

Brixmor Property Group Inc.  
Form 10-K  
February 12, 2018

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

Form 10-K

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

For the fiscal year ended December 31, 2017

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: 001-36160 (Brixmor Property Group Inc.)

Commission File Number: 333-201464-01 (Brixmor Operating Partnership LP)

Brixmor Property Group Inc.

Brixmor Operating Partnership LP

(Exact Name of Registrant as Specified in Its Charter)

Maryland (Brixmor Property Group Inc.)

45-2433192

Delaware (Brixmor Operating Partnership LP)

80-0831163

(State or Other Jurisdiction of Incorporation or Organization) (I.R.S. Employer Identification No.)

450 Lexington Avenue, New York, New York 10017

(Address of Principal Executive Offices) (Zip Code)

212-869-3000

(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
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Common Stock, par value \$0.01 per share.	New York Stock Exchange
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Securities registered pursuant to section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Brixmor Property Group Inc. Yes  No  Brixmor Operating Partnership LP 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.

Brixmor Property Group Inc. Yes  No  Brixmor Operating Partnership LP 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.

Brixmor Property Group Inc. Yes  No  Brixmor Operating Partnership LP Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files).

Brixmor Property Group Inc. Yes  No  Brixmor Operating Partnership LP 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, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated

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filer”, “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Exchange Act.  
Brixmor Property Group Inc.  Brixmor Operating Partnership LP  
Large accelerated filer  Non-accelerated filer Large accelerated filer Non-accelerated filer   
Smaller reporting company Accelerated filer Smaller reporting company Accelerated filer  
Emerging growth company Emerging growth company

(Do not check if a smaller reporting 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).

Brixmor Property Group Inc. Yes No  Brixmor Operating Partnership LP Yes No

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the registrants’ most recently completed second fiscal quarter.

Brixmor Property Group Inc. \$5,429,779,394 Brixmor Operating Partnership LP N/A

(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.

As of February 1, 2018, Brixmor Property Group Inc. had 304,704,046 shares of common stock outstanding.

**DOCUMENTS INCORPORATED BY REFERENCE**

Portions of the definitive proxy statement to be filed by Brixmor Property Group Inc. with the Securities and Exchange Commission pursuant to Regulation 14A relating to the registrant’s Annual Meeting of Stockholders to be held on May 8, 2018 will be incorporated by reference in this Form 10-K in response to Items 10, 11, 12, 13 and 14 of Part III. The definitive proxy statement will be filed with the SEC not later than 120 days after the registrant’s fiscal year ended December 31, 2017.

## EXPLANATORY NOTE

This report combines the annual reports on Form 10-K for the period ended December 31, 2017 of Brixmor Property Group Inc. and Brixmor Operating Partnership LP. Unless stated otherwise or the context otherwise requires, references to the “Parent Company” or “BPG” mean Brixmor Property Group Inc. and its consolidated subsidiaries; and references to the “Operating Partnership” mean Brixmor Operating Partnership LP and its consolidated subsidiaries. The terms the “Company,” “Brixmor,” “we,” “our” and “us” mean the Parent Company and the Operating Partnership, collectively.

The Parent Company is a real estate investment trust (“REIT”) that owns 100% of the common stock of BPG Subsidiary Inc. (“BPG Sub”), which, in turn, is the sole owner of Brixmor OP GP LLC, or the General Partner, the sole general partner of the Operating Partnership. As of December 31, 2017, the Parent Company beneficially owned, through its direct and indirect interest in BPG Sub and the General Partner, 100% of the outstanding partnership common units of interest (the “OP Units”) in the Operating Partnership.

The Company believes combining the annual reports on Form 10-K of the Parent Company and the Operating Partnership into this single report provides the following benefits:

- Enhances investors’ understanding of the Parent Company and the Operating Partnership by enabling investors to view the business as a whole in the same manner as management views and operates the business;
- Eliminates duplicative disclosure and provides a more streamlined and readable presentation; and
- Creates time and cost efficiencies through the preparation of one combined report instead of two separate reports.

Management operates the Parent Company and the Operating Partnership as one business. The management of the Parent Company consists of the same individuals as the management of the Operating Partnership. These individuals are officers of both the Parent Company and the Operating Partnership.

We believe it is important to understand the few differences between the Parent Company and the Operating Partnership in the context of how the Parent Company and the Operating Partnership operate as a consolidated company. The Parent Company is a REIT, whose only material asset is its indirect interest in the Operating Partnership. As a result, the Parent Company does not conduct business itself other than issuing public equity from time to time. The Parent Company does not incur any material indebtedness. The Operating Partnership holds substantially all of our assets. Except for net proceeds from public equity issuances by the Parent Company, which are contributed to the Operating Partnership in exchange for OP Units, the Operating Partnership generates all remaining capital required by the Company’s business. Sources of this capital include the Operating Partnership’s operations, its direct or indirect incurrence of indebtedness, and the issuance of OP Units.

Stockholders’ equity, partners’ capital, and non-controlling interests are the primary areas of difference between the consolidated financial statements of the Parent Company and those of the Operating Partnership. The Operating Partnership’s capital currently includes OP Units owned by the Parent Company through BPG Sub and the General Partner and has in the past and may in the future include OP Units owned by third parties. OP Units owned by third parties, if any, are accounted for in partners’ capital in the Operating Partnership’s financial statements and outside of stockholders’ equity in non-controlling interests in the Parent Company’s financial statements.

In order to highlight the differences between the Parent Company and the Operating Partnership, there are sections in this report that separately discuss the Parent Company and the Operating Partnership, including separate financial statements (but combined footnotes), separate controls and procedures sections, separate certification of periodic report under Section 302 of the Sarbanes-Oxley Act of 2002 and separate certification pursuant to 18 U.S.C Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. In the sections that combine disclosure for the Parent Company and the Operating Partnership, this report refers to actions or holdings as being actions or holdings of the Company.

The Parent Company consolidates the Operating Partnership for financial reporting purposes, and the Parent Company does not have material assets other than its indirect investment in the Operating Partnership. Therefore, while stockholders' equity, partners' capital and non-controlling interests may differ as discussed above, the assets and liabilities of the Parent Company and the Operating Partnership are materially the same on their respective financial statements.

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## Forward-Looking Statements

This report contains 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 which reflect our current views with respect to, among other things, our operations and financial performance. You can identify these forward-looking statements by the use of words such as “outlook,” “believes,” “expects,” “potential,” “continues,” “may,” “will,” “should,” “seeks,” “approximately,” “intends,” “plans,” “estimates,” “anticipates,” “targets” or the negative version of these words or other comparable words. Such forward-looking statements are subject to various risks and uncertainties. Accordingly, there are or will be important factors that could cause actual outcomes or results to differ materially from those indicated in these statements. We believe these factors include but are not limited to those described under the section entitled “Risk Factors” in this report, as such factors may be updated from time to time in our periodic filings with the Securities and Exchange Commission (the “SEC”), which are accessible on the SEC’s website at <http://www.sec.gov>. These factors include (1) changes in national, regional or local economic climates; (2) local market conditions, including an oversupply of space in, or a reduction in demand for, properties similar to those in our Portfolio; (3) changes in market rental rates; (4) changes in the regional demographics of our properties; (5) competition from other available properties and the attractiveness of properties in our Portfolio to our tenants; (6) the financial stability of tenants, including the ability of tenants to pay rent and expense reimbursements; (7) in the case of percentage rents, the sales volume of our tenants; and (8) litigation and governmental investigations discussed under the heading “Legal Matters” in Note 14 – Commitments and Contingencies to our consolidated financial statements in this report. These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included in this report and in our other periodic filings. The forward-looking statements speak only as of the date of this report, and we expressly disclaim any obligation or undertaking to publicly update or review any forward-looking statement, whether as a result of new information, future developments or otherwise, except to the extent otherwise required by law.

## PART I

## Item 1. Business

Brixmor Property Group Inc. and subsidiaries (collectively, “BPG”) is an internally-managed real estate investment trust (“REIT”). Brixmor Operating Partnership LP and subsidiaries (collectively, the “Operating Partnership”) is the entity through which BPG conducts substantially all of its operations and owns substantially all of its assets. BPG owns 100% of the common stock of BPG Subsidiary Inc. (“BPG Sub”), which, in turn, is the sole member of Brixmor OP GP LLC (the “General Partner”), the sole general partner of the Operating Partnership. Unless otherwise expressly stated or the context otherwise requires, “we,” “us,” and “our” as used herein refer to each of BPG and the Operating Partnership, collectively. We believe we own and operate one of the largest open air retail portfolios by gross leasable area (“GLA”) in the United States, comprised primarily of community and neighborhood shopping centers. As of December 31, 2017, our portfolio consisted of 486 shopping centers (the “Portfolio”) with approximately 83 million square feet of GLA. In addition, we have one land parcel currently under development. Our high quality national Portfolio is primarily located within established trade areas in the top 50 Metropolitan Statistical Areas (“MSAs”), and our shopping centers are primarily anchored by non-discretionary and value-oriented retailers, as well as consumer-oriented service providers. Our three largest tenants by annualized base rent are The TJX Companies, Inc., The Kroger Co., and Dollar Tree Stores, Inc.

As of December 31, 2017, BPG beneficially owned, through its direct and indirect interest in BPG Sub and the General Partner, 100% of the outstanding partnership common units of interest (the “OP Units”) in the Operating Partnership. The number of OP Units in the Operating Partnership beneficially owned by BPG is equivalent to the number of outstanding shares of BPG’s common stock, and the entitlement of all OP Units to quarterly distributions and payments in liquidation is substantially the same as those of BPG’s common stockholders. BPG’s common stock is publicly traded on the New York Stock Exchange (“NYSE”) under the ticker symbol “BRX.”

Because the Operating Partnership is managed by BPG, and BPG conducts substantially all of its operations through the Operating Partnership. BPG’s executive officers are the Operating Partnership’s executive officers, and although, as a partnership, the Operating Partnership does not have a board of directors, we refer to BPG’s board of directors as the Operating Partnership’s board of directors.

## Our Shopping Centers

The following table provides summary information regarding our Portfolio as of December 31, 2017.

Number of shopping centers	486
GLA (square feet)	82.8 million
Leased Occupancy	92%
Billed Occupancy	90%
Average annualized base rent (“ABR”) PSF	\$13.47
Average Total Rent Spread <sup>(2)</sup>	12.6%
Average New and Renewal Rent Spread <sup>(2)</sup>	15.5%
Average New Rent Spread <sup>(2)</sup>	34.1%
Percent grocery-anchored shopping centers <sup>(3)</sup>	69%
Percent of ABR in top 50 U.S. MSAs	65%
Average effective age <sup>(4)</sup>	24 years

(1) ABR PSF is calculated as ABR divided by leased GLA, excluding the GLA of lessee owned leasehold improvements.

(2) Based on comparable leases only.

(3) Based on number of shopping centers.

(4) Effective age is calculated based on the year of the most recent redevelopment of the shopping center or based on year built if no redevelopment has occurred.

Business Objectives and Strategies

Our primary objective is to maximize total returns to our stockholders through consistent, sustainable growth in cash flow. We seek to achieve this objective through proactive management and accretive reinvestment in our existing Portfolio of high-quality open air shopping centers and through disciplined capital recycling activity focused on

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maximizing asset value and achieving critical mass in attractive retail submarkets. Our key strategies to achieve growth in cash flow include:

- Driving internal growth
- Pursuing value-enhancing reinvestment opportunities
- Prudently executing on acquisition and disposition activity
- Maintaining a flexible capital structure positioned for growth

**Driving Internal Growth.** Our primary drivers of internal growth include (i) below market rents which may be reset to market as leases expire, (ii) occupancy growth, and (iii) embedded contractual rent bumps. These drivers are supported by strong leasing productivity, which also enables us to improve the credit of our tenancy and the vibrancy and relevance of our Portfolio to retailers and consumers. During 2017, we executed 618 new leases representing approximately 3.2 million square feet and 1,894 total leases representing approximately 11.9 million square feet.

