

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

FORM 10-K

(Mark One)

**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE FISCAL YEAR ENDED December 31, 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 1-11690**

SITE Centers Corp.
(Exact Name of Registrant as Specified in Its Charter)

Ohio

(State or Other Jurisdiction of
Incorporation or Organization)

34-1723097

(I.R.S. Employer
Identification No.)

3300 Enterprise Parkway, Beachwood, Ohio 44122
(Address of Principal Executive Offices — Zip Code)

(216) 755-5500

(Registrant's telephone number, including area code)

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

Title of Each Class

Name of Each Exchange on Which Registered

Common Shares, Par Value \$0.10 Per Share

New York Stock Exchange

Depository Shares, each representing 1/20 of a share of 6.375% Class A

New York Stock Exchange

Cumulative Redeemable Preferred Shares without Par Value

Depository Shares, each representing 1/20 of a share of 6.5% Class J

New York Stock Exchange

Cumulative Redeemable Preferred Shares without Par Value

Depository Shares, each representing 1/20 of a share of 6.25% Class K

New York Stock Exchange

Cumulative Redeemable Preferred Shares without Par Value

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

None

(Title of Class)

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

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

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

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of 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, smaller reporting company, or 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

The aggregate market value of the voting stock held by non-affiliates of the registrant at June 30, 2018, was \$2.1 billion.

(APPLICABLE ONLY TO CORPORATE REGISTRANTS)

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date.

180,448,225 common shares outstanding as of February 15, 2019

DOCUMENTS INCORPORATED BY REFERENCE

The registrant incorporates by reference in Part III hereof portions of its definitive Proxy Statement for its 2019 Annual Meeting of Shareholders.

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PART I

Item 1. BUSINESS

General Development of Business

SITE Centers Corp. (formerly known as DDR Corp.), an Ohio corporation (the “Company” or “SITE Centers”), a self-administered and self-managed Real Estate Investment Trust (“REIT”), is in the business of acquiring, owning, developing, redeveloping, expanding, leasing, financing and managing shopping centers. Unless otherwise provided, references herein to the Company or SITE Centers include SITE Centers Corp. and its wholly-owned subsidiaries and consolidated and unconsolidated joint ventures.

The Company is self-administered and self-managed and, therefore, has not engaged, nor does it expect to retain, any REIT advisor. The Company manages all of the Portfolio Properties as defined herein. At December 31, 2018, the Company owned approximately 60.6 million total square feet of gross leasable area (“GLA”) through all its properties (wholly-owned and joint venture) and managed approximately 16.9 million total square feet of GLA for Retail Value Inc. (“RVI”).

The primary source of the Company’s income is generated from the rental of the Company’s Portfolio Properties to tenants. The shopping centers and land are collectively referred to as the “Portfolio Properties.” In addition, the Company generates revenue from its management contracts with its unconsolidated joint venture assets and RVI, as well as interest income from notes receivable.

On July 1, 2018, SITE Centers completed the spin-off of RVI. At the time of the spin-off, RVI owned 48 shopping centers, comprised of 36 continental U.S. assets and all 12 of SITE Centers’ shopping centers in Puerto Rico, representing \$2.7 billion of gross book asset value and \$1.27 billion of mortgage debt.

Strategy

The overall investment, operating and financing policies of the Company, which govern a variety of activities, such as capital allocations, dividends and status as a REIT, are determined by management and the Board of Directors. Although management and the Board of Directors have no present intention to materially amend or revise the Company’s policies, the Board of Directors may do so from time to time without a vote of the Company’s shareholders.

The Company’s mission is to deliver superior total shareholder returns through the ownership and operation of shopping centers. Management believes that returns should be underpinned by strong earnings growth, sustainable dividends, and a balance sheet that is well positioned through various economic cycles.

In 2018, the Company completed its portfolio transformation through the sale of \$1.0 billion of assets and the strategic initiative to spin-off 48 assets into a separate, publicly-traded REIT, RVI. The Company also initiated its capital recycling program through the formation of a 20% owned unconsolidated joint venture consisting of 10 existing assets, Dividend Trust Portfolio JV LP (“Dividend Trust Portfolio joint venture”). In 2019, growth opportunities within the core property operations include rental increases and continued lease-up of the portfolio. Additional growth opportunities include a renewed focus on redevelopment of the SITE Centers portfolio as well as opportunistic investments. Having largely completed its deleveraging plans, management intends to use proceeds from future sales of lower growth assets, including sales to newly formed joint ventures, largely to fund opportunistic investments in assets that offer growth potential through specialized leasing and redevelopments efforts.

The Company believes the following serve as cornerstones for the execution of its strategy:

- Maximization of recurring cash flows through strong leasing and core property operations;
- Enhancement of property cash flows through creative, proactive redevelopment efforts that result in the profitable adaptation of assets to better suit dynamic retail tenant and community demands;
- Growth in Company cash flows through capital recycling, especially the redeployment of capital from mature, slower growing assets into opportunistic acquisitions at attractive rates that offer leasing and redevelopment potential;
- Risk mitigation through continuous focus on maintaining prudent leverage levels and lengthy average debt maturities, as well as access to a diverse selection of capital sources, including the secured and unsecured debt markets, a large unsecured line of credit and equity from a wide range of joint venture partners and
- Sustainability of growth through a constant focus on relationships with investor, tenant, employee, community and environmental constituencies.

Narrative Description of Business

The Company's portfolio as of February 15, 2019, consisted of 174 shopping centers (including 104 centers owned through joint ventures) and more than 400 acres of undeveloped land (of which approximately 100 acres are owned through unconsolidated joint ventures). The shopping centers are located in 26 states. Over the prior three years, the Company has been a net seller of assets and used the proceeds to deleverage. From January 1, 2016, to December 31, 2018, the Company sold 155 shopping centers (including 69 properties owned through unconsolidated joint ventures) aggregating 28.0 million square feet of Company-owned GLA for an aggregate sales price of \$3.9 billion. From January 1, 2016, to December 31, 2018, the Company acquired six shopping centers (including three that were acquired from unconsolidated joint ventures) aggregating 1.4 million square feet of Company-owned GLA for an aggregate purchase price of \$0.3 billion. In July 2018, the Company completed the RVI spin-off of 48 shopping centers.

The following tables present the operating statistics affecting base and percentage rental revenues summarized by the following portfolios: pro rata combined shopping center portfolio, wholly-owned shopping center portfolio and joint venture shopping center portfolio.

	Pro-Rata Combined Shopping Center Portfolio December 31,	
	2018	2017
Centers owned	177	273
Aggregate occupancy rate ^(A)	89.9%	90.9%
Average annualized base rent per occupied square foot	\$ 17.86	\$ 16.46

	Wholly-Owned Shopping Centers December 31,		Joint Venture Shopping Centers December 31,	
	2018	2017	2018	2017
Centers owned	70	136	107	137
Aggregate occupancy rate ^(A)	89.6%	90.8%	91.4%	91.6%
Average annualized base rent per occupied square foot	\$ 18.41	\$ 16.62	\$ 14.84	\$ 14.50

(A) The decrease in occupancy rates in 2018 primarily was due to anchor store tenant lease expirations and bankruptcies and, to a lesser extent, disposition activity that occurred during the year.

Recent Developments

See “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included in Item 7 and the Consolidated Financial Statements and Notes thereto included in Item 8 of this Annual Report on Form 10-K for the year ended December 31, 2018, for information on certain recent developments of the Company, which is incorporated herein by reference to such information.

Tenants and Competition

The Company has established close relationships with a large number of major national and regional tenants. The Company’s management is associated with, and actively participates in, many shopping center and REIT industry organizations.

Notwithstanding these relationships, numerous real estate companies and developers, private and public, compete with the Company in leasing space in shopping centers to tenants. The Company competes with other real estate companies and developers in terms of rental rate, property location, availability of other space, management services and maintenance.

The Company’s five largest tenants based on the Company’s aggregate annualized base rental revenues, including its proportionate share of joint venture aggregate annualized base rental revenues, are TJX Companies, Inc., Bed Bath & Beyond Inc., Dick’s Sporting Goods, Inc., PetSmart, Inc. and Michaels Companies, Inc., representing 5.4%, 3.6%, 2.8%, 2.7% and 2.2%, respectively, of the Company’s aggregate annualized base rental revenues at December 31, 2018. For more information on the Company’s tenants, see Item 7. “Management’s Discussion and Analysis of Financial Condition and Results of Operations” under the caption Company Fundamentals.

Qualification as a Real Estate Investment Trust

As of December 31, 2018, the Company met the qualification requirements of a REIT under Sections 856-860 of the Internal Revenue Code of 1986, as amended (the “Code”). As a result, the Company, with the exception of its taxable REIT subsidiary (“TRS”), will not be subject to federal income tax to the extent it meets certain requirements of the Code.

Employees

As of January 31, 2019, the Company had 378 full-time employees. The Company considers its relations with its personnel to be good.

Executive Officers of the Registrant

The section below provides information regarding the Company’s executive officers as of February 15, 2019:

David R. Lukes, age 49, has served as President and Chief Executive Officer of SITE Centers and has been a member of SITE Centers’ Board of Directors since March 2017. Prior to joining SITE Centers, Mr. Lukes served as Chief Executive Officer and President of Equity One, Inc., an owner, developer and operator of shopping centers, from June 2014 until March 2017 and served as its Executive Vice President from May 2014 to June 2014. Mr. Lukes also served as President and Chief Executive Officer of Sears Holding Corporation affiliate Seritage Realty Trust, a REIT primarily engaged in the re-leasing of shopping centers, from 2012 through April 2014 and as President and Chief Executive Officer of Olshan Properties from 2010 through 2012. From 2002 to 2010, Mr. Lukes served in various senior management positions at Kimco Realty Corporation, including serving as its Chief Operating Officer from 2008 to 2010. Mr. Lukes

has also served as the President, Chief Executive Officer and Director of RVI, an owner and operator of shopping centers listed on the New York Stock Exchange, since April 2018 and as an Independent Director of Citycon Oyj, an owner and manager of shopping centers in the Nordic region listed on the Nasdaq Helsinki, since 2017. Mr. Lukes holds a Bachelor of Environmental Design from Miami University, a Master of Architecture from the University of Pennsylvania and a Master of Science in real estate development from Columbia University.

Michael A. Makinen, age 54, has served as Executive Vice President and Chief Operating Officer of SITE Centers since March 2017. Prior to joining SITE Centers, he served as Chief Operating Officer of Equity One, Inc. from July 2014 to March 2017. Mr. Makinen also served as Chief Operating Officer of Olshan Properties, a privately owned real estate firm specializing in commercial real estate, from 2010 to June 2014, as Vice President of Real Estate of United Retail Group from 2008 to 2010, as Vice President of Real Estate of Linens 'n Things from 2004 to 2008 and as Executive Vice President of Thompson Associate, Inc., a real estate consulting firm, from 1990 to 2004. Mr. Makinen has also served as Executive Vice President and Chief Operating Officer of RVI since February 2018. Mr. Makinen holds a Bachelor of Science from Michigan State University and a Master of Arts in geography from Indiana University.

Matthew L. Ostrower, age 48, has served as Executive Vice President, Chief Financial Officer and Treasurer of SITE Centers since March 2017. Prior to joining SITE Centers, he served as Executive Vice President of Equity One, Inc. from March 2015 and as Chief Financial Officer and Treasurer from April 2015 to March 2017. Prior to Equity One, Mr. Ostrower served as Managing Director and Associate Director of Research at Morgan Stanley from 2010 and previously served as a Vice President, Executive Director and a Managing Director at Morgan Stanley, an investment bank, from 2000 to 2008. From 2008 to 2009, Mr. Ostrower was a founding member of the Gerrity Group, a private retail real estate company focused on the management, leasing and disposition of shopping centers, where he was responsible for capital raising and investment strategy. Mr. Ostrower has served as the Executive Vice President, Chief Financial Officer and Treasurer and as a member of the Board of Directors of RVI since April 2018 and served as a member of the Board of Directors of Ramco-Gershenson Properties Trust, a public retail real estate investment trust, from 2010 to February 2015. Mr. Ostrower holds a dual Master of Science in real estate and city planning from Massachusetts Institute of Technology and a Bachelor of Arts degree from Tufts University. Mr. Ostrower is also a Chartered Financial Analyst (CFA).

Christa A. Vesey, age 48, is Executive Vice President and Chief Accounting Officer of SITE Centers, a position she assumed in March 2012. From July 2016 to March 2017, Ms. Vesey also served as SITE Centers' Interim Chief Financial Officer. In these roles, Ms. Vesey oversees the property and corporate accounting and financial reporting functions for SITE Centers. Previously, Ms. Vesey served as Senior Vice President and Chief Accounting Officer of SITE Centers since November 2006. Ms. Vesey has also served as Executive Vice President & Chief Accounting Officer of RVI since February 2018. Prior to joining SITE Centers, Ms. Vesey worked for The Lubrizol Corporation, where she served as manager of external financial reporting and then as controller for the lubricant additives business segment. Prior to joining Lubrizol, from 1993 to September 2004, Ms. Vesey held various positions with the Assurance and Business Advisory Services group of PricewaterhouseCoopers LLP, a registered public accounting firm, including Senior Manager from 1999 to September 2004. Ms. Vesey graduated with a Bachelor of Science in business administration from Miami University. Ms. Vesey is a certified public accountant (CPA) and member of the American Institute of Certified Public Accountants (AICPA).

Corporate Headquarters

The Company is an Ohio corporation and was incorporated in 1992. The Company's executive offices are located at 3300 Enterprise Parkway, Beachwood, Ohio 44122, and its telephone number is (216) 755-5500. The Company's website is <http://www.sitecenters.com>. The Company uses the Investors Relations section of its website as a channel for routine distribution of important information, including news releases, analyst presentations and financial information. The Company posts filings as soon as reasonably practicable after they are electronically filed with, or furnished to, the SEC, including the Company's annual, quarterly and current reports on Forms 10-K, 10-Q and 8-K, the Company's proxy statements and any amendments to those reports or statements. All such postings and filings are available on the Company's website free of charge. In addition, this website allows investors and other interested persons to sign up to automatically receive e-mail alerts when the Company posts news releases and financial information on its website. The SEC also maintains a website (<https://www.sec.gov>) that contains reports, proxy and information statements and other information regarding issuers that file electronically with the SEC. The content on, or accessible through, any website referred to in this Annual Report on Form 10-K for the fiscal year ended December 31, 2018, is not incorporated by reference into, and shall not be deemed part of, this Form 10-K unless expressly noted.

Item 1A. RISK FACTORS

The risks described below could materially and adversely affect the Company's results of operations, financial condition, liquidity and cash flows. These risks are not the only risks the Company faces. The Company's business operations could also be affected by additional factors that are not presently known to it or that the Company currently considers to be immaterial to its operations.

The Economic Performance and Value of the Company's Shopping Centers Depend on Many Factors, Each of Which Could Have an Adverse Impact on the Company's Cash Flows and Operating Results

The economic performance and value of the Company's real estate holdings can be affected by many factors, including the following:

- Changes in the national, regional, local and international economic climate;
- Local conditions, such as an oversupply of space or a reduction in demand for real estate in the area;
- The attractiveness of the properties to tenants;
- The increase in consumer purchases through the internet;
- The Company's ability to provide adequate management services and to maintain its properties;
- Increased operating costs, if these costs cannot be passed through to tenants and
- The expense of periodically renovating, repairing and re-letting spaces.

Because the Company's properties consist of retail shopping centers, the Company's performance is linked to general economic conditions in the retail market, including conditions that affect consumers' purchasing behaviors and disposable income. The market for retail space has been and may continue to be adversely affected by weakness in the national, regional and local economies, the adverse financial

condition of some large retailing companies, the ongoing consolidation in the retail sector, increases in consumer internet purchases and the excess amount of retail space in a number of markets. The Company's performance is affected by its tenants' results of operations, which are impacted by macroeconomic factors that affect consumers' ability to purchase goods and services. If the price of the goods and services offered by its tenants materially increases, including as a result of increases in taxes or tariffs resulting from, among other things, potential changes in the Code, the operating results and the financial condition of the Company's tenants and demand for retail space could be adversely affected. To the extent that any of these conditions occur, they are likely to affect market rents for retail space. In addition, the Company may face challenges in the management and maintenance of its properties or incur increased operating costs, such as real estate taxes, insurance and utilities, that may make its properties unattractive to tenants. The loss of rental revenues from a number of the Company's tenants and its inability to replace such tenants may adversely affect the Company's profitability and ability to meet its debt and other financial obligations and make distributions to shareholders.

E-commerce May Have an Adverse Impact on the Company's Tenants and Business.

E-commerce continues to gain in popularity and growth in internet sales and that is likely to continue in the future. The Company's tenants have experienced competition from internet retailers and this could continue to result in a downturn or distress in the business of some of the Company's tenants and could affect the way other current and future tenants lease space. For example, the migration toward e-commerce has led many omni-channel retailers to reduce the number and size of their traditional "bricks and mortar" locations and increasingly rely on e-commerce and alternative distribution channels. The Company cannot predict with certainty how growth in e-commerce will impact the demand for space at its properties or how much revenue will be generated at traditional store locations in the future. If the Company is unable to anticipate and respond promptly to trends in retailer and consumer behavior, or if demand for traditional retail space significantly decreases, the Company's occupancy levels and operating results could be materially and adversely affected.

The Company Relies on Major Tenants, Making It Vulnerable to Changes in the Business and Financial Condition of, or Demand for Its Space by, Such Tenants

As of December 31, 2018, the annualized base rental revenues of the Company's tenants that are equal to or exceed 1.5% of the Company's aggregate annualized shopping center base rental revenues, including its proportionate share of joint venture aggregate annualized shopping center base rental revenues, are as follows:

<u>Tenant</u>	<u>% of Annualized Base Rental Revenues</u>
TJX Companies, Inc.	5.4%
Bed Bath & Beyond Inc.	3.6%
Dick's Sporting Goods, Inc.	2.8%
PetSmart, Inc.	2.7%
Michaels Companies, Inc.	2.2%
AMC Entertainment Holdings, Inc.	1.9%
Best Buy Co., Inc.	1.9%
Gap Inc.	1.9%
Ulta Beauty, Inc.	1.8%
Ross Stores, Inc.	1.8%
Nordstrom, Inc.	1.7%
The Kroger Co.	1.7%
Kohl's Department Stores, Inc.	1.7%
Barnes & Noble, Inc.	1.6%

The retail shopping sector has been affected by economic conditions as well as the competitive nature of the retail business and the competition for market share where stronger retailers have out-positioned some of the weaker retailers. These shifts have forced some market share away from weaker retailers and required them, in some cases, to declare bankruptcy and/or close stores.

As information becomes available regarding the status of the Company's leases with tenants in financial distress or as the future plans for their spaces change, the Company may be required to write off and/or accelerate depreciation and amortization expense associated with a significant portion of the tenant-related deferred charges in future periods. The Company's income and ability to meet its financial obligations could also be adversely affected in the event of the bankruptcy, insolvency or significant downturn in the business of one of these tenants or any of the Company's other major tenants. In addition, the Company's results could be adversely affected if any of these tenants do not renew their leases as they expire on terms favorable to the Company or at all.

The Company's Dependence on Rental Income May Adversely Affect Its Ability to Meet Its Debt Obligations and Make Distributions to Shareholders

Substantially all of the Company's income is derived from rental income from real property. As a result, the Company's performance depends on its ability to collect rent from tenants. The Company's income and funds for distribution would be negatively affected if a significant number of its tenants, or any of its major tenants, were to do the following:

- Experience a downturn in their business that significantly weakens their ability to meet their obligations to the Company;
- Delay lease commencements;
- Decline to extend or renew leases upon expiration;
- Fail to make rental payments when due or
- Close stores or declare bankruptcy.

Any of these actions could result in the termination of tenants' leases and the loss of rental income attributable to the terminated leases. Lease terminations by an anchor tenant or a failure by that anchor tenant to occupy the premises could also result in lease terminations or reductions in rent by other tenants in the same shopping centers under the terms of some leases. In addition, the Company cannot be certain that any tenant whose lease expires will renew that lease or that it will be able to re-lease space on economically advantageous terms. The loss of rental revenues from a number of the Company's major tenants and its inability to replace such tenants may adversely affect the Company's profitability and its ability to meet debt and other financial obligations and make distributions to shareholders.

The Company's Ability to Increase Its Debt Could Adversely Affect Its Cash Flow

At December 31, 2018, the Company had outstanding debt of \$1.9 billion (excluding its proportionate share of unconsolidated joint venture mortgage debt aggregating \$0.4 billion as of December 31, 2018). The Company intends to maintain a conservative ratio of debt to total market capitalization (the sum of the aggregate market value of the Company's common shares and operating partnership units, the liquidation preference on any preferred shares outstanding and its total consolidated indebtedness). The Company is subject to limitations under its credit facilities and indentures relating to its ability to incur additional debt; however, the Company's organizational documents do not contain any limitation on the amount or percentage of indebtedness it may incur. If the Company were to become more highly

leveraged, its cash needs to fund debt service would increase accordingly. Under such circumstances, the Company's risk of decreases in cash flow due to fluctuations in the real estate market, reliance on its major tenants, acquisition and development costs and the other factors discussed in these risk factors could subject the Company to an even greater adverse impact on its financial condition and results of operations. In addition, increased leverage could increase the risk of default on the Company's debt obligations, which could further reduce its cash available for distribution and adversely affect its ability to dispose of its portfolio on favorable terms, which could cause the Company to incur losses and reduce its cash flows.

Disruptions in the Financial Markets Could Affect the Company's Ability to Obtain Financing on Reasonable Terms and Have Other Adverse Effects on the Company and the Market Price of the Company's Common Shares

The U.S. and global equity and credit markets have experienced significant price volatility, dislocations and liquidity disruptions in the past, which have caused market prices of many stocks to fluctuate substantially and the spreads on prospective debt financings to widen considerably. These circumstances materially affected liquidity in the financial markets, making terms for certain financings less attractive and, in certain cases, resulting in the unavailability of certain types of financing. Uncertainty in the equity and credit markets may negatively affect the Company's ability to access additional financing at reasonable terms or at all, which may negatively affect the Company's ability to refinance its debt, obtain new financing or make acquisitions. These circumstances may also adversely affect the Company's tenants, including their ability to enter into new leases, pay their rents when due and renew their leases at rates at least as favorable as their current rates.

A prolonged downturn in the equity or credit markets may cause the Company to seek alternative sources of potentially less attractive financing and may require it to adjust its business plan accordingly. In addition, these factors may make it more difficult for the Company to sell properties or may adversely affect the price it receives for properties that it does sell, as prospective buyers may experience increased costs of financing or difficulties in obtaining financing. These events in the equity and credit markets may make it more difficult or costly for the Company to raise capital through the issuance of its equity or debt securities. These disruptions in the financial markets also may have a material adverse effect on the market value of the Company's common shares and other adverse effects on the Company or the economy in general. There can be no assurances that government responses to the disruptions in the financial markets will restore consumer confidence, stabilize the markets or increase liquidity and the availability of equity or credit financing.

Changes in the Company's Credit Ratings or the Debt Markets, as Well as Market Conditions in the Credit Markets, Could Adversely Affect the Company's Publicly Traded Debt and Revolving Credit Facilities

The market value for the Company's publicly traded debt depends on many factors, including the following:

- The Company's credit ratings with major credit rating agencies;
- The prevailing interest rates being paid by, or the market price for publicly traded debt issued by, other companies similar to the Company;
- The Company's financial condition, liquidity, leverage, financial performance and prospects and
- The overall condition of the financial markets.

The condition of the financial markets and prevailing interest rates have fluctuated in the past and are likely to fluctuate in the future. The U.S. credit markets and the sub-prime residential mortgage market have experienced severe dislocations and liquidity disruptions in the past. Furthermore, uncertain market conditions can be exacerbated by leverage. The occurrence of these circumstances in the credit markets and/or additional fluctuations in the financial markets and prevailing interest rates could have an adverse effect on the Company's ability to access capital and its cost of capital.

In addition, credit rating agencies continually review their ratings for the companies they follow, including the Company. The credit rating agencies also evaluate the real estate industry as a whole and may change their credit rating for the Company based on their overall view of the industry. Any rating organization that rates the Company's publicly traded debt may lower the rating or decide, at its sole discretion, not to rate the publicly traded debt. The ratings of the Company's publicly traded debt are based primarily on the rating organization's assessment of the likelihood of timely payment of interest when due and the payment of principal on the maturity date. A negative change in the Company's rating could have an adverse effect on the Company's credit facilities and market price of the Company's publicly traded debt as well as the Company's ability to access capital and its cost of capital.

The Company's Cash Flows and Operating Results Could Be Adversely Affected by Required Payments of Debt or Related Interest and Other Risks of Its Debt Financing

The Company is generally subject to the risks associated with debt financing. These risks include the following:

- The Company's cash flow may not satisfy required payments of principal and interest;
- The Company may not be able to refinance existing indebtedness on its properties as necessary, or the terms of the refinancing may be less favorable to the Company than the terms of existing debt;
- Required debt payments are not reduced if the economic performance of any property declines;
- Debt service obligations could reduce funds available for distribution to the Company's shareholders and funds available for development, redevelopment and acquisitions;
- Any default on the Company's indebtedness could result in acceleration of those obligations, which could result in the acceleration of other debt obligations and possible loss of property to foreclosure and
- The Company may not be able to finance necessary capital expenditures for purposes such as re-leasing space on favorable terms or at all.

If a property is mortgaged to secure payment of indebtedness and the Company cannot or does not make the mortgage payments, it may have to surrender the property to the lender with a consequent loss of any prospective income and equity value from such property, which may also adversely affect the Company's credit ratings. Any of these risks can place strains on the Company's cash flows, reduce its ability to grow and adversely affect its results of operations.

The Company's Financial Condition Could Be Adversely Affected by Financial Covenants

The Company's credit facilities and the indentures under which its senior and subordinated unsecured indebtedness is, or may be, issued contain certain financial and operating covenants, including,

among other things, leverage ratios and certain coverage ratios, as well as limitations on the Company's ability to incur secured and unsecured indebtedness, sell all or substantially all of its assets and engage in mergers and certain acquisitions. These credit facilities and indentures also contain customary default provisions including the failure to pay principal and interest issued thereunder in a timely manner, the failure to comply with the Company's financial and operating covenants, the occurrence of a material adverse effect on the Company and the failure of the Company or its majority-owned subsidiaries (i.e., entities in which the Company has a greater than 50% interest) to pay when due certain indebtedness in excess of certain thresholds beyond applicable grace and cure periods. These covenants could limit the Company's ability to obtain additional funds needed to address cash shortfalls or pursue growth opportunities or transactions that would provide substantial return to its shareholders. In addition, a breach of these covenants could cause a default or accelerate some or all of the Company's indebtedness, which could have a material adverse effect on its financial condition.

The Company Has Variable-Rate Debt and Is Subject to Interest Rate Risk

The Company has indebtedness with interest rates that vary depending upon the market index. In addition, the Company has revolving credit facilities that bear interest at a variable rate on any amounts drawn on the facilities. The Company may incur additional variable-rate debt in the future. Increases in interest rates on variable-rate debt would increase the Company's interest expense, which would negatively affect net earnings and cash available for payment of its debt obligations and distributions to its shareholders.

Property Ownership Through Partnerships and Joint Ventures Could Limit the Company's Control of Those Investments and Reduce Its Expected Return

Partnership or joint venture investments may involve risks not otherwise present for investments made solely by the Company, including the possibility that the Company's partner or co-venturer might become bankrupt, that its partner or co-venturer might at any time have different interests or goals than the Company and that its partner or co-venturer may take action contrary to the Company's instructions, requests, policies or objectives, including the Company's policy with respect to maintaining its qualification as a REIT. In addition, the Company's partner or co-venturer could have different investment criteria that would impact the assets held by the joint venture or its interest in the joint venture, which may also reduce the carrying value of its equity investments if a loss in the carrying value of the investment is realized. These situations could have an impact on the Company's revenues from its joint ventures. Other risks of joint venture investments include impasse on decisions, such as a sale, because neither the Company's partner or co-venturer nor the Company would have full control over the partnership or joint venture. In addition, the Company is obligated to maintain the REIT status of the Dividend Trust Portfolio joint venture's REIT subsidiary and could have substantial liability to its partner in the event it were to be unable or fail to do so. These factors could limit the return that the Company receives from such investments, cause its cash flows to be lower than its estimates or lead to business conflicts or litigation. There is no limitation under the Company's Articles of Incorporation, or its Code of Regulations, as to the amount of funds that the Company may invest in partnerships or joint ventures. In addition, a partner or co-venturer may not have access to sufficient capital to satisfy its funding obligations to the joint venture. Furthermore, if credit conditions in the capital markets deteriorate, the Company could be required to reduce the carrying value of its equity method investments if a loss in the carrying value of the investment is realized or considered an other than temporary decline. As of December 31, 2018, the Company had \$329.6 million of investments in and advances to unconsolidated joint ventures holding 106 shopping centers.

The Company's Real Estate Assets May Be Subject to Impairment Charges

On a periodic basis, the Company assesses whether there are any indicators that the value of its real estate assets and other investments may be impaired. 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 are less than the carrying value of the property. In the Company's estimate of cash flows, it considers factors such as expected future operating income, trends and prospects, the effects of demand, competition and other factors. If the Company is evaluating the potential sale of an asset or development alternatives, the undiscounted future cash flow considerations include the most likely course of action at the balance sheet date based on current plans, intended holding periods and available market information. The Company is required to make subjective assessments as to whether there are impairments in the value of its real estate assets and other investments. These assessments have a direct impact on the Company's earnings because recording an impairment charge results in an immediate negative adjustment to earnings. For example, in 2018, the Company recorded impairment charges at 18 operating shopping centers and land parcels aggregating \$69.3 million. There can be no assurance that the Company will not take additional charges in the future related to the impairment of its assets. Any future impairment could have a material adverse effect on the Company's results of operations in the period in which the charge is taken.

The Company's Acquisition Activities May Not Produce the Cash Flows That It Expects and May Be Limited by Competitive Pressures or Other Factors

The Company intends to acquire retail properties only to the extent that suitable acquisitions can be made on advantageous terms. Acquisitions of commercial properties entail risks such as the following:

- The Company may be unable to identify, or may have difficulty identifying, acquisition opportunities that fit its investment strategy;
- The Company's estimates on expected occupancy and rental rates may differ from actual conditions;
- The Company's estimates of the costs of any redevelopment or repositioning of acquired properties may prove to be inaccurate;
- The Company may be unable to operate successfully in new markets where acquired properties are located due to a lack of market knowledge or understanding of local economies;
- The properties may become subject to environmental liabilities that the Company was unaware of at the time the Company acquired the property;
- The Company may be unable to successfully integrate new properties into its existing operations or
- The Company may have difficulty obtaining financing on acceptable terms or paying the operating expenses and debt service associated with acquired properties prior to sufficient occupancy.

In addition, the Company may not be in a position or have the opportunity in the future to make suitable property acquisitions on advantageous terms due to competition for such properties with others engaged in real estate investment, some of which may have greater financial resources than the Company. The Company's inability to successfully acquire new properties may affect the Company's ability to achieve its anticipated return on investment, which could have an adverse effect on its results of operations.

Real Estate Property Investments Are Illiquid; Therefore, the Company May Not Be Able to Dispose of Properties When Desired or on Favorable Terms

Real estate investments generally cannot be disposed of quickly. In addition, the Code imposes restrictions, which are not applicable to other types of real estate companies, on the ability of a REIT to dispose of properties. Therefore, the Company may not be able to diversify its portfolio in response to economic or other conditions promptly or on favorable terms, which could cause the Company to incur losses and reduce its cash flows and adversely affect distributions to shareholders.

The Company's Development, Redevelopment and Construction Activities Could Affect Its Operating Results

The Company intends to continue the selective development, redevelopment and construction of retail properties in accordance with its development underwriting policies as opportunities arise. The Company's development, redevelopment and construction activities include the following risks:

- Construction costs of a project may exceed the Company's original estimates;
- Occupancy rates and rents at a newly completed property may not be sufficient to make the property profitable;
- Rental rates per square foot could be less than projected;
- Financing may not be available to the Company on favorable terms for development of a property;
- The Company may not complete construction and lease-up on schedule, resulting in increased debt service expense and construction costs;
- The Company may not be able to obtain, or may experience delays in obtaining, necessary zoning, land use, building, occupancy and other required governmental permits and authorizations and
- The Company may abandon development or redevelopment opportunities after expending resources to determine feasibility.

Additionally, the time frame required for development, construction and lease-up of these properties means that the Company may wait several years for a significant cash return. If any of the above events occur, the development of properties may hinder the Company's growth and have an adverse effect on its results of operations and cash flows. In addition, new development activities, regardless of whether they are ultimately successful, typically require substantial time and attention from management.

If the Company Fails to Qualify as a REIT in Any Taxable Year, It Will Be Subject to U.S. Federal Income Tax as a Regular Corporation and Could Have Significant Tax Liability

The Company intends to operate in a manner that allows it to qualify as a REIT for U.S. federal income tax purposes. However, REIT qualification requires that the Company satisfy numerous requirements (some on an annual or quarterly basis) established under highly technical and complex provisions of the Code, for which there are a limited number of judicial or administrative interpretations. The Company's status as a REIT requires an analysis of various factual matters and circumstances that are not entirely within its control. Accordingly, the Company's ability to qualify and remain qualified as a REIT for U.S. federal income tax purposes is not certain. Even a technical or inadvertent violation of the REIT

requirements could jeopardize the Company's REIT qualification. Furthermore, Congress or the Internal Revenue Service ("IRS") might change the tax laws or regulations and the courts could issue new rulings, in each case potentially having a retroactive effect that could make it more difficult or impossible for the Company to continue to qualify as a REIT. If the Company fails to qualify as a REIT in any tax year, the following would result:

- The Company would be taxed as a regular domestic corporation, which, among other things, means that it would be unable to deduct distributions to its shareholders in computing its taxable income and would be subject to U.S. federal income tax on its taxable income at regular corporate rates;
- Any resulting tax liability could be substantial and would reduce the amount of cash available for distribution to shareholders and could force the Company to liquidate assets or take other actions that could have a detrimental effect on its operating results and
- Unless the Company were entitled to relief under applicable statutory provisions, it would be disqualified from treatment as a REIT for the four taxable years following the year during which the Company lost its qualification, and its cash available for debt service obligations and distribution to its shareholders, therefore, would be reduced for each of the years in which the Company does not qualify as a REIT.

Even if the Company remains qualified as a REIT, it may face other tax liabilities that reduce its cash flow. The Company's TRS is subject to taxation, and any changes in the laws affecting the Company's TRS may increase the Company's tax expenses. The Company may also be subject to certain federal, state and local taxes on its income and property either directly or at the level of its subsidiaries. Any of these taxes would decrease cash available for debt service obligations and distribution to the Company's shareholders.

Compliance with REIT Requirements May Negatively Affect the Company's Operating Decisions

To maintain its status as a REIT for U.S. federal income tax purposes, the Company must meet certain requirements on an ongoing basis, including requirements regarding its sources of income, the nature and diversification of its assets, the amounts the Company distributes to its shareholders and the ownership of its shares. The Company may also be required to make distributions to its shareholders when it does not have funds readily available for distribution or at times when the Company's funds are otherwise needed to fund capital expenditures or debt service obligations.

As a REIT, the Company must distribute at least 90% of its annual net taxable income (excluding net capital gains) to its shareholders. To the extent that the Company satisfies this distribution requirement, but distributes less than 100% of its net taxable income, the Company will be subject to U.S. federal corporate income tax on its undistributed taxable income. In addition, the Company will be subject to a 4% non-deductible excise tax if the actual amount paid to its shareholders in a calendar year is less than the minimum amount specified under U.S. federal tax laws. From time to time, the Company may generate taxable income greater than its income for financial reporting purposes, or its net taxable income may be greater than its cash flow available for distribution to its shareholders. If the Company does not have other funds available in these situations, it could be required to borrow funds, sell its securities or a portion of its properties at unfavorable prices or find other sources of funds in order to meet the REIT distribution requirements and avoid corporate income tax and the 4% excise tax.

In addition, the REIT provisions of the Code impose a 100% tax on income from "prohibited transactions." Prohibited transactions generally include sales of assets, other than foreclosure property, that constitute inventory or other property held for sale to customers in the ordinary course of business. This 100% tax could affect the Company's decisions to sell property if it believes such sales could be

treated as a prohibited transaction. However, the Company would not be subject to this tax if it were to sell assets through its TRS. The Company will also be subject to a 100% tax on certain amounts if the economic arrangements between the Company and its TRS are not comparable to similar arrangements among unrelated parties.

Proposed and potential future proposed reforms of the Code, if enacted, could adversely affect existing REITs. Such proposals could result in REITs having fewer tax advantages and could adversely affect REIT shareholders. It is impossible for the Company to predict the nature of or extent of any new tax legislation on the real estate industry in general and REITs in particular. In addition, some proposals under consideration may adversely affect the Company's tenants' operating results, financial condition and/or future business planning, which could adversely affect the Company and consequently, the Company's stockholders.

Dividends Paid by REITs Generally Do Not Qualify for Reduced Tax Rates

In general, the maximum U.S. federal income tax rate for dividends paid to individual U.S. shareholders is 20%. Due to its REIT status, the Company's distributions to individual shareholders generally are not eligible for the reduced rates.

The Company Is Subject to Litigation That Could Adversely Affect Its Results of Operations

The Company is a defendant from time to time in lawsuits and regulatory proceedings relating to its business. Due to the inherent uncertainties of litigation and regulatory proceedings, the Company cannot accurately predict the ultimate outcome of any such litigation or proceedings. An unfavorable outcome could adversely affect the Company's business, financial condition or results of operations. Any such litigation could also lead to increased volatility of the trading price of the Company's common shares. For a further discussion of litigation risks, see "Legal Matters" in Note 11, "Commitments and Contingencies," to the Company's consolidated financial statements.

The Company's Real Estate Investments May Contain Environmental Risks That Could Adversely Affect Its Results of Operations

The acquisition and ownership of properties may subject the Company to liabilities, including environmental liabilities. The Company's operating expenses could be higher than anticipated due to the cost of complying with existing or future environmental laws and regulations. In addition, under various federal, state and local laws, ordinances and regulations, the Company may be considered an owner or operator of real property or to have arranged for the disposal or treatment of hazardous or toxic substances. As a result, the Company may become liable for the costs of removal or remediation of certain hazardous substances released on or in its properties. The Company may also be liable for other potential costs that could relate to hazardous or toxic substances (including governmental fines and injuries to persons and property). The Company may incur such liability whether or not it knew of, or was responsible for, the presence of such hazardous or toxic substances. Such liability could be of substantial magnitude and divert management's attention from other aspects of the Company's business and, as a result, could have a material adverse effect on the Company's operating results and financial condition, as well as its ability to make distributions to shareholders.

An Uninsured Loss on the Company's Properties or a Loss That Exceeds the Limits of the Company's Insurance Policies Could Subject the Company to Lost Capital or Revenue on Those Properties

Under the terms and conditions of the leases currently in effect on the Company's properties, tenants generally are required to indemnify and hold the Company harmless from liabilities resulting from injury to persons, air, water, land or property, on or off the premises, due to activities conducted on the

properties, except for claims arising from the negligence or intentional misconduct of the Company or its agents. Additionally, tenants are generally required, at the tenant's expense, to obtain and keep in full force during the term of the lease liability and full replacement value property damage insurance policies. The Company has obtained comprehensive liability, casualty, flood, terrorism and rental loss insurance policies on its properties. All of these policies may involve substantial deductibles and certain exclusions. Furthermore, there is no assurance that the Company or its tenants may be able to renew or secure additional insurance policies on commercially reasonable terms or at all. In addition, tenants could fail to properly maintain their insurance policies or be unable to pay the deductibles. Should a loss occur that is uninsured or is in an amount exceeding the combined aggregate limits for the policies noted above, or in the event of a loss that is subject to a substantial deductible under an insurance policy, the Company could lose all or part of its capital invested in, and anticipated revenue from, one or more of the properties, which could have a material adverse effect on the Company's operating results and financial condition, as well as its ability to make distributions to shareholders.

The Company's Properties Could Be Subject to Damage from Weather-Related Factors

The Company's properties are generally open-air shopping centers. Extreme weather conditions may impact the profitability of the Company's tenants by decreasing traffic at or hindering access to the Company's properties, which may decrease the amount of rent the Company collects. Furthermore, a number of the Company's properties are located in areas that are subject to natural disasters, including Florida. Such properties could therefore be affected by rising sea levels or hurricanes and tropical storms, whether caused by global climate changes or other factors. The amount of any insurance coverage for losses due to damage or business interruption may prove to be insufficient.

Compliance with Certain Laws and Governmental Rules and Regulations May Require the Company to Make Unplanned Expenditures That Adversely Affect the Company's Cash Flows

The Company is required to operate its properties in compliance with certain laws and governmental rules and regulations, including the Americans with Disabilities Act, fire and safety regulations, building codes and other land use regulations, as currently in effect or as they may be enacted or adopted and become applicable to the properties, from time to time. The Company may be required to make substantial capital expenditures to make upgrades at its properties or otherwise comply with those requirements, and these expenditures could have a material adverse effect on its ability to meet its financial obligations and make distributions to shareholders.

The Company May Be Unable to Retain and Attract Key Management Personnel

The Company may be unable to retain and attract talented executives. In the event of the loss of key management personnel to competitors, or upon unexpected death, disability or retirement, the Company may not be able to find replacements with comparable skill, ability and industry expertise. The Company's operating results and financial condition could be materially and adversely affected until suitable replacements are identified and retained, if at all.

The Company's Articles of Incorporation Contain Limitations on Acquisitions and Changes in Control

In order to maintain the Company's status as a REIT, its Articles of Incorporation prohibit any person, except for certain shareholders as set forth in the Company's Articles of Incorporation, from owning more than 5% of the Company's outstanding common shares. This restriction is likely to discourage third parties from acquiring control of the Company without consent of its Board of Directors even if a change in control were in the best interests of shareholders.

The Company Has Significant Shareholders Who May Exert Influence on the Company as a Result of Their Considerable Beneficial Ownership of the Company's Common Shares, and Their Interests May Differ from the Interests of Other Shareholders

The Company has shareholders, including Mr. Alexander Otto, who is a member of the Board of Directors, who, because of their considerable beneficial ownership of the Company's common shares, are in a position to exert significant influence over the Company. These shareholders may exert influence with respect to matters that are brought to a vote of the Company's Board of Directors and/or the holders of the Company's common shares. Among others, these matters include the election of the Company's Board of Directors, corporate finance transactions and joint venture activity, merger, acquisition and disposition activity, and amendments to the Company's Articles of Incorporation and Code of Regulations. In the context of major corporate events, the interests of the Company's significant shareholders may differ from the interests of other shareholders. For example, if a significant shareholder does not support a merger, tender offer, sale of assets or other business combination because the shareholder judges it to be inconsistent with the shareholder's investment strategy, the Company may be unable to enter into or consummate a transaction that would enable other shareholders to realize a premium over the then-prevailing market prices for common shares. Furthermore, if the Company's significant shareholders sell substantial amounts of the Company's common shares in the public market to enhance the shareholders' liquidity positions, fund alternative investments or for other reasons, the trading price of the Company's common shares could decline significantly and other shareholders may be unable to sell their common shares at favorable prices. The Company cannot predict or control how the Company's significant shareholders may use the influence they have as a result of their common share holdings.

Changes in Market Conditions Could Adversely Affect the Market Price of the Company's Publicly Traded Securities

As with other publicly traded securities, the market price of the Company's publicly traded securities depends on various market conditions, which may change from time to time. Among the market conditions that may affect the market price of the Company's publicly traded securities are the following:

- The extent of institutional investor interest in the Company;
- The reputation of REITs generally and the reputation of REITs with similar portfolios;
- The attractiveness of the securities of REITs in comparison to securities issued by other entities (including securities issued by other real estate companies or sovereign governments), bank deposits or other investments;
- The Company's financial condition and performance;
- The market's perception of the Company's growth potential and future cash dividends;
- An increase in market interest rates, which may lead prospective investors to demand a higher distribution rate in relation to the price paid for the Company's shares and
- General economic and financial market conditions.

The Company May Issue Additional Securities Without Shareholder Approval

The Company can issue preferred shares and common shares without shareholder approval subject to certain limitations in the Company's Articles of Incorporation. Holders of preferred shares have priority over holders of common shares, and the issuance of additional shares reduces the interest of existing holders in the Company.

A Disruption, Failure, or Breach of the Company's Networks or Systems, Including as a Result of Cyber-attacks, Could Harm Its Business

The Company relies extensively on computer systems to manage its business. While the Company maintains some of its own critical information technology systems, it also depends on third parties to provide important information technology services relating to several key business functions, such as payroll, human resources, electronic communications and certain finance functions. These systems are subject to damage or interruption from power outages, facility damage, computer or telecommunications failures, computer viruses, security breaches, vandalism, natural disasters, catastrophic events, human error and potential cyber threats, including malicious codes, worms, phishing attacks, ransomware and other sophisticated cyber-attacks. Although the Company and such third parties employ a number of measures to prevent, detect and mitigate cyber threats, including password protection, firewalls, backup servers, threat monitoring and periodic penetration testing, the techniques used to obtain unauthorized access change frequently and there is no guarantee that such efforts will be successful. Should they occur, these threats could compromise the confidential information of the Company's tenants, employees and third-party vendors; disrupt the Company's business operations and the availability and integrity of data in the Company's systems; and result in litigation, violation of applicable privacy and other laws, investigations, actions, fines or penalties. In the event of damage or disruption to the Company's business due to these occurrences, the Company may not be able to successfully and quickly recover all of its critical business functions, assets and data. Furthermore, while the Company maintains insurance, the coverage may not sufficiently cover all types of losses or claims that may arise.

