

Edgar Filing: Brixmor Property Group Inc. - Form 10-K

Brixmor Property Group Inc.
Form 10-K
February 11, 2019

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, 2018

or

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

For the transition period from _____ to _____

Commission File Number: 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 every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

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 filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

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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 ☐

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. \$5,256,180,743 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, 2019, Brixmor Property Group Inc. had 298,637,033 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 15, 2019 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, 2018.

EXPLANATORY NOTE

This report combines the annual reports on Form 10-K for the period ended December 31, 2018 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. Unless the context otherwise requires, 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 (the “General Partner”), the sole general partner of the Operating Partnership. As of December 31, 2018, 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:

- 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. Because the Operating Partnership is managed by the Parent Company, and the Parent Company conducts substantially all of its operations through the Operating Partnership, the Parent Company’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 the Parent Company’s board of directors as the Operating Partnership’s board of directors.

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 capital required by the Company’s business. Sources of this capital include the Operating Partnership’s operations and its direct or indirect incurrence of indebtedness.

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.

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.

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.

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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 and local economic climates or demographics; (2) local market conditions, including an oversupply of space in, or a reduction in demand for, properties similar to those in our Portfolio; (3) competition from other available properties and e-commerce, and the attractiveness of properties in our Portfolio to our tenants; (4) ongoing disruption and/or consolidation in the retail sector, the financial stability of our tenants and the overall financial condition of large retailing companies, including their ability to pay rent and expense reimbursements; (5) in the case of percentage rents, the sales volume of our tenants; (6) increases in operating costs, including common area expenses, utilities, insurance and real estate taxes, which are relatively inflexible and generally do not decrease if revenue or occupancy decreases; (7) increases in the costs to repair, renovate and re-lease space; (8) 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; (9) changes in laws and governmental regulations, including those governing usage, zoning, the environment and taxes; and (10) new developments in the 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 stated otherwise or the context otherwise requires, “we,” “our” and “us” mean 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 (“U.S.”), comprised primarily of community and neighborhood shopping centers. As of December 31, 2018, our portfolio was comprised of 425 shopping centers (the “Portfolio”) totaling approximately 74 million square feet of GLA. Our high-quality national Portfolio is primarily located within established trade areas in the top 50 Metropolitan Statistical Areas (“MSAs”) in the U.S., and our shopping centers are primarily anchored by non-discretionary and value-oriented retailers, as well as consumer-oriented service providers. As of December 31, 2018, our three largest tenants by annualized base rent (“ABR”) were The TJX Companies, Inc., The Kroger Co., and Dollar Tree Stores, Inc.

As of December 31, 2018, 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, 2018.

Number of Shopping Centers	425
GLA (square feet)	73.7 million
Leased Occupancy	92%
Billed Occupancy	88%
Average ABR per square foot (“PSF” ⁽¹⁾)	\$14.10
Total New Lease Volume (square feet)	3.9 million
Average Total Rent Spread ⁽²⁾	11.8%
Average New and Renewal Rent Spread ⁽²⁾	13.8%
Average New Rent Spread ⁽²⁾	34.4%
Percent Grocery-anchored Shopping Centers ⁽³⁾	68%
Percent of ABR in Top 50 U.S. MSAs	68%
Average Effective Age ⁽⁴⁾	24

(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. Our key strategies to achieve this objective include proactively managing our Portfolio to drive 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. In addition, as we execute on our key strategies, we do so guided by a commitment to operate in a socially responsible manner that allows us to realize our goal of owning and managing properties that are the center of the communities we serve.

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. Strong new leasing productivity enables us to improve the credit of our tenancy and the vibrancy and relevancy of our Portfolio to retailers and consumers. During 2018, we executed 637 new leases representing approximately 3.9 million square feet and 1,979 total leases representing approximately 12.4 million square feet.

