

# 4Q19 Earnings

SITE CENTERS CONFERENCE CALL

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13 FEBRUARY, 2020



# SAFE HARBOR STATEMENT

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SITE Centers considers portions of the information in this presentation 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 expectation for future periods. Although the Company believes that the expectations reflected in such 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 historical fact may be deemed to be forward-looking statements. There are a number of important factors that could cause our results to differ materially from those indicated by such forward-looking statements, including, among other factors, local conditions such as increased supply of, or a reduction in demand for, real estate in the area; dependence on rental income from real property; the loss, significant downsizing or bankruptcy of a major tenant and the impact of any such event on rental income from other tenants and our properties; redevelopment and construction activities may not achieve a desired return on investment; our ability to buy or sell assets on commercially reasonable terms; our ability to complete acquisitions or dispositions of assets under contract; our ability to secure equity or debt financing on commercially acceptable terms or at all; impairment charges; our ability to enter into definitive agreements with regard to our financing and joint venture arrangements and our ability to satisfy conditions to the completion of these arrangements; the termination of any joint venture arrangements or arrangements to manage real property; property damage, expenses related thereto and other business and economic consequences (including the potential loss of rental revenues) resulting from extreme weather conditions or natural disasters in locations where we own properties, and the ability to estimate accurately the amounts thereof; sufficiency and timing of any insurance recovery payments related to damages from extreme weather conditions or natural disasters; any change in strategy; our ability to maintain REIT status; and the finalization of the financial statements for the period ended December 31, 2019. For additional factors that could cause the results of the Company to differ materially from those indicated in the forward-looking statements, please refer to the Company's most recent report on Form 10-K for the year ended December 31, 2018 and subsequent reports on Form 10-Q. The Company undertakes no obligation to publicly revise these forward-looking statements to reflect events or circumstances that arise after the date hereof.

In addition, this presentation includes certain non-GAAP financial measures. Non-GAAP financial measures should not be considered replacements for, and should be read together with, the most comparable GAAP measures. Reconciliations of these non-GAAP financial measures to the most directly comparable GAAP measures can be found in the appendix and in the Company's quarterly financial supplement located at [www.sitecenters.com/investors](http://www.sitecenters.com/investors).

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# 4Q19 KEY TAKEAWAYS – FIVE-YEAR PLAN ON TRACK

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## 2019 OPERATIONS **AHEAD OF PLAN**

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- Leasing activity remains robust; 290 bp leased to occupied spread
- Significant shop leasing momentum; highest quarterly volume in two years

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## SSNOI GROWTH & OFFO **WELL AHEAD OF EXPECTATIONS**

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- 2019 SSNOI of 3.6% vs. 2.75%-3.25% guidance
- 2019 OFFO of \$1.27 vs. \$1.20-\$1.22 guidance

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## 4Q19 HIGHLIGHTS

- **4Q SSNOI of 5.1%**  
Earlier rent commencements, fewer projected bankruptcies, higher ancillary and other income
- **\$85M of Acquisitions**  
Properties expected to produce NOI and cash flow growth in excess of portfolio average
- **\$195M October Equity Offering**  
Further lowers leverage with minimal dilution to OFFO/AFFO/NAV