Item 1B. UNRESOLVED STAFF COMMENTS

None.

Item 2. PROPERTIES

At December 31, 2018, the Portfolio Properties included 177 shopping centers (including 107 centers owned through joint ventures). At December 31, 2018, the Portfolio Properties also included more than 400 acres of undeveloped land including parcels located adjacent to certain of the shopping centers. At December 31, 2018, the Portfolio Properties aggregated 44.3 million square feet of Company-owned GLA (60.6 million square feet of total GLA) located in 26 states. These centers are principally in the Southeast and Midwest, with significant concentrations in Georgia, Florida, North Carolina and Ohio. At December 31, 2018, the Company also owned an interest in one land parcel in Canada.

At December 31, 2018, on a pro rata basis, the average annualized base rent per square foot was \$17.86. The average annualized base rent per square foot of Company-owned GLA of the Company's 70 wholly-owned shopping centers was \$18.41 and for the 107 shopping centers owned through joint ventures, was \$14.84. The Company's average annualized base rent per square foot does not consider tenant expense reimbursements. The Company generally does not enter into significant tenant concessions on a lease-by-lease basis.

The Company's shopping centers are typically anchored by two or more national tenant anchors and are designed to provide a highly compelling shopping experience and merchandise mix for retail partners and consumers. The tenants of the shopping centers typically cater to the consumer's desire for value and convenience and offer day-to-day necessities rather than high-priced luxury items. The properties often include discounters, specialty grocers, pet supply stores, beauty supply retailers and dollar stores as additional anchors or tenants. The Company has established close relationships with a large number of major national and regional tenants, many of which occupy space in its shopping centers.

Information as to the Company's 10 largest tenants based on total annualized rental revenues and Company-owned GLA at December 31, 2018, is set forth in Item 7. "Management's Discussion and Analysis

of Financial Condition and Results of Operations” under the caption “Company Fundamentals” of this Annual Report on Form 10-K. For additional details related to property encumbrances for the Company’s wholly-owned assets, see “Real Estate and Accumulated Depreciation” (Schedule III) herein. At December 31, 2018, the Company owned an investment in 106 properties owned through unconsolidated joint ventures, which served as collateral for joint venture mortgage debt aggregating approximately \$2.2 billion (of which the Company’s proportionate share is \$0.4 million) and which is not reflected in the consolidated indebtedness. The Company’s properties range in size from approximately 35,000 square feet to approximately 1,500,000 square feet of total GLA (with 77 properties exceeding 300,000 square feet of total GLA). On a pro rata basis, the Company’s properties were 89.9% occupied as of December 31, 2018, and occupancy was between 89.9% and 93.0% over the five-year period ended December 31, 2018.

Tenant Lease Expirations and Renewals

The following table shows the impact of tenant lease expirations through 2028 at the Company’s 70 wholly-owned shopping centers, assuming that none of the tenants exercise any of their renewal options:

Expiration Year	No. of Leases Expiring	Approximate GLA in Square Feet (Thousands)	Annualized Base Rent Under Expiring Leases (Thousands)	Average Base Rent per Square Foot Under Expiring Leases	Percentage of Total GLA Represented by Expiring Leases	Percentage of Total Base Rental Revenues Represented by Expiring Leases
2019	154	1,023	\$ 17,396	\$ 17.00	5.2%	5.7%
2020	200	1,682	31,081	18.48	8.6%	10.2%
2021	219	1,968	35,041	17.80	10.0%	11.4%
2022	244	2,513	45,510	18.11	12.8%	14.9%
2023	240	2,733	47,056	17.22	13.9%	15.4%
2024	148	2,005	31,882	15.90	10.2%	10.4%
2025	75	853	16,800	19.69	4.3%	5.5%
2026	74	733	14,539	19.84	3.7%	4.7%
2027	63	721	15,400	21.37	3.7%	5.0%
2028	58	691	12,455	18.01	3.5%	4.1%
Total	1,475	14,922	\$ 267,160	\$ 17.90	75.9%	87.3%

The following table shows the impact of tenant lease expirations at the joint venture level through 2028 at the Company’s 107 shopping centers owned through joint ventures, assuming that none of the tenants exercise any of their renewal options:

Expiration Year	No. of Leases Expiring	Approximate GLA in Square Feet (Thousands)	Annualized Base Rent Under Expiring Leases (Thousands)	Average Base Rent per Square Foot Under Expiring Leases	Percentage of Total GLA Represented by Expiring Leases	Percentage of Total Base Rental Revenues Represented by Expiring Leases
2019	244	1,944	\$ 28,729	\$ 14.78	7.9%	8.8%
2020	337	2,744	38,793	14.14	11.1%	11.9%
2021	377	3,598	52,960	14.72	14.6%	16.3%
2022	338	3,366	48,151	14.31	13.6%	14.8%
2023	334	2,843	42,955	15.11	11.5%	13.2%
2024	189	2,354	32,725	13.90	9.5%	10.1%
2025	76	833	13,215	15.86	3.4%	4.1%
2026	62	606	8,861	14.63	2.5%	2.7%
2027	67	713	12,376	17.36	2.9%	3.8%
2028	81	908	13,899	15.31	3.7%	4.3%
Total	2,105	19,909	\$ 292,664	\$ 14.70	80.7%	90.0%

The rental payments under certain of these leases will remain constant until the expiration of their base terms, regardless of inflationary increases. There can be no assurance that any of these leases will be renewed or that any replacement tenants will be obtained if not renewed.

**SITE Centers Corp.
Shopping Center Property List at December 31, 2018**

	Location	Center	Year Developed/ Redeveloped	Year Acquired	SITE Ownership Interest	Owned GLA (000's)	Total Annualized Base Rent (000's)	Average Base Rent (Per SF) ⁽¹⁾	Key Tenants
Alabama									
1	Birmingham, AL	River Ridge	2001	2007	15%	172	\$ 2,881	\$ 16.73	Best Buy, Nordstrom Rack, Staples, Target (Not Owned)
2	Huntsville, AL	Westside Centre	2002	2007	15%	477	\$ 3,911	\$ 11.27	Altitude Trampoline Park, Big Lots, PetSmart, Ross Dress for Less, Stein Mart, Target (Not Owned)
Arizona									
3	Phoenix, AZ	Ahwatukee Foothills Towne Center	2013	1998	20%	688	\$ 11,301	\$ 18.03	AMC Theatres, Best Buy, Burlington, HomeGoods, Jo-Ann, Lina Home Furnishing, Marshalls, Michaels, OfficeMax, Ross Dress for Less, Sprouts Farmers Market
4	Phoenix, AZ	Arrowhead Crossing	1995	1996	100%	345	\$ 5,534	\$ 16.31	Barnes & Noble, DSW, Golf Galaxy, Hobby Lobby, HomeGoods, Nordstrom Rack, Old Navy, Savers (Not Owned), Staples, T.J. Maxx
5	Phoenix, AZ	Deer Valley Towne Center	1996	1999	100%	197	\$ 3,347	\$ 19.73	AMC Theatres (Not Owned), Michaels, PetSmart, Ross Dress for Less, Target (Not Owned)
6	Phoenix, AZ	Paradise Village Gateway	2004	2003	67%	295	\$ 5,143	\$ 18.32	Bed Bath & Beyond, PetSmart, Ross Dress for Less, Staples
7	Prescott, AZ	Shops at Prescott Gateway	2012	2014	5%	35	\$ 786	\$ 30.04	Trader Joe's
8	Tucson, AZ	Silverado Plaza	1999	2014	5%	78	\$ 648	\$ 8.72	Safeway
California									
9	Buena Park, CA	Buena Park Place	2009	2004	100%	212	\$ 2,619	\$ 14.72	Aldi, Kohl's, Michaels
10	Fontana, CA	Falcon Ridge Town Center	2005	2013	100%	291	\$ 6,702	\$ 23.04	24 Hour Fitness, Aki-Home, Michaels, Ross Dress for Less, Stater Bros Markets, Target (Not Owned)
11	Long Beach, CA	The Pike Outlets ⁽²⁾	2015	DEV	100%	392	\$ 5,478	\$ 22.11	Cinemark, H & M, Nike, Restoration Hardware
12	Oakland, CA	Whole Foods at Bay Place	2006	2013	100%	57	\$ 2,654	\$ 46.39	Whole Foods
13	Richmond, CA	Hilltop Plaza	2000	2002	20%	251	\$ 2,969	\$ 16.86	99 Cents Only, Century Theatre, dd's Discounts, Ross Dress for Less
14	Roseville, CA	Ridge at Creekside	2007	2014	100%	275	\$ 6,044	\$ 22.25	Bed Bath & Beyond, buybuy BABY, Cost Plus World Market, Macy's Furniture Gallery, REI
15	San Francisco, CA	1000 Van Ness	1998	2002	100%	122	\$ 822	\$ 19.65	AMC Theatres, The Studio Mix
16	Vista, CA	Vista Village	2007	2013	100%	194	\$ 4,614	\$ 25.60	Cinepolis, Frazier Farms, Lowe's (Not Owned), Staples (Not Owned)
17	West Covina, CA	Eastland Center	1957	2014	5%	812	\$ 10,882	\$ 14.40	Ashley Furniture HomeStore, Burlington, Dick's Sporting Goods, Hobby Lobby, Marshalls, Pottery Barn Outlet, Ross Dress for Less, Target, Walmart
Colorado									
18	Aurora, CO	Comerstar	2008	2014	5%	430	\$ 7,831	\$ 19.69	24 Hour Fitness, Cornerstar Wine & Liquor, HomeGoods, Marshalls, Office Depot, Ross Dress for Less, Sprouts Farmers Market, Target (Not Owned), Ultra Beauty

**SITE Centers Corp.
Shopping Center Property List at December 31, 2018**

	Location	Center	Year Developed/ Redeveloped	Year Acquired	SITE Ownership Interest	Owned GLA (000's)	Total Annualized Base Rent (000's)	Average Rent (Per SF) ⁽¹⁾	Key Tenants
19	Centennial, CO	Centennial Promenade	2002	1997	100%	443	\$ 7,013	\$ 20.90	Cavender's, Conn's, Golf Galaxy, HomeGoods, IKEA (Not Owned), Michaels, Ross Dress for Less, Stickley Furniture
20	Colorado Springs, CO	Chapel Hills	2000	2011	100%	446	\$ 4,438	\$ 13.41	24 Hour Fitness, Barnes & Noble, Best Buy, DSW, Michaels (Not Owned), Nordstrom Rack, Old Navy, Pep Boys, PetSmart, Ross Dress for Less, Whole Foods
21	Denver, CO	University Hills	1997	2003	100%	243	\$ 4,619	\$ 19.36	24 Hour Fitness, King Soopers, Marshalls, Michaels, Pier 1 Imports
22	Parker, CO	Flatacres Marketcenter/ Parker Pavilions ⁽²⁾	2003	2003	100%	232	\$ 3,661	\$ 19.83	Bed Bath & Beyond, Home Depot (Not Owned), Kohl's (Not Owned), Michaels, Office Depot, Walmart (Not Owned)
Connecticut									
23	Guilford, CT	Guilford Commons	2015	DEV	100%	128	\$ 1,793	\$ 16.53	Bed Bath & Beyond, The Fresh Market
24	Plainville, CT	Connecticut Commons	2013	DEV	20%	561	\$ 7,312	\$ 13.41	A.C. Moore, AMC Theatres, Dick's Sporting Goods, DSW, Kohl's, Lowe's, Marshalls, Old Navy, PetSmart
25	Windsor, CT	Windsor Court	1993	2007	100%	79	\$ 1,505	\$ 19.17	HomeGoods (Not Owned), Stop & Shop, Target (Not Owned)
Florida									
26	Boynton Beach, FL	Village Square at Golf	2002	2007	20%	135	\$ 1,915	\$ 15.57	Publix
27	Bradenton, FL	Creekwood Crossing	2001	2007	20%	235	\$ 2,204	\$ 11.38	Bealls, Bealls Outlet, Big Lots, Lowes (Not Owned)
28	Brandon, FL	Lake Brandon Plaza	2014	2009	100%	178	\$ 2,481	\$ 13.96	Jo-Ann, Nordstrom Rack, Publix, Total Wine & More
29	Brandon, FL	Lake Brandon Village	2004	2003	100%	114	\$ 1,045	\$ 14.74	buybuy BABY, Lowe's (Not Owned), PetSmart
30	Brandon, FL	The Collection at Brandon Boulevard ⁽²⁾	2003	IPO	100%	218	\$ 783	\$ 7.54	Chuck E. Cheese's, Kane Furniture
31	Cape Coral, FL	Northpoint Shopping Center	2008	2014	5%	112	\$ 1,543	\$ 13.73	Bed Bath & Beyond, Michaels, PetSmart
32	Casselberry, FL	Casselberry Commons	2010	2007	20%	246	\$ 2,831	\$ 14.17	Publix, Ross Dress for Less, Stein Mart, T.J. Maxx
33	Dania, FL	Sheridan Square	1991	2007	20%	67	\$ 752	\$ 11.24	Walmart Neighborhood Market
34	Fort Myers, FL	Cypress Trace	2004	2007	15%	278	\$ 2,800	\$ 11.33	Bealls, Bealls Outlet, Ross Dress for Less, Stein Mart
35	Fort Myers, FL	Market Square	2004	2007	15%	119	\$ 1,892	\$ 15.91	American Signature Furniture, Barnes & Noble (Not Owned), Cost Plus World Market (Not Owned), DSW, Michaels (Not Owned), Target (Not Owned), Total Wine & More
36	Fort Myers, FL	The Forum	2008	2014	5%	190	\$ 2,425	\$ 14.91	Bed Bath & Beyond, Defy Extreme Air Sports, Home Depot (Not Owned), Ross Dress for Less, Staples, Target (Not Owned)
37	Fort Walton Beach, FL	Shoppes at Paradise Pointe	2000	2007	20%	84	\$ 826	\$ 12.04	Publix
38	Jupiter, FL	Concourse Village	2004	2015	5%	134	\$ 2,246	\$ 17.06	Ross Dress for Less, T.J. Maxx
39	Lake Mary, FL	Shoppes of Lake Mary	2001	2007	15%	74	\$ 1,753	\$ 24.00	Publix (Not Owned), Staples, Target (Not Owned)
40	Melbourne, FL	Melbourne Shopping Center	1999	2007	100%	210	\$ 1,115	\$ 7.37	Big Lots, Publix

**SITE Centers Corp.
Shopping Center Property List at December 31, 2018**

	Location	Center	Year Developed/ Redeveloped	Year Acquired	SITE Ownership Interest	Owned GLA (000's)	Total Annualized Base Rent (000's)	Average Base Rent (Per SF) ⁽¹⁾	Key Tenants
41	Miami, FL	The Shoppes at Midtown Miami	2006	DEV	100%	467	\$ 8,835	\$ 19.96	Dick's Sporting Goods, HomeGoods, Marshalls, Nordstrom Rack, Ross Dress for Less, Target, west elm
42	Miramar, FL	River Run	1989	2007	20%	94	\$ 1,206	\$ 13.65	Publix
43	Naples, FL	Carillon Place	1994	1995	100%	265	\$ 3,428	\$ 15.15	Bealls Outlet, OfficeMax, Ross Dress for Less, T.J. Maxx, Walmart Neighborhood Market
44	Naples, FL	Countryside Shoppes	1997	2007	20%	74	\$ 482	\$ 12.24	Aldi
45	New Port Richey, FL	Shoppes at Golden Acres	2002	2007	20%	131	\$ 1,159	\$ 11.33	Publix
46	Ocala, FL	Heather Island	2005	2007	20%	71	\$ 622	\$ 11.01	Publix
47	Orlando, FL	Chickasaw Trail Shopping Center	1994	2007	20%	75	\$ 870	\$ 12.17	Publix
48	Orlando, FL	Lee Vista Promenade	2016	DEV	100%	313	\$ 4,419	\$ 16.37	Academy Sports, Beall's Outlet, Epic Theatres, HomeGoods, Michaels, Ross Dress for Less
49	Orlando, FL	Millenia Crossing	2009	2015	5%	100	\$ 2,862	\$ 28.51	Nordstrom Rack
50	Orlando, FL	Skyview Plaza	1998	2007	20%	263	\$ 2,466	\$ 11.13	Badcock Home Furniture and More, dd's Discounts, Publix, Ross Dress for Less
51	Oviedo, FL	Oviedo Park Crossing	1999	DEV	20%	186	\$ 2,065	\$ 11.09	Bed Bath & Beyond, Lowe's (Not Owned), Michaels, OfficeMax, Ross Dress for Less, T.J. Maxx
52	Palm Beach Gardens, FL	Northlake Commons	2003	2007	20%	124	\$ 1,629	\$ 14.78	Home Depot (Not Owned), Jo-Ann, Ross Dress for Less
53	Palm Harbor, FL	The Shoppes at Boot Ranch	1990	1995	100%	52	\$ 1,318	\$ 25.19	Publix (Not Owned), Target (Not Owned)
54	Pembroke Pines, FL	Flamingo Falls	2001	2007	20%	109	\$ 2,221	\$ 21.75	LA Fitness (Not Owned), The Fresh Market
55	Plantation, FL	The Fountains	2010	2007	100%	430	\$ 6,800	\$ 16.04	Dick's Sporting Goods, Jo-Ann, Kohl's, Marshalls/HomeGoods, Total Wine & More,
56	Spring Hill, FL	Nature Coast Commons	2009	2014	5%	226	\$ 2,610	\$ 14.63	Urban Air Trampoline & Adventure Park Best Buy, JCPenney (Not Owned), PetSmart, Ross Dress for Less, Walmart (Not Owned)
57	Tamarac, FL	Midway Plaza	1985	2007	20%	228	\$ 2,552	\$ 13.10	Publix, Ross Dress for Less
58	Tampa, FL	North Pointe Plaza	1990	IPO	20%	108	\$ 1,402	\$ 13.97	Publix, Walmart (Not Owned)
59	Wesley Chapel, FL	The Shoppes at New Tampa	2002	2007	20%	159	\$ 1,495	\$ 15.69	Bealls, Office Depot (Not Owned), Publix
60	Winter Garden, FL	Winter Garden Village	2007	2013	100%	759	\$ 15,162	\$ 19.97	Bealls, Bed Bath & Beyond, Best Buy, Forever 21, Haverlys, Jo-Ann, LA Fitness, Lowe's (Not Owned), Marshalls, PetSmart, Ross Dress for Less, Staples, Target (Not Owned)
Georgia									
61	Atlanta, GA	Brookhaven Plaza	1993	2007	20%	70	\$ 1,372	\$ 20.22	Stein Mart
62	Atlanta, GA	Cascade Corners	1993	2007	20%	67	\$ 511	\$ 7.64	Kroger
63	Atlanta, GA	Cascade Crossing	1994	2007	20%	63	\$ 658	\$ 10.39	Publix
64	Atlanta, GA	Perimeter Pointe	2002	1995	100%	353	\$ 4,943	\$ 19.62	Dick's Sporting Goods, HomeGoods, LA Fitness, Regal Cinemas

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65	Brunswick, GA	Glynn Isles	2007	2014	5%	193	\$ 3,000	\$ 16.16	Ashley Furniture HomeStore (Not Owned), Dick's Sporting Goods, Lowe's (Not Owned), Michaels, Office Depot, PetSmart, Ross Dress for Less, Target (Not Owned)
66	Buford, GA	Marketplace at Millcreek	2003	2007	15%	402	\$ 5,601	\$ 13.99	2nd & Charles, Bed Bath & Beyond, Burlington, Costco (Not Owned), DSW, Marshalls, Michaels, PetSmart, REI, Ross Dress for Less, Stein Mart Publix
67	Canton, GA	Hickory Flat Village	2000	2007	20%	74	\$ 968	\$ 13.39	Bealls Outlet, Belk, Michaels, Publix, Ross Dress for Less
68	Canton, GA	Riverstone Plaza	1998	2007	20%	308	\$ 3,465	\$ 12.25	ApplianceSmart, Home Depot (Not Owned), Lowe's, Michaels, OfficeMax, Walmart (Not Owned)
69	Cumming, GA	Cumming Marketplace	1999	2003	100%	311	\$ 3,932	\$ 12.71	Ashley Furniture HomeStore, Best Buy, Dick's Sporting Goods, Staples, T.J. Maxx/HomeGoods
70	Cumming, GA	Cumming Town Center	2007	2013	100%	311	\$ 4,813	\$ 15.46	Kroger Publix
71	Cumming, GA	Sharon Greens	2001	2007	100%	98	\$ 1,075	\$ 11.93	Bargain Hunt, Bealls Outlet, Bed Bath & Beyond, Belk, Big Lots, Cinemark, Dick's Sporting Goods, Forever 21, Hobby Lobby, Home Depot (Not Owned), Jo-Ann, Kohl's, Marshalls, PetSmart, Publix, Ross Dress for Less, Target (Not Owned), Walmart
72	Decatur, GA	Fiat Shoals Crossing	1994	2007	20%	70	\$ 726	\$ 10.42	Home Depot (Not Owned), Kohl's (Not Owned), PetSmart, Ross Dress for Less, T.J. Maxx
73	Decatur, GA	Hairston Crossing	2002	2007	20%	58	\$ 569	\$ 10.97	—
74	Douglasville, GA	Market Square	1990	2007	100%	125	\$ 1,159	\$ 10.80	Bargain Hunt
75	Ellenwood, GA	Paradise Shoppes of Ellenwood	2003	2007	20%	68	\$ 724	\$ 11.27	—
76	Fayetteville, GA	Fayette Pavilion	2002	2007	15%	1,242	\$ 9,956	\$ 9.33	Bargain Hunt, Bealls Outlet, Bed Bath & Beyond, Belk, Big Lots, Cinemark, Dick's Sporting Goods, Forever 21, Hobby Lobby, Home Depot (Not Owned), Jo-Ann, Kohl's, Marshalls, PetSmart, Publix, Ross Dress for Less, Target (Not Owned), Walmart
77	Flowery Branch, GA	Stonebridge Village	2008	2014	5%	157	\$ 2,515	\$ 17.34	Home Depot (Not Owned), Kohl's (Not Owned), PetSmart, Ross Dress for Less, T.J. Maxx, Target (Not Owned)
78	Kennesaw, GA	Barrett Pavilion	1998	2007	15%	459	\$ 6,790	\$ 15.94	AMC Theatres, buybuy BABY, Jo-Ann, Old Navy, Ozone Billiards, REI, Target (Not Owned), Total Wine & More
79	Macon, GA	Eisenhower Crossing	2002	2007	15%	420	\$ 3,118	\$ 10.33	Ashley Furniture HomeStore (Not Owned), Bed Bath & Beyond, Best Buy (Not Owned), Home Depot (Not Owned), Kroger, Marshalls, Michaels, Old Navy, Ross Dress for Less, Staples, Target (Not Owned) Publix, Ross Dress for Less, Stein Mart
80	Marietta, GA	Towne Center Prado	2002	1995	20%	287	\$ 3,722	\$ 13.39	Academy Sports, Aldi, Home Depot, Kohl's, PetSmart, Ross Dress for Less, Sky Zone Trampoline Park
81	Newnan, GA	Newnan Pavilion	2013	2007	15%	468	\$ 3,826	\$ 8.23	Movie Tavern
82	Roswell, GA	Sandy Plains Village	2013	2007	100%	174	\$ 1,472	\$ 15.81	American Signature Furniture, Marshalls, PetSmart, Ross Dress for Less, T.J. Maxx
83	Smyrna, GA	Heritage Pavilion	1995	2007	15%	256	\$ 3,600	\$ 14.06	—

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84	Snellville, GA	Presidential Commons	2000	2007	100%	376	\$ 4,460	\$ 11.90	buybuy BABY, Home Depot, Jo-Ann, Kroger, Stein Mart
85	Stone Mountain, GA	Deshon Plaza	1994	2007	20%	64	\$ 732	\$ 11.42	Publix
86	Suwanee, GA	Johns Creek Town Center	2004	2003	100%	293	\$ 4,235	\$ 14.43	Kohl's, Michaels, PetSmart, Sprouts Farmers Market, Staples, Stein Mart
87	Tucker, GA	Cofer Crossing	2003	2003	20%	136	\$ 1,147	\$ 8.69	HomeGoods, Kroger, Walmart (Not Owned)
88	Woodstock, GA	Woodstock Square	2001	2007	15%	219	\$ 3,202	\$ 14.63	Kohl's, OfficeMax, Old Navy, Target (Not Owned)
Illinois									
89	Chicago, IL	3030 North Broadway	2016	2017	100%	132	\$ 4,515	\$ 34.27	Mariano's, XSport Fitness
90	Chicago, IL	The Maxwell	2014	2014	100%	240	\$ 5,814	\$ 26.79	Burlington, Dick's Sporting Goods, Nordstrom Rack, T.J. Maxx
91	Deer Park, IL	Deer Park Town Center	2004	DEV	50%	356	\$ 9,745	\$ 31.52	Barnes & Noble (Not Owned), Century Theatre, Crate & Barrel, Gap
92	Schaumburg, IL	Woodfield Village Green	2015	1995	100%	516	\$ 8,375	\$ 20.25	At Home, Bloomingdale's the Outlet Store, Container Store, Costco (Not Owned), HomeGoods, Marshalls, Michaels, Nordstrom Rack, PetSmart, Trader Joe's
93	Skokie, IL	Village Crossing	1989	2007	15%	722	\$ 12,873	\$ 18.58	Altitude Trampoline Park, AMC Theatres, Barnes & Noble, Bed Bath & Beyond, Best Buy, Dick's Sporting Goods, Jewel-Osco, Michaels, OfficeMax, PetSmart, Tuesday Morning
94	Tinley Park, IL	Brookside Marketplace	2013	2012	20%	317	\$ 4,481	\$ 15.34	Best Buy, Dick's Sporting Goods, HomeGoods, Kohl's (Not Owned), Michaels, PetSmart, Ross Dress for Less, T.J. Maxx, Target (Not Owned)
Indiana									
95	Highland, IN	Highland Grove Shopping Center	2001	2007	20%	312	\$ 4,595	\$ 14.72	Best Buy (Not Owned), Dick's Sporting Goods (Not Owned), Kohl's, Marshalls, Michaels, Target (Not Owned)
Kansas									
96	Merriman, KS	Merriam Village	2005	2004	100%	418	\$ 5,000	\$ 14.40	Cinemark, Dick's Sporting Goods, Hobby Lobby, Home Depot (Not Owned), IKEA (Not Owned), Marshalls, OfficeMax, PetSmart
Maryland									
97	Bowie, MD	Duvall Village	1998	2007	100%	88	\$ 568	\$ 20.18	—
98	Glen Burnie, MD	Harundale Plaza	1999	2007	20%	218	\$ 1,974	\$ 9.78	Burlington, HomeGoods, Regency Furniture
99	Upper Marlboro, MD	Largo Town Center	1991	2007	20%	277	\$ 4,286	\$ 15.55	Marshalls, Regency Furniture, Shoppers Food Warehouse
Massachusetts									
100	Everett, MA	Gateway Center	2001	DEV	100%	354	\$ 5,740	\$ 16.44	Costco, Home Depot, Michaels, Old Navy, Target Total Wine & More

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101	Framingham, MA	Shoppers World	1994	1995	100%	783	\$ 16,107	\$ 24.76	A.C. Moore, AMC Theatres, Barnes & Noble, Best Buy, DSW, HomeSense, Kohl's, Macy's Furniture Gallery, Marshalls, Nordstrom Rack, PetSmart, Sierra Trading Post, T.J. Maxx
102	West Springfield, MA	Riverdale Shops	2003	2007	20%	274	\$ 4,075	\$ 14.98	Kohl's, Stop & Shop
Michigan									
103	Saginaw, MI	Valley Center	1994	2014	5%	409	\$ 3,437	\$ 10.23	Barnes & Noble, Burlington, Dick's Sporting Goods, DSW, Michaels, PetSmart, T.J. Maxx
Missouri									
104	Brentwood, MO	The Promenade at Brentwood	1998	1998	100%	338	\$ 4,939	\$ 14.84	Bed Bath & Beyond, Micro Center, PetSmart, Target, Trader Joe's
105	Independence, MO	Independence Commons	1999	1995	20%	386	\$ 5,631	\$ 14.96	AMC Theatres, Barnes & Noble, Best Buy, Kohl's, Marshalls, Ross Dress for Less
New Jersey									
106	East Hanover, NJ	East Hanover Plaza	1994	2007	100%	98	\$ 1,880	\$ 20.07	Costco (Not Owned), HomeGoods, HomeSense, Target (Not Owned)
107	Edgewater, NJ	Edgewater Towne Center	2000	2007	100%	78	\$ 1,797	\$ 27.57	Whole Foods
108	Freehold, NJ	Freehold Marketplace	2005	DEV	100%	21	\$ 690	\$ 33.27	Sam's Club (Not Owned), Walmart (Not Owned)
109	Hamilton, NJ	Hamilton Marketplace	2004	2003	100%	542	\$ 10,108	\$ 18.69	Barnes & Noble, Bed Bath & Beyond, BJ's Wholesale Club (Not Owned), Kohl's, Lowe's (Not Owned), Michaels, Ross Dress for Less, ShopRite, Staples, Walmart (Not Owned)
110	Lumberton, NJ	Crossroads Plaza	2003	2007	20%	100	\$ 1,885	\$ 18.92	Lowe's (Not Owned), ShopRite
111	Lyndhurst, NJ	Lewandowski Commons	1998	2007	20%	78	\$ 1,552	\$ 22.88	Stop & Shop
112	Princeton, NJ	Nassau Park Pavilion	2005	1997	100%	609	\$ 8,605	\$ 17.36	Best Buy, buybuy BABY, Dick's Sporting Goods, Home Depot (Not Owned), HomeGoods, Michaels, PetSmart, Raymour & Flaminig, Target (Not Owned), Wegmans
113	Union, NJ	Route 22 Retail Center	1997	2007	20%	112	\$ 1,473	\$ 19.83	Dick's Sporting Goods, Target (Not Owned)
114	West Long Branch, NJ	Consumer Centre	1993	2004	100%	292	\$ 3,212	\$ 13.52	buybuy BABY, Dick's Sporting Goods, Home Depot, PetSmart
115	Woodland Park, NJ	West Falls Plaza	1995	2007	20%	91	\$ 1,816	\$ 20.41	andThat!, Cost Plus World Market
New York									
116	Hempstead, NY	The Hub	2001	2015	5%	249	\$ 2,840	\$ 12.03	Home Depot, Super Stop & Shop
North Carolina									
117	Chapel Hill, NC	Meadowmont Village	2002	2007	20%	132	\$ 2,326	\$ 21.05	Harris Teeter
118	Charlotte, NC	Belgate Shopping Center	2017	DEV	100%	269	\$ 3,632	\$ 14.16	Burlington, Cost Plus World Market, Furniture Row (Not Owned), Hobby Lobby, IKEA (Not Owned), Marshalls, Old Navy, PetSmart, T.J. Maxx, Walmart (Not Owned)

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119	Charlotte, NC	Carolina Pavilion	1997	2012	100%	708	\$ 7,885	\$ 13.84	AMC Theatres, Autozone, Bed Bath & Beyond, Big Lots, buybuy BABY, Conn's, Frontgate Outlet Store, Jo-Ann, Nordstrom Rack, Old Navy, Ross Dress for Less, Sears Outlet, Target (Not Owned), Value City Furniture
120	Charlotte, NC	Cotswold Village	2013	2011	100%	262	\$ 5,789	\$ 22.79	Harris Teeter, Marshalls, PetSmart
121	Clayton, NC	Clayton Corners	1999	2007	20%	126	\$ 1,402	\$ 12.32	Lowes Foods
122	Cornelius, NC	The Shops at the Fresh Market	2001	2007	100%	131	\$ 1,536	\$ 12.19	Stein Mart, The Fresh Market
123	Fayetteville, NC	Fayetteville Pavilion	2001	2007	20%	274	\$ 2,867	\$ 12.81	Christmas Tree Shops, Food Lion, Marshalls, Michaels, PetSmart
124	Fuquay Varina, NC	Sexton Commons	2002	2007	20%	49	\$ 867	\$ 17.69	Harris Teeter
125	Huntersville, NC	Birkdale Village	2003	2007	15%	300	\$ 8,358	\$ 28.95	Barnes & Noble, Dick's Sporting Goods, Regal Cinemas (Not Owned)
126	Mooresville, NC	Winslow Bay Commons	2003	2007	15%	268	\$ 3,924	\$ 14.88	Dick's Sporting Goods, HomeGoods, Michaels, Ross Dress for Less, T.J. Maxx, Target (Not Owned)
127	Raleigh, NC	Alexander Place	2004	2007	15%	198	\$ 2,923	\$ 17.39	Kohl's, Walmart (Not Owned)
128	Raleigh, NC	Poyner Place	2012	2012	100%	254	\$ 3,174	\$ 17.20	Cost Plus World Market, Marshalls, Old Navy, Ross Dress for Less, Target (Not Owned)
129	Wilmington, NC	University Centre	2001	IPO	20%	418	\$ 4,334	\$ 11.02	Bed Bath & Beyond, Lowe's, Old Navy, Ollie's Bargain Outlet, Ross Dress for Less, Sam's Club (Not Owned)
130	Winston Salem, NC	Shoppes at Oliver's Crossing	2003	2007	20%	77	\$ 1,006	\$ 13.61	Lowes Foods
Ohio									
131	Cincinnati, OH	Kenwood Square	2017	2013	100%	427	\$ 6,810	\$ 18.13	Dick's Sporting Goods, Macy's Furniture Gallery, Marshalls/HomeGoods, T.J. Maxx, The Fresh Market
132	Cincinnati, OH	Western Hills Square	1998	2014	5%	34	\$ 425	\$ 12.67	Kroger (Not Owned), PetSmart, Walmart (Not Owned)
133	Columbus, OH	Easton Market	2013	1998	100%	502	\$ 7,215	\$ 15.35	Bed Bath & Beyond, buybuy BABY, DSW, HomeGoods, Marshalls, Michaels, Nordstrom Rack, PetSmart, Sierra Trading Post, Staples, T.J. Maxx, Value City Furniture
134	Columbus, OH	Hilliard Rome Commons	2001	2007	20%	102	\$ 580	\$ 18.76	—
135	Columbus, OH	Lennox Town Center	1997	1998	50%	374	\$ 4,828	\$ 12.91	AMC Theatres, Barnes & Noble, Marshalls, Staples, Target
136	Columbus, OH	Polaris Towne Center	1999	2011	100%	458	\$ 7,452	\$ 16.62	Best Buy, Big Lots, Jo-Ann, Kroger, Lowe's (Not Owned), OfficeMax, T.J. Maxx, Target (Not Owned)
137	Columbus, OH	Sun Center	1995	1998	79%	316	\$ 4,191	\$ 15.45	Ashley Furniture HomeStore, Michaels, Staples, Stein Mart, Whole Foods
138	Dublin, OH	Perimeter Center	1996	1998	100%	136	\$ 2,139	\$ 16.44	Giant Eagle
139	Grove City, OH	Derby Square	1992	1998	20%	125	\$ 1,391	\$ 11.22	Giant Eagle

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140	Lewis Center, OH	Powell Center	2000	2014	5%	202	\$ 2,702	\$ 13.38	Giant Eagle, HomeGoods, Marshalls, Michaels
141	Mason, OH	Waterstone Center	1998	2014	100%	162	\$ 2,422	\$ 15.98	Barnes & Noble, Best Buy, Costco (Not Owned), Michaels, Target (Not Owned)
142	Stow, OH	Stow Community Center	2008	DEV	100%	401	\$ 4,408	\$ 11.25	Bed Bath & Beyond, Giant Eagle, Hobby Lobby, Kohl's, OfficeMax, Target (Not Owned)
143	Toledo, OH	North Towne Commons	1995	2004	100%	80	\$ —	\$ —	—
144	Toledo, OH	Springfield Commons	1999	DEV	20%	272	\$ 2,604	\$ 10.91	Bed Bath & Beyond, Kohl's, Old Navy, Planet Fitness
145	Westlake, OH	West Bay Plaza	2000	IPO	100%	158	\$ 2,215	\$ 18.97	Fresh Thyme Farmer's Market, Marc's
Oregon									
146	Portland, OR	Tanasbourne Town Center	2001	1996	100%	309	\$ 5,876	\$ 20.19	Barnes & Noble, Bed Bath & Beyond, Best Buy (Not Owned), Marshalls, Michaels, Nordstrom Rack (Not Owned), Office Depot, Ross Dress for Less, Sierra Trading Post, Target (Not Owned)
Pennsylvania									
147	Downingtown, PA	Ashbridge Square	1999	2015	5%	386	\$ 3,833	\$ 11.00	Best Buy, Christmas Tree Shops, Home Depot, Jo-Ann, Staples
148	Easton, PA	Southmont Plaza	2004	2015	5%	251	\$ 3,851	\$ 15.60	Barnes & Noble, Bed Bath & Beyond, Best Buy, Dick's Sporting Goods, Lowe's (Not Owned), Michaels, Staples
149	King Of Prussia, PA	Overlook at King of Prussia	2002	2007	15%	193	\$ 5,591	\$ 28.96	Best Buy, Off 5th, United Artists Theatre
Rhode Island									
150	Warwick, RI	Warwick Center	2004	2007	15%	153	\$ 2,045	\$ 18.35	Barnes & Noble, DSW
South Carolina									
151	Anderson, SC	Midtowne Park	2008	2014	5%	167	\$ 1,949	\$ 11.64	Dick's Sporting Goods, Kohl's, Staples
152	Charleston, SC	Ashley Crossing	2011	2003	20%	208	\$ 2,022	\$ 10.28	Food Lion, Jo-Ann, Kohl's, Marshalls
153	Columbia, SC	Columbia Station	2003	2007	15%	375	\$ 4,457	\$ 16.20	buybuy BABY, Columbia Grand Theatre (Not Owned), Dick's Sporting Goods, Michaels, PetSmart
154	Greenville, SC	The Point	2005	2007	20%	104	\$ 1,808	\$ 17.59	REI, Whole Foods
155	Mount Pleasant, SC	Wando Crossing	2000	1995	100%	205	\$ 2,536	\$ 13.85	Marshalls/HomeGoods, Michaels, Office Depot, T.J. Maxx, Walmart (Not Owned)
156	Myrtle Beach, SC	The Plaza at Carolina Forest	1999	2007	20%	138	\$ 1,792	\$ 13.53	Kroger
Tennessee									
157	Brentwood, TN	Cool Springs Pointe	2004	2000	100%	198	\$ 3,106	\$ 15.68	Best Buy, Ross Dress for Less, Royal Furniture
158	Knoxville, TN	Pavilion of Turkey Creek	2001	2007	15%	282	\$ 4,103	\$ 14.78	DSW, Hobby Lobby, OfficeMax, Old Navy, Ross Dress for Less, Target (Not Owned), Walmart (Not Owned)
159	Knoxville, TN	Town & Country Commons ⁽²⁾	1997	2007	15%	655	\$ 6,958	\$ 11.02	Bargain Hunt, Best Buy, Conn's, Dick's Sporting Goods, Jo-Ann, Knoxville 16, Lowe's, Staples, Tuesday Morning
160	Memphis, TN	American Way	1988	2007	20%	110	\$ 670	\$ 7.81	—
161	Morristown, TN	Crossroads Square	2004	2007	20%	70	\$ 382	\$ 6.64	Bargain Hunt, OfficeMax (Not Owned)
162	Nashville, TN	Bellevue Place	2003	2007	15%	77	\$ 956	\$ 13.21	Bed Bath & Beyond, Home Depot (Not Owned), Planet Fitness

**SITE Centers Corp.
Shopping Center Property List at December 31, 2018**

	Location	Center	Year Developed/ Redeveloped	Year Acquired	SITE Ownership Interest	Owned GLA (000's)	Total Annualized Base Rent (000's)	Average Base Rent (Per SF) ⁽¹⁾	Key Tenants
Texas									
163	Fort Worth, TX	Eastchase Market	1997	2014	5%	262	\$ 2,767	\$ 11.69	Aldi (Not Owned), AMC Theatres, Burke's Outlet, Marshalls, Ross Dress for Less, Spec's Wine, Spirits & Finer Foods, Target (Not Owned)
164	Highland Village, TX	The Marketplace at Highland Village	2007	2013	100%	207	\$ 3,535	\$ 17.65	DSW, LA Fitness, Petco, T.J. Maxx/HomeGoods, Walmart (Not Owned)
165	San Antonio, TX	Bandera Pointe	2002	DEV	100%	500	\$ 6,071	\$ 13.06	Barnes & Noble, Gold's Gym, Jo-Ann, Kohl's (Not Owned), Lowe's, Old Navy, PetSmart, Ross Dress for Less, Spec's Wine, Spirits & Finer Foods (Not Owned), T.J. Maxx, Target (Not Owned), Urban Air Trampoline and Adventure Park
166	San Antonio, TX	Terrell Plaza	2012	2007	100%	108	\$ 1,827	\$ 20.28	Ross Dress for Less, Target (Not Owned)
167	San Antonio, TX	Village at Stone Oak	2007	DEV	100%	448	\$ 7,776	\$ 21.53	Alamo Drafthouse Cinema, Hobby Lobby, HomeGoods, Target (Not Owned)
Virginia									
168	Fairfax, VA	Fairfax Towne Center	1994	1995	100%	253	\$ 5,021	\$ 20.13	Bed Bath & Beyond, Jo-Ann, Regal Cinemas, Safeway, T.J. Maxx
169	Glen Allen, VA	Creeks at Virginia Centre	2002	2007	15%	266	\$ 4,075	\$ 15.69	Barnes & Noble, Bed Bath & Beyond, Dick's Sporting Goods, Michaels, Ross Dress for Less
170	Midlothian, VA	Commonwealth Center	2002	2007	20%	166	\$ 2,760	\$ 16.83	Michaels, Stein Mart, The Fresh Market
171	Richmond, VA	Downtown Short Pump	2000	2007	100%	126	\$ 2,784	\$ 22.53	American Family Fitness (Not Owned), Barnes & Noble, Regal Cinemas, Skate Nation (Not Owned)
172	Richmond, VA	White Oak Village	2008	2014	5%	432	\$ 6,143	\$ 16.34	JCPenney, K&G Fashion Superstore, Lowe's (Not Owned), Michaels, PetSmart, Publix, Target (Not Owned)
173	Springfield, VA	Springfield Center	1999	2007	100%	177	\$ 3,610	\$ 23.12	Barnes & Noble, Bed Bath & Beyond, DSW, Michaels, The Tile Shop
174	Virginia Beach, VA	Kroger Plaza	1997	2007	20%	68	\$ 265	\$ 3.92	Kroger
175	Winchester, VA	Apple Blossom Corners	1997	IPO	20%	243	\$ 2,781	\$ 11.66	Books-A-Million, HomeGoods, Kohl's, Martin's
176	Winchester, VA	Winchester Station	2005	2014	5%	175	\$ 2,387	\$ 15.59	Bed Bath & Beyond, Michaels, Ross Dress for Less, Walmart (Not Owned)
Washington									
177	Vancouver, WA	Orchards Market Center	2005	2013	100%	178	\$ 2,884	\$ 16.55	Big 5 Sporting Goods (Not Owned), Jo-Ann, LA Fitness, Office Depot, Sportsman's Warehouse

(1) Calculated as total annualized base rentals divided by Company-Owned rent commenced GLA as of December 31, 2018.

(2) Indicates an asset subject to a ground lease. All other assets are owned fee simple.

Item 3. LEGAL PROCEEDINGS

The Company and its subsidiaries are subject to various legal proceedings, which, taken together, are not expected to have a material adverse effect on the Company. The Company is also subject to a variety of legal actions for personal injury or property damage arising in the ordinary course of its business, most of which are covered by insurance. While the resolution of all matters cannot be predicted with certainty, management believes that the final outcome of such legal proceedings and claims will not have a material adverse effect on the Company's liquidity, financial position or results of operations.

Item 4. MINE SAFETY DISCLOSURES

Not Applicable.

PART II

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

The Company's common shares are listed on the NYSE under the ticker symbol "SITC." As of February 15, 2019, there were 4,851 record holders and approximately 21,100 beneficial owners of the Company's common shares.

The Company's Board of Directors is responsible for establishing and, if appropriate, modifying the Company's dividend policy. The Board of Directors intends to pursue a dividend policy which retains sufficient free cash flow to support the Company's capital needs while still adhering to REIT payout requirements. In February 2019, the Company declared its first-quarter 2019 dividend of \$0.20 per common share, payable on April 2, 2019, to shareholders of record at the close of business on March 15, 2019.

The decision to declare and pay future dividends on the common shares, as well as the timing, amount and composition of any such future dividends, will be at the discretion of the Company's Board of Directors and will be subject to the Company's cash flow from operations, earnings, financial condition, capital and debt service requirements and such other factors as the Board of Directors considers relevant. The Company is required by the Code to distribute at least 90% of its REIT taxable income. The Company intends to continue to declare quarterly dividends on its common shares; however, there can be no assurances as to the timing and amounts of future dividends.

Certain of the Company's indentures contain financial and operating covenants including the requirement that the cumulative dividends declared or paid from December 31, 1993, through the end of the current period cannot exceed Funds From Operations (as defined in the agreement) plus an additional \$20.0 million for the same period unless required to maintain REIT status.

The Company has a dividend reinvestment plan under which shareholders may elect to reinvest their dividends automatically in common shares. Under the plan, the Company may, from time to time, elect that common shares be purchased in the open market on behalf of participating shareholders or may issue new common shares to such shareholders.