We believe that there is a significant rent mark-to-market opportunity across our portfolio, and we believe that our below market rent profile and resulting low occupancy cost provide us with key competitive advantages in attracting and retaining tenants. During 2017, we achieved new lease rent spreads of 34.1% and blended new and renewal rent spreads of 15.5% excluding options or 12.6% including options. Looking forward, the weighted average expiring ABR PSF of lease expirations through 2020 is \$12.29 compared to an average ABR PSF of \$15.44 for new and renewal leases signed during 2017, excluding option exercises. In addition, 4.3 million square feet of leases for spaces 10,000 square feet or greater expire through 2020, with no remaining options, at an average expiring ABR PSF of \$8.61 compared to an average ABR PSF of \$12.47 for new leases signed for such spaces in 2017.

We believe there is opportunity for occupancy gains in our Portfolio, especially for spaces below 10,000 square feet as such space will benefit from our continued efforts to improve the quality of our anchor tenancy. For spaces below 10,000 square feet, leased occupancy was 84.5% at December 31, 2017 and our total leased occupancy was 92.2%, reflecting the impact of retailer bankruptcies experienced during 2017, as well as an increased pipeline of future reinvestment activity.

Over the past two years, we have heightened our focus on achieving higher contractual rent increases over the term of our new and renewal leases, providing for enhanced embedded contractual rent growth across our portfolio. During 2017, our executed new leases reflected an average in-place contractual rent increase over the lease term of 2.1% as compared to 1.7% in 2015. Additionally, 95% of the executed new leases during 2017 had embedded contractual rent growth provisions, compared with only 78% of the executed new leases during 2015.

**Pursuing value-enhancing reinvestment opportunities.** We believe that significant opportunity exists to achieve attractive risk-adjusted returns by investing incremental capital in the repositioning and/or redevelopment of certain assets in our Portfolio. During 2017, we completed 26 repositioning, redevelopment and outparcel development projects, with an average incremental net operating income (“NOI”) yield of approximately 12% and an aggregate cost of approximately \$89.6 million. As of December 31, 2017, we had 47 projects in process at an expected average incremental NOI yield of approximately 9% and an aggregate cost of \$294.9 million. In addition, we have identified a pipeline of future redevelopment projects aggregating approximately \$1.0 billion of potential capital reinvestment and over the next several years we expect to accelerate the pace of reinvestment activity at expected NOI yields that are generally consistent with those which we have recently realized.

**Prudently executing on acquisition and disposition activity.** We intend to actively pursue acquisition and disposition activity in order to enhance concentrations in attractive retail submarkets and optimize the quality and long-term growth rate of our Portfolio. During 2017, we disposed of \$330.8 million of properties, redeploying \$190.5 million into acquisitions in markets where we already have a geographic presence. In general, our disposition strategy focuses

on selling assets where we believe value has been maximized, where there is future downside risk to cash flow, or where we have limited ability or desire to build critical mass in the submarket, while our acquisition strategy focuses on buying assets with strong growth potential that are located in our existing markets and may allow us to more effectively leverage our operational platform and expertise. Acquisition activity may include acquisitions of other open-air shopping centers, non-owned anchor spaces, and retail buildings and/or outparcels at, or adjacent to, our shopping centers in addition to acquisitions of our common stock, pursuant to a \$400.0 million share repurchase authorization announced during 2017.

**Maintaining a Flexible Capital Structure Positioned for Growth.** We believe our current capital structure provides us with the financial flexibility and capacity to fund our current capital needs as well as future growth opportunities. We have access to multiple forms of capital, including secured property level debt, unsecured corporate level debt, preferred equity, and common equity, which will allow us to efficiently execute on our strategic and operational objectives. We currently have investment grade credit ratings from all three major credit rating agencies. As of December 31, 2017, our revolving credit facility was undrawn, providing \$1.25 billion of liquidity. We intend to continue to enhance our financial and operational flexibility through laddering and extending the duration of our debt, and further expanding our unencumbered asset base.

The strategies discussed above are periodically reviewed by our Board of Directors and while it does not have any present intention to amend or revise its strategies, the Board of Directors may do so at any time without a vote of the Company's shareholders.

#### Competition

We face considerable competition in the leasing of real estate, which is a highly competitive market. We compete with a number of other companies in leasing space to prospective tenants and in re-leasing space to current tenants upon expiration of their respective leases. We believe that the principal competitive factors in attracting tenants include the quality of the location, co-tenants, physical conditions and the cost of occupancy of our shopping centers. In this regard, we proactively manage and, where and when appropriate, reinvest in and upgrade our shopping centers, with an emphasis on maintaining high occupancy rates with a strong base of nationally and regionally recognized anchor tenants that generate substantial daily traffic. In addition, we believe that the breadth of our national portfolio of shopping centers, the local market knowledge derived from our regional operating teams and the close relationships we have established with certain major national and regional retailers, allow us to maintain a strong competitive position.

#### Environmental Exposure

We are subject to federal, state and local environmental regulations that apply generally to the ownership of real property and the operations conducted on real property. For further information regarding our risks related to environmental exposure see "Environmental conditions that exist at some of the properties in our Portfolio could result in significant unexpected costs" in Item 1A. "Risk Factors".

#### Employees

As of December 31, 2017, we had 464 employees.

#### Financial Information about Industry Segments

Our principal business is the ownership and operation of community and neighborhood shopping centers. We do not distinguish or group our operations on a geographical basis when measuring performance. Accordingly, we have a single reportable segment for disclosure purposes in accordance with U.S. generally accepted accounting principles ("GAAP"). In the opinion of our management, no material part of our and our subsidiaries' business is dependent upon a single tenant, the loss of any one of which would have a material adverse effect on us, and during 2017 no single tenant or single shopping center accounted for 5% or more of our consolidated revenues.

#### REIT Qualification

We made a tax election to be treated as a REIT for U.S. federal income tax purposes commencing with our taxable year ended December 31, 2011 and expect to continue to operate so as to qualify as a REIT. So long as we qualify as a REIT, we generally will not be subject to U.S. federal income tax on net taxable income that we distribute annually to our stockholders. In order to qualify as a REIT for U.S. federal income tax purposes, we must continually satisfy tests concerning, among other things, the real estate qualification of sources of our income, the composition and values of our assets, the amounts we distribute to our stockholders and the diversity of ownership of our stock. In order to comply with REIT requirements, we may need to forego otherwise attractive opportunities and limit our expansion opportunities and the manner in which we conduct our operations. See "Risk Factors – Risks Related to our REIT Status and Certain Other Tax Items."



#### Corporate Headquarters

Brixmor Property Group Inc., a Maryland corporation, was incorporated in Delaware on May 27, 2011, changed its name to Brixmor Property Group Inc. on June 17, 2013 and changed its jurisdiction of incorporation to Maryland on November 4, 2013. The Operating Partnership, a Delaware limited partnership, was formed on May 23, 2011. Our principal executive offices are located at 450 Lexington Avenue, New York, New York 10017, and our telephone number is (212) 869-3000.

Our website address is <http://www.brixmor.com>. Information on our website is not incorporated by reference herein and is not a part of this Annual Report on Form 10-K. We make available free of charge on our website or provide a link on our website to our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, and any amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act, as soon as reasonably practicable after those reports are electronically filed with, or furnished to, the SEC. We also make available through our website other reports filed with or furnished to the SEC under the Exchange Act, including our proxy statements and reports filed by officers and directors under Section 16(a) of the Exchange Act. To access these filings, go to the "Financial Information" portion of our "Investors" page on our website, and then click on "SEC Filings." You may also read and copy any document we file at the SEC's Public Reference Room located at 100 F Street, N.E., Washington, DC 20549. Call the SEC at 1-800-SEC-0330 for further information on the public reference room. In addition, these reports and the other documents we file with the SEC are available at a website maintained by the SEC at <http://www.sec.gov>.

From time to time, we may use our website as a channel of distribution of material information. Financial and other material information regarding our company is routinely posted on and accessible at <http://www.brixmor.com>. In addition, you may automatically receive e-mail alerts and other information about our company by enrolling your e-mail address by visiting "Email Alerts" under the "Information Request" section of the "Investors" portion of our website at <http://www.brixmor.com>.

#### Item 1A. Risk Factors

##### Risks Related to Our Portfolio and Our Business

Adverse economic, market and real estate conditions may adversely affect our performance.

Our Portfolio is predominantly comprised of community and neighborhood shopping centers. Our performance is, therefore, subject to risks associated with owning and operating these types of real estate assets, including: (1) changes in national, regional and local economic climates; (2) local market conditions, including an oversupply of space in, or a reduction in demand for, properties similar to those in our Portfolio; (3) changes in market rental rates as a result of a decrease in the demand for retail space, including as a result of continuing growth of e-commerce sales; (4) changes in the regional demographics surrounding our properties; (5) competition from other available properties and e-commerce, and the attractiveness of properties in our Portfolio to our tenants; (6) the financial stability of our tenants and the overall financial condition of large retailing companies, including their ability to pay rent and expense reimbursements; (7) in the case of percentage rents, the sales volume of our tenants; (8) the need to periodically fund costs to repair, renovate and re-lease space; (9) increases in operating costs, including costs for maintenance, utilities, insurance and real estate taxes, which are relatively inflexible and generally do not decrease if revenues or occupancy decrease; (10) earthquakes, tornadoes, hurricanes, damage from rising sea levels due to climate change and other natural disasters, civil unrest, terrorist acts or acts of war, which may result in uninsured or underinsured losses; and (11) changes in laws and governmental regulations, including those governing usage, zoning, the environment and taxes. A decline in demand for retail space generally due to these and other factors could adversely affect our financial condition and operating results.

We face considerable competition in the leasing market and may be unable to renew leases or re-lease space as leases expire. Consequently, we may be required to make rent or other concessions and/or incur significant capital expenditures to improve our Portfolio and/or to retain and attract tenants, which could adversely affect our financial condition and operating results.

We compete with a number of other landlords for tenants. As of December 31, 2017, leases are scheduled to expire on a total of approximately 8.5% of leased GLA in our Portfolio during 2018. If our tenants decide not to renew or extend their leases upon expiration, we may not be able to promptly re-lease the space on favorable terms or with reasonable capital investments. If our tenants decide to renew, rental rates upon renewal may be lower than current rates. In these situations, our financial condition and operating results could be adversely impacted.

We face considerable competition for tenants and the business of retail shoppers.

There are numerous shopping venues, including regional malls, outlet malls, other shopping centers and e-commerce, which compete with our Portfolio in attracting retailers and shoppers. In order to maintain our attractiveness to retailers and shoppers, we reinvest in our Portfolio in the form of capital improvements. These investments could adversely impact our liquidity and could adversely impact our earnings, particularly when capital improvement projects, including redevelopments, result in space being unavailable to lease for a certain period of time. If we fail to reinvest in our Portfolio, or maintain its attractiveness to retailers and shoppers, if our reinvestments are not successful, or if retailers or shoppers perceive that shopping at other venues is more convenient, cost-effective or otherwise more compelling, which could adversely affect our financial condition and operating results.

We may be unable to collect balances due from tenants that file for bankruptcy protection which could adversely affect our financial condition and operating results.

We have seen an increase in retailer bankruptcies in recent years, including some current and former tenants. If a tenant files for bankruptcy, we may not be able to collect amounts owed by that party prior to filing for bankruptcy. In addition, after filing for bankruptcy, a tenant may terminate any or all of its leases with us, in which event we would have a general unsecured claim against such tenant that would likely be worth less than the full amount owed to us for the remainder of the lease term. In these situations, we cannot be certain that we will be able to re-lease space on similar or economically advantageous terms, which could adversely affect our financial condition and operating results.

Our performance depends on the financial health of tenants in our Portfolio and our continued ability to collect rent when due. Significant retailer distress across our Portfolio could adversely affect our financial condition and operating results.

