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 **June 30, 2021**

OR

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

For the transition period from _____ to _____

Commission File Number: **000-54691**

PHILLIPS EDISON & COMPANY®

PHILLIPS EDISON & COMPANY, INC.

(Exact name of registrant as specified in its charter)

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

(513) 554-1110
(Registrant's telephone number, including area code)

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

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

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 ☑

There were 19.6 million shares of the registrant's Common Stock, $0.01 par value per share, and 93.7 million shares of Class B stock, $0.01 par value per share, outstanding as of July 30, 2021.

PHILLIPS EDISON & COMPANY, INC. FORM 10-Q

TABLE OF CONTENTS

W PART I FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

PHILLIPS EDISON & COMPANY, INC.
CONSOLIDATED BALANCE SHEETS
AS OF JUNE 30, 2021 AND DECEMBER 31, 2020
(Condensed and Unaudited)
(In thousands, except per share amounts)

	June 30, 2021	December 31, 2020
ASSETS		
Investment in real estate:		
Land and improvements	$ 1,529,803	$ 1,549,362
Building and improvements	3,184,601	3,237,986
In-place lease assets	434,499	441,683
Above-market lease assets	64,795	66,106
Total investment in real estate assets	5,213,698	5,295,137
Accumulated depreciation and amortization	(1,021,456)	(941,413)
Net investment in real estate assets	4,192,242	4,353,724
Investment in unconsolidated joint ventures	32,746	37,366
Total investment in real estate assets, net	4,224,988	4,391,090
Cash and cash equivalents	22,205	104,296
Restricted cash	89,196	27,641
Goodwill	29,066	29,066
Other assets, net	126,056	126,470
Real estate investments and other assets held for sale	14,261	—
Total assets	$ 4,505,772	$ 4,678,563
LIABILITIES AND EQUITY		
Liabilities:		
Debt obligations, net	$ 2,228,232	$ 2,292,605
Below-market lease liabilities, net	93,949	101,746
Earn-out liability	40,000	22,000
Derivative liabilities	39,929	54,759
Deferred income	18,978	14,581
Accounts payable and other liabilities	88,436	176,943
Liabilities of real estate investments held for sale	860	—
Total liabilities	2,510,384	2,662,634
Commitments and contingencies (Note 8)	—	—
Equity:		
Preferred stock, $0.01 par value per share, 10,000 shares authorized, zero shares issued and outstanding at June 30, 2021 and December 31, 2020	—	—
Common stock, $0.01 par value per share, 1,000,000 shares authorized, 93,640 and 93,279 shares issued and outstanding at June 30, 2021 and December 31, 2020, respectively	2,808	2,798
Additional paid-in capital (“APIC”)	2,749,680	2,739,358
Accumulated other comprehensive loss (“AOCI”)	(38,732)	(52,306)
Accumulated deficit	(1,041,617)	(999,491)
Total stockholders’ equity	1,672,139	1,690,359
Noncontrolling interests	323,249	325,570
Total equity	1,995,388	2,015,929
Total liabilities and equity	$ 4,505,772	$ 4,678,563

See notes to consolidated financial statements.

PHILLIPS EDISON & COMPANY, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2021 AND 2020
(Condensed and Unaudited)
(In thousands, except per share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Revenues:				
Rental income	$ 130,335	$ 115,654	$ 257,958	$ 244,120
Fees and management income	2,374	2,760	4,660	4,925
Other property income	361	626	833	1,518
Total revenues	133,070	119,040	263,451	250,563
Operating Expenses:				
Property operating	21,974	19,629	44,176	41,391
Real estate taxes	16,814	16,453	33,387	33,565
General and administrative	11,937	9,806	21,278	20,546
Depreciation and amortization	56,587	56,370	111,928	112,597
Impairment of real estate assets	1,056	—	6,056	—
Total operating expenses	108,368	102,258	216,825	208,099
Other:				
Interest expense, net	(19,132)	(22,154)	(39,195)	(44,929)
Gain (loss) on disposal of property, net	3,744	(541)	17,585	(2,118)
Other (expense) income, net	(2,924)	(500)	(18,509)	9,369
Net income (loss)	6,390	(6,413)	6,507	4,786
Net (income) loss attributable to noncontrolling interests	(796)	825	(810)	(605)
Net income (loss) attributable to stockholders	$ 5,594	$ (5,588)	$ 5,697	$ 4,181
Earnings per common share:				
Net income (loss) per share attributable to stockholders - basic and diluted (Note 10)	$ 0.06	$ (0.06)	$ 0.06	$ 0.04
Comprehensive income (loss):				
Net income (loss)	$ 6,390	$ (6,413)	$ 6,507	$ 4,786
Other comprehensive income (loss):				
Change in unrealized value on interest rate swaps	3,373	(1,747)	15,493	(45,111)
Comprehensive income (loss)	9,763	(8,160)	22,000	(40,325)
Net (income) loss attributable to noncontrolling interests	(796)	825	(810)	(605)
Change in unrealized value on interest rate swaps attributable to noncontrolling interests	(400)	224	(1,909)	5,798
Reallocation of comprehensive loss upon conversion of noncontrolling interests	(10)	—	(10)	—
Comprehensive income (loss) attributable to stockholders	$ 8,557	$ (7,111)	$ 19,271	$ (35,132)

See notes to consolidated financial statements.

PHILLIPS EDISON & COMPANY, INC.
CONSOLIDATED STATEMENTS OF EQUITY
FOR THE THREE MONTHS ENDED JUNE 30, 2021 AND 2020
(Condensed and Unaudited)
(In thousands, except per share amounts)

	Three Months Ended June 30, 2021 and 2020							
	Common Stock							
	Shares	Amount	APIC	AOCI	Accumulated Deficit	Total Stockholders' Equity	Noncontrolling Interests	Total Equity
Balance at April 1, 2020	96,805	$ 2,903	$ 2,793,803	$ (58,552)	$ (986,292)	$ 1,751,862	$ 341,944	$ 2,093,806
Change in unrealized value on interest rate swaps	—	—	—	(1,523)	—	(1,523)	(224)	(1,747)
Share-based compensation	2	1	1,332	—	—	1,333	808	2,141
Conversion of noncontrolling interests	17	1	555	—	—	556	(556)	—
Other	(2)	—	(256)	—	(59)	(315)	(3)	(318)
Net loss	—	—	—	—	(5,588)	(5,588)	(825)	(6,413)
Balance at June 30, 2020	96,822	$ 2,905	$ 2,795,434	$ (60,075)	$ (991,939)	$ 1,746,325	$ 341,144	$ 2,087,469
Balance at April 1, 2021	93,582	$ 2,807	$ 2,746,891	$ (41,695)	$ (1,023,155)	$ 1,684,848	$ 324,558	$ 2,009,406
Change in unrealized value on interest rate swaps	—	—	—	2,973	—	2,973	400	3,373
Common distributions declared, $0.255 per share	—	—	—	—	(24,056)	(24,056)	—	(24,056)
Distributions to noncontrolling interests	—	—	—	—	—	—	(3,460)	(3,460)
Share-based compensation	30	1	2,102	—	—	2,103	1,632	3,735
Conversion of noncontrolling interests	28	—	743	—	—	743	(743)	—
Reallocation of operating partnership interests	—	—	(56)	(10)	—	(66)	66	—
Net income	—	—	—	—	5,594	5,594	796	6,390
Balance at June 30, 2021	93,640	$ 2,808	$ 2,749,680	$ (38,732)	$ (1,041,617)	$ 1,672,139	$ 323,249	$ 1,995,388

PHILLIPS EDISON & COMPANY, INC.
CONSOLIDATED STATEMENTS OF EQUITY
FOR THE SIX MONTHS ENDED JUNE 30, 2021 AND 2020
(Condensed and Unaudited)
(In thousands, except per share amounts)

	Six Months Ended June 30, 2021 and 2020							
	Common Stock							
	Shares	Amount	APIC	AOCI	Accumulated Deficit	Total Stockholders' Equity	Noncontrolling Interests	Total Equity
Balance at January 1, 2020	96,349	$ 2,890	$ 2,779,130	$ (20,762)	$ (947,252)	$ 1,814,006	$ 354,788	$ 2,168,794
Dividend Reinvestment Plan ("DRIP")	479	14	15,926	—	—	15,940	—	15,940
Share repurchases	(96)	(3)	(2,697)	—	—	(2,700)	—	(2,700)
Change in unrealized value on interest rate swaps	—	—	—	(39,313)	—	(39,313)	(5,798)	(45,111)
Common distributions declared, $0.503 per share	—	—	—	—	(48,809)	(48,809)	—	(48,809)
Distributions to noncontrolling interests	—	—	—	—	—	—	(7,105)	(7,105)
Share-based compensation	36	2	1,472	—	—	1,474	518	1,992
Conversion of noncontrolling interests	56	2	1,859	—	—	1,861	(1,861)	—
Other	(2)	—	(256)		(59)	(315)	(3)	(318)
Net income	—	—	—	—	4,181	4,181	605	4,786
Balance at June 30, 2020	96,822	$ 2,905	$ 2,795,434	$ (60,075)	$ (991,939)	$ 1,746,325	$ 341,144	$ 2,087,469
Balance at January 1, 2021	93,279	$ 2,798	$ 2,739,358	$ (52,306)	$ (999,491)	$ 1,690,359	$ 325,570	$ 2,015,929
DRIP	280	8	7,360	—	—	7,368	—	7,368
Share repurchases	(24)	—	(123)	—	—	(123)	—	(123)
Change in unrealized value on interest rate swaps	—	—	—	13,584	—	13,584	1,909	15,493
Common distributions declared, $0.510 per share	—	—	—	—	(47,823)	(47,823)	—	(47,823)
Distributions to noncontrolling interests	—	—	—	—	—	—	(6,779)	(6,779)
Share-based compensation	77	2	2,427	—	—	2,429	2,416	4,845
Conversion of noncontrolling interests	28	—	743	—	—	743	(743)	—
Reallocation of operating partnership interests	—	—	(56)	(10)	—	(66)	66	—
Other	—	—	(29)	—	—	(29)	—	(29)
Net income	—	—	—	—	5,697	5,697	810	6,507
Balance at June 30, 2021	93,640	$ 2,808	$ 2,749,680	$ (38,732)	$ (1,041,617)	$ 1,672,139	$ 323,249	$ 1,995,388

See notes to consolidated financial statements.

PHILLIPS EDISON & COMPANY, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2021 AND 2020
(Condensed and Unaudited)
(In thousands)

	Six Months Ended June 30, 2021	Six Months Ended June 30, 2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 6,507	$ 4,786
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization of real estate assets	109,995	109,709
Impairment of real estate assets	6,056	—
Depreciation and amortization of corporate assets	1,933	2,888
Net amortization of above- and below-market leases	(1,725)	(1,583)
Amortization of deferred financing expenses	2,448	2,495
Amortization of debt and derivative adjustments	739	1,884
(Gain) loss on disposal of property, net	(17,585)	2,118
Change in fair value of earn-out liability	18,000	(10,000)
Straight-line rent	(4,400)	(1,331)
Share-based compensation	4,845	1,992
Return on investment in unconsolidated joint ventures	1,533	32
Other	(519)	1,239
Changes in operating assets and liabilities:		
Other assets, net	900	(12,853)
Accounts payable and other liabilities	1,170	(11,470)
Net cash provided by operating activities	129,897	89,906
CASH FLOWS FROM INVESTING ACTIVITIES:		
Real estate acquisitions	(40,459)	(4,343)
Capital expenditures	(30,230)	(28,540)
Proceeds from sale of real estate	119,638	25,778
Investment in third parties	(3,000)	—
Return of investment in unconsolidated joint ventures	3,888	639
Net cash provided by (used in) investing activities	49,837	(6,466)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from revolving credit facility	9,000	255,000
Payments on revolving credit facility	(9,000)	(255,000)
Payments on mortgages and loans payable	(66,237)	(35,200)
Distributions paid, net of DRIP	(48,308)	(49,083)
Distributions to noncontrolling interests	(7,931)	(9,406)
Repurchases of common stock	(77,765)	(5,211)
Other	(29)	(318)
Net cash used in financing activities	(200,270)	(99,218)
NET DECREASE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	(20,536)	(15,778)
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH:		
Beginning of period	131,937	95,108
End of period	$ 111,401	$ 79,330
RECONCILIATION TO CONSOLIDATED BALANCE SHEETS:		
Cash and cash equivalents	$ 22,205	$ 53,262
Restricted cash	89,196	26,068
Cash, cash equivalents, and restricted cash at end of period	$ 111,401	$ 79,330

PHILLIPS EDISON & COMPANY, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)
FOR THE SIX MONTHS ENDED JUNE 30, 2021 AND 2020
(Condensed and Unaudited)
(In thousands)

	Six Months Ended June 30,	
	2021	2020
SUPPLEMENTAL CASH FLOW DISCLOSURE, INCLUDING NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Cash paid for interest	$ 36,845	$ 40,980
Right-of-use ("ROU") assets obtained in exchange for new lease liabilities	239	551
Accrued capital expenditures	6,053	2,884
Change in distributions payable	(7,853)	(16,214)
Change in distributions payable - noncontrolling interests	(1,152)	(2,301)
Change in accrued share repurchase obligation	(77,642)	(2,511)
Distributions reinvested	7,368	15,940

See notes to consolidated financial statements.

Phillips Edison & Company, Inc.

Notes to Consolidated Financial Statements
(Condensed and Unaudited)
As of and for the period ended June 30, 2021

1. ORGANIZATION

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

We are a real estate investment trust ("REIT") that invests primarily in omni-channel grocery-anchored neighborhood and community shopping centers that have a mix of creditworthy national, regional, and local retailers that sell necessity-based goods and services in strong demographic markets throughout the United States. In addition to managing our own shopping centers, our third-party investment management business provides comprehensive real estate and asset management services to two unconsolidated institutional joint ventures, in which we have a partial ownership interest, and one private fund (collectively, the "Managed Funds") as of June 30, 2021.

As of June 30, 2021, we wholly-owned 272 real estate properties. Additionally, we owned a 14% interest in Grocery Retail Partners I LLC ("GRP I"), a joint venture that owned 20 properties, and a 20% equity interest in Necessity Retail Partners ("NRP"), a joint venture that owned two properties.

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

On July 2, 2021, our board of directors (the "Board") approved an amendment to our articles of incorporation to effect a one-for-three reverse stock split. Concurrent with the reverse split, the Operating Partnership enacted a one-for-three reverse split of its outstanding Operating Partnership units ("OP units"). Unless otherwise indicated, the information in this Form 10-Q gives effect to the reverse stock and OP unit splits (Note 9).

On July 19, 2021, we closed our underwritten initial public offering ("underwritten IPO"), through which we offered 17.0 million shares of a new class of common stock, $0.01 par value per share, at an initial price of $28.00 per share, pursuant to a registration statement filed with the U.S. Securities and Exchange Commission ("SEC") on Form S-11 (File No. 333-255846), as amended. These shares are listed on the Nasdaq Global Select Market under the trading symbol "PECO". The underwriters have since exercised a 30-day option to purchase additional shares of common stock to cover overallotments, and, accordingly, on August 2, 2021 we settled the sale of an additional 2.55 million shares, with gross proceeds to us of $71.4 million.

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 condensed 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, remaining hold period of assets, recoverable amounts of receivables, and other fair value measurement assessments required for the preparation of the consolidated interim financial statements. As a result, these estimates are subject to a degree of uncertainty.

Beginning in 2020, the coronavirus ("COVID-19") pandemic has caused significant disruption to our operations. All temporarily closed tenants have since been permitted to reopen; however, certain of our tenants have permanently closed. We have backfilled a number of these spaces, and continue to work on backfilling any remaining vacancies. The continuing economic impacts of the COVID-19 pandemic could result in increased permanent store closures, reduce the demand for leasing space in our shopping centers, and/or result in a decline in occupancy and rental revenues in our real estate portfolio. Because of the adverse economic conditions that have occurred as a result of the impacts of the COVID-19 pandemic and any remaining uncertainty related to the pandemic, it is possible that the estimates and assumptions that have been utilized in the preparation of the consolidated financial statements could change significantly. All of this activity impacts our estimates around the collectibility of revenue and valuation of real estate assets, goodwill and other intangible assets, and certain liabilities, among others.

There were no changes to our significant accounting policies during the six months ended June 30, 2021, except for those discussed below. For a full summary of our accounting policies, refer to our 2020 Annual Report on Form 10-K as originally filed with the SEC on March 12, 2021.

Basis of Presentation and Principles of Consolidation—The accompanying condensed 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, 2020, which are included in our 2020 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 six months ended June 30, 2021 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.

Underwritten IPO Costs—Deferred underwritten IPO costs are currently recorded as Other Assets, Net on our consolidated balance sheets as of June 30, 2021, and will be offset against underwritten IPO proceeds and reclassified as a component of APIC on the consolidated balance sheets upon the consummation of the offering. Costs incurred that were related to our underwritten IPO activities but were not directly related to our equity raise were not capitalized and are included as transaction costs, currently in Other (Expense) Income, Net on our consolidated statements of operations and comprehensive income (loss) ("consolidated statements of operations").

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 six months ended June 30, 2021 and 2020, and we retain a full valuation allowance for our deferred tax asset. All income tax amounts are included in Other (Expense) Income, Net on our consolidated statements of operations.

Recently Issued Accounting Pronouncements—On January 7, 2021, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2021-01 to amend the scope of the guidance in ASU 2020-04 on facilitation of the effects of reference rate reform on financial reporting. Specifically, the amendments in ASU 2021-01 clarify that certain optional expedients and exceptions in Accounting Standards Codification ("ASC") Topic 848, *Reference Rate Reform* for contract modifications and hedge accounting apply to derivatives that are affected by the discounting transition. We adopted ASU 2021-01 upon its issuance and the adoption of this standard did not have a material impact on our consolidated financial statements.

Reclassifications—The following line items on our consolidated statement of cash flows for the six months ended June 30, 2020 were reclassified to conform to current year presentation:

- Return on Investment in Unconsolidated Joint Ventures was listed on a separate line from Other Assets, Net; and
- Net Change in Credit Facility was separated into two lines, Proceeds from Revolving Credit Facility and Payments on Revolving Credit Facility.

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 six months ended June 30, 2021 and 2020 (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Rental income related to fixed lease payments[1]	$ 94,485	$ 95,036	$ 189,451	$ 191,063
Rental income related to variable lease payments[1][2]	27,454	30,659	58,855	62,497
Straight-line rent amortization[3]	2,893	(978)	4,262	1,331
Amortization of lease assets	877	786	1,704	1,565
Lease buyout income	1,781	214	2,578	308
Adjustments for collectibility[4]	2,845	(10,063)	1,108	(12,644)
Total rental income	$ 130,335	$ 115,654	$ 257,958	$ 244,120

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

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

(3) Includes favorable revenue adjustments to straight-line rent for tenants previously considered non-creditworthy during the three months ended June 30, 2021 of $0.4 million, and unfavorable adjustments for non-creditworthy tenants during the six months ended June 30, 2021 of $0.4 million. Includes unfavorable adjustments for the three and six months ended June 30, 2020 of $3.2 million, and $3.1 million, respectively.

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

For the three and six months ended June 30, 2021, we had net favorable changes to general reserves of $1.9 million and $4.1 million, respectively. Additionally, we had $1.0 million in net collections on receivables that were previously deemed unlikely to be collected for tenants not considered creditworthy for the three months ended June 30, 2021, and $3.0 million in net unfavorable revenue adjustments for non-creditworthy tenants for the six months ended June 30, 2021.

For the three and six months ended June 30, 2020, we had net general reserve increases of $1.3 million and $0.9 million, respectively. Additionally, we had net unfavorable adjustments of $8.8 million and $11.7 million, respectively, related to monthly revenue for tenants that we deemed non-creditworthy and for which we were recording revenue on a cash basis.

Approximate future fixed contractual lease payments to be received under non-cancelable operating leases in effect as of June 30, 2021, assuming no new or renegotiated leases or option extensions on lease agreements, and including the impact of rent abatements, payment plans, and tenants who have been moved to the cash basis of accounting for revenue recognition purposes are as follows (in thousands):

Year	Amount
Remaining 2021	$ 191,000
2022	363,187
2023	317,301
2024	263,155
2025	209,307
Thereafter	514,528
Total	$ 1,858,478

In response to the COVID-19 pandemic, we executed payment plans with our tenants. As of June 30, 2021, we had $5.4 million of outstanding payment plans with our tenants, which represented approximately 2.1% of rental income during the six months ended June 30, 2021. During the three months ended June 30, 2021, we had recorded an immaterial amount of rent abatements related to 2021 missed charges. During the six months ended June 30, 2021, we recorded approximately $0.5 million of rent abatements related to missed 2021 charges, which represented less than 1% of rental income for the six months ended June 30, 2021.