# 4Q19 RESULTS SUMMARY

**\$0.05**

4Q19 EARNINGS  
PER SHARE

**\$0.33**

4Q19 OPERATING  
FFO/SH

**93.8%**

LEASED  
90.9% COMMENCED

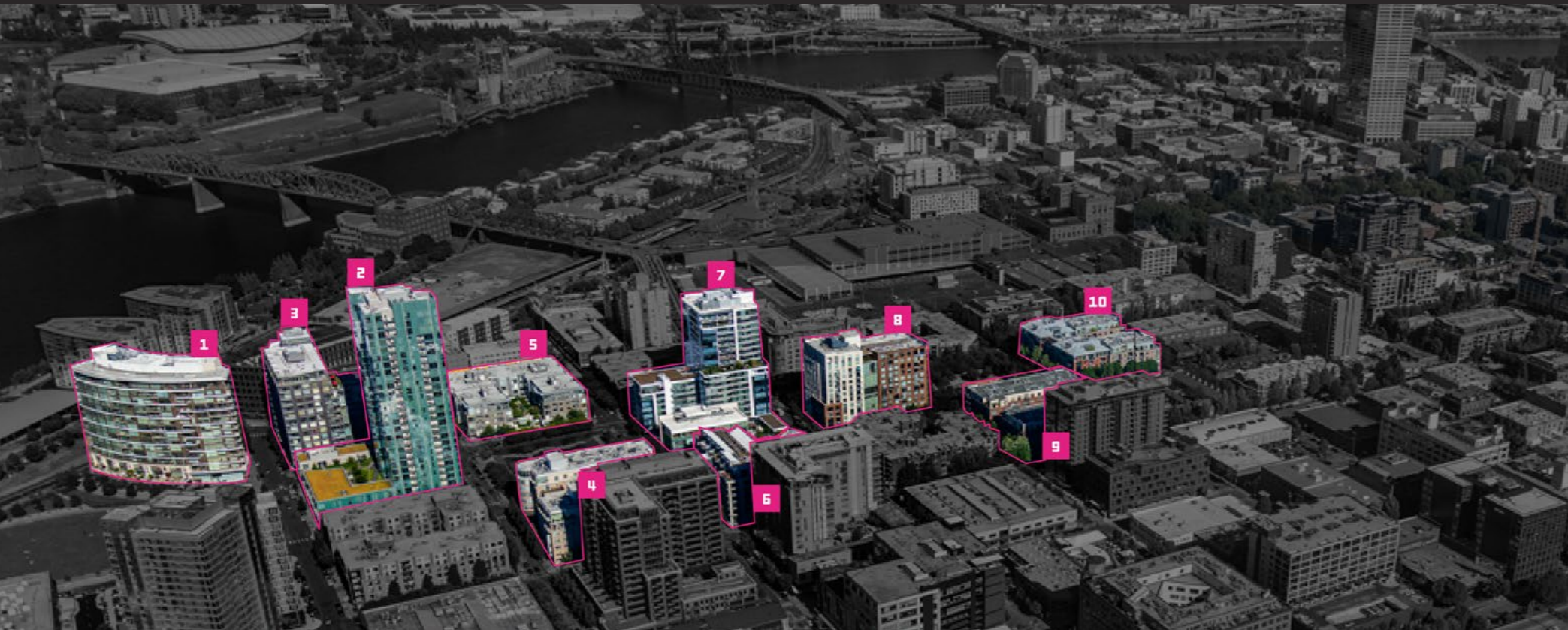
**5.1%**

SSNOI (PRO-RATA)  
3.6% 2019

**6.3%**

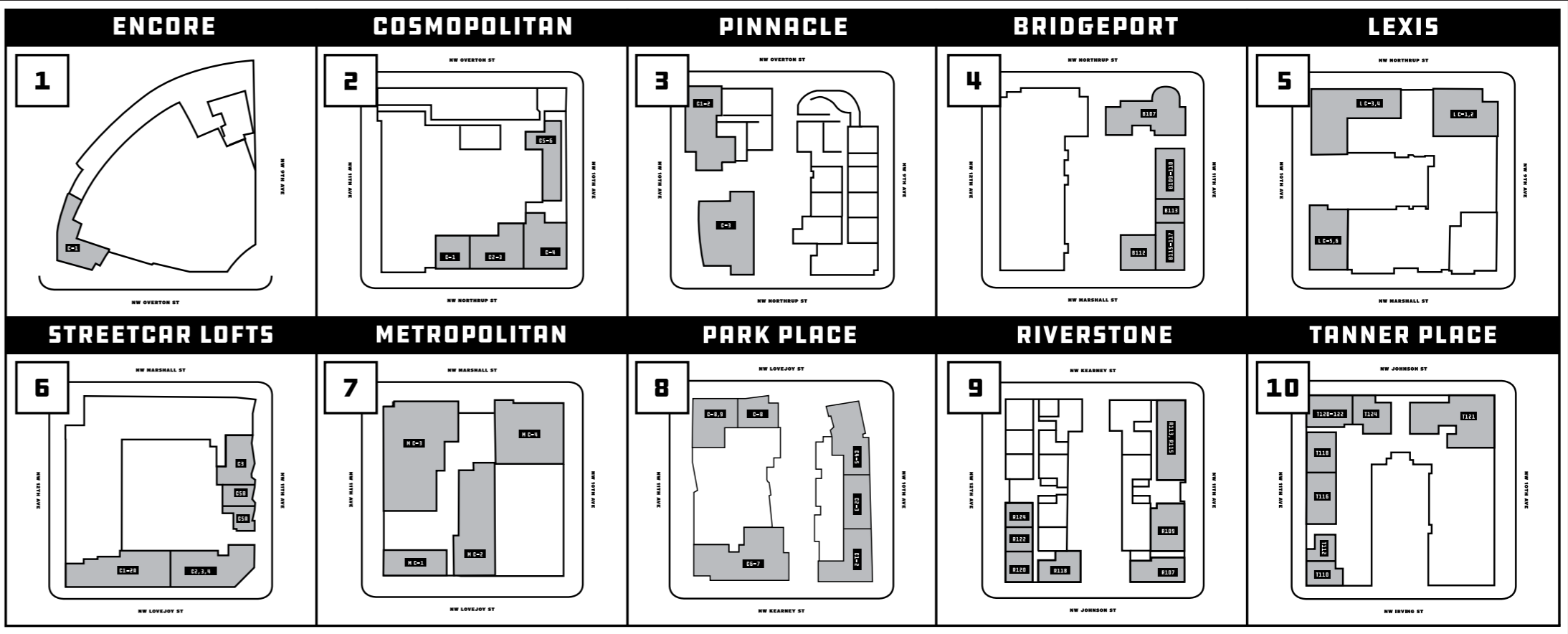
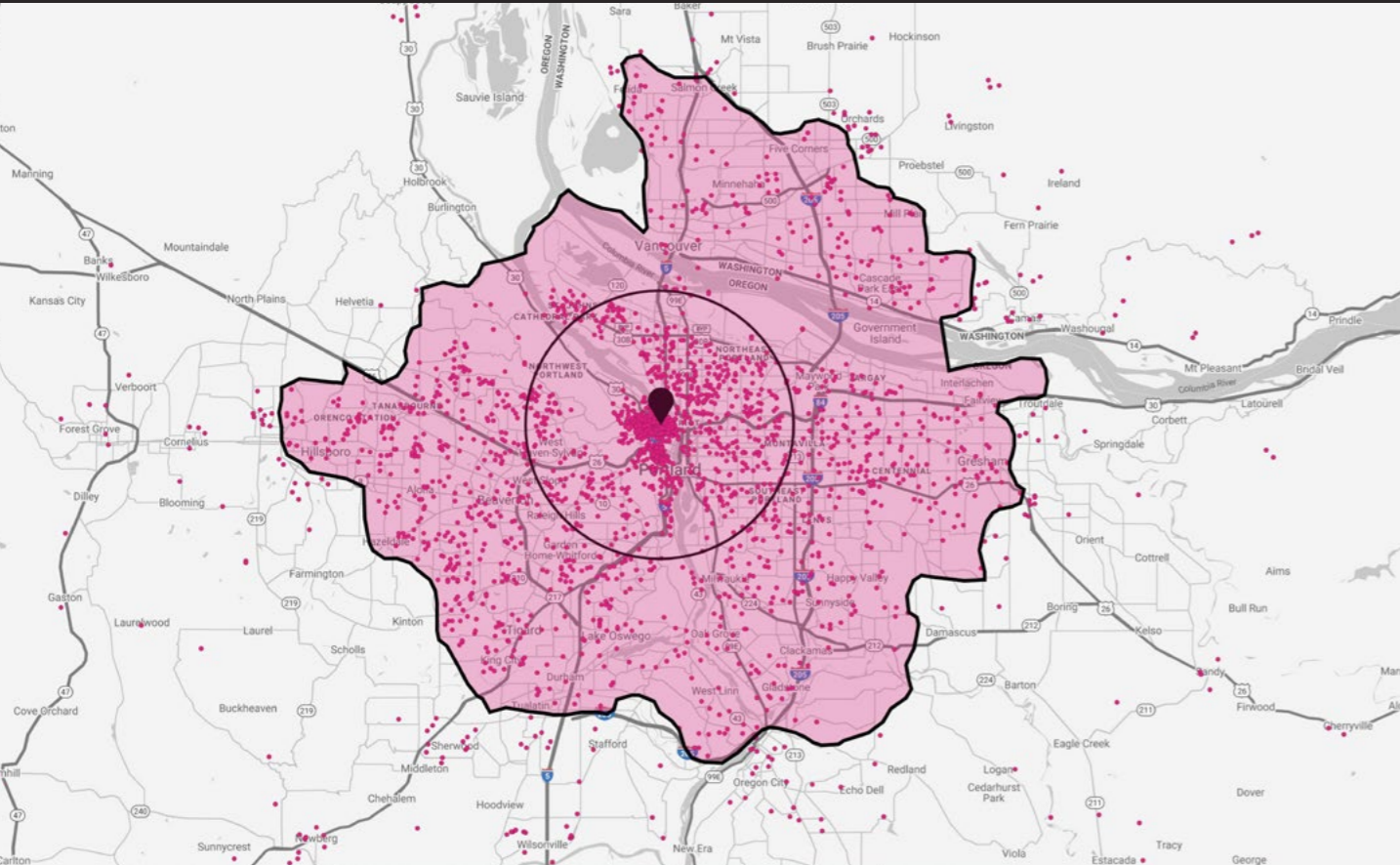
TTM BLENDED  
LEASING SPREAD  
13.9% TTM NEW  
LEASE SPREAD

# THE BLOCKS PORTLAND, OREGON



## Investment Highlights

- Collection of retail condo units in Portland's rapidly growing Pearl District
- Local and national tenants. Strong daytime traffic is complemented by tourism, drawing 10% of consumers from Seattle, San Francisco, and Los Angeles
- Recent demographic shifts have brought high-income jobs and upscale residences to the submarket
- 1,000+ employees added to Downtown Portland over the last two years