We believe that rents across our portfolio are significantly below market, which provides us with a key competitive advantage in attracting and retaining tenants. During 2018, we achieved new lease rent spreads of 34.4% and blended new and renewal rent spreads of 13.8% excluding options or 11.8% including options. Looking forward, the weighted average expiring ABR PSF of lease expirations through 2022 is \$12.75 compared to an average ABR PSF of \$15.72 for new and renewal leases signed during 2018, excluding option exercises.

In addition, we believe there is opportunity for occupancy gains in our Portfolio, especially for spaces less than 10,000 square feet, as such space will benefit from our continued efforts to improve the quality of our anchor tenancy. For spaces less than 10,000 square feet, leased occupancy was 85.7% at December 31, 2018, while our total leased occupancy was 91.9%.

Over the past three 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 2018, our executed new leases reflected an average in-place contractual rent increase over the lease term of 2.0% as compared to 1.7% in 2015. Additionally, 94% of the executed new leases during 2018 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 we have significant opportunity to achieve attractive risk-adjusted returns by investing incremental capital in the repositioning and/or redevelopment of certain assets in our Portfolio. Such initiatives are tenant driven and focus on upgrading our centers with strong, best-in-class retailers and enhancing the overall merchandise mix and tenant quality of our Portfolio. During 2018, we completed 27 anchor repositioning, redevelopment, outparcel development, and new development projects, with an average incremental net operating income (“NOI”) yield of approximately 9% and an aggregate anticipated cost of approximately \$131.0 million. As of December 31, 2018, we had 60 projects in process at an expected average incremental NOI yield of approximately 9% and an aggregate cost of \$352.2 million. In addition, we have identified a pipeline of future redevelopment projects aggregating over \$1.0 billion of potential capital investment and over the next several years we expect to accelerate the pace of such investment 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 further concentrate our Portfolio in attractive retail submarkets while optimizing the quality and long-term growth rate of our asset base. In general, our disposition strategy focuses on selling assets where we believe value has been maximized, where there is future downside risk, 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 in 2017.

During 2018, we received aggregate net proceeds of \$957.5 million from property dispositions, which were utilized to repay \$774.7 million of outstanding indebtedness, to fund our value-enhancing reinvestment program, and to repurchase \$104.7 million of our common stock. During 2019, we intend to be more balanced with respect to capital recycling activity, which may include utilizing net disposition proceeds for property acquisitions, in addition to funding reinvestment projects and additional stock repurchases.

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.

During 2018, we made significant enhancements to the duration, pricing and flexibility of our indebtedness through the execution of amendments to our senior unsecured credit facility and term loans, and the repayment of nearly all of our remaining secured indebtedness. As a result, we have no debt maturities until 2021. As of December 31, 2018, our \$1.25 billion revolving credit facility (the “Revolving Facility”) had \$938.8 million of undrawn capacity including outstanding letters of credit totaling \$5.2 million, which reduce available liquidity under our Revolving Facility.

Operating in a Socially Responsible Manner. We believe that delivering sustainable growth in cash flow also requires us to focus on the environmental, social and economic well-being of the communities we serve, our tenants and our employees. As such, we have established long-term targets relative to mitigating our environmental impact, including specific targets relating to reductions in electric and water usage and greenhouse gas emissions, the development of on-site renewable energy, the conversion to LED lighting and the installation of electric vehicle charging stations. We are also partnering with our tenants to achieve our sustainability goals through our innovative green lease provisions which have facilitated the installation of solar panels, which provide tenants with below-market-rate electricity from these renewable energy systems. As a result of our efforts, we have been recognized by GRESB as a Green Star recipient and by the Institute for Market Transformation and U.S. Department of Energy Better Buildings Alliance as a Green Lease Leader at the highest Gold level.

Our ongoing commitment to sustainability and the local communities we serve is also evident in our approach to value-enhancing reinvestment, which is focused on transforming properties to meet the needs of communities through strategic remerchandising and redevelopment, executed with a focus on resource efficiency and energy management. Additionally, we work to provide safe and secure environments for our tenants and their customers to connect and engage, both within stores at our centers and in public spaces throughout our Portfolio. We collaborate with our tenants through ongoing tenant coordination and proactive property management, and we continually monitor our success through the use of tenant engagement surveys.