No single tenant comprised 7% or more of our aggregate annualized base rent ("ABR") as of June 30, 2021. As of June 30, 2021, our wholly-owned real estate investments in Florida and California represented 12.6% and 10.1% 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 June 30, 2021 and December 31, 2020 (in thousands):

Balance Sheet Information	Balance Sheet Location	June 30, 2021	December 31, 2020
ROU assets, net - operating leases	Investment in Real Estate	$ 4,003	$ 3,867
ROU assets, net - operating and finance leases	Other Assets, Net	1,190	1,438
Operating lease liability	Accounts Payable and Other Liabilities	5,619	5,731
Finance lease liability	Debt Obligations, Net	127	164

4. REAL ESTATE ACTIVITY

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

	Six Months Ended June 30,	
	2021	2020
Number of properties sold[(1)]	13	4
Number of outparcels sold[(2)(3)]	1	—
Proceeds from sale of real estate	$ 119,638	$ 25,778
Gain (loss) on sale of properties, net[(4)]	18,713	(1,436)

(1) We retained an outparcel for one property sold during the six months ended June 30, 2021, and therefore the sale did not result in a reduction in our total property count.

(2) One outparcel sold during the six months ended June 30, 2021 was the only remaining portion of one of our properties, and therefore the sale resulted in a reduction in our total property count.

(3) In addition to the one outparcel sold during the six months ended June 30, 2021, a tenant at one of our properties exercised a bargain purchase option to acquire a parcel of land that we previously owned. This generated minimal proceeds for us.

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

Subsequent to June 30, 2021, we sold two properties for $16.0 million.

Acquisitions—The following table summarizes our real estate acquisition activity (dollars in thousands):

	Six Months Ended June 30,	
	2021	2020
Number of properties acquired	2	—
Number of outparcels acquired[(1)]	3	2
Total acquisition price	$ 40,459	$ 4,343

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

The fair value and weighted-average useful life at acquisition for lease intangibles acquired are as follows (dollars in thousands, weighted-average useful life in years):

	Six Months Ended June 30, 2021	
	Fair Value	Weighted-Average Useful Life
In-place leases	$ 4,155	7
Above-market leases	52	5
Below-market leases	(1,652)	6

Property Held for Sale—As of June 30, 2021, two properties were classified as held for sale. As of December 31, 2020, no properties were classified as held for sale. Properties classified as held for sale as of June 30, 2021 were under contract to sell, with no substantive contingencies, and the prospective buyers had significant funds at risk as of the reporting date. Subsequent to June 30, 2021, both of our held for sale properties were sold. A summary of assets and liabilities for the properties held for sale as of June 30, 2021 is below (in thousands):

	June 30, 2021
ASSETS	
Total investment in real estate assets, net	$ 13,807
Other assets, net	454
Total assets	$ 14,261
LIABILITIES	
Below-market lease liabilities, net	$ 379
Accounts payable and other liabilities	481
Total liabilities	$ 860

5. OTHER ASSETS, NET

The following is a summary of Other Assets, Net outstanding as of June 30, 2021 and December 31, 2020, excluding amounts related to assets held for sale (in thousands):

	June 30, 2021	December 31, 2020
Other assets, net:		
Deferred leasing commissions and costs	$ 44,428	$ 41,664
Deferred financing expenses[1]	13,971	13,971
Office equipment, ROU assets, and other	22,699	21,578
Corporate intangible assets	6,804	6,804
Total depreciable and amortizable assets	87,902	84,017
Accumulated depreciation and amortization	(50,014)	(45,975)
Net depreciable and amortizable assets	37,888	38,042
Accounts receivable, net[2]	37,151	46,893
Accounts receivable - affiliates	522	543
Deferred rent receivable, net[3]	35,760	32,298
Prepaid expenses and other	11,735	8,694
Investment in third parties	3,000	—
Total other assets, net	$ 126,056	$ 126,470

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

(2) Net of $7.4 million and $8.9 million of general reserves for uncollectible amounts as of June 30, 2021 and December 31, 2020, respectively. Receivables that were removed for tenants considered to be non-creditworthy were $16.2 million and $22.8 million as of June 30, 2021 and December 31, 2020, respectively.

(3) Net of $4.7 million and $4.4 million of adjustments as of June 30, 2021 and December 31, 2020, respectively, related to straight-line rent for tenants previously or currently considered to be non-creditworthy.

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 June 30, 2021 and December 31, 2020 (dollars in thousands):

	Interest Rate[1]	June 30, 2021	December 31, 2020
Revolving credit facility	LIBOR + 1.4%	$ —	$ —
Term loans[2]	1.3% - 4.6%	1,622,500	1,622,500
Secured loan facilities	3.4% - 3.5%	395,000	395,000
Mortgages	3.5% - 7.2%	223,868	290,022
Finance lease liability		127	164
Assumed market debt adjustments, net		(1,553)	(1,543)
Deferred financing expenses, net		(11,710)	(13,538)
Total		$ 2,228,232	$ 2,292,605
Weighted-average interest rate		2.9 %	3.1 %

(1) Interest rates are as of June 30, 2021.

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

Debt Activity—On July 2, 2021, we entered into a new $980 million credit facility comprised of a $500 million senior unsecured revolving credit facility and two $240 million senior unsecured term loan tranches (the “Refinancing”). In connection with the Refinancing, we paid off the $472.5 million term loan due in 2025. The revolving credit facility will mature in January 2026, and the two senior unsecured term loan tranches will mature in November 2025 and July 2026, respectively.

On July 20, 2021, we used proceeds from the underwritten IPO to retire our $375 million term loan maturing in 2022.

Debt Allocation—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, and including the effects of derivative financial instruments (see Notes 7 and 12) as of June 30, 2021 and December 31, 2020 is summarized below (in thousands):

	June 30, 2021	December 31, 2020
As to interest rate:		
Fixed-rate debt	$ 1,548,995	$ 1,727,186
Variable-rate debt	692,500	580,500
Total	$ 2,241,495	$ 2,307,686
As to collateralization:		
Unsecured debt	$ 1,622,500	$ 1,622,500
Secured debt	618,995	685,186
Total	$ 2,241,495	$ 2,307,686

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 six months ended June 30, 2021 and 2020, such derivatives were used to hedge the variable cash flows associated with certain variable-rate debt. Amounts reported in AOCI related to these derivatives will be reclassified to Interest Expense, Net as interest payments are made on the variable-rate debt. During the next twelve months, we estimate that an additional $18.2 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 June 30, 2021 and December 31, 2020 (dollars in thousands):

	June 30, 2021	December 31, 2020
Count	5	6
Notional amount	$ 930,000	$ 1,042,000
Fixed LIBOR	1.3% - 2.9%	1.3% - 2.9%
Maturity date	2022 - 2025	2021 - 2025

We assumed five hedges with a notional amount of $570 million as a part of a merger. The fair value of the five hedges assumed was $14.7 million and is amortized over the remaining lives of the respective hedges and recorded in Interest Expense, Net in the consolidated statements of operations. The net unamortized amount remaining as of June 30, 2021 and December 31, 2020 was $4.3 million and $5.0 million, respectively.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Amount of (loss) gain recognized in Other Comprehensive Income (Loss)	$ (1,451)	$ (6,614)	$ 5,814	$ (51,530)
Amount of loss reclassified from AOCI into interest expense	4,824	4,867	9,679	6,419

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 June 30, 2021, the fair value of our derivatives in a net liability position, which included accrued interest but excluded any adjustment for nonperformance risk related to these agreements, was approximately $39.9 million. As of June 30, 2021, we had not posted any collateral related to these agreements and were not in breach of any agreement provisions. If we had breached any of these provisions, we could have been required to settle our obligations under the agreements at their termination value of $39.9 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 June 30, 2021, we had four letters of credit outstanding totaling approximately $9.0 million to provide security for our obligations under Silver Rock’s insurance and reinsurance contracts.

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 the Board. Our charter does not provide for cumulative voting in the election of directors.

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

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

Class B Common Stock—Our stockholders approved Articles of Amendment that effected a change of each share of our common stock outstanding at the time the amendment became effective into one share of a newly-created class of Class B common stock (the "Recapitalization"). The Articles of Amendment became effective upon filing with, and acceptance by, the State Department of Assessments and Taxation of Maryland on July 2, 2021.

Our Class B common stock is identical to our common stock, except that (i) we do not intend to list our Class B common stock on a national securities exchange, and (ii) upon the six month anniversary of the listing of our common stock for trading on a national securities exchange, or January 15, 2022 (or such earlier date or dates as may be approved by our Board in certain circumstances with respect to all or any portion of the outstanding shares of our Class B common stock), each share of our Class B common stock will automatically, and without any stockholder action, convert into one share of our listed common stock.

Underwritten IPO—On July 19, 2021, we completed an underwritten IPO and issued 17.0 million shares of common stock at an offering price of $28.00 per share. We used a portion of the net proceeds to reduce our leverage and expect to use the remaining amount to fund external growth with property acquisitions and for other general corporate uses. As part of the underwritten IPO, underwriters were granted an option exercisable within 30 days from July 14, 2021 to purchase up to an additional 2.55 million shares of common stock at the underwritten IPO price, less underwriting discounts and commissions. On July 29, 2021, the underwriters exercised their option.

Distributions—Distributions paid to stockholders and OP unit holders of record subsequent to June 30, 2021 were as follows (dollars in thousands, excluding per share amounts):

Month	Date of Record	Monthly Distribution Rate	Date Distribution Paid	Cash Distribution
June 2021	6/15/2021	$ 0.085	7/1/2021	$ 9,063
July 2021	7/15/2021	0.085	8/2/2021	9,065

On August 4, 2021, our Board authorized distributions to the stockholders of record at the close of business on August 16, 2021, equal to a monthly amount of $0.085 per share of common stock. OP unit holders will receive distributions at the same rate as common stockholders.

Convertible Noncontrolling Interests—As of June 30, 2021 and December 31, 2020, we had approximately 13.4 million and 13.3 million outstanding OP units, respectively. Additionally, certain of our outstanding restricted share and performance share awards will result in the issuance of OP units upon vesting in future periods.

Under the terms of the Fourth Amended and Restated Agreement of Limited Partnership (the "Partnership Agreement"), OP unit holders may elect to exchange their OP units. The Operating Partnership controls the form of the redemption, and may elect to exchange OP units either 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 June 30, 2021 and December 31, 2020 are classified as Noncontrolling Interests within permanent equity on our consolidated balance sheets.

The table below is a summary of our OP unit activity for the three and six months ended June 30, 2021 and 2020 (dollars and shares in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
OP units converted into shares of our common stock[(1)]	28	17	28	56
Distributions paid on OP units[(2)]	$ 3,460	$ —	$ 6,779	$ 7,105

(1) OP units are converted into shares of our common stock at a 1:1 ratio.

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

Underwritten IPO Grants—In connection with our underwritten IPO, we issued a total of 0.5 million RSUs and restricted stock awards in the form of time-based stock compensation awards. The shares have a grant price of $28.00 per share and, with the exception of one individual whose award is subject to accelerated vesting provisions, 50% of the shares will vest after 18 months and the remaining 50% will vest after 36 months.

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

Dividend Reinvestment Plan and Share Repurchase Program ("SRP")—On August 4, 2021, as a result of our underwritten IPO, our Board approved the termination of the DRIP and the SRP. The DRIP has been suspended since April 2021. The SRP, which was limited to repurchases resulting from the death, qualifying disability, or the declaration of incompetence ("DDI") of stockholders, has been suspended since March 2021, and the SRP for standard repurchases had been suspended since August 2019.

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. EPS reflects earnings per common share prior to the Recapitalization.

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 Partnership Agreement.

The impact of these 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 three and six months ended June 30, 2021 and 2020.

The following table provides a reconciliation of the numerator and denominator of the earnings per share calculations, restated for prior periods to display the effect of the reverse split, and excluding the effects of the Recapitalization as it occurred after June 30, 2021 (in thousands, except per share amounts):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Numerator:				
Net income (loss) attributable to stockholders - basic	$ 5,594	$ (5,588)	$ 5,697	$ 4,181
Net income (loss) attributable to convertible OP units[(1)]	796	(825)	810	605
Net income (loss) - diluted	$ 6,390	$ (6,413)	$ 6,507	$ 4,786
Denominator:				
Weighted-average shares - basic	93,625	96,821	93,558	96,736
OP units[(1)]	13,381	14,248	13,368	14,273
Dilutive restricted stock awards	169	—	176	131
Adjusted weighted-average shares - diluted	107,175	111,069	107,102	111,140
Earnings per common share:				
Basic and diluted income (loss) per share	$ 0.06	$ (0.06)	$ 0.06	$ 0.04

(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 periods presented.

Approximately 0.4 million time-based and 0.9 million performance-based unvested stock awards were outstanding as of June 30, 2020. These securities were anti-dilutive for the three months ended June 30, 2020. As a result, their impact was excluded from the weighted-average common shares used to calculate diluted EPS for that period.

11. REVENUE RECOGNITION AND RELATED PARTY TRANSACTIONS

Revenue—We have entered into agreements with the Managed Funds related to certain advisory, management, and administrative services we provide to their real estate assets in exchange for fees and reimbursement of certain expenses. Summarized below are amounts included in Fees and Management Income. The revenue includes the fees and reimbursements earned by us from the Managed Funds, 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 June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Recurring fees[1]	$ 1,103	$ 1,182	$ 2,228	$ 2,398
Transactional revenue and reimbursements[2]	461	960	929	1,390
Insurance premiums[3]	810	618	1,503	1,137
Total fees and management income	$ 2,374	$ 2,760	$ 4,660	$ 4,925

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

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

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

Tax Protection Agreement—Through our Operating Partnership, we are currently party to a tax protection agreement (the "2017 TPA") with certain partners that contributed property to our Operating Partnership on October 4, 2017, among them certain of our executive officers, including Jeffrey S. Edison, our Chairman and Chief Executive Officer, under which the Operating Partnership has agreed to indemnify such partners for tax liabilities that could accrue to them personally related to our potential disposition of certain properties within our portfolio. The 2017 TPA will expire on October 4, 2027. On July 19, 2021, we entered into an additional tax protection agreement (the "2021 TPA") with certain of our executive officers, including Mr. Edison. The 2021 TPA carries a term of four years and will become effective upon the expiration of the 2017 TPA. As of June 30, 2021, the potential "make-whole amount" on the estimated aggregate amount of built-in gain subject to protection under the agreements is approximately $152.6 million. The protection provided under the terms of the 2021 TPA will expire in 2031. We have not recorded any liability related to the 2017 TPA or the 2021 TPA on our consolidated balance sheets for any periods presented, nor recognized any expense since the inception of the 2017 TPA, owing to the fact that any potential liability under the agreements is controlled by us and we will either (i) continue to own and operate the protected properties or (ii) be able to successfully complete Section 1031 Exchanges (unless there is a change in applicable law) or complete other tax-efficient transactions to avoid any liability under the agreements.

Other Related Party Matters—We are the limited guarantor for up to $190 million, capped at $50 million in most instances, of debt for our NRP joint venture. As of June 30, 2021, the outstanding loan balance related to our NRP joint venture was $32.1 million. As of June 30, 2021, we were also the limited guarantor of a $175 million mortgage loan secured by GRP I properties. Our guaranty for both the NRP and GRP I debt is limited to being the non-recourse carveout guarantor and the environmental indemnitor. Further, in both cases, we are also party to an agreement with our institutional joint venture partners in which any potential liability under such guarantees will be apportioned between us and our applicable joint venture partner based on our respective ownership percentages in the applicable joint venture. We have no liability recorded on our consolidated balance sheets for either guaranty as of June 30, 2021 and December 31, 2020.

Additionally, during 2021, we made a cash investment of $3.0 million into a third-party company in exchange for preferred shares of their stock. As part of the investment agreement, the third-party company committed to enter into leases at two of our properties. As of August 5, 2021, we had entered into two leases under the terms of the investment agreement, both of which carry a term of 10 years, over which period we expect to receive contractual rents of $2.6 million in total for both leases.

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 June 30, 2021 and December 31, 2020 (in thousands):

	June 30, 2021		December 31, 2020	
	Recorded Principal Balance[1]	Fair Value	Recorded Principal Balance[1]	Fair Value
Term loans	$ 1,612,031	$ 1,631,088	$ 1,610,204	$ 1,621,902
Secured portfolio loan facilities	391,371	411,209	391,131	404,715
Mortgages[2]	224,830	234,766	291,270	303,647
Total	$ 2,228,232	$ 2,277,063	$ 2,292,605	$ 2,330,264

(1) Recorded principal balances include net deferred financing expenses of $11.7 million and $13.5 million as of June 30, 2021 and December 31, 2020, respectively. Recorded principal balances also include assumed market debt adjustments of $1.6 million and $1.5 million as of June 30, 2021 and December 31, 2020, respectively. We have recorded deferred financing expenses related to our revolving credit facility, which are not included in these balances, in Other Assets, Net on our consolidated balance sheets.

(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 six months ended June 30, 2021 and the year ended December 31, 2020, were as follows (in thousands):

	June 30, 2021			December 31, 2020		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Recurring						
Derivative liabilities[1]	$ —	$ (39,929)	$ —	$ —	$ (54,759)	$ —
Earn-out liability	—	—	(40,000)	—	—	(22,000)
Nonrecurring						
Impaired real estate assets, net[2]	$ —	$ 22,850	$ —	$ —	$ 19,350	$ —
Impaired corporate ROU asset, net	—	—	—	—	537	—

(1) We record derivative liabilities in Derivative Liabilities on our consolidated balance sheets.

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

Derivative Instruments—As of June 30, 2021 and December 31, 2020, we had interest rate swaps that fixed LIBOR on portions of our unsecured term loan facilities.

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

To comply with the provisions of ASC 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 June 30, 2021 and December 31, 2020, we have assessed the significance of the impact of the credit valuation adjustments on the overall valuation of our derivative positions and have determined that the credit valuation adjustments are not significant to the overall valuation of our derivatives. As a result, we have determined that our derivative valuations in their entirety are classified in Level 2 of the fair value hierarchy.

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

- if the liquidity event price per share is greater than or equal to $33.60, PELP will receive approximately 1.7 million OP units;

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

Prior to the second quarter of 2021, we estimated the fair value of the earn-out liability on a quarterly basis using the Monte Carlo method. As of June 30, 2021, our underwritten IPO process had commenced and thus the only remaining variable for calculating final amounts to be paid under the earn-out agreement was the liquidity event price per share. Therefore, we estimated the fair value of the liability related to the earn-out using a probability-weighted model to estimate the liquidity event price per share. In calculating the fair value of this liability as of June 30, 2021, we have determined that 1.0 million OP units have been earned and the most likely range of potential outcomes includes a possibility of no additional OP units issued as well as up to a maximum of approximately 0.667 million units being issued.

For the three months ended June 30, 2021, we recorded expense of $2.0 million related to the change in fair value of the earn-out liability. There was no change to the fair value of our earn-out liability for the three months ended June 30, 2020. We recorded expense of $18.0 million and income of $10.0 million, respectively, for the six months ended June 30, 2021 and June 30, 2020 related to changes in the fair value of the earn-out liability. The increase in the fair value of the liability as of June 30, 2021 was attributable to the commencement of our underwritten IPO as well as improved market conditions in 2021. The change in fair value for each period has been recognized in Other (Expense) Income, Net in the consolidated statements of operations.

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 six months ended June 30, 2021, we impaired assets that were under contract at a disposition price that was less than carrying value, or that had other operational impairment indicators. The valuation technique used for the fair value of all impaired real estate assets was the expected net sales proceeds, which we consider to be a Level 2 input in the fair value hierarchy. There were no impairment charges recorded during the three and six months ended June 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 carrying value of the property over its remaining economic life based upon net operating income ("NOI") as forecasted for the current year. In the event that the results of this first step indicate a triggering event for a center, we proceed to the second step, utilizing an undiscounted cash flow model for the center to identify potential impairment. If the undiscounted cash flows are less than the net book value of the center as of the balance sheet date, we 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 NOI and cash flows as a result of the COVID-19 pandemic in performing our review procedures for the three and six months ended June 30, 2021 and 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 collectibility 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 June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Impairment of real estate assets	$ 1,056	$ —	$ 6,056	$ —

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

The following discussion and analysis should be read in conjunction with our accompanying consolidated financial statements and notes thereto. All references to "Notes" throughout this document refer to the footnotes to the consolidated financial statements in "Part I, Item 1. Financial Information". See also "Cautionary Note Regarding Forward-Looking Statements" below.

