	(632)	(972)	(1,088)
General and administrative expenses	9,595	11,537	30,141	38,287
Depreciation and amortization	56,095	58,477	168,692	179,020
Impairment of real estate assets	—	35,710	—	74,626
Interest expense, net	20,388	25,309	65,317	76,151
Gain on disposal of property, net	(10,734)	(5,048)	(8,616)	(10,903)
Other (income) expense, net	(196)	(1,561)	(9,565)	1,476
Property operating expenses related to fees and management income	1,058	2,328	2,586	5,154
NOI for real estate investments	83,780	90,012	252,735	265,587
Less: Non-same-center NOI[3]	(296)	(2,920)	(2,990)	(10,019)
Total Same-Center NOI	$ 83,484	$ 87,092	$ 249,745	$ 255,568

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

(2) Includes straight-line rent adjustments for neighbors deemed to be non-creditworthy.

(3) Includes operating revenues and expenses from non-same-center properties which includes properties acquired or sold and corporate activities.

Funds from Operations ("FFO") and Core FFO—FFO is a non-GAAP performance financial measure that is widely recognized as a measure of REIT operating performance. The National Association of Real Estate Investment Trusts ("Nareit") defines FFO as net income (loss) computed in accordance with GAAP, excluding gains (or losses) from sales of property and gains (or losses) from change in control, plus depreciation and amortization, and after adjustments for 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. Adjustments for unconsolidated partnerships and joint ventures are calculated to reflect FFO on the same basis. We calculate FFO Attributable to Stockholders and Convertible Noncontrolling Interests in a manner consistent with the Nareit definition, with an additional adjustment made for noncontrolling interests that are not convertible into common stock.

Core FFO is an additional performance financial measure used by us as 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 the assessment of the sustainability of operating performance in future periods. We believe it is more reflective of our core 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). To arrive at Core FFO, we adjust FFO attributable to stockholders and convertible noncontrolling interests to exclude certain recurring and non-recurring items including, but not limited to, depreciation and amortization of corporate assets, changes in the fair value of the earn-out liability, amortization of unconsolidated joint venture basis differences, gains or losses on the extinguishment or modification of debt, other impairment charges, and transaction and acquisition expenses.

FFO, FFO Attributable to Stockholders and Convertible Noncontrolling Interests, 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, FFO, FFO Attributable to Stockholders and Convertible Noncontrolling Interests, 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 FFO, FFO Attributable to Stockholders and Convertible Noncontrolling Interests, and Core FFO, as presented, may not be comparable to amounts calculated by other REITs.

The following table presents our calculation of FFO, FFO Attributable to Stockholders and Convertible Noncontrolling Interests, and Core FFO and provides additional information related to our operations (in thousands, except per share amounts):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019[(1)]	2020	2019[(1)]
Calculation of FFO Attributable to Stockholders and Convertible Noncontrolling Interests				
Net income (loss)	$ 13,430	$ (29,727)	$ 18,216	$ (77,687)
Adjustments:				
Depreciation and amortization of real estate assets	54,579	57,331	164,288	174,501
Impairment of real estate assets	—	35,710	—	74,626
Gain on disposal of property, net	(10,734)	(5,048)	(8,616)	(10,903)
Adjustments related to unconsolidated joint ventures	166	(1,814)	1,760	292
FFO attributable to the Company	57,441	56,452	175,648	160,829
Adjustments attributable to noncontrolling interests not convertible into common stock	—	(43)	—	(274)
FFO attributable to stockholders and convertible noncontrolling interests	$ 57,441	$ 56,409	$ 175,648	$ 160,555
Calculation of Core FFO				
FFO attributable to stockholders and convertible noncontrolling interests	$ 57,441	$ 56,409	$ 175,648	$ 160,555
Adjustments:				
Depreciation and amortization of corporate assets	1,516	1,146	4,404	4,519
Change in fair value of earn-out liability	—	—	(10,000)	(7,500)
Amortization of unconsolidated joint venture basis differences	546	1,181	1,267	1,878
Other impairment charges	—	—	—	9,661
Transaction and acquisition expenses	152	120	211	396
Other	—	157	73	157
Core FFO	$ 59,655	$ 59,013	$ 171,603	$ 169,666
FFO Attributable to Stockholders and Convertible Noncontrolling Interests per share and Core FFO per share				
Weighted-average common shares outstanding - diluted[(2)]	333,563	326,983	333,480	326,429
FFO attributable to stockholders and convertible noncontrolling interests per share - diluted	$ 0.17	$ 0.17	$ 0.53	$ 0.49
Core FFO per share - diluted	$ 0.18	$ 0.18	$ 0.51	$ 0.52

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

(2) Restricted stock units were dilutive to FFO Attributable to Stockholders and Convertible Noncontrolling Interests per share and Core FFO per share for the three and nine months ended September 30, 2020 and 2019, and, accordingly, their impact was included in the weighted-average common shares used in their respective per share calculations. For the three and nine months ended September 30, 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 10.

Earnings Before Interest, Taxes, Depreciation, and Amortization for Real Estate ("EBITDAre") and Adjusted EBITDAre—We have included the calculation of EBITDA*re* to better align with publicly traded REITs. Additionally, we believe that, as another important earnings metric, it is a useful indicator of our ability to support our debt obligations. 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.

Adjusted EBITDA*re* is an additional performance measure used by us as EBITDA*re* includes certain non-comparable items that affect our performance over time. To arrive at Adjusted EBITDA*re,* we exclude certain recurring and non-recurring items from EBITDA*re*, 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; and (iv) transaction and acquisition expenses.

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. 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* (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,		Year Ended
	2020	2019	2020	2019	2019
Calculation of EBITDA*re*					
Net income (loss)	$ 13,430	$ (29,727)	$ 18,216	$ (77,687)	$ (72,826)
Adjustments:					
Depreciation and amortization	56,095	58,477	168,692	179,020	236,870
Interest expense, net	20,388	25,309	65,317	76,151	103,174
Gain on disposal of property, net	(10,734)	(5,048)	(8,616)	(10,903)	(28,170)
Impairment of real estate assets	—	35,710	—	74,626	87,393
Federal, state, and local tax expense	173	176	382	517	785
Adjustments related to unconsolidated joint ventures	594	(1,131)	3,162	2,398	2,571
EBITDA*re*	$ 79,946	$ 83,766	$ 247,153	$ 244,122	$ 329,797
Calculation of Adjusted EBITDA*re*					
EBITDA*re*	$ 79,946	$ 83,766	$ 247,153	$ 244,122	$ 329,797
Adjustments:					
Change in fair value of earn-out liability	—	—	(10,000)	(7,500)	(7,500)
Other impairment charges	—	—	—	9,661	9,661
Transaction and acquisition expenses	152	120	211	396	598
Amortization of unconsolidated joint venture basis differences	546	1,181	1,267	1,878	2,854
Adjusted EBITDA*re*	$ 80,644	$ 85,067	$ 238,631	$ 248,557	$ 335,410

Liquidity and Capital Resources

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

- principal and interest payments on our outstanding indebtedness;
- cash distributions to stockholders;
- repurchases of common stock for DDI and the Tender Offer;
- capital expenditures and leasing costs;
- investments in real estate; and
- redevelopment and repositioning projects.

We expect our primary sources of liquidity to be:

- operating cash flows;
- proceeds from debt financings, including borrowings under our unsecured revolving credit facility;
- proceeds received from the disposition of properties;
- distributions received from joint ventures;
- available, unrestricted cash and cash equivalents; and
- reinvested distributions.

Our cash from operations has been reduced, and we anticipate that it may continue to be be negatively impacted, at least in the near term, as a result of the immediate impact of the COVID-19 pandemic as we temporarily experience reduced or delayed cash payments and/or revenue from neighbors. Additionally, our cash from financing activities has been impacted by actions taken to preserve liquidity such as the suspension of our distributions, the DRIP, and the SRP, and will continue to be impacted by any distributions declared as well as the Tender Offer. We are monitoring events closely and managing our cash usage, which also includes prioritizing our capital spending and redevelopment to support the reopening of our neighbors and new leasing activity, or deferring if possible, as well as reducing other property and corporate expenses. At this time, we believe our current sources of liquidity, most significantly our operating cash flows and borrowing availability on our revolving credit facility, are sufficient to meet our short- and long-term cash demands.

Debt—The following table summarizes information about our debt as of September 30, 2020 and December 31, 2019 (dollars in thousands):

	September 30, 2020	December 31, 2019
Total debt obligations, gross	$ 2,334,888	$ 2,372,521
Weighted-average interest rate at end of period	3.1 %	3.4 %
Weighted-average term (in years) at end of period	4.3	5.0
Revolving credit facility capacity	$ 500,000	$ 500,000
Revolving credit facility availability[1]	490,404	489,805
Revolving credit facility maturity[2]	October 2021	October 2021

(1) Net of any outstanding balance and letters of credit.

(2) The revolving credit facility matures in October 2021 and includes an option to extend the maturity to October 2022, with its execution being subject to compliance with certain terms included in the loan agreement, including the absence of any defaults and the payment of relevant fees. We intend to either exercise our option to extend the maturity or to negotiate under new terms.

As our debt obligations mature, we intend to refinance or pay off the balances at maturity using proceeds from operations and/or corporate-level debt.

In January 2020, we paid down $30.0 million of term loan debt maturing in 2021 using proceeds from property dispositions in 2019. Following this repayment, our next term loan maturity is in April 2022. 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 our COVID-19 expense reduction initiatives, sufficiently funded our operating needs and provided enough stability to allow us to repay in full the outstanding balance on our revolving credit facility in June 2020.

In October 2020, we executed early repayments of $20.4 million in mortgage debt utilizing cash on hand.

Our debt is subject to certain covenants, and as of September 30, 2020, we were in compliance with the restrictive covenants of our outstanding debt obligations. We expect to continue to meet the requirements of our debt covenants over the next twelve months.