Our income is substantially derived from rental income from real property. As a result, our performance depends on the collection of rent from tenants in our Portfolio. Our income would be negatively affected if a significant number of tenants in our Portfolio fail to make rental payments when due or reject leases through bankruptcy. In addition, many of our tenants rely on external sources of financing to operate and grow their businesses, and any disruptions in credit markets could adversely affect our tenants' ability to obtain debt financing at favorable rates or at all. If our tenants are unable to secure financing necessary to continue to operate or expand their businesses, they may be unable to meet their rent obligations or enter into new leases or renew leases with us, or be forced to declare bankruptcy and reject their leases with us, which could adversely affect our financial condition and operating results.

In certain circumstances, a tenant may have a right to terminate its lease. In addition, under certain lease agreements, lease terminations by an anchor tenant or a failure by an anchor tenant to occupy the premises could also result in lease terminations or reductions in rent paid by other tenants in such shopping centers. In these situations, we cannot be certain that we will be able to re-lease space on similar or economically advantageous terms. The loss of rental revenues from a significant number of tenants and difficulty replacing such tenants could adversely affect our financial condition and operating results.

Our expenses may remain constant or increase, even if income from our Portfolio decreases, which could adversely affect our financial condition and operating results.

Costs associated with our business, such as real estate and personal property taxes, insurance, utilities, mortgage payments, corporate expenses and maintenance, are relatively inflexible and generally do not decrease in the event that a property is not fully occupied, rental rates decrease, a tenant fails to pay rent or other circumstances causing our revenues to decrease. If we are unable to lower our operating costs when our revenues decline, our financial condition and operating results could be adversely affected. In addition, inflation could result in higher operating costs for us and our tenants and, to the extent we are unable to pass along those cost increases to our tenants, could adversely affect our financial condition and operating results.

We intend to continue to sell non-strategic shopping centers. However, real estate property investments are illiquid, and it may not be possible to dispose of assets in a timely manner or on favorable terms.

Our ability to dispose of properties on advantageous terms depends on factors beyond our control, including competition from other sellers and the availability of attractive financing for potential buyers, and we cannot predict the various market conditions affecting real estate investments that will exist at any particular time in the future.

Furthermore, we may be required to expend funds to correct defects or to make capital improvements before a

property can be sold and we cannot assure that we will have funds available to make such capital improvements; and therefore, we may be unable to sell a property or may not be able to sell a property on favorable terms. In addition, the ability to sell assets in our Portfolio may also be restricted by certain covenants in our debt agreements and the credit agreement governing our senior unsecured credit facility agreement, as amended July 25, 2016, (the “Unsecured Credit Facility”). As a result, we may be unable to realize our investment objectives through dispositions, which could adversely affect our financial condition and operating results.

Our real estate assets may be subject to impairment charges.

We periodically assess whether there are any indicators that the value of our real estate assets and other investments may be impaired. A property’s value is considered to be impaired only if the estimated aggregate future undiscounted property cash flows are less than the carrying value of the property. In our estimate of cash flows, we consider factors such as trends and prospects and the effects of demand and competition on expected future operating income. If we are evaluating the potential sale of an asset or redevelopment alternatives, the undiscounted future cash flows consider the most likely course of action as of the balance sheet date based on current plans, intended holding periods and available market information. We are required to make subjective assessments as to whether there is impairment in the value of our real estate assets and other investments. Impairment charges have an immediate direct impact on our earnings. There can be no assurance that we will not take additional charges in the future related to the impairment of our assets. Any future impairment could have a material adverse effect on our operating results in the period in which the charge is recorded.

We face competition in pursuing acquisition opportunities that could limit our ability to grow and/or increase the cost of such acquisitions, and we may not be able to generate expected returns or successfully integrate these new properties into our existing operations.

We continue to evaluate the market for available properties and may acquire properties when we believe strategic opportunities exist. Our ability to acquire properties on favorable terms and successfully integrate, operate or re-develop them is subject to a number of risks. We may be unable to acquire a desired property because of competition from other well-capitalized real estate investors, including from other REITs and institutional investment funds. Even if we are able to acquire a desired property, competition from other potential acquirers may significantly increase the purchase price. We may also abandon acquisition activities after expending significant resources to pursue such opportunities. Once we acquire new properties, these properties may not yield expected returns for a number of reasons, including: (1) failure to achieve expected occupancy and/or rent levels within the projected time frame, if at all; (2) inability to successfully integrate new properties into existing operations; and (3) exposure to fluctuations in the general economy due to the significant time lag between signing definitive documentation to acquire and the closing of the acquisition of a new property. If any of these events occur, the cost of the acquisition may exceed, or the expected returns may not achieve, initial estimates, which may result in lower returns or losses from such investments.

Current and future redevelopment projects may not yield expected returns.

We are active in the redevelopment of our properties, and these redevelopment activities are subject to a number of risks, including: (1) abandonment of redevelopment after expending resources to pursue such opportunities; (2) construction delays; (3) cost overruns, including construction costs that exceed original estimates; (4) failure to achieve expected occupancy and/or rent levels within the projected time frame, if at all; (5) changes to zoning or land use laws or the delays or failures to obtain necessary zoning, occupancy, land use and other governmental permits; and (6) exposure to fluctuations in the general economy due to the significant time lag between commencement and completion of redevelopment projects. If any of these events occur, overall project costs may significantly exceed initial cost estimates, which may result in lower returns or losses from such investments.

We utilize a significant amount of indebtedness in the operation of our business.

As of December 31, 2017, we had approximately \$5.7 billion aggregate principal amount of indebtedness outstanding, including \$0.9 billion of secured loans, excluding the impact of unamortized premiums. Our leverage could have important consequences to us. For example, it could (1) require us to dedicate a substantial portion of our cash flow to principal and interest payments on our indebtedness, reducing the cash flow available to fund our business, to pay dividends, including those necessary to maintain our REIT qualification, or to use for other purposes; (2) increase our vulnerability to an economic downturn; (3) limit our ability to withstand competitive pressures; and (4) reduce our flexibility to respond to changing business and economic conditions. In addition, non-compliance with the terms of our debt agreements could result in (1) the acceleration of a significant amount of debt;

(2) in the case of secured debt, result in the loss of specific assets due to foreclosure; and (3) materially impair our ability to borrow unused amounts under existing financing arrangements or to obtain additional financing or refinancing on favorable terms or at all. Any of these outcomes could adversely affect our business, financial condition, operating results, cash flows or the per share trading price of our common stock.

Our cash flows and operating results could be adversely affected by required debt service payments and other risks related to our debt financing.

We are generally subject to risks associated with debt financing. These risks include: (1) our cash flow may not be sufficient to satisfy required payments of principal and interest; (2) debt service obligations reduce funds available for distributions to our stockholders; (3) required debt payments are not reduced if the economic performance of any property or the Portfolio as a whole declines; (4) we may not be able to refinance existing indebtedness as necessary or the terms of such refinancing may be less favorable to us than the terms of the existing debt; (5) a default on our indebtedness could result in acceleration of a significant amount of debt; and (6) in the case of secured debt, the loss of specific assets due to foreclosure. During 2018, we have \$185.0 million of unsecured loans scheduled to mature and we have \$18.1 million of scheduled mortgage amortization payments. We currently intend to fund the scheduled maturities and amortization payments with operating cash and borrowings on our Unsecured Credit Facility. Any of these risks could adversely affect our financial condition, operating results or cash flows.

Our variable rate indebtedness subjects us to interest rate risk, and an increase in our debt service obligations may adversely affect our cash flows and operating results.

Borrowings under our Unsecured Credit Facility, unsecured \$600.0 million term loan agreement, as amended on July 25, 2016 (the “\$600 Million Term Loan”), and unsecured \$300.0 million term loan agreement, as entered into on July 28, 2017 (the “\$300 Million Term Loan”) bear interest at variable rates. If interest rates were to increase, our debt service obligations on the variable rate indebtedness would increase even though the amount borrowed would remain the same, and our net income and cash flows would correspondingly decrease. In order to partially mitigate our exposure to increases in interest rates, we have entered into interest rate swaps on \$1.4 billion of our variable rate debt, which involve the exchange of variable for fixed rate interest payments. Taking into account our current interest rate swap agreements, a 100 basis point increase in interest rates would result in a \$1.9 million increase in annual interest expense.

We may be unable to obtain additional capital through the debt and equity markets, which would have a material adverse effect on our growth strategy and our financial condition and operating results.

We cannot assure that we will be able to access the capital markets to obtain additional debt or equity financing or that we will be able to obtain capital on terms favorable to us. Our access to external capital depends upon a number of factors, including general market conditions, our current and potential future earnings, the market’s perception of our growth potential, cash distributions and the market price of our common stock. Our inability to obtain financing on favorable terms could result in: (1) a negative effect on our ability to operate, maintain or reinvest in our Portfolio; (2) an inability to acquire new properties; (3) an inability to repay or refinance our indebtedness on or before maturity; or (4) the need to dispose of some of our assets on terms which may be unfavorable to us.

Adverse changes in our credit rating could affect our borrowing capacity and borrowing terms.

Our credit worthiness is rated by nationally recognized credit rating agencies. The credit ratings assigned are based on our operating performance, liquidity and leverage ratios, financial condition and prospects, and other factors viewed by the credit rating agencies as relevant to our industry and the economic outlook in general. Our credit rating can affect our ability to access debt capital, as well as the terms of certain existing and future debt financing we obtain. Since we depend on debt financing to fund our business, an adverse change in our credit rating, including changes in our credit outlook, or even the initiation of a review of our credit rating that could result in an adverse change, could adversely affect our financial condition and operating results.

Covenants in our debt agreements may restrict our operating activities and adversely affect our financial condition. Our debt agreements contain various financial and operating covenants, including, among other things, certain coverage ratios, as well as limitations on the ability to incur secured and unsecured debt. In addition, certain of our mortgages contain customary negative covenants which, among other things, limit our ability, without the prior consent of the lender, to further mortgage or dispose of the property, to enter into new leases or materially modify certain existing leases at the property, or to redevelop the property. These covenants may limit our operational

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flexibility and disposition activities. The breach of any of these covenants, if not cured within any applicable cure period, could result in a default under our indebtedness, which could result in the acceleration of certain indebtedness. If any of our indebtedness is accelerated prior to maturity, we may not be able to repay or refinance such indebtedness on favorable terms, or at all, which could adversely affect our financial condition and operating results.

Legal proceedings related to the Audit Committee review may result in significant costs and expenses and divert resources from our operations and therefore could have a material adverse effect on our business, financial condition, operating results or cash flows.

As discussed under the heading “Legal Matters” in Note 14 – Commitments and Contingencies to our consolidated financial statements in this report, the Company is engaged in legal matters related to the Audit Committee review. As a result of these and possible future legal proceedings related to the Audit Committee review, we may incur significant professional fees and other costs, damages and fines, some of which may be in excess of our insurance coverage or not be covered by our insurance coverage. In addition, the SEC and the Department of Justice could impose other sanctions against us or our directors and officers, including injunctions, a cease and desist order and other equitable remedies. Our Board of Directors, management and employees may also expend a substantial amount of time on these legal proceedings and investigations, diverting resources and attention that would otherwise be directed toward our operations and implementation of our business strategy. Any of these events could have a material adverse effect on our business, financial condition, operating results or cash flows.

An uninsured loss on properties or a loss that exceeds the limits of our insurance policies could result in a loss of our investment or related revenue in those properties.