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 SEC. Such statements include, but are not limited to, (a) statements about our plans, strategies, initiatives, and prospects; (b) statements about the COVID-19 pandemic, including its duration and potential or expected impact on our tenants, our business, and our estimated value per share; (c) statements about our distributions, share repurchase program, and dividend reinvestment plan; (d) statements about our underwritten incremental yields; and (e) statements about our future results of operations, capital expenditures, and liquidity. Such statements are subject to known and unknown risks and uncertainties, which could cause actual results to differ materially from those projected or anticipated, including, without limitation: (i) changes in national, regional, or local economic climates; (ii) local market conditions, including an oversupply of space in, or a reduction in demand for, properties similar to those in our portfolio; (iii) vacancies, changes in market rental rates, and the need to periodically repair, renovate, and re-let space; (iv) competition from other available shopping centers and the attractiveness of properties in our portfolio to our tenants; (v) the financial stability of our tenants, including, without limitation, their ability to pay rent; (vi) our ability to pay down, refinance, restructure, or extend our indebtedness as it becomes due; (vii) increases in our borrowing costs as a result of changes in interest rates and other factors, including the potential phasing out of LIBOR after 2021; (viii) potential liability for environmental matters; (ix) damage to our properties from catastrophic weather and other natural events, and the physical effects of climate change; (x) our ability and willingness to maintain our qualification as a REIT in light of economic, market, legal, tax, and other considerations; (xi) changes in tax, real estate, environmental, and zoning laws; (xii) information technology security breaches; (xiii) our corporate responsibility initiatives; (xiv) loss of key executives; (xv) the 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, the duration of any such measures and the extent to which the revenues of our tenants recover following the lifting of such restrictions; (xvi) the effectiveness or lack of effectiveness of governmental relief in providing assistance to individuals and businesses adversely impacted by the COVID-19 pandemic, including our tenants; (xvii) 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; (xviii) the impact of the COVID-19 pandemic on our tenants and their ability and willingness to renew their leases upon expiration; (xix) our ability to re-lease our properties on the same or better terms, or at all, in the event of non-renewal or in the event we exercise our right to replace an existing tenant; (xx) the loss or bankruptcy of our tenants, 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; (xxi) the pace of recovery following the COVID-19 pandemic given the current severe economic contraction and increase in unemployment rates; (xxii) 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 or at all; and (xxiii) our ability to implement cost containment strategies. 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 2020 Annual Report on Form 10-K, as originally filed with the SEC on March 12, 2021, 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.

KEY PERFORMANCE INDICATORS AND DEFINED TERMS

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

We do not consider our non-GAAP measures to be alternatives to measures required in accordance with GAAP. Certain non-GAAP measures should not be viewed as an alternative measure of our financial performance as they may not reflect the operations of our entire portfolio, and they may not reflect the impact of general and administrative expenses, depreciation and amortization, interest expense, other income (expense), or the level of capital expenditures and leasing costs necessary to maintain the operating performance of our shopping centers that could materially impact our results from operations. Additionally, certain non-GAAP measures should not be considered as an indication of our liquidity, nor as an indication of funds available to cover our cash needs, including our ability to fund distributions, and may not be a useful measure of the impact of long-term operating performance on value if we do not continue to operate our business in the manner currently contemplated. Accordingly, non-GAAP measures should be reviewed in connection with other GAAP measurements, and should not be viewed as more prominent measures of performance than net income (loss) or cash flows from operations prepared in accordance with GAAP. Other REITs may use different methodologies for calculating similar non-GAAP measures, and accordingly, our non-GAAP measures may not be comparable to other REITs.

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

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

- Anchor space—We define an anchor space as a space greater than or equal to 10,000 square feet of gross leasable area ("GLA").
- ABR—We use ABR to refer to the monthly contractual base rent as of June 30, 2021 multiplied by twelve months.
- ABR per Square Foot ("PSF")—This metric is calculated by dividing ABR by leased GLA. Increases in ABR PSF can be an indication of our ability to create rental rate growth in our centers, as well as an indication of demand for our spaces, which generally provides us with greater leverage during lease negotiations.
- GLA—We use GLA to refer to the total occupied and unoccupied square footage of a building that is available for tenants (whom we refer to as a "Neighbor" or our "Neighbors") or other retailers to lease.
- Inline space—We define an inline space as a space containing less than 10,000 square feet of GLA.
- Leased Occupancy—This metric is calculated as the percentage of total GLA for which a lease has been signed regardless of whether the lease has commenced or the Neighbor has taken possession. High occupancy is an indicator of demand for our spaces, which generally provides us with greater leverage during lease negotiations.
- Underwritten incremental yield—This reflects the yield we target to generate from a project upon expected stabilization and is calculated as the estimated incremental NOI for a project at stabilization divided by its estimated net project investment. The estimated incremental NOI is the difference between the estimated annualized NOI we target to generate by project upon stabilization and the estimated annualized NOI without the planned improvements. Underwritten incremental yield does not include peripheral impacts, such as lease rollover risk or the impact on the long term value of the property upon sale or disposition. Actual incremental yields may vary from our underwritten incremental yield range based on the actual total cost to complete a project and its actual incremental NOI at stabilization.

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

- Comparable lease—We use this term to refer to a lease with consistent structure that is executed for substantially the exact same space that has been vacant less than twelve months.
- Comparable rent spread—This metric is calculated as being the percentage increase or decrease in first-year ABR (excluding any free rent or escalations) on new or renewal leases (excluding options) where the lease was considered a comparable lease. This metric provides an indication of our ability to generate revenue growth through leasing activity.
- Cost of executing new leases—We use this term to refer to certain costs associated with new leasing, namely, leasing commissions, tenant improvement costs, and tenant concessions.
- Portfolio retention rate—This metric is calculated by dividing (i) total square feet of retained Neighbors with current period lease expirations by (ii) the total square feet of leases expiring during the period. The portfolio retention rate provides insight into our ability to retain Neighbors at our shopping centers as their leases approach expiration. Generally, the costs to retain an existing Neighbor are lower than costs to replace with a new Neighbor.
- Recovery rate—This metric is calculated by dividing (i) total recovery income by (ii) total recoverable expenses during the period. A high recovery rate is an indicator of our ability to recover certain property operating expenses and capital costs from our Neighbors.

FINANCIAL PERFORMANCE—In addition to financial metrics calculated in accordance with GAAP, such as net income, we utilize non-GAAP metrics to measure our operational and financial performance. See the section within this Item 2 titled Management's Discussion and Analysis of Financial Condition and Results of Operations - Non-GAAP Measures for further discussion on the following metrics.

- Adjusted Earnings Before Interest, Taxes, Depreciation, and Amortization for Real Estate ("Adjusted EBITDA*re*")—To arrive at Adjusted EBITDA*re*, we adjust EBITDA*re*, as defined below, to exclude certain recurring and non-recurring items including, but not limited to: (i) changes in the fair value of the earn-out liability; (ii) other impairment charges; (iii) amortization of basis differences in our investments in our unconsolidated joint ventures; 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 and evaluate debt leverage and fixed cost coverage.
- Core Funds From Operations ("Core FFO")—To arrive at Core FFO, we adjust Nareit FFO attributable to stockholders and OP unit holders, as defined below, to exclude certain recurring and non-recurring items including, but not limited to: (i) depreciation and amortization of corporate assets; (ii) changes in the fair value of the earn-out liability; (iii) amortization of unconsolidated joint venture basis differences; (iv) gains or losses on the extinguishment or

modification of debt, (v) other impairment charges; and (vi) transaction and acquisition expenses. We believe Nareit FFO provides insight into our operating performance as it excludes certain items that are not indicative of such performance. Core FFO provides further insight into the sustainability of our operating performance and provides an additional measure to compare our performance across reporting periods on a consistent basis by excluding items that may cause short-term fluctuations in net income (loss).

- EBITDA*re*—The National Association of Real Estate Investment Trusts ("Nareit") defines EBITDA*re* as net income (loss) computed in accordance with GAAP before: (i) interest expense; (ii) income tax expense; (iii) depreciation and amortization; (iv) gains or losses from disposition of depreciable property; and (v) impairment write-downs of depreciable property. Adjustments for unconsolidated partnerships and joint ventures are calculated to reflect EBITDA*re* on the same basis.
- Equity Market Capitalization—We calculate equity market capitalization as the total dollar value of all outstanding shares.
- Nareit FFO—Nareit defines FFO as net income (loss) computed in accordance with GAAP, excluding: (i) gains (or losses) from sales of property and gains (or losses) from change in control; (ii) depreciation and amortization related to real estate; (iii) impairment losses on real estate and impairments of in-substance real estate investments in investees that are driven by measurable decreases in the fair value of the depreciable real estate held by the unconsolidated partnerships and joint ventures; and (iv) adjustments for unconsolidated partnerships and joint ventures, calculated to reflect FFO on the same basis. We calculate Nareit FFO in a manner consistent with the Nareit definition.
- Net Debt—We calculate net debt as total debt, excluding market adjustments and deferred financing expenses, less cash and cash equivalents.
- Net Debt to Adjusted EBITDA*re*—This ratio is calculated by dividing net debt by Adjusted EBITDA*re* (included on an annualized basis within the calculation). It provides insight into our leverage rate based on earnings and is not impacted by fluctuations in our equity price.
- Net Debt to Total Enterprise Value—This ratio is calculated by dividing net debt by total enterprise value. It provides insight into our capital structure and usage of debt.
- NOI—We calculate NOI as total operating revenues, adjusted to exclude non-cash revenue items, less property operating expenses and real estate taxes. NOI provides insight about our financial and operating performance because it provides a performance measure of the revenues and expenses directly involved in owning and operating real estate assets and provides a perspective not immediately apparent from net income (loss).
- Same-Center—We use this term to refer to a property, or portfolio of properties, that has been owned and operational for the entirety of each reporting period (i.e., since January 1, 2020).
- Total Enterprise Value—We calculate total enterprise value as our net debt plus our equity market capitalization on a fully diluted basis.

OVERVIEW

We are a REIT and one of the nation's largest owners and operators of omni-channel grocery-anchored neighborhood and community 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 over $460 million of unconsolidated joint ventures. This business provides comprehensive real estate and asset management services to the Managed Funds.

As of June 30, 2021, we wholly-owned 272 real estate properties. Additionally, we owned a 14% interest in GRP I, a joint venture that owned 20 properties, and a 20% interest in NRP, a joint venture that owned two properties.

RECAPITALIZATION—On June 18, 2021, our stockholders approved Articles of Amendment that effected the Recapitalization, wherein each share of our common stock outstanding at the time the amendment became effective was converted into one share of a newly created class of Class B common stock. The Articles of Amendment became effective upon filing with, and acceptance by, the State Department of Assessments and Taxation of Maryland on July 2, 2021. Unless otherwise indicated, all information in this Form 10-Q disclosure gives effect to the Recapitalization and references to "shares" and per share metrics refer to our common stock and Class B common stock, collectively (Note 9).

REVERSE STOCK SPLIT—On July 2, 2021, our Board approved an amendment to our articles of incorporation to effect a one-for-three reverse stock split. Concurrent with the reverse split, the Operating Partnership enacted a one-for-three reverse split of its outstanding OP units. Unless otherwise indicated, the information in this Form 10-Q gives effect to the reverse stock and OP unit splits (Note 9).

UNDERWRITTEN INITIAL PUBLIC OFFERING—On July 19, 2021, we closed our underwritten IPO, through which we offered 17.0 million shares of a new class of common stock, $0.01 par value per share, at an initial price of $28.00 per share, pursuant to a registration statement filed with the SEC on Form S-11 (File No. 333-255846), as amended. These shares are listed on the Nasdaq Global Select Market under the trading symbol "PECO". The underwriters have since exercised a 30-day option to purchase additional shares of common stock to cover overallotments, and, accordingly, on August 2, 2021 we settled the sale of an additional 2.55 million shares, with gross proceeds to us of $71.4 million.

On August 4, 2021, as a result of our underwritten IPO, our Board approved the termination of the DRIP and the SRP. The DRIP has been suspended since April 2021. The SRP, which was limited to repurchases resulting from the DDI of stockholders, has been suspended since March 2021, and the SRP for standard repurchases had been suspended since August 2019.

COVID-19 STRATEGY—During 2020, as a result of the COVID-19 pandemic, many state governments issued "stay-at-home" mandates that generally limited travel and movement of the general public to essential activities only and required all non-essential businesses to close.

Our management team determined the following were the key actions for recovery in our portfolio (all statistics are approximate and include the prorated portion attributable to properties owned through our joint ventures):

- ***Returning to Monthly Payments***—We continue to work with our Neighbors to resume normal monthly rent payments, and our efforts have included raising awareness of the benefits available through numerous governmental relief programs. We have seen our collections continue to improve from the second quarter of 2020. The following table summarizes our collections by quarter, as they were originally reported as well as updated for payments received subsequent to the month billed:

	Originally Reported	Current[1]
Q2 2020	86 %	93 %
Q3 2020	94 %	96 %
Q4 2020	95 %	97 %
Q1 2021	95 %	98 %
Q2 2021	N/A	98 %

(1) Including collections received through July 20, 2021.

As of July 20, 2021, approximately 95% of our Neighbor spaces are paying their rent in full.

- ***Recovering Missed Rent Charges***—We believe substantially all Neighbors, including those that were required to temporarily close under governmental mandates, are contractually obligated to continue with their rent payments as documented in our lease agreements with them. However, we decided to negotiate relief for a small subset of our Neighbors in the form of rent deferrals or abatements. As of July 20, 2021, we have $5.3 million of outstanding payment plans with our Neighbors, and we had recorded rent abatements of approximately $0.7 million during 2021, related to 2021 missed rental income. These payment plans and rent abatements represented approximately 2.0% and 0.3% of portfolio rental income for the six months ended June 30, 2021, respectively. As of July 20, 2021, approximately 54% of payments are scheduled to be received by December 31, 2021 for all executed payment plans, and the weighted-average term over which we expect to receive remaining amounts owed on executed payment plans is approximately twelve months.

  We are still actively pursuing past due amounts under the terms negotiated with our Neighbors. For our entire portfolio, inclusive of our prorated share of properties owned through joint ventures, 69% of the missed monthly charges billed during the first and second quarters of 2021 have since been collected, and 5% have been waived, as of July 20, 2021, bringing both Q1 and Q2 2021 collections to 98%. 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. We cannot guarantee that we will ultimately be able to collect these amounts.

- ***Monitoring for Credit Risk***—The COVID-19 pandemic and resulting economic downturn has increased the uncertainty of collecting rents from a number of our Neighbors. 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 is ultimately unable to remain in a space.

  For Neighbors with a higher degree of uncertainty as to their creditworthiness, we may not record revenue for amounts billed until the cash is received. Based on our analysis, no individual Neighbor category has been accounted for entirely on a cash basis as of June 30, 2021 or throughout the pandemic; however, we continue to evaluate each Neighbor individually to determine if they should be accounted for on a cash basis. For the three months ended June 30, 2021, inclusive of the prorated portion attributable to properties owned through our joint ventures, we had $1.3 million in net favorable monthly revenue adjustments for Neighbors who are being accounted for on a cash basis. For the six months ended June 30, 2021, we had $3.6 million in net unfavorable monthly revenue adjustments for Neighbors who are being accounted for on a cash basis. For the three and six months ended June 30, 2020, inclusive of the prorated portion attributable to properties owned through our joint ventures, we had $12.1 million and $15.0 million, respectively, in net unfavorable monthly revenue adjustments for Neighbors who are being accounted for on a cash basis. As of June 30, 2021, our Neighbors currently being accounted for on a cash basis represented approximately 8% of our total Neighbor spaces, or approximately 7.4% of portfolio ABR. Further, many of our Neighbors who are on a cash basis of accounting are actively making payments toward their outstanding balances. When considering the ABR associated with Neighbors who are currently on a cash basis of accounting, 76% of this ABR is represented by Neighbors who are actively making payments.

  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 less than 1% of our total portfolio ABR as of June 30, 2021. We have included our assessment of the impact of these bankruptcies in our estimate of rent collectibility, which impacted recorded revenue, as noted previously.

  Certain of our Neighbors have been unable to remain in their spaces as a result of the factors previously noted. Despite this fallout, our leasing activity has been strong as demand for space in our centers remains high, allowing us to re-lease these spaces to Neighbors who may increase our concentration of necessity-based and omni-channel retailers. For the three and six months ended June 30, 2021, our wholly-owned portfolio retention rate was 85.5% and 87.2%, respectively. Additionally, for the three and six months ended June 30, 2021, for our wholly-owned portfolio, we executed 124 and 277 new leases, respectively, each an increase as compared to the same period a year ago.

PORTFOLIO AND LEASING STATISTICS—Below are statistical highlights of our wholly-owned portfolio as of June 30, 2021 and 2020 (dollars and square feet in thousands):

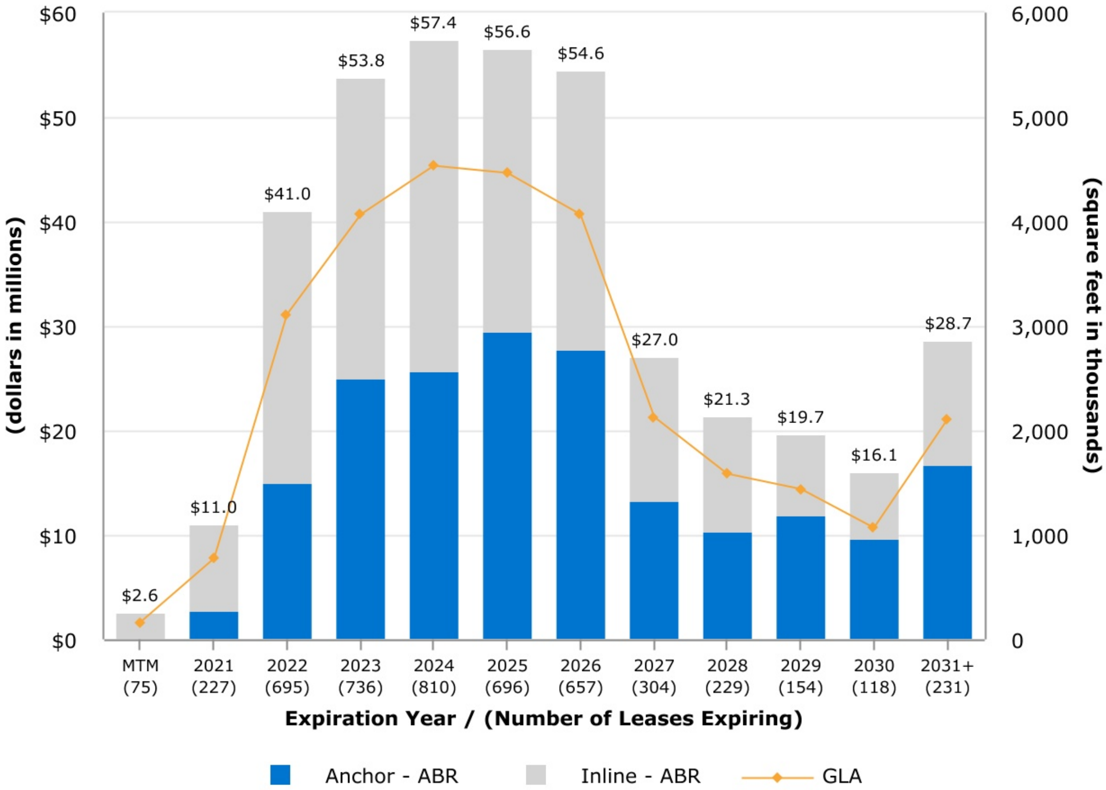
	June 30, 2021	June 30, 2020
Number of properties	272	284
Number of states	31	31
Total square feet	30,778	31,787
ABR	$ 384,916	$ 385,696
% ABR from omni-channel grocery-anchored shopping centers	96.0 %	97.0 %
Leased % of rentable square feet:		
Total portfolio spaces	94.7 %	95.6 %
Anchor spaces	96.8 %	98.3 %
Inline spaces	90.6 %	90.3 %
Average remaining lease term (in years)(1)	4.5	4.6

(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 as of June 30, 2021, which is the basis for determining the prorated information included in the subsequent tables (dollars and square feet in thousands):

	June 30, 2021			
Joint Venture	Ownership Percentage	Number of Properties	ABR	GLA
Grocery Retail Partners I	14%	20	$ 29,339	2,211
Necessity Retail Partners	20%	2	3,989	228

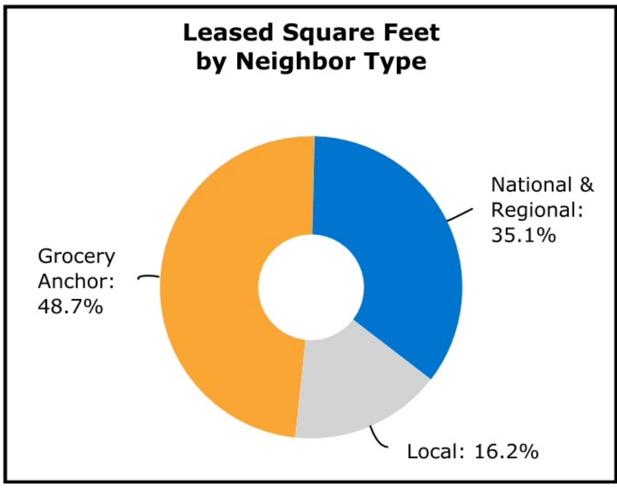
LEASE EXPIRATIONS—The following chart shows the aggregate scheduled lease expirations, excluding our Neighbors who are occupying space on a temporary basis, after June 30, 2021 for each of the next ten years and thereafter for our wholly-owned properties and the prorated portion of those owned through our joint ventures:

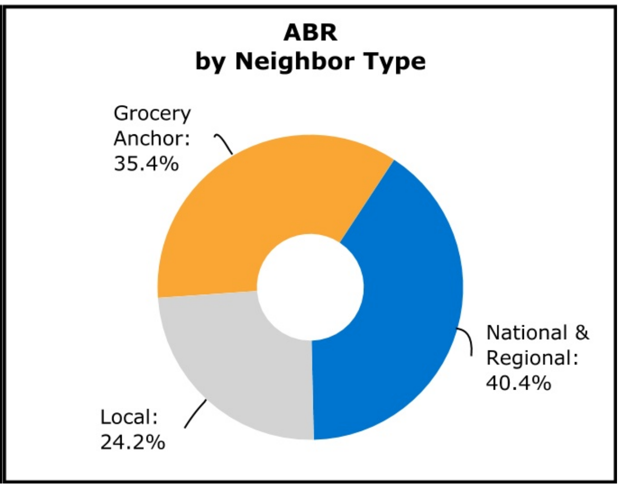


Our ability to create rental rate growth generally depends on our leverage during new and renewal lease negotiations with prospective and existing Neighbors, which typically occurs when occupancy at our centers is high or during periods of economic growth and recovery. Conversely, we may experience rental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

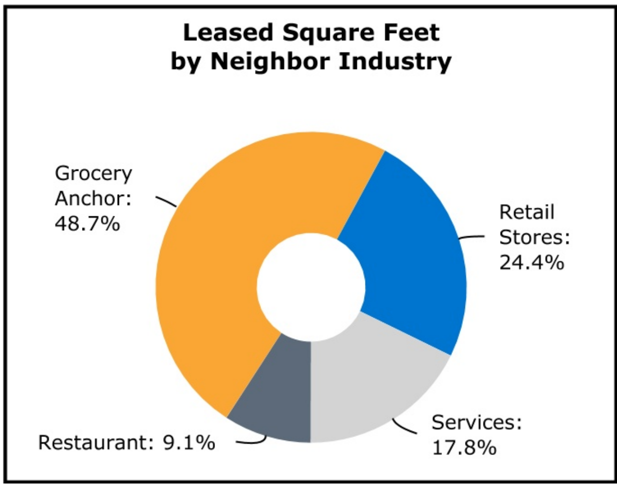
See “Part I, Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations - Results of Operations - Leasing Activity” of this filing on Form 10-Q for further discussion of leasing activity.