We are also highly committed to being a responsible employer and creating and sustaining a positive work environment and corporate culture characterized by high levels of employee engagement, diversity and inclusion. We seek to attract and retain talented and passionate professionals who align with our cultural tenets, which are focused on integrity, accountability and trust. We challenge our employees to act like owners, provide training to help them succeed, and empower them to connect with local communities in order to deliver value to all stakeholders. Through employee engagement surveys we continually monitor our performance and utilize the results to improve our organization.

Environmental sustainability and social responsibility are important components of our business and operations and we will continue to evaluate our practices and disclosures to emphasize our progress in these key areas.

Competition

We face considerable competition in the leasing of real estate. We compete with a number of other companies in leasing space to prospective tenants and in renewing current tenants upon expiration of their respective leases. We believe that the principal competitive factors in attracting tenants include the quality of the location and co-tenancy, the relevancy of a center to its community, and the physical conditions and 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 levels 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 most 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, 2018, we had 458 employees.

Financial Information about Industry Segments

Our principal business is the ownership and operation of community and neighborhood shopping centers. We do not distinguish our principal business or group our operations on a geographical basis for purposes of 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 2018 no single tenant or single shopping center accounted for 5% or more of our consolidated revenues.

REIT Qualification

We have been organized and operated in conformity with the requirements for qualification and taxation as a REIT under the U.S. federal income tax laws, commencing with our taxable year ended December 31, 2011, have maintained such requirements through our taxable year ended December 31, 2018, and intend to satisfy such requirements for subsequent taxable years. 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 value 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 or limit 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 of 1934, as amended (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. You may access these filings by visiting “SEC Filings” under the “Financial Information” section of the “Investors” portion of our website. In addition, the SEC maintains a website that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC, such as us, 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 enroll to automatically receive e-mail alerts and other information about our company by visiting

“Email Alerts” under the “Information Request” section of the “Investors” portion of our website.

Item 1A. Risk Factors

Risks Related to Our Portfolio and Our Business

Adverse economic, market and real estate conditions may adversely affect our financial condition, operating results and cash flows.

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 or demographics; (2) local market conditions, including an oversupply of space in, or a reduction in demand for, properties similar to those in our Portfolio; (3) competition from other available properties and e-commerce, and the attractiveness of properties in our Portfolio to our tenants; (4) ongoing disruption and/or consolidation in the retail sector, the financial stability of our tenants and the overall financial condition of large retailing companies, including their ability to pay rent and expense reimbursements; (5) in the case of percentage rents, the sales volume of our tenants; (6) increases in operating costs, including common area expenses, utilities, insurance and real estate taxes, which are relatively inflexible and generally do not decrease if revenue or occupancy decreases; (7) increases in the costs to repair, renovate and re-lease space; (8) 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 (9) changes in laws and governmental regulations, including those governing usage, zoning, the environment and taxes. These and other factors could adversely affect our financial condition, operating results and cash flows.

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 retain and attract tenants, which could adversely affect our financial condition, operating results and cash flows.

There are numerous shopping venues, including regional malls, outlet malls, other shopping centers and e-commerce, which compete with our Portfolio in attracting and retaining retailers. As of December 31, 2018, leases are scheduled to expire in our Portfolio on a total of approximately 9.4% of leased GLA during 2019. For those leases that renew, rental rates upon renewal may be lower than current rates. For those leases that do not renew, we may not be able to promptly re-lease the space on favorable terms or with reasonable capital investments. In these situations, our financial condition, operating results and cash flows could be adversely impacted.

We face considerable competition for tenants and the business of retail shoppers. Consequently, we actively reinvest in our Portfolio in the form of redevelopment projects. Redevelopment projects have inherent risks that could adversely affect our financial condition, operating results and cash flows.

