RPT Realty
Form 10-K
February 21, 2019
UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-K

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2018
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 1-10093

RPT REALTY
(Exact Name of Registrant as Specified in its Charter)

Maryland	13-6908486
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
31500 Northwestern Highway, Suite 300 Farmington Hills, Michigan (Address of Principal Executive Offices)	48334 (Zip Code)

Registrant's Telephone Number, Including Area Code: 248-350-9900
Securities Registered Pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange On Which Registered
Common Shares of Beneficial Interest, ($0.01 Par Value Per Share)	New York Stock Exchange
7.25% Series D Cumulative Convertible Perpetual Preferred Shares of Beneficial Interest ($0.01 Par Value Per Share)	New York Stock Exchange

Securities Registered Pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes [X] No [ ]

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes [ ] No [X]

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 [X] 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 during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes [X] No [ ]

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ ]

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 [X]	Accelerated Filer [ ]	Non-Accelerated Filer [ ]	Small Reporting Company [ ]	Emerging Growth Company [ ]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes [ ] No [X]

The aggregate market value of the common equity held by non-affiliates of the registrant as of the last business day of the registrant's most recently completed second fiscal quarter (June 29, 2018) was $1,039,336,657. As of February 15, 2019 there were outstanding 80,154,911 Common Shares of Beneficial Interest.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the proxy statement for the annual meeting of shareholders to be held in 2019 are incorporated by reference into Part III.

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Forward-Looking Statements

This document contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements represent our expectations, plans or beliefs concerning future events and may be identified by terminology such as "may," "will," "should," "believe," "expect," "estimate," "anticipate," "continue," "predict," or similar terms. Although the forward-looking statements made in this document are based on our good-faith beliefs, reasonable assumptions and our best judgment based upon current information, certain factors could cause actual results to differ materially from those in the forward-looking statements, including: our success or failure in implementing our business strategy; economic conditions generally and in the commercial real estate and finance markets specifically; the cost and availability of capital, which depends in part on our asset quality and our relationships with lenders and other capital providers; our business prospects and outlook; changes in governmental regulations, tax rates and similar matters; our continuing to qualify as a real estate investment trust ("REIT"); and other factors detailed from time to time in our filings with the Securities and Exchange Commission (the "SEC") and in particular those set forth under "Risk Factors" in this Annual Report on Form 10-K. Given these uncertainties, you should not place undue reliance on any forward-looking statements. Except as required by law, we assume no obligation to update these forward-looking statements, even if new information becomes available in the future.

PART I

Item 1. Business

The terms "Company," "we," "our," or "us" refer to RPT Realty, RPT Realty, L.P., and/or its subsidiaries, as the context may require. The content of our website and the websites of third parties noted herein in not incorporated by reference in this Annual Report on Form 10-K.

General

RPT Realty owns and operates a national portfolio of open-air shopping destinations principally located in top U.S. markets. As of December 31, 2018, our property portfolio consisted of 51 shopping centers (including one shopping center owned through a joint venture) representing 12.4 million square feet of gross leasable area. As of December 31, 2018, the Company's aggregate portfolio was 94.3% leased.

The Company's principal executive offices are located at 19 West 44th Street, New York, New York 10036 and its telephone number is (212) 221-1261. The Company's website is rptrealty.com. As of December 31, 2018, the Company had 95 full-time employees. None of our employees is represented by a collective bargaining unit, and we believe that our relations with our employees are good.

We conduct substantially all of our business through our operating partnership, RPT Realty, L.P. (the "Operating Partnership" or "OP"), a Delaware limited partnership. The Operating Partnership, either directly or indirectly through partnerships or limited liability companies, holds fee title to all owned properties. As the sole general partner of the Operating Partnership, we have the exclusive power to manage and conduct the business of the Operating Partnership. As of December 31, 2018, we owned approximately 97.7% of the Operating Partnership. The interests of the limited partners are reflected as noncontrolling interests in our financial statements and the limited partners are generally individuals or entities that contributed interests in certain assets or entities to the Operating Partnership in exchange for units of limited partnership interest ("OP Units"). The holders of OP units are entitled to exchange them for our common shares on a 1:1 basis or for cash. The form of payment is at our election.

We operate in a manner intended to qualify as a REIT pursuant to the provisions of the Internal Revenue Code of 1986, as amended (the "Code"). Certain of our operations, including property and asset management, as well as ownership of certain land parcels, are conducted through taxable REIT subsidiaries ("TRSs"), which are subject to federal and state income taxes.

Business Strategy

In 2018, the new executive management team set and met several key foundational objectives which included the streamlining of the organizational platform, resetting the company culture, conducting a strategic asset review that resulted in the decision to sell approximately $200 million of non-core assets, cultivating a redevelopment pipeline and changing the name of the Company to RPT Realty. The asset sale proceeds are expected to be re-allocated into the Company’s balance sheet to lower leverage, as well as fund its near-term accretive internal growth initiatives, including the reconfiguration of anchor boxes and the increasing of small shop occupancy.

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Our goal is to be a dominant shopping center owner, with a focus on the following:

- Own and manage high quality open-air shopping centers predominantly concentrated in the top U.S. metro areas;
- Maintain value creation redevelopment and expansion pipeline;
- Maximize balance sheet liquidity and flexibility; and
- Retain motivated, talented and high performing employees.

Key methods to achieve our strategy:

- Deliver above average relative shareholder return and generate outsized consistent and sustainable same property NOI and Operating FFO per share growth;
- Pursue selective redevelopment projects with significant pre-leasing for which we expect to achieve attractive returns on investment;
- Sell assets that no longer meet our long-term strategy and redeploy the proceeds to lease, redevelop and acquire assets in our core markets;
- Achieve lower leverage while maintaining low variable interest rate risk; and
- Retain access to diverse sources of capital, maintain liquidity through borrowing capacity under our unsecured line of credit and minimize the amount of debt maturities in a single year.

Our portfolio consists of town center and urban-infill neighborhood and power center properties that include national chain store tenants, market-leading supermarket tenants, as well as a strong lineup of smaller national retailers to optimize the overall merchandise mix. Our centers also include entertainment components, including theaters, fitness centers and restaurants, which, in addition to supermarkets, are daily drivers of consumer traffic at our properties. National chain anchor tenants in our centers include, among others, TJ Maxx/Marshalls, Dick’s Sporting Goods, and ULTA Salon. Supermarket anchor tenants in our centers include, among others, Publix Super Market, Whole Foods, Kroger, Aldi, and Sprouts. Theater, fitness and restaurant tenants include, among others, Regal Cinema, LA Fitness, Starbucks, Panera, and Rusty Bucket. Our shopping centers are primarily located in key growth markets in the 40 largest metropolitan markets in the United States such as Metro Detroit, Cincinnati, Southeast Florida, Milwaukee, St. Louis, Chicago, Tampa/Lakeland, Jacksonville, and Minneapolis-St. Paul.

Operating Strategies and Significant Transactions

Our operating objective is to maximize the risk-adjusted return on invested capital at our shopping centers. We seek to do so by increasing the property operating income of our centers, controlling our capital expenditures, monitoring our tenants' credit risk and taking actions to mitigate our exposure to that tenant credit risk.

During 2018, our consolidated properties reported the following leasing activity:

	Leasing Transactions	Square Footage	Base Rent/SF [(1)]	Prior Rent/SF [(2)]	Tenant Improvements/SF [(3)]	Leasing Commissions/SF
Renewals	173	969,782	$17.80	$16.87	$1.24	$0.16
New Leases - Comparable	22	142,339	$13.24	$9.27	$15.07	$7.48
New Leases - Non-Comparable [(4)]	93	495,131	$15.59	N/A	$43.51	$6.45
Total	288	1,607,252	$16.72	N/A	$15.48	$2.75

(1) Base rent represents contractual minimum rent under the new lease for the first 12 months of the term.

(2) Prior rent represents minimum rent, if any, paid by the prior tenant in the final 12 months of the term.

(3) Includes tenant improvement cost, tenant allowances, and landlord costs. Excludes first generation space and new leases related to development and redevelopment activity.

(4)

Non-comparable lease transactions include leases for space vacant for greater than 12 months and leases signed where the previous and current lease do not have a consistent lease structure. As a result, there is no comparable prior rent per square foot to compare to the base rent per square foot of the new lease.