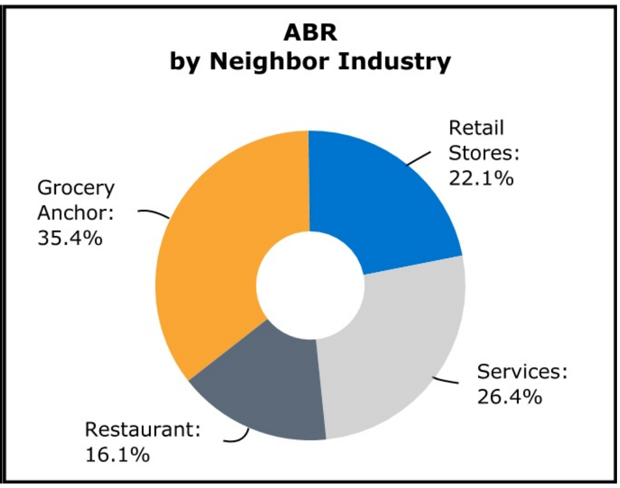
PORTFOLIO TENANCY—We define national Neighbors as those Neighbors that operate in at least three states. Regional Neighbors are defined as those Neighbors that have at least three locations in fewer than three states. The following charts present the composition of our portfolio, including our wholly-owned properties and the prorated portion of those owned through our joint ventures, by Neighbor type as of June 30, 2021:





The following charts present the composition of our portfolio by Neighbor industry as of June 30, 2021:





We define "Necessity-based goods and services" as goods and services that are indispensable, necessary, or common for day-to-day living, or that tend to be inelastic (i.e., those for which the demand does not change based on a consumer's income level). We estimate that approximately 73% of our ABR, including the pro rata portion attributable to properties owned through our joint ventures, is from Neighbors providing necessity-based goods and services. Additionally, within these categories, we estimate that approximately 50% of our ABR 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:

	June 30, 2021
Essential/Necessity Retail and Services:	
Grocery	35.4 %
Medical/pharmacy	2.7 %
Banks	2.4 %
Dollar stores	2.2 %
Pet supply	1.9 %
Hardware/automotive	1.7 %
Wine, beer, and liquor	1.4 %
Other essential	2.7 %
Total Essential/Necessity-based retail and services[(1)]	50.4 %
Other Necessity:	
Quick service - restaurant	9.7 %
Beauty and hair care	4.9 %
Health care services	4.0 %
Other necessity	3.5 %
Total ABR from other Necessity	22.1 %
Total ABR from Necessity-based goods and services	72.5 %
Other Retail Stores:	
Soft goods[(2)]	12.4 %
Full service - restaurant	6.4 %
Fitness and lifestyle services[(3)]	5.2 %
Other retail[(4)]	3.5 %
Total ABR from other retail and services	27.5 %
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 at various points during the COVID-19 pandemic due to decreases in foot traffic and customer patronage as a result of "stay-at-home" mandates and social distancing guidelines implemented in response to the pandemic.

(2) Includes ABR contributions of 2% from each of apparel/shoes/accessories, department stores, and home furnishings Neighbors.

(3) Includes ABR contribution of 3% from fitness Neighbors.

(4) Includes ABR contribution of 1% from entertainment Neighbors.

The following table presents our top twenty Neighbors by ABR, including our wholly-owned properties and the prorated portion of those owned through our joint ventures, as of June 30, 2021 (dollars and square feet in thousands):

Neighbor[(1)]	ABR	% of ABR	Leased Square Feet	% of Leased Square Feet	Number of Locations[(2)]
Kroger	$ 25,804	6.6 %	3,244	11.0 %	59
Publix	22,032	5.7 %	2,241	7.6 %	56
Ahold Delhaize	17,323	4.4 %	1,240	4.2 %	23
Albertsons-Safeway	16,804	4.3 %	1,599	5.4 %	29
Walmart	8,933	2.3 %	1,770	6.0 %	13
Giant Eagle	7,293	1.9 %	738	2.5 %	11
TJX Companies	5,060	1.3 %	428	1.5 %	15
Sprouts Farmers Market	5,000	1.3 %	334	1.1 %	11
Raley's	3,884	1.0 %	253	0.9 %	4
Dollar Tree	3,628	0.9 %	370	1.3 %	39
SUPERVALU	3,209	0.8 %	336	1.1 %	5
Subway Group	2,731	0.7 %	111	0.4 %	79
Anytime Fitness, Inc.	2,623	0.7 %	171	0.6 %	35
Schnucks	2,545	0.7 %	249	0.8 %	4
Southeastern Grocers	2,514	0.6 %	281	1.0 %	7
Lowe's	2,469	0.6 %	369	1.3 %	4
Kohl's Corporation	2,241	0.6 %	365	1.2 %	4
Food 4 Less (PAQ)	2,215	0.6 %	119	0.4 %	2
Save Mart	2,174	0.6 %	258	0.9 %	5
Petco Animal Supplies, Inc.	2,118	0.5 %	127	0.3 %	11
Total	$ 140,600	36.1 %	14,603	49.5 %	416

(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 beginning with the second quarter of 2020 and continuing through the second quarter of 2021, and our estimates around collectibility 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.

We believe that our investment focus on grocery-anchored shopping centers that provide daily necessities has helped and will continue to help lessen the negative effect of the pandemic on our business compared to non-grocery anchored shopping centers.

SUMMARY OF OPERATING ACTIVITIES FOR THE THREE MONTHS ENDED JUNE 30, 2021 AND 2020

(Dollars in thousands)	Three Months Ended June 30, 2021	Three Months Ended June 30, 2020	Favorable (Unfavorable) Change $	Favorable (Unfavorable) Change %[1]
Revenues:				
Rental income	$ 130,335	$ 115,654	$ 14,681	12.7 %
Fee and management income	2,374	2,760	(386)	(14.0)%
Other property income	361	626	(265)	(42.3)%
Total revenues	133,070	119,040	14,030	11.8 %
Operating Expenses:				
Property operating expenses	21,974	19,629	(2,345)	(11.9)%
Real estate tax expenses	16,814	16,453	(361)	(2.2)%
General and administrative expenses	11,937	9,806	(2,131)	(21.7)%
Depreciation and amortization	56,587	56,370	(217)	(0.4)%
Impairment of real estate assets	1,056	—	(1,056)	NM
Total operating expenses	108,368	102,258	(6,110)	(6.0)%
Other:				
Interest expense, net	(19,132)	(22,154)	3,022	13.6 %
Gain (loss) on disposal of property, net	3,744	(541)	4,285	NM
Other expense, net	(2,924)	(500)	(2,424)	NM
Net income (loss)	6,390	(6,413)	12,803	NM
Net (income) loss attributable to noncontrolling interests	(796)	825	(1,621)	NM
Net income (loss) attributable to stockholders	$ 5,594	$ (5,588)	$ 11,182	NM

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

Our basis for analyzing significant fluctuations in our results of operations generally includes review of the results of our same-center portfolio, non-same-center portfolio, and revenues and expenses from our management activities. We define our same-center portfolio as the 268 properties that were owned and operational prior to January 1, 2020. We define our non-same-center portfolio as those properties that were not fully owned and operational in both periods owing to real estate asset activity occurring after December 31, 2019, which includes 19 properties disposed of and four properties acquired. Below are explanations of the significant fluctuations in the results of operations for the three months ended June 30, 2021 and 2020:

Rental Income increased $14.7 million as follows:

- $15.5 million increase related to our same-center portfolio primarily as follows:
  - $16.0 million increase primarily due to stronger collections in 2021 as compared with lower collections in 2020, the increase owing largely to the ongoing recovery of our portfolio in the wake of the COVID-19 pandemic and its economic impact, including a decrease in Neighbors we have identified as a credit risk as well as collections on charges that were uncollected in 2020;
  - $0.5 million increase primarily due to a $0.57 increase in average minimum rent per square foot, partially offset by a 0.8% decrease in average economic occupancy; and
  - $1.0 million decrease attributable to lower recoveries from a lower recovery rate and lower economic occupancy.
- $0.8 million decrease primarily related to our net disposition of 15 properties.

Property Operating Expenses increased $2.3 million as follows:

- $2.5 million increase related to our same-center portfolio and corporate operating activities, owing largely to lower expense for performance-based compensation during 2020 as a result of the COVID-19 pandemic, as compared to 2021; and
- $0.2 million decrease related to our net disposition of 15 properties.

General and Administrative Expenses increased $2.1 million as follows:

- $3.4 million increase owing largely to lower expense for performance-based compensation during 2020 as a result of the COVID-19 pandemic, as compared to 2021;
- $0.8 million decrease primarily due to lower third-party consultant and custodial costs; and
- $0.5 million decrease related to expense reductions taken to reduce the impact of the COVID-19 pandemic, with the majority of these decreases related to overhead costs at our corporate offices.

Impairment of Real Estate Assets:

- The $1.1 million increase in impairment of real estate assets was due to assets that are actively being marketed for sale at a disposition price that was less than the carrying value. Proceeds from dispositions will be 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.

Interest Expense, Net:

- The $3.0 million decrease during the three months ended June 30, 2021 as compared to the same period in 2020 was due to: (i) lower borrowings as a result of early repayments of debt; (ii) the repayment of our draw on the revolver during the second quarter of 2020; and (iii) lower interest rates due to the decrease in LIBOR and expiring interest rate swaps. Interest Expense, Net was comprised of the following (dollars in thousands):

	Three Months Ended June 30,	
	2021	2020
Interest on revolving credit facility, net	$ 207	$ 979
Interest on term loans, net	10,573	11,685
Interest on secured debt	6,246	7,316
Loss on extinguishment of debt	419	—
Non-cash amortization and other	1,687	2,174
Interest expense, net	$ 19,132	$ 22,154
Weighted-average interest rate as of end of period	2.9 %	3.1 %
Weighted-average term (in years) as of end of period	3.7	4.5

Gain (Loss) on Disposal of Property, Net:

- The $4.3 million change was primarily related to the sale of seven properties with a net gain (in addition to other property-related miscellaneous disposals and write-offs) of $3.7 million during the three months ended June 30, 2021, as compared to the sale of one property (as well as other property-related miscellaneous disposals and write-offs) with a net loss of $0.5 million during the three months ended June 30, 2020 (see Note 4).

Other Expense, Net:

- The $2.4 million increase was largely due to the change in the fair value of our earn-out liability as a result of general improving market conditions. Other Expense, Net was comprised of the following (dollars in thousands):

	Three Months Ended June 30,	
	2021	2020
Change in fair value of earn-out liability	$ (2,000)	$ —
Equity in net income (loss) of unconsolidated joint ventures	87	(359)
Transaction and acquisition expenses	(934)	(14)
Federal, state, and local income tax expense	(165)	(180)
Other	88	53
Other expense, net	$ (2,924)	$ (500)

SUMMARY OF OPERATING ACTIVITIES FOR THE SIX MONTHS ENDED JUNE 30, 2021 AND 2020

	Six Months Ended June 30,		Favorable (Unfavorable) Change	
(Dollars in thousands)	2021	2020	$	%[1]
Revenues:				
Rental income	$ 257,958	$ 244,120	$ 13,838	5.7 %
Fee and management income	4,660	4,925	(265)	(5.4)%
Other property income	833	1,518	(685)	(45.1)%
Total revenues	263,451	250,563	12,888	5.1 %
Operating Expenses:				
Property operating expenses	44,176	41,391	(2,785)	(6.7)%
Real estate tax expenses	33,387	33,565	178	0.5 %
General and administrative expenses	21,278	20,546	(732)	(3.6)%
Depreciation and amortization	111,928	112,597	669	0.6 %
Impairment of real estate assets	6,056	—	(6,056)	NM
Total operating expenses	216,825	208,099	(8,726)	(4.2)%
Other:				
Interest expense, net	(39,195)	(44,929)	5,734	12.8 %
Gain (loss) on disposal of property, net	17,585	(2,118)	19,703	NM
Other (expense) income, net	(18,509)	9,369	(27,878)	NM
Net income	6,507	4,786	1,721	36.0 %
Net income attributable to noncontrolling interests	(810)	(605)	(205)	(33.9)%
Net income attributable to stockholders	$ 5,697	$ 4,181	$ 1,516	36.3 %

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

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 June 30, 2021 and 2020 section above. Below are explanations of the significant fluctuations in the results of operations for the six months ended June 30, 2021 and 2020:

Rental Income increased $13.8 million as follows:

- $15.3 million increase related to our same-center portfolio primarily as follows:
  - $15.7 million increase primarily due to stronger collections in 2021 as compared with lower collections in 2020, the increase owing largely to the ongoing recovery of our portfolio in the wake of the COVID-19 pandemic and its economic impact, including a decrease in Neighbors we have identified as a credit risk as well as collections on charges that were uncollected in 2020; and
  - $0.2 million decrease primarily due to a 0.8% decrease in average economic occupancy, partially offset by a $0.55 increase in average minimum rent per square foot.
- $1.5 million decrease primarily related to our net disposition of 15 properties.

Property Operating Expenses increased $2.8 million primarily as follows:

- $2.9 million increase related to our same-center portfolio and corporate operating activities as follows:
  - $2.4 million increase owing largely to lower expense for performance-based compensation during 2020 as a result of the COVID-19 pandemic, as compared to 2021;
  - $0.6 million increase in insurance expenses owing to higher market rates and an increase in claims and claim development; and
  - $0.1 million decrease primarily due to net reductions of controllable expenses at our properties.
- $0.2 million decrease related to our net disposition of 15 properties.

General and Administrative Expenses increased $0.7 million as follows:

- $4.3 million increase owing largely to lower expense for performance-based compensation during 2020 as a result of the COVID-19 pandemic, as compared to 2021;
- $1.6 million decrease primarily due to lower third-party consultant and custodial costs;
- $2.0 million decrease related to expense reductions taken to reduce the impact of the COVID-19 pandemic, with the majority of these decreases related to overhead costs at our corporate offices, as well as decreased travel and related costs.

Impairment of Real Estate Assets:

- The $6.1 million increase in impairment of real estate assets was due to assets that are actively being marketed for sale at a disposition price that was less than the carrying value. Proceeds from dispositions will be 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.

Interest Expense, Net:

- The $5.7 million decrease during the six months ended June 30, 2021 as compared to the same period in 2020 was due to: (i) lower borrowings as a result of early repayments of debt; (ii) the repayment of our draw on the revolver during the second quarter of 2020; and (iii) lower interest rates due to the decrease in LIBOR and expiring interest rate swaps. Interest Expense, Net was comprised of the following (dollars in thousands):

	Six Months Ended June 30,	
	2021	2020
Interest on revolving credit facility, net	$ 435	$ 1,195
Interest on term loans, net	21,206	24,416
Interest on secured debt	13,026	14,665
Loss on extinguishment of debt	1,110	73
Non-cash amortization and other	3,418	4,580
Interest expense, net	$ 39,195	$ 44,929
Weighted-average interest rate as of end of period	2.9 %	3.1 %
Weighted-average term (in years) as of end of period	3.7	4.5

Gain (Loss) on Disposal of Property, Net:

- The $19.7 million change was primarily related to the sale of thirteen properties and one outparcel (in addition to other miscellaneous property-related disposals and write-offs) with a net gain of $17.6 million during the six months ended June 30, 2021, as compared to the sale of four properties (as well as other property-related miscellaneous disposals and write-offs) with a net loss of $2.1 million during the six months ended June 30, 2020 (see Note 4).

Other (Expense) Income, Net:

- The $27.9 million change was largely due to the change in the fair value of our earn-out liability as a result of general improving market conditions. Other (Expense) Income, Net was comprised of the following (in thousands):

	Six Months Ended June 30,	
	2021	2020
Change in fair value of earn-out liability	$ (18,000)	$ 10,000
Equity in income (loss) of unconsolidated joint ventures	801	(639)
Transaction and acquisition expenses	(1,075)	(59)
Federal, state, and local income tax expense	(331)	(209)
Other	96	276
Other (expense) income, net	$ (18,509)	$ 9,369

LEASING ACTIVITY—Below is a summary of leasing activity for our wholly-owned properties for the three months ended June 30, 2021 and 2020[(1)]:

	Total Deals		Inline Deals	
	2021	2020	2021	2020
New leases:				
Number of leases	124	61	121	58
Square footage (in thousands)	341	197	278	159
ABR (in thousands)	$ 6,338	$ 3,034	$ 5,816	$ 2,801
ABR per square foot	$ 18.57	$ 15.38	$ 20.94	$ 17.59
Cost per square foot of executing new leases	$ 31.01	$ 19.48	$ 29.30	$ 23.35
Number of comparable leases	57	20	55	19
Comparable rent spread	18.5 %	15.5 %	19.0 %	15.9 %
Weighted-average lease term (in years)	7.2	6.1	6.8	7.2
Renewals and options:				
Number of leases	174	108	159	95
Square footage (in thousands)	1,049	975	333	209
ABR (in thousands)	$ 12,895	$ 8,942	$ 7,306	$ 4,141
ABR per square foot	$ 12.30	$ 9.17	$ 21.95	$ 19.81
ABR per square foot prior to renewals	$ 11.55	$ 8.73	$ 20.08	$ 18.40
Percentage increase in ABR per square foot	6.5 %	5.0 %	9.3 %	7.7 %
Cost per square foot of executing renewals and options	$ 3.01	$ 1.62	$ 4.60	$ 3.69
Number of comparable leases[(2)]	155	87	148	84
Comparable rent spread[(2)]	8.0 %	7.1 %	9.4 %	9.0 %
Weighted-average lease term (in years)	5.4	5.4	4.0	3.5
Portfolio retention rate	85.5 %	88.2 %	79.5 %	70.3 %

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

(2) Excludes exercise of options.

Below is a summary of leasing activity for our wholly-owned properties for the six months ended June 30, 2021 and 2020[1]:

	Total Deals		Inline Deals	
	2021	2020	2021	2020
New leases:				
Number of leases	277	148	268	135
Square footage (in thousands)	808	579	619	339
ABR (in thousands)	$ 14,458	$ 8,597	$ 12,421	$ 6,015
ABR per square foot	$ 17.89	$ 14.84	$ 20.06	$ 17.72
Cost per square foot of executing new leases	$ 28.51	$ 21.16	$ 28.00	$ 25.78
Number of comparable leases	127	45	125	44
Comparable rent spread	15.3 %	10.8 %	15.3 %	10.7 %
Weighted-average lease term (in years)	7.7	8.2	6.5	6.8
Renewals and options:				
Number of leases	337	235	306	208
Square footage (in thousands)	2,027	1,714	645	458
ABR (in thousands)	$ 24,367	$ 18,662	$ 14,375	$ 9,505
ABR per square foot	$ 12.02	$ 10.89	$ 22.30	$ 20.75
ABR per square foot prior to renewals	$ 11.27	$ 10.24	$ 20.54	$ 18.83
Percentage increase in ABR per square foot	6.6 %	6.7 %	8.6 %	12.2 %
Cost per square foot of executing renewals and options	$ 2.19	$ 3.41	$ 4.08	$ 4.36
Number of comparable leases[2]	291	176	281	170
Comparable rent spread[2]	8.0 %	9.2 %	8.7 %	11.8 %
Weighted-average lease term (in years)	4.9	5.0	4.0	3.7
Portfolio retention rate	87.2 %	79.5 %	79.9 %	68.6 %

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

(2) Excludes exercise of options.