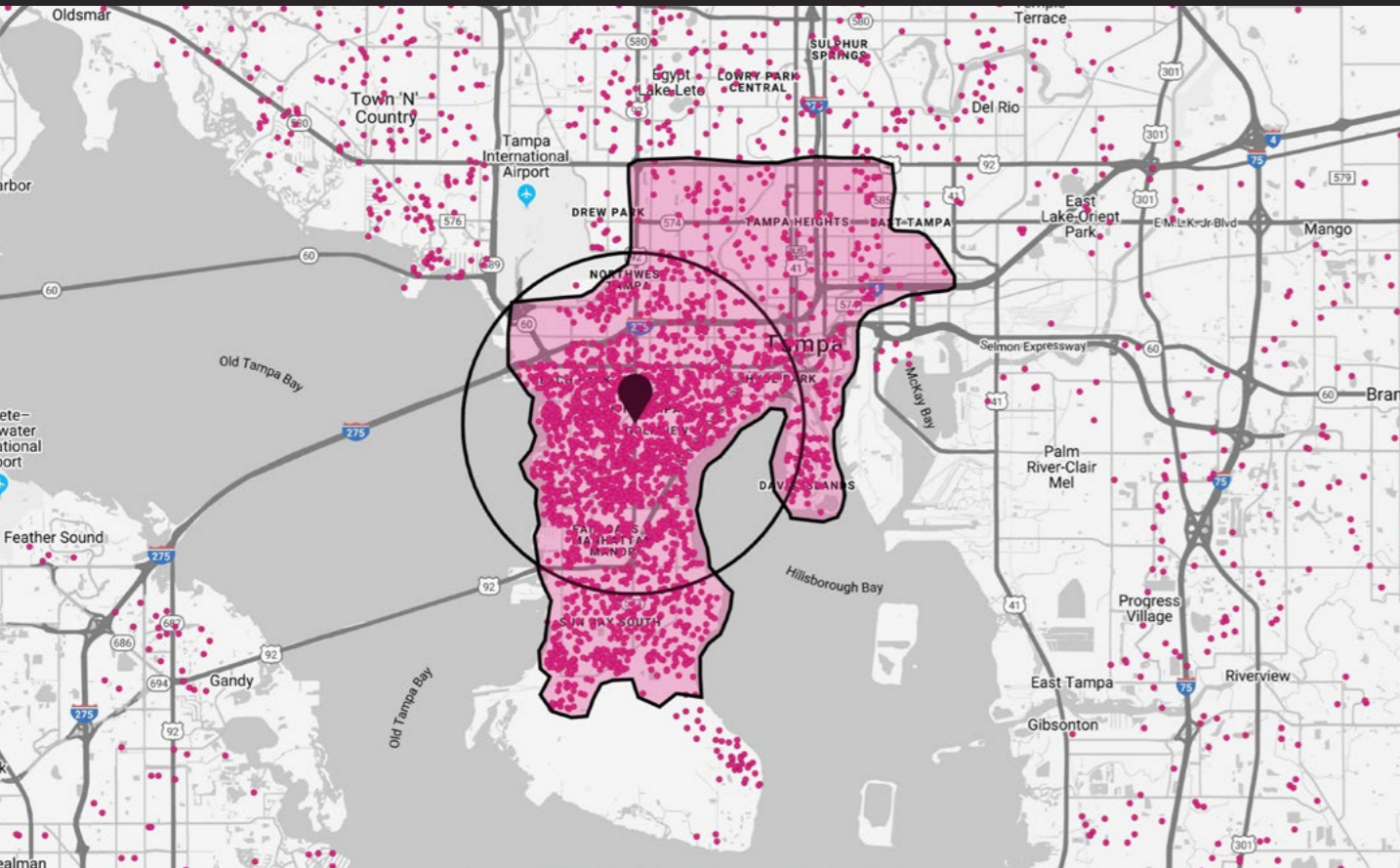


# SOUTHTOWN CENTER TAMPA, FLORIDA



## Investment Highlights

- Shadow grocery-anchored community center at a prominent signalized intersection
- South Tampa is a dense, infill market with an extremely affluent customer base and strong population growth
- Strong performing Publix and Sprouts drive daily traffic to the vicinity
- Customer data shows shoppers make repeat visits to the center throughout the week and their average household income exceeds that of the underlying trade area