We carry comprehensive liability, fire, extended coverage, business interruption and acts of terrorism insurance with policy specifications and insured limits customarily carried for similar properties. There are, however, certain types of losses, such as from hurricanes, tornadoes, floods, earthquakes, terrorism or wars, which may be uninsurable, or not economically justifiable based on the cost of insuring against such losses. In addition, tenants generally are required to indemnify and hold us harmless from liabilities resulting from injury to persons or damage to personal or real property, on the premises, due to activities conducted by tenants or their agents on the properties (including without limitation any environmental contamination), and at the tenant’s expense, to obtain and keep in full force during the term of the lease, liability and property damage insurance policies. However, tenants may not properly maintain their insurance policies or have the ability to pay the deductibles associated with such policies. In addition, if the damaged properties are subject to recourse indebtedness, we would continue to be liable for the indebtedness, even if these properties were irreparably damaged. Should a loss occur that is uninsured or 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, we could lose all or part of the capital invested in, and anticipated revenue from, one or more of the properties, which could adversely affect our financial condition and operating results.

Environmental conditions that exist at some of the properties in our Portfolio could result in significant unexpected costs.

We are subject to federal, state and local environmental regulations that apply generally to the ownership of real property and the operations conducted on real property. Under various federal, state and local laws, ordinances and regulations, we may be or become liable for the costs of removal or remediation of certain hazardous substances released on or in our property or disposed of by us or our tenants, as well as certain other potential costs which could relate to hazardous or toxic substances (including governmental fines and injuries to persons and property). Such liability may be imposed whether or not we knew of, or were responsible for, the presence of these hazardous or toxic substances. As is the case with many community and neighborhood shopping centers, many of our properties had or have on-site dry cleaners and/or on-site gasoline retailing facilities and these prior or current uses could potentially increase our environmental liability exposure. The cost of investigation, remediation or removal of such substances may be substantial, and the presence of such substances, or the failure to properly remediate such substances, may adversely affect our ability to lease such property, to borrow using such property as collateral, or to dispose of such

property.

We are aware that soil and groundwater contamination exists at some of the properties in our Portfolio. The primary contaminants of concern at these properties include perchloroethylene and trichloroethylene (associated with the operations of on-site dry cleaners) and petroleum hydrocarbons (associated with the operations of on-site gasoline retailing facilities). There may also be asbestos-containing materials at some of the properties in our Portfolio.

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Further, no assurance can be given that any environmental studies performed have identified or will identify all material environmental conditions that may exist with respect to any of the properties in our Portfolio.

Further information relating to recognition of remediation obligations in accordance with GAAP is discussed under the heading “Environmental matters” in Note 14 – Commitments and Contingencies to our consolidated financial statements in this report.

Compliance with the Americans with Disabilities Act and fire, safety and other regulations may require us to make expenditures that adversely affect our cash flows.

All of the properties in our Portfolio are required to comply with the Americans with Disabilities Act (“ADA”). The ADA has separate compliance requirements for “public accommodations” and “commercial facilities,” but generally requires that buildings be made accessible to people with disabilities. Compliance with the ADA requirements could require removal of access barriers, and non-compliance could result in the imposition of fines by the United States government or an award of damages to private litigants, or both. We are continuing to assess our Portfolio to determine our compliance with the current requirements of the ADA. We are required to comply with the ADA within the common areas of our Portfolio and we may not be able to pass on to our tenants the costs necessary to remediate any common area ADA issues. As a result, we could be required to expend funds to comply with the provisions of the ADA, which could adversely affect our financial condition and operating results. In addition, we are required to operate the properties in compliance with fire and safety regulations, building codes and other land use regulations, as they may be adopted by governmental agencies and bodies and become applicable to our Portfolio. As a result, we may be required to make substantial capital expenditures to comply with, and we may be restricted in our ability to renovate or redevelop the properties subject to, those requirements. The resulting expenditures and restrictions could adversely affect our financial condition, operating results or cash flows.

We and our tenants face risks relating to cybersecurity attacks that could cause loss of confidential information and other business disruptions.

We rely extensively on computer systems to process transactions and operate and manage our business, and our business is at risk from and may be impacted by cybersecurity attacks. These could include attempts to gain unauthorized access to our data and computer systems. Attacks can be both individual and highly organized attempts by very sophisticated hacking organizations. We employ a number of measures to prevent, detect and mitigate these threats, which include password protection, frequent mandatory password change events, firewall detection systems, frequent backups, a redundant data system for core applications and annual penetration testing; however, there is no guarantee that such efforts will be successful in preventing a cybersecurity attack. A cybersecurity attack could compromise the confidential information of our employees, tenants and vendors. A successful attack could disrupt and affect our business operations, damage our reputation, and result in significant litigation and remediation costs. Similarly, our tenants rely extensively on computer systems to process transactions and manage their businesses and thus are also at risk from and may be impacted by cybersecurity attacks. An interruption in the business operations of our tenants or in their reputation resulting from a cybersecurity attack could indirectly impact our business operations. As of December 31, 2017, we have not had any material incidences involving cybersecurity attacks.

We are highly dependent upon senior management, and failure to attract and retain key members of senior management could have a material adverse effect on us.

We are highly dependent on the performance and continued efforts of our senior management team. Our future success is dependent on our ability to continue to attract and retain qualified executive officers and senior management. Any inability to manage our operations effectively could have a material adverse effect on our business, financial condition, operating results or cash flows.

#### Risks Related to Our Organization and Structure

BPG’s board of directors may change significant corporate policies without stockholder approval.

BPG's investment, financing and dividend policies and our policies with respect to all other business activities, including strategy and operations, will be determined by BPG's board of directors. These policies may be amended or revised at any time and from time to time at the discretion of BPG's board of directors without a vote of our stockholders. BPG's charter also provides that BPG's board of directors may revoke or otherwise terminate our REIT election without approval of BPG's stockholders, if it determines that it is no longer in BPG's best interests to attempt to qualify, or to continue to qualify, as a REIT. In addition, BPG's board of directors may change BPG's policies with respect to conflicts of interest provided that such changes are consistent with applicable legal

requirements. A change in these policies or the termination of BPG's REIT election could have an adverse effect on our financial condition, our operating results, our cash flow, the per share trading price of BPG's common stock and our ability to satisfy our debt service obligations and to pay dividends to BPG's stockholders.

BPG's board of directors may approve the issuance of stock, including preferred stock, with terms that may discourage a third party from acquiring us.

BPG's charter permits its board of directors to authorize the issuance of stock in one or more classes or series. Our board of directors may also classify or reclassify any unissued stock and establish the preferences, conversion and other rights, voting powers, restrictions, limitations as to dividends and other distributions, qualifications and terms and conditions of redemption of any such stock, which rights may be superior to those of our common stock. Thus, BPG's board of directors could authorize the issuance of shares of a class or series of stock with terms and conditions which could have the effect of discouraging an unsolicited acquisition of us or change of our control in which holders of some or a majority of BPG's outstanding common stock might receive a premium for their shares over the then current market price of our common stock.

The rights of BPG and BPG stockholders to take action against BPG's directors and officers are limited.

BPG's charter eliminates the liability of BPG's directors and officers to us and BPG's stockholders for money damages to the maximum extent permitted under Maryland law. Under current Maryland law and BPG's charter, BPG's directors and officers do not have any liability to BPG or BPG's stockholders for money damages other than liability resulting from:

• actual receipt of an improper benefit or profit in money, property or services; or  
• active and deliberate dishonesty by the director or officer that was established by a final judgment and is material to the cause of action adjudicated.

BPG's charter authorizes BPG and BPG's bylaws require BPG to indemnify each of BPG's directors or officers who is or is threatened to be made a party to or witness in a proceeding by reason of his or her service in those or certain other capacities, to the maximum extent permitted by Maryland law, from and against any claim or liability to which such person may become subject or which such person may incur by reason of his or her status as a present or former director or officer of BPG. In addition, BPG may be obligated to pay or reimburse the expenses incurred by BPG's present and former directors and officers without requiring a preliminary determination of their ultimate entitlement to indemnification. As a result, BPG and BPG's stockholders may have more limited rights to recover money damages from BPG's directors and officers than might otherwise exist absent these provisions in BPG's charter and bylaws or that might exist with other companies, which could limit the recourse of stockholders in the event of actions that are not in BPG's best interests.

BPG's charter contains a provision that expressly permits BPG's non-employee directors to compete with us. BPG's charter provides that, to the maximum extent permitted from time to time by Maryland law, BPG renounce any interest or expectancy that BPG has in, or any right to be offered an opportunity to participate in, any business opportunities that are from time to time presented to or developed by BPG's directors or their affiliates, other than to those directors who are employed by BPG or BPG's subsidiaries, unless the business opportunity is expressly offered or made known to such person in his or her capacity as a director. Non-employee directors or any of their affiliates, will not have any duty to refrain from engaging, directly or indirectly, in the same business activities or similar business activities or lines of business in which we or our affiliates engage or propose to engage or to refrain from otherwise competing with us or our affiliates.

BPG's charter provides that, to the maximum extent permitted from time to time by Maryland law, each of BPG's non-employee directors, and any of their affiliates, may:

acquire, hold and dispose of shares of BPG's stock or OP Units for his or her own account or for the account of others, and exercise all of the rights of a stockholder of Brixmor Property Group Inc. or a limited partner of our Operating Partnership, to the same extent and in the same manner as if he, she or it were not BPG's director or stockholder; and in his, her or its personal capacity or in his, her or its capacity as a director, officer, trustee, stockholder, partner, member, equity owner, manager, advisor or employee of any other person, have business interests and engage, directly or indirectly, in business activities that are similar to ours or compete with us, that involve a business opportunity that we could seize and develop or that include the acquisition, syndication,

holding, management, development, operation or disposition of interests in mortgages, real property or persons engaged in the real estate business.

BPG's charter also provides that, to the maximum extent permitted from time to time by Maryland law, in the event that any non-employee director, or any of their respective affiliates, acquires knowledge of a potential transaction or other business opportunity, such person will have no duty to communicate or offer such transaction or business opportunity to us or any of our affiliates and may take any such opportunity for itself, himself or herself or offer it to another person or entity unless the business opportunity is expressly offered to such person in their capacity as our director. These provisions may limit our ability to pursue business or investment opportunities that we might otherwise have had the opportunity to pursue, which could have an adverse effect on our financial condition, operating results, cash flows and the per share trading price of our common stock.

#### Risks Related to our REIT Status and Certain Other Tax Items

If BPG does not maintain its qualification as a REIT, it will be subject to tax as a regular corporation and could face a substantial tax liability.

BPG expects to continue to operate so as to qualify as a REIT under the Code. However, qualification as a REIT involves the application of highly technical and complex Code provisions for which only a limited number of judicial or administrative interpretations exist. Notwithstanding the availability of cure provisions in the Code, BPG could fail to meet various compliance requirements, which could jeopardize its REIT status. Furthermore, new tax legislation, administrative guidance or court decisions, in each instance potentially with retroactive effect, could make it more difficult or impossible for BPG to qualify as a REIT. H.R. 1, the tax reform legislation signed into law on December 22, 2017 and which generally takes effect for taxable years beginning on or after January 1, 2018, makes fundamental changes to the U.S. federal income tax laws applicable to businesses and their owners, including REITs and their stockholders.

If BPG fails to qualify as a REIT in any tax year and BPG is not entitled to relief under applicable statutory provisions:

BPG would be taxed as a non-REIT "C" corporation, which under current laws, among other things, means being unable to deduct dividends paid to stockholders in computing taxable income and being subject to U.S. federal income tax on its taxable income at normal corporate income tax rates, which would reduce BPG's cash available for distribution to stockholders; and

BPG would be disqualified from taxation as a REIT for the four taxable years following the year in which it failed to qualify as a REIT.

Complying with REIT requirements may force BPG to liquidate or restructure otherwise attractive investments or forego otherwise attractive investment opportunities.