Investing Activities and Significant Transactions

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Our investing objective is to generate an attractive risk-adjusted return on capital invested in acquisitions, developments, and redevelopments. In addition we seek to sell land or shopping centers that we deem to be fully valued or that no longer meet our investment criteria. We underwrite acquisitions based upon current cash flow, projections of future cash flow and scenario analyses that take into account the risks and opportunities of ownership. We underwrite development of new shopping centers on the same basis, but also take into account the unique risks of entitling land, constructing buildings and leasing newly built space.

In January 2018, we acquired a 60,000 square foot leasehold interest in West Oaks, a shopping center in Novi, Michigan for $6.4 million. In addition, we sold six shopping centers and three land outparcels for gross proceeds of $125.1 million. Refer to Note 4 for additional information related to acquisitions and dispositions.

Financing Strategies and Significant Transactions

Our financing objective is to maintain a strong and flexible balance sheet to ensure access to capital at a competitive cost. In general, we seek to increase our financial flexibility by increasing our pool of unencumbered properties and borrowing on an unsecured basis. In keeping with our objective, we routinely benchmark our balance sheet on a variety of measures to our peers in the shopping center sector and REITs in general.

Specifically, we completed the following financing transactions:

Debt

During 2018, our outstanding debt balance decreased by approximately $36.1 million, primarily through repayments on our revolving credit facility with the net proceeds received from disposed properties during the year. Refer to Note 8 for additional information related to our debt.

At December 31, 2018 and 2017 we had $349.8 million and $318.7 million, respectively, available to draw under our unsecured revolving line of credit, subject to compliance with applicable covenants.

Equity

In June 2016, we terminated our previous controlled equity offering arrangement and commenced a new distribution agreement that registered up to 8.0 million common shares for issuance from time to time, in our sole discretion. For the year ended December 31, 2018, we did not issue any common shares through either arrangement. The shares issuable in the new distribution agreement are registered with the Securities and Exchange Commission ("SEC") on our registration statement on Form S-3 (No. 333-211925).

Sustainability

We continue to advance our commitment to sustainability, with a focus on achieving goals in each of the Environmental, Social and Governance (“ESG”) areas of sustainability. We believe that sustainability initiatives are a vital part of supporting our primary goal to maximize value for our shareholders.

Our commitment to ESG principles starts with our employees. We are establishing a culture that intentionally attracts and retains talented employees to work in an engaging and energetic team environment that shares a passion for innovation, transparency and excellence. Our employees are awarded competitive compensation packages, including healthcare benefits for employees and their families, participation in a 401(k) plan, paid time-off benefits and employee referral bonuses. In addition, we have recently adopted “RPT Remote”, a flexible work initiative that allows employees the ability to telecommute one day per week. We are focused on creating healthy workspaces and promote health and wellness for our employees and their families. In 2018, we were recognized for winning Michigan’s Best and Brightest in Wellness for the fifth year in a row. The Best and Brightest in Wellness awards program honors organizations that are making their workplaces, their employees and the community a healthier place to live and work. We are also devoted to philanthropy initiatives and partner with organizations that are committed to improving the overall quality of life in our communities. Each month, we support a local community organization through charitable giving or volunteerism.

In 2019, we intend to establish an environmental stewardship policy aimed at providing the necessary framework to commence comprehensive sustainability initiatives that meet our objectives of safeguarding the environment, while improving the energy efficiency of our portfolio and corporate office locations and lowering operating costs. We intend to establish measurable goals to reduce energy consumption, water usage and waste reduction across our portfolio and will report on actual performance in our environmental disclosures. Our New York City office is already a Leadership in Energy and Environmental Design (“LEED”) certified location. LEED is an internationally recognized green building certification system, providing third-party verification that a building or community was designed and built using strategies aimed at improving performance metrics that matter most: energy savings, water efficiency, CO_2 emissions reduction, improved indoor environmental quality, and stewardship of resources and sensitivity to their impacts. We are committed to transparency with regard to our sustainability performance and will strive to enhance our disclosure using industry accepted measures.

Competition

See page 5 of Item 1A. “Risk Factors” for a description of competitive conditions in our business.

Environmental Matters

See page 11 of Item 1A. "Risk Factors" for a description of environmental risks for our business.

Available Information

All reports we electronically file with, or furnish to, the SEC, including our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to such reports, are available, free of charge, on our website at rptrealty.com, as soon as reasonably practicable after we electronically file such reports with, or furnish those reports to, the SEC. These filings are also available at the SEC's website at www.sec.gov. Our Corporate Governance Guidelines, Code of Business Conduct and Ethics and Board of Trustees’ committee charters also are available on our website.

Item 1A. Risk Factors

You should carefully consider each of the risks and uncertainties described below and elsewhere in this Annual Report on Form 10-K, as well as any amendments or updates reflected in subsequent filings with the SEC. We believe these risks and uncertainties, individually or in the aggregate, could cause our actual results to differ materially from expected and historical results and could materially and adversely affect our business operations, results of operations and financial condition. Further, additional risks and uncertainties not presently known to us or that we currently deem immaterial may also impair our results and business operations.

Operating Risks

A shift in retail shopping from brick and mortar stores to online shopping may have an adverse impact on our cash flow, financial condition and results of operations.

In recent periods, sales by online retailers such as Amazon have increased, and many retailers operating brick and mortar stores have made online sales a vital piece of their businesses. Although many of the retailers operating in our properties sell groceries and other necessity-based soft goods or provide services, including entertainment and dining options, the shift to online shopping may cause declines in brick and mortar sales generated by certain of our tenants and/or may cause certain of our tenants to reduce the size or number of their retail locations in the future. As a result, our cash flow, financial condition and results of operations could be adversely affected.

National economic conditions and retail sales trends may adversely affect the performance of our properties.

Demand to lease space in our shopping centers generally fluctuates with the overall economy. Economic downturns often result in a lower rate of retail sales growth, or even declines in retail sales. In response, retailers that lease space in shopping centers typically reduce their demand for retail space during such downturns. As a result, economic downturns and unfavorable retail sales trends may diminish the income, cash flow, and value of our properties.

Our concentration of properties in Florida and Michigan makes us more susceptible to adverse market conditions in these states.

Our performance depends on the economic conditions in the markets in which we operate. As of December 31, 2018 and 2017, our wholly-owned properties located in Florida and Michigan accounted for approximately 23% and 19%, and 21% and 20%, respectively, of our annualized base rent. To the extent that market conditions in these or other states in which we operate deteriorate, the performance or value of our properties may be adversely affected.

Increasing sales through non-retail channels and changes in the supply and demand for the type of space we lease to our tenants could affect the income, cash flow and value of our properties.

Our tenants compete with alternate forms of retailing, including on-line shopping, home shopping networks and mail order catalogs. Alternate forms of retailing may reduce the demand for space in our shopping centers. Our shopping centers generally compete for tenants with similar properties located in the same neighborhood, community or region. Although we believe we own high quality centers, competing centers may be newer, better located or have a better tenant mix. In addition, new centers or retail stores may be developed, increasing the supply of retail space competing with our centers or taking retail sales from our tenants.

As a result, we may not be able to renew leases or attract replacement tenants as leases expire. When we do renew tenants or attract replacement tenants, the terms of renewals or new leases may be less favorable to us than current lease terms. In order to lease our vacancies, we often incur costs to reconfigure or modernize our properties to suit the needs of a particular tenant. Under competitive circumstances, such costs may exceed our budgets. If we are unable to lease vacant space promptly, if the rental rates upon a renewal or new lease are lower than expected, or if the costs incurred to lease space exceed our expectations, then the income and cash flow of our properties will decrease.

Our reliance on key tenants for significant portions of our revenues exposes us to increased risk of tenant bankruptcies that could adversely affect our income and cash flow.

As of December 31, 2018, we received 40.6% of our combined annualized base rents from our top 25 tenants, including our top five tenants: TJX Companies (4.8%), Dick's Sporting Goods (3.4%), Regal Cinemas (2.8%), Bed Bath & Beyond (2.8%) and LA Fitness (2.7%). No other tenant represented more than 2.0% of our total annualized base rent. The credit risk posed by our major tenants varies.