NON-GAAP MEASURES

See “Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations - Key Performance Indicators and Defined Terms” of this filing on Form 10-Q for a discussion related to the following non-GAAP measures.

SAME-CENTER NET OPERATING INCOME—Same-Center NOI is presented as a supplemental measure of our performance, as it highlights operating trends such as occupancy levels, rental rates, and operating costs for our Same-Center portfolio. Other REITs may use different methodologies for calculating Same-Center NOI, and accordingly, our Same-Center NOI may not be comparable to other REITs. For the three and six months ended June 30, 2021 and 2020, Same-Center NOI represents the NOI for the 268 properties that were wholly-owned and operational for the entire portion of both comparable periods.

Same-Center NOI should not be viewed as an alternative measure of our financial performance as it does not reflect the operations of our entire portfolio, nor does it reflect the impact of general and administrative expenses, depreciation and amortization, interest expense, other income (expense), or the level of capital expenditures and leasing costs necessary to maintain the operating performance of our properties that could materially impact our results from operations.

The table below presents our Same-Center NOI for the current period and the comparable prior period (dollars in thousands):

	Three Months Ended June 30,		Favorable (Unfavorable)		Six Months Ended June 30,		Favorable (Unfavorable)	
	2021	2020	$ Change	% Change	2021	2020	$ Change	% Change
Revenues:								
Rental income[1]	$ 91,305	$ 90,814	$ 491		$ 182,599	$ 182,852	$ (253)	
Tenant recovery income	27,250	30,197	(2,947)		57,851	60,980	(3,129)	
Reserves for uncollectibility[2]	2,889	(9,706)	12,595		1,261	(12,129)	13,390	
Other property income	284	600	(316)		756	1,465	(709)	
Total revenues	121,728	111,905	9,823	8.8 %	242,467	233,168	9,299	4.0 %
Operating expenses:								
Property operating expenses	17,504	16,495	(1,009)		36,614	34,562	(2,052)	
Real estate taxes	16,519	16,038	(481)		32,749	33,182	433	
Total operating expenses	34,023	32,533	(1,490)	(4.6)%	69,363	67,744	(1,619)	(2.4)%
Total Same-Center NOI	$ 87,705	$ 79,372	$ 8,333	10.5 %	$ 173,104	$ 165,424	$ 7,680	4.6 %

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

(2) Includes billings that will not be recognized as revenue until cash is collected or the Neighbor resumes regular payments and/or we deem it appropriate to resume recording revenue on an accrual basis, rather than on a cash basis.

SAME-CENTER NOI RECONCILIATION—Below is a reconciliation of Net Income to NOI and Same-Center NOI (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Net income (loss)	$ 6,390	$ (6,413)	$ 6,507	$ 4,786
Adjusted to exclude:				
Fees and management income	(2,374)	(2,760)	(4,660)	(4,925)
Straight-line rental (income) expense[1]	(2,970)	948	(4,392)	(1,364)
Net amortization of above- and below-market leases	(887)	(795)	(1,725)	(1,583)
Lease buyout income	(1,781)	(214)	(2,578)	(308)
General and administrative expenses	11,937	9,806	21,278	20,546
Depreciation and amortization	56,587	56,370	111,928	112,597
Impairment of real estate assets	1,056	—	6,056	—
Interest expense, net	19,132	22,154	39,195	44,929
(Gain) loss on disposal of property, net	(3,744)	541	(17,585)	2,118
Other expense (income), net	2,924	500	18,509	(9,369)
Property operating expenses related to fees and management income	1,306	891	2,122	1,528
NOI for real estate investments	87,576	81,028	174,655	168,955
Less: Non-same-center NOI[2]	129	(1,656)	(1,551)	(3,531)
Total Same-Center NOI	$ 87,705	$ 79,372	$ 173,104	$ 165,424

(1) Includes straight-line rent adjustments for Neighbors for whom revenue is being recorded on a cash basis.

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

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

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

Accordingly, Nareit FFO, Nareit FFO Attributable to Stockholders and OP Unit Holders, and Core FFO should be reviewed in connection with other GAAP measurements, and should not be viewed as more prominent measures of performance than net income (loss) or cash flows from operations prepared in accordance with GAAP. Our Nareit FFO, Nareit FFO Attributable to Stockholders and OP Unit Holders, and Core FFO, as presented, may not be comparable to amounts calculated by other REITs.

The following table presents our calculation of Nareit FFO Attributable to Stockholders and OP Unit Holders, and Core FFO (in thousands, except per share amounts):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Calculation of Nareit FFO Attributable to Stockholders and OP Unit Holders				
Net income (loss)	$ 6,390	$ (6,413)	$ 6,507	$ 4,786
Adjustments:				
Depreciation and amortization of real estate assets	55,654	54,892	109,995	109,709
Impairment of real estate assets	1,056	—	6,056	—
(Gain) loss on disposal of property, net	(3,744)	541	(17,585)	2,118
Adjustments related to unconsolidated joint ventures	537	940	(100)	1,594
Nareit FFO attributable to stockholders and OP unit holders	$ 59,893	$ 49,960	$ 104,873	$ 118,207
Calculation of Core FFO				
Nareit FFO attributable to stockholders and OP unit holders	$ 59,893	$ 49,960	$ 104,873	$ 118,207
Adjustments:				
Depreciation and amortization of corporate assets	933	1,478	1,933	2,888
Change in fair value of earn-out liability	2,000	—	18,000	(10,000)
Amortization of unconsolidated joint venture basis differences	79	254	825	721
Loss on extinguishment of debt, net	419	—	1,110	73
Transaction and acquisition expenses	934	14	1,075	59
Core FFO	$ 64,258	$ 51,706	$ 127,816	$ 111,948
Nareit FFO Attributable to Stockholders and OP Unit Holders/Core FFO per Share[(1)]				
Weighted-average common shares outstanding - diluted	107,175	111,165	107,102	111,140
Nareit FFO attributable to stockholders and OP unit holders per share - diluted	$ 0.56	$ 0.45	$ 0.98	$ 1.06
Core FFO per share - diluted	$ 0.60	$ 0.47	$ 1.19	$ 1.01

(1) Restricted stock awards were dilutive to Nareit FFO Attributable to Stockholders and OP Unit Holders per share and Core FFO per share for the three and six months ended June 30, 2021 and 2020, and, accordingly, their impact was included in the weighted-average common shares used in their respective per share calculations. For the three months ended June 30, 2020, 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.

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

EBITDA*re* and Adjusted EBITDA*re* should not be considered as alternatives to net income (loss), as an indication of our liquidity, nor as an indication of funds available to cover our cash needs, including our ability to fund distributions. Accordingly, EBITDA*re* and Adjusted EBITDA*re* should be reviewed in connection with other GAAP measurements, and should not be viewed as more prominent measures of performance than net income (loss) or cash flows from operations prepared in accordance with GAAP. Our EBITDA*re* and Adjusted EBITDA*re*, as presented, may not be comparable to amounts calculated by other REITs.

The following table presents our calculation of EBITDA*re* and Adjusted EBITDA*re* (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,		Year Ended December 31,
	2021	2020	2021	2020	2020
Calculation of EBITDA*re*					
Net income (loss)	$ 6,390	$ (6,413)	$ 6,507	$ 4,786	$ 5,462
Adjustments:					
Depreciation and amortization	56,587	56,370	111,928	112,597	224,679
Interest expense, net	19,132	22,154	39,195	44,929	85,303
(Gain) loss on disposal of property, net	(3,744)	541	(17,585)	2,118	(6,494)
Impairment of real estate assets	1,056	—	6,056	—	2,423
Federal, state, and local tax expense	165	180	331	209	491
Adjustments related to unconsolidated joint ventures	(535)	1,391	597	2,568	3,355
EBITDA*re*	$ 79,051	$ 74,223	$ 147,029	$ 167,207	$ 315,219
Calculation of Adjusted EBITDA*re*					
EBITDA*re*	$ 79,051	$ 74,223	$ 147,029	$ 167,207	$ 315,219
Adjustments:					
Change in fair value of earn-out liability	2,000	—	18,000	(10,000)	(10,000)
Transaction and acquisition expenses	934	14	1,075	59	539
Amortization of unconsolidated joint venture basis differences	79	254	825	721	1,883
Other impairment charges	—	—	—	—	359
Adjusted EBITDA*re*	$ 82,064	$ 74,491	$ 166,929	$ 157,987	$ 308,000

LIQUIDITY AND CAPITAL RESOURCES

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

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

We expect our primary sources of liquidity to be:

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

At this time, we believe our current sources of liquidity, most significantly the net proceeds from our underwritten IPO, our operating cash flows, and borrowing availability on our revolving credit facility, are sufficient to meet our short- and long-term cash demands.

UNDERWRITTEN INITIAL PUBLIC OFFERING—On July 19, 2021, we completed an underwritten IPO and issued 17.0 million shares of common stock at an offering price of $28.00 per share. We used a portion of the net proceeds to reduce our leverage and expect to use the remaining amount to fund external growth with property acquisitions and for other general corporate uses. As part of the underwritten IPO, underwriters were granted an option exercisable within 30 days from July 14, 2021 to purchase up to an additional 2.55 million shares of common stock at the underwritten IPO price, less underwriting discounts and commissions. On July 29, 2021, the underwriters exercised their option.

DEBT—The following table summarizes information about our debt as of June 30, 2021 and December 31, 2020 (dollars in thousands):

	June 30, 2021	December 31, 2020
Total debt obligations, gross	$ 2,241,495	$ 2,307,686
Weighted-average interest rate	2.9 %	3.1 %
Weighted-average term (in years)	3.7	4.1
Revolving credit facility capacity(1)	$ 500,000	$ 500,000
Revolving credit facility availability(2)	489,329	490,404

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

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

In July 2021, we took steps to reduce our leverage, lower our cost of debt, and appropriately ladder our debt maturities as follows:

- On July 2, 2021, we completed the Refinancing. In connection with the Refinancing, we paid off the $472.5 million term loan due in 2025. The revolving credit facility will mature in January 2026, and the two senior unsecured term loan tranches will mature in November 2025 and July 2026, respectively.
- On July 20, 2021, we used proceeds from the underwritten IPO to retire our $375.0 million term loan maturing in 2022.

We have been assigned investment grade ratings from Moody's Investors Service (Baa3) and S&P Global Ratings (BBB-) which may allow us access to additional capital markets. We expect to save approximately $7.2 million in interest annually as a result of our debt activity and our investment grade ratings. Further, our weighted-average interest rate was 3.1% as of June 30, 2021, as adjusted to reflect certain material July debt transactions described above.

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, and including the effects of derivative financial instruments (see Notes 7 and 12) as of June 30, 2021 and December 31, 2020 is summarized below. We have also presented this allocation as of June 30, 2021 on an adjusted basis to reflect certain material July debt transactions described above (in thousands):

	June 30, 2021	June 30, 2021 (As Adjusted)	December 31, 2020
As to interest rate:			
Fixed-rate debt	$ 1,548,995	$ 1,548,995	$ 1,727,186
Variable-rate debt	692,500	325,000	580,500
Total	$ 2,241,495	$ 1,873,995	$ 2,307,686
As to collateralization:			
Unsecured debt	$ 1,622,500	$ 1,255,000	$ 1,622,500
Secured debt	618,995	618,995	685,186
Total	$ 2,241,495	$ 1,873,995	$ 2,307,686

Our maturity schedule as of June 30, 2021 with respective principal payment obligations, excluding finance lease liabilities, market debt adjustments, and deferred financing expenses, is presented below on an adjusted basis to reflect certain material July debt transactions described above (in thousands):

	2021	2022	2023	2024	2025	Thereafter	Total
Term loans	$ —	$ —	$ 300,000	$ 475,000	$ 240,000	$ 240,000	$ 1,255,000
Secured debt	10,068	61,171	66,702	28,124	27,877	424,925	618,867
Total	$ 10,068	$ 61,171	$ 366,702	$ 503,124	$ 267,877	$ 664,925	$ 1,873,867

FINANCIAL LEVERAGE RATIOS—We believe our debt to Adjusted EBITDA*re*, debt to total enterprise value, and debt covenant compliance as of June 30, 2021 allow us access to future borrowings as needed in the near term. The following table presents our calculation of net debt and total enterprise value, inclusive of our prorated portion of net debt and cash and cash equivalents owned through our unconsolidated joint ventures, as of June 30, 2021 and December 31, 2020 (in thousands):

	June 30, 2021	December 31, 2020
Net debt:		
Total debt, excluding market adjustments and deferred financing expenses	$ 2,272,268	$ 2,345,620
Less: Cash and cash equivalents	22,633	104,952
Total net debt	$ 2,249,635	$ 2,240,668
Enterprise value:		
Net debt	$ 2,249,635	$ 2,240,668
Total equity value[1]	3,386,803	2,797,234
Total enterprise value	$ 5,636,438	$ 5,037,902

[1] Total equity value is calculated as the number of common shares and OP units outstanding multiplied by the EVPS as of June 30, 2021 and December 31, 2020, respectively. There were 107.0 million diluted shares outstanding with an EVPS of $31.65 as of June 30, 2021 and 106.6 million diluted shares outstanding with an EVPS of $26.25 as of December 31, 2020.

The following table presents our calculation of net debt to Adjusted EBITDA*re* and net debt to total enterprise value as of June 30, 2021 and December 31, 2020 (dollars in thousands):

	June 30, 2021	December 31, 2020
Net debt to Adjusted EBITDA*re* - annualized*:*		
Net debt	$ 2,249,635	$ 2,240,668
Adjusted EBITDA*re* - annualized[1]	316,942	308,000
Net debt to Adjusted EBITDA*re* - annualized	7.1x	7.3x
Net debt to total enterprise value		
Net debt	$ 2,249,635	$ 2,240,668
Total enterprise value	5,636,438	5,037,902
Net debt to total enterprise value	39.9%	44.5%

[1] Adjusted EBITDA*re* is based on a trailing twelve month period. See “Part I, Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations - Non-GAAP Measures - EBITDA*re* and Adjusted EBITDA*re”* of this filing on Form 10-Q for a reconciliation to Net Income (Loss).

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

During the six months ended June 30, 2021 and 2020, we had capital spend of $30.2 million and $28.5 million, respectively. Generally, we expect our development and redevelopment projects to stabilize within 24 months. We anticipate that obligations related to capital improvements as well as redevelopment and development in 2021 can be met with cash flows from operations, cash flows from dispositions, or borrowings on our unsecured revolving line of credit. Below is a summary of our capital spending activity, excluding leasing commissions, on a cash basis (dollars in thousands):

	Six Months Ended June 30,	
	2021	2020
Capital expenditures for real estate[1]:		
Capital improvements	$ 3,101	$ 2,142
Tenant improvements	9,557	5,840
Redevelopment and development	15,658	18,659
Total capital expenditures for real estate	28,316	26,641
Corporate asset capital expenditures	1,007	810
Capitalized indirect costs[1]	907	1,089
Total capital spending activity	$ 30,230	$ 28,540

[1] Amount includes internal salaries and related benefits of personnel who work directly on capital projects as well as capitalized interest expense.

Our underwritten incremental yields on development and redevelopment projects are expected to range between 9% - 11%. Our current in process projects represent an estimated total investment of $36.3 million, and the total underwritten incremental yield range on this estimated investment is approximately 9.5% - 10.5%. Actual incremental yields may vary from our underwritten incremental yield range based on the actual total cost to complete a project and its actual incremental annual NOI at stabilization. See “Part I, Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations - Key Performance Indicators and Defined Terms” and “Part II, Item 1A. Risk Factors” of this filing on Form 10-Q for further information.

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

	Six Months Ended June 30,	
	2021	2020
Number of properties acquired	2	—
Number of outparcels acquired[1]	3	2
Total acquisition price	$ 40,459	$ 4,343

[1] Outparcels acquired are adjacent to shopping centers that we own.

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

	Six Months Ended June 30,	
	2021	2020
Number of properties sold[1]	13	4
Number of outparcels sold[2][3]	1	—
Proceeds from sale of real estate	$ 119,638	$ 25,778
Gain (loss) on sale of property, net[4]	18,713	(1,436)

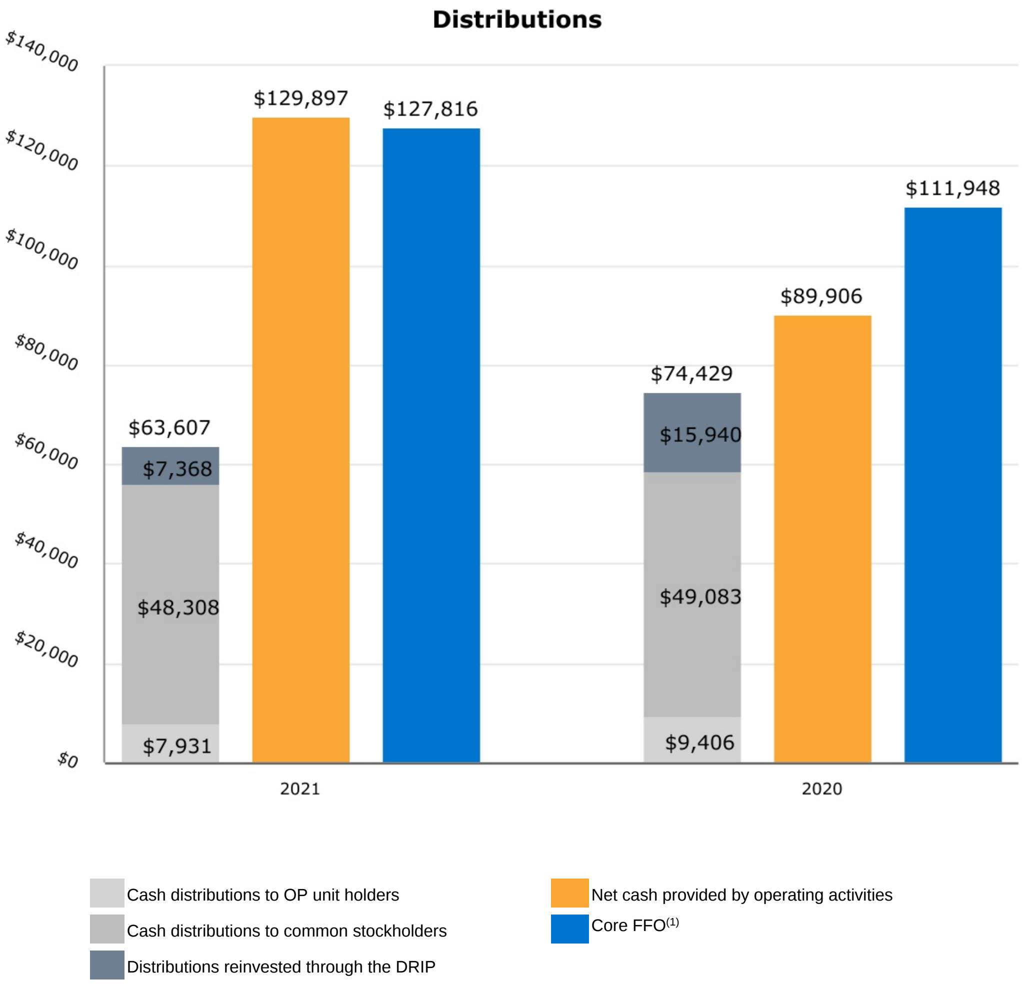
[1] We retained an outparcel for one property sold during the six months ended June 30, 2021, and therefore the sale did not result in a reduction in our total property count.

[2] One outparcel sold during the six months ended June 30, 2021 was the only remaining portion of one of our properties, and therefore the sale resulted in a reduction in our total property count.

[3] In addition to the one outparcel sold during the six months ended June 30, 2021, a tenant at one of our properties exercised a bargain purchase option to acquire a parcel of land that we previously owned. This generated minimal proceeds for us.

[4] The gain (loss) on sale of property, net does not include miscellaneous write-off activity, which is also recorded in Gain (Loss) 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 six months ended June 30, 2021 and 2020, are as follows (in thousands):



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

We paid monthly distributions of $0.085 per share, or $1.02 annualized, for the months of December 2020, and each month beginning January 2021 through July 2021. On August 4, 2021, the Board authorized a monthly distribution in the amount of $0.085 per share payable on September 1, 2021 to stockholders of record at the close of business on August 16, 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 or loss as calculated in accordance with GAAP). We generally will not be subject to U.S. federal income tax on the income that we distribute to our stockholders each year due to meeting the REIT qualification requirements. However, we may be subject to certain state and local taxes on our income, property, or net worth and to federal income and excise taxes on our undistributed income.