In order to qualify as a REIT, BPG must also ensure that, at the end of each calendar quarter, at least 75% of the value of its assets consists of cash, cash equivalents, government securities and qualified REIT real estate assets. BPG's investments in securities cannot include more than 10% of the outstanding voting securities of any one issuer or 10% of the total value of the outstanding securities of any one issuer unless (1) such issuer is a REIT, (2) BPG and such issuer jointly elect for such issuer to be treated as a "taxable REIT subsidiary" under the Code, or (3) for purposes of the 10% value limitation only, the securities satisfy certain requirements and are not considered "securities" for this test. The total value of all of BPG's investments in taxable REIT subsidiaries cannot exceed 25% (20% effective for taxable years beginning after December 31, 2017) of the value of BPG's total assets. In addition, no more than 5% of the value of BPG's assets can consist of the securities of any one issuer other than a taxable REIT subsidiary, and no more than 25% of the value of BPG's total assets may be represented by debt instruments issued by "publicly offered REITs" (as defined under the Code) that are "nonqualified" (e.g., not secured by real property or interests in real property). If BPG fails to comply with these requirements, BPG must dispose of a portion of its assets within 30 days after the end of the

calendar quarter in order to avoid losing its REIT status and suffering adverse tax consequences. As a result, BPG may be required to liquidate from its portfolio, or contribute to a taxable REIT subsidiaries (“TRSs”), otherwise attractive investments in order to maintain its qualification as a REIT. These actions could have the effect of reducing BPG’s income and amounts available for distribution to its stockholders. BPG may be unable to pursue investments that would otherwise be advantageous to it in order to satisfy the income or asset diversification requirements for qualifying as a REIT. Thus, compliance with REIT requirements may hinder BPG’s ability to operate solely on the basis of maximizing profits.

From time to time, BPG's cash flows may be insufficient to fund distributions required to maintain our qualification as a REIT. If BPG does not have other funds available in these situations, we may need to borrow funds on a short-term basis or sell assets, even if the then-prevailing market conditions are not favorable for these borrowings or sales, in order to satisfy our REIT distribution requirements. These options could adversely affect BPG's financial condition, operating results or cash flows.

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 BPG's decisions to sell property if it believes such sales could be treated as a prohibited transaction. However, BPG would not be subject to this tax if it were to sell assets through its TRS.

Complying with REIT requirements may limit BPG's ability to hedge effectively and may cause BPG to incur tax liabilities.

The REIT provisions of the Code substantially limit BPG's ability to hedge its liabilities. Any income from a hedging transaction BPG enters into to manage the risk of interest rate changes with respect to borrowings made or to be made to acquire or carry real estate assets, or manage the risk of certain currency fluctuations, if clearly identified under applicable Treasury Regulations, does not constitute "gross income" for purposes of the 75% or 95% gross income tests that BPG must satisfy in order to maintain its qualification as a REIT. To the extent that BPG enters into other types of hedging transactions, the income from those transactions is likely to be treated as non-qualifying income for purposes of both of the gross income tests. As a result of these rules, BPG intends to limit its use of hedging techniques that are not clearly identified under applicable Treasury Regulations or implement those hedges through a domestic TRS. This could increase the cost of BPG's hedging activities because its TRS would be subject to tax on gains or it could expose BPG to greater risks than BPG would otherwise want to bear.

BPG's charter does not permit any person to own more than 9.8% of BPG's outstanding common stock or of BPG's outstanding stock of all classes or series, and attempts to acquire BPG's common stock or BPG's stock of all other classes or series in excess of these limits would not be effective without an exemption from these limits by BPG's board of directors.

For BPG to qualify as a REIT under the Code, not more than 50% of the value of BPG's outstanding stock may be owned directly or indirectly, by five or fewer individuals (including certain entities treated as individuals for this purpose) during the last half of a taxable year. For the purpose of assisting BPG's qualification as a REIT for federal income tax purposes, among other purposes, BPG's charter prohibits beneficial or constructive ownership by any person of more than a certain percentage, currently 9.8%, in value or by number of shares, whichever is more restrictive, of the outstanding shares of BPG's common stock or 9.8% in value of the outstanding shares of BPG's stock, which BPG refers to as the "ownership limit." The constructive ownership rules under the Code and BPG's charter are complex and may cause shares of the outstanding common stock owned by a group of related persons to be deemed to be constructively owned by one person. As a result, the acquisition of less than 9.8% of BPG's outstanding common stock or BPG's stock by a person could cause a person to own constructively in excess of 9.8% of BPG's outstanding common stock or BPG's stock, respectively, and thus violate the ownership limit. There can be no assurance that BPG's board of directors, as permitted in the charter, will not decrease this ownership limit in the future. Any attempt to own or transfer shares of BPG's stock in excess of the ownership limit without an exemption from BPG's board of directors will result either in the shares in excess of the limit being transferred by operation of the charter to a charitable trust or the transfer being void, and the person who attempted to acquire such excess shares will not have any rights in such excess shares.

The ownership limit may have the effect of precluding a change in control of BPG by a third party, even if such change in control would be in the best interests of BPG's stockholders or would result in BPG's stockholders receiving a premium for their shares over the then current market price of our common stock (and even if such change in control

would not reasonably jeopardize BPG's REIT status). The exemptions to the ownership limit granted to date may limit BPG's board of directors' power to increase the ownership limit or grant further exemptions in the future.

Failure to qualify as a domestically-controlled REIT could subject BPG's non-U.S. stockholders to adverse U.S. federal income tax consequences.

BPG will be a domestically-controlled REIT if, at all times during a specified testing period, less than 50% in value of its shares are held directly or indirectly by non-U.S. stockholders. Because its shares are publicly traded, BPG cannot guarantee that it will, in fact, be a domestically-controlled REIT. If BPG fails to qualify as a domestically-controlled REIT, its non-U.S. stockholders that otherwise would not be subject to U.S. federal income tax on the gain attributable to a sale of BPG's shares would be subject to taxation upon such a sale if either (a) the shares were not considered to be "regularly traded" under applicable Treasury regulations on an established securities market, such as the NYSE, or (b) the shares were considered to be "regularly traded" on an established securities market and the selling non-U.S. stockholder owned, actually or constructively, more than 10% in value of the outstanding shares at any time during specified testing periods. If gain on the sale or exchange of BPG's shares was subject to taxation for these reasons, the non-U.S. stockholder would be subject to federal income tax with respect to any gain on a net basis in a manner similar to the taxation of a taxable U.S. stockholder, subject to any applicable alternative minimum tax and special alternative minimum tax in the case of nonresident alien individuals, and corporate non-U.S. stockholders may be subject to an additional branch profits tax.

BPG may choose to make distributions in BPG's own stock, in which case stockholders may be required to pay income taxes without receiving any cash dividends.

In connection with BPG's qualification as a REIT, BPG is required to annually distribute to its stockholders at least 90% of its REIT taxable income, determined without regard to the deduction for dividends paid and excluding net capital gain. Although it does not currently intend to do so, in order to satisfy this requirement, BPG is permitted, subject to certain conditions and limitations, to make distributions that are in part payable in shares of BPG's stock. Taxable stockholders receiving such distributions will be required to include the full amount of such distributions as ordinary dividend income to the extent of BPG's current or accumulated earnings and profits, as determined for U.S. federal income tax purposes. As a result, U.S. stockholders may be required to pay income taxes with respect to such distributions in excess of the cash portion of the distribution received. Accordingly, U.S. stockholders receiving a distribution of BPG's shares may be required to sell shares received in such distribution or may be required to sell other stock or assets owned by them, at a time that may be disadvantageous, in order to satisfy any tax imposed on such distribution. Furthermore, with respect to certain non-U.S. stockholders, BPG may be required to withhold U.S. tax with respect to such distribution, including in respect of all or a portion of such distribution that is payable in stock, by withholding or disposing of part of the shares included in such distribution and using the proceeds of such disposition to satisfy the withholding tax imposed. In addition, if a significant number of BPG's stockholders determine to sell shares of BPG's stock in order to pay taxes owed on dividend income, such sale may put downward pressure on the market price of BPG's stock.

Dividends payable by REITs do not qualify for the reduced tax rates available for some dividends.

The maximum tax rate applicable to qualified dividend income payable by non-REIT "C" corporations to certain non-corporate U.S. stockholders has been reduced by legislation to 23.8% (taking into account the 3.8% Medicare tax applicable to net investment income). Dividends payable by REITs, however, generally are not eligible for the reduced rates. Effective for taxable years beginning after December 31, 2017 and before January 1, 2026, non-corporate U.S. stockholders may deduct 20% of their dividends from REITs (excluding qualified dividend income and capital gains dividends). For non-corporate U.S. stockholders in the top marginal tax bracket of 37%, the deduction for REIT dividends yields an effective income tax rate of 29.6% on REIT dividends, which is higher than the 20% tax rate on qualified dividend income paid by non-REIT "C" corporations. This does not adversely affect the taxation of REITs; however, the more favorable rates applicable to non-REIT "C" corporate qualified dividends could cause certain non-corporate investors to perceive investments in REITs to be relatively less attractive than investments in the stocks of non-REIT "C" corporations that pay dividends, which could adversely affect the value of the shares of REITs, including BPG.

Tax laws and related interpretations may change at any time, and any such legislative or other actions could have a negative effect on BPG.

The IRS, the United States Treasury Department and Congress frequently review U.S. federal income tax legislation, regulations and other guidance. BPG cannot predict whether, when or to what extent new U.S. federal tax laws, regulations, interpretations or rulings will be adopted. Any legislative action may prospectively or retroactively modify BPG's tax treatment and, therefore, may adversely affect taxation of BPG or BPG's stockholders. In particular, H.R. 1 makes many significant changes to the U.S. federal income tax laws that will profoundly impact

the taxation of individuals and corporations (both non-REIT “C” corporations as well as corporations that have elected to be taxed as REITs). A number of changes that affect non-corporate taxpayers will expire at the end of 2025 unless Congress acts to extend them. These changes will impact BPG and BPG’s stockholders in various ways, some of which are adverse or potentially adverse compared to prior law. To date, the IRS has issued only limited guidance with respect to certain of the new provisions, and there are numerous interpretive issues that will require guidance. It is highly likely that technical corrections legislation will be needed to clarify certain aspects of the new law and give proper effect to Congressional intent. There can be no assurance, however, that technical clarifications or changes needed to prevent unintended or unforeseen tax consequences will be enacted by Congress in the near future.

#### Risks Related to Ownership of BPG’s Common Stock

The cash available for distribution to stockholders may not be sufficient to pay dividends at expected levels and, as a result, we may use borrowed funds to make distributions or we may be unable to make distributions in the future. If cash available for distributions decreases in future periods, our inability to make expected distributions could result in a decrease in the market price of BPG’s common stock. See “Item 5. Market For Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.” All distributions will be made at the discretion of BPG’s board of directors and will depend on our earnings, our financial condition, maintenance of BPG’s REIT qualification and other factors as BPG’s board of directors may deem relevant from time to time. We may not be able to make distributions in the future or we may need to fund a portion or all of the distribution with borrowed funds. If we borrow to fund distributions, our future interest costs would increase, thereby reducing our earnings and cash available for distribution from what they otherwise would have been. To the extent that we decide to make distributions in excess of our current and accumulated earnings and profits, such distributions would generally be considered a return of capital for federal income tax purposes to the extent of the holder’s adjusted tax basis in their shares. A return of capital is not taxable, but it has the effect of reducing the holder’s adjusted tax basis in its investment. To the extent that distributions exceed the adjusted tax basis of a holder’s shares, they will be treated as gain from the sale or exchange of such stock.

If securities or industry analysts do not publish research or reports about our business, or if they downgrade their recommendations regarding BPG’s common stock, BPG’s share price and trading volume may decline. The trading market for BPG’s shares is influenced by the research and reports that securities or industry analysts publish about us or our business. Events that could adversely affect BPG’s share price and trading volume include: (1) BPG’s operating results being below the expectations of securities and industry analysts and investors; (2) downgrades or inaccurate or unfavorable research about BPG’s business published by analysts; or (3) the termination of research coverage or the failure by analysts to regularly publish reports on us, which may cause us to lose visibility in the financial markets. A less liquid market for BPG’s shares may also impair our ability to raise additional equity capital by issuing shares and may impair our ability to acquire additional properties or other businesses by using BPG’s shares as consideration.