ISSUER PURCHASES OF EQUITY SECURITIES

	(a)	(b)	(c)	(d)
	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number (or Approximate Dollar Value) of Shares That May Yet Be Purchased Under the Plans or Programs (Millions)
October 1–31, 2018	2,810 ⁽¹⁾	\$ 12.17	—	\$ —
November 1–30, 2018	1,336 ⁽¹⁾	12.26	—	—
December 1–31, 2018	3,053,874 ⁽²⁾	11.91	3,050,557 ⁽³⁾	63.7 ⁽³⁾
Total	3,058,020	\$ 11.91	3,050,557	\$ 63.7

(1) Common shares surrendered or deemed surrendered to the Company to satisfy statutory minimum tax withholding obligations in connection with the vesting and/or exercise of awards under the Company's equity-based compensation plans.

(2) Includes 3,317 common shares surrendered or deemed surrendered to the Company to satisfy statutory minimum tax withholding obligations in connection with the vesting and/or exercise of awards under the Company's equity-based compensation plans. In addition, includes common shares repurchased through the Company's Share Repurchase Program.

(3) On November 29, 2018, the Company announced that its Board of Directors authorized a common share repurchase program. Under the terms of the program authorized by the Board, the Company may purchase up to a maximum value of \$100 million of its common shares and the program has no expiration date. As of February 15, 2019, the Company had repurchased 4.3 million of its common shares in the aggregate at a cost of approximately \$50.4 million and a weighted average cost of \$11.74 per share under this program.

Item 6. SELECTED FINANCIAL DATA

The consolidated financial data included in the following table has been derived from the financial statements for the last five years and includes the information required by Item 301 of Regulation S-K. The following selected consolidated financial data should be read in conjunction with the Company's consolidated financial statements and related notes and Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations." The following selected financial data is not intended to replace our historical consolidated financial statements, except that share and per share information for all periods presented have been revised to reflect the one-for-two reverse stock split of our issued and outstanding common shares that became effective as of 5:00 p.m., Eastern Time, on May 18, 2018.

COMPARATIVE SUMMARY OF SELECTED FINANCIAL DATA (In thousands, except per share data)

	For the Year Ended December 31,				
	2018	2017	2016	2015	2014
Operating Data:					
Revenues	\$ 707,255	\$ 921,588	\$ 1,005,805	\$ 1,028,071	\$ 985,675
Expenses:					
Rental operations	207,992	263,743	292,134	308,208	296,043
Impairment charges	69,324	340,480	110,906	279,021	29,175
Hurricane property and impairment loss	817	5,930	—	—	—
General and administrative	61,639	77,028	61,051	58,867	69,548
Depreciation and amortization	242,102	346,204	389,519	402,045	402,825
	<u>581,874</u>	<u>1,033,385</u>	<u>853,610</u>	<u>1,048,141</u>	<u>797,591</u>
Interest income	20,437	28,364	37,054	29,213	15,927
Interest expense	(141,305)	(188,647)	(217,589)	(241,727)	(237,120)
Other income (expense), net	<u>(110,895)</u>	<u>(68,003)</u>	<u>3,322</u>	<u>(1,739)</u>	<u>(12,262)</u>
	<u>(231,763)</u>	<u>(228,286)</u>	<u>(177,213)</u>	<u>(214,253)</u>	<u>(233,455)</u>
Loss before earnings from equity method investments and other items	(106,382)	(340,083)	(25,018)	(234,323)	(45,371)
Equity in net income (loss) of joint ventures	9,365	8,837	15,699	(3,135)	10,989
Reserve of preferred equity interests	(11,422)	(61,000)	—	—	—
Impairment of joint venture investments	—	—	—	(1,909)	(30,652)
Gain (loss) on sale and change in control of interests, net	—	368	(1,087)	7,772	87,996
Gain on disposition of real estate, net of tax	225,406	161,164	73,386	167,571	3,060
Tax expense of taxable REIT subsidiaries and state franchise and income taxes	<u>(862)</u>	<u>(12,418)</u>	<u>(1,781)</u>	<u>(6,286)</u>	<u>(1,855)</u>
Income (loss) from continuing operations	116,105	(243,132)	61,199	(70,310)	24,167
Income from discontinued operations	—	—	—	—	89,398
Net income (loss)	<u>\$ 116,105</u>	<u>\$ (243,132)</u>	<u>\$ 61,199</u>	<u>\$ (70,310)</u>	<u>\$ 113,565</u>
(Income) loss attributable to non-controlling interests, net	<u>(1,671)</u>	<u>1,447</u>	<u>(1,187)</u>	<u>(1,858)</u>	<u>3,717</u>
Net income (loss) attributable to SITE Centers	<u>\$ 114,434</u>	<u>\$ (241,685)</u>	<u>\$ 60,012</u>	<u>\$ (72,168)</u>	<u>\$ 117,282</u>

Item 6. SELECTED FINANCIAL DATA (CONTINUED)
(In thousands, except per share data)

	For the Year Ended December 31,				
	2018	2017	2016	2015	2014
Earnings per share data – Basic:					
Income (loss) from continuing operations attributable to common shareholders	\$ 0.43	\$ (1.48)	\$ 0.20	\$ (0.53)	\$ (0.01)
Income from discontinued operations attributable to SITE Center shareholders	—	—	—	—	0.51
Net income (loss) attributable to common shareholders	<u>\$ 0.43</u>	<u>\$ (1.48)</u>	<u>\$ 0.20</u>	<u>\$ (0.53)</u>	<u>\$ 0.50</u>
Weighted-average number of common shares	184,528	183,681	182,647	180,473	179,061
Earnings per share data – Diluted:					
Income (loss) from continuing operations attributable to common shareholders	\$ 0.43	\$ (1.48)	\$ 0.20	\$ (0.53)	\$ (0.01)
Income from discontinued operations attributable to SITE Center shareholders	—	—	—	—	0.51
Net income (loss) attributable to common shareholders	<u>\$ 0.43</u>	<u>\$ (1.48)</u>	<u>\$ 0.20</u>	<u>\$ (0.53)</u>	<u>\$ 0.50</u>
Weighted-average number of common shares	184,535	183,681	182,781	180,473	179,061
Dividends declared	\$ 1.16	\$ 1.52	\$ 1.52	\$ 1.38	\$ 1.24
December 31,					
	2018	2017	2016	2015	2014
Balance Sheet Data:					
Real estate (at cost)	\$ 4,627,866	\$ 8,248,003	\$ 9,244,058	\$ 10,128,199	\$ 10,335,785
Real estate, net of accumulated depreciation	3,455,509	6,294,524	7,247,882	8,065,300	8,426,200
Investments in and advances to joint ventures	329,623	383,813	454,131	467,732	414,848
Investment in and advances to affiliate	223,985	—	—	—	—
Total assets	4,206,331	7,170,073	8,197,518	9,097,088	9,519,412
Total indebtedness	1,884,405	3,849,312	4,493,968	5,139,537	5,212,224
Total equity	2,073,002	2,897,438	3,246,012	3,463,469	3,797,528
For the Year Ended December 31,					
	2018	2017	2016	2015	2014
Cash Flow Data:					
Cash flow provided by (used for):					
Operating activities	\$ 264,807	\$ 410,407	\$ 460,663	\$ 433,476	\$ 413,222
Investing activities	816,939	478,608	473,033	(54,648)	138,155
Financing activities	(1,162,816)	(833,516)	(926,992)	(378,772)	(638,635)

Item 7. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

EXECUTIVE SUMMARY

The Company is a self-administered and self-managed Real Estate Investment Trust (“REIT”) in the business of acquiring, owning, developing, redeveloping, expanding, leasing, financing and managing shopping centers. As of December 31, 2018, the Company’s portfolio consisted of 177 shopping centers (including 107 shopping centers owned through joint ventures). At December 31, 2018, the Company owned approximately 60.6 million total square feet of gross leasable area (“GLA”) through all its properties (wholly-owned and joint venture) and managed approximately 16.9 million total square feet of GLA for Retail Value Inc. (“RVI”). The Company also owns more than 400 acres of undeveloped land, including joint venture interests in land. At December 31, 2018, the aggregate occupancy of the Company’s operating shopping center portfolio was 89.9%, and the average annualized base rent per occupied square foot was \$17.86, both on a pro rata basis.

Current Strategy

On July 1, 2018, the Company completed the spin-off of RVI, which consisted of a portfolio of 48 assets that included 36 continental U.S. assets and all 12 of the Company’s Puerto Rico assets. By owning, operating and redeveloping only continental U.S. assets with higher risk-adjusted growth profiles, the Company expects to provide a more compelling and competitive investment opportunity to public real estate investors. The RVI assets had a combined gross book value of approximately \$2.7 billion and mortgage debt of \$1.27 billion as of June 30, 2018. The Company retains a preferred stock investment in RVI of \$190 million and continues to manage the RVI assets pursuant to management agreements.

In February 2018, in preparation for the spin-off transaction, the Company completed \$1.35 billion of mortgage financing secured by RVI assets and used proceeds from the financing and certain asset sales to repay \$452.5 million of mortgage debt, \$900.0 million aggregate principal amount of senior unsecured debt and \$200.0 million of an unsecured term loan. The mortgage financing was assumed by RVI in connection with the completion of the spin-off.

After the completion of the spin-off, growth opportunities within the Company’s core property operations include rental increases and continued lease-up of the portfolio. Additional growth opportunities include a renewed focus on redevelopment of the SITE Centers portfolio as well as opportunistic investments. Having largely completed its deleveraging plans, management intends to use proceeds from future sales of lower growth assets, including sales to newly formed joint ventures, largely to fund redevelopment activity and opportunistic investments in assets.

The Company believes the following serve as cornerstones for the execution of its strategy:

- Maximization of recurring cash flows through strong leasing and core property operations;
- Enhancement of property cash flows through creative, proactive redevelopment efforts that result in the profitable adaptation of assets to better suit dynamic retail tenant and community demands;
- Growth in Company cash flows through capital recycling, especially the redeployment of capital from mature, slower growing assets into opportunistic acquisitions with leasing and redevelopment potential;

- Risk mitigation through continuous focus on maintaining prudent leverage levels and lengthy average debt maturities, as well as access to a diverse selection of capital sources, including the secured and unsecured debt markets, a large unsecured line of credit and equity from a wide range of joint venture partners and
- Sustainability of growth through a constant focus on relationships with investor, tenant, employee, community and environmental constituencies.

Transaction and Capital Markets Highlights

During 2018, the Company completed the following real estate transactions and financing activities:

- Completed the spin-off of RVI;
- Formed the 10-asset Dividend Trust Portfolio joint venture valued at \$607.2 million with various Chinese institutional investors. Proceeds were primarily used to repay \$250.0 million in senior unsecured notes, \$150.0 million of a term loan and \$94.9 million in mortgage debt. The Company retained a 20% interest in the joint venture;
- Repurchased 3.1 million shares for \$36.3 million in December 2018 under the Company's \$100 million share repurchase program. Subsequent to year end, repurchased an additional 1.2 million shares for \$14.1 million;
- Sold 58 shopping centers and land parcels for \$1.8 billion (including 37 shopping centers held in joint ventures), or \$1.0 billion at the Company's share. Proceeds were used to repay outstanding indebtedness;
- Acquired three shopping centers from two unconsolidated joint ventures valued at \$35.1 million and
- Declared cash dividends of \$1.16 per common share on an annual basis.

Operational Accomplishments

The Company continued to improve cash flow and the quality of its portfolio in 2018, as evidenced by the achievement of the following. Prior periods were restated to reflect asset sales and the spin-off of RVI.

- Signed leases and renewals for approximately four million square feet of GLA, which included 1.0 million square feet of new leasing volume both on a pro rata share;
- Achieved blended leasing spreads of 8.2% for both new leases and renewals at SITE Centers' share;
- Increased the annualized base rent per occupied square foot on a pro rata basis to \$17.86 at December 31, 2018, as compared to \$17.30 at December 31, 2017, an increase of 3.2%;
- Continued to maintain strong aggregate occupancy on a pro rata basis of 89.9% at December 31, 2018, as compared to 91.6% and 92.7% at December 31, 2017 and 2016, respectively, with the net decrease in occupancy primarily attributed to anchor tenant expirations and tenant bankruptcies and
- Reduced general and administrative expenses by approximately \$2.2 million in 2018 as compared to 2017 due to a review of internal expenses and staffing reductions.

Retail Environment

The Company continues to see demand from a broad range of tenants for its space, even as many retailers continue to adapt to an omni-channel retail environment. Value-oriented retailers continue to take market share from conventional and national chain department stores. As a result, while certain of those conventional and national department stores have announced store closures and/or reduced expansion plans, other retailers, specifically those in the value and convenience category, continue to have store opening plans for 2019. Many of the Company's largest tenants, including TJX Companies, Walmart, Five Below and Ulta, have reported increased same-store sales on an annual basis and remained well capitalized while outperforming other retail categories on a relative basis. The Company has also been increasing its leasing to service tenants, such as fitness, restaurant and medical users, and specialty grocers, which is an expanding category with strong traffic generation.

Company Fundamentals

The following table lists the Company's 10 largest tenants based on total annualized rental revenues of the wholly-owned properties and the Company's proportionate share of unconsolidated joint venture properties combined as of December 31, 2018:

	Tenant	% of Total Shopping Center Base Rental Revenues	% of Company-Owned Shopping Center GLA
1.	TJX Companies ^(A)	5.4%	6.1%
2.	Bed Bath & Beyond ^(B)	3.6%	3.9%
3.	Dick's Sporting Goods ^(C)	2.8%	2.7%
4.	PetSmart	2.7%	2.5%
5.	Michaels	2.2%	2.4%
6.	AMC Theatres	1.9%	1.5%
7.	Best Buy	1.9%	1.8%
8.	Gap ^(D)	1.9%	1.5%
9.	Ulta Beauty	1.8%	1.1%
10.	Ross Stores ^(E)	1.8%	2.4%

(A) Includes T.J. Maxx, Marshalls, HomeGoods, Sierra Trading Post and HomeSense

(B) Includes Bed Bath & Beyond, Cost Plus World Market, buybuy BABY and Christmas Tree Shops

(C) Includes Dick's Sporting Goods and Golf Galaxy

(D) Includes Gap, Old Navy and Banana Republic

(E) Includes Ross Dress for Less and dd's Discounts

The following table lists the Company's 10 largest tenants based on total annualized rental revenues for both the wholly-owned properties and the unconsolidated joint venture properties at 100% as of December 31, 2018:

Tenant	Wholly-Owned Properties		Joint Venture Properties	
	% of Shopping Center Base Rental Revenues	% of Company-Owned Shopping Center GLA	% of Shopping Center Base Rental Revenues	% of Company-Owned Shopping Center GLA
TJX Companies ^(A)	5.9%	6.7%	3.0%	3.8%
Bed Bath & Beyond ^(B)	3.7%	4.1%	3.0%	2.9%
Dick's Sporting Goods ^(C)	2.9%	2.8%	3.3%	3.5%
PetSmart	2.8%	2.6%	2.4%	2.2%
Michaels	2.3%	2.4%	2.0%	2.2%
Nordstrom Rack	2.0%	1.7%	0.4%	0.3%
Best Buy	2.0%	1.9%	2.1%	1.8%
Ulta	1.9%	1.2%	1.5%	0.9%
Kroger	1.8%	1.9%	1.0%	1.8%
Gap ^(D)	1.8%	1.5%	1.8%	1.4%
AMC Theatres	1.6%	1.2%	3.7%	2.4%
Ross Stores ^(E)	1.5%	2.1%	3.3%	4.1%
Kohl's	1.5%	2.8%	2.5%	4.2%
Publix	0.2%	0.4%	2.9%	4.2%

(A) Includes T.J. Maxx, Marshalls, HomeGoods, Sierra Trading Post and HomeSense

(B) Includes Bed Bath & Beyond, Cost Plus World Market, buybuy BABY and Christmas Tree Shops

(C) Includes Dick's Sporting Goods and Golf Galaxy

(D) Includes Gap, Old Navy and Banana Republic

(E) Includes Ross Dress for Less and dd's Discounts

The Company leased approximately seven million square feet of GLA, including 235 new leases and 532 renewals, for a total of 767 leases executed in 2018 for both its wholly-owned and joint venture properties. The Company continued to execute both new leases and renewals at positive rental spreads. At December 31, 2018, the Company had 398 leases expiring in 2019 with an average base rent per square foot of \$15.54. For the comparable leases executed in 2018, at the Company's interest, the Company generated positive leasing spreads of 20.9% for new leases and 6.7% for renewals, or 8.2% on a blended basis. Leasing spreads are a key metric in real estate, representing the percentage increase over rental rates on existing leases versus rental rates on new and renewal leases. The Company's leasing spread calculation includes only those deals that were executed within one year of the date the prior tenant vacated and, as a result, is a good benchmark to compare the average annualized base rent of expiring leases with the comparable executed market rental rates.

For new leases executed during 2018, at the Company's interest, the Company expended a weighted-average cost of tenant improvements and lease commissions estimated at \$7.42 per rentable square foot over the lease term. The annual weighted-average cost of tenant improvements and lease commissions ranged from \$4.47 to \$7.42 per rentable square foot over the five years ended December 31, 2018. The Company generally does not expend a significant amount of capital on lease renewals. Overall, capitalized leasing expenditures and costs decreased in 2018 to \$37.9 million from \$57.1 million in 2017, as a result of capital expended in 2017 associated with re-leasing anchor vacancies from bankruptcies and the impact of the spin-off of assets to RVI.

Year in Review—2018 Financial Results

For the year ended December 31, 2018, net income attributable to common shareholders increased compared to the prior year, primarily due to the gain on sale of assets to an unconsolidated joint venture and a decrease in impairment charges. The following provides an overview of the Company's key financial metrics (see Non-GAAP Financial Measures, FFO) (in thousands except per share amounts):

	For the Year Ended December 31,	
	2018	2017
Net income (loss) attributable to common shareholders	\$ 80,903	\$ (270,444)
FFO attributable to common shareholders	\$ 180,114	\$ 256,823
Operating FFO attributable to common shareholders	\$ 307,274	\$ 432,365
Income (loss) per share - Diluted	\$ 0.43	\$ (1.48)

The following discussion of the Company's financial condition and results of operations provides information that will assist in the understanding of the Company's financial statements, the changes in certain key items and the factors that accounted for changes in the financial statements, as well as critical accounting policies that affected these financial statements.

CRITICAL ACCOUNTING POLICIES

The consolidated financial statements of the Company include the accounts of the Company and all subsidiaries where the Company has financial or operating control. The preparation of financial statements in conformity with generally accepted accounting principles ("GAAP") requires management to make estimates and assumptions in certain circumstances that affect amounts reported in the accompanying consolidated financial statements and related notes. In preparing these financial statements, management has used available information, including the Company's history, industry standards and the current economic environment, among other factors, in forming its estimates and judgments of certain amounts included in the Company's consolidated financial statements, giving due consideration to materiality. It is possible that the ultimate outcome as anticipated by management in formulating its estimates inherent in these financial statements might not materialize. Application of the critical accounting policies described below involves the exercise of judgment and the use of assumptions as to future uncertainties. Accordingly, actual results could differ from these estimates. In addition, other companies may use different estimates that may affect the comparability of the Company's results of operations to those of companies in similar businesses.

Revenue Recognition and Accounts Receivable

The Company has adopted the new accounting guidance for revenue from contracts with customers ("Topic 606") on January 1, 2018, using the modified retrospective approach and, therefore, the comparative information has not been adjusted. The guidance has been applied to contracts that were not completed as of the date of initial application, January 1, 2018. Most significantly for the real estate industry, leasing transactions are not within the scope of the new standard. A majority of the Company's tenant-related revenue is recognized pursuant to lease agreements. This new standard and its impact on the Company is more fully described in Note 1, "Summary of Significant Accounting Policies - New Accounting Standards to Be Adopted," and Note 2 - "Revenue Recognition" of the Company's consolidated financial statements included herein.

Historically, the majority of the Company's lease commission revenue has been recognized 50% upon lease execution and 50% upon tenant rent commencement. Upon adoption of Topic 606, lease commission revenue will generally be recognized in its entirety upon lease execution. The impact of adopting Topic 606

on the Company's consolidated financial statements with respect to the change in revenue recognition as related to lease commission revenue at January 1, 2018, and for the year ended December 31, 2018, was not material.

Rental revenue is recognized on a straight-line basis that averages minimum rents over the noncancelable term of the leases. Certain of these leases provide for percentage and overage rents based upon the level of sales achieved by the tenant. Percentage and overage rents are recognized after a tenant's reported sales have exceeded the applicable sales breakpoint set forth in the applicable lease. The leases also typically provide for tenant reimbursements of common area maintenance and other operating expenses and real estate taxes. Accordingly, revenues associated with tenant reimbursements are recognized in the period in which the expenses are incurred based upon the tenant lease provision. Ancillary and other property-related income, which includes the leasing of vacant space to temporary tenants, is recognized in the period earned. Lease termination fees are included in other revenue and recognized and earned upon termination of a tenant's lease and relinquishment of space in which the Company has no further obligation to the tenant. Management fees are recorded in the period earned. Fee income derived from the Company's unconsolidated joint venture investments is recognized to the extent attributable to the unaffiliated ownership interest. Payments received in 2018 and 2017 from the Company's insurance company related to its claims for business interruption losses incurred as a result of hurricane losses are recorded as Business Interruption Income.

The Company makes estimates of the collectability of its accounts receivable related to base rents, including straight-line rentals, expense reimbursements and other revenue or income. The Company analyzes accounts receivable, tenant credit worthiness and current economic trends when evaluating the adequacy of the allowance for doubtful accounts. In addition, with respect to tenants in bankruptcy, the Company makes estimates of the expected recovery of pre-petition and post-petition claims in assessing the estimated collectability of the related receivable. The time to resolve these claims may exceed one year. These estimates have a direct impact on the Company's earnings because a higher bad debt reserve and/or a subsequent write-off in excess of an estimated reserve results in reduced earnings.

Consolidation

All significant inter-company balances and transactions have been eliminated in consolidation. Investments in real estate joint ventures in which the Company has the ability to exercise significant influence, but does not have financial or operating control, are accounted for using the equity method of accounting. Accordingly, the Company's share of the earnings (or loss) of these joint ventures is included in consolidated net income.

The Company has a number of joint venture arrangements with varying structures. The Company consolidates entities in which it owns less than a 100% equity interest if it is determined that it is a variable interest entity ("VIE"), and the Company has a controlling interest in that VIE or is the controlling general partner. The analysis to identify whether the Company is the primary beneficiary of a VIE is based upon which party has (a) the power to direct activities of the VIE that most significantly affect the VIE's economic performance and (b) the obligation to absorb losses or the right to receive benefits that could potentially be significant to the VIE. In determining whether it has the power to direct the activities of the VIE that most significantly affect the VIE's performance, the Company is required to assess whether it has an implicit financial responsibility to ensure that a VIE operates as designed. This qualitative assessment has a direct impact on the Company's financial statements, as the detailed activity of off-balance sheet joint ventures is not presented within the Company's consolidated financial statements.

Real Estate and Long-Lived Assets

Properties are depreciated using the straight-line method over the estimated useful lives of the assets. The Company is required to make subjective assessments as to the useful lives of its properties to

determine the amount of depreciation to reflect on an annual basis with respect to those properties. These assessments have a direct impact on the Company's net income. If the Company were to extend the expected useful life of a particular asset, it would be depreciated over more years and result in less depreciation expense and higher annual net income.

On a periodic basis, management assesses whether there are any indicators that the value of real estate assets, including undeveloped land and construction in progress, and intangibles may be impaired. A property's value is impaired only if management's estimate of the aggregate future cash flows (undiscounted and without interest charges) to be generated by the property are less than the carrying value of the property. The determination of undiscounted cash flows requires significant estimates by management. In management's estimate of cash flows, it considers factors such as expected future operating income (loss), trends and prospects, the effects of demand, competition and other factors. If the Company is evaluating the potential sale of an asset or development alternatives, the undiscounted future cash flows analysis is probability-weighted based upon management's best estimate of the likelihood of the alternative courses of action. Subsequent changes in estimated undiscounted cash flows arising from changes in anticipated actions could affect the determination of whether an impairment exists and whether the effects could have a material impact on the Company's net income. To the extent an impairment has occurred, the loss will be measured as the excess of the carrying amount of the property over the fair value of the property.

The Company is required to make subjective assessments as to whether there are impairments in the value of its real estate properties and other investments. These assessments have a direct impact on the Company's net income because recording an impairment charge results in an immediate negative adjustment to net income. If the Company's estimates of the projected future cash flows, anticipated holding periods or market conditions change, its evaluation of the impairment charges may be different, and such differences could be material to the Company's consolidated financial statements. Plans to hold properties over longer periods decrease the likelihood of recording impairment losses.

The Company allocates the purchase price to assets acquired and liabilities assumed at the date of acquisition. In estimating the fair value of the tangible and intangible assets and liabilities acquired, the Company considers information obtained about each property as a result of its due diligence, marketing and leasing activities. It applies various valuation methods, such as estimated cash flow projections using appropriate discount and capitalization rates, estimates of replacement costs net of depreciation and available market information. If the Company determines that an event has occurred after the initial allocation of the asset or liability that would change the estimated useful life of the asset, the Company will reassess the depreciation and amortization of the asset. The Company is required to make subjective estimates in connection with these valuations and allocations.

The Company generally considers assets to be held for sale when the transaction has been approved by the appropriate level of management and there are no known significant contingencies relating to the sale such that the sale of the property within one year is considered probable. This generally occurs when a sales contract is executed with no contingencies and the prospective buyer has significant funds at risk to ensure performance.

Measurement of Fair Value—Real Estate and Unconsolidated Joint Venture Investments

The Company is required to assess the value of certain impaired consolidated and unconsolidated joint venture investments as well as the underlying collateral for its preferred equity interests and certain financing notes receivable. The fair value of real estate investments used in the Company's impairment calculations is estimated based on the price that would be received to sell an asset in an orderly transaction between marketplace participants at the measurement date. Investments without a public market are valued based on assumptions made and valuation techniques used by the Company. The

availability of observable transaction data and inputs can make it more difficult and/or subjective to determine the fair value of such investments. As a result, amounts ultimately realized by the Company from investments sold may differ from the fair values presented, and the differences could be material.

The valuation of impaired real estate assets, investments and real estate collateral is determined using widely accepted valuation techniques including the income capitalization approach or discounted cash flow analysis on the expected cash flows of each asset considering prevailing market capitalization rates, analysis of recent comparable sales transactions, actual sales negotiations, bona fide purchase offers received from third parties and/or consideration of the amount that currently would be required to replace the asset, as adjusted for obsolescence. In general, the Company considers multiple valuation techniques when measuring fair value of an investment. However, in certain circumstances, a single valuation technique may be appropriate.

For operational real estate assets, the significant assumptions include the capitalization rate used in the income capitalization valuation as well as the projected property net operating income and expected hold period. For investments in unconsolidated joint ventures, the Company also considers the valuation of any underlying joint venture debt. Valuation of real estate assets is calculated based on market conditions and assumptions made by management at the measurement date, which may differ materially from actual results if market conditions or the underlying assumptions change.

Preferred Equity Interests—Impairment Assessment

The Company evaluates the collectability of both the principal and interest on these investments based upon an assessment of the underlying collateral value to determine whether the investment is impaired. As the underlying collateral for the investments is real estate investments, the same valuation techniques are used to value the collateral as those used to determine the fair value of real estate investments for impairment purposes. In addition, the Company performs an additional present value of cash flows for the underlying collateral value that is probability-weighted based upon management's estimate of the repayment timing. The preferred equity interests are considered impaired if the Company's estimate of the fair value of the underlying collateral is less than the carrying value of the preferred equity interests. Interest income on impaired investments is recognized on a cash basis. The Company monitors the investments and related valuation allowance, which could be increased or decreased in future periods, as appropriate.

Investments in Joint Ventures and Affiliates—Impairment Assessment

The Company has a number of off-balance sheet joint ventures with varying structures. On a periodic basis, management assesses whether there are any indicators that the value of the Company's investments in unconsolidated joint ventures or affiliates may be impaired. An investment's value is impaired only if management's estimate of the fair value of the investment is less than the carrying value of the investment and such loss is deemed to be other than temporary, as appropriate. To the extent an impairment has occurred, the loss is measured as the excess of the carrying amount of the investment over the estimated fair value of the investment.

Notes Receivable

Notes receivable include certain loans that are held for investment and are generally collateralized by real estate-related investments that may be subordinate to other senior loans. Loans receivable are recorded at stated principal amounts or at initial investment. The Company defers loan origination and commitment fees, net of origination costs, and amortizes them over the term of the related loan. The Company evaluates the collectability of both principal and interest on each loan based on an assessment of the underlying collateral value to determine whether it is impaired, and not by the use of internal risk

ratings. A loan loss reserve is recorded when, based upon current information and events, it is probable that the Company will be unable to collect all amounts due according to the existing contractual terms and the amount of loss can be reasonably estimated. When a loan is considered to be impaired, the amount of loss is calculated by comparing the recorded investment to the value of the underlying collateral. As the underlying collateral for a majority of the notes receivable is real estate-related investments, the same valuation techniques are used to value the collateral as those used to determine the fair value of real estate investments for impairment purposes. Given the small number of loans outstanding, the Company does not provide for an additional allowance for loan losses based on the grouping of loans, as the Company believes the characteristics of the loans are not sufficiently similar to allow an evaluation of these loans as a group. As such, all of the Company's loans are evaluated individually for this purpose. Interest income on performing loans is accrued as earned. Recognition of interest income on an accrual basis on non-performing loans is resumed when it is probable that the Company will be able to collect amounts due according to the contractual terms.

Deferred Tax Assets and Tax Liabilities

The Company accounts for income taxes related to its taxable REIT subsidiary ("TRS") under the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements. The Company records net deferred tax assets to the extent it believes it is more likely than not that these assets will be realized. In making such determinations, the Company considers all available positive and negative evidence, including forecasts of future taxable income, the reversal of other existing temporary differences, available net operating loss carryforwards, tax planning strategies and recent results of operations. Several of these considerations require assumptions and significant judgment about the forecasts of future taxable income that are consistent with the plans and estimates that the Company is utilizing to manage its business. Based on this assessment, management must evaluate the need for, and amount of, valuation allowances against the Company's deferred tax assets. The Company would record a valuation allowance to reduce deferred tax assets if and when it has determined that an uncertainty exists regarding their realization, which would increase the provision for income taxes. To the extent facts and circumstances change in the future, adjustments to the valuation allowances may be required. In the event the Company were to determine that it would be able to realize the deferred income tax assets in the future in excess of their net recorded amount, the Company would adjust the valuation allowance, which would reduce the provision for income taxes. The Company makes certain estimates in the determination of the use of valuation reserves recorded for deferred tax assets. These estimates could have a direct impact on the Company's earnings, as a difference in the tax provision would impact the Company's earnings.

The Company has made estimates in assessing the impact of the uncertainty of income taxes. Accounting standards prescribe a recognition threshold and measurement attribute criteria for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The standards also provide guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. These estimates have a direct impact on the Company's net income because higher tax expense will result in reduced earnings.

Stock-Based Employee Compensation

Stock-based compensation requires all stock-based payments to employees, including grants of stock options, to be recognized in the financial statements based on their fair value. The fair value is estimated at the date of grant using a Black-Scholes option pricing model with weighted-average assumptions for the activity under stock plans. Option pricing model input assumptions, such as expected volatility, expected term and risk-free interest rate, all affect the fair value estimate. Further, the forfeiture rate has an impact on the amount of aggregate compensation. These assumptions are subjective and generally require

significant analysis and judgment to develop. Certain awards are dual-indexed to both the Company and RVI results, and are accounted for as liability awards and are marked to fair value on a quarterly basis.

When estimating fair value, some of the assumptions will be based on or determined from external data, and other assumptions may be derived from experience with stock-based payment arrangements. The appropriate weight to place on experience is a matter of judgment, based on relevant facts and circumstances.

COMPARISON OF 2018, 2017 AND 2016 RESULTS OF OPERATIONS

For the comparison of 2018 to 2017, consolidated shopping center properties owned as of January 1, 2017, and for the comparison of 2017 to 2016, consolidated shopping center properties owned as of January 1, 2016, are referred to herein as the “Comparable Portfolio Properties.” These exclude properties under redevelopment and those sold by the Company or included in the spin-off of RVI.

Revenues from Operations (in thousands)

	2018	2017	2016	2018 vs. 2017 \$ Change	2017 vs. 2016 \$ Change
Base and percentage rental revenues ^(A)	\$ 473,885	\$ 640,011	\$ 708,818	\$ (166,126)	\$ (68,807)
Recoveries from tenants ^(B)	163,337	211,942	238,419	(48,605)	(26,477)
Fee and other income ^(C)	63,149	61,135	58,568	2,014	2,567
Business interruption income ^(D)	6,884	8,500	—	(1,616)	8,500
Total revenues ^(E)	<u>\$ 707,255</u>	<u>\$ 921,588</u>	<u>\$ 1,005,805</u>	<u>\$ (214,333)</u>	<u>\$ (84,217)</u>

(A) The changes were due to the following (in millions):

	<u>2018 vs. 2017 Increase (Decrease)</u>	<u>2017 vs. 2016 Increase (Decrease)</u>
Comparable Portfolio Properties	\$ 6.5	\$ (1.1)
Acquisition of shopping centers	0.6	9.2
Development or redevelopment properties	(4.1)	0.6
Transfers to unconsolidated joint ventures in 2018	(5.7)	—
Shopping centers sold or included in spin-off of RVI ⁽¹⁾	(164.1)	(72.4)
Straight-line rents	0.7	(5.1)
Total	<u>\$ (166.1)</u>	<u>\$ (68.8)</u>

(1) Includes a reduction associated with Hurricane Maria for the Puerto Rico properties that has been partially defrayed by insurance proceeds as noted in (D) and (E) below.

The following tables present the statistics for the Company’s assets affecting base and percentage rental revenues summarized by the following portfolios: pro-rata combined shopping center portfolio, wholly-owned shopping center portfolio and joint venture shopping center portfolio.

	<u>Pro-Rata Combined Shopping Center Portfolio December 31,</u>		
	<u>2018</u>	<u>2017</u>	<u>2016</u>
Centers owned	177	273	319
Aggregate occupancy rate	89.9%	90.9%	93.0%
Average annualized base rent per occupied square foot	\$ 17.86	\$ 16.46	\$ 15.46

	Wholly-Owned Shopping Centers		
	2018	December 31, 2017	2016
Centers owned	70	136	167
Aggregate occupancy rate	89.6%	90.8%	93.2%
Average annualized base rent per occupied square foot	\$ 18.41	\$ 16.62	\$ 15.54
	Joint Venture Shopping Centers		
	2018	December 31, 2017	2016
Centers owned	107	137	152
Aggregate occupancy rate	91.4%	91.6%	93.4%
Average annualized base rent per occupied square foot	\$ 14.84	\$ 14.50	\$ 14.17

The wholly-owned Comparable Portfolio Properties' aggregate occupancy rate was 91.6% at December 31, 2018, as compared to 91.2% and 92.2% at December 31, 2017 and 2016, respectively. The Comparable Portfolio Properties' average annualized base rent per occupied square foot was \$18.08, \$17.85 and \$17.38, as of December 31, 2018, 2017 and 2016, respectively.

Comparison of 2018 to 2017

The decrease in occupancy rates primarily was due to a combination of anchor store tenant lease expirations and bankruptcies throughout 2018 and 2017 and, to a lesser extent, disposition activity that occurred during the year. The 2018 occupancy rates above reflect the impact of the Toys "R" Us bankruptcy.

Comparison of 2017 to 2016

The decrease in occupancy rates primarily was due to a combination of anchor store tenant expirations and bankruptcies and, to a lesser extent, disposition activity that occurred during the year. Also, the 2017 occupancy rates above reflect the impact of unabsorbed vacancies related to The Sports Authority and Golfsmith bankruptcies that occurred in 2016 and the hhgregg bankruptcy in 2017.

- (B) The decrease primarily was driven by the RVI spin-off and disposition activity. Recoveries from tenants for the Comparable Portfolio Properties were approximately 91.6%, 93.9% and 95.6% of reimbursable operating expenses and real estate taxes for the years ended December 31, 2018, 2017 and 2016, respectively. The overall decreased percentage of recoveries from tenants in 2018 was attributable to the impact of the major tenant bankruptcies and related occupancy loss discussed above.
- (C) Composed of the following (in millions):

	2018	2017	2016	2018 vs. 2017 \$ Change	2017 vs. 2016 \$ Change
Revenue from contracts	\$ 42.8	\$ 30.6	\$ 33.2	\$ 12.2	\$ (2.6)
Ancillary and other property income	13.9	17.0	18.8	(3.1)	(1.8)
Lease termination fees	3.7	10.5	3.5	(6.8)	7.0
Other	2.7	3.0	3.1	(0.3)	(0.1)
Total revenue	<u>\$ 63.1</u>	<u>\$ 61.1</u>	<u>\$ 58.6</u>	<u>\$ 2.0</u>	<u>\$ 2.5</u>

Comparison of 2018 to 2017

Income earned from the Company's management of properties owned by unconsolidated joint ventures and RVI increased \$12.2 million, primarily due to fees earned from RVI of \$17.1 million beginning July 1, 2018, primarily offset by lower fee income received from joint ventures as a result of the sale of joint venture assets in 2018 and 2017. Included in the fees from RVI is \$3.0 million of disposition fee income. Also, the shopping centers in Puerto Rico, included in the spin-off of assets to RVI, had a significant impact on the decrease in Ancillary and Other Property Income fees of \$2.5 million in the second half of 2018.

Changes in the number of assets under management, including the number of assets owned by RVI, or the fee structures applicable to such arrangements will impact the amount of revenue recorded in future periods. Such changes could occur because the Company's property management agreements contain termination provisions, and RVI and the Company's joint venture partners could dispose of shopping centers under the Company's management.

Comparison of 2017 to 2016

In 2017 revenue from contracts resulted primarily from a reduction of asset management fees from one of the Company's joint ventures largely on account of a decrease in the size of that joint venture as a result of asset sales. In addition, the Company recorded a lease termination fee of \$8.2 million related to the receipt of a 132,700 square-foot building triggered by an anchor tenant not exercising its option under a ground lease at Riverdale Village shopping center in Coon Rapids, Minnesota. This asset was included in the spin-off of RVI.

- (D) Represents payments received in 2018 and 2017 from the Company's insurance company related to its claims for business interruption losses incurred at its Puerto Rico properties.
- (E) The Company did not record \$6.7 million and \$11.8 million of revenues related to the Puerto Rico shopping centers in 2018 and 2017, respectively, because of lost tenant revenue attributable to Hurricane Maria. Revenues not recorded in 2018 and 2017 because of lost tenant revenue attributable to Hurricanes Irma and Maria were partially defrayed by the receipt of business interruption insurance proceeds as noted above. See further discussion in Note 11, "Commitments and Contingencies," to the Company's financial statements included herein.

Expenses from Operations (in thousands)

	2018	2017	2016	2018 vs. 2017 \$ Change	2017 vs. 2016 \$ Change
Operating and maintenance ^(A)	\$ 104,232	\$ 135,141	\$ 149,347	\$ (30,909)	\$ (14,206)
Real estate taxes ^(A)	103,760	128,602	142,787	(24,842)	(14,185)
Impairment charges ^(B)	69,324	340,480	110,906	(271,156)	229,574
Hurricane property and impairment loss, net ^(C)	817	5,930	—	(5,113)	5,930
General and administrative ^(D)	61,639	77,028	61,051	(15,389)	15,977
Depreciation and amortization ^(A)	242,102	346,204	389,519	(104,102)	(43,315)
	<u>\$ 581,874</u>	<u>\$ 1,033,385</u>	<u>\$ 853,610</u>	<u>\$ (451,511)</u>	<u>\$ 179,775</u>

(A) The changes were due to the following (in millions):

Comparison of 2018 to 2017

	2018 vs. 2017 \$ Change		
	Operating and Maintenance	Real Estate Taxes	Depreciation and Amortization
Comparable Portfolio Properties	\$ 0.8	\$ 4.4	\$ (7.2)
Acquisition of shopping centers	0.1	0.3	0.7
Development or redevelopment properties	0.5	(0.4)	(3.7)
Transfers to unconsolidated joint ventures in 2018	0.6	(0.9)	(2.4)
Shopping centers sold or included in RVI spin-off	(32.9)	(28.2)	(91.5)
	<u>\$ (30.9)</u>	<u>\$ (24.8)</u>	<u>\$ (104.1)</u>

Depreciation expense for Comparable Portfolio Properties was lower in 2018, primarily as a result of assets that were fully amortized in 2017.

Comparison of 2017 to 2016

	2017 vs. 2016 \$ Change		
	Operating and Maintenance	Real Estate Taxes	Depreciation and Amortization
Comparable Portfolio Properties	\$ (1.5)	\$ (2.0)	\$ (13.7)
Acquisition of shopping centers	1.6	2.3	6.6
Development or redevelopment properties	(0.4)	0.2	(0.6)
Shopping centers sold	(13.9)	(14.7)	(35.6)
	<u>\$ (14.2)</u>	<u>\$ (14.2)</u>	<u>\$ (43.3)</u>

Depreciation expense for Comparable Portfolio Properties was lower in 2017, primarily as a result of accelerated depreciation charges in 2016 related to changes in the useful lives of certain assets.

(B) The Company recorded impairment charges during the year ended December 31, 2018, of which \$62.6 million related to assets included in the spin-off of RVI triggered by indicative bids received and changes in market assumptions due to the disposition process beginning in 2017, as well as a result of these assets being classified as held for sale on July 1, 2018, immediately prior to the spin-off. The Company recorded impairment charges in the years ended December 31, 2017 and 2016, primarily triggered by changes in its strategic plan that impacted its asset hold-period assumptions. In 2016, the Company's management and Board of Directors decided to increase the volume of asset sales beyond the level previously contemplated, primarily to accelerate progress on its deleveraging goal.

Changes in (1) an asset's expected future undiscounted cash flows due to changes in market conditions, (2) various courses of action that may occur or (3) holding periods each could result in the recognition of additional impairment charges. Impairment charges are more fully described in Note 14, "Impairment Charges and Reserves," of the Company's consolidated financial statements included herein.

(C) The Hurricane Property and Impairment Loss is more fully described in Note 11, "Commitments and Contingencies," to the Company's consolidated financial statements included herein.

- (D) General and administrative expenses for the years ended December 31, 2018, 2017 and 2016, were approximately 4.8%, 5.4% and 4.0% of total revenues, respectively, including total revenues of unconsolidated joint ventures and managed properties. In 2018 and 2017, the Company recorded separation charges aggregating \$4.6 million and \$17.9 million, respectively. The 2017 expense was primarily a result of a management transition and other staffing reductions.

Certain amounts in prior periods have been reclassified in order to conform with the current period's presentation. The Company reclassified \$12.8 million and \$15.1 million of costs for the years ended December 31, 2017 and 2016, respectively, on the Company's consolidated statements of operations related to property management and services of the Company's operating properties from General and Administrative to Operating and Maintenance. For the year ended December 31, 2018 and 2017, general and administrative expenses of \$61.6 million and \$77.0 million, respectively, less the separation charges of \$4.6 million and \$17.9 million, respectively, were approximately 4.5% and 4.1%, respectively, of total revenues described above.

The Company continues to expense certain internal leasing salaries, legal salaries and related expenses associated with leasing and re-leasing of existing space. However, the Company expects that upon adoption of the leasing standard in 2019, certain general and administrative expenses that are currently capitalized may be required to be expensed. See Note 1, "Summary of Significant Accounting Policies," to the Company's consolidated financial statements included herein.

Other Income and Expenses (in thousands)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2018 vs. 2017 \$ Change</u>	<u>2017 vs. 2016 \$ Change</u>
Interest income ^(A)	\$ 20,437	\$ 28,364	\$ 37,054	\$ (7,927)	\$ (8,690)
Interest expense ^(B)	(141,305)	(188,647)	(217,589)	47,342	28,942
Other income (expense), net ^(C)	(110,895)	(68,003)	3,322	(42,892)	(71,325)
	<u>\$ (231,763)</u>	<u>\$ (228,286)</u>	<u>\$ (177,213)</u>	<u>\$ (3,477)</u>	<u>\$ (51,073)</u>

- (A) The change in the amount of interest income recognized primarily is due to a decline in the preferred equity investments in the unconsolidated joint ventures with The Blackstone Group L.P. ("Blackstone") (see Sources and Uses of Capital). In 2018 and 2017, the Company received \$75.1 million and \$56.1 million, respectively, in preferred equity repayments. Net proceeds generated from the sale of additional assets by the Blackstone joint ventures are expected to be used to repay a portion of the preferred equity. Any repayment of this preferred interest would reduce the amount of interest income recorded by the Company in future periods (see Sources and Uses of Capital). The amount of interest income recorded was further reduced due to the repayment of a \$30.6 million note receivable in April 2017 that was scheduled to mature in 2017. See Note 3, "Investments in and Advances to Joint Ventures," to the Company's consolidated financial statements included herein.

The weighted-average loan receivable outstanding and weighted-average interest rate, including loans to affiliates and preferred equity interests, are as follows:

	<u>For the Year Ended December 31,</u>		
	<u>2018</u>	<u>2017</u>	<u>2016</u>
Weighted-average loan receivable outstanding (in millions)	\$ 303.5	\$ 405.9	\$ 439.8
Weighted-average interest rate	6.8%	7.1%	8.5%

(B) The weighted-average debt outstanding and related weighted-average interest rate are as follows:

	<u>For the Year Ended December 31,</u>		
	<u>2018</u>	<u>2017</u>	<u>2016</u>
Weighted-average debt outstanding (in billions)	\$ 3.0	\$ 4.3	\$ 4.9
Weighted-average interest rate	4.5%	4.3%	4.5%

The reduction in the weighted-average debt outstanding from the prior-year period is a result of the RVI spin-off and the Company's overall strategy to reduce leverage. The weighted-average interest rate (based on contractual rates and excluding fair market value of adjustments and debt issuance costs) was 4.2%, 4.1% and 4.5% at December 31, 2018, 2017 and 2016, respectively.