If any of our major tenants experiences financial difficulties or files for bankruptcy protection, our operating results could be adversely affected. Bankruptcy filings by our tenants or lease guarantors generally delay our efforts to collect pre-bankruptcy receivables and could ultimately preclude full collection of these sums. If a tenant rejects a lease, we would have only a general unsecured claim for damages, which may be collectible only to the extent that funds are available and only in the same percentage as is paid to all other holders of unsecured claims.
Our properties generally rely on anchor tenants (tenants greater than or equal to 10,000 square feet) to attract customers. The loss of anchor tenants may adversely impact the performance of our properties.

If any of our anchor tenants becomes insolvent, suffers a downturn in business, abandons occupancy or decides not to renew its lease, such event could adversely impact the performance of the affected center. An abandonment or lease termination by an anchor tenant may give other tenants in the same shopping center the right to terminate their leases or pay less rent pursuant to the terms of their leases. Our leases with anchor tenants may, in certain circumstances, permit them to transfer their leases to other retailers. The transfer to a new anchor tenant could result in lower customer traffic to the center, which would affect our other tenants. In addition, a transfer of a lease to a new anchor tenant could give other tenants the right to make reduced rental payments or to terminate their leases.

We may be restricted from leasing vacant space based on existing exclusivity lease provisions with some of our tenants.

In a number of cases, our leases give a tenant the exclusive right to sell clearly identified types of merchandise or provide specific types of services at a particular shopping center. In other cases, leases with a tenant may limit the ability of other tenants to sell similar merchandise or provide similar services to that tenant. When leasing a vacant space, these restrictions may limit the number and types of prospective tenants suitable for that space. If we are unable to lease space on satisfactory terms, our operating results would be adversely impacted.

Increases in operating expenses could adversely affect our operating results.

Our operating expenses include, among other items, property taxes, insurance, utilities, repairs and the maintenance of the common areas of our shopping centers. We may experience increases in our operating expenses, some or all of which may be out of our control. Most of our leases require that tenants pay for a share of property taxes, insurance and common area maintenance costs. However, if any property is not fully occupied or if recovery income from tenants is not sufficient to cover operating expenses, then we could be required to expend our own funds for operating expenses. In addition, we may be unable to renew leases or negotiate new leases with terms requiring our tenants to pay all the property tax, insurance and common area maintenance costs that tenants currently pay, which would adversely affect our operating results.

Our real estate assets may be subject to additional impairment provisions based on market and economic conditions.

On a periodic basis, we assess whether there are any indicators that the value of our real estate properties and other investments may be impaired. Under generally accepted accounting principles (“GAAP”) a property’s value is impaired only if the estimate of the aggregate future cash flows (undiscounted and without interest charges) to be generated by the property is less than the carrying value of the property. In our estimate of cash flows, we consider factors such as expected future operating income, trends and prospects, the effects of demand, competition and other factors. We are required to make subjective assessments as to whether there are impairments in the value of our real estate properties and other investments.

No assurance can be given that we will be able to recover the current carrying amount of all of our properties and those of our unconsolidated joint ventures. There can be no assurance that we will not take charges in the future related to the impairment of our assets. Any future impairment could have a material adverse effect on our results of operations in the period in which the charge is taken. We recorded an impairment provision of $13.7 million in 2018 related to our real estate properties. Refer to Note 1 Organization and Summary of Significant Accounting Policies - Accounting for the Impairment of Long-Lived Assets of the notes to the consolidated financial statements for further information related to impairment provisions.

Our redevelopment projects may not yield anticipated returns, which would adversely affect our operating results.

Our redevelopment activities generally call for a capital commitment and project scope greater than that required to lease vacant space. To the extent a significant amount of construction is required, we are susceptible to risks such as permitting, cost overruns and timing delays as a result of the lack of availability of materials and labor, the failure of tenants to commit or fulfill their commitments, weather conditions and other factors outside of our control. Any substantial unanticipated delays or expenses would adversely affect the investment returns from these redevelopment projects and adversely impact our operating results.

Current or future joint venture investments could be adversely affected by our lack of sole decision-making authority.

As of December 31, 2018, we were a party to three joint venture agreements pursuant to which one property was owned by one of the joint ventures, and we expect that we may enter into additional joint venture arrangements in the future. Our existing joint ventures are subject to various risks, and any additional joint venture arrangements in which we may engage in the future are likely to be subject to various risks, including the following:

- lack of exclusive control over the joint venture, which may prevent us from taking actions that are in our best interest;
- future capital constraints of our partners or failure of our partners to fund their share of required capital contributions, which may require us to contribute more capital than we anticipated to fund developments and/or cover the joint venture's liabilities;
- actions by our partners that could jeopardize our REIT status, require us to pay taxes or subject the properties owned by the joint venture to liabilities greater than those contemplated by the terms of the joint venture agreements;
- disputes between us and our partners that may result in litigation or arbitration that would increase our expenses and prevent our officers and/or directors from focusing their time and effort on our business;
- changes in economic and market conditions for any adjacent non-retail use that may adversely impact the cash flow of our retail property;
- joint venture agreements that may require prior consent of our joint venture partners for a sale or transfer to a third party of our interest in the joint venture, which would restrict our ability to dispose of our interest in such a joint venture; and
- joint venture agreements that may contain buy-sell provisions pursuant to which one partner may initiate procedures requiring us to buy the other partner's interest.

If any of the foregoing were to occur, our cash flow, financial condition and results of operations could be adversely affected.

If we suffer losses that are uninsured or in excess of our insurance coverage limits, we could lose invested capital and anticipated profits.

Catastrophic losses, such as losses resulting from wars, acts of terrorism, earthquakes, floods, hurricanes and tornadoes or other natural disasters, and pollution or environmental matters, generally are either uninsurable or not economically insurable, or may be subject to insurance coverage limitations, such as large deductibles or co-payments. Although we currently maintain “all risk” replacement cost insurance for our buildings, rents and personal property, commercial general liability insurance and pollution and environmental liability insurance, our insurance coverage may be inadequate if any of the events described above occurs to, or causes the destruction of, one or more of our properties. Under that scenario, we could lose both our invested capital and anticipated profits from that property.

Investing Risks

We face competition for the acquisition and development of real estate properties, which may impede our ability to grow our operations or may increase the cost of these activities.

We compete with many other entities for the acquisition of shopping centers and land suitable for new developments, including other REITs, private institutional investors and other owner-operators of shopping centers. In particular, larger REITs may enjoy competitive advantages that result from, among other things, a lower cost of capital. These competitors may increase the market prices we would have to pay in order to acquire properties. If we are unable to acquire properties that meet our criteria at prices we deem reasonable, our ability to grow will be adversely affected.

Commercial real estate investments are relatively illiquid, which could hamper our ability to dispose of properties that no longer meet our investment criteria or respond to adverse changes in the performance of our properties.

Our ability to promptly sell one or more properties in our portfolio in response to changing economic, financial and investment conditions is limited because real estate investments are relatively illiquid. The real estate market is affected by many factors, such as general economic conditions, supply and demand, availability of financing, interest rates and other factors that are beyond our control. We cannot be certain that we will be able to sell any property for the price and other terms we seek, or that any price or other terms offered by a prospective purchaser would be acceptable to us. We also cannot estimate with certainty the length of time needed to find a willing purchaser and to complete the sale of a property. We may be required to expend funds to correct defects or to make improvements before a property can be sold. Factors that impede our ability to dispose of properties could adversely affect our financial condition and operating results.

We are seeking to develop new properties, an activity that has inherent risks that could adversely impact our cash flow, financial condition and results of operations. These activities are subject to the following risks:

- We may not be able to complete construction on schedule due to labor disruptions, construction delays, and delays or failure to receive zoning or other regulatory approvals;
- We may abandon our development, redevelopment and expansion opportunities after expending resources to determine feasibility and we may incur an impairment loss on our investment;
- Construction and other project costs may exceed our original estimates because of increases in material and labor costs, interest rates, operating costs, and leasing costs;
- We may not be able to obtain financing on favorable terms for construction;
- We might not be able to secure key anchor or other tenants;
- We may experience a decrease in customer traffic during the redevelopment period causing a decrease in tenant sales;
- Occupancy rates and rents at a completed project may not meet our projections; and
- The time frame required for development, constructions and lease-up of these properties means that we may have to wait years for a significant cash return.

If any of these events occur, our development activities may have an adverse effect on our results of operations, including additional impairment provisions. For a detailed discussion of development projects, refer to Notes 3 and 5 of the notes to the consolidated financial statements.