# 4Q19 LEASING UPDATE

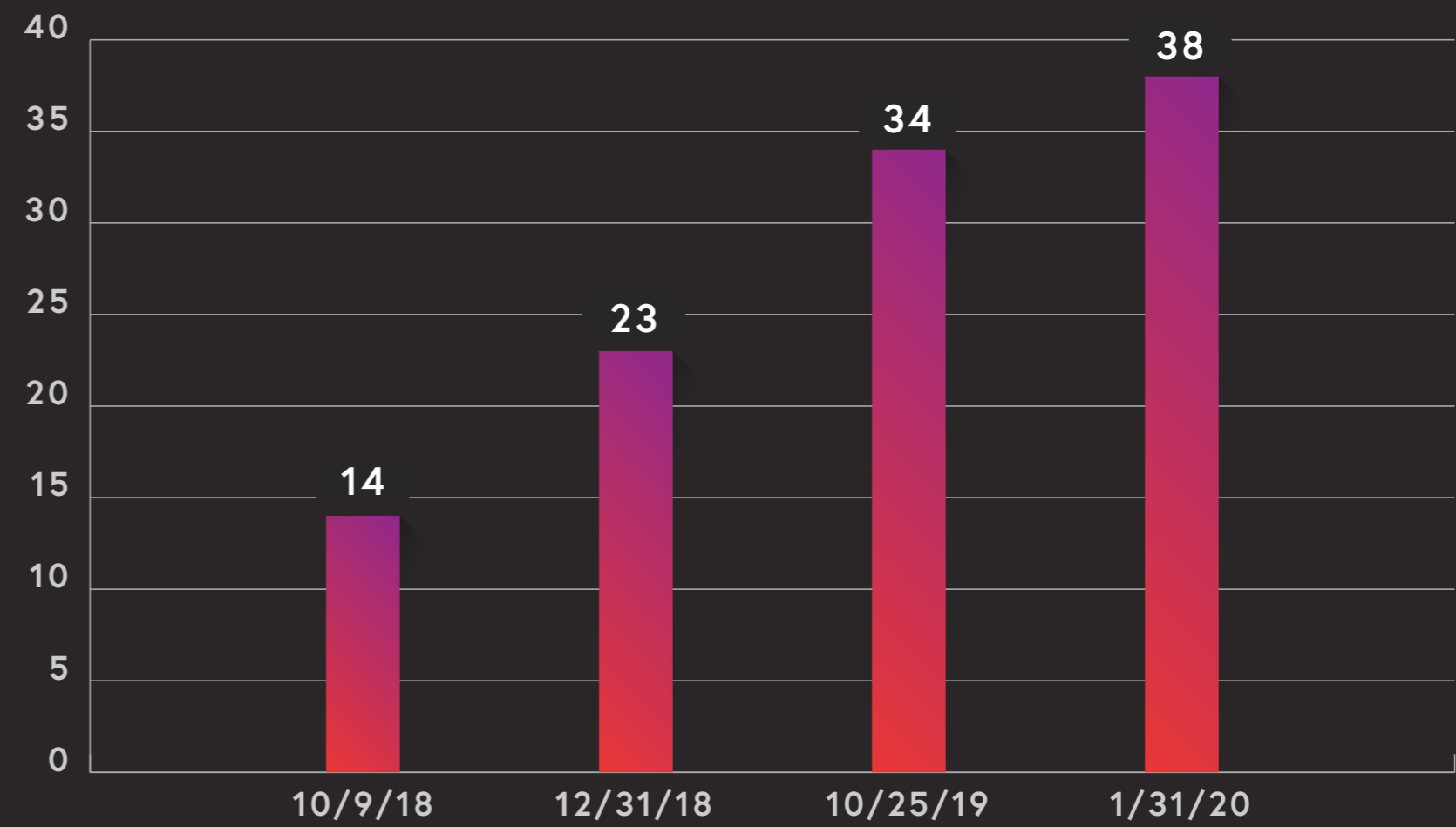
## 4Q19 Blended TTM Leasing Spreads +6.3%; TTM New Lease Spreads +13.9%

- 46 of the 60 anchor boxes identified at the October 2018 Investor Day are now leased or in LOI
- Broad based demand from 27 different brands
- Quarterly renewal spreads of +1.4% impacted by renewals at redevelopment properties and flat grocery options