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

DRIP AND THE SRP—On August 4, 2021, as a result of our underwritten IPO, our Board approved the termination of the DRIP and the SRP. The DRIP has been suspended since April 2021. The SRP, which was limited to repurchases resulting from the DDI of stockholders, has been suspended since March 2021, and the SRP for standard repurchases had been suspended since August 2019.

CASH FLOW ACTIVITIES—As of June 30, 2021, we had cash and cash equivalents and restricted cash of $111.4 million, a net cash decrease of $20.5 million during the six months ended June 30, 2021.

Below is a summary of our cash flow activity (dollars in thousands):

	Six Months Ended June 30,			
	2021	2020	$ Change	% Change
Net cash provided by operating activities	$ 129,897	$ 89,906	$ 39,991	44.5 %
Net cash provided by (used in) investing activities	49,837	(6,466)	56,303	NM
Net cash used in financing activities	(200,270)	(99,218)	(101,052)	101.8 %

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

- ***Property operations and working capital***—Most of our operating cash comes from rental and tenant recovery income and is offset by property operating expenses, real estate taxes, and general and administrative costs. During the six months ended June 30, 2021, we had a net cash inflow of $2.1 million from changes in working capital as compared to a net cash outlay of $24.3 million during the same period in 2020. This change was primarily driven by improved collections on amounts due from Neighbors as well as expense reduction initiatives, and was partially offset by higher leasing commissions. Additionally, we had an increase in returns on our investments in unconsolidated joint ventures.
- ***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 $4.7 million for the six months ended June 30, 2021, a decrease of $0.3 million as compared to the same period in 2020.
- ***Cash paid for interest***—During the six months ended June 30, 2021, we paid $36.8 million for interest, a decrease of $4.1 million over the same period in 2020, largely due to: (i) lower borrowings as a result of early repayments of debt; (ii) the repayment of our draw on the revolver during the second quarter of 2020; and (iii) lower interest rates due to the decrease in LIBOR and expiring interest rate swaps.

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

- ***Real estate acquisitions***—During the six months ended June 30, 2021, our acquisitions resulted in a total cash outlay of $40.5 million, as compared to a total cash outlay of $4.3 million during the same period in 2020.
- ***Real estate dispositions***—During the six months ended June 30, 2021, our dispositions resulted in a net cash inflow of $119.6 million, as compared to a net cash inflow of $25.8 million during the same period in 2020.
- ***Capital expenditures***—We invest capital into leasing our properties and maintaining or improving the condition of our properties. During the six months ended June 30, 2021, we paid $30.2 million for capital expenditures, an increase of $1.7 million over the same period in 2020, primarily due to the timing of our development and redevelopment projects and reduced spend during the same period period a year ago.
- ***Return of investment in unconsolidated joint ventures***—During the six months ended June 30, 2021, we had a return of investment in unconsolidated joint ventures of $3.9 million, including $2.0 million in connection with NRP primarily as a result of property dispositions. During the six months ended June 30, 2020, we had a return of investment in unconsolidated joint ventures of $0.6 million.
- ***Investment in third parties***—During the six months ended June 30, 2021, we made an investment in a third party business that resulted in a net cash outflow of $3.0 million.

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

- ***Debt borrowings and payments***—During the six months ended June 30, 2021, we had $66.2 million in net repayment of debt primarily as a result of early repayments of mortgage loans. During the six months ended June 30, 2020 we had net payments of $35.2 million, primarily as a result of a pay down in January 2020 of $30.0 million on term loan debt maturing in 2021.
- ***Distributions to stockholders and OP unit holders***—Cash used for distributions to common stockholders and OP unit holders decreased $2.3 million for the six months ended June 30, 2021 as compared to the same period in 2020, due to a reduction of the distribution rate.
- ***Share repurchases***—Cash outflows for share repurchases increased by $72.6 million for the six months ended June 30, 2021 as compared to the same period in 2020, primarily as a result of a tender offer, which was settled in January 2021.

CONTRACTUAL COMMITMENTS AND CONTINGENCIES

We have debt obligations related to both our secured and unsecured debt. In addition, we have operating leases pertaining to office equipment for our business as well as ground leases at certain of our shopping centers. We are presenting our future contractual commitments and contingencies as of June 30, 2021 on an adjusted basis to reflect our material debt transactions occurring in July 2021 (see Note 6 for more details). The table below excludes obligations related to tenant allowances and improvements because such amounts are not fixed or determinable. However, we believe we currently have sufficient financing in place to fund any such amounts as they arise through cash from operations or borrowings. The following table details our pro forma contractual obligations as of June 30, 2021 (in thousands):

	Payments Due by Period						
	Total	2021	2022	2023	2024	2025	Thereafter
Debt obligations - principal payments[(1)]	$ 1,873,867	$ 10,068	$ 61,171	$ 366,702	$ 503,124	$ 267,877	$ 664,925
Debt obligations - interest payments[(2)]	236,284	27,875	53,942	48,516	36,736	24,323	44,892
Operating lease obligations	8,713	424	823	672	546	317	5,931
Finance lease obligations	134	25	45	40	24	—	—
Total	$ 2,118,998	$ 38,392	$ 115,981	$ 415,930	$ 540,430	$ 292,517	$ 715,748

(1) In July 2021, we amended our $500 million revolving credit facility to extend the maturity from October 2021 to January 2026, and lower the interest rate spread from 1.40% over LIBOR to 1.35% over LIBOR. Additionally, the new terms include two six-month maturity extension options. As of June 30, 2021, we have no outstanding balance on our revolving credit facility.

(2) Future variable-rate interest payments are based on interest rates as of June 30, 2021, including the impact of our swap agreements.

Our portfolio debt instruments and the unsecured revolving credit facility contain certain covenants and restrictions. The following list provides an update to certain restrictive covenants specific to the unsecured revolving credit facility and unsecured term loans that were deemed significant as a result of our debt activity occurring in July 2021:

- limits the ratio of total debt to total asset value, as defined, to 60% or less with a surge to 65% for a period of four consecutive fiscal quarters following a material acquisition;
- limits the ratio of secured debt to total asset value, as defined, to 35% or less with a surge to 40% for a period of four consecutive fiscal quarters following a material acquisition;
- requires the fixed-charge ratio, as defined, to be 1.5:1 or greater
- limits the ratio of cash dividend payments to Nareit FFO, as defined, to 95%;
- limits the ratio of unsecured debt to unencumbered total asset value, as defined, to 60% or less with a surge to 65% for a period of four consecutive fiscal quarters following a material acquisition;
- requires the unencumbered NOI to interest expense ratio, as defined, to be 1.75:1 or greater; and
- if we were to lose our investment grade rating in the future, the current tangible net worth will be required to exceed the minimum tangible net worth, as defined, at that time.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Our 2020 Annual Report on Form 10-K, originally filed with the SEC on March 12, 2021, 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 2021.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

As of June 30, 2021, we had five interest rate swaps that fixed LIBOR on $930 million of our unsecured term loan facilities. In July 2021, we paid down $375 million in unsecured term loan debt using proceeds from our underwritten IPO. Taking into effect our pay down of this unsecured term loan as if such pay down occurred on June 30, 2021 (“as adjusted”), we had not fixed the interest rate on $325 million of our unsecured debt through derivative financial instruments. Further, as of June 30, 2021, we estimate that a one percentage point increase in interest rates on the outstanding balance of our variable rate debt (as adjusted) would result in approximately $3.3 million of additional interest expense annually.

The additional interest expense was determined based on the impact of hypothetical interest rates on our borrowing cost and assumes no changes in our capital structure, other than the effect of the unsecured term loan pay down as described above. For further discussion of certain quantitative details related to our interest rate swaps, see Note 7.

See “Part II, Item 7A. Quantitative and Qualitative Disclosures about Market Risk” of our 2020 Annual Report on Form 10-K originally filed with the SEC on March 12, 2021 for more details associated with our exposure to credit risk and market risk.

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 June 30, 2021. Based on that evaluation, our Principal Executive Officer and Principal Financial Officer concluded that our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) were effective as of June 30, 2021.

Changes in Internal Control over Financial Reporting

During the quarter ended June 30, 2021, there were no changes in our internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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 2020 Annual Report on Form 10-K filed with the U.S. Securities and Exchange Commission (“SEC”) on March 12, 2021. Except to the extent updated below or previously updated, or to the extent additional factual information disclosed elsewhere in our Quarterly Report 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 2020 Annual Report on Form 10-K filed with the SEC on March 12, 2021.

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

In March 2020, the World Health Organization declared COVID-19 a global pandemic. The COVID-19 pandemic has caused, and is expected to 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 businesses 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.

The COVID-19 pandemic has impacted our business and financial performance, and we expect this impact to continue. Our retail and service-based tenants (whom we refer to as a “Neighbor” or our “Neighbors”) depend on in-person interactions with their customers to generate unit-level profitability, and the COVID-19 pandemic has decreased, and may continue to decrease, customers’ willingness to frequent, and mandated “shelter-in-place” or “stay-at-home” orders may prevent customers from frequenting our Neighbors’ 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. At the peak of the pandemic-related closure activity, for our wholly-owned properties and those owned through our joint ventures, our temporary closures reached approximately 37% of all Neighbor spaces, totaling 27% of our annualized base rent (“ABR”) and 22% of our gross leasable area (“GLA”). All temporarily closed Neighbors have since been permitted to reopen; however, there are continuing economic impacts from the COVID-19 pandemic which could result in future store closures or could reduce the demand for leasing space in our shopping centers.

While most of our Neighbors have reopened, we cannot presently determine how many of the Neighbors 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 Neighbors, including those that were required to temporarily close under governmental mandates, are contractually obligated to continue with their rent payments as documented in our lease agreements with them. However, we believe it is best to begin negotiation of relief only once a Neighbor has reopened and made payments toward rent and recovery charges accrued. Inclusive of our prorated share of properties owned through our joint ventures, as of July 20, 2021, we have $5.3 million of outstanding payment plans with our Neighbors, and we had recorded rent abatements of approximately $0.7 million during 2021. These payment plans and rent abatements represented approximately 2.0% and 0.3% of portfolio rental income for the six months ended June 30, 2021, respectively. As of July 20, 2021, approximately 54% of payments are scheduled to be received by December 31, 2021 for all executed payment plans, and the weighted-average term over which we expect to receive remaining amounts owed on executed payment plans is approximately twelve months. We are still actively pursuing past due amounts under the terms negotiated with our Neighbors. We are in negotiations with additional Neighbors, which we believe will lead to more Neighbors repaying their past due charges. As of July 20, 2021, we have collected approximately 95% of rent and recoveries billed during the second through fourth quarters of 2020, and approximately 98% of rent and recoveries billed during the first and second quarters of 2021. In the event of any default by a Neighbor under its lease agreement or relief agreement, we may not be able to fully recover, and/or may experience delays in recovering and additional costs in enforcing our rights as landlord to recover, amounts due to us under the terms of the lease agreement and/or relief agreement.

Moreover, the 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 Neighbors to renew their leases upon expiration, our ability to re-lease the properties on the same or better terms in the event of nonrenewal or in the event we exercise our right to replace an existing Neighbor, and obligations we may incur in connection with the replacement of an existing Neighbor, particularly in light of the adverse impact to the financial health of many retailers and service providers that has 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 certain potential Neighbors 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 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 that 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 Neighbors 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 reversed in a timely way;
- state, local, or industry-initiated efforts, such as a rent freeze for Neighbors or a suspension of a landlord’s ability to enforce evictions, which may affect our ability to collect rent or enforce remedies for the failure to pay rent;
- severe disruption and instability in the global financial markets or deteriorations in credit and financing conditions, which could make it difficult for us to access debt and equity capital on attractive terms, or at all, and impact our ability to fund business operations and activities and repay liabilities on a timely basis;
- 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 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 Neighbors' 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, 2020.

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

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

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

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

We and the Operating Partnership entered into a tax protection agreement on October 4, 2017 (the "2017 TPA") with, among others, Jeffrey S. Edison, our Chairman and Chief Executive Officer, and certain entities controlled by him at the closing of a transaction in May 2017 pursuant to which we internalized our management structure through the acquisition of certain real estate assets and the third party investment management business of Phillips Edison Limited Partnership in exchange for ownership units of the Operating Partnership ("OP units") and cash. Pursuant to the 2017 TPA, if the Operating Partnership: (i) sells, exchanges, transfers or otherwise disposes of certain shopping centers in a taxable transaction, or undertakes any taxable merger, combination, consolidation or similar transaction (including a transfer of all or substantially all assets), for a period of ten years commencing on October 4, 2017; or (ii) fails, prior to the expiration of such period, to maintain certain minimum levels of indebtedness that would be allocable to each protected partner for tax purposes or, under certain circumstances, fails to offer such protected partners the opportunity to guarantee certain types of the Operating Partnership's indebtedness, then the Operating Partnership will indemnify each affected protected partner, including Mr. Edison, against certain resulting tax liabilities. Our tax indemnification obligations include a tax gross-up. As of June 30, 2021, 36 of our 272 wholly-owned properties, comprising approximately 11.4% of our ABR, are subject to the protection described in clause (i) above, and the potential "make-whole amount" on the estimated aggregate amount of built-in gain subject to such protection is approximately $152.6 million.

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

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

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

During the three months ended June 30, 2021, we issued 28,000 shares of common stock in redemption of 28,000 OP units.

As described in Item 5. “Other Information”, our Board has approved the termination of the share repurchase program (“SRP”).

ITEM 5. OTHER INFORMATION

On August 4, 2021, as a result of our underwritten IPO, our Board approved the termination of the Dividend Reinvestment Plan (“DRIP”) and the SRP. The DRIP has been suspended since April 2021. The SRP, which was limited to repurchases resulting from the death, qualifying disability, or the declaration of incompetence of stockholders, has been suspended since March 2021, and the SRP for standard repurchases had been suspended since August 2019.

Table of Contents

ITEM 6. EXHIBITS

Ex.		Description	Reference
3.1	*	Fifth Articles of Amendment and Restatement of Phillips Edison & Company, Inc., as amended	
3.2		Fifth Amended and Restated Bylaws of Phillips Edison & Company, Inc.	Form 8-K, filed July 19, 2021, Exhibit 3.1
10.1		Phillips Edison & Company, Inc. 2020 Omnibus Incentive Plan	DEF14A, filed April 7, 2021, Appendix A
10.2		First Amendment to Credit Agreement, by and among Phillips Edison Grocery Center Operating Partnership I, L.P., Phillips Edison & Company, Inc., the Lenders and Capital One, National Association, as administrative agent, dated November 16, 2018	Form S-11/A, filed July 7, 2021, Exhibit 10.4
10.3		Credit Agreement among Phillips Edison Grocery Center Operating Partnership I, L.P., Phillips Edison & Company, Inc., the lenders party thereto, and PNC Bank, National Association as administrative agent, dated July 2, 2021	Form 8-K, filed July 2, 2021, Exhibit 10.1
10.4		Tax Protection Agreement by and among Phillips Edison & Company, Inc., Phillips Edison Grocery Center Operating Partnership I, L.P., and each Protected Partner identified as a signatory on Schedule I	Form 8-K, filed July 19, 2021, Exhibit 10.1
10.5		Form of LTIP Listing Equity Grant	Form S-11/A, filed July 7, 2021, Exhibit 10.32
10.6		Form of LTIP Listing Equity Grant (Murphy)	Form S-11/A, filed July 7, 2021, Exhibit 10.33
10.7		Form of RSU Listing Equity Grant	Form S-11/A, filed July 7, 2021, Exhibit 10.34
10.8		Form of Restricted Stock Listing Equity Grant	Form S-11/A, filed July 7, 2021, Exhibit 10.35
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: August 5, 2021	By:	*/s/ Jeffrey S. Edison*
		Jeffrey S. Edison
		Chairman of the Board and Chief Executive Officer (Principal Executive Officer)
Date: August 5, 2021	By:	*/s/ John P. Caulfield*
		John P. Caulfield
		Chief Financial Officer, Senior Vice President and Treasurer (Principal Financial Officer)

Exhibit 3.1

FIFTH ARTICLES OF AMENDMENT AND RESTATEMENT

OF
PHILLIPS EDISON & COMPANY, INC.

FIRST: Phillips Edison & Company, Inc., a Maryland corporation, desires to amend and restate its charter as currently in effect and as hereinafter amended.

SECOND: The following provisions are all the provisions of the charter currently in effect and as hereinafter amended:

ARTICLE I
NAME

The name of the corporation is Phillips Edison & Company, Inc. (the “Corporation”).

ARTICLE II
PURPOSE

The purposes for which the Corporation is formed are to engage in any lawful act or activity (including, without limitation or obligation, qualifying as a real estate investment trust (“REIT”) under Sections 856 through 860, or any successor sections, of the Internal Revenue Code of 1986, as amended (the “Code”)), for which corporations may be organized under the Maryland General Corporation Law (the “MGCL”) and the general laws of the State of Maryland as now or hereafter in force.

ARTICLE III
PRINCIPAL OFFICE IN STATE AND RESIDENT AGENT

The name and address of the resident agent for service of process of the Corporation in the State of Maryland is The Corporation Trust Incorporated, 2405 York Road Suite 201, Lutherville Timonium, Maryland 21093-2264. The address of the Corporation's principal office in the State of Maryland is c/o The Corporation Trust Incorporated, 2405 York Road Suite 201, Lutherville Timonium, Maryland 21093-2264. The Corporation may have such other offices and places of business within or outside the State of Maryland as the board may from time to time determine.

ARTICLE IV
STOCK

Section 4.1. Authorized Shares. The Corporation has authority to issue 1,010,000,000 shares of stock, consisting of 1,000,000,000 shares of common stock, $0.01 par value per share (“Common Stock”), and 10,000,000 shares of preferred stock, $0.01 par value per share (“Preferred Stock”). The aggregate par value of all authorized shares of stock having par value is $10,100,000. If shares of one class are classified or reclassified into shares of another class pursuant to this Article IV, the number of authorized shares of the former class shall be automatically decreased and the number of shares of the latter class shall be automatically increased, in each case by the number of shares so classified or reclassified, so that the aggregate number of shares of stock of all classes that the Corporation has authority to issue shall not be more than the total number of shares of stock set forth in the first sentence of this paragraph. The board of directors, with the approval of a majority of the directors and without any action by the stockholders of the Corporation, may amend the charter from time to time to increase or decrease the aggregate number of shares of stock or the number of shares of any class or series of stock that the Corporation has the authority to issue.

Section 4.2. Common Stock. Subject to the provisions of Article V and except as may otherwise be specified in the terms of any class or series of Common Stock, each share of Common Stock shall entitle the holder thereof to one vote. The board of directors may reclassify any unissued shares of Common Stock from time to time in one or more classes or series of stock.

Section 4.3. Preferred Stock. The board of directors may classify any unissued shares of Preferred Stock and reclassify any previously classified but unissued shares of Preferred Stock of any series from time to time in one or more series of stock.

Section 4.4. Classified or Reclassified Shares. Prior to the issuance of classified or reclassified shares of any class or series, the board of directors by resolution shall: (a) designate that class or series to distinguish it from all other classes and series of stock of the Corporation; (b) specify the number of shares to be included in the class or series; (c) set or change, subject to the provisions of Article V and subject to the express terms of any class or series of stock of the Corporation outstanding at the time, the preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications and terms and conditions of redemption for each class or series; and (d) cause the Corporation to file articles supplementary with the Maryland State Department of Assessments and Taxation. Any of the terms of any class or series of stock set or changed pursuant to clause (c) of this Section 4.4 may be made dependent upon facts or events ascertainable outside the charter (including determinations by the board of directors or other facts or events within the control of the Corporation) and may vary among holders thereof, provided that the manner in which such facts, events or variations shall operate upon the terms of such class or series of stock is clearly and expressly set forth in the articles supplementary filed with the Maryland State Department of Assessments and Taxation.

Section 4.5. Charter and Bylaws. The rights of all stockholders and the terms of all shares of stock are subject to the provisions of the charter and the bylaws.

Section 4.6. No Preemptive Rights. Except as may be provided by the board of directors in setting the terms of classified or reclassified shares of stock pursuant to Section 4.4 or as may otherwise be provided by contract approved by the board of directors, no holder of shares of stock of any class or series shall have any preemptive right to subscribe to or purchase any additional shares of any class or series, or any bonds or convertible securities of any nature.

Section 4.7. Issuance of Shares Without Certificates. Unless otherwise provided by the board of directors, the Corporation shall not issue stock certificates. The Corporation shall continue to treat the holder of uncertificated stock registered on its stock ledger as the owner of the shares noted therein until the new owner delivers a properly executed form provided by the Corporation for that purpose. With respect to any shares of stock that are issued without certificates, information regarding restrictions on the transferability of such shares that would otherwise be required by the MGCL to appear on the stock certificates will instead be furnished to stockholders upon request and without charge.