Financing Risks

Increases in interest rates may affect the cost of our variable-rate borrowings, our ability to refinance maturing debt and the cost of any such refinancings.

As of December 31, 2018, we had seven interest rate swap agreements in effect for an aggregate notional amount of $210.0 million converting our floating rate corporate debt to fixed rate debt. After accounting for these interest rate swap agreements, we had $28.1 million of variable rate debt outstanding at December 31, 2018. Increases in interest rates on our existing indebtedness would increase our interest expense, which would adversely affect our cash flow and our ability to distribute cash to our shareholders. For example, if market rates of interest on our variable rate debt outstanding as of December 31, 2018 increased by 1.0%, the increase in interest expense on our existing variable rate debt would decrease future earnings and cash flows by approximately $0.3 million annually. Interest rate increases could also constrain our ability to refinance maturing debt because lenders may reduce their advance rates in order to maintain debt service coverage ratios.

Our debt must be refinanced upon maturity, which makes us reliant on the capital markets on an ongoing basis.

We are not structured in a manner to generate and retain sufficient cash flow from operations to repay our debt at maturity. Instead, we expect to refinance our debt by raising equity, debt or other capital prior to the time that it matures. As of December 31, 2018, we had $964.1 million of outstanding indebtedness, net of deferred financing costs, including $1.0 million of capital lease obligations. The availability, price and duration of capital can vary significantly. If we seek to refinance maturing debt when capital market conditions are restrictive, we may find capital scarce, costly or unavailable. Refinancing debt at a higher cost would affect our operating results and cash available for distribution. The failure to refinance our debt at maturity would result in default and the exercise by our lenders of the remedies available to them, including foreclosure and, in the case of recourse debt, liability for unpaid amounts.

We could increase our outstanding debt.

Our management and Board of Trustees (“Board”) generally have discretion to increase the amount of our outstanding debt at any time. Subject to existing financial covenants, we could become more highly leveraged, resulting in an increase in debt service

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costs that could adversely affect our cash flow and the amount available for distribution to our shareholders. If we increase our debt, we may also increase the risk of default on our debt.

Our mortgage debt exposes us to the risk of loss of property, which could adversely affect our financial condition.

As of December 31, 2018, we had $118.0 million of mortgage debt, net of unamortized premiums and deferred financing costs, encumbering our properties. A default on any of our mortgage debt may result in foreclosure actions by lenders and ultimately our loss of the mortgaged property. We have entered into mortgage loans which are secured by multiple properties and contain cross-collateralization and cross-default provisions. Cross-collateralization provisions allow a lender to foreclose on multiple properties in the event that we default under the loan. Cross-default provisions allow a lender to foreclose on the related property in the event a default is declared under another loan. For federal income tax purposes, a foreclosure of any of our properties would be treated as a sale of the property for a purchase price equal to the outstanding balance of the debt secured by the mortgage. If the outstanding balance of the debt secured by the mortgage exceeds our tax basis in the property, we would recognize taxable income on foreclosure but would not receive any cash proceeds.

Financial covenants may restrict our operating, investing or financing activities, which may adversely impact our financial condition and operating results.

The financial covenants contained in our mortgages and debt agreements reduce our flexibility in conducting our operations and create a risk of default on our debt if we cannot continue to satisfy them. The mortgages on our properties contain customary negative covenants such as those that limit our ability, without the prior consent of the lender, to further mortgage the applicable property or to discontinue insurance coverage. In addition, if we breach covenants in our debt agreements, the lender can declare a default and require us to repay the debt immediately and, if the debt is secured, can ultimately take possession of the property securing the loan.

Our outstanding line of credit contains customary restrictions, requirements and other limitations on our ability to incur indebtedness, including limitations on the maximum ratio of total liabilities to assets, the minimum fixed charge coverage and the minimum tangible net worth. Our ability to borrow under our line of credit is subject to compliance with these financial and other covenants. We rely on our ability to borrow under our line of credit to finance acquisition, development and redevelopment activities and for working capital. If we are unable to borrow under our line of credit, our financial condition and results of operations would be adversely impacted.

We must distribute a substantial portion of our income annually in order to maintain our REIT status, and as a result we may not retain sufficient cash from operations to fund our investing needs.

As a REIT, we are subject to annual distribution requirements under the Code. In general, we must distribute at least 90% of our REIT taxable income annually, excluding net capital gains, to our shareholders to maintain our REIT status. We intend to make distributions to our shareholders to comply with the requirements of the Code.

Differences in timing between the recognition of taxable income and the actual receipt of cash could require us to sell assets or borrow funds on a short-term or long-term basis to meet the 90% distribution requirement. In addition, the distribution requirement reduces the amount of cash we retain for use in funding our capital requirements and our growth. As a result, we have historically funded our acquisition, development and redevelopment activities by any of the following: selling assets that no longer meet our investment criteria; selling common shares and preferred shares; borrowing from financial institutions; and entering into joint venture transactions with third parties. Our failure to obtain funds from these sources could limit our ability to grow, which could have a material adverse effect on the value of our securities.

There may be future dilution to holders of our common shares.

Our Declaration of Trust authorizes our Board to, among other things, issue additional common or preferred shares, or securities convertible or exchangeable into equity securities, without shareholder approval. We may issue such additional equity or convertible securities to raise additional capital. The issuance of any additional common or preferred shares or convertible securities could be dilutive to holders of our common shares. Moreover, to the extent that we issue restricted shares, options or warrants to purchase our common shares in the future and those options or warrants are exercised or the restricted shares vest, our shareholders will experience further dilution. Holders of our common shares have no preemptive rights that entitle them to purchase a pro rata share of any offering of shares of any class or series and, therefore, such sales or offerings could result in increased dilution to our shareholders.

We may issue debt and equity securities or securities convertible into equity securities, any of which may be senior to our common shares as to distributions and in liquidation, which could negatively affect the value of our common shares.

There were 354,029 shares of unvested restricted common shares outstanding at December 31, 2018.

Corporate Risks

The price of our common shares may fluctuate significantly.

The market price of our common shares fluctuates based upon numerous factors, many of which are outside of our control. A decline in our share price, whether related to our operating results or not, may constrain our ability to raise equity in pursuit of our business objectives. In addition, a decline in price may affect the perceptions of lenders, tenants or others with whom we transact. Such parties may withdraw from doing business with us as a result. An inability to raise capital at a suitable cost or at any cost, or to do business with certain tenants or other parties, would affect our operations and financial condition.

Our failure to qualify as a REIT would result in higher taxes and reduced cash available for distribution to our shareholders.

We intend to operate in a manner so as to qualify as a REIT for federal income tax purposes. Our continued qualification as a REIT will depend on our satisfaction of certain asset, income, investment, organizational, distribution, shareholder ownership and other requirements on a continuing basis. Our ability to satisfy the asset requirements depends upon our analysis of the fair market values of our assets, some of which are not susceptible to a precise determination and for which we will not obtain independent appraisals. In addition, our compliance with the REIT income and asset requirements depends upon our ability to manage successfully the composition of our income and assets on an ongoing basis. Moreover, the proper classification of an instrument as debt or equity for federal income tax purposes may be uncertain in some circumstances, which could affect the application of the REIT qualification requirements. Accordingly, there can be no assurance that the Internal Revenue Service (“IRS”) will not contend that our interests in subsidiaries or other issuers constitute a violation of the REIT requirements. Moreover, future economic, market, legal, tax or other considerations may cause us to fail to qualify as a REIT.

If we were to fail to qualify as a REIT in any taxable year, we would be subject to federal income tax, including any applicable alternative minimum tax, on our taxable income at regular corporate rates and distributions to shareholders would not be deductible by us in computing our taxable income. Any such corporate tax liability could be substantial and would reduce the amount of cash available for distribution to our shareholders, which in turn could have an adverse impact on the value of and trading prices for, our common shares. Unless entitled to relief under certain Code provisions, we also would be disqualified from taxation as a REIT for the four taxable years following the year during which we ceased to qualify as a REIT.

Even as a REIT, we may be subject to various federal income and excise taxes, as well as state and local taxes.