Interest costs capitalized in conjunction with development and redevelopment projects and unconsolidated development and redevelopment joint venture interests were \$1.1 million for the year ended December 31, 2018 compared to \$1.9 million and \$3.1 million for the years ended December 31, 2017 and 2016, respectively. The decrease in the amount of interest costs capitalized is a result of reduced development activity.

(C) Other income (expense) was composed of the following (in millions):

	<u>For the Year Ended December 31,</u>		
	<u>2018</u>	<u>2017</u>	<u>2016</u>
Debt extinguishment costs, net	\$ (68.2)	\$ (66.4)	\$ (0.5)
Transaction costs – RVI spin-off	(37.0)	(2.8)	—
Transaction and other (expense) income, net	<u>(5.7)</u>	<u>1.2</u>	<u>3.8</u>
	<u>\$ (110.9)</u>	<u>\$ (68.0)</u>	<u>\$ 3.3</u>

In 2018, debt extinguishment costs are primarily a result of make-whole amounts, the write-off of unamortized deferred financing costs and other costs incurred from the redemption of senior unsecured notes, the unsecured term loan and other mortgage debt repaid in connection with the Company entering into the (1) \$1.35 billion mortgage financing agreement and (2) proceeds received from the sale of 10 assets to the Dividend Trust Portfolio joint venture. The mortgage financing agreement was subsequently assumed by RVI pursuant to the separation and distribution agreement. Transaction costs in 2018 are primarily due to the Dividend Trust Portfolio transaction.

In 2017 and 2018, the Company recorded costs related to the RVI spin-off transaction. Debt extinguishment costs are primarily a result of make-whole amounts and other costs incurred from the redemption of senior unsecured notes in 2017. In 2016, the Company incurred \$0.3 million in transaction costs related to the acquisition of shopping centers. As a result of the 2017 adoption of the business combinations standard, the majority of the transaction costs incurred in 2017 and 2018 relating to the acquisition of shopping centers were capitalized to real estate assets.

Other Items (in thousands)

	2018	2017	2016	2018 vs. 2017 \$ Change	2017 vs. 2016 \$ Change
Equity in net income of joint ventures ^(A)	\$ 9,365	\$ 8,837	\$ 15,699	\$ 528	\$ (6,862)
Reserve of preferred equity interests ^(B)	(11,422)	(61,000)	—	49,578	(61,000)
Gain (loss) on sale and change in control of interests, net ^(C)	—	368	(1,087)	(368)	1,455
Gain on disposition of real estate, net ^(D)	225,406	161,164	73,386	64,242	87,778
Tax expense of taxable REIT subsidiaries and state franchise and income taxes ^(E)	(862)	(12,418)	(1,781)	11,556	(10,637)

(A) The changes in equity in net income of joint ventures were due to the following:

Comparison of 2018 to 2017

The increase primarily was the result of gain on sale recognized at the joint ventures. In 2018, four unconsolidated joint ventures sold 40 assets, of which the Company's share of the gain was \$13.7 million. These gains were partially offset by impairment charges on 10 assets of \$177.5 million, of which the Company's share was \$13.1 million. Joint venture property sales could significantly impact the amount of income or loss recognized in future periods.

Comparison of 2017 to 2016

The decrease primarily was a result of impairment charges recorded aggregating \$90.6 million on 10 assets, of which the Company's share was \$5.0 million and the sale of 15 unconsolidated joint venture assets in 2017. Additionally, in 2017, the Company's joint venture DDR Domestic Retail Fund I (now DDRM Properties) was recapitalized (see Sources and Uses of Capital).

- (B) In 2018 and 2017, the Company recorded a valuation allowance on its preferred equity investments. The valuation allowance is more fully described in Note 3, "Investments in and Advances to Joint Ventures," of the Company's consolidated financial statements included herein.
- (C) Primarily driven by the Company's strategy to recycle assets, including those held through unconsolidated joint venture investments. In 2017, the Company purchased the minority interest in one shopping center resulting in a gain. In 2016, the Company divested its interest in an approximately 25%-owned joint venture.
- (D) The Company sold 11, 32 and 33 assets in 2018, 2017 and 2016, respectively. In addition, in 2018, the Company sold 10 assets to a 20% owned unconsolidated joint venture and recognized a gain of \$186.4 million.
- (E) In 2015, the Company completed a tax restructuring related to the Company's assets in Puerto Rico, in accordance with temporary legislation of the Puerto Rico Internal Revenue Code. This election permitted the Company to step-up its tax basis in the then 14 Puerto Rican assets and reduce its effective tax rate from 39% to a 10% withholding tax related to those assets. In 2017, the Company established a valuation allowance aggregating \$10.8 million on the remaining prepaid tax asset

triggered by the change in asset-hold period assumptions related to its change in strategic direction for the Puerto Rico properties. In 2018, the remaining valuation allowance was written off in connection with the RVI spin-off.

Non-Controlling Interests and Net Income (Loss) (in thousands)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2018 vs. 2017 \$ Change</u>	<u>2017 vs. 2016 \$ Change</u>
(Income) loss attributable to non-controlling interests, net ^(A)	\$ (1,671)	\$ 1,447	\$ (1,187)	\$ (3,118)	\$ 2,634
Net income (loss) attributable to SITE Centers ^(B)	114,434	(241,685)	60,012	356,119	(301,697)

(A) In 2018, the Company sold its interest in a land parcel in Canada resulting in an allocation of loss to the non-controlling interests.

(B) The changes in net income (loss) attributable to SITE Centers were due to the following:

Comparison of 2018 to 2017

The increase in net income primarily is attributable to higher gain on sale of real estate and lower impairment charges partially offset by the dilutive impact of the RVI spin-off transaction.

Comparison of 2017 to 2016

The decrease primarily was due to the following items in 2017: (1) impairment charges of \$340.5 million, (2) a \$61.0 million valuation allowance recorded on the Company’s preferred investments in its two joint ventures with Blackstone, (3) a \$66.4 million loss on debt extinguishment, (4) an aggregate separation charge of \$17.9 million associated with executive management transition and staff restructuring, (5) a valuation allowance of \$10.8 million of the Puerto Rico prepaid tax asset, partially offset by (6) an increase in gain on sale of real estate assets.

NON-GAAP FINANCIAL MEASURES

Funds from Operations and Operating Funds from Operations

Definition and Basis of Presentation

The Company believes that Funds from Operations (“FFO”) and Operating FFO, both non-GAAP financial measures, provide additional and useful means to assess the financial performance of REITs. FFO and Operating FFO are frequently used by the real estate industry, as well as securities analysts, investors and other interested parties, to evaluate the performance of REITs. The Company also believes that FFO and Operating FFO more appropriately measure the core operations of the Company and provide benchmarks to its peer group.

FFO excludes GAAP historical cost depreciation and amortization of real estate and real estate investments, which assume that the value of real estate assets diminishes ratably over time. Historically, however, real estate values have risen or fallen with market conditions, and many companies use different depreciable lives and methods. Because FFO excludes depreciation and amortization unique to real estate and gains and losses from depreciable property dispositions, it can provide a performance measure that, when compared year over year, reflects the impact on operations from trends in occupancy rates, rental

rates, operating costs, interest costs and acquisition, disposition and development activities. This provides a perspective of the Company's financial performance not immediately apparent from net income determined in accordance with GAAP.

FFO is generally defined and calculated by the Company as net income (loss) (computed in accordance with GAAP), adjusted to exclude (i) preferred share dividends, (ii) gains and losses from disposition of depreciable real estate property and related investments, which are presented net of taxes, (iii) impairment charges on depreciable real estate property and related investments and (iv) certain non-cash items. These non-cash items principally include real property depreciation and amortization of intangibles, equity income (loss) from joint ventures and equity income (loss) from non-controlling interests and adding the Company's proportionate share of FFO from its unconsolidated joint ventures and non-controlling interests, determined on a consistent basis. The Company's calculation of FFO is consistent with the definition of FFO provided by the National Association of Real Estate Investment Trusts ("NAREIT").

In December 2018, NAREIT issued *NAREIT Funds From Operations White Paper—2018 Restatement* ("2018 FFO White Paper"). The purpose of the 2018 White Paper was not to change the fundamental definition of FFO but clarify existing guidance and consolidate into a single document, alerts and policy bulletins issued by NAREIT since the last FFO white paper was issued in 2002. The 2018 FFO White Paper is effective starting with first quarter 2019 reporting. Although early adoption for the year ended 2018 is permitted, the Company plans to adopt any changes in its calculation in 2019 on a retrospective basis. The Company is evaluating the clarifications in the 2018 FFO White Paper. The potential changes to the Company's calculation of FFO relate to the exclusion of gains or losses on the sale of land as well as related impairments, gains or losses from changes in control and the reserve adjustment of preferred equity interests.

The Company believes that certain charges, income and gains recorded in its operating results are not comparable or reflective of its core operating performance. Operating FFO is useful to investors as the Company removes non-comparable charges, income and gains to analyze the results of its operations and assess performance of the core operating real estate portfolio. As a result, the Company also computes Operating FFO and discusses it with the users of its financial statements, in addition to other measures such as net income (loss) determined in accordance with GAAP and FFO. Operating FFO is generally defined and calculated by the Company as FFO excluding certain charges, income and gains that management believes are not comparable and indicative of the results of the Company's operating real estate portfolio. Such adjustments include gains on the sale of and/or change in control of interests, gains/losses on the sale of non-depreciable real estate, impairments of non-depreciable real estate, investment reserves, gains/losses on the early extinguishment of debt, hurricane-related activity, certain transaction fee income, transaction costs and other restructuring type costs. The disclosure of these adjustments is regularly requested by users of the Company's financial statements.

The adjustment for these charges, income and gains may not be comparable to how other REITs or real estate companies calculate their results of operations, and the Company's calculation of Operating FFO differs from NAREIT's definition of FFO. Additionally, the Company provides no assurances that these charges, income and gains are non-recurring. These charges, income and gains could be reasonably expected to recur in future results of operations.

These measures of performance are used by the Company for several business purposes and by other REITs. The Company uses FFO and/or Operating FFO in part (i) as a disclosure to improve the understanding of the Company's operating results among the investing public, (ii) as a measure of a real estate asset's performance, (iii) to influence acquisition, disposition and capital investment strategies and (iv) to compare the Company's performance to that of other publicly traded shopping center REITs.

For the reasons described above, management believes that FFO and Operating FFO provide the Company and investors with an important indicator of the Company's operating performance. They provide recognized measures of performance other than GAAP net income, which may include non-cash items (often significant). Other real estate companies may calculate FFO and Operating FFO in a different manner.

Management recognizes the limitations of FFO and Operating FFO when compared to GAAP's net income. FFO and Operating FFO do not represent amounts available for dividends, capital replacement or expansion, debt service obligations or other commitments and uncertainties. Management does not use FFO or Operating FFO as an indicator of the Company's cash obligations and funding requirements for future commitments, acquisitions or development activities. Neither FFO nor Operating FFO represents cash generated from operating activities in accordance with GAAP, and neither is necessarily indicative of cash available to fund cash needs. Neither FFO nor Operating FFO should be considered an alternative to net income (computed in accordance with GAAP) or as an alternative to cash flow as a measure of liquidity. FFO and Operating FFO are simply used as additional indicators of the Company's operating performance. The Company believes that to further understand its performance, FFO and Operating FFO should be compared with the Company's reported net income (loss) and considered in addition to cash flows determined in accordance with GAAP, as presented in its consolidated financial statements. Reconciliations of these measures to their most directly comparable GAAP measure of net income (loss) have been provided below.

Reconciliation Presentation

FFO and Operating FFO attributable to common shareholders were as follows (in thousands):

	For the Year Ended December 31,			2018 vs. 2017	2017 vs. 2016
	2018	2017	2016	\$ Change	\$ Change
FFO attributable to common shareholders	\$ 180,114	\$ 256,823	\$ 466,160	\$ (76,709)	\$(209,337)
Operating FFO attributable to common shareholders	307,274	432,365	468,392	(125,091)	(36,027)

Comparison of 2018 to 2017

The decrease in FFO and Operating FFO primarily was attributable to the dilutive impact of the RVI spin-off and asset sales.

Comparison of 2017 to 2016

The decrease in FFO primarily was a result of a \$61.0 million valuation allowance recorded on the Company's preferred investment in two joint ventures, a \$66.4 million loss on debt extinguishment, a \$10.8 million valuation allowance of a Puerto Rico prepaid tax asset and an aggregate charge of \$17.9 million associated with the executive management transition and staff restructuring. The decrease in Operating FFO primarily was attributable to the dilutive impact of using proceeds from asset sales to repay debt.

The Company's reconciliation of net income (loss) attributable to common shareholders computed in accordance with GAAP to FFO attributable to common shareholders and Operating FFO attributable to common shareholders is as follows (in thousands). The Company provides no assurances that these charges and gains are non-recurring. These charges and gains could reasonably be expected to recur in future results of operations.

	For the Year Ended December 31,		
	2018	2017	2016
Net income (loss) attributable to common shareholders	\$ 80,903	\$ (270,444)	\$ 37,637
Depreciation and amortization of real estate investments	236,151	336,346	381,170
Equity in net income of joint ventures	(9,365)	(8,837)	(15,699)
Joint ventures' FFO ^(A)	28,005	29,319	26,025
Non-controlling interests (OP Units)	615	303	303
Impairment of depreciable real estate assets	68,394	330,493	110,906
Gain on disposition of depreciable real estate	(224,589)	(160,357)	(74,182)
FFO attributable to common shareholders	180,114	256,823	466,160
RVI disposition fees	(2,959)	—	—
Reserve of preferred equity interests	11,422	61,000	—
Hurricane property loss, net ^(B)	639	4,192	—
Impairment charges – non-depreciable assets	930	12,653	—
Separation charges	4,641	17,872	—
Other (income) expense, net ^(C)	112,096	69,480	651
Joint ventures – debt extinguishment and other	996	726	24
Gain on sale and change in control of interests, net	—	(368)	—
Valuation allowance of Puerto Rico prepaid tax asset	—	10,794	(326)
(Gain) loss on disposition of non-depreciable real estate, net	(605)	(807)	1,883
Non-operating items, net	127,160	175,542	2,232
Operating FFO attributable to common shareholders	\$ 307,274	\$ 432,365	\$ 468,392

(A) At December 31, 2018, 2017 and 2016, the Company had an economic investment in unconsolidated joint venture interests related to 106, 136 and 151 shopping center properties, respectively. These joint ventures represent the investments in which the Company recorded its share of equity in net income or loss and, accordingly, FFO and Operating FFO.

Joint ventures' FFO and Operating FFO are summarized as follows (in thousands):

	For the Year Ended December 31,		
	2018	2017	2016
Net (loss) income attributable to unconsolidated joint ventures	\$ (73,582)	\$ 21,956	\$ 26,972
Depreciation and amortization of real estate investments	145,849	180,337	195,198
Impairment of depreciable real estate assets	177,522	90,597	13,598
Gain on disposition of depreciable real estate, net	(93,299)	(101,806)	(56,943)
FFO	\$ 156,490	\$ 191,084	\$ 178,825
FFO at SITE Centers' ownership interests	\$ 28,005	\$ 29,319	\$ 26,025
Operating FFO at SITE Centers' ownership interests	\$ 29,001	\$ 30,045	\$ 26,049

(B) The hurricane property loss is summarized as follows (in thousands):

	For the Year Ended December 31,	
	2018	2017
Lost tenant revenue	\$ 6,705	\$ 11,859
Business interruption income	(6,884)	(8,500)
Clean-up costs and other uninsured expenses	818	833
	<u>\$ 639</u>	<u>\$ 4,192</u>

(C) Amounts included in other income/expense as follows (in thousands):

	For the Year Ended December 31,		
	2018	2017	2016
Debt extinguishment costs, net	\$ 68,220	\$ 66,447	\$ 509
Transaction costs – RVI spin-off	37,032	2,817	—
Transaction and other (income) expense, net	6,844	216	142
	<u>\$ 112,096</u>	<u>\$ 69,480</u>	<u>\$ 651</u>

Net Operating Income and Same Store Net Operating Income

Definition and Basis of Presentation

The Company uses Net Operating Income (“NOI”), which is a non-GAAP financial measure, as a supplemental performance measure. NOI is calculated as property revenues less property-related expenses. The Company believes NOI provides useful information to investors regarding the Company’s financial condition and results of operations because it reflects only those income and expense items that are incurred at the property level and, when compared across periods, reflects the impact on operations from trends in occupancy rates, rental rates, operating costs and acquisition and disposition activity on an unleveraged basis.

The Company also presents NOI information on a same store basis, or Same Store Net Operating Income (“SSNOI”). The Company defines SSNOI as property revenues less property-related expenses, which exclude straight-line rental income and expenses, lease termination income, management fee expense, fair market value of leases and expense recovery adjustments. SSNOI also excludes activity associated with development and major redevelopment and includes assets owned in comparable periods (12 months for year-end comparisons). In addition, SSNOI excludes all non-property and corporate level revenue and expenses. Other real estate companies may calculate NOI and SSNOI in a different manner. The Company believes SSNOI provides investors with additional information regarding the operating performances of comparable assets because it excludes certain non-cash and non-comparable items as noted above. SSNOI is frequently used by the real estate industry, as well as securities analysts, investors and other interested parties, to evaluate the performance of REITs.

The Company believes that SSNOI is not, and is not intended to be, a presentation in accordance with GAAP. SSNOI information has its limitations as it excludes any capital expenditures associated with the re-leasing of tenant space or as needed to operate the assets. SSNOI does not represent amounts available for dividends, capital replacement or expansion, debt service obligations or other commitments and uncertainties. Management does not use SSNOI as an indicator of the Company’s cash obligations and funding requirements for future commitments, acquisitions or development activities. SSNOI does not represent cash generated from operating activities in accordance with GAAP and is not necessarily indicative of cash available to fund cash needs. SSNOI should not be considered as an alternative to net

income (computed in accordance with GAAP) or as an alternative to cash flow as a measure of liquidity. A reconciliation of NOI and SSNOI to their most directly comparable GAAP measure of net income (loss) has been provided:

Reconciliation Presentation

The Company's reconciliation of net income (loss) computed in accordance with GAAP to NOI and SSNOI for the Company at 100% and at its effective ownership interest of the assets is as follows (in thousands):

	At 100%		At the Company's Interest	
	For the Year Ended December 31,			
	2018	2017	2018	2017
Net income (loss) attributable to SITE Centers	\$ 114,434	\$(241,685)	\$ 114,434	\$(241,685)
Fee income	(45,511)	(33,641)	(45,511)	(33,641)
Interest income	(20,437)	(28,364)	(20,437)	(28,364)
Interest expense	141,305	188,647	141,305	188,647
Depreciation and amortization	242,102	346,204	242,102	346,204
General and administrative	61,639	77,028	61,639	77,028
Other expense, net	110,895	68,003	110,895	68,003
Impairment charges	69,324	340,480	69,324	340,480
Hurricane property loss	817	5,930	817	5,930
Equity in net income of joint ventures	(9,365)	(8,837)	(9,365)	(8,837)
Reserve of preferred equity interests	11,422	61,000	11,422	61,000
Gain on sale and change in control	—	(368)	—	(368)
Valuation allowance of prepaid tax asset	—	10,794	—	10,794
Tax expense	862	1,624	862	1,624
Gain on disposition of real estate	(225,406)	(161,164)	(225,406)	(161,164)
Income (loss) from non-controlling interests	1,671	(1,447)	1,671	(1,447)
Consolidated NOI	\$ 453,752	\$ 624,204	\$ 453,752	\$ 624,204
SITE Centers' consolidated joint venture	—	—	(1,620)	(1,568)
Consolidated NOI, net of non-controlling interests	\$ 453,752	\$ 624,204	\$ 452,132	\$ 622,636
Net (loss) income from unconsolidated joint ventures	\$ (73,582)	\$ 21,956	\$ (2,551)	\$ 3,374
Interest expense	96,312	107,330	15,229	16,887
Depreciation and amortization	145,849	180,337	20,093	22,131
Impairment charges	177,522	90,597	23,747	8,481
Preferred share expense	24,875	32,251	1,244	1,613
Other expense, net	24,891	25,986	4,263	4,340
Gain on disposition of real estate, net	(93,753)	(101,806)	(13,749)	(5,178)
Unconsolidated NOI	\$ 302,114	\$ 356,651	\$ 48,276	\$ 51,648
Total Consolidated + Unconsolidated NOI	\$ 755,866	\$ 980,855	\$ 500,408	\$ 674,284
Less: Non-Same Store NOI adjustments	(175,328)	(407,251)	(174,210)	(355,299)
Total SSNOI	\$ 580,538	\$ 573,604	\$ 326,198	\$ 318,985
SSNOI % Change	1.2%		2.3%	

The increase in SSNOI for the year ended 2018 as compared to 2017 primarily is due to rental increases, increased occupancy on the comparable pools and favorable net recoveries.

LIQUIDITY, CAPITAL RESOURCES AND FINANCING ACTIVITIES

The Company periodically evaluates opportunities to issue and sell additional debt or equity securities, obtain credit facilities from lenders or repurchase or refinance long-term debt as part of its overall strategy to further strengthen its financial position. The Company remains committed to maintaining liquidity and maintaining low leverage in an effort to lower its overall risk profile.

The Company's consolidated and unconsolidated debt obligations generally require monthly or semi-annual payments of principal and/or interest over the term of the obligation. While the Company currently believes it has several viable sources to obtain capital and fund its business, including capacity under its credit facilities described below, no assurance can be provided that these obligations will be refinanced or repaid as currently anticipated.

The Company has historically accessed capital sources through both the public and private markets. Acquisitions and redevelopments are generally financed through cash provided from operating activities, Revolving Credit Facilities (as defined below), mortgages assumed, secured debt, unsecured debt, common and preferred equity offerings, joint venture capital and asset sales. Total consolidated debt outstanding was \$1.9 billion at December 31, 2018, compared to \$3.8 billion and \$4.5 billion at December 31, 2017 and 2016, respectively. During 2018, \$1.27 billion of debt was assumed by RVI in connection with the spin-off.

2018 Financing Activities

Spin-off of RVI

In February 2018, RVI entered into a \$1.35 billion mortgage loan in connection with the Company's plan to spin-off RVI. On July 1, 2018, the Company completed the spin-off of RVI, which consisted of 48 assets that included 36 continental U.S. assets and 12 Puerto Rico assets. These properties comprised 16.0 million square feet of Company-owned GLA, were located in 17 states and Puerto Rico and had a combined gross book asset value of \$2.7 billion. The balance of the RVI mortgage loan was \$1.27 billion as of June 30, 2018 and was assumed by RVI upon consummation of the spin-off. SITE Centers has retained a \$190 million preferred stock investment as noted below and continues to manage the RVI assets.

On June 30, 2018, RVI issued 1,000 shares of its series A preferred stock (the "RVI Preferred Shares") to the Company, which are noncumulative and have no mandatory dividend rate. The RVI Preferred Shares rank, with respect to dividend rights and rights upon liquidation, dissolution or winding up of RVI, senior in preference and priority to RVI's common shares and any other class or series of RVI capital stock. Subject to the requirement that RVI distribute to its common shareholders the minimum amount required to be distributed with respect to any taxable year in order for RVI to maintain its status as a REIT and to avoid U.S. federal income taxes, the RVI Preferred Shares will be entitled to a dividend preference for all dividends declared on RVI's capital stock at any time up to a "preference amount" equal to \$190 million in the aggregate, which amount may increase by up to an additional \$10 million if the aggregate gross proceeds of RVI asset sales subsequent to July 1, 2018, exceeds \$2.0 billion. Notwithstanding the foregoing, the RVI Preferred Shares are entitled to receive dividends only when, as and if declared by the Board of Directors of RVI, and RVI's ability to pay dividends is subject to any restrictions set forth in the terms of its indebtedness.

RVI may redeem the RVI Preferred Shares, or any part thereof, at any time at a price payable per share calculated by dividing the number of RVI Preferred Shares outstanding on the redemption date into the difference of (x) \$200 million minus (y) the aggregate amount of dividends previously distributed on the RVI Preferred Shares to be redeemed.

Proceeds from the RVI mortgage loan and asset sales in 2018 were used by the Company to repay \$452.5 million of outstanding mortgage debt, \$900.0 million aggregate principal amount of senior unsecured notes with maturity dates ranging from July 2018 to February 2025 and \$200.0 million of an unsecured term loan. The Company incurred \$56.4 million of aggregate debt extinguishment costs, which include \$28.4 million of make-whole amounts for the redemption of senior unsecured notes included in Other Expense on the Company's consolidated statement of operations.

RVI Facility

On July 2, 2018, the Company provided an unconditional guaranty to PNC Bank, National Association ("PNC") with respect to any obligations of RVI outstanding from time to time under a \$30 million revolving credit agreement entered into by RVI with PNC. RVI has agreed to reimburse the Company for any amounts paid to PNC pursuant to the guaranty plus interest at a contracted rate and to pay an annual commitment fee to the Company on account of the guaranty.

Debt Repayments

As described above, in connection with the \$1.35 billion RVI mortgage loan and asset sales, the Company repaid \$1.6 billion of indebtedness. Also in 2018, in connection with the 10 assets sold to the Dividend Trust Portfolio joint venture, the Company used the proceeds from the transaction to repay \$250.0 million aggregate principal amount of senior unsecured notes maturing in July 2022 through a tender offer, \$94.9 million of mortgage debt and \$150.0 million of an unsecured term loan. In connection with the redemption of \$1.1 billion of senior unsecured notes, the Company paid make-whole amounts totaling \$37.2 million. These make-whole amounts are included in Other Income (Expense), net in the Company's consolidated statements of operations.

Revolving Credit Facilities

The Company maintains an unsecured revolving credit facility with a syndicate of financial institutions, arranged by J.P. Morgan Chase Bank, N.A., Wells Fargo Securities, LLC, Citizens Bank, N.A., RBC Capital Markets and U.S. Bank National Association (the "Unsecured Credit Facility"). The Unsecured Credit Facility provides for borrowings of up to \$950 million and includes an accordion feature for expansion of availability up to \$1.45 billion provided that new or existing lenders agree to the existing terms of the facility and increase their commitment level. The Company also maintains an unsecured revolving credit facility with PNC (the "PNC Facility," together with the Unsecured Credit Facility, the "Revolving Credit Facilities"). The PNC Facility terms are substantially consistent with those contained in the Unsecured Credit Facility. On July 2, 2018, the Company permanently reduced the borrowing capacity under the PNC Facility from \$50 million to \$20 million. The Company's borrowings under the Revolving Credit Facilities bear interest at variable rates at the Company's election, based on either LIBOR plus a specified spread (1.2% at December 31, 2018), or the Alternate Base Rate, as defined in the respective facility, plus a specified spread (0.20% at December 31, 2018). The Company also pays an annual facility fee (0.25% at December 31, 2018) on the aggregate commitments applicable to each Revolving Credit Facility. The specified spreads and commitment fees vary depending on the Company's long-term senior unsecured debt ratings from Moody's Investors Service, Inc. ("Moody's") and S&P Global Ratings ("S&P") and their successors.

The Revolving Credit Facilities and the indentures under which the Company's senior and subordinated unsecured indebtedness are, or may be, issued contain certain financial and operating covenants including, among other things, leverage ratios and debt service coverage and fixed charge coverage ratios, as well as limitations on the Company's ability to incur secured and unsecured indebtedness, sell all or substantially all of the Company's assets and engage in mergers and certain acquisitions. These credit facilities and indentures also contain customary default provisions including the

failure to make timely payments of principal and interest payable thereunder, the failure to comply with the Company's financial and operating covenants, the occurrence of a material adverse effect on the Company and the failure of the Company or its majority-owned subsidiaries (i.e., entities in which the Company has a greater than 50% interest) to pay, when due, certain indebtedness in excess of certain thresholds beyond applicable grace and cure periods. In the event the Company's lenders or note holders declare a default, as defined in the applicable agreements governing the debt, the Company may be unable to obtain further funding, and/or an acceleration of any outstanding borrowings may occur. As of December 31, 2018, the Company was in compliance with all of its financial covenants in the agreements governing its debt. Although the Company intends to operate in compliance with these covenants, if the Company were to violate these covenants, the Company may be subject to higher finance costs and fees or accelerated maturities. The Company believes it will continue to operate in compliance with these covenants in 2019 and beyond.

Common Shares

The Company's Board of Directors authorized a common share repurchase program in November 2018. In December 2018 and January 2019, the Company repurchased 4.3 million of its common shares in the aggregate at a cost of \$50.4 million.

On May 18, 2018, in anticipation of the RVI spin-off transaction, the Company effected a reverse stock split of its outstanding common shares, as well as those held in treasury, at a ratio of one-for-two.

The Company has a \$250 million continuous equity program. At February 15, 2019, the Company had all \$250.0 million available for the future issuance of common shares under that program.

Consolidated Indebtedness – as of December 31, 2018

The Company expects to fund its maturing indebtedness obligations from available cash, asset sales and joint venture activity, current operations and utilization of its Revolving Credit Facilities; however, the Company may issue long-term debt and/or equity securities in lieu of, or in addition to, borrowing under its Revolving Credit Facilities. The Company intends to continue to maintain a long-term financing strategy with limited reliance on short-term debt. The Company believes its Revolving Credit Facilities are sufficient for its liquidity strategy and longer-term capital structure needs. The Company has addressed all of its outstanding debt maturities through February 2020. The Company had cash and cash equivalents of \$11.1 million at December 31, 2018, as well as \$870.0 million of borrowing capacity available on the Revolving Credit Facilities at December 31, 2018.

As discussed above, the Company is committed to maintaining low leverage and may utilize proceeds from assets sales to repay additional debt. No assurance can be provided that these obligations will be refinanced or repaid as currently anticipated. These sources of funds could be affected by various risks and uncertainties (see Item 1A. Risk Factors).

The Company continually evaluates its debt maturities and, based on management's assessment, believes it has viable financing and refinancing alternatives. The Company has sought to manage its debt maturities through executing a strategy to extend debt duration, increase liquidity, maintaining low leverage and improve the Company's credit profile with a focus of lowering the Company's balance sheet risk and cost of capital.

Unconsolidated Joint Ventures Mortgage Indebtedness – as of December 31, 2018

The debt maturities of the Company's unconsolidated joint ventures at December 31, 2018, and forecasted 14 months (February 2020), are as follows (in millions):

	<u>Outstanding at December 31, 2018</u>	<u>At SITE Centers' Share</u>
DDRTC Core Retail Fund, LLC ^(A)	\$ 453.1	\$ 68.0
DDR – Domestic Retail Fund I, LLC ^(A)	293.7	58.7
BRE DDR Retail Holdings III ^(B)	231.5	11.6
BRE DDR Retail Holdings IV ^(A)	92.1	4.6
DDR – SAU Retail Fund, LLC ^(C)	<u>21.5</u>	<u>4.3</u>
Total debt maturities through February 2020	<u>\$ 1,091.9</u>	<u>\$ 147.2</u>

(A) Expected to be extended at the joint venture's option in accordance with the loan agreement.

(B) Repaid \$12.3 million through February 15, 2019, in conjunction with asset sales. Remainder expected to be refinanced or repaid through asset sales.

(C) Expected to be refinanced.

It is expected that the joint ventures will fund these obligations from refinancing opportunities, including extension options or possible asset sales. No assurance can be provided that these obligations will be refinanced or repaid as currently anticipated.

Cash Flow Activity

The Company's core business of leasing space to well-capitalized tenants continues to generate consistent and predictable cash flow after expenses, interest payments and preferred share dividends. This capital is available for use at the Company's discretion for investment, debt repayment and the payment of dividends on common and preferred shares.

The Company's cash flow activities are summarized as follows (in thousands):

	<u>For the Year Ended December 31,</u>		
	<u>2018</u>	<u>2017</u>	<u>2016</u>
Cash flow provided by operating activities	\$ 264,807	\$ 410,407	\$ 460,663
Cash flow provided by investing activities	816,939	478,608	473,033
Cash flow used for financing activities	(1,162,816)	(833,516)	(926,992)

Changes in cash flow for the year ended December 31, 2018, compared to the prior year are as follows:

Operating Activities: Cash provided by operating activities decreased \$145.6 million primarily due to the following:

- Impact of asset sales and the spin-off of assets to RVI and
- Reduction in interest expense and general and administrative expenses.

Investing Activities: Cash provided by investing activities increased \$338.3 million primarily due to the following:

- Increase in proceeds of \$313.8 million from disposition of real estate and
- Reduction in real estate assets acquired and developed of \$41.5 million.

Financing Activities: Cash used for financing activities increased \$329.3 million primarily due to the following:

- Increase in net debt repayments of \$78.3 million;
- Contributions of net assets to RVI of \$52.4 million and
- Decrease of \$221.8 million from 2017 preferred equity issuance offset by 2018 common share repurchases.

Dividend Distribution

The Company satisfied its REIT requirement of distributing at least 90% of ordinary taxable income with declared common and preferred share cash dividends of \$248.0 million in 2018, as compared to \$309.1 million of cash dividends paid in 2017 and \$300.5 million of cash dividends paid in 2016. Because actual distributions were greater than 100% of taxable income, federal income taxes were not incurred by the Company in 2018.

The Company declared cash dividends of \$1.16 per common share in 2018. In February 2019, the Company declared its first quarter 2019 dividend of \$0.20 per common share payable on April 2, 2019, to shareholders of record at the close of business on March 15, 2019. The Board of Directors of the Company intends to monitor the dividend policy in order to maximize the Company's free cash flow while still adhering to REIT payout requirements.

SOURCES AND USES OF CAPITAL

2018 Strategic Transaction Activity

The Company remains committed to monitoring liquidity and maintaining low leverage in an effort to lower its overall risk profile. Asset sales continue to represent a potential source of proceeds to be used to achieve these objectives.

Spin-off of RVI

On July 1, 2018, the Company completed the spin-off of 48 assets as a separate, publicly-traded company, RVI. See further discussion in the "Executive Summary" and "Liquidity, Capital Resources and Financing Activities" sections surrounding the capital structure and related financing.

In connection with the spin-off, on July 1, 2018, the Company and RVI entered into a separation and distribution agreement pursuant to which, among other things, the Company agreed to transfer the properties and certain related assets, liabilities and obligations to RVI and to distribute 100% of the outstanding common shares of RVI to holders of record of the Company's common shares as of the close of business on June 26, 2018, the record date. On the spin-off date, holders of the Company's common shares received one common share of RVI for every ten shares of the Company's common stock held on the record date. In connection with the spin-off, the Company retained 1,000 RVI shares having an aggregate dividend

preference equal to \$190 million, which amount may increase by up to an additional \$10 million depending on the amount of aggregate gross proceeds generated by RVI asset sales. In addition, pursuant to the terms of the separation and distribution agreement, RVI has a repayment obligation to the Company primarily for certain cash balances held in restricted cash accounts on the separation date in connection with the RVI mortgage loan. As of December 31, 2018, the amount of this obligation was \$34.0 million. RVI is obligated to repay this obligation to the Company as soon as reasonably possible out of its operating cash flow, but in no event later than March 31, 2020.

On July 1, 2018, the Company and RVI also entered into an external management agreement, which, together with various property management agreements, governs the fees, terms and conditions pursuant to which the Company will manage RVI and its properties. Pursuant to these management agreements, the Company provides RVI with day-to-day management, subject to supervision and certain discretionary limits and authorities granted by the RVI Board of Directors. RVI does not have any employees. In general, either the Company or RVI may terminate the management agreement on December 31, 2019, or at the end of any six-month renewal period thereafter. The Company and RVI also entered into a tax matters agreement that governs the rights and responsibilities of the parties following the spin-off with respect to various tax matters and provides for the allocation of tax-related assets, liabilities and obligations.

Acquisitions

In 2018, the Company acquired three assets from two of the Company's unconsolidated joint ventures for \$35.1 million.

Dividend Trust Portfolio Joint Venture

The Company contributed 10 properties, aggregating 3.4 million square feet of Company-owned GLA, into a 20% owned unconsolidated joint venture, Dividend Trust Portfolio JV LP (the "Dividend Trust Portfolio joint venture") which was valued at \$607.2 million. Concurrent with formation of the partnership, the joint venture entered into a \$364.3 million mortgage. The Company provides leasing and property management services to the joint venture. The Company receives asset management and property management fees from the joint venture. The Company recorded a gain on sale of \$186.4 million as a result of this transaction. Proceeds were used to repurchase \$250.0 million aggregate principal amount of unsecured notes due in 2022, repay \$94.9 million of mortgage debt maturing in the first quarter of 2019 and repay \$150.0 million of an unsecured term loan.

Dispositions

In addition to the 10 properties sold to the Dividend Trust Portfolio joint venture, in 2018, the Company sold 11 shopping center properties, aggregating 2.4 million square feet, which, together with land sales, generated proceeds totaling \$348.2 million. The Company recorded a net gain of \$39.0 million. In addition, three of the Company's unconsolidated joint ventures sold 37 shopping center assets, aggregating 4.7 million square feet, which together with land sales generated proceeds totaling \$751.4 million, of which the Company's proportionate share of the proceeds was \$150.3 million. The Company's pro rata share of proceeds is before giving effect to the repayment of indebtedness and transaction costs.

Changes in investment strategies for assets may impact the Company's hold-period assumptions for those properties. The disposition of certain assets could result in a loss or impairment recorded in future periods. The Company evaluates all potential sale opportunities taking into account the long-term growth prospects of the assets, the use of proceeds and the impact to the Company's balance sheet, in addition to the impact on operating results.

Redevelopment Opportunities

One of the important benefits of the Company's asset class is the ability to phase redevelopment projects over time until appropriate leasing levels can be achieved. To maximize the return on capital spending, the Company generally adheres to strict investment criteria thresholds. A key component to the Company's strategic plan will be the evaluation of additional redevelopment potential within the portfolio, particularly as it relates to the efficient use of the real estate.

The Company will generally commence construction on various redevelopments only after substantial tenant leasing has occurred. The Company will continue to closely monitor its expected spending in 2019 for redevelopments, as the Company considers this funding to be discretionary spending. The Company does not anticipate expending significant funds on joint venture redevelopment projects in 2019.

The Company's consolidated land holdings are classified in two separate line items on the Company's consolidated balance sheets included herein, (i) Land and (ii) Construction in Progress and Land. At December 31, 2018, the \$873.5 million of Land primarily consisted of land that is part of the Company's shopping center portfolio. However, this amount also includes a small portion of vacant land composed primarily of outlots or expansion pads adjacent to the shopping center properties. Approximately 130 acres of this land, which has a recorded cost basis of approximately \$15 million, is available for future development.

Included in Construction in Progress and Land at December 31, 2018, was \$13 million of recorded costs related to undeveloped land being marketed for sale for which active construction never commenced or was previously ceased. The Company evaluates these assets each reporting period and records an impairment charge equal to the difference between the current carrying value and fair value when the expected undiscounted cash flows are less than the asset's carrying value.

Redevelopment Projects

As part of its strategy to expand, improve and re-tenant various properties, at December 31, 2018, the Company has invested approximately \$75 million in various consolidated active redevelopment projects.

The Company's major redevelopment projects are typically substantially complete within two years of the construction commencement date. At December 31, 2018, the Company's significant consolidated redevelopment projects were as follows (in thousands):

Location	Estimated Stabilized Quarter	Estimated Gross Cost	Cost Incurred at December 31, 2018
West Bay Plaza (Phase I) (Cleveland, Ohio)	2Q19	\$ 26,636	\$ 21,712
The Collection at Brandon Boulevard (Tampa, Florida)	4Q20	27,732	4,722
1000 Van Ness (San Francisco, California)	1Q20	4,810	—
Nassau Park Pavilion (Princeton, New Jersey)	3Q20	12,199	644
Shoppers World (Boston, Massachusetts)	TBD	20,426	1,650
Sandy Plains Village (Atlanta, Georgia)	TBD	8,556	1,074
Perimeter Pointe (Atlanta, Georgia)	TBD	9,833	537
Total		<u>\$ 110,192</u>	<u>\$ 30,339</u>

For redevelopment assets completed in 2018, the assets placed in service were completed at a cost of approximately \$132 per square foot.

Transactions with Blackstone

The Company has invested in two joint venture arrangements with Blackstone. The joint ventures are structured with Blackstone-affiliated entities owning 95% of the common equity and a consolidated affiliate of SITE Centers owning the remaining 5%. SITE Centers also invested preferred equity in each joint venture. For both joint ventures, the preferred equity has a fixed preferred dividend rate of 8.5% per annum that is comprised of two components, a cash dividend rate of 6.5% and an accrued PIK of 2.0%. The Company no longer recognizes the accrued PIK as income due to the valuation allowance. The investments are as follows:

- *BRE DDR Retail Holdings III* – At December 31, 2018, consisted of 16 assets aggregating 3.9 million square feet of owned-GLA. In addition, SITE Centers had \$135.8 million in preferred equity in the joint venture, net of a \$58.7 million valuation allowance. Repayments from net asset sale proceeds are allocated 52.5% to the preferred member and 47.5% to the common equity unless certain financial covenants have been triggered, in which event net asset sale proceeds would be allocated 100% to the preferred member. Since inception, the joint venture has sold 54 assets.
- *BRE DDR Retail Holdings IV* – At December 31, 2018, consisted of five assets aggregating 1.1 million square feet of owned-GLA. In addition, SITE Centers had \$54.1 million in preferred equity in the joint venture, net of a \$13.7 million valuation allowance. Repayments from net asset sale proceeds are first subject to a minimum sales threshold of \$4.9 million, of which \$1.1 million is allocated to the preferred member; 100% of subsequent net asset sale proceeds are expected to be available to repay the preferred member. This threshold was met in January 2019. Included in the collateral for the preferred equity interest is 95% of the value of the five joint venture properties and 100% of the value of three properties in which the Company does not have a material interest, but to which SITE Centers provides property asset management services. In 2018, the joint venture sold one asset.

Blackstone continues to evaluate its strategy with respect to the assets held in these joint ventures, which is likely to result in the sale of additional assets in 2019. Any resulting proceeds of any such sales would first be used to repay the related first mortgage debt, and then a portion of the remaining funds would be used to repay SITE Centers' preferred equity pursuant to the joint venture agreement terms. Any repayment of the preferred equity would reduce the amount of interest income recorded by the Company.

2017 and 2016 Strategic Transaction Activity

Acquisitions

In 2017, the Company acquired 3030 North Broadway in Chicago, Illinois, a 131,748 square foot Company-owned GLA grocery-anchored shopping center, for \$81.0 million. In 2016, the Company acquired two shopping centers (Phoenix, Arizona, and Portland, Oregon). These assets aggregated 0.6 million square feet of Company-owned GLA and were acquired for an aggregate purchase price of \$146.8 million.

Dispositions

In 2017, the Company sold 32 shopping center properties, aggregating 5.9 million square feet, which, together with land sales and loan repayments, generated proceeds totaling \$677.8 million. The shopping center sales included two assets in Puerto Rico, aggregating 0.4 million square feet, for an aggregate sales price of \$57.3 million. The Company recorded a net gain of \$161.2 million. In addition, two of the Company's unconsolidated joint ventures sold 15 shopping center assets, aggregating 3.0 million square

feet, for aggregate proceeds totaling \$545.6 million, \$30.4 million at the Company's share. The Company's pro rata share of proceeds is before giving effect to the repayment of indebtedness and transaction costs.

In 2016, the Company sold 33 shopping center properties, aggregating 7.3 million square feet, and land parcels for an aggregate sales price of \$797.0 million. The Company recorded a net gain of \$73.4 million. The Company's unconsolidated joint ventures sold 17 shopping center properties, aggregating 1.4 million square feet, for aggregate proceeds totaling \$214.6 million, \$36.3 million at the Company's share. The Company's pro rata share of proceeds is before giving effect to the repayment of indebtedness and transaction costs.

DDRM Properties (Recapitalization of DDR Domestic Retail Fund I)

In 2017, the Company and an affiliate of Madison International Realty ("Madison") recapitalized a joint venture with 52 shopping centers previously owned by the Company and various partners through the DDR Domestic Retail Fund I ("DRF I"), totaling \$1.05 billion. Madison International Real Estate Liquidity Fund VI, an investment fund managed by Madison, acquired 80% of the common equity in the joint venture, renamed DDRM Properties, and an affiliate of the Company retained its 20% interest. The ownership structure of DDRM Properties is consistent with the structure of the joint venture prior to the recapitalization. Three properties previously held by DRF I have been excluded from the recapitalization and are being held in a separate joint venture with the previous partners of DRF I, including the Company. In addition, the Company will continue to provide leasing and management services. The recapitalization included the repayment of all outstanding mortgage debt previously held by the joint venture, a majority of which was scheduled to mature in July 2017. The joint venture obtained new mortgage loan financing collateralized by the 52 assets, aggregating \$706.7 million (of which the Company's pro rata share was \$141.3 million), of which \$488.0 million matures in July 2019 with extension options that extend the maturity date to July 2022, subject to certain conditions in the agreement, and \$218.7 million matures in July 2022. SITE Centers contributed \$46.9 million in cash to fund its pro rata share of the recapitalization and related debt refinancing.

Development and Redevelopments

The Company invested an aggregate of \$87.1 million and \$107.2 million in various development and redevelopment projects on a net basis, during 2017 and 2016 respectively.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has a number of off-balance sheet joint ventures with varying economic structures. Through these interests, the Company has investments in operating properties and one development project. Such arrangements are generally with institutional investors located throughout the United States.