Financial Leverage Ratios—We believe our debt to Adjusted EBITDA*re*, debt to total enterprise value, and debt covenant compliance as of September 30, 2020 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 joint ventures, as of September 30, 2020 and December 31, 2019 (dollars in thousands):

	September 30, 2020	December 31, 2019
Net debt:		
Total debt, excluding market adjustments and deferred financing expenses	$ 2,379,355	$ 2,421,520
Less: Cash and cash equivalents	105,270	18,376
Net debt	$ 2,274,085	$ 2,403,144
Enterprise value:		
Net debt	$ 2,274,085	$ 2,403,144
Total equity value[1]	2,914,940	3,682,161
Total enterprise value	$ 5,189,025	$ 6,085,305

[1] Total equity value is calculated as the number of common shares and OP units outstanding multiplied by the EVPS as of September 30, 2020 and December 31, 2019, respectively. There were 333.1 million diluted shares outstanding with an EVPS of $8.75 as of September 30, 2020 and 331.7 million diluted shares outstanding with an EVPS of $11.10 as of December 31, 2019.

The following table presents our calculation of net debt to Adjusted EBITDA*re* and net debt to total enterprise value as of September 30, 2020 and December 31, 2019 (dollars in thousands):

	September 30, 2020	December 31, 2019
Net debt to Adjusted EBITDA*re* - annualized:		
Net debt	$ 2,274,085	$ 2,403,144
Adjusted EBITDA*re* - annualized[1]	325,484	335,410
Net debt to Adjusted EBITDA*re* - annualized	7.0x	7.2x
Net debt to total enterprise value		
Net debt	$ 2,274,085	$ 2,403,144
Total enterprise value	5,189,025	6,085,305
Net debt to total enterprise value	43.8%	39.5%

[1] Adjusted EBITDA*re* is annualized based on trailing twelve months. See Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations - Non-GAAP Measures - EBITDA*re* and Adjusted EBITDA*re* for a reconciliation to Net Income (Loss).

Capital Expenditures and Redevelopment Activity—We make capital expenditures during the course of normal operations, which include maintenance capital expenditures and tenant improvements as well as value-enhancing anchor space repositioning and redevelopment, ground-up outparcel development, and other accretive projects. Our capital investments have been prioritized to support the reopening of our neighbors and new leasing activity, or deferred if possible.

During the nine months ended September 30, 2020 and 2019, we had capital spend of $40.8 million and $48.1 million, respectively. Our capital spend during the nine months ended September 30, 2020 included $20.7 million related to development and redevelopment projects. We anticipate that obligations related to capital improvements as well as redevelopment and development can be met with cash flows from operations, cash flows from dispositions, or borrowings on our unsecured revolving line of credit.

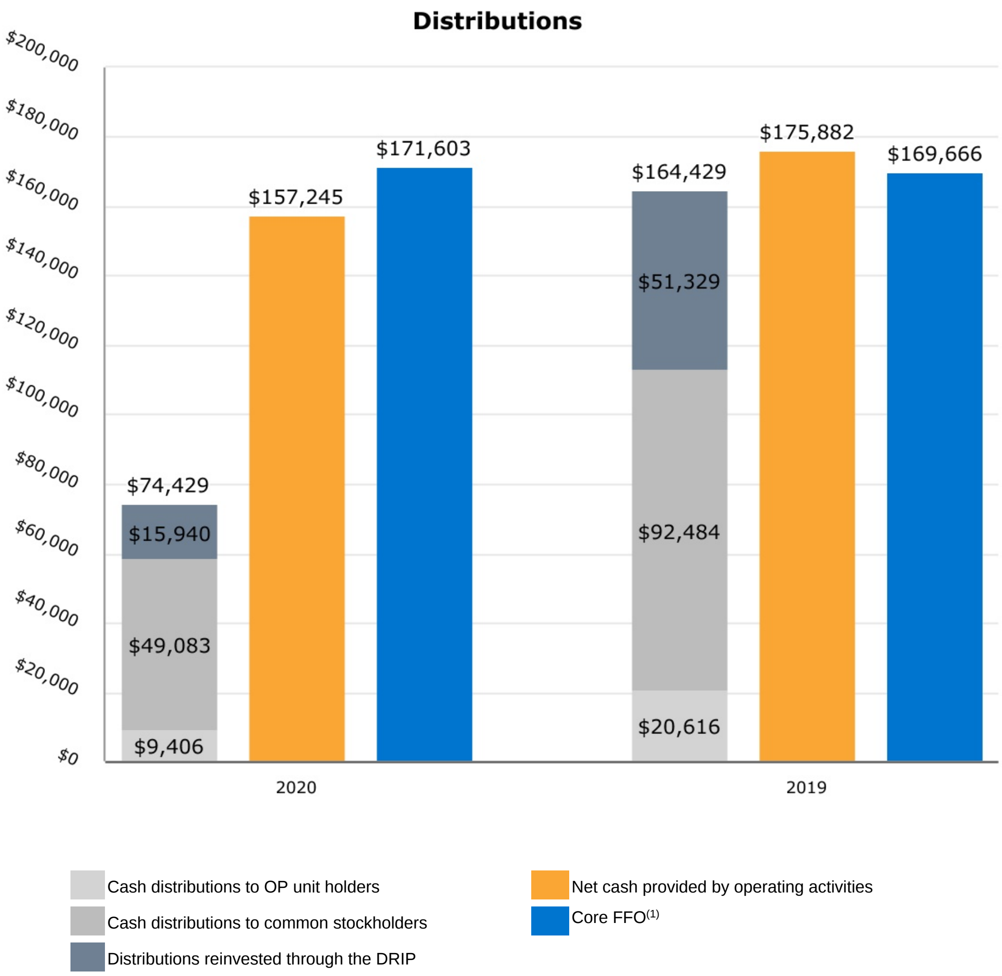
Acquisition Activity—We continually monitor the commercial real estate market for properties that have future growth potential, are located in attractive demographic markets, and support our business objectives. Given the uncertainty around the COVID-19 pandemic as well as the resulting market conditions, we expect acquisition activity to remain low for the remainder of 2020. During the nine months ended September 30, 2020, we acquired one property and two parcels of land, as described in Note 4 to the consolidated financial statements, for a total cash outlay of $23.0 million. During the nine months ended September 30, 2019, we acquired one property and one parcel of land for a total cash outlay of $49.9 million.

Disposition and Contribution 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. We expect to continue to make strategic dispositions during 2020, though the volume will likely be less than anticipated due to the impact of the COVID-19 pandemic and the resulting economic downturn. The following table highlights our property dispositions for the nine months ended September 30, 2020 and 2019 (dollars and square feet in thousands):

	Nine Months Ended September 30,	
	2020	2019
Number of properties sold	6	10
Number of outparcels sold	—	1
GLA	525	1,178
Proceeds from the sale of real estate	$ 48,276	$ 86,159
Gain on sale of property, net[1]	9,915	12,369

(1) 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.

Distributions—Distributions to our common stockholders and OP unit holders, including key financial metrics for comparison purposes, for the nine months ended September 30, 2020 and 2019, are as follows (in thousands):



(1) See Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations - Non-GAAP Measures - Funds from Operations and Core Funds from Operations for the definition of Core FFO, or information regarding why we present Core FFO, and for a reconciliaiton of this non-GAAP financial measure to Net Income (Loss).

During 2020, we paid monthly distributions of $0.05583344 per share for the months of December 2019 and January, February, and March 2020 on a cash basis, until the suspension of stockholder distributions by the Board. 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, as well as our results of operations, our general financial condition, general economic conditions, and other factors.

On March 27, 2020, as a result of the uncertainty surrounding the COVID-19 pandemic, our Board suspended stockholder distributions, effective after the payment of the March 2020 distribution on April 1, 2020. The DRIP was also suspended, and the March 2020 distribution was paid in all cash on April 1, 2020.

On November 4, 2020, our Board reinstated monthly stockholder distributions beginning December 2020 equal to $0.02833333 per share of common stock, or $0.34 annualized. Additionally, the DRIP will also be reinstated with this distribution. OP unit holders will receive distributions at the same rate as common stockholders. The distribution and DRIP for December 2020 will be effective for stockholders of record at the close of business on December 28, 2020. We expect to pay this distribution on January 7, 2021. Our Board intends to evaluate distributions on a monthly basis throughout 2021.

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 (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 intend to maintain compliance with these requirements and keep our qualification as a REIT.

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

Tender Offer—On November 4, 2020, our Board approved a voluntary tender offer commencing on November 10, 2020 for up to 4.5 million shares of our outstanding common stock at a price of $5.75 per share, for a total value of approximately $26 million.

Share Repurchase Program—On August 7, 2019, the Board suspended the SRP with respect to standard repurchases. The SRP for DDI was suspended effective March 27, 2020, in response to the uncertainty of COVID-19.

We expect to restart share repurchases for DDI at $5.75 per share, but no shares will be repurchased until at least 10 business days after completion of the Tender Offer. The SRP with respect to standard repurchases will remain suspended.

Cash Flow Activities—As of September 30, 2020, we had cash and cash equivalents and restricted cash of $136.8 million, a net cash increase of $41.7 million during the nine months ended September 30, 2020.

Below is a summary of our cash flow activity for the nine months ended September 30, 2020 and 2019 (dollars in thousands):

	Nine Months Ended September 30,			
	2020	2019	$ Change	% Change
Net cash provided by operating activities	$ 157,245	$ 175,882	$ (18,637)	(10.6)%
Net cash used in investing activities	(13,561)	(9,302)	(4,259)	45.8 %
Net cash used in financing activities	(101,994)	(164,818)	62,824	(38.1)%

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. Our change in cash flows from property operations is primarily due to reduced revenue and collections as a result of the COVID-19 pandemic, partially mitigated by expense reduction measures at the property and corporate levels.
- *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 $7.5 million for the nine months ended September 30, 2020, a decrease of $1.6 million as compared to the same period in 2019, primarily due to fee and management income no longer received from REIT III following its acquisition by us in October 2019 and a decrease in fees received from NRP largely due to property dispositions.
- *Cash paid for interest*—During the nine months ended September 30, 2020, we paid $59.9 million for interest, a decrease of $6.9 million over the same period in 2019, largely due to a decrease in LIBOR and expiring interest rate swaps in 2020, as well as repricing activities occurring in 2019.