In order to maintain our attractiveness to retailers and consumers, we are actively reinvesting in our Portfolio in the form of capital improvements such as redevelopments projects. In addition to the risks associated with real estate investments in general as described elsewhere, the risks associated with redevelopment projects include: (1) delays or failures to obtain necessary zoning, occupancy, land use, and other governmental permits; (2) abandonment of redevelopment after expending resources to pursue such opportunities; (3) cost overruns; (4) construction delays; (5) failure to achieve expected occupancy and/or rent levels within the projected time frame, if at all; and (6) exposure to fluctuations in the general economy due to the significant time lag between commencement and completion of redevelopment projects. If we fail to reinvest in our Portfolio, or maintain its attractiveness to retailers and consumers, if our capital improvements are not successful, or if retailers or consumers perceive that shopping at other venues (including e-commerce) is more convenient, cost-effective or otherwise more compelling, our financial condition, operating results and cash flows could be adversely impacted.

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, operating results and cash flows.

Our income is substantially derived from rental income on 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 our tenants fail to make rental payments when due. 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 financing on favorable terms or at all. If our tenants are unable to secure necessary financing to continue to operate or expand their businesses, they may be unable to meet their rent obligations, renew leases or enter into new leases with us, which could adversely affect our financial condition, operating results and cash flows.

In certain circumstances, a tenant may have a right to terminate its lease. For example, in certain circumstances, a failure by an anchor tenant to occupy their leased premises could result in lease terminations or reductions in rent paid by other tenants in those shopping centers. In such 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 in replacing such tenants could adversely affect our financial condition, operating results and cash flows.

We may be unable to collect balances and/or future contractual rents due from tenants that file for bankruptcy protection which could adversely affect our financial condition, operating results and cash flows.

We have seen an increase in retailer bankruptcies in recent years, including with respect to certain current and former tenants. If a tenant files for bankruptcy, we may not be able to collect amounts owed by that party prior to the filing. 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 may be required to make capital improvements to re-lease the space, and we cannot be certain that we will be able to re-lease space on similar or economically advantageous terms, which could adversely affect our business, financial condition, operating results and cash flows.

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

Costs associated with our business, such as common area expenses, utilities, insurance, real estate taxes, mortgage payments, and corporate expenses 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 cause our revenues to decrease. In addition, inflation could result in higher operating costs. If we are unable to lower our operating costs when revenues decline and/or are unable to pass along cost increases to our tenants, our financial condition, operating results and cash flows could be adversely impacted.

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, which could adversely affect our financial condition, operating results and cash flows.

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. 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 on favorable terms or at all. 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 December 12, 2018 (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, operating results and cash flows.

Our real estate assets may be subject to impairment charges.

We periodically assess whether there are any indicators, including property operating performance, changes in anticipated holding period and general market conditions, 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 and unleveraged property cash flows, taking into account the anticipated probability weighted holding period, are less than the carrying value of the property. In our estimate of cash flows, we consider trends and prospects for a property 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.

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 recognized.

We face competition in pursuing acquisition opportunities that could increase the cost of such acquisitions and/or limit our ability to grow, and we may not be able to generate expected returns or successfully integrate completed acquisitions 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 such investors 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, including due to a 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 initial estimates or the expected returns may not achieve those originally contemplated, which could adversely affect our financial condition, operating results and cash flows.

We utilize a significant amount of indebtedness in the operation of our business. Required debt service payments and other risks related to our debt financing could adversely affect our financial condition, operating results and cash flows.