The Company's unconsolidated joint ventures had aggregate outstanding indebtedness to third parties of \$2.2 billion and \$2.5 billion at December 31, 2018 and 2017, respectively (see Item 7A. Quantitative and Qualitative Disclosures About Market Risk). Such mortgages are generally non-recourse to the Company and its partners; however, certain mortgages may have recourse to the Company and its partners in certain limited situations, such as misuse of funds and material misrepresentations.

CAPITALIZATION

At December 31, 2018, the Company's capitalization consisted of \$1.9 billion of debt, \$525.0 million of preferred shares and \$2.0 billion of market equity (market equity is defined as common shares and OP Units outstanding multiplied by \$11.07, the closing price of the Company's common shares on the New York Stock Exchange at December 31, 2018), resulting in a debt to total market capitalization ratio of 0.43

to 1.0, as compared to the ratios of 0.50 to 1.0 and 0.43 to 1.0 at December 31, 2017 and 2016, respectively. The closing prices of the Company's common shares on the New York Stock Exchange were \$17.92 and \$30.54 at December 29, 2017 (the last trading day of 2017), and December 31, 2016, respectively, which reflect adjustments for the impact of the one-for-two reverse stock split that occurred in May 2018 (but not for the spin-off of RVI which occurred in July 2018). At December 31, 2018 and 2017, the Company's total debt consisted of \$1.7 billion and \$3.5 billion of fixed-rate debt, respectively, and \$0.2 billion and \$0.4 billion of variable-rate debt, respectively.

It is management's strategy to have access to the capital resources necessary to manage the Company's balance sheet and to repay upcoming maturities. Accordingly, the Company may seek to obtain funds through additional debt or equity financings and/or joint venture capital in a manner consistent with its intention to operate with a conservative debt capitalization policy and to reduce the Company's cost of capital by maintaining an investment grade rating with Moody's, S&P and Fitch Ratings, Inc. A security rating is not a recommendation to buy, sell or hold securities, as it may be subject to revision or withdrawal at any time by the rating organization. Each rating should be evaluated independently of any other rating. The Company may not be able to obtain financing on favorable terms, or at all, which may negatively affect future ratings.

The Company's credit facilities and the indentures under which the Company's senior and subordinated unsecured indebtedness are, or may be, issued contain certain financial and operating covenants, including, among other things, debt service coverage and fixed charge coverage ratios, as well as limitations on the Company's ability to incur secured and unsecured indebtedness, sell all or substantially all of the Company's assets, engage in mergers and certain acquisitions and make distribution to its shareholders. Although the Company intends to operate in compliance with these covenants, if the Company were to violate these covenants, the Company may be subject to higher finance costs and fees or accelerated maturities. In addition, certain of the Company's credit facilities and indentures permit the acceleration of maturity in the event certain other debt of the Company has been accelerated. Foreclosure on mortgaged properties or an inability to refinance existing indebtedness would have a negative impact on the Company's financial condition and results of operations.

CONTRACTUAL OBLIGATIONS AND OTHER COMMITMENTS

The Company has debt obligations relating to its Revolving Credit Facilities, term loan, fixed-rate senior notes and mortgages payable with maturities up to 10 years. In addition, the Company has non-cancelable operating leases, principally for office space and ground leases.

These obligations are summarized as follows for the subsequent five years ending December 31 (in millions):

<u>Contractual Obligations</u>	<u>Total</u>	<u>Less than 1 year</u>	<u>1-3 years</u>	<u>3-5 years</u>	<u>More than 5 years</u>
Debt	\$1,893.1	\$ 2.4	\$185.1	\$338.3	\$1,367.3
Interest payments ^(A)	487.0	80.2	153.8	125.7	127.3
Operating leases	139.6	3.3	8.2	7.3	120.8
Total	<u>\$2,519.7</u>	<u>\$ 85.9</u>	<u>\$347.1</u>	<u>\$471.3</u>	<u>\$1,615.4</u>

(A) Represents interest payments expected to be incurred on the Company's consolidated debt obligations as of December 31, 2018, including capitalized interest. For variable-rate debt, the rate in effect at December 31, 2018, is assumed to remain in effect until the respective initial maturity date of each instrument.

On July 2, 2018, the Company provided an unconditional guaranty to PNC Bank with respect to any obligations of RVI outstanding from time to time under a \$30 million revolving credit agreement entered

into by RVI with PNC Bank. RVI has agreed to reimburse the Company for any amounts paid by it to PNC Bank pursuant to the guaranty plus interest at a contracted rate.

In conjunction with the redevelopment of shopping centers, the Company had entered into commitments with general contractors aggregating approximately \$17.6 million for its consolidated properties at December 31, 2018. These obligations, composed principally of construction contracts, are generally due within 12 to 24 months, as the related construction costs are incurred, and are expected to be financed through operating cash flow, new construction loans, asset sales or borrowings under the Revolving Credit Facilities.

At December 31, 2018, the Company had letters of credit outstanding of \$16.3 million. The Company has not recorded any obligations associated with these letters of credit, the majority of which are collateral for existing indebtedness and other obligations of the Company.

The Company routinely enters into contracts for the maintenance of its properties. These contracts typically can be canceled upon 30 to 60 days' notice without penalty. At December 31, 2018, the Company had purchase order obligations, typically payable within one year, aggregating approximately \$2.9 million related to the maintenance of its properties and general and administrative expenses.

The Company has entered into employment contracts with its four executive officers. These contracts generally provide for base salary, bonuses based on factors including the financial performance of the Company and personal performance, participation in the Company's equity plans and retirement plans, health and welfare benefits and reimbursement of various qualified business expenses. These employment agreements also provide for certain perquisites (e.g., disability insurance coverage, car service, reimbursement of life insurance premiums, etc.) and severance payments and benefits for various departure scenarios. The employment agreements for the Company's President and Chief Executive Officer, Chief Operating Officer and Chief Financial Officer extend through March 1, 2021. The agreement for another senior executive officer extends through December 2021. All of the agreements are subject to cancellation by either the Company or the executive without cause upon at least 90 days' notice.

INFLATION

Most of the Company's long-term leases contain provisions designed to mitigate the adverse impact of inflation. Such provisions include clauses enabling the Company to receive additional rental income from escalation clauses that generally increase rental rates during the terms of the leases and/or percentage rentals based on tenants' gross sales. Such escalations are determined by negotiation, increases in the consumer price index or similar inflation indices. In addition, many of the Company's leases are for terms of less than 10 years, permitting the Company to seek increased rents at market rates upon renewal. Most of the Company's leases require the tenants to pay their share of operating expenses, including common area maintenance, real estate taxes, insurance and utilities, thereby reducing the Company's exposure to increases in costs and operating expenses resulting from inflation.

ECONOMIC CONDITIONS

Despite recent tenant bankruptcies and increasing e-commerce distribution, the Company continues to believe there is retailer demand for quality locations within well-positioned shopping centers. Further, the Company continues to see demand from a broad range of tenants for its space, particularly in the off-price sector, which the Company believes is a reflection of the general outlook of consumers who are demanding more value for their dollars. This is evidenced by the continued stable volume of leasing activity, which was approximately four million and seven million square feet of space for new leases and renewals for the years ended December 31, 2018 and 2017, respectively on a prorata basis. The Company also benefits from a diversified tenant base, with only two tenants whose annualized rental revenue equals

or exceeds 3% of the Company's annualized consolidated revenues plus the Company's proportionate share of unconsolidated joint venture revenues (TJX Companies at 5.4% and Bed Bath & Beyond at 3.6%). Other significant tenants include Best Buy, Ross Stores, GAP, Nordstrom Rack, Kroger, Whole Foods, Home Depot and Lowe's, all of which have relatively strong credit ratings, remain well-capitalized and have outperformed other retail categories on a relative basis over time. The Company believes these tenants will continue providing a stable revenue base for the foreseeable future, given the long-term nature of these leases. Moreover, the majority of the tenants in the Company's shopping centers provide day-to-day consumer necessities with a focus toward value and convenience, versus high-priced, discretionary luxury items, which the Company believes will enable many of its tenants to outperform even in a challenging economic environment.

The retail sector continues to be affected by the competitive nature of the retail business, including the impact of e-commerce and the competition for market share, as well as general economic conditions, where stronger retailers have out-positioned many of their weaker peers. These shifts can lead to store downsizing, closures and tenant bankruptcies. In many cases, the loss of a weaker tenant or downsizing of space creates a value-add opportunity such as re-leasing space at higher rents to a stronger retailers or development. There can be no assurance that the loss of a tenant or downsizing of space will not adversely affect the Company in the future (see Item 1A. Risk Factors).

The Company believes that the quality of its shopping center portfolio is strong, as evidenced by the historical occupancy rates and consistent growth in the average annualized base rent per occupied square foot. Historical occupancy has generally ranged from 90% to 96% since the Company's initial public offering in 1993. At December 31, 2018, the shopping center portfolio occupancy was 89.9% and its total portfolio annualized based rent per occupied square foot was \$17.86, on a pro rata basis. Restated to reflect the assets owned at December 31, 2018, the shopping center portfolio occupancy was 91.6% at December 31, 2017, and the total portfolio average annualized base rent per occupied square foot was \$17.30 at December 31, 2017, and \$16.79 at December 31, 2016, on a pro rata basis. The decrease in occupancy rates primarily was due to a combination of bankruptcies throughout 2018 and 2017 and, to a lesser extent, the disposal of highly leased properties and redevelopment activity. Due largely to a number of recent anchor tenant bankruptcies, the Company has had to invest a substantial amount of capital to re-lease those units; however, the per square foot cost to do so has been predominantly consistent with the Company's historical trends. The weighted-average cost of tenant improvements and lease commissions estimated to be incurred over the expected lease term for new and renewal leases executed during 2018 was \$2.34 per rentable square foot on a pro rata basis as compared to \$1.46 per rentable square foot on a pro rata basis in 2017, reflecting a higher proportion of new leases executed with anchor tenants in 2018. The Company generally does not expend a significant amount of capital on lease renewals. The quality of the property revenue stream is high and consistent, as it is generally derived from tenants with good credit profiles under long-term leases, with very little reliance on overage rents generated by tenant sales performance. The Company recognizes the risks posed by the economy, but believes that the position of its transformed portfolio and the general diversity and credit quality of its tenant base should enable it to successfully navigate through a potentially challenging retail environment.

NEW ACCOUNTING STANDARDS

New Accounting Standards are more fully described in Note 1, "Summary of Significant Accounting Policies," of the Company's consolidated financial statements included herein.

FORWARD-LOOKING STATEMENTS

This Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with the Company's consolidated financial statements and the notes thereto appearing elsewhere in this report. Historical results and percentage relationships set forth in the Company's consolidated financial statements, including trends that might appear, should not be taken as indicative of future operations. The Company considers portions of this information to be "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, both as amended, with respect to the Company's expectations for future periods. Forward-looking statements include, without limitation, statements related to acquisitions (including any related pro forma financial information) and other business development activities, future capital expenditures, financing sources and availability and the effects of environmental and other regulations. Although the Company believes that the expectations reflected in these forward-looking statements are based upon reasonable assumptions, it can give no assurance that its expectations will be achieved. For this purpose, any statements contained herein that are not statements of historical fact should be deemed to be forward-looking statements. Without limiting the foregoing, the words "will," "believes," "anticipates," "plans," "expects," "seeks," "estimates" and similar expressions are intended to identify forward-looking statements. Readers should exercise caution in interpreting and relying on forward-looking statements because such statements involve known and unknown risks, uncertainties and other factors that are, in some cases, beyond the Company's control and that could cause actual results to differ materially from those expressed or implied in the forward-looking statements and that could materially affect the Company's actual results, performance or achievements. For additional factors that could cause the results of the Company to differ materially from those indicated in the forward-looking statements (see Item 1A. Risk Factors).

Factors that could cause actual results, performance or achievements to differ materially from those expressed or implied by forward-looking statements include, but are not limited to, the following:

- The Company is subject to general risks affecting the real estate industry, including the need to enter into new leases or renew leases on favorable terms to generate rental revenues, and any economic downturn may adversely affect the ability of the Company's tenants, or new tenants, to enter into new leases or the ability of the Company's existing tenants to renew their leases at rates at least as favorable as their current rates;
- The Company could be adversely affected by changes in the local markets where its properties are located, as well as by adverse changes in national economic and market conditions;
- The Company may fail to anticipate the effects on its properties of changes in consumer buying practices, including sales over the internet and the resulting retailing practices and space needs of its tenants, or a general downturn in its tenants' businesses, which may cause tenants to close stores or default in payment of rent;
- The Company is subject to competition for tenants from other owners of retail properties, and its tenants are subject to competition from other retailers and methods of distribution. The Company is dependent upon the successful operations and financial condition of its tenants, in particular its major tenants, and could be adversely affected by the bankruptcy of those tenants;
- The Company relies on major tenants, which makes it vulnerable to changes in the business and financial condition of, or demand for its space by, such tenants;

- The Company may not realize the intended benefits of acquisition or merger transactions. The acquired assets may not perform as well as the Company anticipated, or the Company may not successfully integrate the assets and realize improvements in occupancy and operating results. The acquisition of certain assets may subject the Company to liabilities, including environmental liabilities;
- The Company may fail to identify, acquire, construct or develop additional properties that produce a desired yield on invested capital, or may fail to effectively integrate acquisitions of properties or portfolios of properties. In addition, the Company may be limited in its acquisition opportunities due to competition, the inability to obtain financing on reasonable terms or any financing at all and other factors;
- The Company may fail to dispose of properties on favorable terms, especially in regions experiencing deteriorating economic conditions. In addition, real estate investments can be illiquid, particularly as prospective buyers may experience increased costs of financing or difficulties obtaining financing due to local or global conditions, and could limit the Company's ability to promptly make changes to its portfolio to respond to economic and other conditions;
- The Company may abandon a development or redevelopment opportunity after expending resources if it determines that the development opportunity is not feasible due to a variety of factors, including a lack of availability of construction financing on reasonable terms, the impact of the economic environment on prospective tenants' ability to enter into new leases or pay contractual rent, or the inability of the Company to obtain all necessary zoning and other required governmental permits and authorizations;
- The Company may not complete development or redevelopment projects on schedule as a result of various factors, many of which are beyond the Company's control, such as weather, labor conditions, governmental approvals, material shortages or general economic downturn, resulting in limited availability of capital, increased debt service expense and construction costs and decreases in revenue;
- The Company's financial condition may be affected by required debt service payments, the risk of default and restrictions on its ability to incur additional debt or to enter into certain transactions under its credit facilities and other documents governing its debt obligations. In addition, the Company may encounter difficulties in obtaining permanent financing or refinancing existing debt. Borrowings under the Company's Revolving Credit Facilities are subject to certain representations and warranties and customary events of default, including any event that has had or could reasonably be expected to have a material adverse effect on the Company's business or financial condition;
- Changes in interest rates could adversely affect the market price of the Company's common shares, as well as its performance and cash flow;
- Debt and/or equity financing necessary for the Company to continue to grow and operate its business may not be available or may not be available on favorable terms;
- Disruptions in the financial markets could affect the Company's ability to obtain financing on reasonable terms and have other adverse effects on the Company and the market price of the Company's common shares;
- The Company is subject to complex regulations related to its status as a REIT and would be adversely affected if it failed to qualify as a REIT;

- The Company must make distributions to shareholders to continue to qualify as a REIT, and if the Company must borrow funds to make distributions, those borrowings may not be available on favorable terms or at all;
- Joint venture investments may involve risks not otherwise present for investments made solely by the Company, including the possibility that a partner or co-venturer may become bankrupt, may at any time have interests or goals different from those of the Company and may take action contrary to the Company's instructions, requests, policies or objectives, including the Company's policy with respect to maintaining its qualification as a REIT. In addition, a partner or co-venturer may not have access to sufficient capital to satisfy its funding obligations to the joint venture. The partner could cause a default under the joint venture loan for reasons outside the Company's control. Furthermore, the Company could be required to reduce the carrying value of its equity investments, including preferred investments, if a loss in the carrying value of the investment is realized;
- The Company's decision to dispose of real estate assets, including undeveloped land and construction in progress, would change the holding period assumption in the undiscounted cash flow impairment analyses, which could result in material impairment losses and adversely affect the Company's financial results;
- The outcome of pending or future litigation, including litigation with tenants or joint venture partners, may adversely affect the Company's results of operations and financial condition;
- Property damage, expenses related thereto, and other business and economic consequences (including the potential loss of revenue) resulting from extreme weather conditions in locations where the Company owns properties;
- Sufficiency and timing of any insurance recovery payments related to damages and lost revenues from extreme weather conditions;
- The Company is subject to potential environmental liabilities;
- The Company may incur losses that are uninsured or exceed policy coverage due to its liability for certain injuries to persons, property or the environment occurring on its properties;
- The Company could incur additional expenses to comply with or respond to claims under the Americans with Disabilities Act or otherwise be adversely affected by changes in government regulations, including changes in environmental, zoning, tax and other regulations and
- The Company's Board of Directors, which regularly reviews the Company's business strategy and objectives, may change the Company's strategic plan based on a variety of factors and conditions, including in response to changing market conditions.

Item 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company's primary market risk exposure is interest rate risk. The Company's debt, excluding unconsolidated joint venture debt, is summarized as follows:

	December 31, 2018				December 31, 2017			
	Amount (Millions)	Weighted- Average Maturity (Years)	Weighted- Average Interest Rate	Percentage of Total	Amount (Millions)	Weighted- Average Maturity (Years)	Weighted- Average Interest Rate	Percentage of Total
Fixed-Rate Debt	\$1,734.7	6.3	4.3%	92.1%	\$3,451.2	5.6	4.2%	89.7%
Variable-Rate Debt	\$ 149.7	3.1	3.8%	7.9%	\$ 398.1	2.7	2.9%	10.3%

The Company's unconsolidated joint ventures' indebtedness at its carrying value, adjusted to reflect the \$42.0 million of variable-rate debt (\$2.1 million at the Company's proportionate share) that LIBOR was swapped to at a fixed rate of 1.9% at December 31, 2017, is summarized as follows:

	December 31, 2018				December 31, 2017			
	Joint Venture Debt (Millions)	Company's Proportionate Share (Millions)	Weighted- Average Maturity (Years)	Weighted- Average Interest Rate	Joint Venture Debt (Millions)	Company's Proportionate Share (Millions)	Weighted- Average Maturity (Years)	Weighted- Average Interest Rate
Fixed-Rate Debt	\$1,156.0	\$ 218.6	5.1	4.3%	\$ 953.6	\$ 154.6	5.3	4.2%
Variable-Rate Debt	\$1,056.5	\$ 141.3	0.6	4.2%	\$1,547.6	\$ 200.2	1.3	3.3%

The Company intends to use retained cash flow, proceeds from asset sales, equity and debt financing and variable-rate indebtedness available under its Revolving Credit Facilities to repay indebtedness and fund capital expenditures at the Company's shopping centers. Thus, to the extent the Company incurs additional variable-rate indebtedness, its exposure to increases in interest rates in an inflationary period could increase. The Company does not believe, however, that increases in interest expense as a result of inflation will significantly impact the Company's distributable cash flow.

The carrying value and the fair value of the Company's fixed-rate debt are adjusted to include the Company's proportionate share of the joint venture fixed-rate debt. An estimate of the effect of a 100 basis-point increase at December 31, 2018 and 2017, is summarized as follows (in millions):

	December 31, 2018			December 31, 2017		
	Carrying Value	Fair Value	100 Basis-Point Increase in Market Interest Rate	Carrying Value	Fair Value	100 Basis-Point Increase in Market Interest Rate
Company's fixed-rate debt	\$ 1,734.7	\$ 1,729.1	\$ 1,638.7	\$ 3,451.2	\$ 3,537.5	\$ 3,372.7
Company's proportionate share of joint venture fixed-rate debt	\$ 218.6	\$ 214.9	\$ 206.1	\$ 154.6	\$ 150.3	\$ 144.1

The sensitivity to changes in interest rates of the Company's fixed-rate debt was determined using a valuation model based upon factors that measure the net present value of such obligations that arise from the hypothetical estimate as discussed above.

A 100 basis-point increase in short-term market interest rates on variable-rate debt at December 31, 2018, would result in an increase in interest expense of approximately \$1.5 million for the Company and \$1.4 million representing the Company's proportionate share of the joint ventures' interest expense relating to variable-rate debt outstanding for the 12-month period ended December 31, 2018. The

estimated increase in interest expense for the year does not give effect to possible changes in the daily balance of the Company's or joint ventures' outstanding variable-rate debt.

The Company and its joint ventures intend to continually monitor and actively manage interest costs on their variable-rate debt portfolio and may enter into swap positions based on market fluctuations. In addition, the Company believes it has the ability to obtain funds through additional equity and/or debt offerings and joint venture capital. Accordingly, the cost of obtaining such protection agreements versus the Company's access to capital markets will continue to be evaluated. The Company has not entered, and does not plan to enter, into any derivative financial instruments for trading or speculative purposes. As of December 31, 2018, the Company had no other material exposure to market risk.

Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The response to this item is included in a separate section at the end of this Annual Report on Form 10-K beginning on page F-1 and is incorporated herein by reference thereto.

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

None.

Item 9A. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

The Company's management, with the participation of the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), conducted an evaluation, pursuant to Exchange Act Rules 13a-15(b) and 15d-15(b), of the effectiveness of our disclosure controls and procedures. Based on their evaluation as required, the CEO and CFO have concluded that the Company's disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) were effective as of December 31, 2018, to ensure that information required to be disclosed by the Company in reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms and were effective as of December 31, 2018, to ensure that information required to be disclosed by the Company in reports that it files or submits under the Exchange Act is accumulated and communicated to the Company's management, including its CEO and CFO, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Management's Report on Internal Control Over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Exchange Act Rule 13a-15(f) or 15d-15(f). Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. Management assessed the effectiveness of its internal control over financial reporting based on the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control—Integrated Framework (2013). Based on those criteria, management concluded that the Company's internal control over financial reporting was effective as of December 31, 2018.

The effectiveness of the Company's internal control over financial reporting as of December 31, 2018, has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm as stated in their report which appears herein and is incorporated in this Item 9A. by reference thereto.

Changes in Internal Control over Financial Reporting

During the three months ended December 31, 2018, there were no changes in the Company's internal control over financial reporting that materially affected or are reasonably likely to materially affect the Company's internal control over financial reporting.

Item 9B. OTHER INFORMATION

None.

PART III

Item 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The Company's Board of Directors has adopted the following corporate governance documents:

- Corporate Governance Guidelines that guide the Board of Directors in the performance of its responsibilities to serve the best interests of the Company and its shareholders;
- Written charters of the Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee;
- Code of Ethics for Senior Financial Officers that applies to the Company's senior financial officers, including the president, chief executive officer, chief financial officer, chief accounting officer, controllers, treasurer and chief internal auditor among others designated by the Company, if any (amendments to, or waivers from, the Code of Ethics for Senior Financial Officers will be disclosed on the Company's website) and
- Code of Business Conduct and Ethics that governs the actions and working relationships of the Company's employees, officers and directors with current and potential customers, consumers, fellow employees, competitors, government and self-regulatory agencies, investors, the public, the media and anyone else with whom the Company has or may have contact.

Copies of the Company's corporate governance documents are available on the Company's website, www.sitecenters.com, under "Investor Relations—Governance."

Certain other information required by this Item 10 is incorporated herein by reference to the information under the headings "Proposal One: Election of Eight Directors—Nominees for Election at the Annual Meeting," "Board Governance" and "Corporate Governance and Other Matters—Section 16(a) Beneficial Ownership Reporting Compliance," contained in the Company's Proxy Statement for the Company's 2019 annual meeting of shareholders to be filed with the SEC pursuant to Regulation 14A ("2019 Proxy Statement"), and the information under the heading "Executive Officers of the Registrant" in Part I of this Annual Report on Form 10-K.

Item 11. EXECUTIVE COMPENSATION

Information required by this Item 11 is incorporated herein by reference to the information under the headings "Board Governance—Compensation of Directors," "Executive Compensation Tables and Related Disclosure," "Compensation Discussion and Analysis" and "Proposal Two: Approval, on an Advisory Basis, of the Compensation of the Company's Named Executive Officers—Compensation Committee Report" and "—Compensation Committee Interlocks and Insider Participation" contained in the 2019 Proxy Statement.

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

Certain information required by this Item 12 is incorporated herein by reference to the "Board Governance—Security Ownership of Directors and Management" and "Corporate Governance and Other Matters—Security Ownership of Certain Beneficial Owners" sections of the 2019 Proxy Statement. The following table sets forth the number of securities issued and outstanding under the existing plans, as of December 31, 2018, as well as the weighted-average exercise price of outstanding options.

EQUITY COMPENSATION PLAN INFORMATION

<u>Plan category</u>	<u>(a)</u>	<u>(b)</u>	<u>(c)</u>
	Number of Securities to Be Issued upon Exercise of Outstanding Options, Warrants and Rights	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders ⁽¹⁾	2,105,196 ⁽²⁾	\$ 25.71 ⁽³⁾	1,744,714 ⁽⁴⁾
Equity compensation plans not approved by security holders	—	—	N/A
Total	2,105,196	\$ 25.71	1,744,714

(1) Includes the Company's 2002 Equity-Based Award Plan, 2004 Equity-Based Award Plan, 2008 Equity-Based Award Plan and 2012 Equity and Incentive Compensation Plan.

(2) Does not include 4,433 shares of restricted stock, as these shares have been reflected in the Company's total shares outstanding. Includes 445,924 stock options outstanding, 682,396 restricted stock units that are expected to be settled in shares upon vesting and 976,876 performance awards assuming maximum payout (as a result, this aggregate reported number may overstate actual dilution).

(3) Restricted stock units and performance awards are not taken into account in the weighted-average exercise price as such awards have no exercise price.

(4) All of these shares may be issued with respect to award vehicles other than just stock options or share appreciation rights or other rights to acquire shares.

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

Information required by this Item 13 is incorporated herein by reference to the "Proposal One: Election of Eight Directors—Transactions with the Otto Family" and "Proposal One: Election of Eight Directors—Independent Directors" and "Corporate Governance and Other Matters—Policy Regarding Related Party Transactions" sections of the Company's 2019 Proxy Statement.

Item 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Incorporated herein by reference to the "Proposal Three: Ratification of PricewaterhouseCoopers LLP as the Company's Independent Registered Public Accounting Firm—Fees Paid to PricewaterhouseCoopers LLP" section of the Company's 2019 Proxy Statement.

PART IV

Item 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

a) 1. Financial Statements

The following documents are filed as part of this report:

Report of Independent Registered Public Accounting Firm
Consolidated Balance Sheets
Consolidated Statements of Operations
Consolidated Statements of Comprehensive Income (Loss)
Consolidated Statements of Equity
Consolidated Statements of Cash Flows
Notes to Consolidated Financial Statements

2. Financial Statement Schedules

The following financial statement schedules are filed herewith as part of this Annual Report on Form 10-K and should be read in conjunction with the consolidated financial statements of the registrant:

Schedule

II — Valuation and Qualifying Accounts and Reserves

III — Real Estate and Accumulated Depreciation

IV — Mortgage Loans on Real Estate

Schedules not listed above have been omitted because they are not applicable or because the information required to be set forth therein is included in the Company's consolidated financial statements or notes thereto.

Financial statements of the Company's unconsolidated joint venture companies, except for DDR – SAU Retail Fund LLC, have been omitted because they do not meet the significant subsidiary definition of Rule 1-02(w) of Regulation S-X.

Exhibits — The following exhibits are filed as part of, or incorporated by reference into, this report:

<u>Exhibit No. Under Reg. S-K Item 601</u>	<u>Form 10-K Exhibit No.</u>	<u>Description</u>	<u>Filed or Furnished Herewith or Incorporated Herein by Reference</u>
2	2.1	Separation and Distribution Agreement, dated July 1, 2018, by and between DDR Corp. and Retail Value Inc.	Current Report on Form 8-K (Filed with the SEC on July 3, 2018; File No. 001-11690)
3	3.1	Fourth Amended and Restated Articles of Incorporation	Quarterly Report on Form 10-Q (Filed with the SEC on November 2, 2018; File No. 001-11690)

Exhibit No. Under Reg. S-K Item 601	Form 10-K Exhibit No.	Description	Filed or Furnished Herewith or Incorporated Herein by Reference
3	3.2	Amended and Restated Code of Regulations	Quarterly Report on Form 10-Q (Filed with the SEC on November 2, 2018; File No. 001-11690)
4	4.1	Specimen Certificate for Common Shares	Annual Report on Form 10-K (Filed with the SEC on February 28, 2012; File No. 001-11690)
4	4.2	Specimen Certificate for 6.375% Class A Cumulative Redeemable Preferred Shares	Registration Statement on Form 8-A (Filed with the SEC on June 2, 2017; File No. 001-11690)
4	4.3	Deposit Agreement, dated as of June 5, 2017, among the Company, Computershare Inc. and its wholly owned subsidiary, Computershare Trust Company, N.A., jointly as Depositary, and all holders from time to time of depositary shares	Current Report on Form 8-K (Filed with the SEC on June 5, 2017; File No. 001-11690)
4	4.4	Specimen Certificate for 6.50% Class J Cumulative Redeemable Preferred Shares	Registration Statement on Form 8-A (Filed with the SEC August 1, 2012; File No. 001-11690)
4	4.5	Deposit Agreement, dated as of August 1, 2012, among the Company and Computershare Shareowner Services LLC, as Depositary, and all holders from time to time of depositary shares relating to the Depositary Shares Representing 6.50% Class J Cumulative Redeemable Preferred Shares (including Specimen Certificate for Depositary Shares)	Current Report on Form 8-K (Filed with the SEC on August 1, 2012; File No. 001-11690)
4	4.6	Specimen Certificate for 6.250% Class K Cumulative Redeemable Preferred Shares	Registration Statement on Form 8-A (Filed with the SEC April 8, 2013; File No. 001-11690)
4	4.7	Deposit Agreement, dated as of April 9, 2013, among the Company and Computershare Shareowner Services LLC, as Depositary, and all holders from time to time of depositary shares relating to the Depositary Shares Representing 6.250% Class K Cumulative Redeemable Preferred Shares (including Specimen Certificate for Depositary Shares)	Current Report on Form 8-K (Filed with the SEC on April 9, 2013; File No. 001-11690)

Exhibit No. Under Reg. S-K Item 601	Form 10-K Exhibit No.	Description	Filed or Furnished Herewith or Incorporated Herein by Reference
4	4.8	Indenture, dated as of May 1, 1994, by and between the Company and The Bank of New York (as successor to JP Morgan Chase Bank, N.A., successor to Chemical Bank), as Trustee	Form S-3 Registration No. 333-108361 (Filed with the SEC on August 29, 2003)
4	4.9	Indenture, dated as of May 1, 1994, by and between the Company and U.S. Bank National Association (as successor to U.S. Bank Trust National Association (as successor to National City Bank)), as Trustee	Form S-3 Registration No. 333-108361 (Filed with the SEC on August 29, 2003)
4	4.10	First Supplemental Indenture, dated as of May 10, 1995, by and between the Company and U.S. Bank National Association (as successor to U.S. Bank Trust National Association (successor to National City Bank)), as Trustee	Form S-3 Registration No. 333-108361 (Filed with the SEC on August 29, 2003)
4	4.11	Second Supplemental Indenture, dated as of July 18, 2003, by and between the Company and U.S. Bank National Association (as successor to U.S. Bank Trust National Association (successor to National City Bank)), as Trustee	Form S-3 Registration No. 333-108361 (Filed with the SEC on August 29, 2003)
4	4.12	Third Supplemental Indenture, dated as of January 23, 2004, by and between the Company and U.S. Bank National Association (as successor to U.S. Bank Trust National Association (successor to National City Bank)), as Trustee	Form S-4 Registration No. 333-117034 (Filed with the SEC on June 30, 2004)
4	4.13	Fourth Supplemental Indenture, dated as of April 22, 2004, by and between the Company and U.S. Bank National Association (as successor to U.S. Bank Trust National Association (successor to National City Bank)), as Trustee	Form S-4 Registration No. 333-117034 (Filed with the SEC on June 30, 2004)
4	4.14	Fifth Supplemental Indenture, dated as of April 28, 2005, by and between the Company and U.S. Bank National Association (as successor to U.S. Bank Trust National Association (successor to National City Bank)), as Trustee	Annual Report on Form 10-K (Filed with the SEC on February 21, 2007; File No. 001-11690)

Exhibit No. Under Reg. S-K Item 601	Form 10-K Exhibit No.	Description	Filed or Furnished Herewith or Incorporated Herein by Reference
4	4.15	Sixth Supplemental Indenture, dated as of October 7, 2005, by and between the Company and U.S. Bank National Association (as successor to U.S. Bank Trust National Association (successor to National City Bank)), as Trustee	Annual Report on Form 10-K (Filed with the SEC on February 21, 2007; File No. 001-11690)
4	4.16	Seventh Supplemental Indenture, dated as of August 28, 2006, by and between the Company and U.S. Bank National Association (as successor to U.S. Bank Trust National Association (successor to National City Bank)), as Trustee	Current Report on Form 8-K (Filed with the SEC on September 1, 2006; File No. 001-11690)
4	4.17	Eighth Supplemental Indenture, dated as of March 13, 2007, by and between the Company and U.S. Bank National Association (as successor to U.S. Bank Trust National Association (successor to National City Bank)), as Trustee	Current Report on Form 8-K (Filed with the SEC on March 16, 2007; File No. 001-11690)
4	4.18	Ninth Supplemental Indenture, dated as of September 30, 2009, by and between the Company and U.S. Bank National, Association (as successor to U.S. Bank Trust National Association (successor to National City Bank)), as Trustee	Form S-3 Registration No. 333-162451 (Filed on October 13, 2009)
4	4.19	Tenth Supplemental Indenture, dated as of March 19, 2010, by and between the Company and U.S. Bank National, Association (as successor to U.S. Bank Trust National Association (successor to National City Bank)), as Trustee	Quarterly Report on Form 10-Q (Filed with the SEC on May 7, 2010; File No. 001-11690)
4	4.20	Eleventh Supplemental Indenture, dated as of August 12, 2010, by and between the Company and U.S. Bank National, Association (as successor to U.S. Bank Trust National Association (successor to National City Bank)), as Trustee	Quarterly Report on Form 10-Q (Filed with the SEC on November 8, 2010; File No. 001-11690)
4	4.21	Twelfth Supplemental Indenture, dated as of November 5, 2010, by and between the Company and U.S. Bank National, Association (as successor to U.S. Bank Trust National Association (successor to National City Bank)), as Trustee	Annual Report on Form 10-K (Filed with the SEC on February 28, 2011; File No. 001-11690)

Exhibit No. Under Reg. S-K Item 601	Form 10-K Exhibit No.	Description	Filed or Furnished Herewith or Incorporated Herein by Reference
4	4.22	Thirteenth Supplemental Indenture, dated as of March 7, 2011, by and between the Company and U.S. Bank National Association (as successor to U.S. Bank Trust National Association (successor to National City Bank)), as Trustee	Quarterly Report on Form 10-Q (Filed with the SEC on May 9, 2011; File No. 001-11690)
4	4.23	Fourteenth Supplemental Indenture, dated as of June 22, 2012, by and between the Company and U.S. Bank National Association (as successor to U.S. Bank Trust National Association (successor to National City Bank)), as Trustee	Form S-3 Registration No. 333-184221 (Filed with the SEC on October 1, 2012)
4	4.24	Fifteenth Supplemental Indenture, dated as of November 27, 2012, by and between the Company and U.S. Bank National Association (as successor to U.S. Bank Trust National Association (successor to National City Bank)), as Trustee	Annual Report on Form 10-K (Filed with the SEC on March 1, 2013; File No. 001-11690)
4	4.25	Sixteenth Supplemental Indenture, dated as of May 23, 2013, by and between the Company and U.S. Bank National Association (as successor to U.S. Bank Trust National Association (successor to National City Bank)), as Trustee	Quarterly Report on Form 10-Q (Filed with the SEC on August 8, 2013; File No. 001-11690)
4	4.26	Seventeenth Supplemental Indenture, dated as of November 26, 2013, by and between the Company and U.S. Bank National Association (as successor to U.S. Bank Trust National Association (successor to National City Bank)), as Trustee	Annual Report on Form 10-K (Filed with the SEC on February 28, 2014; File No. 001-11690)
4	4.27	Eighteenth Supplemental Indenture, dated as of January 22, 2015, by and between the Company and U.S. Bank National Association (as successor to U.S. Bank Trust National Association (as successor to National City Bank))	Current Report on Form 8-K (Filed with the SEC on January 22, 2015; File No. 001-11690)
4	4.28	Nineteenth Supplemental Indenture, dated as of October 21, 2015, by and between the Company and U.S. Bank National Association (as successor to U.S. Bank Trust National Association (as successor to National City Bank))	Current Report on Form 8-K (Filed with the SEC on October 21, 2015; File No. 001-11690)

Exhibit No. Under Reg. S-K Item 601	Form 10-K Exhibit No.	Description	Filed or Furnished Herewith or Incorporated Herein by Reference
4	4.29	Twentieth Supplemental Indenture, dated as of May 26, 2017, by and between the Company and U.S. Bank National Association (as successor to U.S. Bank Trust National Association (as successor to National City Bank))	Current Report on Form 8-K (Filed with the SEC on May 26, 2017; File No. 001-11690)
4	4.30	Twenty-first Supplemental Indenture, dated as of August 16, 2017, by and between the Company and U.S. Bank National Association (as successor to U.S. Bank Trust National Association (as successor to National City Bank))	Current Report on Form 8-K (Filed with the SEC on August 16, 2017; File No. 001-11690)
4	4.31	Twenty-second Supplemental Indenture, dated as of February 16, 2018, by and between the Company and U.S. Bank National Association (as successor to U.S. Bank Trust National Association (as successor to National City Bank))	Quarterly Report on Form 10-Q (Filed with the SEC on May 4, 2018; File No. 001-11690)
4	4.32	Form of Fixed Rate Senior Medium-Term Note	Annual Report on Form 10-K (Filed with the SEC on March 30, 2000; File No. 001-11690)
4	4.33	Form of Fixed Rate Subordinated Medium-Term Note	Annual Report on Form 10-K (Filed with the SEC on March 30, 2000; File No. 001-11690)
4	4.34	Form of Floating Rate Subordinated Medium-Term Note	Annual Report on Form 10-K (Filed with the SEC on March 30, 2000; File No. 001-11690)
4	4.35	Second Amended and Restated Credit Agreement, dated as of September 13, 2017, among DDR Corp., DDR PR Ventures LLC, S.E., the lenders party thereto and JPMorgan Chase Bank, N.A., as administrative agent	Current Report on 8-K (Filed with the SEC on September 14, 2017; File No. 001-11690)
4	4.36	Waiver to Second Amended and Restated Credit Agreement, dated as of June 28, 2018, among DDR Corp., DDR PR Ventures LLC, S.E., the lenders party thereto and JPMorgan Chase Bank, N.A., as administrative agent	Quarterly Report on 10-Q (Filed with the SEC on August 3, 2018; File No. 001-11690)

Exhibit No. Under Reg. S-K Item 601	Form 10-K Exhibit No.	Description	Filed or Furnished Herewith or Incorporated Herein by Reference
4	4.37	Loan Agreement, dated as of February 14, 2018, between several wholly-owned subsidiaries of the Company and Column Financial, Inc., JPMorgan Chase Bank, National Association, and Wells Fargo Bank, National Association, as lenders	Quarterly Report on Form 10-Q (Filed with the SEC on May 4, 2018; File No. 001-11690)
4	4.38	First Amendment to Loan Agreement and Other Loan Documents, dated as of February 27, 2018, between several wholly-owned subsidiaries of the Company and Column Financial, Inc., JPMorgan Chase Bank, National Association, and Wells Fargo Bank, National Association, as lenders	Quarterly Report on Form 10-Q (Filed with the SEC on May 4, 2018; File No. 001-11690)
4	4.39	Second Amendment to Loan Agreement and Other Loan Documents, dated as of March 6, 2018, between several wholly-owned subsidiaries of the Company and Column Financial, Inc., JPMorgan Chase Bank, National Association, and Wells Fargo Bank, National Association, as lenders	Quarterly Report on Form 10-Q (Filed with the SEC on May 4, 2018; File No. 001-11690)
4	4.40	Third Amendment to Loan Agreement and Other Loan Documents, dated as of March 14, 2018, between several wholly-owned subsidiaries of the Company and Column Financial, Inc., JPMorgan Chase Bank, National Association, and Wells Fargo Bank, National Association, as lenders	Quarterly Report on Form 10-Q (Filed with the SEC on May 4, 2018; File No. 001-11690)
10	10.1	Directors' Deferred Compensation Plan (Amended and Restated as of November 8, 2000)*	Form S-8 Registration No. 333-147270 (Filed with the SEC on November 9, 2007)
10	10.2	DDR Corp. 2005 Directors' Deferred Compensation Plan (January 1, 2012 Restatement)*	Annual Report on Form 10-K (Filed with the SEC on February 28, 2012; File No. 001-11690)
10	10.3	First Amendment to the DDR Corp. 2005 Directors' Deferred Compensation Plan (effective November 30, 2012)*	Annual Report on Form 10-K (Filed with the SEC on March 1, 2013; File No. 001-11690)
10	10.4	Elective Deferred Compensation Plan (Amended and Restated as of January 1, 2004)*	Annual Report on Form 10-K (Filed with the SEC on March 15, 2004; File No. 001-11690)

Exhibit No. Under Reg. S-K Item 601	Form 10-K Exhibit No.	Description	Filed or Furnished Herewith or Incorporated Herein by Reference
10	10.5	Developers Diversified Realty Corporation Equity Deferred Compensation Plan, restated as of January 1, 2009*	Annual Report on Form 10-K (Filed with the SEC on February 27, 2009; File No. 001-11690)
10	10.6	Amended and Restated 2004 Developers Diversified Realty Corporation Equity-Based Award Plan (Amended and Restated as of December 31, 2009)*	Annual Report on Form 10-K (Filed with the SEC on February 26, 2010; File No. 001-11690)
10	10.7	Amended and Restated 2008 Developers Diversified Realty Corporation Equity-Based Award Plan (Amended and Restated as of June 25, 2009)*	Quarterly Report on Form 10-Q (Filed with the SEC August 7, 2009; File No. 001-11690)
10	10.8	2012 Equity and Incentive Compensation Plan*	Form S-8 Registration No. 333-181422 (Filed with the SEC on May 15, 2012)
10	10.9	Form of Restricted Shares Agreement*	Quarterly Report on Form 10-Q (Filed with the SEC May 10, 2013; File No. 001-11690)
10	10.10	Form of Restricted Share Units Award Memorandum*	Quarterly Report on Form 10-Q (Filed with the SEC May 4, 2016; File No. 001-11690)
10	10.11	Form of Restricted Share Units Award Memorandum*	Annual Report on Form 10-K (Filed with the SEC on February 21, 2017; File No. 001-11690)
10	10.12	Form of Restricted Share Units Award Memorandum – CEO & CFO*	Quarterly Report on Form 10-Q (Filed with the SEC on May 4, 2017; File No. 001-11690)
10	10.13	Form of Restricted Share Units Award Memorandum – COO*	Quarterly Report on Form 10-Q (Filed with the SEC on May 4, 2017; File No. 001-11690)
10	10.14	Form of Performance-Based Restricted Share Units Adjustment Memorandum*	Quarterly Report on Form 10-Q (Filed with the SEC on August 3, 2018; File No. 001-11690)
10	10.15	Form of Performance Shares Award Memorandum – CEO & CFO*	Quarterly Report on Form 10-Q (Filed with the SEC on May 4, 2017; File No. 001-11690)

Exhibit No. Under Reg. S-K Item 601	Form 10-K Exhibit No.	Description	Filed or Furnished Herewith or Incorporated Herein by Reference
10	10.16	Form of Performance Shares Award Memorandum – COO*	Quarterly Report on Form 10-Q (Filed with the SEC on May 4, 2017; File No. 001-11690)
10	10.17	Form of Performance-Based Restricted Share Units Award Memorandum – CEO & CFO*	Quarterly Report on Form 10-Q (Filed with the SEC on May 4, 2017; File No. 001-11690)
10	10.18	Form of Performance-Based Restricted Share Units Award Memorandum – CEO & CFO*	Quarterly Report on Form 10-Q (Filed with the SEC on May 4, 2018; File No. 001-11690)
10	10.19	Form of Performance-Based Restricted Share Units Award Memorandum – COO*	Quarterly Report on Form 10-Q (Filed with the SEC on May 4, 2017; File No. 001-11690)
10	10.20	Form of Performance-Based Restricted Share Units Award Memorandum – COO*	Quarterly Report on Form 10-Q (Filed with the SEC on May 4, 2018; File No. 001-11690)
10	10.21	Form of Non-Qualified Stock Option Agreement*	Quarterly Report on Form 10-Q (Filed with the SEC May 9, 2012; File No. 001-11690)
10	10.22	Form of Non-Qualified Stock Option Agreement*	Quarterly Report on Form 10-Q (Filed with the SEC May 10, 2013; File No. 001-11690)
10	10.23	Form of Incentive Stock Option Agreement*	Quarterly Report on Form 10-Q (Filed with the SEC May 9, 2012; File No. 001-11690)
10	10.24	Form of Incentive Stock Option Agreement*	Quarterly Report on Form 10-Q (Filed with the SEC May 10, 2013; File No. 001-11690)
10	10.25	Form of Stock Option Award Memorandum*	Quarterly Report on Form 10-Q (Filed with the SEC May 4, 2016; File No. 001-11690)
10	10.26	2016 Value Sharing Equity Program*	Annual Report on Form 10-K (Filed with the SEC on February 24, 2016; File No. 001-11690)
10	10.27	Employment Agreement, dated as of March 2, 2017, by and between DDR Corp. and David R. Lukes*	Current Report on Form 8-K (Filed with the SEC on March 6, 2017; File No. 001-11690)

Exhibit No. Under Reg. S-K Item 601	Form 10-K Exhibit No.	Description	Filed or Furnished Herewith or Incorporated Herein by Reference
10	10.28	Employment Agreement, dated as of March 2, 2017, by and between DDR Corp. and Michael A. Makinen*	Current Report on Form 8-K (Filed with the SEC on March 6, 2017; File No. 001-11690)
10	10.29	Employment Agreement, dated as of March 2, 2017, by and between DDR Corp. and Matthew L. Ostrower*	Current Report on Form 8-K (Filed with the SEC on March 6, 2017; File No. 001-11690)
10	10.30	Employment Agreement, dated December 1, 2016, by and between DDR Corp. and Christa A. Veszy*	Annual Report on Form 10-K (Filed with the SEC on February 21, 2017; File No. 001-11690)
10	10.31	First Amendment to Employment Agreement, dated February 27, 2018, by and between the Company and Christa A. Veszy*	Current Report on Form 8-K (Filed with the SEC on February 28, 2018; File No. 001-11690)
10	10.32	Form of Special Bonus Award, dated December 1, 2016*	Annual Report on Form 10-K (Filed with the SEC on February 21, 2017; File No. 001-11690)
10	10.33	Form of Indemnification Agreement*	Current Report on Form 8-K (Filed with the SEC on November 13, 2017; File No. 001-11690)
10	10.34	Program Agreement for Retail Value Investment Program, dated February 11, 1998, by and among Retail Value Management, Ltd., the Company and The Prudential Insurance Company of America	Annual Report on Form 10-K (Filed with the SEC on March 15, 2004; File No. 001-11690)
10	10.35	Investors' Rights Agreement, dated as of May 11, 2009, by and between the Company and Alexander Otto	Current Report on Form 8-K (Filed with the SEC on May 11, 2009; File No. 001-11690)
10	10.36	Waiver Agreement, dated as of May 11, 2009, by and between the Company and Alexander Otto	Current Report on Form 8-K (Filed with the SEC on May 11, 2009; File No. 001-11690)
10	10.37	External Management Agreement, dated July 1, 2018, by and between Retail Value Inc. and DDR Asset Management LLC	Current Report on Form 8-K (Filed with the SEC on July 3, 2018; File No. 001-11690)
21	21.1	List of Subsidiaries	Submitted electronically herewith
23	23.1	Consent of PricewaterhouseCoopers LLP	Submitted electronically herewith

Exhibit No. Under Reg. S-K Item 601	Form 10-K Exhibit No.	Description	Filed or Furnished Herewith or Incorporated Herein by Reference
23	23.2	Consent of PricewaterhouseCoopers LLP	Submitted electronically herewith
31	31.1	Certification of principal executive officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934	Submitted electronically herewith
31	31.2	Certification of principal financial officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934	Submitted electronically herewith
32	32.1	Certification of chief executive officer pursuant to Rule 13a-14(b) of the Securities Exchange Act of 1934 and 18 U.S.C. Section 1350	Submitted electronically herewith
32	32.2	Certification of chief financial officer pursuant to Rule 13a-14(b) of the Securities Exchange Act of 1934 and 18 U.S.C. Section 1350	Submitted electronically herewith
99	99.1	DDR – SAU Retail Fund, LLC Consolidated Financial Statements	Submitted electronically herewith
101	101.INS	XBRL Instance Document	Submitted electronically herewith
101	101.SCH	XBRL Taxonomy Extension Schema Document	Submitted electronically herewith
101	101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document	Submitted electronically herewith
101	101.DEF	XBRL Taxonomy Extension Definition Linkbase Document	Submitted electronically herewith
101	101.LAB	XBRL Taxonomy Extension Label Linkbase Document	Submitted electronically herewith
101	101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document	Submitted electronically herewith

* Management contracts and compensatory plans or arrangements required to be filed as an exhibit pursuant to Item 15(b) of Form 10-K.