### NOTABLE 4Q LEASING ACTIVITY AND STORE OPENINGS



### INVESTOR DAY ANCHOR OPPORTUNITIES LEASED

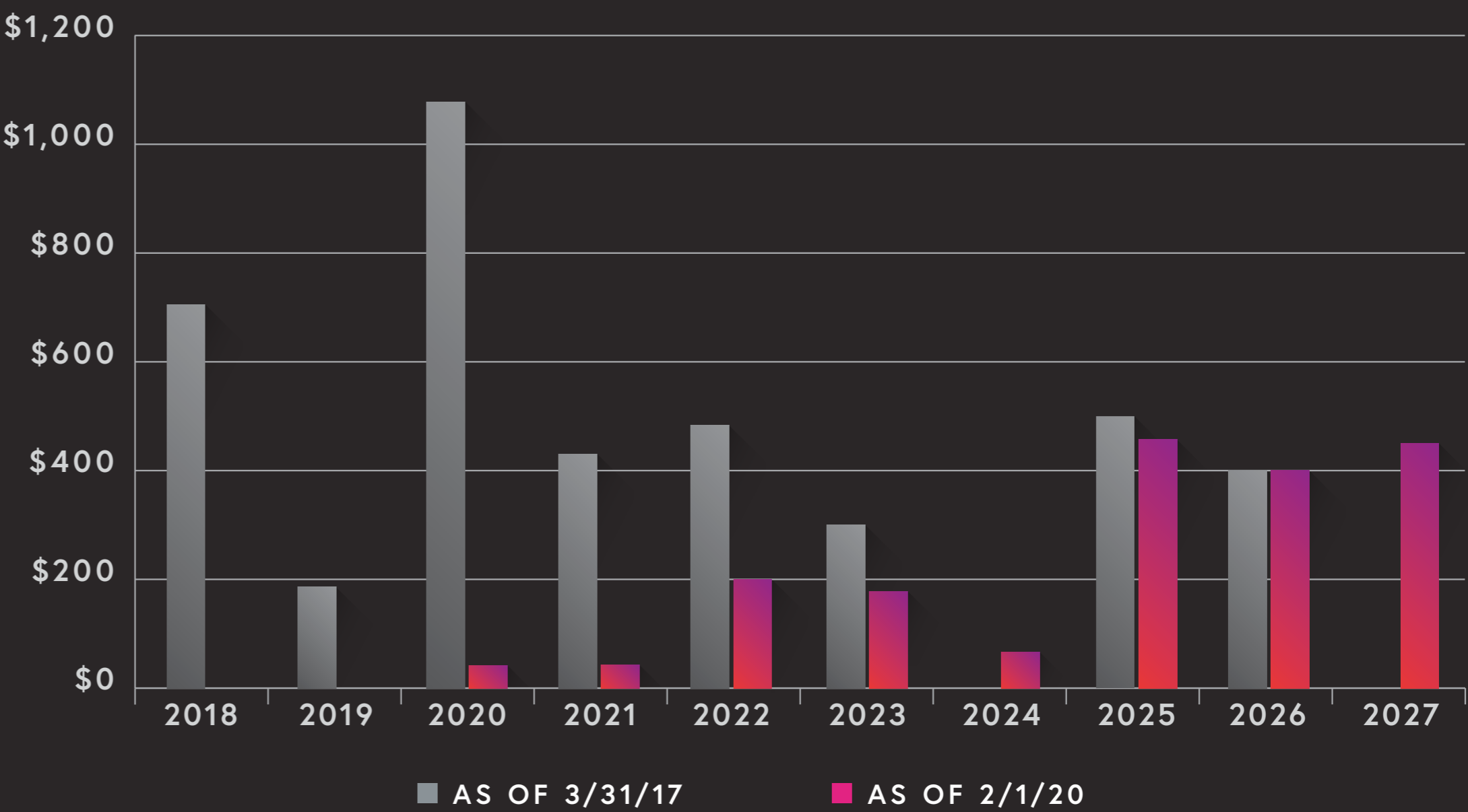


# BALANCE SHEET UPDATE

## BALANCE SHEET POSITIONED FOR GROWTH

- Debt/adjusted EBITDA now 5.5x compared to 6.5x in 3Q18
- WA duration of ~5 years, less than \$50M of consolidated debt maturing through 2021
- October \$195M equity offering and redemption of \$200M Class J Preferred Shares further improves leverage, fixed charge coverage, and financial flexibility

## CONSOLIDATED MATURITY SCHEDULE (\$M)



# 2020 GUIDANCE & EARNINGS CONSIDERATIONS

## RVI FEE INCOME

- \$6.6M total RVI fees in 4Q19, including \$0.2M of disposition fees (excluded from OFFO)

## 2019/2020 BANKRUPTCIES/CLOSINGS

- \$425K of quarterly revenue from Dress Barn
- \$225K of quarterly revenue from Forever 21
- \$185K of quarterly revenue from restaurant bankruptcies

## GENERAL AND ADMINISTRATIVE EXPENSES

- 4Q19 includes \$1.8M one-time earnings benefit

4Q19 RVI FEE INCOME	NET INCOME	FFO	OFFO
RVI Fees	\$6,401	\$6,401	\$6,401
RVI Disposition Fees	\$192	\$192	-
4Q19 TOTAL	\$6,593	\$6,593	\$6,401

\$ in thousands.

## 2020 GUIDANCE

Operating FFO	\$1.10 - \$1.14
SSNOI (excl. redev.)	1.00% - 2.00%
SSNOI (incl. redev.)	2.00% - 3.00%
RVI Fee Income	\$12 - \$18M
Joint Venture Fee Income	\$16 - \$20M
Interest Income	\$10 - \$13M

# Appendix

# NON-GAAP FINANCIAL MEASURES - DEFINITIONS

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Funds from Operations ("FFO") is a supplemental non-GAAP financial measure used as a standard in the real estate industry and is a widely accepted measure of real estate investment trust ("REIT") performance. Management believes that both FFO and Operating FFO ("OFFO") provide additional indicators of the financial performance of a REIT. 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 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 real estate property and related investments, which are presented net of taxes, (iii) impairment charges on real estate property and related investments including reserve adjustments of preferred equity interests, (iv) gains and losses from changes in control and (v) 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 NAREIT definition. The Company calculates Operating FFO as FFO excluding certain non-operating charges, income and gains. 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. Other real estate companies may calculate FFO and Operating FFO in a different manner. In calculating the expected range for or amount of net (loss) income attributable to common shareholders to estimate projected FFO and Operating FFO for future periods, the Company does not include a projection of gains and losses from the disposition of real estate property, potential impairments and reserves of real estate property and related investments, debt extinguishment costs, mark-to-market adjustments of equity awards, certain transaction costs or certain fee income. Other real estate companies may calculate expected FFO and Operating FFO in a different manner.

The Company also uses net operating income ("NOI"), 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 presents NOI information herein on a same store basis or "SSNOI." The Company defines SSNOI as property revenues less property-related expenses, which exclude straight-line rental income (including reimbursements) and expenses, lease termination income in excess of lost rent, 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 (15 months for quarter comparisons). SSNOI excludes all non-property and corporate level revenue. 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.