ARTICLE V
RESTRICTION ON TRANSFER AND OWNERSHIP OF SHARES

Section 5.1. Definitions. As used in this Article V, the following terms shall have the following meanings:

Aggregate Stock Ownership Limit. 9.8% in value of the aggregate of the outstanding shares of Capital Stock. The value of the outstanding shares of Capital Stock shall be determined by the board of directors in good faith, which determination shall be conclusive for all purposes hereof.

Beneficial Ownership. Ownership of Capital Stock by a Person, whether the interest in the shares of Capital Stock is held directly or indirectly (including by a nominee), and shall include interests that would be treated as owned through the application of Section 544 of the Code, as modified by Section 856(h)(1)(B) of the Code (except where expressly provided otherwise). The terms “Beneficial Owner,” “Beneficially Owns,” “Beneficially Owning” and “Beneficially Owned” shall have the correlative meanings.

Business Day. Any day, other than a Saturday or Sunday, that is neither a legal holiday nor a day on which banking institutions in New York City are authorized or required by law, regulation or executive order to close.

Capital Stock. All classes or series of stock of the Corporation, including, without limitation, Common Stock and Preferred Stock.

Charitable Beneficiary. One or more beneficiaries of the Trust as determined pursuant to Section 5.3.6, provided that each such organization must be described in Section 501(c)(3) of the Code and contributions to each such organization must be eligible for deduction under each of Sections 170(b)(1)(A), 2055 and 2522 of the Code.

Common Stock Ownership Limit. 9.8% (in value or in number of shares, whichever is more restrictive) of the aggregate of the outstanding shares of Common Stock of the Corporation. The number and value of outstanding shares of Common Stock of the Corporation shall be determined by the board of directors in good faith, which determination shall be conclusive for all purposes hereof.

Constructive Ownership. Ownership of Capital Stock by a Person, whether the interest in the shares of Capital Stock is held directly or indirectly (including by a nominee), and shall include interests that would be treated as owned through the application of Section 318(a) of the Code, as modified by Section 856(d)(5) of the Code. The terms “Constructive Owner,” “Constructively Owns,” “Constructively Owning” and “Constructively Owned” shall have the correlative meanings.

Excepted Holder. A stockholder of the Corporation for whom an Excepted Holder Limit is created by the board of directors pursuant to Section 5.2.7.

Excepted Holder Limit. The percentage limit established by the board of directors pursuant to Section 5.2.7 provided that the affected Excepted Holder agrees to comply with the requirements, if any, established by the board of directors pursuant to Section 5.2.7, and subject to adjustment pursuant to Section 5.2.8.

Exchange Act. The Securities Exchange Act of 1934, as amended.

Initial Date. The date upon which shares of Common Stock are first issued in the initial public offering of Common Stock registered on Registration Statement No. 333-164313 on Form S-11.

Market Price. With respect to any class or series of outstanding shares of Capital Stock, the Closing Price for such Capital Stock on such date. The "Closing Price" on any date shall mean the last sale price for such Capital Stock, regular way, or, in case no such sale takes place on such day, the average of the closing bid and asked prices, regular way, for such Capital Stock, in either case as reported in the principal consolidated transaction reporting system with respect to securities listed or admitted to trading on the principal national securities exchange on which such Capital Stock is listed or admitted to trading or, if such Capital Stock is not listed or admitted to trading on any national securities exchange, the last quoted price, or, if not so quoted, the average of the high bid and low asked prices in the over-the-counter market, as reported by FINRA's OTC Bulletin Board service or, if such system is no longer in use, the principal other automated quotation system that may then be in use or, if such Capital Stock is not quoted by any such organization, the average of the closing bid and asked prices as furnished by a professional market maker making a market in such Capital Stock selected by the board of directors or, in the event that no trading price is available for such Capital Stock, the fair market value of the Capital Stock, as determined in good faith by the board of directors.

Person. An individual, corporation, association, partnership, limited liability company, estate, trust (including a trust qualified under Sections 401(a) or 501(c)(17) of the Code), a portion of a trust permanently set aside for or to be used exclusively for the purposes described in Section 642(c) of the Code, private foundation within the meaning of Section 509(a) of the Code, joint stock company, or other legal entity and also includes a "group" as that term is used for purposes of Rule 13d-5(b) or Section 13(d)(3) of the Exchange Act, as amended, and a group to which an Excepted Holder Limit applies.

Prohibited Owner. With respect to any purported Transfer, any Person who but for the provisions of Section 5.2.1 would Beneficially Own or Constructively Own shares of Capital Stock and, if appropriate in the context, shall also mean any Person who would have been the record owner of the shares that the Prohibited Owner would have so owned.

Restriction Termination Date. The first day on which the Corporation determines pursuant to Section 6.2 that it is no longer in the best interests of the Corporation to attempt to, or continue to, qualify as a REIT or that compliance with the restrictions and limitations on Beneficial Ownership, Constructive Ownership and Transfers of shares of Capital Stock set forth herein is no longer required in order for the Corporation to qualify as a REIT.

Transfer. Any issuance, sale, transfer, gift, assignment, devise or other disposition, as well as any other event that causes any Person to acquire Beneficial Ownership or Constructive Ownership, of Capital Stock or the right to vote or receive distributions on Capital Stock, or any agreement to take any such actions or cause any such events, including (a) the granting or exercise of any option (or any disposition of any option), (b) any disposition of any securities or rights convertible into or exchangeable for Capital Stock or any interest in Capital Stock or any exercise of any such conversion or exchange right and (c) Transfers of interests in other entities that result in changes in Beneficial Ownership or Constructive Ownership of Capital Stock; in each case, whether voluntary or involuntary, whether owned of record, Constructively Owned or Beneficially Owned and whether by operation of law or otherwise. The terms "Transferring" and "Transferred" shall have the correlative meanings.

Trust. Any trust provided for in Section 5.3.1.

Trustee. The Person unaffiliated with the Corporation and a Prohibited Owner that is appointed by the Corporation to serve as trustee of the Trust.

Section 5.2. Capital Stock.

Section 5.2.1. Ownership Limitations. During the period commencing on the Initial Date and prior to the Restriction Termination Date:

(a) Basic Restrictions.

(i) (1) No Person, other than an Excepted Holder, shall Beneficially Own or Constructively Own shares of Capital Stock in excess of the Aggregate Stock Ownership Limit, (2) no Person, other than an Excepted Holder, shall Beneficially Own or Constructively Own shares of Common Stock in excess of the Common Stock Ownership Limit and (3) no Excepted Holder shall Beneficially Own or Constructively Own shares of Capital Stock in excess of the Excepted Holder Limit for such Excepted Holder.

(ii) No Person shall Beneficially Own or Constructively Own shares of Capital Stock to the extent that such Beneficial Ownership or Constructive Ownership of Capital Stock would result in the Corporation (1) being "closely held" within the meaning of Section 856(h) of the Code (without regard to whether the ownership interest is held during the last half of a taxable year), or (2) otherwise failing to qualify as a REIT; provided, however, that Section 5.2.1(a)(ii)(1) shall not apply any period prior to the second year for which the Corporation has elected to be taxable as a REIT.

(iii) No Person shall Beneficially Own or Constructively Own shares of Capital Stock to the extent that such Beneficial Ownership or Constructive Ownership would cause any income of the Corporation that would otherwise qualify as "rents from real property" for purposes of Section 856(d) of the Code to fail to qualify as such (including, but not limited to, as a result of causing any entity that the Corporation intends to treat as an "eligible independent contractor" within the meaning of Section 856(d)(9)(A) of the Code to fail to qualify as such).

(iv) Any Transfer of shares of Capital Stock that, if effective, would result in the Capital Stock being Beneficially Owned by less than 100 Persons (determined under the principles of Section 856(a)(5) of the Code) shall be void ab initio, and the intended transferee shall acquire no rights in such shares of Capital Stock; provided, however, that (1) this Section 5.2.1(a)(iii) shall not apply to a Transfer of shares of Capital Stock occurring in the Corporation's first taxable year for which a REIT election is made and (2) the board of directors may waive this Section 5.2.1(a)(iii) if, in the opinion of the board of directors, such Transfer would not adversely affect the Corporation's ability to qualify as a REIT.

(b) Transfer in Trust. If any Transfer of shares of Capital Stock occurs that, if effective, would result in any Person Beneficially Owning or Constructively Owning shares of Capital Stock in violation of Section 5.2.1(a)(i) or Section 5.2.1(a)(ii),

(i) then that number of shares of Capital Stock the Beneficial Ownership or Constructive Ownership of which otherwise would cause such Person to violate Section 5.2.1(a)(i) or Section 5.2.1(a)(ii) (rounded to the nearest whole share) shall be automatically transferred to a Trust for the benefit of a Charitable Beneficiary, as described in Section 5.3, effective as of the close of business on the Business Day prior to the date of such Transfer and such Person shall acquire no rights in such shares; provided, however,

(ii) if the transfer to the Trust described in clause (i) of this sentence would not be effective for any reason to prevent the violation of Section 5.2.1(a)(i) or Section 5.2.1(a)(ii), then the Transfer of that number of shares of Capital Stock that otherwise would cause any Person to violate Section 5.2.1(a)(i) or Section 5.2.1(a)(ii) shall be void ab initio and the intended transferee shall acquire no rights in such shares of Capital Stock.

Section 5.2.2. Remedies for Breach. If the board of directors shall at any time determine in good faith that a Transfer or other event has taken place that results in a violation of Section 5.2.1(a) or that a Person intends to acquire or has attempted to acquire Beneficial Ownership or Constructive Ownership of any shares of Capital Stock in violation of Section 5.2.1(a) (whether or not such violation is intended), the board of directors or a committee thereof shall take such action as it deems advisable to refuse to give effect to or to prevent such Transfer or other event, including, without limitation, causing the Corporation to redeem shares, refusing to give effect to such Transfer on the books of the Corporation or instituting proceedings to enjoin such Transfer or other event; provided, however, that any Transfers or attempted Transfers or other events in violation of Section 5.2.1(a) shall automatically result in the transfer to the Trust described above and, where applicable, such Transfer (or other event) shall be void ab initio as provided above irrespective of any action (or non-action) by the board of directors.

Section 5.2.3. Notice of Restricted Transfer. Any Person who acquires or attempts or intends to acquire Beneficial Ownership or Constructive Ownership of shares of Capital Stock that will or may violate Section 5.2.1(a) or any Person who would have owned shares of Capital Stock that resulted in a transfer to the Trust pursuant to the provisions of Section 5.2.1(b) shall immediately give written notice to the Corporation of such event or, in the case of such a proposed or attempted transaction, give at least 15 days prior written notice and shall provide to the Corporation such other information as the Corporation may request in order to determine the effect, if any, of such Transfer on the Corporation's status as a REIT.

Section 5.2.4. Owners Required to Provide Information. Prior to the Restriction Termination Date:

(a) every owner of 5% or more (or such higher percentage as required by the Code or the Treasury Regulations promulgated thereunder) of the outstanding shares of Capital Stock, within 30 days after the end of each taxable year, shall give written notice to the Corporation stating the name and address of such owner, the number of shares of Capital Stock and other shares of the Capital Stock Beneficially Owned and a description of the manner in which such shares are held. Each such owner shall provide to the Corporation such additional information as the Corporation may request in order to determine the effect, if any, of such Beneficial Ownership on the Corporation's status as a REIT and to ensure compliance with the Aggregate Stock Ownership Limit.

(b) each Person who is a Beneficial Owner or Constructive Owner of Capital Stock and each Person (including the stockholder of record) who is holding Capital Stock for a Beneficial Owner or Constructive Owner shall provide to the Corporation such information as the Corporation may request, in good faith, in order to determine the Corporation's status as a REIT and to comply with requirements of any taxing authority or governmental authority or to determine such compliance.

Section 5.2.5. Remedies Not Limited. Subject to Section 6.2, nothing contained in this Section 5.2 shall limit the authority of the board of directors to take such other action as it deems necessary or advisable to protect the Corporation and the interests of its stockholders in preserving the Corporation's status as a REIT.

Section 5.2.6. Ambiguity. In the case of an ambiguity in the application of any of the provisions of this Section 5.2, Section 5.3 or any definition contained in Section 5.1, the board of directors shall have the power to determine the application of the provisions of this Section 5.2 or Section 5.3 with respect to any situation based on the facts known to it. In the event Section 5.2 or Section 5.3 requires an action by the board of directors and the charter fails to provide specific guidance with respect to such action, the board of directors shall have the power to determine the action to be taken so long as such action is not contrary to the provisions of Sections 5.1, 5.2 or 5.3.

Section 5.2.7. Exceptions.

(a) Subject to Section 5.2.1(a)(ii), the board of directors, in its sole discretion, may exempt (prospectively or retroactively) a Person from the Aggregate Stock Ownership Limit and the Common Stock Ownership Limit, as the case may be, and may establish or increase an Excepted Holder Limit for such Person. The board of directors may determine only to establish or increase an Excepted Holder Limit for such Person if:

(i) the board of directors obtains such representations and undertakings from such Person as are reasonably necessary to ascertain that no Person's Beneficial Ownership or Constructive Ownership of such shares of Capital Stock will violate Section 5.2.1(a)(ii);

(ii) such Person does not and represents that it will not own, actually or Constructively, an interest in a tenant of the Corporation (or a tenant of any entity owned or controlled by the Corporation) that would cause the Corporation to own, actually or Constructively, an interest in such tenant that would cause any income of the Corporation that would otherwise qualify as "rents from real property" for purposes of Section 856(d) of the Code to fail to qualify as such and the board of directors obtains such representations and undertakings from such Person as are reasonably necessary to ascertain this fact (for this purpose, a tenant from whom the Corporation (or an entity owned or controlled by the Corporation) derives (and is expected to continue to derive) a sufficiently small amount of revenue such that, in the opinion of the board of directors, rent from such tenant would not adversely affect the Corporation's ability to qualify as a REIT shall not be treated as a tenant of the Corporation); and

(iii) such Person agrees that any violation or attempted violation of such representations or undertakings (or other action which is contrary to the restrictions contained in Sections 5.2.1 through 5.2.6) will result in such shares of Capital Stock being automatically transferred to a Trust in accordance with Section 5.2.1(b) and Section 5.3.

(b) Prior to granting any exception pursuant to Section 5.2.7(a), the board of directors may require a ruling from the Internal Revenue Service or an opinion of counsel, in either case, in form and substance satisfactory to the board of directors in its sole discretion, as it may deem necessary or advisable in order to determine or ensure the Corporation's status as a REIT. Notwithstanding the receipt of any ruling or opinion, the board of directors may impose such conditions or restrictions as it deems appropriate in connection with granting such exception.

(c) Subject to Section 5.2.1(a)(ii), an underwriter which participates in a public offering or a private placement of Capital Stock (or securities convertible into or exchangeable for Capital Stock) may Beneficially Own or Constructively Own shares of Capital Stock (or securities convertible into or exchangeable for Capital Stock) in excess of the Aggregate Stock Ownership Limit, the Common Stock Ownership Limit or both such limits, but only to the extent necessary to facilitate such public offering or private placement.

(d) The board of directors may only reduce the Excepted Holder Limit for an Excepted Holder: (i) with the written consent of such Excepted Holder at any time or (ii) pursuant to the terms and conditions of the agreements and undertakings entered into with such Excepted Holder in connection with the establishment of the Excepted Holder Limit for that Excepted Holder. No Excepted Holder Limit shall be reduced to a percentage that is less than the Common Stock Ownership Limit.

Section 5.2.8. Increase or Decrease in Aggregate Stock Ownership Limit and Common Stock Ownership Limit. Subject to Section 5.2.1(a)(ii), the board of directors may from time to time increase the Common Stock Ownership Limit and the Aggregate Stock Ownership Limit for one or more Persons and decrease the Common Stock Ownership Limit and the Aggregate Stock Ownership Limit for all other Persons; provided, however, that the decreased Common Stock Ownership Limit and/or Aggregate Stock Ownership Limit will not be effective for any Person whose percentage ownership in shares of Capital Stock is in excess of such decreased Common Stock Ownership Limit and/or Aggregate Stock Ownership Limit until such time as such Person's percentage of shares of Capital Stock equals or falls below the decreased Common Stock Ownership Limit and/or Aggregate Stock Ownership Limit, but any further acquisition of shares of Capital Stock in excess of such percentage ownership of shares of Capital Stock will be in violation of the Common Stock Ownership Limit and/or Aggregate Stock Ownership Limit and, provided further, that the new Common Stock Ownership Limit and/or Aggregate Stock Ownership Limit would not allow five or fewer Persons to Beneficially Own more than 49.9% in value of the outstanding shares of Capital Stock.

Section 5.2.9. Legend. Should the Corporation issue stock certificates, each certificate for shares of Capital Stock shall bear substantially the following legend:

> The shares represented by this certificate are subject to restrictions on Beneficial Ownership, Constructive Ownership and Transfer for the purpose of the Corporation's maintenance of its status as a real estate investment trust (a "REIT") under the Internal Revenue Code of 1986, as amended (the "Code"). Subject to certain further restrictions and except as expressly provided in the Corporation's charter: (a) no Person may Beneficially Own or Constructively Own shares of the Corporation's Common Stock in excess of 9.8% (in value or number of shares) of the outstanding shares of Common Stock of the Corporation unless such Person is an Excepted Holder (in which case the Excepted Holder Limit for such Excepted Holder shall be applicable); (b) no Person may Beneficially Own or Constructively Own shares of Capital Stock of the Corporation in excess of 9.8% of the value of the total outstanding shares of Capital Stock of the Corporation, unless such Person is an Excepted Holder (in which case the Excepted Holder Limit for such Excepted Holder shall be applicable); (c) no Person may Beneficially Own or Constructively Own Capital Stock that would result in the Corporation being "closely held" under Section 856(h) of the Code or otherwise cause the Corporation to fail to qualify as a REIT; (d) no Person may Beneficially Own or Constructively Own shares of Capital Stock that would cause any income of the Corporation that would otherwise qualify as "rents from real property" for purposes of Section 856(d) of the Code to fail to qualify as such (including, but not limited to, as a result of causing any entity that the Corporation intends to treat as an "eligible independent contractor" within the meaning of Section 856(d)(9)(A) of the Code to fail to qualify as such); and (e) other than as provided in the Corporation's charter, no Person may Transfer shares of Capital Stock if such Transfer would result in the Capital Stock of the Corporation being owned by fewer than 100 Persons. Any Person who Beneficially Owns or Constructively Owns or attempts to Beneficially Own or Constructively Own shares of Capital Stock that causes or will cause a Person to Beneficially Own or Constructively Own shares of Capital Stock in excess or in violation of the above limitations must immediately notify the Corporation or, in the case of a proposed or attempted transaction, give at least 15 days prior written notice and provide to the Corporation such other information as the Corporation may request in order to determine the effect, if any, of such Transfer on the Corporation's status as a REIT. If any of the restrictions on Transfer or ownership are violated, the shares of Capital Stock represented hereby will be automatically transferred to a Trustee of a Trust for the benefit of one or more Charitable Beneficiaries or, upon the occurrence of certain events, attempted Transfers in violation of the restrictions described above may be void <u>ab initio</u>. In addition, the Corporation may redeem shares of Capital Stock upon the terms and conditions specified by the board of directors in its sole discretion if the board of directors determines that ownership or a Transfer or other event may violate the restrictions described above.
>
> All capitalized terms in this legend have the meanings defined in the charter of the Corporation, as the same may be amended from time to time, a copy of which, including the restrictions on Transfer and ownership, will be furnished to each holder of Capital Stock of the Corporation on request and without charge.

Instead of the foregoing legend, the certificate may state that the Corporation will furnish a full statement about certain restrictions on transferability to a stockholder on request and without charge. Such statement shall also be sent on request and without charge to stockholders who are issued shares without a certificate.

Section 5.3. <u>Transfer of Capital Stock in Trust</u>.

Section 5.3.1. <u>Ownership in Trust</u>. Upon any purported Transfer or other event described in Section 5.2.1(b) that would result in a transfer of shares of Capital Stock to a Trust, such shares of Capital Stock shall be deemed to have been transferred to the Trustee as trustee of a Trust for the exclusive benefit of one or more Charitable Beneficiaries. Such transfer to the Trustee shall be deemed to be effective as of the close of business on the Business Day prior to the purported Transfer or other event that results in the transfer to the Trust pursuant to Section 5.2.1(b). The Trustee shall be appointed by the Corporation and shall be a Person unaffiliated with the Corporation and any Prohibited Owner. Each Charitable Beneficiary shall be designated by the Corporation as provided in Section 5.3.6.

Section 5.3.2. <u>Status of Shares Held by the Trustee</u>. Shares of Capital Stock held by the Trustee shall be issued and outstanding shares of Capital Stock of the Corporation. The Prohibited Owner shall have no rights in the shares held by the Trustee. The Prohibited Owner shall not benefit economically from ownership of any shares held in trust by the Trustee and shall have no rights to dividends or other distributions attributable to the shares held in the Trust.