Item 16. FORM 10-K SUMMARY

None.

SITE Centers Corp.

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All other schedules are omitted because they are not applicable or the required information is shown in the consolidated financial statements or notes thereto.

Financial statements of the Company's unconsolidated joint venture companies, except for DDR – SAU Retail Fund LLC, have been omitted because they do not meet the significant subsidiary definition of S-X 210.1-02(w).

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of SITE Centers Corp.:

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of SITE Centers Corp. and its subsidiaries (the “Company”) as of December 31, 2018 and 2017, and the related consolidated statements of operations, of comprehensive income (loss), of equity, and of cash flows for each of the three years in the period ended December 31, 2018, including the related notes and financial statement schedules listed in the accompanying index (collectively referred to as the “consolidated financial statements”). We also have audited the Company’s internal control over financial reporting as of December 31, 2018, based on criteria established in *Internal Control—Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2018 and 2017, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2018 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2018, based on criteria established in *Internal Control—Integrated Framework* (2013) issued by the COSO.

Basis for Opinions

The Company’s management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management’s Report on Internal Control Over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on the Company’s consolidated financial statements and on the Company’s internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PricewaterhouseCoopers LLP

Cleveland, Ohio

February 27, 2019

We have served as the Company's auditor since 1992.

CONSOLIDATED BALANCE SHEETS
(In thousands, except share amounts)

	December 31,	
	2018	2017
Assets		
Land	\$ 873,548	\$ 1,738,792
Buildings	3,251,030	5,733,451
Fixtures and tenant improvements	448,371	693,280
	4,572,949	8,165,523
Less: Accumulated depreciation	(1,172,357)	(1,953,479)
	3,400,592	6,212,044
Construction in progress and land	54,917	82,480
Total real estate assets, net	3,455,509	6,294,524
Investments in and advances to joint ventures, net	329,623	383,813
Investment in and advances to affiliate	223,985	—
Cash and cash equivalents	11,087	92,611
Restricted cash	2,563	2,113
Accounts receivable, net	67,335	108,695
Property insurance receivable	—	58,583
Notes receivable, net	19,675	19,675
Other assets, net	96,554	210,059
	\$ 4,206,331	\$ 7,170,073
Liabilities and Equity		
Unsecured indebtedness:		
Senior notes, net	\$ 1,646,007	\$ 2,810,100
Unsecured term loan, net	49,655	398,130
Revolving credit facilities	100,000	—
	1,795,662	3,208,230
Secured indebtedness:		
Mortgage indebtedness, net	88,743	641,082
	88,743	641,082
Total indebtedness	1,884,405	3,849,312
Accounts payable and other liabilities	203,662	344,774
Dividends payable	45,262	78,549
Total liabilities	2,133,329	4,272,635
Commitments and contingencies (Note 11)		
SITE Centers Equity		
Class A—6.375% cumulative redeemable preferred shares, without par value, \$500 liquidation value; 750,000 shares authorized; 350,000 shares issued and outstanding at December 31, 2018 and December 31, 2017	175,000	175,000
Class J—6.5% cumulative redeemable preferred shares, without par value, \$500 liquidation value; 750,000 shares authorized; 400,000 shares issued and outstanding at December 31, 2018 and December 31, 2017	200,000	200,000
Class K—6.25% cumulative redeemable preferred shares, without par value, \$500 liquidation value; 750,000 shares authorized; 300,000 shares issued and outstanding at December 31, 2018 and December 31, 2017	150,000	150,000
Common shares, with par value, \$0.10 stated value; 300,000,000 shares authorized; 184,711,545 and 184,256,205 shares issued at December 31, 2018 and December 31, 2017, respectively	18,471	18,426
Additional paid-in capital	5,544,220	5,531,249
Accumulated distributions in excess of net income	(3,980,151)	(3,183,134)
Deferred compensation obligation	8,193	8,777
Accumulated other comprehensive loss	(1,381)	(1,106)
Less: Common shares in treasury at cost: 3,373,114 and 306,314 shares at December 31, 2018 and December 31, 2017, respectively	(44,278)	(8,280)
Total SITE Centers shareholders' equity	2,070,074	2,890,932
Non-controlling interests	2,928	6,506
Total equity	2,073,002	2,897,438
	\$ 4,206,331	\$ 7,170,073

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share amounts)

	<u>For the Year Ended December 31,</u>		
	<u>2018</u>	<u>2017</u>	<u>2016</u>
Revenues from operations:			
Minimum rents	\$ 468,701	\$ 632,917	\$ 701,208
Percentage and overage rents	5,184	7,094	7,610
Recoveries from tenants	163,337	211,942	238,419
Fee and other income	63,149	61,135	58,568
Business interruption income	6,884	8,500	—
	<u>707,255</u>	<u>921,588</u>	<u>1,005,805</u>
Rental operation expenses:			
Operating and maintenance	104,232	135,141	149,347
Real estate taxes	103,760	128,602	142,787
Impairment charges	69,324	340,480	110,906
Hurricane property and impairment loss, net	817	5,930	—
General and administrative	61,639	77,028	61,051
Depreciation and amortization	242,102	346,204	389,519
	<u>581,874</u>	<u>1,033,385</u>	<u>853,610</u>
Other income (expense):			
Interest income	20,437	28,364	37,054
Interest expense	(141,305)	(188,647)	(217,589)
Other income (expense), net	(110,895)	(68,003)	3,322
	<u>(231,763)</u>	<u>(228,286)</u>	<u>(177,213)</u>
Loss before earnings from equity method investments and other items	(106,382)	(340,083)	(25,018)
Equity in net income of joint ventures	9,365	8,837	15,699
Reserve of preferred equity interests	(11,422)	(61,000)	—
Gain (loss) on sale and change in control of interests, net	—	368	(1,087)
Gain on disposition of real estate, net	225,406	161,164	73,386
Income (loss) before tax expense	116,967	(230,714)	62,980
Tax expense of taxable REIT subsidiaries and state franchise and income taxes	(862)	(12,418)	(1,781)
Net income (loss)	<u>\$ 116,105</u>	<u>\$ (243,132)</u>	<u>\$ 61,199</u>
(Income) loss attributable to non-controlling interests, net	(1,671)	1,447	(1,187)
Net income (loss) attributable to SITE Centers	<u>\$ 114,434</u>	<u>\$ (241,685)</u>	<u>\$ 60,012</u>
Preferred dividends	(33,531)	(28,759)	(22,375)
Net income (loss) attributable to common shareholders	<u>\$ 80,903</u>	<u>\$ (270,444)</u>	<u>\$ 37,637</u>
Per share data:			
Basic	\$ 0.43	\$ (1.48)	\$ 0.20
Diluted	\$ 0.43	\$ (1.48)	\$ 0.20

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(In thousands)

	<u>For the Year Ended December 31,</u>		
	<u>2018</u>	<u>2017</u>	<u>2016</u>
Net income (loss)	\$ 116,105	\$ (243,132)	\$ 61,199
Other comprehensive income:			
Foreign currency translation, net	314	1,547	31
Reclassification adjustment for foreign currency translation included in net income	(1,160)	—	—
Change in fair value of interest-rate contracts	(10)	1,002	1,491
Change in cash flow hedges reclassified to earnings	469	828	688
Total other comprehensive (loss) income	<u>(387)</u>	<u>3,377</u>	<u>2,210</u>
Comprehensive income (loss)	<u>\$ 115,718</u>	<u>\$ (239,755)</u>	<u>\$ 63,409</u>
Total comprehensive (income) loss attributable to non-controlling interests	<u>(1,559)</u>	<u>1,156</u>	<u>(1,306)</u>
Total comprehensive income (loss) attributable to SITE Centers	<u><u>\$ 114,159</u></u>	<u><u>\$ (238,599)</u></u>	<u><u>\$ 62,103</u></u>

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF EQUITY
(In thousands)

SITE Centers Equity

	Common Shares			Additional Paid-in Capital	Accumulated Distributions in Excess of Net Income	Deferred Compensation Obligation	Accumulated Other Comprehensive Loss	Treasury Stock at Cost	Non- Controlling Interests	Total
	Preferred Shares	Shares	Amounts							
Balance, December 31, 2015	\$350,000	182,646	\$18,265	\$5,484,402	\$(2,391,793)	\$ 15,537	\$ (6,283)	\$(14,943)	\$ 8,284	\$3,463,469
Issuance of common shares related to stock plans	—	503	50	14,798	—	—	—	1,592	—	16,440
Stock-based compensation, net	—	—	—	5,954	—	(388)	—	(1,233)	—	4,333
Distributions to non-controlling interests	—	—	—	—	—	—	—	—	(1,093)	(1,093)
Dividends declared- common shares	—	—	—	—	(278,171)	—	—	—	—	(278,171)
Dividends declared- preferred shares	—	—	—	—	(22,375)	—	—	—	—	(22,375)
Comprehensive income	—	—	—	—	60,012	—	2,091	—	1,306	63,409
Balance, December 31, 2016	350,000	183,149	18,315	5,505,154	(2,632,327)	15,149	(4,192)	(14,584)	8,497	3,246,012
Issuance of common shares related to stock plans	—	1,107	111	23,730	—	—	—	6,304	—	30,145
Issuance of preferred shares	175,000	—	—	(6,130)	—	—	—	—	—	168,870
Stock-based compensation, net	—	—	—	8,495	—	(6,372)	—	—	—	2,123
Distributions to non-controlling interests	—	—	—	—	—	—	—	—	(835)	(835)
Dividends declared- common shares	—	—	—	—	(279,930)	—	—	—	—	(279,930)
Dividends declared- preferred shares	—	—	—	—	(29,192)	—	—	—	—	(29,192)
Comprehensive (loss) income	—	—	—	—	(241,685)	—	3,086	—	(1,156)	(239,755)
Balance, December 31, 2017	525,000	184,256	18,426	5,531,249	(3,183,134)	8,777	(1,106)	(8,280)	6,506	2,897,438
Issuance of common shares related to stock plans	—	456	45	5,928	—	—	—	343	—	6,316
Repurchase of common shares	—	—	—	—	—	—	—	(36,341)	—	(36,341)
Stock-based compensation, net	—	—	—	6,163	—	(584)	—	—	—	5,579
Distributions to non- controlling interests	—	—	—	—	—	—	—	—	(3,548)	(3,548)
Redemption of OP Units	—	—	—	880	—	—	—	—	(1,589)	(709)
Dividends declared- common shares	—	—	—	—	(214,514)	—	—	—	—	(214,514)
Dividends declared- preferred shares	—	—	—	—	(33,531)	—	—	—	—	(33,531)
RVI spin-off	—	—	—	—	(663,406)	—	—	—	—	(663,406)
Comprehensive income (loss)	—	—	—	—	114,434	—	(275)	—	1,559	115,718
Balance, December 31, 2018	<u>\$525,000</u>	<u>184,712</u>	<u>\$18,471</u>	<u>\$5,544,220</u>	<u>\$(3,980,151)</u>	<u>\$ 8,193</u>	<u>\$ (1,381)</u>	<u>\$(44,278)</u>	<u>\$ 2,928</u>	<u>\$2,073,002</u>

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	For the Year Ended December 31,		
	2018	2017	2016
Cash flow from operating activities:			
Net income (loss)	\$ 116,105	\$ (243,132)	\$ 61,199
Adjustments to reconcile net income (loss) to net cash flow provided by operating activities:			
Depreciation and amortization	242,102	346,204	389,519
Stock-based compensation	7,468	11,493	7,765
Amortization and write-off of debt issuance costs and fair market value of debt adjustments	16,354	7,472	2,147
Loss on debt extinguishment	58,656	63,204	—
Equity in net income of joint ventures	(9,365)	(8,837)	(15,699)
Reserve of preferred equity interests	11,422	61,000	—
Net (gain) loss on sale and change in control of interests	—	(368)	1,087
Operating cash distributions from joint ventures	8,799	7,413	8,210
Gain on disposition of real estate, net	(225,406)	(161,164)	(73,386)
Impairment charges	69,324	345,580	110,906
Valuation allowance of prepaid tax asset	—	10,794	—
Assumption of buildings due to ground lease terminations	(2,150)	(8,585)	—
Cash paid for interest rate hedging activities	(4,538)	—	—
Change in notes receivable accrued interest	1,349	(2,705)	(9,487)
Net change in accounts receivable	(2,298)	2,470	1,410
Transaction costs related to RVI spin-off	(27,203)	—	—
Net change in accounts payable and accrued expenses	11,388	(3,661)	(9,775)
Net change in other operating assets and liabilities	(7,200)	(16,771)	(13,233)
Total adjustments	<u>148,702</u>	<u>653,539</u>	<u>399,464</u>
Net cash flow provided by operating activities	<u>264,807</u>	<u>410,407</u>	<u>460,663</u>
Cash flow from investing activities:			
Real estate acquired, net of liabilities and cash assumed	(35,069)	(86,079)	(145,975)
Real estate developed and improvements to operating real estate	(124,906)	(115,361)	(162,926)
Proceeds from disposition of real estate	938,051	624,250	758,064
Hurricane property insurance advance proceeds	20,193	10,000	—
Equity contributions to joint ventures	(59,420)	(69,240)	(6,849)
Repayment of joint venture advances, net	77,151	56,085	10,000
Net transactions with RVI	(33,681)	—	—
Distributions from unconsolidated joint ventures	34,620	27,885	26,793
Issuance of notes receivable	—	—	(11,139)
Repayment of notes receivable	—	31,068	5,065
Net cash flow provided by investing activities	<u>816,939</u>	<u>478,608</u>	<u>473,033</u>
Cash flow from financing activities:			
Proceeds from (repayment of) revolving credit facilities, net	100,000	—	(210,000)
Proceeds from issuance of senior notes, net of offering expenses	—	791,113	—
Repayment of senior notes, including repayment costs	(1,206,619)	(958,509)	(240,000)
Repayment of term loans and mortgage debt, including repayment costs	(1,006,065)	(542,486)	(195,495)
Payment of debt issuance costs	(32,825)	(7,295)	(43)
Proceeds from issuance of preferred shares, net of offering expenses	—	168,870	—
Proceeds from mortgage payable	1,350,000	—	—
Issuance of common shares in conjunction with equity award plans and dividend reinvestment plan	4,770	21,677	13,536
Repurchase of common shares	(36,341)	—	—
Redemption of operating partnership units	(736)	(232)	—
Contribution of assets to RVI	(52,358)	—	—
Distributions to non-controlling interests and redeemable operating partnership units	(1,310)	(835)	(1,085)
Dividends paid	(281,332)	(305,819)	(293,905)
Net cash flow used for financing activities	<u>(1,162,816)</u>	<u>(833,516)</u>	<u>(926,992)</u>
Effect of foreign exchange rate changes on cash and cash equivalents	(4)	—	1
Net (decrease) increase in cash, cash equivalents and restricted cash	(81,070)	55,499	6,704
Cash, cash equivalents and restricted cash, beginning of year	94,724	39,225	32,520
Cash, cash equivalents and restricted cash, end of year	<u>\$ 13,650</u>	<u>\$ 94,724</u>	<u>\$ 39,225</u>

The accompanying notes are an integral part of these consolidated financial statements.

Notes to Consolidated Financial Statements

1. Summary of Significant Accounting Policies

Nature of Business

SITE Centers Corp. (formerly known as DDR Corp.) and its related consolidated real estate subsidiaries (collectively, the “Company” or “SITE Centers”) and unconsolidated joint ventures are primarily engaged in the business of acquiring, owning, developing, redeveloping, expanding, leasing, financing and managing shopping centers. Unless otherwise provided, references herein to the Company or SITE Centers include SITE Centers Corp. and its wholly-owned subsidiaries and consolidated joint ventures. The Company’s tenant base primarily includes national and regional retail chains and local tenants. Consequently, the Company’s credit risk is concentrated in the retail industry.

Amounts relating to the number of properties, square footage, tenant and occupancy data, joint ventures interests and estimated project costs are unaudited.

Retail Value Inc.

On July 1, 2018, the Company completed the spin-off of Retail Value Inc. (“RVI”). At the time of the spin-off, RVI owned 48 shopping centers, comprised of 36 continental U.S. assets and all 12 of SITE Centers’ shopping centers in Puerto Rico, representing \$2.7 billion of gross book asset value and \$1.27 billion of mortgage debt (Note 4).

In connection with the spin-off, on July 1, 2018, the Company and RVI entered into a separation and distribution agreement, pursuant to which, among other things, the Company agreed to transfer the properties and certain related assets, liabilities and obligations to RVI and to distribute 100% of the outstanding common shares of RVI to holders of record of SITE Centers’ common shares as of the close of business on June 26, 2018, the record date. On the spin-off date, holders of SITE Centers’ common shares received one common share of RVI for every ten shares of SITE Centers’ common stock held on the record date. In connection with the spin-off, the Company retained 1,000 shares of RVI’s series A preferred stock (the “RVI Preferred Shares”) having an aggregate preference equal to \$190 million, which amount may increase by up to an additional \$10 million depending on the amount of aggregate gross proceeds generated by RVI asset sales.

On July 1, 2018, the Company and RVI also entered into an external management agreement, which, together with various property management agreements, governs the fees, terms and conditions pursuant to which SITE Centers will manage RVI and its properties. Pursuant to these management agreements, the Company provides RVI with day-to-day management, subject to supervision and certain discretionary limits and authorities granted by the RVI Board of Directors. RVI does not have any employees. In general, either the Company or RVI may terminate the management agreements on December 31, 2019, or at the end of any six-month renewal period thereafter. The Company and RVI also entered into a tax matters agreement, which governs the rights and responsibilities of the parties following the spin-off with respect to various tax matters and provides for the allocation of tax-related assets, liabilities and obligations.

Use of Estimates in Preparation of Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles (“GAAP”) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

Principles of Consolidation

The consolidated financial statements include the results of the Company and all entities in which the Company has a controlling interest or has been determined to be the primary beneficiary of a variable interest entity (“VIE”). All significant inter-company balances and transactions have been eliminated in consolidation. Investments in real estate joint ventures in which the Company has the ability to exercise significant influence, but does not have financial or operating control, are accounted for using the equity method of accounting. Accordingly, the Company’s share of the earnings (or loss) of these joint ventures is included in consolidated net income (loss).

The Company has two unconsolidated joint ventures included in the Company’s joint venture investments that are considered VIEs for which the Company is not the primary beneficiary. The Company’s maximum exposure to losses associated with these VIEs is limited to its aggregate investment, which was \$192.2 million and \$284.1 million as of December 31, 2018 and 2017, respectively.

Reclassifications

Certain amounts in prior periods have been reclassified in order to conform with the current period’s presentation. The Company reclassified \$12.8 million and \$15.1 million of costs for the years ended December 31, 2017 and 2016, respectively, on the Company’s consolidated statements of operations related to property management and services of the Company’s operating properties from General and Administrative to Operating and Maintenance.

Statements of Cash Flows and Supplemental Disclosure of Non-Cash Investing and Financing Information

Non-cash investing and financing activities are summarized as follows (in millions):

	For the Year Ended December 31,		
	2018	2017	2016
Accounts payable related to construction in progress	\$ 9.3	\$ 13.4	\$ 13.3
Contribution of net assets to RVI	663.4	—	—
Receivable and reduction of real estate assets, net - related to hurricane	—	65.9	—
Assumption of building due to ground lease termination	2.2	8.6	—
Land acquired by minority interest partner	2.3	—	—
Dividends declared, but not paid	45.3	78.5	75.2
Conversion of Operating Partnership Units	0.9	—	—

Real Estate

Real estate assets, which include construction in progress and undeveloped land, are stated at cost less accumulated depreciation. Depreciation and amortization is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings	Useful lives, 20 to 31.5 years
Building improvements and fixtures	Useful lives, ranging from 5 to 20 years
Tenant improvements	Shorter of economic life or lease terms

The Company periodically assesses the useful lives of its depreciable real estate assets and accounts for any revisions, which are not material for the periods presented, prospectively. Expenditures for maintenance and repairs are charged to operations as incurred. Significant expenditures that improve or extend the life of the asset are capitalized.

Construction in Progress and Land includes undeveloped land as well as construction in progress related to shopping center developments and expansions. The Company capitalized certain direct costs (salaries and related personnel) and incremental internal construction costs of \$5.7 million, \$7.4 million and \$8.1 million in 2018, 2017 and 2016, respectively.

Purchase Price Accounting

In January 2017, the Company adopted the amendment to the accounting guidance for business combinations to clarify the definition of a business. The objective of this guidance is to assist entities with evaluating whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. Pursuant to the new guidance, the Company's acquisitions in 2017 and 2018 were accounted for as asset acquisitions, and the Company capitalized the acquisition costs incurred.

Upon acquisition of properties, the Company estimates the fair value of acquired tangible assets, consisting of land, building and improvements and intangibles, generally including (i) above- and below-market leases, (ii) in-place leases and (iii) tenant relationships. The Company allocates the purchase price to assets acquired and liabilities assumed on a gross basis based on their relative fair values at the date of acquisition. In estimating the fair value of the tangible and intangible assets acquired, the Company considers information obtained about each property as a result of its due diligence and marketing and leasing activities and uses various valuation methods, such as estimated cash flow projections using appropriate discount and capitalization rates, analysis of recent comparable sales transactions, estimates of replacement costs net of depreciation and other available market information. The fair value of the tangible assets of an acquired property considers the value of the property as if it were vacant. Above- and below-market lease values are recorded based on the present value (using a discount rate that reflects the risks associated with the leases acquired) of the difference between (i) the contractual amounts to be paid pursuant to each in-place lease and (ii) management's estimate of fair market lease rates for each corresponding in-place lease, measured over a period equal to the remaining term of the lease for above-market leases and the initial term plus the estimated term of any below-market, fixed-rate renewal options for below-market leases. The capitalized above- and below-market lease values are amortized to base rental revenue over the related lease term plus fixed-rate renewal options, as appropriate. The purchase price is further allocated to in-place lease values and tenant relationship values based on management's evaluation of the specific characteristics of the acquired lease portfolio and the Company's overall relationship with the anchor tenants. Such amounts are amortized to expense over the remaining initial lease term (and expected renewal periods for tenant relationships).

Real Estate Impairment Assessment

The Company reviews its individual real estate assets, including undeveloped land and construction in progress, for potential impairment indicators whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Impairment indicators include, but are not limited to, significant decreases in projected net operating income and occupancy percentages, estimated hold periods, projected losses on potential future sales, market factors, significant changes in projected development costs or completion dates and sustainability of development projects. An asset is considered impaired when the undiscounted future cash flows are not sufficient to recover the asset's carrying value. The determination of anticipated undiscounted cash flows is inherently subjective, requiring significant estimates made by management, and considers the most likely expected course of action at the balance sheet date based on current plans, intended holding periods and available market information. If the Company is evaluating the potential sale of an asset or undeveloped land, the undiscounted future cash flows analysis is probability-weighted based upon management's best estimate of the likelihood of the alternative courses of action as of the balance sheet date. If an impairment is indicated, an impairment loss is recognized based on the excess of the carrying amount of the asset over its fair value. The Company

recorded aggregate impairment charges of \$69.3 million, \$340.5 million and \$110.9 million, related to consolidated real estate investments, during the years ended December 31, 2018, 2017 and 2016, respectively (Note 14).

Disposition of Real Estate and Real Estate Investments

Sales of nonfinancial assets, such as real estate, are recognized when control of the asset transfers to the buyer, which will occur when the buyer has the ability to direct the use of, or obtain substantially all of the remaining benefits from, the asset. This generally occurs when the transaction closes and consideration is exchanged for control of the asset.

A discontinued operation includes only the disposal of a component of an entity and represents a strategic shift that has (or will have) a major effect on an entity's financial results. The disposition of the Company's individual properties did not qualify for discontinued operations presentation, and thus, the results of the properties that have been sold remain in Income From Continuing Operations, and any associated gains or losses from the disposition are included in Gain on Disposition of Real Estate.

Real Estate Held for Sale

The Company generally considers assets to be held for sale when management believes that a sale is probable within a year. This generally occurs when a sales contract is executed with no substantive contingencies and the prospective buyer has significant funds at risk. Assets that are classified as held for sale are recorded at the lower of their carrying amount or fair value, less cost to sell. The Company considered the assets associated with the spin-off to RVI in 2018 as held for sale immediately prior to the distribution and therefore recorded an impairment charge of \$14.1 million on the RVI portfolio primarily reflecting an estimate of the costs to sell such assets (Note 14). The Company evaluated its property portfolio and did not identify any other properties that would meet the above-mentioned criteria for held for sale as of December 31, 2018 and 2017.

Interest and Real Estate Taxes

Interest and real estate taxes incurred relating to the construction, expansion or redevelopment of shopping centers are capitalized and depreciated over the estimated useful life of the building. This includes interest incurred on funds invested in or advanced to unconsolidated joint ventures with qualifying development activities. The Company will cease the capitalization of these costs when construction activities are substantially completed and the property is available for occupancy by tenants. If the Company suspends substantially all activities related to development of a qualifying asset, the Company will cease capitalization of interest and taxes until activities are resumed.

Interest paid during the years ended December 31, 2018, 2017 and 2016, aggregated \$148.4 million, \$194.7 million and \$220.0 million, respectively, of which \$1.1 million, \$1.9 million and \$3.1 million, respectively, was capitalized.

Investments in and Advances to Joint Ventures and Affiliate

To the extent that the Company's cost basis in an unconsolidated joint venture is different from the basis reflected at the joint venture level, the basis difference is amortized over the life of the related assets and included in the Company's share of equity in net income (loss) of the joint venture. Periodically, management assesses whether there are any indicators that the value of the Company's investments in unconsolidated joint ventures may be impaired. An investment is impaired only if the Company's estimate of the fair value of the investment is less than the carrying value of the investment and such difference is deemed to be other than temporary. Investment impairment charges create a basis difference between the

Company's share of accumulated equity as compared to the investment balance of the respective unconsolidated joint venture. The Company allocates the aggregate impairment charge to each of the respective properties owned by the joint venture on a relative fair value basis and amortizes this basis differential as an adjustment to the equity in net income (loss) recorded by the Company over the estimated remaining useful lives of the underlying assets.

The RVI Preferred Shares are classified as Investment in and Advances to Affiliate on the Company's consolidated balance sheet. The RVI Preferred Shares have a liquidation and dividend preference over the common stock, but do not have any substantive voting rights, with limited exceptions, or conversion rights and do not have a stated coupon. The RVI Preferred Shares are carried at cost, subject to adjustments in certain circumstances, and will be periodically evaluated for impairment. Dividend payments up to \$190 million received by SITE Centers will be recorded as a reduction of the carrying value.

Preferred Equity Interests

At December 31, 2018, the Company had net preferred equity interests of \$189.9 million recorded in Investments in and Advances to Joint Ventures. The Company evaluates the collectability of both the principal and interest on these investments based upon an assessment of the underlying collateral value to determine whether the investment is impaired. As the underlying collateral for the investments is real estate investments, the same valuation techniques are used to value the collateral as those used to determine the fair value of real estate investments for impairment purposes as disclosed above. In addition, the Company performs an additional present value of cash flows for the underlying collateral value that is probability-weighted based upon management's estimate of the repayment timing. The preferred equity interests are considered impaired if the Company's estimate of the fair value of the underlying collateral is less than the carrying value of the preferred equity interests. In 2018 and 2017, based upon the results of the impairment assessment, the Company recorded an aggregate valuation allowance of \$11.4 million and \$61.0 million, respectively, related to both of its preferred equity investments to reflect the risk that the securities are not repaid in full in advance of the Company's redemption rights in 2021 and 2022 (Note 14). Interest income on the impaired investments is recognized on a cash basis. The Company will continue to monitor the investments and related valuation allowance, which could be increased or decreased in future periods, as appropriate.

Cash and Cash Equivalents

The Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. The Company maintains cash deposits with major financial institutions, which from time to time may exceed federally insured limits. The Company periodically assesses the financial condition of these institutions and believes that the risk of loss is minimal.

Restricted Cash

Restricted cash represents amounts on deposit with financial institutions primarily for debt service payments, real estate taxes, capital improvements and operating reserves as required pursuant to the respective loan agreement. For purposes of the Company's consolidated statements of cash flows, changes in restricted cash are aggregated with cash and cash equivalents.

Accounts Receivable

The Company makes estimates of the amounts it believes will not be collected related to base rents, straight-line rents receivable, expense reimbursements and other amounts owed. The Company analyzes accounts receivable, tenant credit worthiness and current economic trends when evaluating the adequacy

of the allowance for doubtful accounts. In addition, amounts due from tenants in bankruptcy are analyzed and estimates are made in connection with the expected recovery of pre-petition and post-petition claims.

Accounts receivable, other than straight-line rents receivable, are expected to be collected within one year and are net of estimated unrecoverable amounts of \$3.2 million and \$13.6 million at December 31, 2018 and 2017, respectively. At December 31, 2018 and 2017, straight-line rents receivable, net of a provision for uncollectible amounts of \$2.3 million and \$4.5 million, respectively, aggregated \$31.1 million and \$59.4 million, respectively.

Notes Receivable

Notes receivable include certain loans that are held for investment and are generally collateralized by real estate-related investments and may be subordinate to other senior loans. Loans receivable are recorded at stated principal amounts or at initial investment. The Company defers loan origination and commitment fees, net of origination costs, and amortizes them over the term of the related loan. The Company evaluates the collectability of both principal and interest on each loan based on an assessment of the underlying collateral value to determine whether it is impaired, and not by the use of internal risk ratings. A loan loss reserve is recorded when, based upon current information and events, it is probable that the Company will be unable to collect all amounts due according to the existing contractual terms. When a loan is considered to be impaired, the amount of loss is calculated by comparing the recorded investment to the value of the underlying collateral. As the underlying collateral for a majority of the notes receivable is real estate-related investments, the same valuation techniques are used to value the collateral as those used to determine the fair value of real estate investments for impairment purposes. Given the small number of loans outstanding, all of the Company's loans are evaluated individually for this purpose. Interest income on performing loans is accrued as earned. Interest income on non-performing loans is recognized on a cash basis. Recognition of interest income on an accrual basis on non-performing loans is resumed when it is probable that the Company will be able to collect amounts due according to the contractual terms.

Deferred Charges

External costs and fees incurred in obtaining indebtedness are included in the Company's consolidated balance sheets as a direct deduction from the related debt liability. Debt issuance costs related to the Company's revolving credit facilities remain classified as an asset on the consolidated balance sheets as these costs are, at the outset, not associated with an outstanding borrowing. The aggregate costs are amortized over the terms of the related debt agreements. Such amortization is reflected in Interest Expense in the Company's consolidated statements of operations.

Effect of Reverse Stock Split on Presentation

On May 18, 2018, in anticipation of the spin-off of RVI, the Company effected a reverse stock split of its outstanding common shares at a ratio of one-for-two. All share and per share data included in these consolidated financial statements give retroactive effect to the reverse stock split for all periods presented.

Treasury Shares

The Company's share repurchases are reflected as treasury shares utilizing the cost method of accounting and are presented as a reduction to consolidated shareholders' equity. Reissuances of the Company's treasury shares at an amount below cost are recorded as a charge to paid-in capital due to the Company's cumulative distributions in excess of net income.

Revenue Recognition

Rental Revenue

Minimum rents from tenants in shopping centers are recognized on a straight-line basis over the noncancelable term of the lease, which generally range from one month to 30 years and include the effects of applicable rent steps and abatements. Percentage and overage rents are recognized after a tenant's reported sales have exceeded the applicable sales breakpoint set forth in the applicable lease.

Recoveries from Tenants

Revenues associated with expense reimbursements from tenants for common area maintenance, taxes, insurance and other property operating expenses, based upon the tenant's lease provisions, are recognized in the period the related expenses are incurred.

Lease Termination Fees

Lease termination fees are recognized upon the effective termination of a tenant's lease when the Company has no further obligations under the lease.

Ancillary Income and Other Property Income

Ancillary and other property-related income, primarily composed of leasing vacant space to temporary tenants, kiosk income, parking and theatre income, is recognized in the period earned.

Business Interruption Income

The Company will record revenue for covered business interruption in the period it determines that it is probable it will be compensated and the applicable contingencies with the insurance company are resolved. This income recognition criteria will likely result in business interruption insurance recoveries being recorded in a period subsequent to the period the Company experiences lost revenue from the damaged properties.

Revenues from Contracts with Customers

The Company's revenues from contracts with customers generally relate to asset and property management fees, leasing commission and development fees. These revenues are derived from the Company's management agreements with RVI and unconsolidated joint ventures and, in the case of unconsolidated joint ventures, are recognized to the extent attributable to the unaffiliated ownership in the unconsolidated joint venture to which it relates. Termination rights under these contracts vary by contract but generally include termination for cause by either party or due to sale of the property.

Asset and Property Management Fees

Asset and property management services include property maintenance, tenant coordination, accounting and financial services. Asset and property management services represent a series of distinct daily services. Accordingly, the Company satisfies the performance obligation as services are rendered over time.

The Company is compensated for property management services through a monthly management fee earned based on a specified percentage of the monthly rental receipts generated from the property under

management. The Company is compensated for asset management services through a fee that is billed to the customer monthly and recognized as revenue monthly as the services are rendered, based on a percentage of aggregate asset value or capital contributions for assets under management at the end of the quarter. The asset management fee under the RVI external management agreement is paid monthly based on the initial aggregate appraised value of the RVI properties. RVI property management fees are paid monthly based on the average gross revenue collected during the three months immediately preceding the most recent December 31 or June 30.

Property Leasing

The Company provides strategic advice and execution to third parties, including RVI and certain joint ventures, in connection with the leasing of retail space. The Company is compensated for services in the form of a commission. The commission is paid upon the occurrence of certain contractual events that may be contingent. For example, a portion of the commission may be paid upon execution of the lease by the tenant, with the remaining paid upon occurrence of another future contingent event (e.g., payment of first month's rent or tenant move-in). The Company typically satisfies its performance obligation at a point in time when control is transferred, generally, at the time of the first contractual event where there is a present right to payment. The Company looks to history, experience with a customer and deal-specific considerations to support its judgment that the second contingency will be met. Therefore, the Company typically accelerates the recognition of revenue associated with the second contingent event (if any) to the point in time when control of its service is transferred.

Development Services

Development services consist of construction management oversight services such as hiring general contractors, reviewing plans and specifications, performing inspections, reviewing documentation and accounting services. These services represent a series of distinct services and are recognized over time as services are rendered. The Company is compensated monthly for services based on percentage of aggregate amount spent on the construction during the month.

Disposition Fees

The Company receives disposition fees equal to 1% of the gross sales price of each RVI asset sold. The Company is compensated at the time of the closing of the sale transaction.

Contract Assets

Contract assets represent assets for revenue that have been recognized in advance of billing the customer and for which the right to bill is contingent upon something other than the passage of time. This is common for contingent portions of commissions. The portion of payments retained by the customer until the second contingent event is not considered a significant financing component because the right to payment is expected to become unconditional within one year or less. Contract assets are transferred to receivables when the right to payment becomes unconditional.

General and Administrative Expenses

General and administrative expenses include certain internal leasing and legal salaries and related expenses associated with the re-leasing of existing space, which are charged to operations as incurred.

Stock Option and Other Equity-Based Plans

Compensation cost relating to stock-based payment transactions classified as equity is recognized in the financial statements based upon the grant date fair value. Forfeitures are estimated at the time of grant

in order to estimate the amount of share-based awards that will ultimately vest. The forfeiture rate is based on historical rates for non-executive employees and actual expectations for executives.

Under the anti-dilution provisions of the Company's equity incentive plan, stock-based compensation was adjusted as of the spin-off of RVI, effective July 1, 2018, as determined by the Company's compensation committee. The adjustments were made so as to retain the same intrinsic value immediately after the spin-off to that the award had immediately prior to the spin-off. Certain awards are dual-indexed to both the Company and RVI results, and are accounted for as liability awards and are marked to fair value on a quarterly basis.

Stock-based compensation cost recognized by the Company was \$7.7 million, \$11.5 million and \$7.0 million for the years ended December 31, 2018, 2017 and 2016, respectively. These amounts include \$1.4 million, \$5.5 million and \$0.9 million of expense related to the accelerated vesting of awards due to employee separations in 2018, 2017 and 2016, respectively. This cost is included in General and Administrative Expenses in the Company's consolidated statements of operations.

Income Taxes

The Company has made an election to qualify, and believes it is operating so as to qualify, as a REIT for federal income tax purposes. Accordingly, the Company generally will not be subject to federal income tax, provided that it makes distributions to its shareholders equal to at least the amount of its REIT taxable income as defined under Sections 856 through 860 of the Internal Revenue Code of 1986, as amended (the "Code"), and continues to satisfy certain other requirements.

In connection with the REIT Modernization Act, the Company is permitted to participate in certain activities and still maintain its qualification as a REIT, so long as these activities are conducted in entities that elect to be treated as taxable subsidiaries under the Code. As such, the Company is subject to federal and state income taxes on the income from these activities. The Tax Cuts and Jobs Act was enacted on December 22, 2017. It included numerous law changes for tax years beginning after December 31, 2017, some of which are applicable to REITs. The changes did not have a material impact on the Company's financial statements.

In the normal course of business, the Company or one or more of its subsidiaries is subject to examination by federal, state and local tax jurisdictions as well as certain jurisdictions outside the United States, in which it operates, where applicable. The Company expects to recognize interest and penalties related to uncertain tax positions, if any, as income tax expense. For the three years ended December 31, 2018, the Company recognized no material adjustments regarding its tax accounting treatment for uncertain tax provisions. As of December 31, 2018, the tax years that remain subject to examination by the major tax jurisdictions under applicable statutes of limitations are generally the year 2015 and forward.

Deferred Tax Assets

The Company accounts for income taxes related to its taxable REIT subsidiary ("TRS") under the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements. Under this method, deferred tax assets and liabilities are determined based on the differences between the financial statement and tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in the income statement in the period that includes the enactment date.

The Company records net deferred tax assets to the extent it believes it is more likely than not that these assets will be realized. A valuation allowance is recorded against the deferred tax assets when the

Company determines that an uncertainty exists regarding their realization, which would increase the provision for income taxes. In making such determination, the Company considers all available positive and negative evidence, including forecasts of future taxable income, the reversal of other existing temporary differences, available net operating loss carryforwards, tax planning strategies and recent results of operations. Several of these considerations require assumptions and significant judgment about the forecasts of future taxable income and must be consistent with the plans and estimates that the Company is utilizing to manage its business. As a result, to the extent facts and circumstances change, an assessment of the need for a valuation allowance should be made.

The Tax Cuts and Jobs Act changed the corporate federal income tax rate to a flat 21% for years beginning after December 31, 2017. Accordingly, the Company reflected this rate decrease in its deferred tax assets and liabilities at December 31, 2018 and 2017 (Note 17).

Segments

At December 31, 2018, 2017 and 2016, the Company had two reportable operating segments: shopping centers and loan investments. The Company's chief operating decision maker may review operational and financial data on a property basis and does not differentiate properties on a geographical basis for purposes of allocating resources or capital. The Company evaluates individual property performance primarily based on net operating income before depreciation, amortization and certain nonrecurring items. Each consolidated shopping center is considered a separate operating segment; however, each shopping center on a stand-alone basis, represents less than 10% of revenues, profit or loss, and assets of the combined reported operating segment and meets the majority of the aggregations criteria under the applicable standard.

Foreign Currency Translation

The financial statements of the Company's international consolidated and unconsolidated joint venture investments are translated into U.S. dollars using the exchange rate at each balance sheet date for assets and liabilities, an average exchange rate for each period for revenues, expenses, gains and losses, and at the transaction date for impairments or asset sales, with the Company's proportionate share of the resulting translation adjustments recorded as Accumulated OCI. Gains or losses resulting from foreign currency transactions, translated to local currency, are included in income as incurred.

Fair Value Hierarchy

The standard *Fair Value Measurements* specifies a hierarchy of valuation techniques based upon whether the inputs to those valuation techniques reflect assumptions other market participants would use based upon market data obtained from independent sources (observable inputs). The following summarizes the fair value hierarchy:

- Level 1 Quoted prices in active markets that are unadjusted and accessible at the measurement date for identical, unrestricted assets or liabilities;
- Level 2 Quoted prices for identical assets and liabilities in markets that are inactive, quoted prices for similar assets and liabilities in active markets or financial instruments for which significant inputs are observable, either directly or indirectly, such as interest rates and yield curves that are observable at commonly quoted intervals and
- Level 3 Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level in the fair value hierarchy within which the fair value measurement in its entirety falls has been determined based on the lowest level input that is significant to the fair value measurement in its entirety. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability.

New Accounting Standards Adopted

Revenue Recognition

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers*. The objective of ASU No. 2014-09 is to establish a single, comprehensive, five-step model for entities to use in accounting for revenue arising from contracts with customers that will supersede most of the existing revenue recognition guidance, including industry-specific guidance. The core principle of this standard is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASU No. 2014-09 applies to all contracts with customers except those that are within the scope of other topics in the FASB Accounting Standards Codification ("ASC"). The new guidance was effective for public companies for annual reporting periods (including interim periods within those periods) beginning after December 15, 2017. The Company has adopted the new accounting guidance for revenue from contracts with customers ("Topic 606") on January 1, 2018, using the modified retrospective approach and, therefore, the comparative information has not been adjusted. The guidance has been applied to contracts that were not completed as of the date of initial application, and the impact of the adoption was not material (Note 2).