## NON-GAAP FINANCIAL MEASURES - DEFINITIONS CONTINUED

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The Company believes that FFO, OFFO and SSNOI are not, and are not intended to be, presentations in accordance with GAAP. FFO, OFFO and SSNOI information have their limitations as they exclude any capital expenditures associated with the re-leasing of tenant space or as needed to operate the assets. FFO, OFFO and SSNOI do not represent amounts available for dividends, capital replacement or expansion, debt service obligations or other commitments and uncertainties. Management does not use FFO, OFFO and SSNOI as indicators of the Company's cash obligations and funding requirements for future commitments, acquisitions or development activities. FFO, OFFO and SSNOI do not represent cash generated from operating activities in accordance with GAAP, and are not necessarily indicative of cash available to fund cash needs. FFO, OFFO and SSNOI should not be considered as alternatives to net income computed in accordance with GAAP, as indicators of operating performance or as alternatives to cash flow as a measure of liquidity. Reconciliations of these non-GAAP measures to the most directly comparable GAAP measure of net income (loss) has been provided herein. A reconciliation of the 2020 SSNOI projected growth target to the most directly comparable GAAP financial measure is not provided because the Company is unable to provide such reconciliation without unreasonable effort.

The Company uses the ratio Debt to Adjusted EBITDA ("Debt/Adjusted EBITDA") as it believes it provides a meaningful metric as it relates to the Company's ability to meet various leverage tests for the corresponding periods. The components of Debt/Adjusted EBITDA include net effective debt divided by adjusted EBITDA (annualized), as opposed to net income determined in accordance with GAAP. Adjusted EBITDA is calculated as net income attributable to SITE before interest, income taxes, depreciation and amortization and further adjusted to eliminate the impact of certain items that the Company does not consider indicative of its ongoing performance. Net effective debt is calculated as the Company's consolidated debt outstanding excluding unamortized loan costs and fair market value adjustments, less cash and restricted cash as of the balance sheet date presented or projected. Such amounts are calculated at the Company's proportionate share of ownership.

The Company also calculates EBITDA as net income attributable to SITE before interest, income taxes, depreciation and amortization, gains and losses from disposition of real estate property and related investments, impairment charges on real estate property and related investments including reserve adjustments of preferred equity interests and gains and losses from changes in control. Such amount is calculated at the Company's proportionate share of ownership.

Adjusted EBITDA should not be considered as an alternative to earnings as an indicator of the Company's financial performance, or an alternative to cash flow from operating activities as a measure of liquidity. The Company's calculation of Adjusted EBITDA may differ from the methodology utilized by other companies. Investors are cautioned that items excluded from Adjusted EBITDA are significant components in understanding and assessing the Company's financial condition. Reconciliations of Adjusted EBITDA and net effective debt used in the pro rata Debt/Adjusted EBITDA ratio to their most directly comparable GAAP measures of net income (loss) and debt is provided herein.

# RECONCILIATIONS - NET INCOME ATTRIBUTABLE TO COMMON SHAREHOLDERS TO FFO AND OPERATING FFO

	PER SHARE DILUTED		
	Actual	Actual	Estimate
	4Q2019	FY2019	2020E
<b>Net income attributable to common shareholders</b>	<b>\$0.05</b>	<b>\$0.33</b>	<b>\$0.24 - \$0.29</b>
Depreciation and amortization of real estate	0.21	0.87	0.75 - 0.77
Equity in net income of JVs	(0.03)	(0.06)	(0.01) - (0.02)
JVs' FFO	0.05	0.18	0.10 - 0.12
Gain on disposition of real estate	-	(0.17)	n/a
Impairment of real estate/reserve of preferred equity interests	0.01	0.10	n/a
<b>FFO (NAREIT)</b>	<b>\$0.29</b>	<b>\$1.25</b>	<b>\$1.10 - \$1.14</b>
Write off of Class J Preferred Shares' original issuance costs	0.04	0.04	n/a
RVI disposition and refinancing fees, mark-to-market adjustment (PRSUs), business interruption income and other (2019 actual only) <sup>(1)</sup>	-	(0.02)	n/a
<b>Operating FFO</b>	<b>\$0.33</b>	<b>\$1.27</b>	<b>\$1.10 - \$1.14</b>

(1) The impact of these adjustments nets to a zero impact in the fourth quarter 2019 per share diluted calculation.

Note: In calculating the expected range for or amount of net income attributable to common shareholders to estimate projected FFO and projected Operating FFO for the year ending December 31, 2020, the Company does not include a projection of gains and losses from the disposition of real estate property, potential impairments and reserves of real estate property and related investments, debt extinguishment costs, mark-to-market adjustments of equity awards, certain transaction costs or certain fee income.