As of December 31, 2018, we had approximately \$4.9 billion aggregate principal amount of indebtedness outstanding. 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, pay dividends, including those necessary to maintain our REIT qualification, or use for other purposes; (2) increase our vulnerability to an economic downturn, as debt payments are not reduced if the economic performance of any property or the Portfolio as a whole declines; (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 the acceleration of a significant amount of debt and could materially impair our ability to borrow unused amounts under existing financing arrangements or to obtain additional financing on favorable terms or at all. Any of these outcomes 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 Revolving Facility, unsecured \$500.0 million term loan agreement, as amended on December 12, 2018 (the “\$500 Million Term Loan”), unsecured \$350.0 million term loan agreement, as amended on December 12, 2018 (the “\$350 Million Term Loan”), unsecured \$300.0 million term loan agreement, as amended on December 12, 2018 (the “\$300 Million Term Loan”), and unsecured \$250.0 million Floating Rate Senior Notes due 2022 (the “2022 Notes”) 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 \$1.2 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 an \$5.1 million increase in annual interest expense.

We may be adversely affected by changes in LIBOR reporting practices or the method in which LIBOR is determined. As of December 31, 2018, we had approximately \$1.7 billion of debt outstanding that was indexed to the London Interbank Offered Rate (“LIBOR”). On July 27, 2017, the Financial Conduct Authority (the “FCA”) announced its intention to phase out LIBOR rates by the end of 2021. It is not possible to predict the further effect of the FCA’s

announcement, any changes in the methods by which LIBOR is determined, or any other reforms to LIBOR that may be enacted in the United Kingdom, the European Union or elsewhere. Such developments may cause LIBOR to perform differently than in the past, or cease to exist. In addition, any other legal or regulatory changes made by the FCA, ICE Benchmark Administration Limited, the European Money Markets Institute (formerly Euribor-EBF), the European Commission or any other successor governance or oversight body, or future changes adopted by such body, in the method by which LIBOR is determined or the transition from LIBOR to a successor benchmark may

result in, among other things, a sudden or prolonged increase or decrease in LIBOR, a delay in the publication of LIBOR, and changes in the rules or methodologies in LIBOR, which may discourage market participants from continuing to administer or to participate in LIBOR's determination, and, in certain situations, could result in LIBOR no longer being determined and published. If a published U.S. dollar LIBOR rate is unavailable after 2021, the interest rates on our debt which is indexed to LIBOR will be determined using various alternative methods, any of which may result in interest obligations which are more than or do not otherwise correlate over time with the payments that would have been made on such debt if U.S. dollar LIBOR was available in its current form. Further, the same costs and risks that may lead to the unavailability of U.S. dollar LIBOR may make one or more of the alternative methods impossible or impracticable to determine. Any of these proposals or consequences could have a material adverse effect on our financing costs, and as a result, our financial condition, operating results and cash flows.

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

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, liquidity and leverage ratios, 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 or at all could result in the disruption of our ability to: (1) operate, maintain or reinvest in our Portfolio; (2) acquire new properties; (3) repay or refinance our indebtedness on or before maturity; or (4) dispose of some of our assets on favorable terms due to an immediate need for capital.

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. Our credit rating can affect our ability to access debt capital, as well as the terms of certain existing and future debt financing we may 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, operating results and cash flows.

Covenants in our debt agreements may restrict our operating activities and adversely affect our financial condition, operating results and cash flows.

Our debt agreements contain various financial and operating covenants, including, among other things, certain coverage ratios and limitations on our ability to incur secured and unsecured debt. The breach of any of these covenants, if not cured within any applicable cure period, could result in a default and acceleration of certain of our 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, operating results and cash flows.

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, including our obligation to indemnify our former officers, 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. 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. 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, operating results and cash flows.

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 or toxic 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 have or had on-site dry cleaners and/or on-site gas stations 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 gas stations). There may also be asbestos-containing materials at some of the properties in our Portfolio. 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 necessitate the removal of access barriers, and non-compliance could result in the imposition of fines by the U.S. government or an award of damages to private litigants, or both. We are continually assessing 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, 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 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 attacks could include attempts to gain

unauthorized access to our data and/or 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, disrupt the proper functioning of our networks, result in misstated financial reports or loan covenants and/or missed reporting deadlines, prevent us from properly monitoring our REIT qualification, result in our inability to maintain the building systems relied upon by our tenants for the efficient use of their leased space or require significant management attention and resources to remedy any damages that result. A successful attack could also 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 a deterioration in their reputation resulting from a cybersecurity attack could indirectly impact our business operations. As of December 31, 2018, 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 any of these policies could have an adverse effect on our financial condition, our operating results, our cash flow, 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

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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 made a party to or witness in a proceeding by reason of his or her service in those capacities (or in a similar capacity at another entity at the request of BPG), to the maximum extent permitted by Maryland law, from and against any claim or liability to which such person may become subject 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 deprive us of opportunities which we may have otherwise wanted to pursue.