Investing Activities—Our net cash used in investing activities was primarily impacted by the following:

- *Real estate acquisitions*—During the nine months ended September 30, 2020, we acquired one property and two parcels of land, for a total cash outlay of $23.0 million. During the nine months ended September 30, 2019, we acquired one property and one parcel of land for a total cash outlay of $49.9 million.
- *Real estate dispositions*—During the nine months ended September 30, 2020, we disposed of six properties for a net cash inflow of $48.3 million, as compared to the disposal of ten properties and one outparcel for a net cash inflow of $86.2 million during the same period in 2019.
- *Capital expenditures*—We invest capital into leasing our properties and maintaining or improving the condition of our properties. During the nine months ended September 30, 2020, we paid $40.8 million for capital expenditures, a decrease of $7.3 million over the same period in 2019. This decrease was primarily driven by reduced capital expenditures since the first quarter of 2020, as our capital investments have been prioritized to support the reopening of our neighbors and new leasing activity, or deferred if possible, as well as a lower volume of other building improvements at our centers.

Financing Activities—Our net cash used in financing activities was primarily impacted by the following:

- *Debt borrowings and payments*—Cash from financing activities is primarily affected by inflows from borrowings and outflows from payments on debt. During the nine months ended September 30, 2020, we had $37.8 million in net repayment of debt primarily as a result of a pay down in January 2020 of $30.0 million on term loan debt maturing in 2021. During the nine months ended September 30, 2019 we had $21.3 million in net repayment of debt, net of cash from the disposition of properties.
- *Distributions to stockholders and OP unit holders*—Cash used for distributions to common stockholders and OP unit holders decreased $54.6 million for the nine months ended September 30, 2020 as compared to the same period in 2019, primarily due to the temporary suspension of stockholder distributions which became effective after the payment of the March 2020 dividend on April 1, 2020.
- *Share repurchases*—Cash outflows for share repurchases decreased by $25.0 million for the nine months ended September 30, 2020 as compared to the same period in 2019. On August 7, 2019, the Board suspended the SRP with respect to standard repurchases. The SRP for DDI was suspended effective March 27, 2020, in response to the uncertainty of COVID-19.

Critical Accounting Policies and Estimates

Our 2019 Annual Report on Form 10-K, filed with the SEC on March 12, 2020, contains a description of our critical accounting policies and estimates, including those relating to real estate acquisitions, rental income, and the valuation of real estate assets. There have been no significant changes to our critical accounting policies during 2020.

Because of the adverse economic conditions and uncertainty regarding the negative impacts of the COVID-19 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 12 for additional discussion on the potential impact that the COVID-19 pandemic could have on significant accounting estimates as employed per our critical accounting policies.

Impact of Recently Issued Accounting Pronouncements

In response to the COVID-19 pandemic, the FASB issued interpretive guidance addressing the accounting treatment for lease concessions attributable to the pandemic. Under this guidance, entities may elect to account for such lease concessions consistent with how they would be accounted for under ASC Topic 842, *Leases,* (“ASC 842”) if the enforceable rights and obligations for the lease concessions already existed within the lease agreement, regardless of whether such enforceable rights and obligations are explicitly outlined within the lease. This accounting treatment may only be applied if (1) the lease concessions were granted as a direct result of the pandemic, and (2) the total cash flows under the modified lease are less than or substantially the same as the cash flows under the original lease agreement. As a result, entities that make this election will not have to analyze each lease to determine whether enforceable rights and obligations for concessions exist within the contract, and may elect not to account for these concessions as lease modifications within the scope of ASC 842.

Some concessions will provide a deferral of payments, which may affect the timing of cash receipts without substantively impacting the total consideration per the original lease agreement. The FASB has stated that there are multiple acceptable methods to account for deferrals under the interpretive guidance:

- Account for the concession as if no changes to the lease contract were made, increasing the lease receivable as payments accrue and continuing to recognize income; or
- Account for deferred lease payments as variable lease payments.

We have elected not to account for any qualifying lease concessions granted as a result of the COVID-19 pandemic as lease modifications and will account for any qualifying concessions granted as if no changes to the lease contract were made. This will result in an increase to the related lease receivable as payments accrue while we continue to recognize rental income. We will, however, assess the impact of any such concessions on estimated collectability of the related lease payments and will reflect any adjustments as necessary as an offset to Rental Income on the consolidated statements of operations.

Please refer to Note 2 for discussion of the impact of other recently issued accounting pronouncements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There have been no material changes from the quantitative and qualitative disclosures about market risk disclosed in Part II, Item 7A of our 2019 Annual Report on Form 10-K filed with the SEC on March 12, 2020.

ITEM 4. 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 September 30, 2020. 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 September 30, 2020.

Changes in Internal Control over Financial Reporting

During the quarter ended September 30, 2020, 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.

w PART II OTHER INFORMATION

ITEM 1. 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 1A. RISK FACTORS

The following risk factor supplements the risk factors set forth in our 2019 Annual Report on Form 10-K filed with the U.S. Securities and Exchange Commission ("SEC") on March 12, 2020. Except to the extent updated below or previously updated, or to the extent additional factual information disclosed elsewhere in our Quarterly Reports on Form 10-Q relates to such risk factors (including, without limitation, the matters discussed in Part I, "Item 2 - Management's Discussion and Analysis of Financial Condition and Results of Operations"), there were no material changes to the risk factors disclosed in Part I, "Item 1A. Risk Factors" of our Annual Report on Form 10-K for the year ended December 31, 2019.

The outbreak of the COVID-19 pandemic has had, and could continue to have, a material adverse effect on our and our tenants' businesses, financial condition, results of operations, cash flow, liquidity, and ability to satisfy debt service obligations.

In March 2020, the World Health Organization declared COVID-19 a global pandemic. The COVID-19 pandemic has caused, and could continue to cause, significant disruptions to the United States and global economy and has contributed to significant volatility and negative pressure in financial markets. The global impact of the outbreak is continually evolving and, as additional cases of the virus are identified, 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 properties are located, also reacted by instituting quarantines, restrictions on travel, "shelter-in-place" or "stay-at-home" rules, restrictions on types of business that may continue to operate, and/or restrictions on the types of construction projects that may continue. In May 2020, many state and local governments began lifting, in whole or in part, the "stay-at-home" mandates, effectively removing or lessening the limitations on travel and allowing many businesses to reopen in full or limited capacity. Some states and localities have temporarily reinstated certain mandates in response to increasing reported cases of COVID-19. The impact these measures and the resulting consumer behavior are having on our portfolio evolved throughout the second and third quarters, and we expect that it will continue to do so.

The COVID-19 pandemic has impacted our business and financial performance, and we expect this impact to continue. Our retail and services tenants depend on in-person interactions with their customers to generate unit-level profitability, and the COVID-19 pandemic has and may continue to decrease customer willingness to frequent, and mandated "shelter-in-place" or "stay-at-home" orders may prevent customers from frequenting, our tenants' businesses, which may result in their inability to maintain profitability and make timely rental payments to us under their leases or to otherwise seek lease modifications or to declare bankruptcy. We own properties across the United States, including properties in states that have been significantly impacted by the COVID-19 pandemic. We have a higher concentration of annualized base rent ("ABR") from tenants in certain states significantly impacted by the pandemic, such as Florida, Texas, California, Georgia, and Illinois. Our wholly-owned properties and those owned through our joint ventures contained approximately 5,600 occupied tenant spaces as of November 4, 2020. At the peak of the pandemic-related closure activity, our temporary closures reached approximately 2,100, or 37% of all tenant spaces, totaling 27% of our ABR and 22% of our gross leasable area ("GLA"). As of November 4, 2020, 98% of our occupied tenant spaces, totaling 99% of our ABR and GLA, are open for business. Certain tenants remain temporarily closed, have since closed after reopening, are 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 self-elected efforts to reduce the spread of COVID-19. These actions could result in increased permanent store closings and could reduce the demand for leasing space in our shopping centers and result in a decline in average rental rates on expiring leases.

While most of our tenants have reopened, we cannot presently determine how many of the tenants that remain closed will reopen, or whether a portion of those that have reopened will be required by government mandates to temporarily close again or will encounter financial difficulties that require them to close permanently. We believe substantially all tenants, 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 believe it is best to begin negotiation of relief only once a tenant has reopened, and we have received payments made toward rent and recovery charges owed during the second and third quarter. As of November 4, 2020, we have executed payment plans with our tenants agreeing to defer approximately $4.3 million in rent and related charges, and we had granted rent abatements totaling approximately $2.0 million. These payment plans and rent abatements represented 1.1% and 0.5% of portfolio ABR, respectively, and the weighted-average term over which we expect to receive payment on executed payment plans is approximately eight months. We are in negotiations with additional tenants, which we believe will lead to more tenants repaying their past due charges. As of November 4, 2020, we have collected approximately 90% of rent and recoveries billed during the second quarter of 2020, and approximately 94% of rent and recoveries billed during the third quarter. Further, our collections for October 2020 were 94%. In the event of any default by a tenant 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. We currently anticipate the above circumstances to negatively impact our revenues at least for the remainder of the year. Additionally, certain tenants have declared bankruptcy as a result of the effects of the pandemic. As of September 30, 2020, we have several tenants in bankruptcy proceedings where we have not yet received notice that the lease has been assumed or rejected, representing an exposure of 1.2% of our total ABR.