Even as a REIT, we may be subject to federal income and excise taxes in various situations, such as if we fail to distribute all of our REIT taxable income. We also will be required to pay a 100% tax on non-arm’s length transactions between us and our TRSs and on any net income from sales of property that the IRS successfully asserts was property held for sale to customers in the ordinary course of business. Additionally, we may be subject to state or local taxation in various state or local jurisdictions, including those in which we transact business. The state and local tax laws may not conform to the federal income tax treatment. Any taxes imposed on us would reduce our operating cash flow and net income.

The rules dealing with federal income taxation are constantly under review by persons involved in the legislative process and by the IRS and the United States Treasury Department. Changes to tax laws, which may have retroactive application, could adversely affect our shareholders or us. We cannot predict how changes in tax laws might affect our shareholders or us.

We are party to litigation in the ordinary course of business, and an unfavorable court ruling could have a negative effect on us.

We are the defendant in a number of claims brought by various parties against us. Although we intend to exercise due care and consideration in all aspects of our business, it is possible additional claims could be made against us. We maintain insurance coverage including general liability coverage to help protect us in the event a claim is awarded; however, some claims may be uninsured. In the event that claims against us are successful and uninsured or underinsured, or we elect to settle claims that we determine are in our interest to settle, our operating results and cash flow could be adversely impacted. In addition, an increase in claims and/or payments could result in higher insurance premiums, which could also adversely affect our operating results and cash flow.

We are subject to various environmental laws and regulations which govern our operations and which may result in potential liability.

Under various federal, state and local laws, ordinances and regulations relating to the protection of the environment, a current or previous owner or operator of real estate may be liable for the costs of removal or remediation of certain hazardous or toxic substances disposed, stored, released, generated, manufactured or discharged from, on, at, onto, under or in such property. Environmental laws often impose such liability without regard to whether the owner or operator knew of, or was responsible for, the presence or release of such hazardous or toxic substance. The presence of such substances, or the failure to properly remediate such substances when present, released or discharged, may adversely affect the owner's ability to sell or rent such property or to borrow using such property as collateral. The cost of any required remediation and the liability of the owner or operator therefore as to any property is generally not limited under such environmental laws and could exceed the value of the property and/or the aggregate assets of the owner or operator. Persons who arrange for the disposal or treatment of hazardous or toxic substances may also be liable for the cost of removal or remediation of such substances at a disposal or treatment facility, whether or not such facility is owned or operated by such persons. In addition to any action required by federal, state or local authorities, the presence or release of hazardous or toxic substances on or from any property could result in private plaintiffs bringing claims for personal injury or other causes of action.

In connection with ownership (direct or indirect), operation, management and development of real properties, we have the potential to be liable for remediation, releases or injury. In addition, environmental laws impose on owners or operators the requirement of ongoing compliance with rules and regulations regarding business-related activities that may affect the environment. Such activities include, for example, the ownership or use of transformers or underground tanks, the treatment or discharge of waste waters or other materials, the removal or abatement of asbestos-containing materials ("ACMs") or lead-containing paint during renovations or otherwise, or notification to various parties concerning the potential presence of regulated matters, including ACMs. Failure to comply with such requirements could result in difficulty in the lease or sale of any affected property and/or the imposition of monetary penalties, fines or other sanctions in addition to the costs required to attain compliance. Several of our properties have or may contain ACMs or underground storage tanks; however, we are not aware of any potential environmental liability which could reasonably be expected to have a material impact on our financial position or results of operations. No assurance can be given that future laws, ordinances or regulations will not impose any material environmental requirement or liability, or that a material adverse environmental condition does not otherwise exist.

Our success depends on key personnel whose continued service is not guaranteed.

We depend on the efforts and expertise of our senior management team to manage our day-to-day operations and strategic business direction. While we have retention and severance agreements with certain members of our executive management team that provide for certain payments in the event of a change of control or termination without cause, we do not have employment agreements with all of the members of our executive management team. Therefore, we cannot guarantee their continued service. The loss of their services, and our inability to find suitable replacements, could have an adverse effect on our operations.

Our business and operations would suffer in the event of system failures, security breaches, cyber security intrusions, cyber-attacks or other disruptions of our information technology systems.

We rely extensively upon information technology networks and systems, some of which are managed by third parties, to process, transmit and store electronic information, and to manage and support a variety of business processes and activities. Although we employ a number of security measures to prevent, detect and mitigate these risks, including a disaster recovery plan for our internal information technology systems, a dedicated IT team, employee training and background checks and password protection, along with purchasing cyber liability insurance coverage, there can be no assurance that these measures will be effective and our systems, networks and services remain vulnerable to damages from any number of sources, including system failures due to energy blackouts, natural disasters, terrorism, war or telecommunication failures, security breaches, cyber intrusions and cyber security attacks, such as computer viruses, malware or e-mail attachments or any unauthorized access to our data and/or computer systems. In recent years, there has been an increased number of significant cyber security attacks that include, but are not limited to, gaining unauthorized access to digital systems for purposes of misappropriating assets or sensitive information, corrupting data or causing operational disruption. A system failure, security breach, cyber intrusion, cyber-attack or other disruption of our information technology systems may cause interruptions in our operations and other negative consequences, which may include but are not limited to the following, any of which could have a material adverse effect on our cash flow, financial condition and results of operations:

- Compromising of confidential information;
- Manipulation and destruction of data;

- System downtimes and operational disruptions;
- Remediation cost that may include liability for stolen assets or information, expenses related to repairing system damage, costs associated with damage to business relationships or due to legal requirements imposed;
- Loss of revenues resulting from unauthorized use of proprietary information;
- Cost to deploy additional protection strategies, training employees and engaging third party experts and consultants;
- Reputational damage adversely affecting investor confidence;
- Damage to tenant relationships;
- Violation of applicable privacy and other laws;
- Litigation; and
- Loss of trade secrets.

Restrictions on the ownership of our common shares are in place to preserve our REIT status.

Our Declaration of Trust restricts ownership by any one shareholder to no more than 9.8% of our outstanding common shares, subject to certain exceptions granted by our Board. The ownership limit is intended to ensure that we maintain our REIT status given that the Code imposes certain limitations on the ownership of the stock of a REIT. Not more than 50% in value of our outstanding shares of beneficial interest may be owned, directly or indirectly by five or fewer individuals (as defined in the Code) during the last half of any taxable year. If an individual or entity were found to own constructively more than 9.8% in value of our outstanding shares, then any excess shares would be transferred by operation of our Declaration of Trust to a charitable trust, which would sell such shares for the benefit of the shareholder in accordance with procedures specified in our Declaration of Trust.

The ownership limit may discourage a change in control, may discourage tender offers for our common shares and may limit the opportunities for our shareholders to receive a premium for their shares. Upon due consideration, our Board previously has granted limited exceptions to this restriction for certain shareholders who requested an increase in their ownership limit. However, the Board has no obligation to grant such limited exceptions in the future.

Certain anti-takeover provisions of our Declaration of Trust and Bylaws may inhibit a change of our control.

Certain provisions contained in our Declaration of Trust and Bylaws and the Maryland General Corporation Law, as applicable to Maryland REITs, may discourage a third party from making a tender offer or acquisition proposal to us. These provisions and actions may delay, deter or prevent a change in control or the removal of existing management. These provisions and actions also may delay or prevent the shareholders from receiving a premium for their common shares of beneficial interest over then-prevailing market prices.

These provisions and actions include:

- the REIT ownership limit described above;
- authorization of the issuance of our preferred shares of beneficial interest with powers, preferences or rights to be determined by our Board;
- special meetings of our shareholders may be called only by the chairman of our Board, the president, one-third of the Trustees, or the secretary upon the written request of the holders of shares entitled to cast not less than a majority of all the votes entitled to be cast at such meeting;
- a two-thirds shareholder vote is required to approve some amendments to our Declaration of Trust;
- our Bylaws contain advance-notice requirements for proposals to be presented at shareholder meetings; and
- our Board, without the approval of our shareholders, may from time to time (i) amend our Declaration of Trust to increase or decrease the aggregate number of shares of beneficial interest, or the number of shares of beneficial interest of any class, that we have authority to issue, and (ii) reclassify any unissued shares of beneficial interest into one or more classes or series of shares of beneficial interest.

In addition, the Trust, by Board action, may elect to be subject to certain provisions of the Maryland General Corporation Law that inhibit takeovers such as the provision that permits the Board by way of resolution to classify itself, notwithstanding any provision our Declaration of Trust or Bylaws.

Changes in accounting standards may adversely impact our financial results.