The market price of BPG’s common stock could be adversely affected by market conditions and by our actual and expected future earnings and level of distributions.

The stock market in general, and the NYSE and REIT markets in particular experience significant price and volume fluctuations. This market volatility, as well as general economic, market or political conditions, could reduce the market price of shares without regard to our operating performance. For example, the trading prices of equity securities issued by REITs have historically been affected by changes in market interest rates. An increase in market interest rates, or a decrease in our distributions to stockholders, may lead prospective purchasers of shares of BPG’s common stock to demand a higher distribution rate or seek alternative investments. The market value of equity securities is also based upon the market’s perception of the growth potential and current and potential future cash distributions of a security, whether from operations, sales or refinancings, and, for REITs, is secondarily based upon the real estate market value of the underlying assets. Our failure to meet the market’s expectations with regard to future earnings and distributions would likely adversely affect the market price of BPG’s common stock.

Item 1B. Unresolved Staff Comments  
None.

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Item 2. Properties

As of December 31, 2017, our Portfolio consisted of 486 shopping centers with approximately 83 million square feet of GLA. In addition, we have one land parcel currently under development. Our high quality national Portfolio is primarily located within established trade areas in the top 50 MSAs, and our shopping centers are primarily anchored by non-discretionary and value-oriented retailers, as well as consumer-oriented service providers. Our three largest tenants by annualized base rent are The TJX Companies, Inc., The Kroger Co., and Dollar Tree Stores, Inc.

The following table summarizes the top 20 tenants by ABR in our Portfolio as of December 31, 2017 (dollars in thousands):

Retailer	Owned Leases	Leased GLA	Percent of Total Portfolio GLA	Leased ABR	Percent of Portfolio Leased ABR	ABR PSF
The TJX Companies, Inc.	90	2,805,560	3.4 %	\$29,966	3.2 %	\$10.68
The Kroger Co.	65	4,258,570	5.1 %	29,890	3.1 %	7.02
Dollar Tree Stores, Inc.	155	1,766,751	2.1 %	18,372	1.9 %	10.40
Publix Super Markets, Inc.	37	1,676,247	2.0 %	15,723	1.7 %	9.38
Wal-Mart Stores, Inc.	25	3,085,756	3.7 %	13,613	1.4 %	4.41
Ahold Delhaize	24	1,294,441	1.6 %	13,095	1.4 %	10.12
Burlington Stores, Inc.	23	1,572,515	1.9 %	12,883	1.4 %	8.19
Albertsons Companies, Inc.	21	1,194,862	1.4 %	12,758	1.3 %	10.68
Ross Stores, Inc	35	958,511	1.2 %	10,555	1.1 %	11.01
Bed Bath & Beyond, Inc.	33	809,213	1.0 %	10,411	1.1 %	12.87
Big Lots, Inc.	44	1,454,514	1.8 %	9,394	1.0 %	6.46
PetSmart, Inc.	29	646,099	0.8 %	9,390	1.0 %	14.53
L.A Fitness International, LLC	13	552,515	0.7 %	8,689	0.9 %	15.73
PETCO Animal Supplies, Inc.	37	491,801	0.6 %	8,302	0.9 %	16.88
Best Buy Co., Inc.	15	613,462	0.7 %	8,262	0.9 %	13.47
Office Depot, Inc.	32	700,208	0.8 %	7,814	0.8 %	11.16
Party City Holdco Inc.	35	510,998	0.6 %	7,452	0.8 %	14.58
DICK'S Sporting Goods, Inc.	14	539,639	0.7 %	7,430	0.8 %	13.77
Staples, Inc.	27	562,443	0.7 %	7,022	0.7 %	12.48
The Michaels Companies, Inc.	26	581,254	0.7 %	6,841	0.7 %	11.77
TOP 20 RETAILERS	780	26,075,359	31.5 %	\$247,862	26.1 %	\$9.51



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The following table summarizes the geographic diversity of our Portfolio by state as of December 31, 2017 (dollars in thousands, except per square foot information):

State	Number of Properties	GLA	Percent		ABR	ABR PSF <sup>(1)</sup>	Percent of		
			Billed	Leased			Number of Properties	Percent of GLA	Percent of ABR
1 Texas	65	9,510,391	90.1 %	92.2 %	\$ 110,084	\$ 13.36	13.4 %	11.5 %	11.6 %
2 Florida	55	8,772,427	88.8 %	90.7 %	106,280	13.86	11.3 %	10.6 %	11.2 %
3 California	32	6,121,721	94.6 %	97.4 %	103,347	18.73	6.6 %	7.4 %	10.9 %
4 Pennsylvania	34	5,837,674	93.8 %	94.5 %	67,760	14.71	7.0 %	7.0 %	7.1 %
5 New York	28	3,559,268	92.0 %	93.7 %	60,817	18.72	5.8 %	4.3 %	6.4 %
6 Illinois	22	4,709,788	81.7 %	85.4 %	48,143	12.58	4.5 %	5.7 %	5.1 %
7 Georgia	35	4,856,395	89.5 %	91.2 %	45,817	10.62	7.2 %	5.9 %	4.8 %
8 New Jersey	18	3,089,307	89.9 %	92.8 %	42,963	15.89	3.7 %	3.7 %	4.5 %
9 North Carolina	20	4,241,985	92.6 %	93.2 %	42,210	11.43	4.1 %	5.1 %	4.4 %
10 Ohio	21	4,088,047	93.1 %	94.0 %	40,546	11.99	4.3 %	4.9 %	4.3 %
11 Michigan	19	3,902,104	90.2 %	91.1 %	37,742	13.22	3.9 %	4.7 %	4.0 %
12 Connecticut	13	2,162,501	93.5 %	95.1 %	30,065	15.66	2.7 %	2.6 %	3.2 %
13 Tennessee	15	3,062,513	91.1 %	92.7 %	29,688	11.03	3.1 %	3.7 %	3.1 %
14 Massachusetts	11	1,871,739	93.1 %	95.7 %	21,722	15.41	2.3 %	2.3 %	2.3 %
15 Colorado	6	1,473,147	87.0 %	90.8 %	19,293	14.49	1.2 %	1.8 %	2.0 %
16 Kentucky	9	2,074,205	94.0 %	94.9 %	18,721	10.45	1.9 %	2.5 %	2.0 %
17 Indiana	12	1,877,402	83.3 %	88.7 %	15,908	10.86	2.5 %	2.3 %	1.7 %
18 Minnesota	9	1,362,713	88.7 %	91.3 %	15,443	13.10	1.9 %	1.6 %	1.6 %
19 Virginia	10	1,392,586	90.9 %	91.0 %	14,342	11.92	2.1 %	1.7 %	1.5 %
20 South Carolina	7	1,307,923	90.1 %	91.4 %	14,172	12.11	1.4 %	1.6 %	1.5 %
21 New Hampshire	5	772,770	89.9 %	90.1 %	7,764	13.89	1.0 %	0.9 %	0.8 %
22 Missouri	6	865,816	88.6 %	92.2 %	6,782	8.67	1.2 %	1.0 %	0.7 %
23 Maryland	4	468,667	98.3 %	98.3 %	6,660	14.46	0.8 %	0.6 %	0.7 %
24 Wisconsin	4	704,098	90.7 %	91.6 %	6,656	10.76	0.8 %	0.9 %	0.7 %
25 Alabama	3	888,284	64.9 %	69.9 %	5,169	8.61	0.6 %	1.1 %	0.5 %
26 Iowa	4	723,408	94.3 %	94.3 %	4,312	6.42	0.8 %	0.9 %	0.5 %
27 Louisiana	4	619,143	79.6 %	80.7 %	3,432	7.48	0.8 %	0.7 %	0.4 %
28 Nevada	1	278,411	100.0 %	100.0 %	3,269	11.89	0.2 %	0.3 %	0.3 %
29 Arizona	2	288,110	92.1 %	92.1 %	3,204	12.08	0.4 %	0.3 %	0.3 %
30 Kansas	2	370,239	92.6 %	93.2 %	3,178	11.85	0.4 %	0.4 %	0.3 %
31 Mississippi	2	333,275	88.6 %	88.6 %	3,077	10.91	0.4 %	0.4 %	0.3 %
32 Delaware	1	191,974	98.3 %	98.3 %	2,238	11.86	0.2 %	0.2 %	0.2 %
33 West Virginia	2	251,500	98.0 %	98.0 %	2,103	8.53	0.4 %	0.3 %	0.2 %
34 Vermont	1	224,514	98.6 %	98.6 %	1,973	8.92	0.2 %	0.3 %	0.2 %
35 Maine	1	287,513	90.0 %	90.0 %	1,872	20.69	0.2 %	0.3 %	0.2 %
36 Oklahoma	1	186,851	100.0 %	100.0 %	1,850	9.90	0.2 %	0.2 %	0.2 %
37 New Mexico	2	83,800	100.0 %	100.0 %	966	11.53	0.4 %	0.1 %	0.1 %
TOTAL <sup>(2)</sup>	486	82,812,209	90.3 %	92.2 %	\$ 949,568	\$ 13.47	100.0 %	100.0 %	100.0 %

<sup>(1)</sup> ABR PSF is calculated as ABR divided by leased GLA, excluding the GLA of lessee owned leasehold improvements.

<sup>(2)</sup> Individual values may not add up to totals due to rounding.



The following table summarizes certain information for our Portfolio by unit size as of December 31, 2017 (dollars in thousands, except per square foot information):

	Number of Units	GLA	Percent Billed	Percent Leased	Percent of Vacant GLA	ABR	ABR PSF <sup>(1)</sup>
≥ 35,000 SF	551	33,701,794	95.7 %	96.4 %	18.5 %	\$264,145	\$9.49
20,000 – 34,999 SF	549	14,426,956	91.5 %	95.3 %	10.5 %	139,778	10.38
10,000 – 19,999 SF	726	9,898,302	90.2 %	92.5 %	11.5 %	118,542	13.27
5,000 – 9,999 SF	1,336	9,223,650	83.6 %	85.6 %	20.5 %	128,292	16.96
< 5,000 SF	7,456	15,561,507	81.8 %	83.8 %	39.0 %	298,811	23.59
TOTAL	10,618	82,812,209	90.3 %	92.2 %	100.0 %	\$949,568	\$13.47

TOTAL ≥ 10,000 SF 1,826 58,027,052 93.7 % 95.5 % 40.5 % \$522,465 \$10.40

TOTAL < 10,000 SF 8,792 24,785,157 82.4 % 84.5 % 59.5 % 427,103 21.11

<sup>(1)</sup> ABR PSF is calculated as ABR divided by leased GLA, excluding the GLA of lessee owned leasehold improvements.

The following table summarizes lease expirations for leases in place within our Portfolio for each of the next ten calendar years and thereafter, assuming no exercise of renewal options over the lease term and including the GLA of lessee owned leasehold improvements, as of December 31, 2017:

	Number of Leases	Leased GLA	% of Leased GLA	% of In-Place ABR	In-Place ABR PSF	ABR at Expiration
M-M	398	1,066,381	1.4 %	1.8 %	\$16.47	\$16.47
2018	1,332	6,456,408	8.5 %	9.1 %	13.32	13.32
2019	1,473	10,799,806	14.1 %	13.3 %	11.66	11.72
2020	1,444	11,589,173	15.2 %	14.3 %	11.71	11.88
2021	1,167	10,099,929	13.2 %	12.6 %	11.87	12.14
2022	1,120	9,589,499	12.6 %	12.7 %	12.61	13.02
2023	561	5,776,001	7.6 %	7.4 %	12.14	13.05
2024	349	4,266,022	5.6 %	5.2 %	11.51	12.44
2025	286	3,271,952	4.3 %	4.6 %	13.46	14.62
2026	303	3,226,586	4.2 %	4.9 %	14.48	15.85
2027	342	3,453,920	4.5 %	5.0 %	13.83	15.79
2028+	366	6,745,145	8.8 %	9.0 %	12.73	14.81

More specific information with respect to each of our property interests is set forth in Exhibit 99.1, which is incorporated herein by reference.