# RECONCILIATION - NET INCOME (LOSS) ATTRIBUTABLE TO SITE CENTERS TO SSNOI

GAAP RECONCILIATION:	AT SITE CENTERS SHARE (NON-GAAP)			
	4Q19	4Q18	FY19	FY18
<b>NET INCOME ATTRIBUTABLE TO SITE CENTERS</b>	<b>\$24,002</b>	<b>\$180,847</b>	<b>\$100,699</b>	<b>\$114,434</b>
Fee income	(13,992)	(15,087)	(59,352)	(45,511)
Interest income	(4,351)	(5,025)	(18,009)	(20,437)
Interest expense	20,748	25,390	84,721	141,305
Depreciation and amortization	41,687	45,587	165,087	242,102
General and administrative	14,036	16,286	58,384	61,639
Other (income) expense, net	(611)	11,579	(357)	110,895
Impairment charges	0	930	3,370	69,324
Hurricane property loss	0	0	0	817
Equity in net (income) loss of joint ventures	(6,073)	322	(11,519)	(9,365)
Reserve of preferred equity interests	3,438	6,885	15,544	11,422
Tax (benefit) expense	(168)	251	659	862
Gain on disposition of real estate	(293)	(185,763)	(31,380)	(225,406)
Income from non-controlling interests	290	480	1,126	1,671
<b>CONSOLIDATED NOI</b>	<b>78,713</b>	<b>82,682</b>	<b>308,973</b>	<b>453,752</b>
SITE Centers' consolidated joint venture	(473)	(435)	(1,787)	(1,620)
<b>CONSOLIDATED NOI, NET OF NON-CONTROLLING INTERESTS</b>	<b>78,240</b>	<b>82,247</b>	<b>307,186</b>	<b>452,132</b>

\$ in thousands.

# RECONCILIATION - NET INCOME (LOSS) ATTRIBUTABLE TO SITE CENTERS TO SSNOI

CONTINUED

	AT SITE CENTERS SHARE (NON-GAAP)			
	4Q19	4Q18	FY19	FY18
NET INCOME (LOSS) FROM UNCONSOLIDATED JOINT VENTURES	5,828	(6,797)	10,504	(2,551)
Interest expense	3,666	3,985	16,408	15,229
Depreciation and amortization	5,991	5,189	24,186	20,093
Impairment charges	77	9,719	2,530	23,747
Preferred share expense	268	290	1,092	1,244
Other expense, net	990	968	3,978	4,263
Gain on disposition of real estate, net	(2,665)	(1,111)	(4,180)	(13,749)
UNCONSOLIDATED NOI	14,155	12,243	54,518	48,276
TOTAL CONSOLIDATED + UNCONSOLIDATED NOI	92,395	94,490	361,704	500,408
Less: Non-Same Store NOI adjustments	(7,673)	(13,872)	(38,701)	(188,675)
TOTAL SSNOI	\$84,722	\$80,618	\$323,003	\$311,733
SSNOI % CHANGE	5.1%		3.6%	

\$ in thousands.

# RECONCILIATION - DEBT/ADJUSTED EBITDA

	4Q19	3Q18
<b>CONSOLIDATED</b>		
<b>Net income (loss) to SITE</b>	<b>\$24,002</b>	<b>(\$8,931)</b>
Interest expense	20,748	26,962
Income tax, net	(168)	238
Depreciation and amortization	41,687	49,629
Adjustments for non-controlling interests	(184)	(171)
<b>EBITDA – current quarter</b>	<b>86,085</b>	<b>67,727</b>
Impairments	0	19,890
Reserve of preferred equity interests	3,438	2,201
Gain on disposition of real estate, net	(293)	(124)
<b>EBITDAre – current quarter</b>	<b>89,230</b>	<b>89,694</b>
Equity in net (income) loss of JVs	(6,073)	2,920
Other (income) expense, net	(738)	1,475
Hurricane property income	0	(157)
Adjustments for non-controlling interests	0	(1,784)
JV OFFO (at SITE Share)	9,306	7,247
<b>Adjusted EBITDA – current quarter</b>	<b>91,725</b>	<b>99,395</b>
<b>Adjusted EBITDA – annualized</b>	<b>366,900</b>	<b>397,580</b>
Consolidated debt	1,847,297	2,385,002
Partner share of consolidated debt	(9,431)	(9,647)
Loan costs, net	9,038	12,749
Face value adjustments	(983)	(1,794)
Cash and restricted cash	(18,682)	(12,719)
<b>Net effective debt</b>	<b>\$1,827,239</b>	<b>\$2,373,591</b>
<b>Debt/Adjusted EBITDA – Consolidated (1)</b>	<b>5.0x</b>	<b>6.0x</b>
<b>PRO RATA INCLUDING JVs</b>		
EBITDAre – current quarter	92,516	99,696
Adjusted EBITDA – current quarter	95,663	103,108
<b>Adjusted EBITDA – annualized</b>	<b>382,652</b>	<b>412,432</b>
Consolidated net debt	1,827,239	2,373,591
JV debt (at SITE Share)	287,733	306,345
Cash and restricted cash	(16,964)	(12,543)
<b>Net effective debt</b>	<b>\$2,098,008</b>	<b>\$2,667,393</b>
<b>Debt/Adjusted EBITDA – Pro Rata (1)</b>	<b>5.5x</b>	<b>6.5x</b>

(1) Excludes perpetual preferred stock.  
\$ in thousands.