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

- the ability and willingness of our tenants 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 tenant, and obligations we may incur in connection with the replacement of an existing tenant, particularly in light of the adverse impact to the financial health of many retailers and service providers that has occurred and continues to occur as a result of the COVID-19 pandemic and the significant uncertainty as to when and the conditions under which potential tenants will be able to operate physical retail locations in the future;
- a potential sustained or permanent increase in online shopping instead of shopping at physical retail properties, thereby reducing demand for space in our shopping centers and possible related reductions in rent or increased costs to lease space;
- the adverse impact of current economic conditions on the market value of our real estate portfolio and our third-party investment management business, and consequently on the estimated value per share ("EVPS") of our common stock;
- the adverse impact of the current economic conditions on our ability to effect a liquidity event at an attractive price or at all in the near term and for a potentially lengthy period of time;
- the financial impact and continued economic uncertainty could continue to negatively impact our ability to pay distributions to our stockholders and/or to repurchase shares;
- to the extent we were seeking to sell properties in the near term, significantly greater uncertainty regarding our ability to do so at attractive prices or at all;
- anticipated returns from development and redevelopment projects, which have been prioritized to support the reopening of our tenants and new leasing activity, or deferred if possible;
- the broader impact of the severe economic contraction due to the COVID-19 pandemic, the resulting increase in unemployment that has occurred in the short-term and its effect on consumer behavior, and negative consequences that will occur if these trends are not timely reversed;
- state, local, or industry-initiated efforts, such as a rent freeze for tenants 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;
- our ability to pay down, refinance, restructure, or extend our indebtedness as it becomes due, and our potential inability to comply with the financial covenants of our credit facility and other debt agreements, which could result in a default and potential acceleration of indebtedness and impact our ability to make additional borrowings under our credit facility or otherwise in the future; and
- 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.

We have temporarily suspended stockholder distributions in an effort to preserve cash due to current economic uncertainty and we may choose to do the same in the future. Additionally, we may in the future choose to pay distributions in shares of our common stock rather than solely in cash, which may result in our stockholders having a tax liability with respect to such distributions that exceeds the amount of cash received, if any.

While the rapid developments regarding the COVID-19 pandemic preclude any prediction as to its ultimate adverse impact, the current economic, political, and social environment presents material risks and uncertainties with respect to our and our tenants' business, financial condition, results of operations, cash flows, liquidity, and ability to satisfy debt service obligations. Moreover, to the extent any of these risks and uncertainties adversely impact us in the ways described above or otherwise, they may also have the effect of heightening many of the other risks described under the section entitled "Item 1A. Risk Factors" in our most recent annual report on Form 10-K for the year ended December 31, 2019.

ITEM 5. OTHER INFORMATION

Amended and Restated Code of Business Conduct and Ethics

On November 4, 2020, our Board of Directors adopted an amended and restated Code of Business Conduct and Ethics (the "Code of Ethics"). The Code of Ethics reflects updates to the "Diversity, Equity and Inclusion" and the "Discrimination & Harassment Prevention" sections, as well as updates to improve language, appearance and style throughout the Code of

Ethics. The Code of Ethics took effect upon adoption by our Board of Directors and did not result in any waiver, explicit or implicit, of any provision of our previous Code of Business Conduct and Ethics.

The Code of Ethics will be made available on our website at www.phillipsedison.com in the “Investors – Governance” section as soon as practicable.

The foregoing description of the amendments reflected in the Code of Ethics does not purport to be complete and is qualified in its entirety by reference to the Code of Ethics, attached as Exhibit 14.1 hereto and incorporated herein by reference.

ITEM 6. EXHIBITS

Ex.	Description
3.1	Fifth Articles of Amendment and Restatement (incorporated by reference to Exhibit 3.1 to the Company’s Current Report on Form 8-K filed with the SEC on August 10, 2020)
14.1	Code of Business Conduct and Ethics*
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.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy 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)

*Filed herewith

SIGNATURES

Pursuant to the requirements 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.

PHILLIPS EDISON & COMPANY, INC.

Date: November 9, 2020	By:	*/s/ Jeffrey S. Edison*
		Jeffrey S. Edison
		Chairman of the Board and Chief Executive Officer (Principal Executive Officer)
Date: November 9, 2020	By:	*/s/ John P. Caulfield*
		John P. Caulfield
		Chief Financial Officer, Senior Vice President and Treasurer (Principal Financial Officer)

PHILLIPS EDISON & COMPANY, INC.
CODE OF BUSINESS CONDUCT AND ETHICS

A Message from our Chief Executive Officer

Dear PECO Associates:

PECO prides itself on conducting business with the highest integrity and the highest ethical standards. One of our core values is “Do the Right Thing.” We do the right thing, even if it isn’t always the easy thing.

Our values and our Code of Business Conduct and Ethics serve as our guides to conducting business with integrity and high ethical standards. Our values are the foundation of who we are and what we do. Our values are a reflection of our culture and help to guide our day-to-day actions.

Similarly, our Code of Business Conduct and Ethics provides important guidance as we conduct our daily affairs. The Code applies to all associates, officers, and directors of PECO. The Code outlines your responsibilities as an associate and provides resources for how to address specific issues and concerns.

While words matter, actions matter more. We must incorporate the letter and spirit of these principles into our actions as we deliver on our commitments to each other, our stockholders, our neighbors, our business partners, and the communities where we do business. It is our responsibility to understand and act in accordance with the Code as we conduct business day to day.

As a team, we have worked very hard to build a successful and well-respected company. We simply cannot - and will not - tolerate unethical or inappropriate behavior. Now more than ever, building a great company requires an unwavering commitment to the highest ethical standards. Each of us is accountable to do the right thing. Thank you for doing your part.

Guidelines for Ethical Decision-Making

Doing the right thing in all Company activities is everyone’s responsibility. But it is not always easy to know what the “right thing” is. Sometimes, because of the complexity of the situation, the “right thing” is not clear.

If you are faced with a difficult business decision that is not addressed in this Code, ask yourself these questions:

- Is this action honest and fair?
- Is this action legal, ethical, and socially responsible?
- Is this action in the best interests of PECO?
- Is this action consistent with both the letter and the spirit of our Code and Company policies?
- How will this action appear to my manager, Company executives, the Board, or the general public?
- Would I be embarrassed if this action were to become known throughout the Company or publicly?
- Would another person’s input help to evaluate this action?

After considering the questions above, here are some other guidelines to follow:

- Make sure you have all the facts. In order to make the best decisions, we must be as informed as possible.
- Use your best judgment and common sense. If something seems unethical or improper, it probably is.
- Clarify your responsibility and role. In most situations, there is shared responsibility. Are your colleagues informed? It may help to get others involved and discuss the issue.
- Discuss the issue with your manager. In many cases, your manager will be knowledgeable about the issue and will appreciate being brought into the decision-making process. Remember that it is your manager's responsibility to help solve problems.
- Seek help from Company resources. If it would be inappropriate or you do not feel comfortable discussing the issue with your manager, or if you are not satisfied with the response that you received from your manager, you may bring the issue to the attention of your department head or another trusted leader within the Company. Other available resources include the General Counsel, the Chief Human Resources Officer, and the Chief Compliance Officer.
- You may report possible ethical violations anonymously and without fear of retaliation. You may report possible ethical violations through PECO's ethics hotline, where you may choose to remain anonymous. PECO prohibits retaliation of any kind against associates who report ethical violations in good faith.
- Always ask first, act later. If you are unsure of what to do in any situation, seek guidance before you act.

<u>Our Values and Mission</u>

Our Mission: We create great omni-channel grocery-anchored shopping experiences and improve our communities one shopping center at a time.

Who We Are

PRIDE – Defines us.
ENERGY – Fuels Us.
CONNECTION – Drives Us.
OPPORTUNITY – Sustains Us.

What We Value

DO THE RIGHT THING – We do the right thing, even if it isn't always the easy thing.
HAVE FUN & GET IT DONE – We know when it's time to work hard and work smart, but we most importantly we know when it's time to have fun!
THINK BIG. ACT SMALL. – We have big dreams and goals that we'll achieve by working together as a family and preserving our small company mentality.
ALWAYS KEEP LEARNING – Things constantly change, and the best way to be successful is through constantly learning.

How We Lead

Authenticity

- Is comfortable in his/her own skin

- Takes pride and an active hand in helping associates succeed
- Shows genuine interest in the work and non-work lives of the people around him/her

Acumen
- Identifies how to get things done internally and externally
- Applies functional expertise
- Creates high performing teams

Action
- Makes informed decisions and moves forward
- Delegates effectively
- Rallies the team to achieve results

Agility
- Pivots
- Pushes the boundaries
- Commits to continuous improvement

Guidelines for Ethical Decision-Making

INTRODUCTION

Purpose

Phillips Edison & Company, Inc. ("PECO," the "Company," "we," "our," or "us") is built upon a foundation of strong corporate values and the highest standards of ethics and integrity. Our values and standards represent the core of how we create the solid foundation of trust and success that is reflected in our relationships with our stockholders, tenants ("neighbors"), business partners, and each other.

This Code of Business Conduct and Ethics (the "Code") serves as an important resource for associates in support of day-to-day decision making. This Code is designed to deter wrongdoing and to promote:
- Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest
- Full, fair, accurate, timely, and understandable disclosure in reports and documents we file with the Securities and Exchange Commission (the "SEC") and in our other public communications
- Compliance with applicable laws, rules, and regulations
- The prompt internal reporting of violations of this Code
- Accountability for adherence to this Code

This Code outlines basic principles to guide the conduct of the Company's associates, officers, and directors. Many of the principles described in this Code are general in nature, and the Code does not address every situation that may arise. We depend upon you to exercise good judgment and to be guided by both the letter and the spirit of this Code. We further depend upon you to speak up when you observe things that you believe are or may be improper. If you have any questions about applying the Code, it is your responsibility to seek guidance.

The Code is not the exclusive source of guidance and information regarding the conduct of our business. You should consult applicable policies and procedures in specific areas as they apply. Associates and officers should also refer to PECO's Associate Handbook for additional policies on business conduct, which supplement and are in addition to this Code. Directors should refer to the Corporate Governance Guidelines for additional policies that specifically govern the conduct of directors.

Applicability

This Code applies to all associates, officers, and directors of PECO and its subsidiaries. We also expect our vendors, contractors, consultants, partners, and those who are temporarily assigned to perform work for us to act ethically and in a manner consistent with this Code. If you engage a third party, you should take reasonable steps to ensure that the third party is aware of our Code, has a reputation for integrity, and acts responsibly and consistently with our Code.

COMPLYING WITH THE CODE OF CONDUCT

General

To maintain the highest standards of integrity, we must dedicate ourselves to complying with our Code, Company policies and procedures, and applicable laws and regulations. Violations of our Code not only damage our Company's standing in the communities we serve, they may also be illegal. Associates involved in violating our Code will likely face negative consequences. PECO will take the appropriate disciplinary action in response to each case, up to and including termination of employment. In addition, associates may be subject to government fines or criminal or civil liability.