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 intends 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.

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 flows and funds 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.

The IRS, the U.S. 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. Stockholders should consult with their tax advisors with respect to the status of legislative, regulatory or administrative developments and proposals and their potential effect on an investment in BPG stock.

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

In order to qualify as a REIT, BPG must 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 20% 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. In addition to the quarterly asset test requirements, BPG must annually satisfy two income test requirements (the “75% and 95% gross income tests”). As a result, BPG may be required to liquidate from its portfolio, or contribute to a taxable REIT subsidiary, 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.

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 such assets through a taxable REIT subsidiary.

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 fluctuations with respect to borrowings made or to be

made to acquire or carry real estate assets, or to manage the risk of 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 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 taxable REIT subsidiary. This could expose BPG to greater risks than BPG would

otherwise want to bear or it could increase the cost of BPG's hedging activities because its taxable REIT subsidiary would be subject to tax on gains.

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. 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. In addition, 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.

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 BPG's common stock (and even if such change in control would not reasonably jeopardize BPG's REIT status).

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 of common stock 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 of common stock 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 whole or 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 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 in shares of BPG's stock 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 shares of BPG's stock, by withholding or disposing of part of the shares included in such distribution and using the net 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 23.8% tax rate on qualified dividend income paid by non-REIT "C" corporations. As a result of the more favorable rates applicable to non-REIT "C" corporate qualified dividends, certain non-corporate investors could 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.

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 borrow funds or sell assets 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 sources and uses of capital, operating fundamentals, maintenance of our REIT qualification, and other factors BPG's board of directors may deem relevant. 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 and/or asset sales. 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. We may make distributions that are in whole or part payable in shares of BPG's stock, which has certain tax implications as described above. 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 fund growth opportunities 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 REIT market 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 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.

Item 2. Properties

As of December 31, 2018, our Portfolio consisted of 425 shopping centers with approximately 74 million square feet of GLA. Our high-quality national Portfolio is primarily located within established trade areas in the top 50 MSAs in the U.S., and our shopping centers are primarily anchored by non-discretionary and value-oriented retailers, as well as consumer-oriented service providers. As of December 31, 2018, our three largest tenants by ABR were The TJX Companies, Inc., The Kroger Co., and Dollar Tree Stores, Inc.

The following table summarizes the top 20 tenants by Leased ABR in our Portfolio as of December 31, 2018 (dollars in thousands):