The Financial Accounting Standards Board, in conjunction with the SEC, has several projects on its agenda, as well as recently issued updates that could impact how we currently account for material transactions, including lease accounting. At this time, we are unable to predict with certainty which, if any, proposals may be passed or what level of impact that new standards may have on the presentation of our consolidated financial statements, results of operations and financial ratios required by our debt covenants. Refer to Note 2 Recently Issued Accounting Pronouncements of the notes to the consolidated financial statements for further information related to the impact of the new leasing standard (ASC Topic 842).

U.S. federal tax reform legislation could affect REITs generally, the geographic markets in which we operate, our stock and our results of operations, both positively and negatively in ways that are difficult to anticipate.

Changes to the federal income tax laws are proposed regularly. Additionally, the REIT rules are constantly under review by persons involved in the legislative process and by the Internal Revenue Service and the U.S. Department of the Treasury, which may result in revisions to regulations and interpretations in addition to statutory changes. If enacted, certain such changes could have an adverse impact on our business and financial results. In particular, H.R. 1, which generally took effect for taxable years that began on or after January 1, 2018 (subject to certain exceptions), made many significant changes to the federal income tax laws that profoundly impacted the taxation of individuals, corporations (both regular C corporations as well as corporations that have elected to be taxed as REITs), and the taxation of taxpayers with overseas assets and operations. A number of changes that affect non-corporate taxpayers will expire at the end of 2025 unless Congress acts to extend them. These changes will impact us and our shareholders in various ways, some of which are adverse or potentially adverse compared to prior law. To date, the IRS has issued some guidance with respect to certain of the new provisions but there are numerous interpretive issues that still require further guidance. It is highly likely that technical corrections legislation will be needed to clarify certain aspects of the new law and give proper effect to Congressional intent. There can be no assurance, however, that technical clarifications or further changes needed to prevent unintended or unforeseen tax consequences will be enacted by Congress in the near future. In addition, while certain elements of tax reform legislation do not impact us directly as a REIT, they could impact the geographic markets in which we operate, the tenants that populate our shopping centers and the customers who frequent our properties in ways, both positive and negative, that are difficult to anticipate. Other legislative proposals could be enacted in the future that could affect REITs and their shareholders. Prospective investors are urged to consult their tax advisors regarding the effect of H.R. 1 and any other potential tax law changes on an investment in our common stock.

We may have to borrow funds or sell assets to meet our distribution requirements.

Subject to some adjustments that are unique to REITs, a REIT generally must distribute 90% of its taxable income. For the purpose of determining taxable income, we may be required to accrue interest, rent and other items treated as earned for tax purposes but that we have not yet received. In addition, we may be required not to accrue as expenses for tax purposes some that which actually have been paid, including, for example, payments of principal on our debt, or some of our deductions might be disallowed by the Internal Revenue Service. As a result, we could have taxable income in excess of cash available for distribution. If this occurs, we may have to borrow funds or liquidate some of our assets in order to meet the distribution requirement applicable to a REIT.

Liquidation of our assets may jeopardize our REIT qualification.

To qualify as a REIT, we must comply with requirements regarding our assets and our sources of income. If we are compelled to liquidate our investments to repay obligations to our lenders, we may be unable to comply with these requirements, ultimately jeopardizing our qualification as a REIT, or we may be subject to a 100% tax on any gain if

we sell assets in transactions that are considered to be “prohibited transactions,” which are explained in the risk factor “Even as a REIT, we may be subject to various federal income and excise taxes, as well as state and local taxes”.
Dividends payable by REITs do not qualify for the reduced tax rates on dividend income from regular corporations. The maximum federal income tax rate applicable to “qualified dividend income” payable by non-REIT corporations to certain non-corporate U.S. stockholders is generally 20%, and a 3.8% Medicare tax may also apply. Dividends paid by REITs, however, generally are not eligible for the reduced rates applicable to qualified dividend income. Commencing with taxable years beginning

on or after January 1, 2018 and continuing through 2025, H.R. 1 temporarily reduces the effective tax rate on ordinary REIT dividends (i.e., dividends other than capital gain dividends and dividends attributable to certain qualified dividend income received by us) for U.S. holders of our common stock that are individuals, estates or trusts by permitting such holders to claim a deduction in determining their taxable income equal to 20% of any such dividends they receive. Taking into account H.R. 1's reduction in the maximum individual federal income tax rate from 39.6% to 37%, this results in a maximum effective rate of regular income tax on ordinary REIT dividends of 29.6% through 2025 (as compared to the 20% maximum federal income tax rate applicable to qualified dividend income received from a non-REIT corporation). The more favorable rates applicable to regular corporate distributions could cause investors who are individuals to perceive investments in REITs to be relatively less attractive than investments in the stocks of non-REIT corporations that pay distributions. This could materially and adversely affect the value of the stock of REITs, including our common stock.

Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties

As of December 31, 2018, we owned and managed a portfolio of 51 shopping centers with approximately 12.4 million square feet ("SF") of GLA. Our wholly-owned properties consist of 50 shopping centers comprising approximately 12.3 million square feet.

Property Name	Location City	State	Ownership %	Year Built / Acquired / Redeveloped	Total GLA	% Leased		Average base rent per leased SF [(1)]	Anchor Tenants [(2)]
Atlanta [MSA Rank 9]									
Holcomb Center	Alpharetta	GA	100%	1986/1996/2010	106,143	89.6	%	$ 12.81	Aspire Fitness, Studio Movie Grill
Peachtree Hill	Duluth	GA	100%	1986/2015/NA	154,700	99.3	%	14.02	Kroger, LA Fitness
Promenade at Pleasant Hill	Duluth	GA	100%	1993/2004/NA	265,398	96.4	%	10.26	K1 Speed, LA Fitness, Publix
Baltimore [MSA Rank 21]									
Crofton Centre	Crofton	MD	100%	1974/2015/NA	252,230	94.7	%	9.70	At Home, Gold's Gym, Shoppers Food Warehouse,
Chicago [MSA Rank 3]									
Deer Grove Centre	Palatine	IL	100%	1997/2013/2013	237,644	87.0	%	10.42	Aldi, Hobby Lobby, Ross Dress for Less, T.J. Maxx, (Target)
Market Plaza	Glen Ellyn	IL	100%	1965/2015/2009	166,572	94.7	%	16.24	Jewel-Osco, Ross Dress for Less
Mount Prospect Plaza	Mount Prospect	IL	100%	1958/2012/2013	227,785	76.8	%	14.52	Aldi, LA Fitness, Marshalls, Ross Dress for Less, (Walgreens)
Webster Place	Lincoln Park	IL	100%	1987/2017/NA	134,918	95.0	%	25.25	Barnes & Noble, Regal Cinema
Cincinnati [MSA Rank 28]									
Bridgewater Falls	Hamilton	OH	100%	2005/2014/NA	503,340	93.3	%	14.65	Bed Bath & Beyond, Best Buy, Dick's Sporting Goods, Five Below, J.C. Penney, Michaels, PetSmart, T.J. Maxx, (Target)
Buttermilk Towne Center	Crescent Springs	KY	100%	2005/2014/NA	290,033	100.0	%	10.19	Field & Stream, Home Depot, LA Fitness, Petco, Remke Market
Deerfield Towne Center	Mason	OH	100%	2004/2013/2018	469,583	89.0	%	20.69	Ashley Furniture HomeStore, Bed Bath & Beyond, buybuy Baby, Crunch Fitness Dick's

									Sporting Goods, Five Below, Regal Cinemas, Whole Foods Market
Columbus [MSA Rank 33]									
Olentangy Plaza	Columbus	OH	100%	1981/2015/1997	252,739	90.4	%	12.27	Aveda Institute Columbus, Eurolife Furniture, Marshalls, Micro Center, Tuesday Morning
The Shops on Lane Avenue	Upper Arlington	OH	100%	1952/2015/2004	183,381	98.2	%	23.59	Bed Bath & Beyond, CoHatch(4), Whole Foods Market
Denver [MSA Rank 19]									
Front Range Village	Fort Collins	CO	100%	2008/2014/NA	502,103	89.5	%	21.30	2nd and Charles, Charming Charlie, Cost Plus World Market, DSW, Microsoft Corporation, Party City, Sprouts Farmers Market, Staples, TruFut Athletic Club, Ulta Beauty, Urban Air Adventure Park(3), (Fort Collins Library), (Lowes), (Target)