Periodically, you will be asked to provide a written certification that you have reviewed and understand this Code, comply with its standards, and are not personally aware of any violations of the Code by others. This certification is also your pledge to live up to our Code and its expectations and to promptly raise concerns about any situation that you think may violate our Code.

What Associates Must Do

You contribute to PECO's culture of ethical conduct by understanding and complying with the letter and spirit of PECO's policies and all applicable laws; always acting with the highest levels of personal and professional integrity; and informing appropriate personnel when you suspect or have knowledge of a conflict with this Code or the law.

- Understand and Comply with PECO Policies
  - Abide by the provisions of this Code and other workplace policies. Up-to-date policies can be found on the Policies and Procedures Center on PECONET.
  - Ask your manager, department head, the General Counsel, the Chief Human Resources Officer, or the Chief Compliance Officer if you have questions about this Code or any PECO policies.
  - Annually certify that you have reviewed and understand our Code, comply with its standards, and are not personally aware of any violations of our Code by others.
- Speak Up
  - Promptly raise any concerns about potential violations of laws, ethical standards, or PECO policies. Ask questions if something is not right. Talk to your manager, department head, the General Counsel, the Chief Human Resources Officer, or the Chief Compliance Officer; or contact PECO's ethics hotline at 844-240-0620 or phillipsedison.ethicspoint.com.
  - If your concern is not resolved, pursue an alternate channel listed above.
  - Cooperate fully in any investigation of suspected violations of the Code.

What Leaders Must Do

As a PECO leader, you must be an ethical role model for all associates. You must show a commitment to our values through your actions. You must promote an environment where compliance is expected and ethical behavior is the norm.

- Prevent Ethics and Compliance Issues
  - Exemplify PECO's values and exhibit the highest standards of integrity.
  - Communicate PECO's expectations for ethical conduct and your own personal support of these expectations by holding everyone accountable for making sound ethical judgments.
  - Help PECO associates feel comfortable raising concerns.
  - Be alert to any situations or actions that may be unethical or potentially damaging to PECO's reputation. You must take prompt action to address such situations and be careful to avoid even the appearance of implicit approval.
  - Never ask a PECO associate to violate this Code or PECO's policies, break the law, or otherwise go against the Company's values, policies, and procedures.
- Respond to Ethics and Compliance Issues
  - Take prompt corrective action to fix identified compliance weaknesses within your control. The Chief Compliance Officer should be informed promptly of any compliance weaknesses that are identified and any corrective actions taken.
  - Quickly escalate significant legal, ethics, or compliance concerns. Do not attempt to investigate or resolve such concerns on your own.
  - Maintain confidentiality. When a concern is raised with you, limit sharing of information to only those individuals with a direct need to know.
  - Ensure consistent enforcement of disciplinary action through consultation with the General Counsel, the Chief Compliance Officer, and the Chief Human Resources Officer.
  - Ensure that no retaliation occurs against any associate for reporting or participating in the investigation of suspected violations.

We take seriously the enforcement of this Code. However, if circumstances arise that merit a waiver to any provision of this Code, you should contact the General Counsel and the Chief Compliance Officer in advance to discuss obtaining a waiver. PECO will waive application of the policies set forth in this Code only where circumstances warrant granting a waiver based on the best interests of the Company and its stockholders. Any waiver pertaining to a PECO associate must be approved by the General Counsel and the Chief Compliance Officer. Any waiver of the Code for directors or executive officers must be approved by a majority of the independent members of the Board of Directors not involved in the possible waiver and will be promptly disclosed as required by law or regulation.

COMPLYING WITH APPLICABLE LAWS AND REGULATIONS

PECO and its associates, officers, and directors must comply with all applicable federal, state, and local laws, rules, and regulations. If a provision of the Code conflicts with applicable law, the law controls. It is important that you are aware of, and never intentionally violate, relevant laws and regulations. Violating relevant laws, regulations, or this Code, or encouraging or allowing others to do so, exposes the Company to risk, including risk to its reputation, and may result in disciplinary action up to and including termination of employment. Violations of laws or regulations may also result in legal proceedings and penalties including, in some circumstances, civil and criminal penalties that could affect you personally. You should also be alert to changes in the law or new requirements that may affect your business unit.

RECOGNIZING AND REPORTING VIOLATIONS

PECO associates are obligated to report any known or suspected violations of this Code or any laws, rules, regulations, or policies that apply to PECO. If you fail to do so, you may be subject to discipline, up to and including termination of employment. Reporting a known or suspected violation of this Code by others should not be considered an act of disloyalty, but an action to safeguard the reputation and integrity of PECO and its associates.

If you have questions or concerns, or need to report a known or suspected violation, it is important that you discuss your concerns immediately. In most cases, your manager is the best person to contact. If you are uncomfortable going to your manager for any reason, you may speak with the head of your department or another trusted leader within the Company. Other available resources include the General Counsel, the Chief Human Resources Officer, and the Chief Compliance Officer. You may also report a suspected violation through PECO's ethics hotline, where you may choose to remain anonymous. You may contact PECO's ethics hotline at 844-240-0620 or phillipsedison.ethicspoint.com. The hotline is available 24 hours a day, 7 days a week.

Be assured that the information you provide will be handled discreetly and shared only with those we have a need to inform, such as regulators and those who are involved in investigating, resolving, and remediating the issue. To help maintain confidentiality, do not discuss the report and the investigation with other associates. Because we strive to maintain confidentiality in all investigations, we may not be able to inform you of the outcome of an investigation.

Q&A

I'm not a lawyer. How can I be sure that I am complying with all applicable laws, rules, and regulations?

As a PECO associate, you are expected to have a general understanding of the laws, rules, and regulations that apply to your areas of responsibility. Please speak with your manager if you think you need additional training. If you have questions about the laws, rules, and regulations that apply in a specific situation, please discuss with your manager. If you need additional guidance, you may contact PECO's General Counsel or Chief Compliance Officer.

INVESTIGATION OF CODE VIOLATIONS

PECO takes all reports of possible misconduct seriously. When a report of a suspected violation is received, PECO will investigate it promptly and thoroughly. PECO will take corrective action, as appropriate, based on the findings of the investigation. All associates must cooperate in investigations.

NON-RETALIATION

PECO strictly prohibits intimidation or retaliation, in any form, against anyone who, in good faith, reports a known or suspected violation of our Code, or any Company policy or procedure, or any law or regulation, or against anyone who assists in the investigation of a reported violation. Acts of intimidation or retaliation should be reported immediately to the General Counsel, the Chief Compliance Officer, or the Chief Human Resources Officer. Any PECO associate who engages in intimidation or retaliation against a person for making a report in good faith or for participating in an investigation will be subject to disciplinary action, up to and including termination of employment.

Definition of “Good Faith”

Acting in “good faith” means that you provide all of the information you have, and that you believe you are giving an accurate and complete report. “Good faith” does not mean that you have to be right when you raise a concern; you just have to believe that the information you are providing is accurate.

VIOLATIONS / DISCIPLINARY MEASURES

Violations of the Code will not be tolerated. Any associate who violates the standards in the Code or applicable laws, regulations, or policies will be subject to disciplinary action. Likewise, any leader who fails to take appropriate actions after receiving a report of a suspected violation of our Code will be subject to disciplinary action. Furthermore, any associate who knowingly makes a false accusation, lies to investigators, or interferes or refuses to cooperate with an investigation will be subject to disciplinary action. The disciplinary action for any of the foregoing may include, without limitation, negative performance reviews and evaluations, loss of compensation or other remuneration, and/or termination of employment. Where appropriate, violations of the Code may also result in civil legal action or regulatory or criminal prosecution.

SELF-REPORTING

Nothing in this Code should be construed as excusing any person from their own misconduct or protecting them from disciplinary action as a result of their self-reporting of that misconduct. However, the fact that a person self-reported their own wrongdoing will be taken into consideration in determining an appropriate response.

Our Interactions with Each Other

DIVERSITY, EQUITY AND INCLUSION

One of our company values is "Do the Right Thing." This means we value, include and trust one another in our interactions. It means we assume good intent. It means we can be courageous in sharing experiences. It means we take the time to connect and understand different perspectives. Being your authentic self, feeling part of the PECO team and having opportunities for success shouldn't feel mutually exclusive. Each associate at PECO is not only entrusted with preserving our company culture, but is also empowered to help that culture continue to advance and evolve over time.

Each of us is responsible for creating a culture of trust and respect that promotes a positive work environment at PECO. This means treating one another with fairness and courtesy in all of our interactions. Always take full advantage of what our team members have to offer. Listen and be inclusive.

DISCRIMINATION AND HARASSMENT PREVENTION

It is not only critical to our organization's success but also expected within PECO's company culture that every associate has the opportunity to feel valued and flourish in a barrier-free, non-discriminatory environment. PECO believes that discrimination and/or harassment in any form constitutes misconduct that undermines the integrity of the employment relationship. Therefore, PECO prohibits discrimination and / or harassment that is sexual, racial, or religious in nature or is related to anyone's gender, national origin, age, sexual orientation, disability, genetic information, or veteran's status. This policy applies to all associates throughout the Company and all individuals who may have contact with any associate of PECO. All associates are expected to avoid any behavior or conduct that either is or could reasonably be interpreted as harassment or discrimination. For more information, please refer to PECO's Associate Handbook.

WORKPLACE SAFETY AND HEALTH

PECO strives to provide a safe and healthy workplace for its associates. To support this commitment, PECO associate are responsible for observing all safety and health rules, practices, policies, and laws that apply to their jobs, and for taking precautions necessary to protect themselves and their fellow associates. Associates are also responsible for immediately reporting accidents, injuries, occupational illnesses, and unsafe practices or conditions to their manager. As is the case with any violation of the Code, associates have a responsibility to report any unsafe behavior or condition regardless of whether they are directly involved or a witness.

OUR BUSINESS PRACTICES

CONFLICTS OF INTEREST

PECO believes that business decisions should be made with integrity and should not be influenced by a conflict of interest. A "conflict of interest" exists when an individual's personal interests are, or even appear to be, in conflict or incompatible with the interests of the Company. Conflicts of interest expose our personal judgment and that of our Company to increased scrutiny and criticism and can undermine our credibility and the trust that others place in us.