Section 5.3.3. <u>Distributions and Voting Rights</u>. The Trustee shall have all voting rights and rights to distributions with respect to shares of Capital Stock held in the Trust, which rights shall be exercised for the exclusive benefit of the Charitable Beneficiary. Any distribution paid prior to the discovery by the Corporation that the shares of Capital Stock have been transferred to the Trustee shall be paid by the recipient of such distribution to the Trustee upon demand, and any distribution authorized but unpaid shall be paid when due to the Trustee. Any distribution so paid to the Trustee shall be held in trust for the Charitable Beneficiary. The Prohibited Owner shall have no voting rights with respect to shares held in the Trust, and, subject to Maryland law, effective as of the date that the shares of Capital Stock have been transferred to the Trustee, the Trustee shall have the authority with respect to the shares held in the Trust (at the Trustee's sole discretion) (a) to rescind as void any vote cast by a Prohibited Owner prior to the discovery by the Corporation that the shares of Capital Stock have been transferred to the Trustee and (b) to recast such vote in accordance with the desires of the Trustee acting for the benefit of the Charitable Beneficiary; provided, however, that if the Corporation has already taken irreversible corporate action, then the Trustee shall not have the authority to rescind and recast such vote. Notwithstanding the provisions of this Article V, until the Corporation has received notification that shares of Capital Stock have been transferred into a Trust, the Corporation shall be entitled to rely on its share transfer and other stockholder records for purposes of preparing lists of stockholders entitled to vote at meetings, determining the validity and authority of proxies and otherwise conducting votes of stockholders.

Section 5.3.4. Sale of Shares by Trustee. Within 20 days of receiving notice from the Corporation that shares of Capital Stock have been transferred to the Trust, the Trustee of the Trust shall sell the shares held in the Trust to a Person, designated by the Trustee, whose ownership of the shares will not violate the ownership limitations set forth in Section 5.2.1(a). Upon such sale, the interest of the Charitable Beneficiary in the shares sold shall terminate and the Trustee shall distribute the net proceeds of the sale to the Prohibited Owner and to the Charitable Beneficiary as provided in this Section 5.3.4. The Prohibited Owner shall receive the lesser of (a) the price paid by the Prohibited Owner for the shares or, if the Prohibited Owner did not give value for the shares in connection with the event causing the shares to be held in the Trust (*e.g.*, in the case of a gift, devise or other such transaction), the Market Price of the shares on the day of the event causing the shares to be held in the Trust or (b) the price per share received by the Trustee from the sale or other disposition of the shares held in the Trust. The Trustee may reduce the amount payable to the Prohibited Owner by the amount of distributions which have been paid to the Prohibited Owner and are owed by the Prohibited Owner to the Trustee pursuant to Section 5.3.3 of this Article V. Any net sale proceeds in excess of the amount payable to the Prohibited Owner shall be immediately paid to the Charitable Beneficiary. If, prior to the discovery by the Corporation that shares of Capital Stock have been transferred to the Trustee, such shares are sold by a Prohibited Owner, then (i) such shares shall be deemed to have been sold on behalf of the Trust and (ii) to the extent that the Prohibited Owner received an amount for such shares that exceeds the amount that such Prohibited Owner was entitled to receive pursuant to this Section 5.3.4, such excess shall be paid to the Trustee upon demand.

Section 5.3.5. Purchase Right in Stock Transferred to the Trustee. Shares of Capital Stock transferred to the Trustee shall be deemed to have been offered for sale to the Corporation, or its designee, at a price per share equal to the lesser of (a) the price per share in the transaction that resulted in such transfer to the Trust (or, in the case of a devise or gift, the Market Price at the time of such devise or gift) or (b) the Market Price on the date the Corporation, or its designee, accepts such offer. The Corporation shall have the right to accept such offer until the Trustee has sold the shares held in the Trust pursuant to Section 5.3.4. Upon such a sale to the Corporation, the interest of the Charitable Beneficiary in the shares sold shall terminate and the Trustee shall distribute the net proceeds of the sale to the Prohibited Owner. The Corporation may reduce the amount payable to the Prohibited Owner by the amount of distributions which have been paid to the Prohibited Owner and are owed by the Prohibited Owner to the Trustee pursuant to Section 5.3.3 of this Article V. The Corporation may pay the amount of such reduction to the Trustee for the benefit of the Charitable Beneficiary.

Section 5.3.6. Designation of Charitable Beneficiaries. By written notice to the Trustee, the Corporation shall designate one or more nonprofit organizations to be the Charitable Beneficiary of the interest in the Trust such that (a) the shares of Capital Stock held in the Trust would not violate the restrictions set forth in Section 5.2.1(a) in the hands of such Charitable Beneficiary and (b) each such organization must be described in Section 501(c)(3) of the Code and contributions to each such organization must be eligible for deduction under each of Sections 170(b)(1)(A), 2055 and 2522 of the Code.

Section 5.4. Settlement. Nothing in this Article V shall preclude the settlement of any transaction entered into through the facilities of any national securities exchange or automated inter-dealer quotation system. The fact that the settlement of any transaction is so permitted shall not negate the effect of any other provision of this Article V and any transferee in such a transaction shall be subject to all of the provisions and limitations set forth in this Article V.

Section 5.5. Enforcement. The Corporation is authorized specifically to seek equitable relief, including injunctive relief, to enforce the provisions of this Article V.

Section 5.6. Non-Waiver. No delay or failure on the part of the Corporation or the board of directors in exercising any right hereunder shall operate as a waiver of any right of the Corporation or the board of directors, as the case may be, except to the extent specifically waived in writing.

Section 5.7. Tender Offers. If any Person makes a tender offer, including, without limitation, a "mini-tender" offer, such Person must comply with all of the provisions set forth in Regulation 14D of the Securities Exchange Act, including, without limitation, disclosure and notice requirements, which would be applicable if the tender offer was for more than 5% of the outstanding securities of the Corporation, provided, however, that such documents are not required to be filed with the Securities and Exchange Commission. In addition, any such Person must provide notice to the Corporation at least 10 Business Days prior to initiating any such tender offer. If any Person initiates a tender offer without complying with the provisions set forth above (a "Non-Compliant Tender Offer"), the Corporation, in its sole discretion, shall have the right to redeem such non-compliant Person's shares of Capital Stock and any shares of Capital Stock acquired in such tender offer (collectively, the "Tendered Shares") at the lesser of (i) with respect to Common Stock, the price then being paid per share of Common Stock purchased in the Corporation's latest offering of Common Stock at full purchase price (not discounted for commission reductions nor for reductions in sale price permitted pursuant to the distribution reinvestment plan), (ii) the fair market value of the shares as determined by an independent valuation obtained by the Corporation or (iii) the lowest tender offer price offered in such Non-Compliant Tender Offer. The Corporation may purchase such Tendered Shares upon delivery of the purchase price to the Person initiating such Non-Compliant Tender Offer, and, upon such delivery, the Corporation may instruct any transfer agent to transfer such purchased shares to the Corporation. In addition, any Person who makes a Non-Compliant Tender Offer shall be responsible for all expenses incurred by the Corporation in connection with the enforcement of the provisions of this Section 5.7, including, without limitation, expenses incurred in connection with the review of all documents related to such tender offer and expenses incurred in connection with any purchase of Tendered Shares by the Corporation. The Corporation maintains the right to offset any such expenses against the dollar amount to be paid by the Corporation for the purchase of Tendered Shares pursuant to this Section 5.7. In addition to the remedies provided herein, the Corporation may seek injunctive relief, including, without limitation, a temporary or permanent restraining order, in connection with any Non-Compliant Tender Offer. This Section 5.7 shall be of no force or effect with respect to Capital Stock that is then admitted for trading on any securities exchange registered as a national securities exchange under Section 6 of the Exchange Act.

ARTICLE VI
PROVISIONS FOR DEFINING, LIMITING AND REGULATING CERTAIN POWERS OF THE CORPORATION AND OF THE STOCKHOLDERS AND DIRECTORS

Section 6.1. Number of Directors. The number of directors of the Corporation may be increased or decreased from time to time pursuant to the bylaws but shall never be less than three (3) or more than fifteen (15). So long as a class of the Corporation’s stock is listed for trading on a national securities exchange, a majority of directors shall be “independent” in accordance with the rules and regulations of such exchange. If a class of the Corporation’s stock is not listed for trading on a national securities exchange, a majority of the directors shall be independent in accordance with the rules and regulations of the New York Stock Exchange.

Section 6.2. REIT Qualification. If the Corporation elects to qualify for federal income tax treatment as a REIT, the board of directors shall use its reasonable best efforts to take such actions as are necessary or appropriate to preserve the status of the Corporation as a REIT; however, if the board of directors determines that it is no longer in the best interests of the Corporation to continue to be qualified as a REIT, the board of directors may revoke or otherwise terminate the Corporation’s REIT election pursuant to Section 856(g) of the Code. The board of directors also may determine that compliance with any restriction or limitation on ownership and transfers of Capital Stock set forth in Article V is no longer required for REIT qualification.

Section 6.3 Authorization by Board of Stock Issuance. The board of directors may authorize the issuance from time to time of shares of Capital Stock of any class or series, whether now or hereafter authorized, or securities or rights convertible into shares of Capital Stock of any class or series, whether now or hereafter authorized, for such consideration as the board of directors may deem advisable (or without consideration in the case of a stock split or stock dividend), subject to such restrictions or limitations, if any, as may be set forth in the charter or the bylaws.

Section 6.4. Determinations by the Board. The determination as to any of the following matters, made in good faith by or pursuant to the direction of the board of directors consistent with this charter or any shares of Capital Stock, shall be final and conclusive and shall be binding upon the Corporation and every holder of shares of its Capital Stock: (a) the amount of the net income of the Corporation for any period and the amount of assets at any time legally available for the payment of dividends, redemption of its Capital Stock or the payment of other distributions on its Capital Stock; (b) the amount of paid-in surplus, net assets, other surplus, annual or other cash flow, funds from operations, net profit, net assets in excess of capital, undivided profits or excess of profits over losses on sales of assets; (c) the amount, purpose, time of creation, increase or decrease, alteration or cancellation of any reserves or charges and the propriety thereof (whether or not any obligation or liability for which such reserves or charges shall have been created shall have been paid or discharged); (d) the fair value, or any sale, bid or asked price to be applied in determining the fair value, of any asset owned or held by the Corporation or any shares of Capital Stock; (e) any matters relating to the acquisition, holding and disposition of any assets by the Corporation; (f) any interpretation of the terms, preferences, conversion or other rights, voting powers or rights, restrictions, limitations as to dividends or other distributions, qualifications or terms or conditions of redemption of any class or series of shares of Capital Stock; (g) the number of shares of Capital Stock of any class or series of the Corporation; or (h) any other matter relating to the business and affairs of the Corporation or required or permitted by applicable law, the charter or bylaws or otherwise to be determined by the board of directors; provided, however, that any determination by the board of directors as to any of the preceding matters shall not render invalid or improper any action taken or omitted prior to such determination and no director shall be liable for making or failing to make such a determination.

Section 6.5. Tax on Disqualified Organizations. To the extent that the Corporation incurs any tax pursuant to Section 860E(e)(6) of the Code as the result of any “excess inclusion” income (within the meaning of Section 860E of the Code) of the Corporation that is allocable to a stockholder that is a “disqualified organization” (as defined in Section 860E(e)(5) of the Code), the board of directors may, in its sole discretion, cause the Corporation to allocate such tax solely to the stock held by such disqualified organization in the manner described in Treasury Regulation Section 1.860E-2(b)(4), by reducing from one or more distributions paid to such stockholder the tax incurred by the Corporation pursuant to Section 860E(e)(6) as a result of such stockholder’s stock ownership.

Section 6.6. Indemnification. The Corporation shall indemnify, to the fullest extent permitted by Maryland law, as applicable from time to time, its present and former directors and officers, whether serving or having served, the Corporation or at its request any other entity, for any threatened, pending or completed action, suit or proceeding (whether civil, criminal, administrative or investigative) relating to any action alleged to have been taken or omitted in such capacity as a director or officer. The Corporation shall pay or reimburse all reasonable expenses incurred by a present or former director or officer, whether serving or having served, the Corporation or at its request any other entity, in connection with any threatened, pending or completed action, suit or proceeding (whether civil, criminal, administrative or investigative) in which the present or former director or officer is a party, in advance of the final disposition of the proceeding, to the fullest extent permitted by, and in accordance with the applicable requirements of, Maryland law, as applicable from time to time. The Corporation may indemnify any other persons, including a person who served a predecessor of the Corporation as an officer or director, permitted to be indemnified by Maryland law as applicable from time to time, if and to the extent indemnification is authorized and determined to be appropriate, in each case in accordance with applicable law. No amendment of the charter of the Corporation or repeal of any of its provisions shall limit or eliminate any of the benefits provided to directors and officers under this Section 6.6 in respect of any act or omission that occurred prior to such amendment or repeal.

Section 6.7. Extraordinary Actions. Notwithstanding any provision of law permitting or requiring any action to be taken or approved by the affirmative vote of the holders of shares entitled to cast a greater number of votes, any such action shall be effective and valid if taken or approved by the affirmative vote of holders of shares entitled to cast a majority of all the votes entitled to be cast on the matter.

Section 6.8. Rights of Objecting Stockholders. Holders of shares of Capital Stock shall not be entitled to exercise any rights of an objecting stockholder provided for under Title 3, Subtitle 2 of the MGCL unless the board, upon the affirmative vote of a majority of the entire board, shall determine that such rights shall apply, with respect to all or any classes or series of Capital Stock, to a particular transaction or all transactions occurring after the date of such determination in connection with which holders of such shares of Capital Stock would otherwise be entitled to exercise such rights.

Section 6.9. Limitation of Director and Officer Liability. To the maximum extent that Maryland law in effect from time to time permits limitation of the liability of directors and officers of a corporation, no director or officer of the Corporation shall be liable to the Corporation or its stockholders for money damages. Neither the amendment nor repeal of this Section 6.10, nor the adoption or amendment of any other provision of the charter or bylaws inconsistent with this Section 6.10, shall apply to or affect in any respect the applicability of the preceding sentence with respect to any act or failure to act that occurred prior to such amendment, repeal or adoption.

ARTICLE VII
AMENDMENT

The Corporation reserves the right from time to time to make any amendment to the charter, now or hereafter authorized by law, including any amendment altering the terms or contract rights, as expressly set forth in the charter, of any shares of outstanding Capital Stock.

ARTICLE VIII
GOVERNING LAW

The rights of all parties and the validity, construction and effect of every provision hereof shall be subject to and construed according to the laws of the State of Maryland without regard to conflicts of laws provisions thereof.

THIRD: The amendment and restatement of the charter of the Corporation as hereinabove set forth has been duly advised and approved by a majority of the entire board of directors and approved by the stockholders of the Corporation as required by law.

FOURTH: The current address of the principal office of the Corporation is as set forth in Article III of the foregoing amendment and restatement of the charter.

FIFTH: The name and address of the Corporation’s current resident agent are as set forth in Article III of the foregoing amendment and restatement of the charter.

SIXTH: The number of directors of the Corporation and the names of those currently in office are as set forth in Section 6.1 of the foregoing amendment and restatement of the charter.

SEVENTH: The undersigned officer acknowledges the foregoing amendment and restatement of the charter to be the corporate act of the Corporation and as to all matters and facts required to be verified under oath, the undersigned officer acknowledges that to the best of his knowledge, information and belief, these matters and facts are true in all material respects and that this statement is made under the penalties of perjury.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, Phillips Edison & Company, Inc., has caused the foregoing amendment and restatement of the charter to be signed in its name and on its behalf by its Chief Executive Officer and attested to by its Secretary on this 4th day of August 2020.

PHILLIPS EDISON & COMPANY, INC.

By: /s/Jeffrey S. Edison
Jeffrey S. Edison
Chairman and Chief Executive Officer

ATTEST

By: /s/Tanya E. Brady
Tanya E. Brady
General Counsel, Senior Vice President &
Secretary

PHILLIPS EDISON & COMPANY, INC.

ARTICLES SUPPLEMENTARY

Phillips Edison & Company, Inc., a Maryland corporation (the "Corporation"), hereby certifies to the State Department of Assessments and Taxation of Maryland that:

FIRST: Under a power contained in Section 4.2 of Article IV of the charter of the Corporation (the "Charter"), the Board of Directors of the Corporation (the "Board"), by duly adopted resolutions, reclassified and designated 350,000,000 authorized but unissued shares of common stock, $0.01 par value per share (the "Common Stock"), of the Corporation as 350,000,000 shares of Class B Common Stock, $0.01 par value per share (the "Class B Common Stock"). There has been no increase in the authorized shares of stock of the Corporation effected by these Articles Supplementary.

SECOND: Except as set forth in the immediately following sentence, the Class B Common Stock shall have identical preferences, rights, voting powers, restrictions, limitations as to dividends and other distributions, qualifications, and terms and conditions of redemption as the Common Stock and all provisions of the Charter applicable to the Common Stock, including, without limitation, the provisions of Articles IV and V, shall apply to the Class B Common Stock. Upon the six-month anniversary of the listing of the Common Stock for trading on a national securities exchange or such earlier date or dates as shall be approved by the Board and announced publicly by the Corporation with respect to all or any portion of the outstanding shares of Class B Common Stock, each share of Class B Common Stock or of such portion of Class B Common Stock, as the case may be, shall automatically and without any action on the part of the holder thereof convert into one share of Common Stock.

THIRD: A description of the Common Stock is contained in the Charter.

FOURTH: The Class B Common Stock has been reclassified and designated by the Board under the authority contained in the Charter.

FIFTH: These Articles Supplementary have been approved by the Board in the manner and by the vote required by law.

SIXTH: These Articles Supplementary shall become effective at 12:02 p.m. Eastern Time on July 2, 2021.

SEVENTH: The undersigned acknowledges these Articles Supplementary to be the corporate act of the Corporation and as to all matters or facts required to be verified under oath, the undersigned acknowledges that to the best of his knowledge, information and belief, these matters and facts are true in all material respects and that this statement is made under the penalties for perjury.

[The remainder of this page has been left blank intentionally.]

IN WITNESS WHEREOF, the Company has caused these Articles Supplementary to be executed in its name and on its behalf by its Chairman and Chief Executive Officer and attested by its General Counsel and Secretary on this 2nd day of July, 2021.

ATTEST:	PHILLIPS EDISON & COMPANY, INC.
By: /s/ Tanya E. Brady	By: /s/Jeffrey S. Edison
Name: Tanya E. Brady	Name: Jeffrey S. Edison
Title: General Counsel and Secretary	Title: Chairman and Chief Executive Officer

PHILLIPS EDISON & COMPANY, INC.

ARTICLES SUPPLEMENTARY

Phillips Edison & Company, Inc., a Maryland corporation (the "Company"), hereby certifies to the State Department of Assessments and Taxation of Maryland, that:

FIRST: Under a power contained in Section 3-802(c) of the Maryland General Corporation Law (the "MGCL"), the Company, by resolution of its Board of Directors (the "Board of Directors"), (i) elected to be subject to Section 3-804(c) of the MGCL and (ii) prohibited the Company from electing to be subject to Section 3-803 of the MGCL as provided herein.

SECOND: The resolution referred to above provides that the Company is prohibited from electing to be subject to the provisions of Section 3-803 of the MGCL and that the foregoing prohibition may be repealed, in whole or in part, only if such repeal is approved by the stockholders of the Company by the affirmative vote of at least a majority of the votes cast on the matter by stockholders entitled to vote generally in the election of directors.

THIRD: The election to (i) be subject to Section 3-804(c) of the MGCL and (ii) prohibit the Company from becoming subject to Section 3-803 of the MGCL without the stockholder approval referenced above has been approved by the Board of Directors in the manner and by the vote required by law.

FOURTH: The undersigned officer acknowledges these Articles Supplementary to be the act of the Company and, as to all matters or facts required to be verified under oath, the undersigned officer acknowledges that, to the best of his knowledge, information and belief, these matters and facts are true in all material respects and that this statement is made under the penalties for perjury.

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IN WITNESS WHEREOF, the Company has caused these Articles Supplementary to be executed in its name and on its behalf by its Chairman and Chief Executive Officer and attested by its General Counsel and Secretary on this 16th day of July, 2021.

ATTEST:	PHILLIPS EDISON & COMPANY, INC.
By: /s/ Tanya E. Brady	By: /s/Jeffrey S. Edison
Name: Tanya E. Brady	Name: Jeffrey S. Edison
Title: General Counsel and Secretary	Title: Chairman and Chief Executive Officer

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: August 5, 2021

/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: August 5, 2021

/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 June 30, 2021, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), the undersigned, Jeffrey S. Edison, Chief Executive Officer of the Registrant, hereby certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his knowledge and belief:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

Date: August 5, 2021

/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 June 30, 2021, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), the undersigned, John P. Caulfield, Chief Financial Officer of the Registrant, hereby certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his knowledge and belief:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

Date: August 5, 2021

/s/ John P. Caulfield

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