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Property Name	Location City	State	Ownership %	Year Built /Acquired / Redeveloped	Total GLA	% Leased		Average base rent per leased SF (1)	Anchor Tenants (2)
Detroit [MSA Rank 14]									
Clinton Pointe	Clinton Township	MI	100%	1992/2003/NA	135,450	97.6	%	9.92	Gibralter Rug, OfficeMax, T.J. Maxx, (Target)
Hunter's Square	Farmington Hills	MI	100%	1988/2013/NA	352,772	98.2	%	17.04	Bed Bath & Beyond, buybuy Baby, DSW Shoe Warehouse , Old Navy, Marshalls, Saks Fifth Avenue Off 5th, T.J. Maxx
Southfield Plaza	Southfield	MI	100%	1969/1996/2003	190,099	99.1	%	9.00	Big Lots, Burlington Coat Factory, Forman Mills
Tel-Twelve	Southfield	MI	100%	1968/1996/2005	523,392	100.0	%	11.94	Best Buy, DSW Shoe Warehouse, Lowe's, Meijer, Michaels, Office Depot, PetSmart
The Shops at Old Orchard	West Bloomfield	MI	100%	1972/2013/2011	96,768	98.2	%	18.34	Plum Market
Troy Marketplace	Troy	MI	100%	2000/2013/2010	240,608	100.0	%	19.94	Airtime, Golf Galaxy, LA Fitness, Nordstrom Rack, PetSmart, (REI)
West Oaks I Shopping Center	Novi	MI	100%	1979/1996/2004	284,973	91.0	%	17.28	Gardner White Furniture, Home Goods, Michaels, Nordstrom Rack, Old Navy, Rally House, The Container Store
West Oaks II Shopping Center	Novi	MI	100%	1986/1996/2000	167,954	97.8	%	18.22	Jo-Ann, Marshalls, (Art Van), (ABC Warehouse), (Bed Bath & Beyond), (Kohl's), (Value City Furniture)
Winchester Center	Rochester Hills	MI	100%	1980/2013/NA	320,134	100.0	%	12.36	Bed Bath & Beyond, Dick's Sporting Goods, Marshalls, Michaels, Party City, PetSmart, Stein Mart

Indianapolis [MSA Rank 34]									
Merchants' Square	Carmel	IN	100%	1970/2010/2014	246,630	86.0	%	13.53	Flix Brewhouse, Planet Fitness
Jacksonville [MSA Rank 40]									
Parkway Shops	Jacksonville	FL	100%	2013/2008/NA	144,114	100.0	%	11.61	Dick's Sporting Goods, Hobby Lobby, Marshalls, (Wal-Mart Supercenter)
River City Marketplace	Jacksonville	FL	100%	2005/2005/NA	562,998	84.5	%	19.41	Ashley Furniture HomeStore, Bed Bath & Beyond, Best Buy, Hollywood Theaters, Michaels, PetSmart, Ross Dress for Less, (Lowe's), (Wal-Mart Supercenter)
Miami [MSA Rank 8]									
Coral Creek Shops	Coconut Creek	FL	100%	1992/2002/NA	109,312	96.5	%	19.04	Publix
Marketplace of Delray	Delray Beach	FL	100%	1981/2013/2010	241,715	95.4	%	15.56	Office Depot, Ross Dress for Less, Winn-Dixie
Mission Bay Plaza	Boca Raton	FL	100%	1989/2013/NA	262,759	98.4	%	24.95	Dick's Sporting Goods, Five Below, LA Fitness, OfficeMax, Tuesday Morning, The Fresh Market
Rivertowne Square	Deerfield Beach	FL	100%	1980/1998/2010	146,666	92.6	%	10.77	Bealls, Winn-Dixie
The Crossroads	Royal Palm Beach	FL	100%	1988/2002/NA	121,509	99.2	%	17.11	Publix
West Broward Shopping Center	Plantation	FL	100%	1965/2005/NA	152,973	91.0	%	12.04	Badcock, DD's Discounts, Save-A-Lot
Milwaukee [MSA Rank 39]									
Nagawaukee Center	Delafield	WI	100%	1994/2012-13/NA	220,083	100.0	%	14.94	HomeGoods, Kohl's, Marshalls, Sierra Trading Post, (Sentry Foods)
The Shoppes at Fox River	Waukesha	WI	100%	2009/2010/2011	331,541	97.4	%	15.31	Hobby Lobby, Old Navy, Pick n' Save, Ross Dress for Less, T.J. Maxx, Tuesday Morning[4], (Target)
West Allis Towne Centre	West Allis	WI	100%	1987/1996/2011	326,223	83.2	%	10.79	Burlington Coat Factory, Five Below,

Hobby Lobby[(3)],
Ross Dress for Less,
Xperience Fitness

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Property Name	Location City	State	Ownership %	Year Built /Acquired / Redeveloped	Total GLA	% Leased		Average base rent per leased SF [1]	Anchor Tenants [2]
Minneapolis [MSA Rank 16]									
Centennial Shops	Edina	MN	100%	2008/2016/NA	85,206	100.0	%	38.80	Pinstripes, The Container Store, West Elm
Woodbury Lakes	Woodbury	MN	100%	2005/2014/NA	360,028	91.3	%	21.15	Alamo Drafthouse Cinema, Athleta, DSW, H&M, Michaels, (Trader Joe's)
Nashville [MSA Rank 36]									
Providence Marketplace	Mt. Juliet	TN	100%	2006/2017/NA	634,088	98.2	%	13.09	Belk, Best Buy, Books A Million, Dick's Sporting Goods, J C Penney, JoAnn Fabrics, Old Navy, PetSmart, Regal Cinema, Ross Dress for Less, Staples, T.J. Maxx/HomeGoods, (Kroger), (Target)
St. Louis [MSA Rank 20]									
Central Plaza	Ballwin	MO	100%	1970/2012/2012	163,625	93.7	%	12.62	buybuy Baby, Jo-Ann, Old Navy, Ross Dress for Less
Deer Creek Shopping Center	Maplewood	MO	100%	1975/2013/2013	208,122	95.0	%	10.76	buybuy Baby, GFS, State of Missouri, Marshalls, Ross Dress for Less
Heritage Place	Creve Coeur	MO	100%	1989/2011/2005	269,127	98.9	%	14.69	Dierbergs Markets, Marshalls, Office Depot, T.J. Maxx
Town & Country Crossing	Town & Country	MO	100%	2008/2011/2011	186,590	99.0	%	24.17	HomeGoods, Starbucks, Stein Mart, Whole Foods Market, (Target)
Tampa [MSA Rank 18]									
Cypress Point	Clearwater	FL	100%	1983/2013/NA	167,197	97.7	%	13.14	Burlington Coat Factory, The Fresh Market
	Lakeland	FL	100%	2014/NA/NA	210,422	98.1	%	13.67	

Lakeland Park Center									Dick's Sporting Goods, Floor & Décor, Ross Dress for Less, (Target)
Shoppes of Lakeland	Lakeland	FL	100%	1985/1996/NA	183,702	100.0	%	13.28	Ashley Furniture HomeStore, Michaels, Staples, T.J. Maxx, (Target)
Village Lakes Shopping Center	Land O' Lakes	FL	100%	1987/1997/NA	166,485	98.7	%	9.73	Bealls Outlet, Marshalls, Ross Dress for Less
Properties Not in Top 40 MSA's									
East Town Plaza	Madison	WI	100%	1992/2000/2000	216,732	83.1	%	11.73	Burlington Coat Factory, Jo-Ann, Marshalls, Ross Dress for Less, (Shopko)
Spring Meadows Place	Holland	OH	100%	1987/1996/2005	314,514	95.4	%	11.20	Ashley Furniture HomeStore, Big Lots, DSW, Guitar Center, HomeGoods, Michaels, OfficeMax, PetSmart, T.J. Maxx, (Best Buy), (Dick's Sporting Goods), (Sam's Club), (Target), (Wal-Mart)
Treasure Coast Commons	Jensen Beach	FL	100%	1996/2013/NA	91,656	100.0	%	12.75	Barnes & Noble, Beall's Outlet Store, Dick's Sporting Goods
Vista Plaza	Jensen Beach	FL	100%	1998/2013/NA	109,761	100.0	%	14.18	Bed Bath & Beyond, Michaels, Total Wine & More
CONSOLIDATED SHOPPING CENTERS TOTAL/AVERAGE					12,292,497	94.3	%	$ 15.28	
JOINT VENTURE PORTFOLIO									
Nora Plaza	Marion	IN	7%	1958/2007/2002	139,743	97.1	%	$ 14.58	Marshalls, Whole Foods Market, (Target)
CONSOLIDATED AND JV PORTFOLIO TOTAL / AVERAGE					12,432,240	94.3	%	$ 15.27	

(1) Average base rent per leased SF is calculated based on annual minimum contractual base rent pursuant to the tenant lease, excluding percentage rent and recovery income from tenants, and is net of tenant concessions.