For example, a conflict situation can arise when an associate, officer, or director of the Company takes actions or has interests that may make it difficult to perform his or her Company work objectively and effectively. Conflicts of interest may also arise when an associate, officer, or director or a member of his or her immediate family receives improper personal benefits as a result of his or her position in or with PECO. Loans to, or guarantees of obligations of, associates, officers, or directors or their immediate family members also create conflicts of interest.

Examples of Potential Conflicts of Interest

- **Financial Interest.** Owning, directly or indirectly, a significant financial interest in any entity that does business, seeks to do business, or competes with PECO. Investments totaling less than one percent (1%) of the equity interest of a publicly-traded company generally do not create a conflict of interest.
- **Outside Employment.** Holding a second job that interferes with your ability to do your job at PECO.
- **Relationships with Competitors, Neighbors, Vendors, or Service Providers.** Employment with, hiring, engaging, consulting, or serving on the board of a current or potential competitor, neighbor, vendor, or other service provider.
- **Working with Family Members.** Working with, for, or alongside a family member.

- **Personal Shopping Center Investments.** Personally investing directly in any retail shopping center.
- **Engaging or Hiring Relatives or Friends.** Engaging or hiring a vendor or other third party managed or owned by a relative or close friend.
- **Gifts & Entertainment.** Soliciting, accepting, or giving any cash, gifts, entertainment, or benefits that are more than nominal in value to or from any current or potential competitor, neighbor, vendor, or other service provider. See Gifts & Entertainment on page 21.
- **Corporate Opportunities.**
    - Taking for yourself or your family members any business or investment opportunities that belong to PECO, that PECO is considering, or that are discovered through the use of PECO property, information, or position;
    - Using PECO property, information, or position for personal gain; or
    - Competing with PECO.

Because it is impossible to describe every potential conflict, we rely on you to exercise sound judgment and to adhere to the highest standards of integrity. If you have questions or if you are not sure whether a particular activity creates a conflict of interest, please discuss the matter with your manager, department head, the General Counsel, the Chief Human Resources Officer, or the Chief Compliance Officer.

Reporting Conflicts of Interest

PECO associates, officers, and directors must make prompt and full disclosure of any situation that may involve an actual or potential conflict of interest. PECO associates should contact the Chief Compliance Officer or PECO's ethics hotline to report any actual or potential conflicts of interest, or to report any questions, problems, or issues regarding conflicts of interest. All actual or potential conflicts of interest involving a director or executive officer of the Company must be reported to both the Chief Compliance Officer and the Chairman of the Audit Committee of the Board of Directors. In some instances, disclosure may not be sufficient, and PECO may require that the conduct be stopped or that actions previously taken be reversed where possible.

In addition, PECO associates, officers, and directors must report all actual or potential conflicts of interest in their annual certification of this Code.

Q&A

My spouse works for a company that does business with PECO. What should I do?

You should let your manager know and also notify PECO's Chief Compliance Officer. They will evaluate whether a potential conflict of interest may exist, and what steps, if any, need to be taken to mitigate the potential conflict of interest. You should not discuss any confidential information about PECO with your spouse.

I used to work for one of PECO's competitors, and I still own a small amount of stock in that company. Do I need to sell my stock?

Probably not. Please notify your manager and PECO's Chief Compliance Officer, who will evaluate whether your stock ownership creates a conflict of interest. They will also evaluate whether there might be other potential conflicts of interest as a result of your former employment with a competitor.

GIFTS AND ENTERTAINMENT

Gifts and entertainment can create goodwill in our business relationships, but can also cause a conflict, or the appearance of a conflict, between your personal interests and the interests of PECO. Our choice of neighbors, vendors, service providers, and business partners must be based on objective factors like cost, quality, value, service, and ability to deliver. We must avoid even the appearance of making business decisions based on gifts received or given through these relationships. Therefore, no gift, favor, or entertainment of any value should be accepted or given if it obligates, or appears to obligate, the recipient, or if it might be perceived as an attempt to influence business decisions. Always use good judgment.

When giving gifts or offering to entertain a business partner, ensure that your offer does not violate the recipient's own policies.

What Kinds of Gifts are Permitted?

Reasonable business entertainment and gifts of nominal value ($250.00 or less) are permitted, if the proposed entertainment or gift:
- Could not be construed as improperly influencing business decisions or good business judgment, or otherwise creating a conflict of interest
- Is consistent with industry business practices
- Could not be construed as a kickback, bribe, or payoff
- Is not in violation of any law or regulation
- Would not embarrass you or PECO if disclosed publicly.

Subject to the other conditions set forth in this Code, examples of permissible entertainment and gifts may include:
- Occasional meals of nominal value if the purpose of the meal is related to the business of the Company
- Occasional tickets for sporting and cultural events if they are of nominal value
- Small non-cash gifts, such as:
  - Fruit baskets, chocolates, or candy that can be shared with other members of the recipient's team
  - T-shirts, hats, pens, mugs, or other typical promotional items

Q&A

One of PECO's vendors offered me two tickets to the Super Bowl. May I accept the tickets?

Because the value of the tickets is greater than $250.00, you should discuss the offer with your manager and the Chief Compliance Officer before accepting the tickets. They will evaluate whether the gift is permissible.

What Kinds of Gifts are not Permitted?

PECO associates, officers, directors, and their family members may not directly or indirectly offer, give, seek, accept, or receive gifts, services, perks, entertainment, discounts, loans, or other items of value to or from any person with whom PECO currently does business or with whom PECO may do business in the future, if the proposed entertainment or gift:

- Is given during, or in connection with, contract negotiations
- Is in the form of cash, check, gift card, loan, or stock
- Is inconsistent with industry business practices
- Is excessive or extravagant in value, or is given or received so frequently that it could create the appearance of impropriety
- Could be construed as a kickback, bribe, or payoff in violation of any law, including a bribe to a government official in violation of the U.S. Foreign Corrupt Practices Act
- Violates any other laws or regulations
- Could cause embarrassment to you or PECO if disclosed

Q&A

After PECO executed a lease that I worked on, the broker sent me a $500 gift card. What should I do?

PECO associates are not permitted to accept gifts in the form of cash, check, or gift card. Please notify your manager and PECO's Chief Compliance Officer. They will evaluate the matter, but most likely you will need to return the gift card.

Reporting Gifts and Entertainment

- All gifts and entertainment expenses must be properly accounted for on expense reports.
- If the value of the gift or entertainment is greater than $250.00, the gift or entertainment must be approved by your manager and the Chief Compliance Officer **before** giving or accepting the gift or entertainment.
- If you are not certain whether a particular gift or entertainment is appropriate, please discuss the matter with your manager **before** giving or accepting the gift or entertainment. After discussing the matter with your manager, if there is still any uncertainty as to whether the gift or entertainment is appropriate, please discuss the matter with the Chief Compliance Officer.
- If you receive a gift that you are not permitted to accept, promptly report the gift to your manager and the Chief Compliance Officer.

Interactions with Government Employees

Be aware that specific laws apply to interactions with government officials and employees. Even simple offers, such as purchasing a meal or refreshments, may be unacceptable or even against the law. Contact the Chief Compliance Officer before offering or providing any gift or entertainment to a government official or employee, or any of their family members.

Q&A

A software supplier invited me to an educational forum where training will be provided on their updated product. The supplier offered to cover my travel, lodging, and registration fees associated with the conference. I regularly use this software, and my manager has determined that the forum has business value. May I attend the forum?

You and your manager should discuss the matter with PECO's Chief Compliance Officer before accepting the offer.

ACCURATE FINANCIAL RECORDS AND REPORTING

Accuracy Matters

PECO relies on the accuracy and completeness of its business records to (i) analyze its operations and make good business decisions; and (ii) provide full, fair, accurate, timely, and understandable disclosure in the reports and documents the Company files with the SEC and in other public communications by the Company, such as press releases, earnings conference calls, and industry conferences. The accuracy of the Company's business records is essential for PECO's continued, long-term business success. Integrity in our recordkeeping inspires trust with our neighbors, business partners, and investors.

All of the Company's books, records, accounts, and financial statements must be maintained in reasonable detail, must appropriately and accurately reflect the Company's transactions, and must conform to applicable legal and accounting requirements and to the Company's system of internal controls. The accurate and timely reporting of our financial results and financial condition requires that all financial information be recorded promptly and accurately, and that our systems for recording and reporting that information be properly functioning and subject to regular and thorough evaluations. We need to make sure that every business record is accurate, complete, and reliable.

False, misleading, or incomplete information impairs the Company's ability to make good decisions, undermines trust, and may be illegal. The following are some examples of activities that are not allowed:

- Maintaining undisclosed or unrecorded funds, assets, or liabilities for any purpose;
- Making, or asking others to make, false, misleading, or artificial entries, including without limitation, to the general ledger, an expense report, time sheet, or any other report or system of record
- Understating or overstating known liabilities and assets
- Delaying the entry of items that should be current expenses or receivables
- Hiding the true nature of any transaction
- Providing inaccurate or misleading information for Company benefit programs

Associate Responsibilities

Reporting accurate, complete, and understandable information about our business, earnings, and financial condition is an essential responsibility of every PECO associate. We all must ensure that PECO's accounting and financial records meet the highest standards of accuracy and completeness.

The Company's senior financial officers and other associates working in the Accounting and Finance teams have a special responsibility to ensure that all of our financial disclosures are full, fair, accurate, timely, and understandable. Such associates must understand and strictly comply with generally accepted accounting principles as adopted by the Company and all standards, laws, and regulations for accounting and financial reporting of transactions, estimates, and forecasts.

PECO has adopted internal accounting controls to ensure the safeguarding of the Company’s assets and the accuracy of the Company’s financial records and reports. All PECO associates are expected to follow these procedures.

It is also your responsibility as a PECO associate to make open and full disclosure to, and cooperate fully with, PECO’s internal and external auditors in connection with any audit or review of PECO’s financial statements. No PECO associate, officer, or director may interfere with or seek to improperly influence, directly or indirectly, the auditing of the Company’s financial records.