Real Estate Sales

In February 2017, the FASB issued ASU 2017-05, *Other Income-Gains and Losses from Derecognition of Nonfinancial Assets (Subtopic 610-20): Clarifying the Scope of Asset Derecognition Guidance and Accounting for Partial Sales of Nonfinancial Assets* ("Topic 610") for gains and losses from the sale and/or transfer of real estate property. Topic 610 eliminates guidance specific to real estate sales in ASC 360-20. As such, sales and partial sales of real estate assets will now be subject to the same derecognition model as all other nonfinancial assets. The guidance is effective for annual periods beginning after December 15, 2017, including interim periods within that reporting period. The effective date of this guidance coincides with revenue recognition guidance discussed in Note 2. On January 1, 2018, the Company adopted Topic 610 using the modified retrospective approach for contracts that are not completed as of the date of initial application. This standard will impact the Company's accounting related to the partial sale of properties to unconsolidated joint ventures. In 2018, the Company contributed 10 properties into a 20% owned unconsolidated joint venture (Note 3).

New Accounting Standards to Be Adopted

Accounting for Leases

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. The amendments in this update govern a number of areas including, but not limited to, accounting for leases, replacing the existing guidance in ASC No. 840, *Leases*. Under this standard, among other changes in practice, a lessee's rights and obligations under most leases, including existing and new arrangements, would be recognized as assets and liabilities, respectively, on the balance sheet. Other significant provisions of this standard include (i) defining the "lease term" to include the non-cancelable period together with periods for which there is a significant economic incentive for the lessee to extend or not terminate the lease; (ii) defining the initial lease liability to be recorded on the balance sheet to contemplate only those variable lease

payments that depend on an index or that are in substance “fixed,” (iii) a dual approach for determining whether lease expense is recognized on a straight-line or accelerated basis, depending on whether the lessee is expected to consume more than an insignificant portion of the leased asset’s economic benefits and (iv) a requirement to bifurcate certain lease and non-lease components. The lease standard is effective for fiscal years beginning after December 15, 2018 (including interim periods within those fiscal years), with early adoption permitted. The Company will adopt the standard using the modified retrospective approach by applying the transition provisions at the beginning of the period of adoption for financial statements issued after January 1, 2019.

Several practical expedients are available for the Company to elect upon adoption of Topic 842. The first is a package of practical expedients (the “Package”) which includes (i) not reassessing whether any expired or existing contracts are or contain a lease, (ii) not reassessing lease classification for any expired or existing leases and (iii) not reassessing initial direct costs for any existing leases. The Package must be elected as a group and must be applied to all leases (whether lessee or lessor). The Company will elect to adopt the Package for existing leases that commenced prior to the effective date. Additionally, the Company will elect the land easement practical expedient in which the Company is not required to assess whether existing or expired land easements are or contain a lease. Lessors may adopt the practical expedients by class of underlying assets, provided certain criteria are met, to avoid separating the non-lease components from the lease component of certain contracts. The Company is planning to elect the practical expedient which would allow the Company the ability to account for the combined component based on its predominate characteristics. The Company will make the short-term lease exception accounting policy election for the Company’s office leases. The Company will not adopt the practical expedient to use hindsight in determining the lease term.

The Company is in the process of evaluating the impact that the adoption of ASU No. 2016-02 will have on its consolidated financial statements and disclosures. The Company has identified several areas within its accounting policies that will be impacted by the new standard. The Company has ground lease agreements in which the Company is the lessee for land beneath all or a portion of the buildings at three shopping centers and three additional leases where the Company is the lessee (Note 11), where under the new standard, the Company will record its rights and obligations under these leases as a right of use asset and lease liability. Currently, the Company accounts for these arrangements as operating leases. Upon transition, these leases will continue to be classified as operating leases due to the election of the Package practical expedients. Currently the Company includes real estate taxes paid by a lessee directly to a third party in recoveries from tenants and real estate tax expense, on a gross basis. Upon adoption of the standard the Company will no longer record these amounts in revenue or expense as the standard precludes the Company from recording payments made directly by the lessee. As the Company will be adopting the practical expedient with regards to not separating lease and non-lease components, where applicable, this will require the Company to record, on a straight-line basis, fixed common area maintenance revenues. Lastly, this standard impacts the lessor’s ability to capitalize initial direct costs related to leasing. However, this change regarding capitalization will not have a material impact on its consolidated financial statements.

Accounting for Credit Losses

In June 2016, the FASB issued an amendment on measurement of credit losses on financial assets held by a reporting entity at each reporting date. The guidance requires the use of a new current expected credit loss (“CECL”) model in estimating allowances for doubtful accounts with respect to accounts receivable, straight-line rents receivable and notes receivable. The CECL model requires that the Company estimate its lifetime expected credit loss with respect to these receivables and record allowances that, when deducted from the balance of the receivables, represent the estimated net amounts expected to be collected. This guidance is effective for fiscal years, and for interim reporting periods within those fiscal years, beginning after December 15, 2019. In July 2018, the FASB proposed an amendment to ASU 2016-13, *Financial Instruments – Credit Losses*, to clarify that operating lease receivables recorded by lessors are explicitly excluded from the scope of the ASU. The Company is in the process of evaluating the impact of this guidance.

2. Revenue Recognition

The Company adopted the accounting guidance for revenue from contracts with customers (“Topic 606”) on January 1, 2018, using the modified retrospective approach and, therefore, the comparative information has not been adjusted. The guidance has been applied to contracts that were not completed as of the date of initial application. Most significantly for the real estate industry, leasing transactions are not within the scope of the new standard. A majority of the Company’s tenant-related revenue is recognized pursuant to lease agreements and is governed by the leasing guidance discussed in Note 1.

Historically, the majority of the Company’s lease commission revenue was recognized 50% upon lease execution and 50% upon tenant rent commencement. Upon adoption of Topic 606, lease commission revenue is generally recognized in its entirety upon lease execution. The impact of adopting Topic 606 on the Company’s consolidated financial statements with respect to the change in revenue recognition as related to lease commission revenue at January 1, 2018, and for the year ended December 31, 2018, was not material.

Revenue from contracts with customers is included in Fee and Other Income on the consolidated statements of operations and was composed of the following (in thousands):

	For the Year Ended December 31,		
	2018	2017	2016
Revenue from contracts:			
Asset and property management fees	\$ 31,751	\$ 21,494	\$ 25,772
Leasing commissions	6,380	7,138	5,988
Development fees	1,638	1,921	1,474
Disposition fees	2,959	—	—
Credit facility guaranty fee	60	—	—
Total revenue from contracts with customers	<u>42,788</u>	<u>30,553</u>	<u>33,234</u>
Other fee income:			
Ancillary and other property income	13,863	16,989	18,758
Lease termination fees	3,775	10,505	3,512
Other	2,723	3,088	3,064
Total fee and other income	<u>\$ 63,149</u>	<u>\$ 61,135</u>	<u>\$ 58,568</u>

The aggregate amount of receivables from contracts with customers was \$1.8 million and \$1.9 million as of, December 31, 2018 and 2017, respectively.

Contract assets are included in Other Assets, net on the consolidated balance sheets. The significant changes in the leasing commission balances during the year ended December 31, 2018, are as follows (in thousands):

Balance as of January 1, 2018	\$ 1,371
Contract assets recognized	2,236
Contract assets billed	<u>(2,210)</u>
Balance as of December 31, 2018	<u>\$ 1,397</u>

All revenue from contracts with customers meets the exemption criteria for variable consideration directly allocable to wholly unsatisfied performance obligations or unsatisfied promise within a series and, therefore, the Company does not disclose the value of transaction price allocated to unsatisfied performance obligations. There is no fixed consideration included in the transaction price for any of these revenues.

3. Investments in and Advances to Joint Ventures

The Company's equity method joint ventures, which are included in Investments in and Advances to Joint Ventures in the Company's consolidated balance sheet at December 31, 2018, are as follows:

Unconsolidated Real Estate Ventures	Partner	Effective Ownership Percentage	Operating Properties
DDRTC Core Retail Fund, LLC	TIAA – CREF	15.0%	23
DDRM Properties	Madison International Realty	20.0	35
BRE DDR Retail Holdings III	Blackstone Real Estate Partners	5.0	16
Dividend Trust Portfolio JV LP	Chinese Institutional Investors	20.0	10
BRE DDR Retail Holdings IV	Blackstone Real Estate Partners	5.0	5
DDR – SAU Retail Fund, LLC	State of Utah	20.0	12
Other Joint Venture Interests	Various	20.0–79.45	5

Condensed combined financial information of the Company's unconsolidated joint venture investments is as follows (in thousands):

	December 31,	
	2018	2017
Condensed Combined Balance Sheets		
Land	\$ 1,004,289	\$ 1,126,703
Buildings	2,804,027	3,057,072
Fixtures and tenant improvements	<u>221,412</u>	<u>213,989</u>
	4,029,728	4,397,764
Less: Accumulated depreciation	<u>(935,921)</u>	<u>(962,038)</u>
	3,093,807	3,435,726
Construction in progress and land	<u>56,498</u>	<u>53,928</u>
Real estate, net	3,150,305	3,489,654
Cash and restricted cash	94,111	155,894
Receivables, net	44,702	51,396
Other assets, net	<u>186,693</u>	<u>174,832</u>
	<u>\$ 3,475,811</u>	<u>\$ 3,871,776</u>
Mortgage debt	\$ 2,212,503	\$ 2,501,163
Notes and accrued interest payable to the Company	5,182	1,365
Other liabilities	<u>161,372</u>	<u>156,076</u>
	2,379,057	2,658,604
Redeemable preferred equity – SITE Centers ^(A)	274,493	345,149
Accumulated equity	<u>822,261</u>	<u>868,023</u>
	<u>\$ 3,475,811</u>	<u>\$ 3,871,776</u>
Company's share of accumulated equity	\$ 145,786	\$ 132,710
Redeemable preferred equity, net ^(B)	189,891	277,776
Basis differentials	(8,536)	(24,973)
Deferred development fees, net of portion related to the Company's interest	(2,700)	(3,065)
Amounts payable to the Company	<u>5,182</u>	<u>1,365</u>
Investments in and Advances to Joint Ventures, net	<u>\$ 329,623</u>	<u>\$ 383,813</u>

(A) Includes PIK that has accrued since March 2017 of \$12.2 million and \$6.3 million, which was fully reserved by the Company at December 31, 2018 and 2017, respectively.

(B) Amount is net of the valuation allowance of \$72.4 million and \$61.0 million and the fully reserved PIK of \$12.2 million and \$6.3 million at December 31, 2018 and 2017, respectively.

	For the Year Ended December 31		
	2018	2017	2016
Condensed Combined Statements of Operations			
Revenues from operations ^(A)	\$ 427,467	\$ 502,506	\$ 513,365
Expenses from operations:			
Operating expenses	125,353	145,855	144,984
Impairment charges ^(B)	177,522	90,597	13,598
Depreciation and amortization	145,849	180,337	195,198
Interest expense	96,312	107,330	132,943
Preferred share expense	24,875	32,251	33,418
Other (income) expense, net	24,891	25,986	23,513
	<u>594,802</u>	<u>582,356</u>	<u>543,654</u>
Loss before gain on disposition of real estate	(167,335)	(79,850)	(30,289)
Gain on disposition of real estate, net	93,753	101,806	57,261
Net (loss) income attributable to unconsolidated joint ventures	<u>\$ (73,582)</u>	<u>\$ 21,956</u>	<u>\$ 26,972</u>
Company's share of equity in net (loss) income of joint ventures	\$ (2,419)	\$ 3,516	\$ 11,650
Basis differential adjustments ^(C)	<u>11,784</u>	<u>5,321</u>	<u>4,049</u>
Equity in net income of joint ventures	<u>\$ 9,365</u>	<u>\$ 8,837</u>	<u>\$ 15,699</u>

(A) Revenue from operations is subject to leasing or other standards.

(B) For the years ended December 31, 2018, 2017 and 2016, the Company's proportionate share was \$13.1 million, \$5.0 million and \$2.7 million, respectively. The Company's share of the impairment charges was reduced by the impact of the other than temporary impairment charges recorded on these investments, as appropriate, as discussed below.

(C) The difference between the Company's share of net income (loss), as reported above, and the amounts included in the Company's consolidated statements of operations is attributable to the amortization of basis differentials, unrecognized preferred PIK, the recognition of deferred gains, differences in gain (loss) on sale of certain assets recognized due to the basis differentials and other than temporary impairment charges.

Revenues earned by the Company related to all of the Company's unconsolidated joint ventures and interest income on its preferred interests in the BRE DDR Retail Holdings joint ventures are as follows (in millions):

	For the Year Ended December 31,		
	2018	2017	2016
Revenue from contracts:			
Asset and property management fees	\$ 18.8	\$ 21.4	\$ 25.7
Development fees and leasing commissions	6.9	9.1	7.5
Total revenue from contracts with customers	<u>25.7</u>	<u>30.5</u>	<u>33.2</u>
Other:			
Interest income	19.0	25.9	33.4
Other	2.6	2.8	2.9
Total fee and other income	<u>\$ 47.3</u>	<u>\$ 59.2</u>	<u>\$ 69.5</u>

The Company's joint venture agreements generally include provisions whereby each partner has the right to trigger a purchase or sale of its interest in the joint venture or to initiate a purchase or sale of the properties after a certain number of years or if either party is in default of the joint venture agreements. The Company is not obligated to purchase the interests of its outside joint venture partners under these provisions.

Dividend Trust Portfolio JV LP

In November 2018, the Company contributed 10 properties, aggregating 3.4 million square feet of Company-owned GLA, into a 20% owned unconsolidated joint venture, Dividend Trust Portfolio JV LP, which was valued at \$607.2 million. Concurrent with formation of the partnership, the joint venture entered into a \$364.3 million mortgage. As the Company does not have economic or effective control, the Dividend Trust Portfolio JV LP is accounted for using the equity method of accounting. The Company provides leasing and property management services to the joint venture. The Company recorded a gain on sale of \$186.4 million in 2018 as a result of this transaction.

Disposition of Shopping Centers

The Company's joint ventures sold 40, 15 and 17 shopping centers and land for an aggregate sales price of \$786.5 million, \$545.6 million and \$214.6 million, respectively, of which the Company's share of the gain on sale was \$13.7 million, \$5.7 million and \$13.8 million for the years ended December 31, 2018, 2017 and 2016, respectively. Included in the 2018 shopping center dispositions were three assets sold by two of the Company's unconsolidated joint ventures to the Company for \$35.1 million (Note 5).

BRE DDR Retail Holdings Joint Ventures

The Company's two unconsolidated investments with The Blackstone Group L.P. ("Blackstone"), BRE DDR Retail Holdings III ("BRE DDR III") and BRE DDR Retail Holdings IV ("BRE DDR IV" and, together with BRE DDR III, the "BRE DDR Joint Ventures"), have substantially similar terms.

An affiliate of Blackstone is the managing member and effectively owns 95% of the common equity of each of the two BRE DDR Joint Ventures, and consolidated affiliates of SITE Centers effectively own the remaining 5%. The Company provides leasing and property management services to all of the joint venture properties. The Company cannot be removed as the property and leasing manager until the preferred equity, as discussed below, is redeemed in full (except for certain specified events).

The Company's preferred interests are entitled to certain preferential cumulative distributions payable out of operating cash flows and certain capital proceeds pursuant to the terms and conditions of the preferred investments. The preferred distributions are recognized as Interest Income within the Company's consolidated statements of operations and are classified as a note receivable in Investments in and Advances to Joint Ventures on the Company's consolidated balance sheets. Blackstone has the right to defer up to 2.0% of the 8.5% preferred fixed distributions as a payment in kind distribution, or "PIK." The preferred investments have an annual distribution rate of 8.5% including any deferred and unpaid preferred distributions. Blackstone has made this PIK deferral election since the formation of both joint ventures. The cash portion of the preferred fixed distributions is generally payable first out of operating cash flows and is current for both BRE DDR Joint Ventures. The Company has no expectation that the cash portion of the preferred fixed distribution will become impaired.

The unpaid preferred investment (and any accrued distributions) is payable (1) at Blackstone's option, in whole or in part, subject to early redemption premiums in certain circumstances during the first three years of the joint ventures; (2) at varying equity sharing levels with the common members under certain circumstances including specified financial covenants, upon a sale of properties over a certain

threshold; (3) at SITE Centers' option after seven years (2021 for BRE DDR III and 2022 for BRE DDR IV) and (4) upon the incurrence of additional indebtedness by the joint ventures in excess of a certain threshold. Specifically, for BRE DDR III, based upon the cumulative asset sales through December 31, 2018, net asset sale proceeds will be allocated at 52.5% to the preferred member and 47.5% to the common equity. For BRE DDR IV, the preferred investment is collateralized by assets in which SITE Centers has a 5% common equity interest for 95% of the value and by an additional three assets in which SITE Centers has a nominal interest. The repayment of the BRE DDR IV preferred investment prior to 2022 is first subject to a remaining minimum net asset sales threshold of \$4.9 million, of which \$1.1 million is allocated to the preferred member; 100% of the net asset sale proceeds generated thereafter are expected to be available to repay the preferred member.

As of December 31, 2018, the Company has a valuation allowance recorded on each of the BRE DDR III and BRE DDR IV preferred investment interests of \$58.7 million and \$13.7 million, respectively, or \$72.4 million in the aggregate on a net basis. The valuation allowances initially were triggered in 2017 by an increase in the estimated market capitalization rates for the underlying real estate collateral of the investments since the original formation of the joint ventures. The values of open air shopping centers anchored by big box national retailers, particularly in secondary markets, have been under increasing pressure and decreased starting in 2017 due to the continued perceived threat of internet retail competition and tenant bankruptcies. Several large national retailers filed for bankruptcy in the beginning of 2017 and have continued in 2018. A majority of the shopping centers collateralizing the preferred investments are those that have been most impacted by the rising capitalization rates. These factors have also reduced the number of potential investors and well-capitalized buyers for these types of assets. The managing member of the two joint ventures exercises significant influence over the timing of asset sales. Due to the Company's expectation regarding the likely timing of asset sales, the valuation of the Company's investments considers how management believes a third-party market participant would value the securities in the current higher capitalization rate environment. As a result, the investments were impaired to reflect the risk that the securities are not repaid in full in advance of the Company's redemption rights in 2021 and 2022. The Company reassesses the aggregate valuation allowance quarterly based upon actual timing and values of recent property sales as well as current market assumptions. Adjustments to the valuation allowance are recorded as Reserve of Preferred Equity Interests on the Company's consolidated statements of operations. The Company recorded an aggregate valuation allowance adjustment of \$11.4 million and \$61.0 million, for the years ended December 31, 2018 and 2017, respectively. The Company will continue to monitor the investments and related valuation allowance, which could be increased or decreased in future periods, as appropriate.

As discussed above, the preferred 8.5% distribution rate has two components, a cash interest rate of 6.5% and an accrued PIK of 2.0%. As a result of the valuation allowances recorded, effective March 2017, the Company no longer recognizes as interest income the 2.0% PIK (aggregating \$12.2 million and \$6.3 million at December 31, 2018 and December 31, 2017, respectively). Although Blackstone has the right to change its payment election, the Company expects future preferred distributions to continue to include the PIK election. The recognition of the PIK interest income will be re-evaluated based upon any future adjustments to the aggregate valuation allowance, as appropriate.

The Preferred investments are summarized as follows (in millions, except properties owned):

	Formation	Preferred Investment (Principal)			Properties Owned		
		Initial	December 31, 2018	Valuation Allowance	Net of Reserve	Inception	December 31, 2018
BRE DDR III	2014	\$300.0	\$ 191.2	\$ (58.7)	\$132.5	70	16
BRE DDR IV	2015	82.6	66.7	(13.7)	53.0	6	5
		\$382.6	\$ 257.9	\$ (72.4)	\$185.5		

Investment Interests Sold

In 2016, the Company sold its approximate 25% membership interest in 10 assets to its joint venture partner and recorded a loss on sale of \$1.1 million, which is included in Loss on Sale and Change in Control of Interests, net, in the Company's consolidated statement of operations.

All transactions with the Company's equity affiliates are described above.

4. Investment In and Advances to Affiliate

In connection with the spin-off of RVI, RVI issued 1,000 shares of the RVI Preferred Shares to the Company, which are noncumulative and have no mandatory dividend rate. The RVI Preferred Shares rank, with respect to dividend rights, and rights upon liquidation, dissolution or winding up of RVI, senior in preference and priority to RVI's common shares and any other class or series of RVI's capital stock. Subject to the requirement that RVI distribute to its common shareholders the minimum amount required to be distributed with respect to any taxable year in order for RVI to maintain its status as a real estate investment trust ("REIT") and to avoid U.S. federal income taxes, the RVI Preferred Shares are entitled to a dividend preference for all dividends declared on RVI's capital stock at any time up to a "preference amount" equal to \$190 million in the aggregate, which amount may increase by up to an additional \$10 million if the aggregate gross proceeds of RVI's asset sales subsequent to July 1, 2018 exceed \$2.0 billion. Notwithstanding the foregoing, the RVI Preferred Shares are entitled to receive dividends only when, as and if declared by RVI's Board of Directors and RVI's ability to pay dividends is subject to any restrictions set forth in the terms of its indebtedness. Upon payment to SITE Centers of aggregate dividends on the RVI Preferred Shares equaling the maximum preference amount of \$200 million, RVI is required to redeem the RVI Preferred Shares for \$1.00 per share.

The RVI Preferred Shares are subject to mandatory redemption in certain other circumstances. The RVI Preferred Shares are included in Investment in and Advances to Affiliate in the Company's consolidated balance sheet.

In addition to the preferred investment, the Company has a receivable from RVI of \$34.0 million at December 31, 2018, primarily consisting of restricted cash and insurance premiums owed by RVI pursuant to the terms of the separation and distribution agreement.

Revenue from contracts with RVI is included in Fee and Other Income on the consolidated statement of operations and was composed of the following (in millions):

	For the Year Ended December 31, 2018
Revenue from contracts with RVI:	
Asset and property management fees	\$ 12.9
Leasing commissions	1.1
Disposition fees	3.0
Credit facility guaranty fee	0.1
Total revenue from contracts with RVI	<u>\$ 17.1</u>

5. Acquisitions

In 2018, the Company acquired Sharon Greens in Cumming, GA, Melbourne Shopping Center in Melbourne, FL, and Market Square in Douglasville, GA, from two unconsolidated joint ventures (Note 3) for an aggregate purchase price of \$35.1 million. In 2017, the Company acquired 3030 North Broadway in Chicago, IL, for a purchase price of \$81.0 million.

The fair value of acquisitions was allocated as follows (in thousands):

			Weighted-Average Amortization Period (in Years)	
	2018	2017	2018	2017
Land	\$ 9,340	\$ 23,588	N/A	N/A
Buildings	20,661	35,659	(A)	(A)
Tenant improvements	370	8,565	(A)	(A)
In-place leases (including lease origination costs and fair market value of leases)	4,517	7,051	3.7	16.0
Tenant relationships	1,645	6,934	5.3	16.3
Other assets	13	419	N/A	N/A
	36,546	82,216		
Less: Below-market leases	(1,333)	(1,872)	12.7	20.0
Less: Other liabilities assumed	(144)	(581)	N/A	N/A
Net assets acquired	<u>\$ 35,069</u>	<u>\$ 79,763</u>		

(A) Depreciated in accordance with the Company's policy (Note 1).

The total consideration was paid in cash for these assets. Included in the Company's consolidated statements of operations are \$7.3 million, \$6.9 million and \$6.8 million in total revenues from the date of acquisition through December 31, 2018, 2017 and 2016, respectively, for the acquired properties.

6. Notes Receivable

The Company has notes receivable, including accrued interest, that are collateralized by certain rights in a real estate asset, which is subordinate to other financings. At December 31, 2018, the Company's loans outstanding had maturity dates ranging from June 2019 to June 2023 at an interest rate of 9.0%. At December 31, 2018, the Company did not have any loans outstanding that were past due. The following table reconciles the loans receivable on real estate (in thousands):

	2018	2017
Balance at January 1	\$ 19,675	\$ 49,488
Additions:		
Interest	1,839	2,276
Accretion of discount	—	269
Deductions:		
Collections of principal and interest	(1,839)	(32,358)
Balance at December 31	<u>\$ 19,675</u>	<u>\$ 19,675</u>

7. Other Assets and Intangibles

Other assets consist of the following (in thousands):

	December 31,	
	2018	2017
Intangible assets:		
In-place leases, net	\$ 30,703	\$ 71,809
Above-market leases, net	6,833	14,391
Lease origination costs	4,045	10,029
Tenant relationships, net	35,838	86,178
Total intangible assets, net ^(A)	77,419	182,407
Other assets:		
Prepaid expenses ^(B)	5,372	10,806
Other assets	3,612	3,869
Deposits	4,384	5,076
Deferred charges, net	5,767	7,901
Total other assets, net	\$ 96,554	\$ 210,059
Below-market leases, net (other liabilities) ^(A)	\$ 50,332	\$ 127,513

(A) In the event a tenant terminates its lease prior to the contractual expiration, the unamortized portion of the related intangible asset or liability is adjusted to reflect the updated lease term.

(B) Included Puerto Rico prepaid tax assets of \$4.0 million at December 31, 2017. In connection with the spin-off of RVI, the Company wrote-off these prepaid tax assets to Other Income (Expense), net in the Company's consolidated statements of operations (Note 17).

Amortization expense related to the Company's intangibles, excluding above- and below-market leases was as follows (in millions):

<u>Year</u>	<u>Expense</u>
2018	\$ 34.2
2017	60.7
2016	72.1

Estimated net future amortization associated with the Company's intangible assets is as follows (in millions):

<u>Year</u>	<u>Income</u>	<u>Expense</u>
2019	\$ 3.6	\$ 17.9
2020	3.5	12.6
2021	3.5	9.9
2022	3.6	7.9
2023	3.7	6.2

8. Revolving Credit Facilities

The following table discloses certain information regarding the Company's Revolving Credit Facilities (as defined below) (in millions):

	Carrying Value at December 31,		Weighted-Average Interest Rate ^(A) at December 31,		Maturity Date at December 31, 2018
	2018	2017	2018	2017	
Unsecured Credit Facility	\$100.0	\$ —	3.7%	N/A	September 2021
PNC Facility	—	—	N/A	N/A	September 2021

(A) Interest rate on variable-rate debt was calculated using the base rate and spreads effective at December 31, 2018.

The Company maintains an unsecured revolving credit facility with a syndicate of financial institutions, arranged by J.P. Morgan Chase Bank, N.A., Wells Fargo Securities, LLC, Citizens Bank, N.A., RBC Capital Markets and U.S. Bank National Association (the "Unsecured Credit Facility"). The Unsecured Credit Facility provides for borrowings up to \$950 million if certain financial covenants are maintained, two six-month options to extend the maturity to September 2022 upon the Company's request (subject to satisfaction of certain conditions) and an accordion feature for expansion of availability up to \$1.45 billion, provided that new or existing lenders agree to the existing terms of the facility and increase their commitment level. The Unsecured Credit Facility includes a competitive bid option on periodic interest rates for up to 50% of the facility. The Unsecured Credit Facility also provides for an annual facility fee, which was 25 basis points on the entire facility at December 31, 2018.

The Company also maintains an unsecured revolving credit facility with PNC Bank, National Association ("PNC", the "PNC Facility" and, together with the Unsecured Credit Facility, the "Revolving Credit Facilities"). The PNC Facility terms are substantially consistent with those contained in the Unsecured Credit Facility. In July 2018, the Company permanently reduced the borrowing capacity under the PNC Facility from \$50 million to \$20 million. In addition, the Company provided an unconditional guaranty to PNC with respect to any obligations of RVI outstanding from time to time under a \$30 million revolving credit agreement entered into by RVI with PNC. RVI has agreed to reimburse the Company for any amounts paid to PNC pursuant to the guaranty plus interest at a contracted rate and to pay an annual commitment fee to the Company on account of the guaranty.

The Company's borrowings under the Revolving Credit Facilities bear interest at variable rates at the Company's election, based on either LIBOR, plus a specified spread (1.2% at December 31, 2018) or the Alternative Base Rate, plus a specified spread (0.20% at December 31, 2018), as defined in the respective facility. The specified spreads vary depending on the Company's long-term senior unsecured debt rating from Moody's Investors Service, Inc. and S&P Global Ratings and their successors. The Company is required to comply with certain covenants under the Revolving Credit Facilities relating to total outstanding indebtedness, secured indebtedness, value of unencumbered real estate assets and fixed charge coverage. The Company was in compliance with these financial covenants at December 31, 2018 and 2017.

9. Unsecured and Secured Indebtedness

The following table discloses certain information regarding the Company's unsecured and secured indebtedness (in millions):

	Carrying Value at December 31,		Interest Rate ^(A) at December 31,		Maturity Date at December 31, 2018
	2018	2017	2018	2017	
Unsecured indebtedness:					
Senior notes ^(B)	\$ 1,660.0	\$2,832.2	3.375%–4.700%	3.375%–7.500%	July 2022– June 2027
Senior notes – discount, net	(4.3)	(5.1)			
Net unamortized debt issuance costs	(9.7)	(17.0)			
Total Senior Notes	<u>\$ 1,646.0</u>	<u>\$2,810.1</u>			
Unsecured Term Loan	\$ 50.0	\$ 400.0	3.9%	2.9%	January 2023
Net unamortized debt issuance costs	(0.3)	(1.9)			
Total Unsecured Term Loan	<u>\$ 49.7</u>	<u>\$ 398.1</u>			
Secured indebtedness:					
Mortgage indebtedness— Fixed Rate	\$ 89.0	\$ 643.4	5.9%	4.7%	April 2020– January 2022
Net unamortized debt issuance costs	(0.3)	(2.3)			
Total Mortgage Indebtedness	<u>\$ 88.7</u>	<u>\$ 641.1</u>			

(A) The interest rates reflected above for the senior notes represent the range of the coupon rate of the notes outstanding. All other interest rates presented are a weighted average of the outstanding debt. Interest rate on variable-rate debt was calculated using the base rate and spreads in effect at December 31, 2018 and 2017.

(B) Effective interest rates ranged from 3.5% to 4.8% at December 31, 2018.

Debt Repayments

In 2018, the Company repaid \$1,172.2 million aggregate principal amount of senior unsecured notes with maturity dates ranging from July 2018 to February 2025. In connection with the redemption of the senior unsecured notes, the Company paid make-whole amounts totaling \$37.2 million. These make-whole amounts are included in Other Income (Expense), net in the Company's consolidated statements of operations. In addition, the Company repaid \$550.9 million of mortgage debt and \$350.0 million of an unsecured term loan.

Senior Notes

The Company's various fixed-rate senior notes have interest coupon rates that averaged 4.2% per annum at December 31, 2018 and 2017. The senior notes may be redeemed based upon a yield maintenance calculation. The fixed-rate senior notes were issued pursuant to indentures that contain certain covenants, including limitation on incurrence of debt, maintenance of unencumbered real estate assets and debt service coverage. The covenants also require that the cumulative dividends declared or paid from December 31, 1993, through the end of the current period cannot exceed Funds From Operations (as defined in the agreement) plus an additional \$20.0 million for the same period unless required to maintain REIT status. Interest is paid semiannually in arrears. At December 31, 2018 and 2017, the Company was in compliance with all of the financial and other covenants under the indentures.

Total fees, excluding underwriting discounts, incurred by the Company for the issuance of senior notes were \$2.0 million in 2017. The Company did not issue any senior notes in 2018.

Unsecured Term Loan

The Company maintains an unsecured term loan with Wells Fargo Bank, National Association, as administrative agent, PNC and KeyBank National Association, as syndication agents (the "Unsecured Term Loan"). Tranche A loans aggregating \$200 million and Tranche B loans aggregating \$150 million under the Unsecured Term Loan were repaid in 2018. The maturity date for the remaining \$50 million of Tranche B loans under the facility is January 2023. The Company may increase the amount of the facility provided that lenders agree to certain terms. The Tranche B loans accrue interest at a variable rate based on LIBOR as defined in the loan agreement plus a specified spread based on the Company's long-term senior unsecured debt rating (1.35% at December 31, 2018). The Company is required to comply with covenants similar to those contained in the Revolving Credit Facilities. The Company was in compliance with these financial covenants at December 31, 2018 and 2017.

Secured Financing

In contemplation of the spin-off transaction, which occurred on July 1, 2018 (Note 1), certain wholly-owned subsidiaries of RVI entered into a loan agreement in February 2018 that provided for a secured loan facility with an initial aggregate principal amount of \$1.35 billion. This loan was assumed by RVI in connection with the consummation of the spin-off of RVI.

Mortgages Payable

Mortgages payable, collateralized by real estate with a net book value of \$143.0 million at December 31, 2018, and related tenant leases, are generally due in monthly installments of principal and/or interest. Fixed contractual interest rates on mortgages payable range from approximately 4.7% to 6.8% per annum.

Scheduled Principal Repayments

The scheduled principal payments of the Revolving Credit Facilities (Note 8) and unsecured and secured indebtedness, excluding extension options, as of December 31, 2018, are as follows (in thousands):

<u>Year</u>	<u>Amount</u>
2019	\$ 2,372
2020	41,684
2021	143,412
2022	201,366
2023	136,977
Thereafter	<u>1,367,343</u>
	1,893,154
Unamortized fair market value of assumed debt	1,546
Net unamortized debt issuance costs	<u>(10,295)</u>
Total indebtedness	<u>\$ 1,884,405</u>

Total gross fees paid by the Company for the Revolving Credit Facilities and term loans in 2018, 2017 and 2016 aggregated \$2.7 million, \$1.9 million and \$1.8 million, respectively.

10. Financial Instruments and Fair Value Measurements

The following methods and assumptions were used by the Company in estimating fair value disclosures of financial instruments:

Other Fair Value Instruments

Investments in unconsolidated joint ventures are considered financial assets. See discussion of fair value considerations of joint venture investments in Note 14.

Cash and Cash Equivalents, Restricted Cash, Accounts Receivable, Accounts Payable, Accrued Expenses and Other Liabilities

The carrying amounts reported in the Company's consolidated balance sheets for these financial instruments approximated fair value because of their short-term maturities.

Notes Receivable and Advances to Affiliates

The fair value is estimated using a discounted cash flow analysis in which the Company uses unobservable inputs such as market interest rates determined by the loan to value and market capitalization rates related to the underlying collateral at which management believes similar loans would be made and classified as Level 3 in the fair value hierarchy. The fair value of these notes was approximately \$210.7 million and \$299.0 million at December 31, 2018 and 2017, respectively, as compared to the carrying amounts of \$210.0 million and \$297.9 million, respectively.

Debt

The fair market value of senior notes is determined using the trading price of the Company's public debt. The fair market value for all other debt is estimated using a discounted cash flow technique that incorporates future contractual interest and principal payments and a market interest yield curve with

adjustments for duration, optionality and risk profile, including the Company's non-performance risk and loan to value. The Company's senior notes and all other debt are classified as Level 2 and Level 3, respectively, in the fair value hierarchy.

Considerable judgment is necessary to develop estimated fair values of financial instruments. Accordingly, the estimates presented are not necessarily indicative of the amounts the Company could realize on disposition of the financial instruments.

Debt instruments with carrying values that are different than estimated fair values are summarized as follows (in thousands):

	December 31, 2018		December 31, 2017	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Senior Notes	\$ 1,646,007	\$ 1,639,827	\$ 2,810,100	\$ 2,884,272
Revolving Credit Facilities and term loans	149,655	150,533	398,130	400,119
Mortgage Indebtedness	88,743	89,228	641,082	653,185
	<u>\$ 1,884,405</u>	<u>\$ 1,879,588</u>	<u>\$ 3,849,312</u>	<u>\$ 3,937,576</u>

Interest Rate Cap

In March 2018, the Company entered into a \$1.35 billion interest rate cap, in connection with entering into the RVI mortgage (Note 9). For the year ended December 31, 2018, the Company recorded related income of \$0.2 million. On July 1, 2018, this interest rate cap was assumed by RVI in connection with the consummation of the spin-off of RVI.

11. Commitments and Contingencies

Hurricane Loss

In 2017, Hurricane Maria made landfall in Puerto Rico. At June 30, 2018, RVI owned 12 assets in Puerto Rico, aggregating 4.4 million square feet of Company-owned gross leasable area ("GLA"). These assets were included in the spin-off of RVI (Note 1). One of the 12 assets (Plaza Palma Real, consisting of approximately 0.4 million of Company-owned GLA) was severely damaged and was not operational following the storm, except for two anchor tenants and a few other tenants representing a minimal amount of Company-owned GLA. The other 11 assets sustained varying degrees of damage, consisting primarily of roof and HVAC system damage and water intrusion.

As of June 30, 2018, the estimated net book value of the property written off for damage to the Company's Puerto Rico assets owned as of that date was \$78.8 million. In addition, at June 30, 2018, the property insurance receivable was \$49.2 million related to the net book value of the property damage write-off, as well as other expenses net of property damage insurance payments received. The carrying value of the Puerto Rico real estate assets and a majority of the property insurance receivable were transferred to RVI in connection with the consummation of the spin-off on July 1, 2018.

The Company's business interruption insurance covers lost revenue through the period of property restoration and for up to 365 days following completion of restoration. In 2018, rental revenues of \$6.7 million were not recorded because of lost tenant revenue attributable to Hurricane Maria that has been partially defrayed by insurance proceeds. The Company will record revenue for covered business interruption in the period it determines that it is probable it will be compensated and the applicable contingencies with the insurance company are resolved. This income recognition criteria will likely result in business interruption insurance recoveries being recorded in a period subsequent to the period that the

Company experienced lost revenue from the damaged properties. For the years ended December 31, 2018 and 2017, the Company received insurance proceeds of approximately \$6.9 million and \$8.5 million, respectively, related to business interruption claims, which is recorded on the Company's consolidated statements of operations as Business Interruption Income.

Following the completion of the spin-off of RVI, other than with respect to revenue losses and repair costs previously incurred by the Company, it is expected that insurance proceeds from Hurricane Maria will largely be allocated to RVI pursuant to the terms of the agreement governing the separation of the Company and RVI.

Legal Matters

The Company and its subsidiaries are subject to various legal proceedings, which, taken together, are not expected to have a material adverse effect on the Company. The Company is also subject to a variety of legal actions for personal injury or property damage arising in the ordinary course of its business, most of which are covered by insurance. While the resolution of all matters cannot be predicted with certainty, management believes that the final outcome of such legal proceedings and claims will not have a material adverse effect on the Company's liquidity, financial position or results of operations.

Separation Charges

The Company recorded separation charges aggregating \$4.6 million and \$17.9 million in 2018 and 2017, respectively, which are included in General and Administrative Expenses. In 2017, the aggregate charge included the executive management transition, which was the result of the termination without cause of several of the Company's executives under the terms of their respective employment agreements, as well as the elimination of 65 positions.

Commitments and Guaranties

In conjunction with the development and expansion of various shopping centers, the Company has entered into agreements with general contractors for the construction or redevelopment of shopping centers aggregating approximately \$17.6 million as of December 31, 2018.

At December 31, 2018, the Company had letters of credit outstanding of \$16.3 million. The Company has not recorded any obligation associated with these letters of credit. The majority of the letters of credit are collateral for existing indebtedness and other obligations of the Company.

In connection with the sale of the Company's interest in a former unconsolidated joint venture (Note 3), the Company retained its pro rata guaranty obligation to fund amounts due to the joint venture's lender, aggregating approximately \$3.9 million at December 31, 2018, under certain circumstances, until the loan matures in October 2020 if such amounts are not paid by the joint venture. The principal of the former joint venture partner is obligated to indemnify the Company in the event that the Company is required to make any payment in connection with this pro rata guaranty obligation and, accordingly, the Company did not record any liability related to this guaranty.

Leases

The Company is engaged in the operation of shopping centers that are either owned or, with respect to certain shopping centers, operated under long-term ground leases that expire at various dates through 2070, with renewal options. Space in the shopping centers is leased to tenants pursuant to agreements that provide for terms generally ranging from one month to 30 years and, in some cases, for annual rentals subject to upward adjustments based on operating expense levels, sales volume or contractual increases as defined in the lease agreements.

The scheduled future minimum rental revenues from rental properties under the terms of all non-cancelable tenant leases, assuming no new or renegotiated leases or option extensions for such premises and the scheduled minimum rental payments under the terms of all non-cancelable operating leases, principally ground leases, in which the Company is the lessee as of December 31, 2018, are as follows (in thousands):

Year	Minimum Rental Revenues	Minimum Rental Payments
2019	\$ 306,740	\$ 3,253
2020	279,374	4,070
2021	243,379	4,080
2022	202,371	3,928
2023	150,909	3,417
Thereafter	417,296	120,825
	\$ 1,600,069	\$ 139,573

12. Non-Controlling Interests, Common Shares and Common Shares in Treasury and Preferred Shares

Non-Controlling Interests

In 2018, the Company recorded a reduction in non-controlling interest of \$2.1 million related to the sale of its interest in a consolidated joint venture in East Gwillimbury, Canada, to its joint venture partner and recorded a loss on sale of \$0.2 million.

The Company had 140,633 and 184,588 OP Units outstanding at December 31, 2018 and 2017, respectively. These OP Units, issued to different partnerships, are exchangeable at the election of the OP Unit holder and, under certain circumstances at the option of the Company, exchangeable into an equivalent number of the Company's common shares or for the equivalent amount of cash. Most of these OP Units are subject to registration rights agreements covering shares equivalent to the number of OP Units held by the holder if the Company elects to settle in its common shares. The OP Units are classified on the Company's consolidated balance sheets as Non-Controlling Interests.

Common Shares

The Company's common shares have a \$0.10 per share par value. Common share dividends declared were as follows:

	For the Year Ended December 31,		
	2018	2017	2016
Common share dividends declared per share	\$ 1.16	\$ 1.52	\$ 1.52

Stock Repurchase Program

In 2018, the Company's Board of Directors authorized a common share repurchase program. As of December 31, 2018, the Company had repurchased 3.1 million shares at a cost of \$36.3 million. These shares are recorded as Treasury Shares on the Company's consolidated balance sheet.

Preferred Shares

The depositary shares, representing the Class A Cumulative Redeemable Preferred Shares ("Class A Shares"), Class J Cumulative Redeemable Preferred Shares ("Class J Shares") and the Class K Cumulative

Redeemable Preferred Shares (“Class K Shares”) represent 1/20 of a Class A Share, Class J Share and Class K Share, respectively, and have a liquidation value of \$500 per share. The Class J depositary shares and Class K depositary shares are redeemable by the Company. The Class A depositary shares are not redeemable by the Company prior to June 5, 2022, except, in each case, in certain circumstances relating to the preservation of the Company’s status as a REIT.

The Company’s authorized preferred shares consist of the following:

- 750,000 of each: Class A, Class B, Class C, Class D, Class E, Class F, Class G, Class H, Class I, Class J and Class K Cumulative Redeemable Preferred Shares, without par value
- 750,000 Non-Cumulative Preferred Shares, without par value
- 2,000,000 Cumulative Voting Preferred Shares, without par value

13. Other Comprehensive Loss

The changes in Accumulated OCI by component are as follows (in thousands):

	Gains and Losses on Cash Flow Hedges	Foreign Currency Items	Total
Balance, December 31, 2015	\$ (6,109)	\$ (174)	\$ (6,283)
Other comprehensive income (loss) before reclassifications	1,491	(88)	1,403
Change in cash flow hedges reclassified to earnings ^(A)	688	—	688
Net current-period other comprehensive income (loss)	2,179	(88)	2,091
Balance, December 31, 2016	(3,930)	(262)	(4,192)
Other comprehensive income before reclassifications	1,002	1,256	2,258
Change in cash flow hedges reclassified to earnings ^(A)	828	—	828
Net current-period other comprehensive income	1,830	1,256	3,086
Balance, December 31, 2017	(2,100)	994	(1,106)
Other comprehensive loss before reclassifications	(10)	(734)	(744)
Change in cash flow hedges reclassified to earnings ^(A)	469	—	469
Net current-period other comprehensive income (loss)	459	(734)	(275)
Balance, December 31, 2018	<u>\$ (1,641)</u>	<u>\$ 260</u>	<u>\$ (1,381)</u>

(A) In the Company’s consolidated statements of operations, amortization of \$0.5 million and \$0.8 million were classified in Interest Expense for the years ended. December 31, 2018 and 2017, respectively. For the year ended December 31, 2016, \$0.8 million was classified in Interest Expense, partially offset by \$0.1 million of amortization classified in Equity in Net Income of Joint Ventures, which was previously recognized in Accumulated OCI.

14. Impairment Charges and Reserves

The Company recorded impairment charges and reserves based on the difference between the carrying value of the assets or investments and the estimated fair market value as follows (in millions):

	For the Year Ended December 31,		
	2018	2017	2016
Assets marketed for sale ^(A)	\$ 5.8	\$ 58.2	\$ 67.4
Assets included in the spin-off of RVI ^(B)	62.6	267.2	43.5
Undeveloped land	0.9	15.1	—
Reserve of preferred equity interests ^(C)	11.4	61.0	—
Total impairment charges	<u>\$ 80.7</u>	<u>\$ 401.5</u>	<u>\$ 110.9</u>

- (A) The Company recorded impairment charges triggered by changes in asset hold-period assumptions and/or expected future cash flows in conjunction with the change in its executive management team and strategic direction to increase the volume of asset sales to accelerate progress on its deleveraging goal.
- (B) In 2017, impairments were triggered related to changes in asset hold-period assumptions primarily in conjunction with the Company's change in executive management team and strategic direction. In 2018, charges were triggered by indicative bids received and changes in market assumptions due to the disposition process beginning in 2017.
- (C) As a result of an aggregate valuation allowance on its preferred equity interests in the BRE DDR Joint Ventures (Note 3).