#### Leases

Our anchor tenants generally have leases with original terms ranging from 10 to 20 years. Such leases frequently contain renewal options for one or more additional periods. Smaller tenants typically have leases with original terms ranging from five to 10 years, which may or may not contain renewal options. Leases in our Portfolio generally provide for the payment of fixed monthly rent. Leases may also provide for the payment of additional rent based upon a percentage of the tenant's gross sales above a certain threshold level. Leases typically contain contractual increases in base rent over both the primary terms and renewal periods. Our leases generally include tenant reimbursements of common area expenses, insurance and real estate taxes. Utilities are generally paid by tenants either through separate meters or reimbursement.

The foregoing general description of the characteristics of the leases of our Portfolio is not intended to describe all leases, and material variations in the lease terms exist.

#### Insurance

We have a wholly owned captive insurance company, Brixmor Incap, LLC (“Incap”). Incap underwrites the first layer of general liability insurance programs for the Company’s properties. The Company formed Incap as part of its overall risk management program and to stabilize insurance costs, manage exposure and recoup expenses through the functions of the captive program. Incap is capitalized in accordance with the applicable regulatory requirements.

We also maintain commercial liability, fire, extended coverage, earthquake, business interruption and rental loss insurance covering all of the properties in our Portfolio. We select coverage specifications and insured limits which we believe to be appropriate given the relative risk of loss, the cost of the coverage, industry practice, and the nature of the shopping centers in our Portfolio. In addition, tenants generally are required to indemnify and hold us harmless from liabilities resulting from injury to persons or damage to personal or real property due to activities conducted by tenants or their agents on the properties (including without limitation any environmental contamination), and at the tenant's expense, to obtain and keep in full force during the term of the lease, liability and property damage insurance policies. In the opinion of our management, all of the properties in our Portfolio are currently adequately insured. We do not carry insurance for generally uninsured losses such as losses from war. See "Risk Factors – Risks Related to Our Portfolio and Our Business – An uninsured loss on properties or a loss that exceeds the limits of our insurance policies could result in a loss of our investment or related revenue in our Portfolio."

Item 3. Legal Proceedings

The information contained under the heading "Legal Matters" in Note 14 – Commitments and Contingencies to our consolidated financial statements in this report is incorporated by reference into this Item 3.

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 following table sets forth for the years ended December 31, 2017 and 2016 the high and low sales prices for each quarter of BPG's common stock, which trades on the New York Stock Exchange under the trading symbol "BRX," and the quarterly declared dividend per share of common stock:

Period	Stock Price		Cash Dividends Declared
	High	Low	
2017:			
First Quarter	\$25.34	\$20.66	\$ 0.260
Second Quarter	22.02	17.35	0.260
Third Quarter	20.59	17.47	0.260
Fourth Quarter	19.30	17.23	0.275
2016:			
First Quarter	\$26.98	\$19.91	\$ 0.245
Second Quarter	27.35	24.50	0.245
Third Quarter	29.14	26.39	0.245
Fourth Quarter	27.49	23.38	0.260

As of February 1, 2018, the number of holders of record of BPG's common stock was 329. This figure does not represent the actual number of beneficial owners of BPG's common stock because shares of BPG's common stock are frequently held in "street name" by securities dealers and others for the benefit of beneficial owners who may vote the shares.

The Internal Revenue Code of 1986, as amended (the "Code"), generally requires that a REIT distribute annually at least 90% of its REIT taxable income, determined without regard to the deduction for dividends paid and excluding net capital gains, and imposes tax on any taxable income retained by a REIT, including capital gains. To satisfy the requirements for qualification as a REIT and generally not be subject to U.S. federal income and excise tax, BPG intends to make regular quarterly distributions of all or substantially all of BPG's REIT taxable income to holders of BPG's common stock out of assets legally available for such purposes.

BPG's future distributions will be at the sole discretion of BPG's Board of Directors. When determining the amount of future distributions, we expect that BPG's Board of Directors will consider, among other factors; (1) the amount of cash recently and expected to be generated from our operating activities; (2) the amount of cash required for capital expenditures and leasing; (3) the amount of cash required for debt repayments, redevelopment, selective acquisitions of new properties and share repurchases; (4) the amount of cash required to be distributed to maintain BPG's status as a REIT and to reduce any income and excise taxes that BPG otherwise would be required to pay; (5) any limitations on our distributions contained in our financing agreements, including, without limitation, in our Unsecured Credit Facility; (6) the sufficiency of legally-available assets; and (7) our ability to continue to access additional sources of capital.

To the extent BPG is prevented by provisions of our financing arrangements or otherwise from distributing 100% of BPG's REIT taxable income or otherwise does not distribute 100% of BPG's REIT taxable income, BPG will be subject to income tax, and potentially excise tax, on the retained amounts. If our operations do not generate sufficient cash flow to allow BPG to satisfy the REIT distribution requirements, we may be required to fund distributions with working capital, borrowed funds, asset sales or may be required to reduce such distributions. For more information

regarding risk factors that could materially adversely affect our actual results of operations, please see Item 1A. “Risk Factors.”

Distributions to the extent of the Company’s current and accumulated earnings and profits for federal income tax purposes will be taxable to shareholders as ordinary dividend income or capital gain income. Distributions in excess of taxable earnings and profits generally will be treated as non-taxable return of capital. These distributions, to the extent that they do not exceed the shareholder’s adjusted tax basis in its common shares, have the effect of deferring taxation until the sale of the shareholder’s common shares. To the extent that distributions are both in excess of taxable earnings and profits and in excess of the shareholder’s adjusted tax basis in its common shares, the

distribution will be treated as capital gain from the sale of common shares. For the taxable year ended December 31, 2017, 86.4% of the Company's distributions to shareholders constituted taxable ordinary income and 13.6% constituted a return of capital.

#### BPG's Total Stockholder Return Performance

The following performance chart compares, for the period from October 30, 2013 through December 31, 2017, the cumulative total stockholder return on BPG's common stock with the cumulative total return of the S&P 500 Index and the FTSE NAREIT Equity Shopping Centers Index. Equity real estate investment trusts are defined as those which derive more than 75% of their income from equity investments in real estate assets. All stockholder return performance assumes the reinvestment of dividends. The information in this paragraph and the following performance chart are deemed to be furnished, not filed.

#### Sales of Unregistered Equity Securities

There were no unregistered sales of equity securities during the year ended December 31, 2017.

#### Issuer Purchases of Equity Securities

On December 5, 2017, the Board of Directors authorized a share repurchase program for up to \$400.0 million of shares of the Company's common stock. The program is scheduled to expire on December 5, 2019, unless extended by the Board of Directors. During the year ended December 31, 2017, the Company repurchased 326,958 shares of common stock under the program at an average price per share of \$17.96 for a total of approximately \$5.9 million.

Period	Total Number of Shares Repurchased	Average Price Paid Per Share	Approximate Dollar Value of Shares that May Yet Be Repurchased (in millions)
October	—	\$ —	N/A
November	—	—	N/A
December	326,958	17.96	\$ 394.1
Total	326,958	\$ 17.96	

## Item 6. Selected Financial Data

The following table shows our selected consolidated financial data for BPG and the Operating Partnership and their respective subsidiaries for the periods indicated. This information should be read together with the audited financial statements and notes thereto of BPG and its subsidiaries and the Operating Partnership and its subsidiaries and with “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included elsewhere in this Annual Report.

## BRIXMOR PROPERTY GROUP INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands, except per share data)

	Year Ended December 31,				
	2017	2016	2015	2014	2013
Revenues					
Rental income	\$997,089	\$998,118	\$984,548	\$960,715	\$887,466
Expense reimbursements	278,636	270,548	276,032	268,035	242,803
Other revenues	7,455	7,106	5,400	7,849	16,135
Total revenues	1,283,180	1,275,772	1,265,980	1,236,599	1,146,404
Operating expenses					
Operating costs	136,092	133,429	129,477	129,148	116,522
Real estate taxes	179,097	174,487	180,911	179,504	168,468
Depreciation and amortization	375,028	387,302	417,935	441,630	438,547
Provision for doubtful accounts	5,323	9,182	9,540	11,537	10,899
Impairment of real estate assets	40,104	5,154	1,005	—	1,531
General and administrative	92,247	92,248	98,454	80,175	121,082
Total operating expenses	827,891	801,802	837,322	841,994	857,049
Other income (expense)					
Dividends and interest	365	542	315	602	832
Interest expense	(226,660 )	(226,671 )	(245,012 )	(262,812 )	(343,193 )
Gain on sale of real estate assets and acquisition of joint venture interest	68,847	35,613	11,744	378	2,223
Gain (loss) on extinguishment of debt, net	498	(832 )	1,720	(13,761 )	(20,028 )
Other	(2,907 )	(4,957 )	(348 )	(8,431 )	(11,014 )
Total other expense	(159,857 )	(196,305 )	(231,581 )	(284,024 )	(371,180 )
Income (loss) before equity in income of unconsolidated joint ventures	295,432	277,665	197,077	110,581	(81,825 )
Equity in income of unconsolidated joint ventures	381	477	459	370	1,167
Gain on disposition of unconsolidated joint venture interests	4,556	—	—	1,820	—
Income (loss) from continuing operations	300,369	278,142	197,536	112,771	(80,658 )
Discontinued operations					
Income from discontinued operations	—	—	—	4,909	3,505
Gain on disposition of operating properties	—	—	—	15,171	3,392
Impairment of real estate held for sale	—	—	—	—	(45,122 )
Income (loss) from discontinued operations	—	—	—	20,080	(38,225 )
Net income (loss)	300,369	278,142	197,536	132,851	(118,883 )

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Net (income) loss attributable to non-controlling interests	(76 )	(2,514 )	(3,816 )	(43,849 )	25,349
Net income (loss) attributable to Brixmor Property Group Inc.	300,293	275,628	193,720	89,002	(93,534 )
Preferred stock dividends	(39 )	(150 )	(150 )	(150 )	(162 )
Net income (loss) attributable to common stockholders	\$300,254	\$275,478	\$193,570	\$88,852	\$(93,696 )
Per common share:					
Income (loss) from continuing operations:					
Basic	\$0.98	\$0.91	\$0.65	\$0.36	\$(0.33 )
Diluted	\$0.98	\$0.91	\$0.65	\$0.36	\$(0.33 )
Net income (loss) attributable to common stockholders:					
Basic	\$0.98	\$0.91	\$0.65	\$0.36	\$(0.50 )
Diluted	\$0.98	\$0.91	\$0.65	\$0.36	\$(0.50 )
Weighted average shares:					
Basic	304,834	301,601	298,004	243,390	188,993
Diluted	305,281	305,060	305,017	244,588	188,993
Cash dividends declared per common share	\$1.055	\$0.995	\$0.92	\$0.825	\$0.127

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**BRIXMOR PROPERTY GROUP INC. AND SUBSIDIARIES**

**SELECT BALANCE SHEET INFORMATION**

(in thousands)

Balance sheet data as of the end of each year	December 31,				
	2017	2016	2015	2014	2013
Real estate, net	\$8,560,421	\$8,842,004	\$9,052,165	\$9,253,015	\$9,647,558
Total assets	\$9,153,926	\$9,319,685	\$9,498,007	\$9,681,913	\$10,143,487
Debt obligations, net <sup>(1)</sup>	\$5,676,238	\$5,838,889	\$5,974,266	\$6,022,508	\$5,952,860
Total liabilities	\$6,245,578	\$6,392,525	\$6,577,705	\$6,701,610	\$6,837,500
Redeemable non-controlling interests	\$—	\$—	\$—	\$—	\$21,467
Total equity	\$2,908,348	\$2,927,160	\$2,920,302	\$2,980,303	\$3,284,520

<sup>(1)</sup> Debt includes secured loans, notes payable, and credit agreements, including unamortized premium or net of unamortized discount and unamortized debt issuance costs.