All PECO associates are responsible to report to the Company any concerns regarding questionable accounting or auditing matters that may come to their attention. Associates should be on guard for, and promptly report, evidence of improper financial reporting. Examples of suspicious activities that should be reported include, without limitation:

- Financial results that seem inconsistent with the performance of underlying business transactions
- Inaccurate Company records, such as overstated expense reports or erroneous time sheets or invoices
- Transactions that do not seem to have a good business purpose
- Requests to circumvent ordinary review and approval procedures

If you have reason to believe that any of PECO’s books and records are being maintained in an inaccurate, misleading, or incomplete manner, you are required to report this concern immediately to your manager, the Chief Financial Officer, the Chief Accounting Officer, the head of Internal Audit, the General Counsel, or the Chief Compliance Officer. In addition, you must report to any of the individuals mentioned above if you have any reason to believe that someone has made a misleading, incomplete, or false statement to an accountant, auditor, attorney, or government official in connection with any investigation, audit, examination, or filing with any government agency or regulatory body.

PUBLIC DISCLOSURE

PECO is committed to providing full, fair, accurate, timely, and understandable disclosure in the reports and documents it files with the SEC and in other public communications by the Company, such as press releases, earnings conference calls, and industry conferences. No PECO associate, officer, or director should interfere with, hinder, or obstruct the Company’s efforts to meet the standards for public disclosure set forth above. If you become aware of any material information that could affect PECO’s public disclosures, you must promptly bring that information to the attention of your manager, the Chief Financial Officer, the Chief Accounting Officer, the General Counsel, or the Chief Compliance Officer.

PECO places a high value on its credibility and reputation. What is written or said about PECO in the news media and investment community directly impacts our reputation, positively or negatively. Only designated officers or associates are authorized to speak on behalf of PECO to the media, the investment community, and on social media.

Media Inquiries

Media and informational inquiries for statements, comments, or information on behalf of the Company should be referred to the Chief Marketing Officer, who will screen requests, identify the appropriate spokesperson, and coordinate responses. PECO associates are not authorized to speak with the media unless authorized by the Chief Marketing Officer. This policy also applies to comments to journalists about specific matters that relate to our businesses, as well as letters to the editor and endorsements of products or services.

Inquiries from the Investment Community

Inquiries from investment analysts, financial advisors, stockholders, or others from the investment community for statements, comments, or information on behalf of the Company should be referred to the Vice President of Investor Relations. PECO associates are not authorized to speak with investment analysts, stockholders, or others from the investment community unless authorized by the Chief Financial Officer.

Speaking engagements on behalf of the Company must be pre-approved by the Chief Marketing Officer. PECO's Marketing team will assist in preparing presentation materials to help maintain brand integrity. Please contact the Chief Marketing Officer for assistance.

Social Media

- PECO's Marketing team is responsible for maintaining PECO's presence and communications in social media. Only specifically designated representatives are authorized to speak on behalf of PECO.
- PECO associates, officers, and directors who express opinions on social media should make it clear that the views expressed are their personal views and do not necessarily represent PECO's view. Unless authorized by the Chief Marketing Officer, do not give the impression that you are speaking on behalf of PECO in any communication that may become public, including posts and comments on social media.
- Sensitive and confidential information must not be shared on social media. See "Protection of Confidential and Proprietary Information" below for additional details.
- PECO associates and officers should also refer to PECO's Acceptable Use Policy.

FOLLOWING THE LAW

ANTI-CORRUPTION / ANTI-BRIBERY

PECO enters into and conducts all business relationships honestly and ethically. Bribery, kickbacks, or other improper payments, direct or indirect, to any person in order to obtain a contract, some other commercial benefit, or government action has no place in our business and is strictly prohibited. PECO also strictly prohibits any associate, officer, director, agent, or independent contractor acting on the Company's behalf from accepting such payments from anyone.

ANTI-MONEY LAUNDERING

Money laundering is the process of hiding the proceeds of illegal activity or attempting to make those proceeds appear legitimate. It is not limited to cash transactions. Complex commercial transactions may hide financing for criminal activity such as terrorism, illegal narcotics or arms trade, human trafficking, bribery, and fraud. Involvement in such activities would undermine our integrity, damage our reputation, and could expose PECO and individuals to severe sanctions.

PECO forbids knowingly engaging in any transaction that facilitates money laundering or results in unlawful diversion. We take affirmative steps to detect and prevent unacceptable or illegal forms of payment and financial transactions. We are committed to full compliance with anti-money laundering laws throughout the world and will conduct business only with reputable parties involved in legitimate business activities and transactions.

Q&A

PECI is seeking bids for the construction of a new outparcel. One of the contractors who submitted a bid told me that he will help with my child's tuition if PECO awards the project to his firm. What should I do?

Please notify your manager and PECO's Chief Compliance Officer immediately.

PECO is seeking permits for an outparcel development. The local building department has been very slow to respond. I think they would expedite their review if I sent a small gift to the local building official. Is this OK?

No. This is considered bribery and is strictly prohibited by PECO.

ANTITRUST & FAIR COMPETITION

It is PECO's policy that all PECO associates, officers, and directors must comply with all applicable federal and state antitrust and competition laws. You must be particularly careful when you interact with any employees or representatives of PECO's competitors. You should use extreme care to avoid any improper discussions with our competitors, especially at trade association meetings or other industry or trade events where competitors may interact. Under no circumstances should you discuss tenants, prospects, pricing, or other business terms with any employees or representatives of our competitors. By way of example, discussions or agreements with a competitor regarding the following may result in a violation of antitrust and competition laws:

- Rents or leasing strategy
- Discounts
- Terms of our relationships with our neighbors
- Leasing policies
- Marketing plans
- Tenant selection
- Allocating tenants or market areas
- Contract terms and contracting strategies

Agreements with competitors do not need to be in writing in order to violate applicable antitrust and competition laws. Informal, verbal, or implicit understandings (e.g., knowing winks) could also be a violation.

Please contact your manager, the General Counsel, or the Chief Compliance Officer with any questions about the legality of practices or conduct under antitrust and competition laws.

Q&A

I am going to a conference. May I speak with employees of our competitors?

Yes, you may speak with employees of our competitors, and feel free to be friendly. You should not discuss specific tenants, prospects, deal terms, or business strategy. If you need additional guidance before attending the conference, please contact PECO's General Counsel or Chief Compliance Officer.

INSIDER TRADING

We maintain trust with our investors and the public by respecting financial laws, which means we do not trade based on material, nonpublic information. In our work, we may become aware of material, nonpublic information about PECO, our competitors, or companies with whom we do business. Trading, or recommending that others trade, PECO stock or the stock of any other company — such as a neighbor, competitor, vendor, or business partner — based on material, nonpublic information not only breaks trust with our investors and the public, but is illegal and violates Company policy.

For more information, please refer to PECO's Insider Trading Policy. If you have any questions about the laws regarding insider trading or PECO's Insider Trading Policy, or how they might apply to a trade that you are contemplating, please consult with the General Counsel **before** initiating any trade.

Q&A

If I don't own any PECO stock, does the Insider Trading Policy apply to me?

Yes, it does. As a PECO associate, you may become aware of material, nonpublic information about PECO or about another company with which PECO does business. An associate who shares material, nonpublic information outside the Company creates an opportunity for someone else to trade based on that information. If a friend or family member decides to buy or sell PECO stock (or the stock of another company) based on material, nonpublic information that he / she learned from a PECO associate, it is a violation of PECO's Insider Trading Policy and insider trading laws.

<u>OUR ASSETS</u>

PROTECTION OF PECO'S ASSETS

All PECO associates are responsible for the proper use and protection of PECO's assets. It is the responsibility of all PECO associates to keep PECO's assets safe from loss, theft, damage, waste, abuse, inappropriate use, or other forms of fraud. PECO's assets should be used only for conducting the Company's business and are not to be used for any unauthorized purpose. The use of the funds or assets of the Company for any unlawful or improper purpose is strictly prohibited.

PECO's assets include, but are not limited to:

- Real estate owned by PECO, such as shopping centers and offices
- Physical assets, such as office furnishings, equipment, and supplies
- Technology assets, such as computer hardware, software, and information systems
- Financial assets, such as cash, securities, and credit cards
- PECO's name, brand, and logos
- PECO's relationships with third parties, such as neighbors, prospective neighbors, business partners, vendors, and service providers

- Information assets, such as intellectual property, and information and data transmitted, received, and stored by or within PECO's information technology and communications systems

How we protect PECO's assets:
- We spend PECO's funds wisely, and guard against waste and abuse
- We exercise reasonable care to keep PECO's assets safe from loss, theft, damage, waste, abuse, inappropriate use, or other forms of fraud.
- We exercise good judgment when using Company-provided technology resources
- We safeguard all electronic programs, data, communications, and written materials from inadvertent access by others
- We understand that business-related data is PECO's property, and that it may be accessed, preserved, and reviewed in accordance with our polices and applicable laws
- We protect PECO's information and data by using our corporate email accounts, not personal email accounts, for business correspondence

Any suspected fraud, theft, or misuse of the Company's assets should be reported immediately to the General Counsel or the Chief Compliance Officer. PECO associates and officers should also refer to PECO's Associate Handbook and PECO's Acceptable Use Policy for additional policies and procedures regarding the protection and proper use of PECO's assets.

PROTECTION OF CONFIDENTIAL AND PROPRIETARY INFORMATION

One of PECO's most important assets is our confidential and proprietary information. In carrying out Company business, PECO associates, officers, and directors may learn confidential or proprietary information about PECO, its associates, stockholders, neighbors, prospective neighbors, business partners, vendors, and other third parties. PECO associates, officers, and directors who have received or have access to confidential or proprietary information must maintain the confidentiality of this information, except when disclosure is authorized or legally mandated.