Items Measured at Fair Value on a Non-Recurring Basis

The Company is required to assess the fair value of certain impaired consolidated and unconsolidated joint venture investments. The valuation of impaired real estate assets and investments is determined using widely accepted valuation techniques including discounted cash flow analysis on the expected cash flows of each asset, as well as the income capitalization approach considering prevailing market capitalization rates, analysis of recent comparable sales transactions, actual sales negotiations and bona fide purchase offers received from third parties. In general, the Company considers multiple valuation techniques when measuring fair value of an investment. However, in certain circumstances, a single valuation technique may be appropriate.

For operational real estate assets, the significant assumptions included the capitalization rate used in the income capitalization valuation as well as the projected property net operating income. For projects under development or not at stabilization, the significant assumptions included the discount rate, the timing and the estimated costs for the construction completion and project stabilization, projected net operating income and the exit capitalization rate. For the valuation of the preferred equity interests, the significant assumptions used in the discounted cash flow analysis included the discount rate, projected net operating income, the timing of the expected redemption and the exit capitalization rates. For investments in unconsolidated joint ventures, the Company also considered the valuation of any underlying joint venture debt. These valuation adjustments were calculated based on market conditions and assumptions made by management at the time the valuation adjustments and impairments were recorded, which may differ materially from actual results if market conditions or the underlying assumptions change.

The following tables present information about the Company's impairment charges on both financial and nonfinancial assets that were measured on a fair value basis for the years ended December 31, 2018, 2017 and 2016. The table also indicates the fair value hierarchy of the valuation techniques used by the Company to determine such fair value (in millions).

	Fair Value Measurements				Total Impairment Charges
	Level 1	Level 2	Level 3	Total	
December 31, 2018					
Long-lived assets held and used	\$ —	\$ —	\$ 51.5	\$ 51.5	\$ 6.7
Assets included in the spin-off of RVI	—	—	1,028.0	1,028.0	62.6
Preferred equity interests	—	—	185.5	185.5	11.4
December 31, 2017					
Long-lived assets held and used	—	—	307.1	307.1	73.3
Assets included in the spin-off of RVI	—	—	1,249.0	1,249.0	267.2
Preferred equity interests	—	—	272.0	272.0	61.0
December 31, 2016					
Long-lived assets held and used	—	—	215.7	215.7	67.4
Assets included in the spin-off of RVI	—	—	222.5	222.5	43.5

The following table presents quantitative information about the significant unobservable inputs used by the Company to determine the fair value of non-recurring items (in millions, except price per square foot and price per acre, in thousands):

Description	Quantitative Information About Level 3 Fair Value Measurements			
	Fair Value at December 31, 2018	Valuation Technique	Unobservable Inputs	Range 2018
Impairment of consolidated assets	\$ 351.2	Indicative Bid ^(A)	Indicative Bid ^(A)	N/A
	694.1	Income Capitalization Approach	Market Capitalization Rate	7.38%–9.34%
	32.0	Discounted Cash Flow	Discount Rate	9.5%
			Terminal Capitalization Rate	10.5%–21.4%
Reserve of preferred equity interests	2.2	Sales Comparison Approach	Price per Acre	\$35
	185.5	Discounted Cash Flow	Discount Rate	8.4%–9.0%
			Terminal Capitalization Rate	7.9%–9.1%
			NOI Growth Rate	1%

Quantitative Information About Level 3 Fair Value Measurements				
Description	Fair Value at December 31, 2017	Valuation Technique	Unobservable Inputs	Range 2017
Impairment of consolidated assets	\$ 166.8	Indicative Bid ^(A) / Contracted Price	Indicative Bid ^(A) / Contracted Price	N/A
	882.6	Income Capitalization Approach/ Sales Comparison Approach	Market Capitalization Rate	6.25%–10%
	499.3	Discounted Cash Flow	Discount Rate Terminal Capitalization Rate ^(B)	7.75%–9.5% 7.45%–21.39%
	7.4	Sales Comparison Approach	Price per Acre	\$50–\$218
Reserve of preferred equity interests	272.0	Discounted Cash Flow	Discount Rate	8.4%–8.8%
			Terminal Capitalization Rate	7.8%–8.5%
			NOI Growth Rate	1%

(A) Fair value measurements based upon indicative bids were developed by third-party sources (including offers and comparable sales values), subject to the Company's corroboration for reasonableness. The Company does not have access to certain unobservable inputs used by these third parties to determine these estimated fair values.

(B) Weighted-average rate 8.8% in 2017.

15. Stock-Based Compensation Plans and Employee Benefits

Split and Spin-off Adjustments

All outstanding equity awards reflect the Company's one-for-two reverse stock split effected in May 2018. In addition, as a result of the spin-off of RVI, all equity awards outstanding on July 1, 2018, were adjusted to obtain an equitable modification and to generally preserve their pre-spin intrinsic value pursuant to the anti-dilution provisions of the stock-based compensation plan under which they were issued. The vesting periods were unchanged for unvested grants. The one-for-two stock split as well as the spin-off adjustments are reflected in the tables below and discussed in Notes 1 and 4.

Stock-Based Compensation

The Company's equity-based award plans provide for grants to Company employees and directors of incentive and non-qualified options to purchase common shares, rights to receive the appreciation in value of common shares, awards of common shares subject to restrictions on transfer, awards of common shares issuable in the future upon satisfaction of certain conditions and rights to purchase common shares and other awards based on common shares. Under the terms of the plans, 1.7 million common shares were available for grant under future awards as of December 31, 2018.

Stock Options

Stock options may be granted at per-share prices not less than fair market value at the date of grant and must be exercised within the maximum contractual term of 10 years thereof. Options granted under the plans generally vest over three years in one-third increments, beginning one year after the date of grant.

The fair values for option awards granted were estimated at the date of grant using the Black-Scholes option pricing model with the following weighted-average assumptions (no option awards were granted in 2018):

	<u>For the Year Ended December 31,</u>	
	<u>2017</u>	<u>2016</u>
Weighted-average fair value of grants	\$ 2.07	\$ 2.60
Risk-free interest rate (range) —Based upon the U.S. Treasury Strip with a maturity date that approximates the expected term of the award	1.8%	1.1%–1.5%
Dividend yield (range) —Forecasted dividend yield based on the expected life	5.2%	4.5%–5.2%
Expected life (range) —Derived by referring to actual exercise experience	4 years	4–5 years
Expected volatility (range) —Derived by using a 50/50 blend of implied and historical changes in the Company’s historical stock prices over a time frame consistent with the expected life of the award	19.8%	20.6%–22.5%

The following table reflects the stock option activity described above:

	<u>Number of Options (Thousands)</u>	<u>Weighted- Average Exercise Price</u>	<u>Weighted- Average Remaining Contractual Term (Years)</u>	<u>Aggregate Intrinsic Value (Thousands)</u>
Balance December 31, 2015	1,406	\$ 40.58		
Granted	316	33.48		
Exercised	(427)	23.24		
Forfeited	(392)	58.92		
Balance December 31, 2016	903	38.32		
Granted	77	28.86		
Exercised	(26)	14.66		
Forfeited	(366)	44.62		
Balance December 31, 2017	588	27.64		
Granted	—	—		
Spin-off adjustment	139			
Exercised	(19)	9.73		
Forfeited	(262)	32.26		
Balance December 31, 2018	<u>446</u>	<u>\$ 25.71</u>	<u>5.2</u>	<u>\$ 27</u>
Options exercisable at December 31,				
2018	368	\$ 25.86	4.8	\$ 27
2017	398	34.92	4.5	196
2016	519	40.98	4.5	1,608

The following table summarizes the characteristics of the options outstanding at December 31, 2018:

Range of Exercise Prices	Options Outstanding			Options Exercisable	
	Outstanding at 12/31/18 (Thousands)	Weighted-Average Remaining Contractual Life (Years)	Weighted-Average Exercise Price	Exercisable at 12/31/18 (Thousands)	Weighted-Average Exercise Price
\$0.00–\$16.50	33	0.5	\$ 12.34	33	\$ 12.34
\$16.51–\$27.50	327	5.5	25.65	249	25.86
\$27.51–\$31.11	86	5.7	31.11	86	31.11
	446	5.2	\$ 25.71	368	\$ 25.86

The following table reflects the activity for unvested stock option awards for the year ended December 31, 2018:

	Options (Thousands)	Weighted-Average Grant Date Fair Value
Unvested at December 31, 2017	191	\$ 2.63
Granted	—	—
Spin-off adjustment	44	
Vested	(125)	2.83
Forfeited	(32)	2.61
Unvested at December 31, 2018	78	\$ 2.31

As of December 31, 2018, total unrecognized stock option compensation cost granted under the plans was \$0.1 million, which is expected to be recognized over a weighted-average 0.9-year term.

The following table summarizes the activity of employee stock option exercises that are primarily settled with newly issued common shares or with treasury shares, if available (in millions):

	For the Year Ended December 31,		
	2018	2017	2016
Cash received for exercise price	\$ 0.2	\$ 0.4	\$ 9.9
Intrinsic value	0.1	0.2	6.0

Restricted Share Awards and Units

The Board of Directors approved grants to officers of the Company of restricted common share units (“RSUs”) of 0.3 million in 2018, 0.4 million in 2017 and 0.3 million in 2016. The restricted stock grants generally vest in equal annual amounts over a three- to four-year period. Restricted Stock Units receive cash dividends which are equivalent to the cash dividends paid on the Company’s common shares. Restricted Stock Awards have the same cash dividend and voting rights as other common stock and are considered to be currently issued and outstanding. These grants have a weighted-average fair value at the date of grant ranging from \$12.26 to \$38.52, which was equal to the market value of the Company’s common shares at the date of grant. As a component of compensation to the Company’s non-employee directors, the Company issued 0.1 million common shares to the non-employee directors for the year ended December 31, 2018. For the years ended December 31, 2017 and 2016, the number of shares granted was not material. The grant value was equal to the market value of the Company’s common shares at the date of grant and immediately vested upon grant.

Performance-Based Restricted Share Units (PRsUs)

In 2018, the Board of Directors approved grants to the chief executive officer, chief operating officer and chief financial officer of PRsUs covering a “target” number of shares, subject to a performance period beginning on March 1, 2018, and ending on February 28, 2021. In 2017, the Board of Directors approved grants to the chief executive officer, chief operating officer and chief financial officer of PRsUs covering a “target” number of shares, subject to a one-year, two-year and three-year performance periods beginning on March 1, 2017. The payout of the PRsUs will vary based on relative total shareholder return performance measured over the applicable performance period, with the ultimate payout ranging from a level of 0% of target to a maximum level of 200% of target (subject to reduction by one-third in the event that SITE Centers’ absolute total shareholder return during the applicable performance period is negative). For the PRsUs in which the performance period ended in March 2018, no shares were granted. The 2018 grants have a fair value at the date of grant aggregating \$4.7 million, to be amortized ratably over the performance period ending on February 28, 2021. The 2017 grants have a fair value at the date of grant aggregating \$3.9 million, to be amortized ratably over the performance period ending on February 28, 2020.

Under the anti-dilution provisions of the Company’s equity incentive plan and the respective PRsU award agreement, the PRsUs issued in 2017 and 2018 were adjusted as of the spin-off of RVI, effective July 1, 2018, as determined by the Company’s compensation committee. The number of PRsUs were adjusted so as to retain the same intrinsic value immediately after the spin-off that the PRsU award had immediately prior to the spin-off. In particular, upon consummation of the spin-off of RVI, the 2017 and 2018 PRsU awards were adjusted to: (1) retain the original SITE Centers relative total shareholder return (“RTSR”) peer group; (2) retain the SITE Centers beginning share price used for RTSR purposes and (3) measure ending share price as SITE Centers ending price plus RVI ending price (with any dividends deemed reinvested into additional SITE centers shares). Effective at the date of the spin-off, because these awards are dual-indexed to both the Company and RVI results, the 2017 and 2018 PRsU awards are accounted for as liability awards and are marked to fair value on a quarterly basis.

2016 Value Sharing Equity Program

In 2016, the Company adopted the 2016 Value Sharing Equity Program (the “2016 VSEP”), and performance awards under the 2016 VSEP were granted to certain officers. The final measurement date was December 31, 2018. No awards were granted pursuant to the 2016 VSEP.

The 2016 VSEP was designed to allow the Company to reward participants for contributing to its financial performance and to allow such participants to share in “Value Created” (as defined below), based upon increases in SITE Centers’ adjusted market capitalization over an initial market capitalization. Value Created is measured for each period for the performance awards as the increase in SITE Centers’ market capitalization on the applicable measurement date (i.e., the product of SITE Centers’ five-day trailing average share price as of each measurement date (price-only appreciation, not total shareholder return) and the number of shares outstanding as of the measurement date), as adjusted for equity issuances and/or equity repurchases, over SITE Centers’ initial market at the start of the 2016 VSEP utilizing the starting share price.

Summary of Unvested Share Awards

The following table reflects the activity for the unvested awards pursuant to all restricted stock grants and grants pursuant to the 2013 VSEP plans for the year ended December 31, 2018:

	Awards (Thousands)	Weighted-Average Grant Date Fair Value
Unvested at December 31, 2017	322	\$ 23.45
Granted	344	13.01
Spin-off adjustment	69	
Vested	(162)	24.50
Forfeited	(12)	22.31
Unvested at December 31, 2018	561	\$ 16.77

As of December 31, 2018, total unrecognized compensation for the restricted awards granted under the plans as summarized above was \$12.7 million, which is expected to be recognized over a weighted-average 1.6-year term, which includes the performance-based and time-based vesting periods.

Deferred Compensation Plans

The Company maintains a 401(k) defined contribution plan covering substantially all of the officers and employees of the Company in accordance with the provisions of the Code. Also, for certain officers, the Company maintains the Elective Deferred Compensation Plan and DDR Corp. Equity Deferred Compensation Plan, both non-qualified plans, which permit the deferral of base salaries, commissions and annual performance-based cash bonuses or receipt of restricted shares. In addition, directors of the Company are permitted to defer all or a portion of their fees pursuant to the Directors' Deferred Compensation Plan, a non-qualified plan. All of these plans were fully funded at December 31, 2018.

16. Earnings Per Share

The following table provides a reconciliation of net income (loss) and the number of common shares used in the computations of "basic" earnings per share ("EPS"), which utilizes the weighted-average number of common shares outstanding without regard to dilutive potential common shares, and "diluted" EPS, which includes all such shares (in thousands, except per share amounts). Further, all per share amounts and average shares outstanding have been restated to reflect the May 2018 reverse stock split described in Note 1.

	<u>For the Year Ended December 31,</u>		
	<u>2018</u>	<u>2017</u>	<u>2016</u>
<u>Numerators - Basic and Diluted</u>			
Net income (loss)	\$ 116,105	\$ (243,132)	\$ 61,199
Plus: (Income) loss attributable to non-controlling interests	(1,671)	1,447	(1,187)
Less: Preferred dividends	(33,531)	(28,759)	(22,375)
Less: Earnings attributable to unvested shares and OP Units	(1,137)	(989)	(786)
Net income (loss) attributable to common shareholders after allocation to participating securities	\$ 79,766	\$ (271,433)	\$ 36,851
<u>Denominators - Number of Shares</u>			
Basic - Average shares outstanding	184,528	183,681	182,647
Effect of dilutive securities - Stock options	7	—	134
Diluted - Average shares outstanding	184,535	183,681	182,781
<u>Earnings (Loss) Per Share:</u>			
Basic	\$ 0.43	\$ (1.48)	\$ 0.20
Diluted	\$ 0.43	\$ (1.48)	\$ 0.20

Basic average shares outstanding do not include restricted shares totaling 0.7 million, 0.3 million and 0.2 million that were not vested at December 31, 2018, 2017 and 2016, respectively (Note 15).

The following potentially dilutive securities were considered in the calculation of EPS:

- Options to purchase 0.4 million, 0.6 million and 0.9 million common shares were outstanding at December 31, 2018, 2017 and 2016, respectively (Note 15). These outstanding options were not considered in the computation of diluted EPS for the year ended December 31, 2017, as the options were anti-dilutive due to the Company's loss from continuing operations.
- PRSUs were not considered in the computation of diluted EPS for the years ended December 31, 2018 and 2017, as the calculation was anti-dilutive. The PRSUs were not outstanding for the year ended December 31, 2016, and accordingly were not considered in the calculation.
- Shares subject to issuance under the Company's 2016 VSEP (Note 15) were not considered in the computation of diluted EPS for the years ended December 31, 2018, 2017, and 2016, as the calculation was anti-dilutive.
- The exchange into common shares associated with OP Units was not included in the computation of diluted shares outstanding for all periods presented because the effect of assuming conversion was anti-dilutive (Note 12).

17. Income Taxes

The Company elected to be treated as a REIT under the Internal Revenue Code of 1986, as amended, commencing with its taxable year ended December 31, 1993. To qualify as a REIT, the Company must meet a number of organizational and operational requirements, including a requirement that the Company distribute at least 90% of its taxable income to its shareholders. It is management's current intention to adhere to these requirements and maintain the Company's REIT status. As a REIT, the Company generally will not be subject to corporate level federal income tax on taxable income it distributes to its shareholders. As the Company distributed sufficient taxable income for each of the three years ended December 31, 2018, no U.S. federal income or excise taxes were incurred.

If the Company fails to qualify as a REIT in any taxable year, it will be subject to federal income taxes at regular corporate rates and may not be able to qualify as a REIT for the four subsequent taxable years. Even if the Company qualifies for taxation as a REIT, the Company may be subject to certain foreign, state and local taxes on its income and property and to federal income and excise taxes on its undistributed taxable income. In addition, the Company has a TRS that is subject to federal, state and local income taxes on any taxable income generated from its operational activity.

In order to maintain its REIT status, the Company must meet certain income tests to ensure that its gross income consists of passive income and not income from the active conduct of a trade or business. The Company utilizes its TRS to the extent certain fee and other miscellaneous non-real estate-related income cannot be earned by the REIT.

The tax cost basis of assets was \$5.0 billion and \$9.1 billion at December 31, 2018 and 2017, respectively. For the years ended December 31, 2018, 2017 and 2016, the Company recorded a net payment of \$1.1 million, \$0.7 million and \$1.0 million, respectively, related to taxes.

In 2015, in accordance with temporary legislation of the Puerto Rico Internal Revenue Code, the Company made a voluntary election to prepay taxes related to the built-in gains associated with the real

estate assets in Puerto Rico and restructured the ownership of its then 14 assets in Puerto Rico. The net prepaid tax related to the restructuring was \$16.8 million. In 2017, the Company sold two of the assets in Puerto Rico and released \$1.4 million of the prepaid tax asset. In 2018 and 2017, the Company established a valuation allowance of \$4.0 million and \$10.8 million, respectively, on the remaining prepaid tax asset triggered by the change in asset hold-period assumptions related to its change in strategic direction for the Puerto Rico properties (Note 14). In 2018, these assets were assumed by RVI and the associated valuation allowance was written off since this attribute couldn't be transferred to RVI.

The following represents the combined activity of the Company's TRS (in thousands):

	For the Year Ended December 31,		
	2018	2017	2016
Book income before income taxes	\$ 1,872	\$ 11,180	\$ 9,953
Current	\$ (430)	\$ 459	\$ 17
Deferred	—	—	—
Total income tax (benefit) expense	<u>\$ (430)</u>	<u>\$ 459</u>	<u>\$ 17</u>

The differences between total income tax expense and the amount computed by applying the statutory income tax rate to income before taxes with respect to its TRS activity were as follows (in thousands):

TRS	For the Year Ended December 31,		
	2018	2017	2016
Statutory Rate	21%	34%	34%
Statutory rate applied to pre-tax income	\$ 393	\$ 3,801	\$ 3,384
State tax expense net of federal income tax	—	254	498
Deferred tax expense net of federal income tax	—	724	—
AMT benefit refund	(430)	—	—
Permanent items	—	(241)	—
Deferred tax impact of tax rate change ^(A)	7,350	19,391	—
Valuation allowance decrease based on impact of tax rate change ^(A)	(7,350)	(23,470)	(4,039)
Valuation allowance decrease – other deferred	(672)	—	—
Other	279	—	174
Total (benefit) expense	<u>\$ (430)</u>	<u>\$ 459</u>	<u>\$ 17</u>
Effective tax rate	<u>(22.97%)</u>	<u>4.11%</u>	<u>0.17%</u>

(A) For the year ended December 31, 2018, includes \$7.4 million deferred tax impact of state tax rate change, and for the year ended December 31, 2017, includes \$19.4 million deferred tax impact of federal tax rate change.

Deferred tax assets and liabilities of the Company's TRS were as follows (in thousands):

	For the Year Ended December 31,	
	2018	2017
Deferred tax assets ^(A)	\$ 29,857	\$ 37,940
Deferred tax liabilities	(11)	(72)
Valuation allowance	<u>(29,846)</u>	<u>(37,868)</u>
Net deferred tax asset	<u>\$ —</u>	<u>\$ —</u>

(A) At December 31, 2018, primarily attributable to \$18.5 million of net operating losses and \$7.0 million of book/tax differences in joint venture investments and \$4.0 million of capital loss carryforward. The TRS net operating loss carryforwards will expire in varying amounts between the years 2024 and 2035.

Reconciliation of GAAP net income (loss) attributable to SITE Centers to taxable income is as follows (in thousands):

	For the Year Ended December 31,		
	2018	2017	2016
GAAP net income (loss) attributable to SITE Centers	\$ 114,434	\$ (241,685)	\$ 60,012
Plus: Book depreciation and amortization ^(A)	237,383	336,530	376,493
Less: Tax depreciation and amortization ^(A)	(179,197)	(214,298)	(224,766)
Book/tax differences on losses from capital transactions	(161,452)	(195,294)	(155,170)
Joint venture equity in loss (earnings), net ^(A)	40,682	(9,537)	(3,802)
Deferred income	(8,436)	(26,032)	(8,352)
Compensation expense	3,259	4,093	(5,237)
Impairment charges	80,746	406,580	110,906
Puerto Rico tax prepayment	3,991	12,237	—
RVI transaction costs	36,177	—	—
Miscellaneous book/tax differences, net	17,242	8,409	(2,625)
Taxable income before adjustments	184,829	81,003	147,459
Less: Capital gains	—	—	—
Taxable income subject to the 90% dividend requirement	<u>\$ 184,829</u>	<u>\$ 81,003</u>	<u>\$ 147,459</u>

(A) Depreciation expense from majority-owned subsidiaries and affiliates, which is consolidated for financial reporting purposes but not for tax reporting purposes, is included in the reconciliation item "Joint venture equity in earnings, net."

Reconciliation between cash and stock dividends paid and the dividends paid deduction is as follows (in thousands):

	For the Year Ended December 31,		
	2018	2017	2016
Cash Dividends paid	\$ 280,714	\$ 304,973	\$ 293,031
Stock Dividend due to RVI spin-off	593,659	—	—
Total Dividends	874,373	304,973	293,031
Less: Dividends designated to prior year	(8,383)	(5,594)	(5,594)
Plus: Dividends designated from the following year	8,383	8,383	5,594
Less: Return of capital	(689,544)	(226,759)	(145,572)
Dividends paid deduction	<u>\$ 184,829</u>	<u>\$ 81,003</u>	<u>\$ 147,459</u>

18. Segment Information

The tables below present information about the Company's reportable operating segments (in thousands):

	For the Year Ended December 31, 2018			
	Shopping Centers	Loan Investments	Other	Total
Lease revenue and other property revenue	\$ 662,626	\$ 57	\$ 1,784	\$ 664,467
Revenue from contracts with customers	42,788	—	—	42,788
Total revenues	705,414	57	1,784	707,255
Rental operation expenses	(207,991)	(1)	—	(207,992)
Net operating income	497,423	56	1,784	499,263
Impairment charges	(69,324)			(69,324)
Hurricane property (loss) credit, net	(974)		157	(817)
Depreciation and amortization	(242,102)			(242,102)
Interest income		20,437		20,437
Other income (expense), net			(110,895)	(110,895)
Unallocated expenses ^(A)			(202,944)	(202,944)
Equity in net income of joint ventures	9,365			9,365
Reserve of preferred equity interests	(11,422)			(11,422)
Gain on disposition of real estate, net	225,406			225,406
Income before tax expense				\$ 116,967
As of December 31, 2018:				
Total gross real estate assets	\$ 4,627,866			\$ 4,627,866
Notes receivable, net ^(B)		\$ 209,566	\$(189,891)	\$ 19,675

	For the Year Ended December 31, 2017			
	Shopping Centers	Loan Investments	Other	Total
Lease revenue and other property revenue	\$ 890,978	\$ 57		\$ 891,035
Revenue from contracts with customers	30,553	—		30,553
Total revenues	921,531	57		921,588
Rental operation expenses	(263,732)	(11)		(263,743)
Net operating income	657,799	46		657,845
Impairment charges	(340,480)			(340,480)
Hurricane property and impairment loss	(5,930)			(5,930)
Depreciation and amortization	(346,204)			(346,204)
Interest income		28,364		28,364
Other income (expense), net			\$ (68,003)	(68,003)
Unallocated expenses ^(A)			(265,675)	(265,675)
Equity in net income of joint ventures	8,837			8,837
Reserve of preferred equity interests	(61,000)			(61,000)
Gain on sale and change in control of interests, net	368			368
Gain on disposition of real estate, net	161,164			161,164
Loss before tax expense				\$ (230,714)
As of December 31, 2017:				
Total gross real estate assets	\$ 8,248,003			\$ 8,248,003
Notes receivable, net ^(B)		\$ 297,451	\$(277,776)	\$ 19,675

For the Year Ended December 31, 2016

	<u>Shopping Centers</u>	<u>Loan Investments</u>	<u>Other</u>	<u>Total</u>
Lease revenue and other property revenue	\$ 972,527	\$ 44		\$ 972,571
Revenue from contracts with customers	33,234	—		33,234
Total revenues	1,005,761	44		1,005,805
Rental operation expenses	(291,916)	(218)		(292,134)
Net operating income (loss)	713,845	(174)		713,671
Impairment charges	(110,906)			(110,906)
Depreciation and amortization	(389,519)			(389,519)
Interest income		37,054		37,054
Other income (expense), net			\$ 3,322	3,322
Unallocated expenses ^(A)			(278,640)	(278,640)
Equity in net income of joint ventures	15,699			15,699
Loss on sale and change in control of interests, net	(1,087)			(1,087)
Gain on disposition of real estate, net	73,386			73,386
Income before tax expense				<u>\$ 62,980</u>
As of December 31, 2016:				
Total gross real estate assets	<u>\$ 9,244,058</u>			<u>\$ 9,244,058</u>
Notes receivable, net ^(B)		<u>\$ 442,826</u>	<u>\$(393,323)</u>	<u>\$ 49,503</u>

(A) Unallocated expenses consist of General and Administrative Expenses and Interest Expense as listed in the Company's consolidated statements of operations.

(B) Amount includes loans to affiliates classified in Investments in and Advances to Joint Ventures on the Company's consolidated balance sheets.

19. Subsequent Events

Stock Repurchase Program

In January 2019, the Company repurchased an additional 1.2 million of its common shares at a cost of \$14.1 million.

20. Quarterly Results of Operations (Unaudited)

The following table sets forth the quarterly results of operations for the years ended December 31, 2018 and 2017 (in thousands, except per share amounts):

	2018				2017			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Revenues	\$215,068	\$211,516	\$144,095	\$136,576	\$240,421	\$236,187	\$227,424	\$ 217,556
Net (loss) income attributable to SITE Centers	(54,153)	(3,329)	(8,931)	180,847 ^{(A),(B)}	(54,241)	29,611	983	(218,038) ^(A)
Net (loss) income attributable to common shareholders	(62,536)	(11,712)	(17,313)	172,464 ^{(A),(B)}	(59,835)	23,212	(7,400)	(226,421) ^(A)
Basic:								
Net (loss) income per common share attributable to common shareholders	\$ (0.34)\$	(0.07)\$	(0.09)\$	0.94	\$ (0.33)\$	0.13	(0.04)\$	(1.23)
Weighted-average number of shares	184,560	184,634	184,655	184,266	183,215	183,493	183,843	184,160
Diluted:								
Net (loss) income per common share attributable to common shareholders	\$ (0.34)\$	(0.07)\$	(0.09)\$	0.93	\$ (0.33)\$	0.13	(0.04)\$	(1.23)
Weighted-average number of shares	184,560	184,634	184,655	184,412	183,215	183,515	183,843	184,160

(A) Includes impairment charges of \$0.9 million and \$280.1 million for the three months ended December 31, 2018 and 2017, respectively.

(B) Includes gain on sale of \$182.3 million for the three months ended December 31, 2018.

SITE Centers Corp.
Valuation and Qualifying Accounts and Reserves
For the Years Ended December 31, 2018, 2017 and 2016
(In thousands)

	<u>Balance at Beginning of Year</u>	<u>Charged to Expense</u>	<u>Deductions</u>	<u>Balance at End of Year</u>
Year ended December 31, 2018				
Allowance for uncollectible accounts ^(A)	\$ 86,369	\$ 17,829	\$ 13,444	\$ 90,754
Valuation allowance for deferred and prepaid tax assets ^(B)	\$ 48,662	\$ 3,991	\$ 22,807	\$ 29,846
Year ended December 31, 2017				
Allowance for uncollectible accounts ^(A)	\$ 12,110	\$ 77,153	\$ 2,894	\$ 86,369
Valuation allowance for deferred and prepaid tax assets ^(B)	\$ 61,338	\$ 10,794	\$ 23,470	\$ 48,662
Year ended December 31, 2016				
Allowance for uncollectible accounts ^(A)	\$ 10,207	\$ 4,471	\$ 2,568	\$ 12,110
Valuation allowance for deferred tax assets	\$ 65,377	\$ —	\$ 4,039	\$ 61,338

(A) Includes allowances on accounts receivable, straight-line rents, notes receivable and reserve of preferred equity interests (\$72.4 million at December 31, 2018, and \$61.0 million at December 31, 2017). In 2018, \$13.5 million of the total deductions are as a result of the spin-off of RVI.

(B) Amounts charged to expense are discussed further in Note 17. In 2018, \$14.8 million in deductions of valuation allowance for prepaid taxes, as a result of the spin-off of RVI.

SCHEDULE III

**SITE Centers Corp.
Real Estate and Accumulated Depreciation
December 31, 2018
(In thousands)**

	Initial Cost			Total Cost ⁽¹⁾			Total Cost, Net of Accumulated Depreciation ⁽²⁾	Encumbrances	Date of Construction (C) Acquisition (A)
	Land	Buildings & Improvements	Land	Buildings & Improvements	Total				
Phoenix, AZ	\$18,701	\$18,811	\$118	\$22,792	\$41,493	\$9,055	\$32,438	\$—	1999 (A)
Phoenix, AZ	15,352	22,813	1,601	28,415	43,767	16,620	27,147	29,113	2003 (A)
Phoenix, AZ	15,090	36,880	—	18,399	60,516	10,576	49,940	—	2012 (A)
Buena Park, CA	27,269	21,427	—	23,417	50,686	2,929	47,757	—	2015 (A)
Fontana, CA	23,861	57,931	—	62,016	85,877	9,188	76,689	—	2014 (A)
Long Beach, CA	—	147,918	—	196,684	196,684	78,576	118,108	—	2005 (C)
Oakland, CA	4,361	33,538	—	33,538	37,899	6,349	31,550	—	2013 (A)
Roseville, CA	23,574	67,031	—	67,679	91,253	10,516	80,737	—	2014 (A)
San Francisco, CA	10,464	25,730	—	26,084	36,548	12,091	24,457	—	2002 (A)
Vista, CA	12,677	47,145	—	45,709	57,285	6,987	50,298	—	2014 (A)
Centennial, CO	7,833	35,550	—	9,075	76,554	40,526	36,028	—	1997 (C)
Colorado Springs, CO	9,001	47,671	—	55,526	64,527	11,790	52,737	17,467	2011 (A)
Denver, CO	20,733	22,818	—	29,326	50,130	14,733	35,397	—	2003 (A)
Parker, CO	4,632	38,256	—	39,521	44,153	6,836	37,317	—	2013 (A)
Guilford, CT	4,588	41,892	—	60,768	66,977	5,808	61,169	—	2015 (C)
Windsor Court, CT	6,090	11,745	—	12,509	18,599	4,756	13,843	—	2007 (A)
Brandon, FL	—	4,111	—	4,317	4,317	1,969	1,969	—	1972 (C)
Brandon, FL	4,775	13,117	—	19,080	23,855	5,805	18,050	—	2009 (A)
Brandon, FL	2,938	13,685	—	13,999	16,937	2,723	14,214	—	2013 (A)
Melbourne, FL	3,111	7,325	—	7,325	10,436	46	10,390	—	2018 (A)
Miami, FL	11,626	30,457	—	26,743	147,672	42,509	105,163	—	2006 (C)
Naples, FL	10,172	39,342	—	39,449	49,621	6,811	42,810	—	2013 (A)
Orlando, FL	8,528	56,684	—	79,529	92,365	6,023	86,342	—	2016 (C)
Palm Harbor, FL	1,137	4,089	—	5,136	6,273	3,738	2,535	—	1995 (A)
Plantation, FL	21,729	37,331	—	97,542	119,654	41,022	78,632	—	2007 (A)
Winter Garden, FL	38,945	130,382	—	136,598	175,543	26,115	149,428	—	2013 (A)
Atlanta, GA	14,078	41,050	—	47,486	61,564	13,419	48,145	—	2009 (A)
Cumming, GA	14,249	23,653	—	26,114	40,363	13,806	26,557	—	2003 (A)
Cumming, GA	6,851	49,659	—	50,106	56,957	10,063	46,894	—	2013 (A)
Cumming, GA	3,391	8,218	—	8,218	11,609	55	11,554	—	2018 (A)
Douglasville, GA	2,839	5,511	—	5,511	8,350	—	8,350	—	2018 (A)
Roswell, GA	6,566	15,005	—	26,455	34,349	10,795	23,554	—	2007 (A)
Snellville, GA	10,185	51,815	—	58,284	68,626	22,794	45,832	—	2007 (A)
Suwanee, GA	13,479	23,923	—	33,498	46,833	17,064	29,769	—	2003 (A)
Chicago, IL	22,642	82,754	—	83,248	105,890	12,729	93,161	—	2014 (A)
Chicago, IL	23,588	45,632	—	45,947	69,535	3,390	66,145	—	2017 (A)
Schaumburg, IL	27,466	84,679	—	27,466	122,404	17,075	105,329	—	2013 (A)
Merriam, KS	15,043	55,028	—	55,953	70,996	9,553	61,443	—	2013 (A)
Bowie, MD	5,739	14,301	—	6,098	6,836	4,884	1,952	—	2007 (A)

SCHEDULE III

**SITE Centers Corp.
Real Estate and Accumulated Depreciation
December 31, 2018
(In thousands)**

	Initial Cost		Total Cost ⁽¹⁾		Accumulated Depreciation ⁽²⁾	Total Cost, Net of Accumulated Depreciation	Encumbrances	Date of Construction Acquisition (C)
	Land	Buildings & Improvements	Land	Buildings & Improvements				
Everett, MA	9,311	44,647	9,462	58,465	29,813	38,114	—	2001 (C)
Framingham, MA	75,675	191,594	75,675	197,740	35,404	238,011	—	2013 (A)
Brentwood, MO	10,018	32,053	10,018	36,922	21,445	25,495	—	1998 (A)
East Hanover, NJ	3,847	23,798	3,847	28,852	32,699	22,808	—	2007 (A)
Edgewater, NJ	7,714	30,473	7,714	32,868	40,582	11,837	—	2007 (A)
Freehold, NJ	2,460	2,475	3,166	3,675	1,142	5,699	—	2005 (C)
Hamilton, NJ	8,039	49,896	11,774	89,822	40,687	60,909	—	2003 (A)
Princeton, NJ	13,448	74,249	14,455	100,192	58,913	55,734	—	1997 (A)
West Long Branch, NJ	14,131	51,982	14,131	79,741	29,688	64,184	—	2004 (A)
Charlotte, NC	27,707	45,021	27,707	50,687	13,773	64,621	—	2011 (A)
Charlotte, NC	11,224	82,124	11,224	86,551	19,766	78,009	—	2012 (A)
Charlotte, NC	3,600	30,392	7,922	51,036	7,406	51,552	—	2013 (C)
Cornelius, NC	4,382	15,184	4,382	21,036	9,342	16,076	—	2007 (A)
Cincinnati, OH	19,572	54,495	19,572	74,206	9,588	84,190	—	2014 (A)
Columbus, OH	12,922	46,006	14,078	69,984	38,971	45,091	—	1998 (A)
Columbus, OH	18,716	64,617	20,666	71,645	16,982	75,329	40,887	2011 (A)
Dublin, OH	3,609	11,546	3,609	15,118	9,511	9,216	—	1998 (A)
Mason, OH	2,032	23,788	2,032	26,786	4,090	24,728	—	2014 (A)
Stow, OH	993	9,028	993	38,184	39,177	17,109	—	1969 (C)
Toledo, OH	1,316	3,961	534	2,366	1,519	1,381	—	2004 (A)
Westlake, OH	424	3,803	201	20,096	3,435	17,085	—	1974 (C)
Portland, OR	20,208	50,738	20,208	59,341	12,811	66,738	—	2012 (A)
Mount Pleasant, SC	2,430	10,470	2,341	23,188	15,127	10,402	—	1995 (A)
Brentwood, TN	6,101	25,956	6,101	27,746	5,116	28,731	—	2013 (A)
Highland Village, TX	5,545	28,365	5,545	30,573	6,658	29,460	—	2013 (A)
San Antonio, TX	3,475	37,327	4,873	52,223	24,717	32,379	—	2002 (C)
San Antonio, TX	5,602	39,196	10,158	115,032	38,701	86,489	—	2007 (C)
San Antonio, TX	2,381	6,487	2,381	23,283	9,647	16,017	—	2007 (A)

SCHEDULE III

The changes in Total Real Estate Assets are as follows (in thousands):

	For the Year Ended December 31,		
	2018	2017	2016
Balance at beginning of year	\$ 8,248,003	\$ 9,244,058	\$ 10,128,199
Acquisitions	34,675	82,137	130,512
Developments, improvements and expansions	120,325	119,651	148,521
Adjustments of property carrying values (Impairments)	(56,317)	(345,282)	(109,912)
Disposals	(998,776)	(852,561)	(1,053,262)
Spin-off of RVI	(2,720,044)	—	—
Balance at end of year	<u>\$ 4,627,866</u>	<u>\$ 8,248,003</u>	<u>\$ 9,244,058</u>

The changes in Accumulated Depreciation and Amortization are as follows (in thousands):

	For the Year Ended December 31,		
	2018	2017	2016
Balance at beginning of year	\$ 1,953,479	\$ 1,996,176	\$ 2,062,899
Depreciation for year	207,902	285,484	317,402
Disposals	(268,405)	(328,181)	(384,125)
Spin-off of RVI	(720,619)	—	—
Balance at end of year	<u>\$ 1,172,357</u>	<u>\$ 1,953,479</u>	<u>\$ 1,996,176</u>

SITE Centers Corp.
Mortgage Loans on Real Estate
December 31, 2018
(In thousands)

Description	Interest Rate	Final Maturity Date	Periodic Payment Terms ^(A)	Prior Liens ^(B)	Face Amount of Mortgages	Carrying Amount of Mortgages ^(C)	Principal Amount of Loans Subject to Delinquent Principal or Interest
Mezzanine Loans							
Retail							
Borrower A	9.0%	Jun-23	I	\$ 20,004	\$ 7,500	\$ 7,541	\$ —
Borrower B	9.0%	Jun-19	I	43,544	12,040	12,134	—
				63,548	19,540	19,675	—
Investments in and Advances to Joint Ventures							
Borrower C	8.5%	Oct-21	QI	390,417	300,000	135,759	—
Borrower D	8.5%	Dec-22	QI	163,387	82,634	54,132	—
				<u>\$ 617,352</u>	<u>\$ 402,174</u>	<u>\$ 209,566</u>	<u>\$ —</u>

(A) I = Interest only; QI = Quarterly partial payment Interest only.

(B) The first mortgage loans on certain properties are not held by the Company. Accordingly, the amounts of the prior liens for those properties at December 31, 2018, are estimated.

(C) The aggregate cost for federal income tax purposes is \$294.2 million. Carrying amount is net of applicable valuation allowance.

Changes in mortgage loans are summarized below (in thousands):

	For the Year Ended December 31,		
	2018	2017	2016
Balance at beginning of period	\$ 297,451	\$ 442,826	\$ 437,144
Additions during period:			
New mortgage loans	—	—	11,139
Interest	20,807	28,116	36,499
Accretion of discount	—	269	1,038
Deductions during period:			
Provision for loan loss reserve	(11,422)	(61,000)	—
Collections of principal and interest	(97,270)	(112,760)	(42,994)
Balance at close of period	<u>\$ 209,566</u>	<u>\$ 297,451</u>	<u>\$ 442,826</u>

SIGNATURES

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

SITE Centers Corp.

By: /s/ David R. Lukes

David R. Lukes, Chief Executive Officer,
President & Director

Date: February 27, 2019

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the Registrant and in the capacities indicated on the 27th day of February, 2019.

<u>/s/ David R. Lukes</u> David R. Lukes	Chief Executive Officer, President & Director (Principal Executive Officer)
<u>/s/ Matthew L. Ostrower</u> Matthew L. Ostrower	Executive Vice President, Chief Financial Officer & Treasurer (Principal Financial Officer)
<u>/s/ Christa A. Vesey</u> Christa A. Vesey	Executive Vice President & Chief Accounting Officer (Principal Accounting Officer)
<u>/s/ Linda B. Abraham</u> Linda B. Abraham	Director
<u>/s/ Terrance R. Ahern</u> Terrance R. Ahern	Director
<u>/s/ Jane E. DeFlorio</u> Jane E. DeFlorio	Director
<u>/s/ Thomas Finne</u> Thomas Finne	Director
<u>/s/ Victor B. MacFarlane</u> Victor B. MacFarlane	Director
<u>/s/ Alexander Otto</u> Alexander Otto	Director
<u>/s/ Dawn M. Sweeney</u> Dawn M. Sweeney	Director

Board of Directors

David R. Lukes

President & Chief Executive Officer,
SITE Centers Corp.

Linda B. Abraham

Managing Director,
Crimson Capital

Terrance R. Ahern

Chairman of the Board,
SITE Centers Corp.
Co-Founder, Principal
& Chief Executive Officer,
The Townsend Group

Jane E. DeFlorio

Managing Director (Retired),
Deutsche Bank AG
Retail/Consumer Sector
Investment Banking Coverage

Dr. Thomas Finne

Managing Director,
KG CURA Vermögensverwaltung
G.m.b.H & Co.

Victor B. McFarlane

Chairman & Chief Executive Officer,
MacFarlane Partners

Alexander Otto

Chief Executive Officer,
ECE Projektmanagement
G.m.b.H. & Co. KG

Dawn M. Sweeney

President & Chief Executive Officer,
National Restaurant Association

Executives

David R. Lukes

President & Chief Executive Officer

Michael A. Makinen

Executive Vice President
& Chief Operating Officer

Matthew L. Ostrower

Executive Vice President,
Chief Financial Officer & Treasurer

Christa A. Vespy

Executive Vice President
& Chief Accounting Officer

Aaron M. Kitlowski

Executive Vice President,
General Counsel & Corporate
Secretary

Corporate Information

Corporate Offices

SITE Centers Corp.
3300 Enterprise Parkway
Beachwood, Ohio 44122
216.755.5500
www.sitecenters.com

Independent Registered

Public Accounting Firm
PricewaterhouseCoopers LLP
Cleveland, Ohio

Legal Counsel

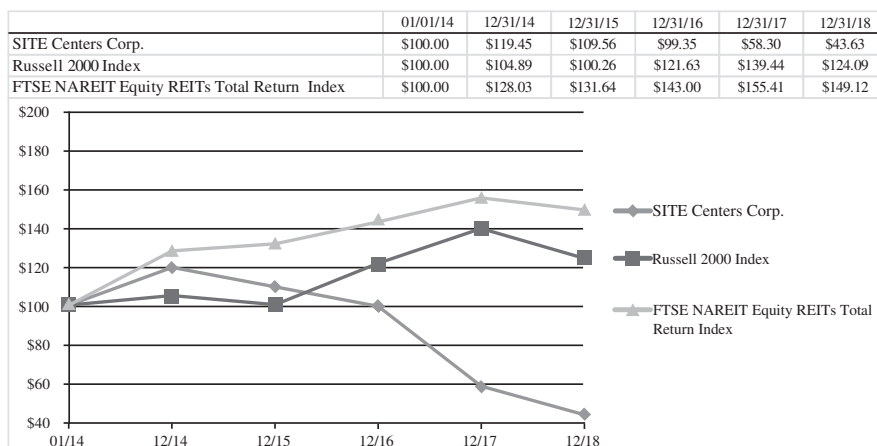
Jones Day
Cleveland, Ohio

Transfer Agent & Registrar

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FIVE-YEAR CUMULATIVE TOTAL RETURN

The graph below represents the Company's cumulative total shareholder returns relative to the performance of the Russell 2000 Index and FTSE NAREIT Equity REITs Total Return Index. The graph assumes \$100 invested at the closing price of the Company's common stock on the New York Stock Exchange and each index on December 31, 2013 and assumes the reinvestment of all dividends and distributions. The stock performance shown on this graph may not be indicative of future price performance. In connection with the spin-off, on July 1, 2018, the Company and RVI entered into a separation and distribution agreement, pursuant to which, among other things, the Company agreed to the transfer of 48 properties and certain related assets, liabilities and obligations of RVI. On the spin-off date, holders of SITE Centers' common shares received one common share of RVI for every ten shares of SITE Centers' common stock held on the record date. The graph takes into account the value of the RVI common shares distributed on the spin-off date.



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