**BRIXMOR OPERATING PARTNERSHIP LP AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**

(in thousands, except per share data)

	Year Ended December 31,				
	2017	2016	2015	2014	2013
<b>Revenues</b>					
Rental income	\$997,089	\$998,118	\$984,548	\$960,715	\$887,466
Expense reimbursements	278,636	270,548	276,032	268,035	242,803
Other revenues	7,455	7,106	5,400	7,849	16,135
<b>Total revenues</b>	<b>1,283,180</b>	<b>1,275,772</b>	<b>1,265,980</b>	<b>1,236,599</b>	<b>1,146,404</b>
<b>Operating expenses</b>					
Operating costs	136,092	133,429	129,477	129,148	116,522
Real estate taxes	179,097	174,487	180,911	179,504	168,468
Depreciation and amortization	375,028	387,302	417,935	441,630	438,547
Provision for doubtful accounts	5,323	9,182	9,540	11,537	10,899
Impairment of real estate assets	40,104	5,154	1,005	—	1,531
General and administrative	92,247	92,248	98,454	80,175	121,078
<b>Total operating expenses</b>	<b>827,891</b>	<b>801,802</b>	<b>837,322</b>	<b>841,994</b>	<b>857,045</b>
<b>Other income (expense)</b>					
Dividends and interest	365	542	315	602	825
Interest expense	(226,660 )	(226,671 )	(245,012 )	(262,812 )	(343,193 )
Gain on sale of real estate assets and acquisition of joint venture interest	68,847	35,613	11,744	378	2,223
Gain (loss) on extinguishment of debt, net	498	(832 )	1,720	(13,761 )	(20,028 )
Other	(2,907 )	(4,957 )	(348 )	(8,431 )	(11,005 )
<b>Total other expense</b>	<b>(159,857 )</b>	<b>(196,305 )</b>	<b>(231,581 )</b>	<b>(284,024 )</b>	<b>(371,178 )</b>
<b>Income (loss) before equity in income of unconsolidated joint ventures</b>	<b>295,432</b>	<b>277,665</b>	<b>197,077</b>	<b>110,581</b>	<b>(81,819 )</b>
Equity in income of unconsolidated joint ventures	381	477	459	370	1,167
Gain on disposition of unconsolidated joint venture interests	4,556	—	—	1,820	—
<b>Income (loss) from continuing operations</b>	<b>300,369</b>	<b>278,142</b>	<b>197,536</b>	<b>112,771</b>	<b>(80,652 )</b>
<b>Discontinued operations</b>					
Income from discontinued operations	—	—	—	4,909	3,505
Gain on disposition of operating properties	—	—	—	15,171	3,392
Impairment on real estate held for sale	—	—	—	—	(45,122 )
<b>Income (loss) from discontinued operations</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>20,080</b>	<b>(38,225 )</b>
<b>Net income (loss)</b>	<b>300,369</b>	<b>278,142</b>	<b>197,536</b>	<b>132,851</b>	<b>(118,877 )</b>
<b>Net income attributable to non-controlling interests</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(1,181 )</b>	<b>(1,355 )</b>
<b>Net income (loss) attributable to Brixmor Operating Partnership LP</b>	<b>\$300,369</b>	<b>\$278,142</b>	<b>\$197,536</b>	<b>\$131,670</b>	<b>\$(120,232)</b>
<b>Net income (loss) attributable to:</b>					

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Series A interest	\$—	\$—	\$—	\$21,014	\$3,451
Partnership common units	300,369	278,142	197,536	110,656	(123,683 )
Net income (loss) attributable to Brixmor Operating Partnership LP	\$300,369	\$278,142	\$197,536	\$131,670	\$(120,232)
Per common unit:					
Income (loss) from continuing operations:					
Basic	\$0.98	\$0.91	\$0.65	\$0.36	\$(0.33 )
Diluted	\$0.98	\$0.91	\$0.65	\$0.36	\$(0.33 )
Net income (loss) attributable to partnership common units:					
Basic	\$0.98	\$0.91	\$0.65	\$0.36	\$(0.50 )
Diluted	\$0.98	\$0.91	\$0.65	\$0.36	\$(0.50 )
Weighted average number of partnership common units:					
Basic	304,913	304,600	303,992	302,540	250,109
Diluted	305,281	305,059	305,017	303,738	250,109

**BRIXMOR OPERATING PARTNERSHIP LP AND SUBSIDIARIES**  
**SELECT BALANCE SHEET INFORMATION**

(in thousands)

Balance sheet data as of the end of each year	December 31,				
	2017	2016	2015	2014	2013
Real estate, net	\$8,560,421	\$8,842,004	\$9,052,165	\$9,253,015	\$9,647,558
Total assets	\$9,153,677	\$9,319,434	\$9,497,775	\$9,681,566	\$10,142,381
Debt obligations, net <sup>(1)</sup>	\$5,676,238	\$5,838,889	\$5,974,266	\$6,022,508	\$5,952,860
Total liabilities	\$6,245,578	\$6,392,525	\$6,577,705	\$6,701,610	\$6,837,490
Redeemable non-controlling interests	\$—	\$—	\$—	\$—	\$21,467
Total capital	\$2,908,099	\$2,926,909	\$2,920,070	\$2,979,956	\$3,283,424

<sup>(1)</sup> Debt includes secured loans, notes payable, and credit agreements, including unamortized premium or net of unamortized discount and unamortized debt issuance costs.

Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations

The following discussion should be read in conjunction with the Consolidated Financial Statements and the accompanying notes thereto. Historical results and percentage relationships set forth in the Consolidated Statements of Operations and contained in the Consolidated Financial Statements and accompanying notes, including trends which might appear, should not be taken as indicative of future operations.

Executive Summary

Our Company

Brixmor Property Group Inc. and subsidiaries (collectively, “BPG”) is an internally-managed real estate investment trust (“REIT”). Brixmor Operating Partnership LP and subsidiaries (collectively, the “Operating Partnership”) is the entity through which BPG conducts substantially all of its operations and owns substantially all of its assets. BPG owns 100% of the common stock of BPG Subsidiary Inc. (“BPG Sub”), which, in turn, is the sole member of Brixmor OP GP LLC (the “General Partner”), the sole general partner of the Operating Partnership. Unless otherwise expressly stated or the context otherwise requires, “we,” “us,” and “our” as used herein refer to each of BPG and the Operating Partnership, collectively. We believe we own and operate one of the largest open air retail portfolios by gross leasable area (“GLA”) in the United States, comprised primarily of community and neighborhood shopping centers. As of December 31, 2017, our portfolio consisted of 486 shopping centers (the “Portfolio”) with approximately 83 million square feet of GLA. In addition, we have one land parcel currently under development. Our high quality national Portfolio is primarily located within established trade areas in the top 50 Metropolitan Statistical Areas (“MSAs”), and our shopping centers are primarily anchored by non-discretionary and value-oriented retailers, as well as consumer-oriented service providers. Our three largest tenants by annualized base rent are The TJX Companies, Inc., The Kroger Co., and Dollar Tree Stores, Inc. BPG has been organized and operated in conformity with the requirements for qualification and taxation as a REIT under the United States federal income tax laws, commencing with our taxable year ended December 31, 2011, and has maintained such requirements through our taxable year ended December 31, 2017, and expects to satisfy such requirements for subsequent taxable years.

Our primary objective is to maximize total returns to our stockholders through consistent, sustainable growth in cash flow. We seek to achieve this objective through proactive management and accretive reinvestment in our existing Portfolio of high-quality open air shopping centers and through disciplined capital recycling activity focused on maximizing asset value and achieving critical mass in attractive retail submarkets. Our key strategies to achieve growth in cash flow include driving internal growth, pursuing value-enhancing reinvestment opportunities and prudently executing on acquisition and disposition activity, while also maintaining a flexible capital structure positioned for growth.

We believe the following set of competitive advantages positions us to successfully execute on our key strategies:

**Expansive Retailer Relationships** – We believe that the scale of our asset base and our nationwide footprint, represent a competitive advantage in supporting the growth objectives of the nation’s largest retailers. We believe that we are one of the largest landlords by GLA to TJX Companies and Kroger, as well as a key landlord to most major grocers and major retail category leaders. We believe that our strong relationships with leading retailers afford us insight into their strategies and priority access to their expansion plans.

**Fully-Integrated Operating Platform** – We manage a fully-integrated operating platform, leveraging our national scope and demonstrating our commitment to operating with a strong regional and local presence. We provide our tenants with dedicated service through both our national accounts leasing team based in New York and our network of four regional offices in Atlanta, Chicago, Philadelphia and San Diego, as well as 11 leasing and property management satellite offices throughout the country. We believe that this structure enables us to obtain critical market intelligence and to benefit from the regional and local expertise of our workforce.

Experienced Management – Senior members of our management team are seasoned real estate operators with public company leadership experience. Our management team has deep industry knowledge and extensive, well-established relationships with retailers, brokers and vendors through many years of transactional experience, as well as significant expertise in executing value-enhancing reinvestment opportunities.

### Other Factors That May Influence our Future Results

We derive our revenues primarily from rent and expense reimbursements paid by tenants to us under existing leases at each of our properties. Expense reimbursements primarily consist of payments made by tenants to us under contractual lease obligations for their proportional share of a property's operating costs, insurance and real estate taxes and certain capital expenditures related to maintenance of the properties.

The amount of revenue we receive is primarily dependent on our ability to maintain or increase rental rates, renew expiring leases and/or lease available space. Factors that could affect our rental income include: (1) changes in national, regional or local economic climates; (2) local market conditions, including an oversupply of space in, or a reduction in demand for, properties similar to those in our Portfolio; (3) changes in market rental rates; (4) changes in the regional demographics of our properties; (5) competition from other available properties and the attractiveness of properties in our Portfolio to our tenants; (6) the financial stability of tenants, including the ability of tenants to pay rent and expense reimbursements; and (7) in the case of percentage rents, the sales volume of our tenants.

Our operating costs represent property-related costs, such as repairs and maintenance, landscaping, snow removal, utilities, property insurance, security, ground rent related to properties for which we are the lessee and various other property related costs. Increases in our operating costs, to the extent they are not offset by revenue increases, may impact our overall performance. For a further discussion of these and other factors that could impact our future results, performance or transactions, see Item 1A. "Risk Factors."

### Leasing Highlights

As of December 31, 2017, billed and leased occupancy was 90.3% and 92.2%, respectively, as compared to 90.7% and 92.8%, respectively, as of December 31, 2016. In addition, the following table summarizes our executed leasing activity for the years ended December 31, 2017 and 2016 (dollars in thousands, except for per square foot ("PSF") amounts):

For the Year Ended December 31, 2017

	Leases	GLA	New ABR PSF	Rent Spread <sup>(1)</sup>		Tenant Improvements and Allowances PSF <sup>(2)</sup>	Third Party Leasing Commissions PSF
New, renewal and option leases	1,894	11,898,523	\$14.48	12.6	%	\$ 7.34	\$ 1.10
New and renewal leases	1,605	8,129,836	15.44	15.5	%	10.73	1.61
New leases	618	3,195,154	16.00	34.1	%	22.26	3.97
Renewal leases	987	4,934,682	15.08	9.8	%	3.27	0.08
Option leases	289	3,768,687	12.41	7.2	%	0.02	—

For the Year Ended December 31, 2016

	Leases	GLA	New ABR PSF	Rent Spread <sup>(1)</sup>		Tenant Improvements and Allowances PSF <sup>(2)</sup>	Third Party Leasing Commissions PSF
New, renewal and option leases	2,017	13,683,327	\$12.90	12.0	%	\$ 5.39	\$