Percentage rent and recovery income from tenants is presented separately in our consolidated statements of operations and comprehensive income (loss) statement.

(2) Anchor tenant is defined as any tenant leasing 10,000 square feet or more. Tenants in parenthesis represent non-company owned GLA.

(3) Space delivered to tenant.

(4) Space leased to tenant, not yet delivered.

Our leases for tenant space under 10,000 square feet generally have terms ranging from three to five years. Tenant leases greater than or equal to 10,000 square feet generally have lease terms of five years or longer, and are considered anchor leases. Many of the anchor leases contain provisions allowing the tenant the option of extending the lease term at expiration at contracted rental rates that often include fixed rent increases, consumer price index adjustments or other market rate adjustments from the prior base rent. The majority of our leases provide for monthly payment of base rent in advance, percentage rent based on the tenant's sales volume, reimbursement of the tenant's allocable real estate taxes, insurance and common area maintenance ("CAM") expenses and reimbursement for utility costs if not directly metered.

Major Tenants

The following table sets forth as of December 31, 2018 the breakdown of GLA between anchor and retail tenants, of our 50 existing properties for our wholly owned properties portfolio:

Type of Tenant	Annualized Base Rent	% of Total Annualized Base Rent		GLA	% of Total GLA	
Anchor [1]	$98,966,172	57.5	%	8,649,662	70.4	%
Retail (non-anchor)	73,232,133	42.5	%	3,642,835	29.6	%
Total	$172,198,305	100.0	%	12,292,497	100.0	%

[1] Anchor tenant is defined as any tenant leasing 10,000 square feet or more.

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The following table depicts, as of December 31, 2018, information regarding leases with the 25 largest retail tenants (in terms of annualized base rent) for our wholly owned properties portfolio:

Tenant Name	Credit Rating S&P/Moody's [1]	Number of Leases	GLA	% of Total Company Owned GLA		Total Annualized Base Rent	Annualized Base Rent PSF	% of Annualized Base Rent	
TJX Companies [2]	A+/A2	25	780,111	6.3	%	$8,193,758	$ 10.50	4.8	%
Dick's Sporting Goods [3]	--/--	10	474,259	3.9	%	5,810,460	12.25	3.4	%
Regal Cinemas	--/Ba1	4	219,160	1.8	%	4,898,068	22.35	2.8	%
Bed Bath & Beyond [4]	BB+/Baa3	14	418,062	3.4	%	4,830,594	11.55	2.8	%
LA Fitness	B+/B2	6	252,000	2.0	%	4,701,626	18.66	2.7	%
Ross Stores [5]	A-/A3	14	353,909	2.9	%	3,205,117	9.06	1.9	%
PetSmart	CCC/Caa1	8	178,250	1.4	%	2,829,180	15.87	1.6	%
Michaels Stores	BB-/Ba2	9	217,456	1.8	%	2,761,113	12.70	1.6	%
ULTA Salon	--/--	10	103,719	0.8	%	2,554,155	24.63	1.5	%
Gap, Inc. [6]	BB+/Baa2	11	147,445	1.2	%	2,463,877	16.71	1.4	%
Whole Foods	A+/A3	3	118,879	1.0	%	2,457,592	20.67	1.4	%
Ascena Retail [7]	B/Ba3	24	126,425	1.0	%	2,449,246	19.37	1.4	%
DSW Designer Shoe Warehouse	--/--	7	135,680	1.1	%	2,414,627	17.80	1.4	%
Burlington Coat Factory	BB+/Ba1	4	260,115	2.1	%	2,337,021	8.98	1.4	%
Office Depot [8]	B/Ba3	7	166,011	1.4	%	2,258,632	13.61	1.3	%
Best Buy	BBB/Baa1	4	134,129	1.1	%	2,089,147	15.58	1.2	%
Dollar Tree	BBB-/Baa3	19	195,988	1.6	%	1,959,717	10.00	1.1	%
Jo-Ann Fabric and Craft Stores	B/B2	5	154,949	1.3	%	1,951,280	12.59	1.1	%
Meijer	--/--	1	189,635	1.5	%	1,530,650	8.07	0.9	%
Ashley Furniture HomeStore	--/--	4	147,778	1.2	%	1,463,243	9.90	0.9	%
Party City Corporation	B+/--	7	90,261	0.7	%	1,436,396	15.91	0.8	%
Five Below	--/--	9	82,904	0.7	%	1,429,611	17.24	0.8	%
Barnes & Noble	--/--	2	54,947	0.5	%	1,352,321	24.61	0.8	%
Pinstripes	--/--	1	32,414	0.3	%	1,301,098	40.14	0.8	%
Hobby Lobby	--/--	3	165,000	1.3	%	1,278,750	7.75	0.8	%
Total top 25 tenants		211	5,199,486	42.3	%	$69,957,279	$ 13.45	40.6	%

(1) Source: Latest Company filings, as of December 31, 2018, per CreditRiskMonitor.

(2)	Marshalls (11) / TJ Maxx (9) / HomeGoods (4) / Sierra Trading Post (1)
(3)	Dick's Sporting Goods (8) / Field & Stream (1) / Golf Galaxy (1)
(4)	Bed Bath & Beyond (7) / Buy Buy Baby (5) / Cost Plus World Market (2)
(5)	Ross Dress for Less (13) / DD's Discounts (1)
(6)	Old Navy (7) / Gap (2) / Banana Republic (1) / Athleta (1)
(7)	Ann Taylor (3) / Catherine's (3) / Dress Barn (3) / Justice (5) / Lane Bryant (6) / Maurice's (4)
(8)	OfficeMax (4) / Office Depot (3)

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Lease Expirations

The following tables set forth a schedule of lease expirations for our wholly owned portfolio, for the next ten years and thereafter, assuming that no renewal options are exercised:

ALL TENANTS
Expiring Leases As of December 31, 2018

Year	Number of Leases	GLA	Average Annualized Base Rent (per square foot)	Total Annualized Base Rent (1)	% of Total Annualized Base Rent	
2019	120	613,137	$ 17.77	$10,897,746	6.3	%
2020	157	1,166,122	14.55	16,961,891	9.9	%
2021	219	1,599,496	15.95	25,509,895	14.9	%
2022	172	1,106,753	17.13	18,964,062	11.0	%
2023	191	1,728,392	15.19	26,261,314	15.3	%
2024	81	943,955	12.82	12,100,216	7.0	%
2025	50	614,605	15.80	9,707,768	5.6	%
2026	55	954,272	13.00	12,407,253	7.2	%
2027	61	581,879	17.01	9,899,424	5.7	%
2028	83	840,268	16.62	13,966,083	8.1	%
2029+	53	1,023,917	13.35	13,673,463	7.9	%
Tenants month to month	27	100,083	18.48	1,849,190	1.1	%
Sub-Total	1,269	11,272,879	$ 15.28	$172,198,305	100.0	%
Leased (2)	50	318,269	N/A	N/A	N/A	
Vacant	163	701,349	N/A	N/A	N/A	
Total	1,482	12,292,497	N/A	$172,198,305	100.0	%

ANCHOR TENANTS (greater than or equal to 10,000 square feet)
Expiring Anchor Leases As of December 31, 2018

Year	Number of Leases	GLA	Average Annualized Base Rent (per square foot)	Total Annualized Base Rent (1)	% of Total Annualized Base Rent	
2019	12	284,343	$ 12.90	$3,667,890	3.7	%
2020	26	765,062	11.00	8,418,134	8.5	%
2021	47	1,131,786	12.98	14,688,803	14.9	%
2022	31	702,058	13.15	9,231,490	9.3	%
2023	37	1,256,703	11.59			