Confidential or proprietary information includes, among other things, any non-public information concerning PECO and any non-public information provided by a third party with the expectation that the information will be kept confidential and used solely for the business purpose for which it was conveyed. All information related to PECO's business should be considered confidential and proprietary unless it has been disclosed in authorized public documents. Examples of confidential and proprietary information include, without limitation:
- Trade secrets, patents, trademarks, and copyrights
- Written or oral agreements between PECO and its associates, stockholders, neighbors, prospective neighbors, business partners, vendors, and other third parties
- Offers and proposals for acquisitions, dispositions, leases, and other transactions, and the appraisals, studies, and other documents and analyses related thereto
- Company financial information, including financial performance, results, budgets, forecasts, analyses, unpublished financial data and reports, rent rolls, etc.
- Neighbor lists and leases, market share data, strategic plans, business plans, merchandising strategies, marketing plans, designs, databases, vendor lists, etc.
- Company processes, methodologies, and applications
- Personnel files and compensation information
- Personally identifiable information (including, for example, names, addresses, telephone numbers, and Social Security numbers) and similar types of information provided to us by our

associates, stockholders, neighbors, prospective neighbors, business partners, vendors, or other third parties

Q&A

I'm still friends with a few people who used to work at PECO. What can I say when they ask how things are going at PECO?

You should not discuss any material, nonpublic information, and you should not discuss any confidential information. The only information that should be shared about PECO is information that has been disclosed to the public, such as through a press release, an SEC filing, or the Company's website.

Associate Duties

Every PECO associate, officer, and director has a duty to refrain from disclosing to any person confidential or proprietary information about PECO or any other company learned in the course of employment at PECO, unless and until that information is disclosed to the public through approved channels (usually through a press release, an SEC filing, or a formal communication from a member of senior management). You must not disclose confidential or proprietary information to anyone outside the Company, except as required for a legitimate business purpose (such as contacts with the Company's accountants or its outside lawyers). Even within the Company, confidential or proprietary information should be disclosed only to those who have a need to know the information. You may not use confidential or proprietary information for your own direct or indirect benefit or for the direct or indirect benefit of any family member, friend, relative, or other recipient of the information.

You should also take care not to inadvertently disclose confidential or proprietary information. Materials that contain confidential or proprietary information, such as notebooks, mobile phones, and laptop computers, should be stored securely. Unauthorized posting or discussion of any information concerning PECO's business on the internet is prohibited. You may not discuss PECO's business or information in any "chat room," regardless of whether you use your own name or a pseudonym. All Company emails, voicemails, and other communications are presumed confidential and should not be forwarded or otherwise disseminated outside the Company, except where required for legitimate business purposes.

Confidential information relating to PECO's financial performance (e.g., quarterly financial results of the Company's operations) or other transactions or events can have a significant impact on the value of the Company's securities. Premature or improper disclosure of such information may expose the individual involved to significant civil and criminal penalties.

The obligation to safeguard confidential and proprietary information continues even after your employment or relationship with PECO ends. PECO will pursue all remedies available at law or in equity to prevent any former associate, officer, or director from using or disclosing confidential or proprietary information.

If confidential or proprietary information is to be shared outside the Company, make sure a written confidentiality and nondisclosure agreement is signed, and that proper controls are established to manage the flow of information. Please contact the General Counsel for assistance. If you have a question as to whether certain information is considered confidential or proprietary information, please consult with the General Counsel or the Chief Compliance Officer.

PROTECTION OF INTELLECTUAL PROPERTY

Our intellectual property is one of PECO's most valuable assets. Intellectual property refers to creations of the human mind that are protected by various national laws and international treaties. Intellectual property includes copyrights, patents, trademarks, trade secrets, design rights, logos, expertise, and other intangible commercial property. We must protect and, when appropriate, enforce our intellectual property rights. We also respect the intellectual property belonging to third parties. It is our policy not to infringe knowingly upon the intellectual property rights of others. Unauthorized use or distribution of intellectual property belonging to PECO or third parties is a violation of Company policy. It could also be illegal and result in civil or criminal penalties.

DATA PRIVACY

PECO respects the privacy of all of its associates, stockholders, neighbors, business partners, vendors, and other third parties. We must handle personal data responsibly and in compliance with all applicable privacy laws and Company policies (including our Privacy Policy and Records Management Policy). Personal data includes, without limitation, information that can directly or indirectly identify an individual, such as name, contact information, and Social Security number, associate health and medical information, and information contained in personnel files.

Associates who handle the personal data of others must:

- Act in accordance with applicable law
- Act in accordance with any relevant contractual obligations
- Act in accordance with PECO's Privacy Policy and Records Management Policy
- Collect, use, and process such information only for legitimate business purposes
- Limit access to such information to those who have a legitimate business purpose for accessing and using the information
- Take care to prevent unauthorized disclosure

RECORDS MANAGEMENT

Accurate and reliable records are crucial to our business. Our records (i) are the source of essential data and information that guides business decisions and strategic planning; (ii) provide evidence of actions and decisions; and (iii) are the basis of our earnings statements, financial reports, and other disclosures to the public.

All Company records must be complete, accurate, and reliable in all material respects. All Company records are the property of PECO. Records should always be retained or destroyed according to the Company's records retention policy and applicable legal and regulatory requirements.

Please refer to PECO's Records Management Policy and Records Retention Schedule for further information and guidelines.

OUR INTERACTIONS WITH OUTSIDE PARTIES

SELECTION AND USE OF THIRD PARTIES

We believe in doing business with third parties that embrace and demonstrate high principles of ethical business behavior. We rely on vendors, contractors, consultants, and other third parties to help us accomplish our goals. They are an important part of our business and should be treated according to our values. To create an environment where our vendors, contractors, consultants, and other third parties have an incentive to work with PECO, they must be confident that they will be treated in an ethical manner. The manner in which we select our third parties and the character of the third parties we select reflect on the way we conduct business.

FAIR DEALING WITH THIRD PARTIES AND COMPETITORS

Our business success depends upon our ability to foster lasting relationships. Trust is the cornerstone of these relationships. To build trust, PECO is committed to dealing fairly, lawfully, ethically, and honestly with our neighbors, business partners, vendors, and competitors. We seek competitive advantages through superior performance, never through unethical or illegal business practices. PECO associates are prohibited from taking unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation, or any other unfair practice.

Gathering information about our competitors, often called competitive intelligence, is a legitimate business practice. Doing so helps us stay competitive in the marketplace; however, we must never use any illegal or unethical means to get information about other companies. When working with consultants, vendors, and other partners, ensure that they understand and follow PECO’s policy on gathering competitive information.

TRUTH IN MARKETING

It is our responsibility to accurately represent PECO in our marketing, advertising, and sales materials. Deliberately misleading messages, omissions of important facts, or false claims about our Company or our competitors are inconsistent with our values and are prohibited. Sometimes it is necessary to make comparisons between PECO and our competitors. When we do, we will make factual and accurate statements that can be easily verified or reasonably relied upon.

Q&A

How can I legitimately obtain information about our competitors?

Competitive intelligence can be obtained fairly and ethically from a variety of sources, such as media reports, trade journals, industry surveys, SEC filings, annual reports, displays at conferences and trade shows, speeches made by executives, and information publicly available on the internet.

OUR COMMUNITIES

POLITICAL ACTIVITY

Personal Political Activity

PECO encourages personal participation in the political process in a manner consistent with all relevant laws and Company guidelines. You may support the political process through personal contributions or by volunteering your personal time to the candidates or organizations of your choice. These activities, however, must not be conducted on Company time or involve the use of any Company resources, such as telephones, computers, email, or supplies.

In addition, the following rules apply:

- PECO will not reimburse associates for personal political activity or contributions.
- You may not make political contributions or political commentary on behalf of PECO without prior approval from the Chief Compliance Officer.
- Do not use the Company's reputation or assets, including your time at work, to further your own political activities or interests.
- If you express a political view in a public forum (such as a letter to the newspaper), you must make it clear that you are speaking as an individual and avoid giving any appearance that you are speaking as a PECO representative, unless you have been authorized by the Chief Compliance Officer to speak for the Company. Do not use Company letterhead, Company email, or reference your business address or title in any personal communications.
- If you plan to seek or accept a public office, you must obtain prior approval from the Chief Compliance Officer.

Corporate Political Activity

PECO will occasionally take a position on issues of importance to the Company. However, corporate participation or participation by individuals representing the Company must be approved in advance by the Chief Compliance Officer.

CHARITABLE CONTRIBUTIONS

PECO associates may choose to contribute personally to charitable organizations of their own choice. As with political activities, you may not use Company resources to support charitable or other non-profit institutions not specifically sanctioned or supported by our Company. Do not claim to represent, or imply representation of, PECO unless specifically requested to do so by management.

Through the PECO Community Partnership, PECO makes donations to certain charitable organizations selected by PECO associates. If you are a PECO associate and would like to ask the PECO Community Partnership to consider a donation to a charitable organization, please submit your request to the PECO Community Partnership at pecopartnership@phillipsedison.com.

SOCIAL RESPONSIBILITY

The PECO team takes its responsibility to be an excellent corporate citizen very seriously. We are constantly striving to enhance, promote, and give back to our communities. Not only is it part of our corporate mission, it's in our DNA.

PECO’s core values define who we are as a team and how we do business every day. We “Do the Right Thing” by helping our neighbors and “Think Big, Act Small” by being locally smart. We “Always Keep Learning,” finding new ways to improve the environmental performance of our centers, and “Have Fun and Get It Done” by working collaboratively with our partners to build the social fabric of our centers. Corporate Social Responsibility is a priority for our team and part of our culture.

For more information, please refer to PECO’s Corporate Social Responsibility at www.phillipsedison.com/about/corporate-responsbility.

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 Quarterly Report on Form 10-Q 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: November 9, 2020

/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 Quarterly Report on Form 10-Q 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: November 9, 2020

/s/ John P. Caulfield

John P. Caulfield
Chief Financial Officer, Senior Vice President 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 Quarterly Report on Form 10-Q of Phillips Edison & Company, Inc. (the "Registrant") for the quarter ended September 30, 2020, 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: November 9, 2020

/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 Quarterly Report on Form 10-Q of Phillips Edison & Company, Inc. (the "Registrant") for the quarter ended September 30, 2020, 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: November 9, 2020

/s/ John P. Caulfield

John P. Caulfield
Chief Financial Officer, Senior Vice President and Treasurer
(Principal Financial Officer)