Retailer	Ow ned Leases	Leased GLA	Percent of Portfolio GLA	Leased ABR	Percent of Portfolio Leased ABR	ABR PSF
The TJX Companies, Inc.	86	2,676,266	3.6 %	\$29,515	3.3 %	\$11.03
The Kroger Co.	54	3,607,839	4.9 %	25,880	2.9 %	7.17
Dollar Tree Stores, Inc.	133	1,522,382	2.1 %	16,132	1.8 %	10.60
Burlington Stores, Inc.	23	1,446,713	2.0 %	12,618	1.4 %	8.72
Publix Super Markets, Inc.	30	1,332,920	1.8 %	12,521	1.4 %	9.39
Albertson's Companies, Inc	20	1,122,477	1.5 %	12,020	1.4 %	10.71
Ahold Delhaize	21	1,145,961	1.6 %	11,906	1.3 %	10.39
L.A Fitness International, LLC	15	629,515	0.9 %	10,469	1.2 %	16.63
Ross Stores, Inc	32	881,393	1.2 %	10,057	1.1 %	11.41
Wal-Mart Stores, Inc.	19	2,351,481	3.2 %	9,979	1.1 %	4.24
Bed Bath & Beyond, Inc.	31	765,616	1.0 %	9,693	1.1 %	12.66
PetSmart, Inc.	26	587,388	0.8 %	8,796	1.0 %	14.97
Big Lots, Inc.	39	1,276,178	1.7 %	8,216	0.9 %	6.44
PETCO Animal Supplies, Inc.	34	460,940	0.6 %	7,930	0.9 %	17.2
Best Buy Co., Inc.	14	583,462	0.8 %	7,838	0.9 %	13.43
The Michaels Companies, Inc.	27	604,054	0.8 %	7,166	0.8 %	11.86
Kohl's Corporation	12	914,585	1.2 %	7,107	0.8 %	7.77
Party City Holdco Inc.	33	471,082	0.6 %	6,482	0.7 %	13.76
Office Depot, Inc.	27	592,765	0.8 %	6,450	0.7 %	10.88
Ulta Beauty, Inc.	24	274,429	0.4 %	6,151	0.7 %	22.41
TOP 20 RETAILERS	700	23,247,446	31.5 %	\$226,926	25.4 %	\$9.76

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The following table summarizes the geographic diversity of our Portfolio by state, ranked by ABR, as of December 31, 2018 (dollars in thousands, except per square foot information):

State	Number of Properties	GLA	Percent		ABR	ABR PSF ⁽¹⁾	Percent of			
			Billed	Leased			Number of Properties	Percent of GLA	Percent of ABR	
1 Florida	50	8,121,665	84.5 %	89.6 %	\$ 103,678	\$ 14.79	11.8 %	11.0 %	11.7 %	
2 Texas	57	8,313,429	87.7 %	92.7 %	100,359	13.95	13.4 %	11.3 %	11.3 %	
3 California	28	5,233,299	92.6 %	95.8 %	93,557	20.14	6.6 %	7.1 %	10.5 %	
4 New York	29	3,687,730	92.8 %	95.5 %	66,613	19.39	6.8 %	5.0 %	7.5 %	
5 Pennsylvania	27	4,913,096	90.2 %	94.5 %	61,814	16.04	6.4 %	6.7 %	7.0 %	
6 Georgia	32	4,668,429	87.7 %	89.5 %	44,663	10.95	7.5 %	6.3 %	5.0 %	
7 North Carolina	20	4,243,202	91.0 %	92.7 %	42,962	11.56	4.7 %	5.8 %	4.8 %	
8 Illinois	18	4,106,268	79.7 %	83.5 %	42,464	13.35	4.2 %	5.6 %	4.8 %	
9 New Jersey	16	2,837,986	90.9 %	93.1 %	40,319	16.28	3.8 %	3.9 %	4.5 %	
10 Ohio	17	3,490,593	90.6 %	91.0 %	36,675	13.12	4.0 %	4.7 %	4.1 %	
11 Michigan	17	3,235,219	83.7 %	92.0 %	35,626	13.07	4.0 %	4.4 %	4.0 %	
12 Connecticut	12	1,862,523	89.8 %	90.5 %	26,479	15.75	2.8 %	2.5 %	3.0 %	
13 Tennessee	10	2,252,108	86.4 %	94.8 %	23,573	11.14	2.4 %	3.1 %	2.7 %	
14 Colorado	6	1,476,597	86.2 %	91.4 %	18,921	14.43	1.4 %	2.0 %	2.1 %	
15 Massachusetts	10	1,725,536	92.8 %	93.4 %	18,883	15.35	2.4 %	2.3 %	2.1 %	
16 Kentucky	8	1,856,913	89.2 %	91.7 %	17,638	11.50	1.9 %	2.5 %	2.0 %	
17 Minnesota	9	1,364,599	91.0 %	92.7 %	16,056	13.57	2.1 %	1.9 %	1.8 %	
18 Indiana	10	1,709,412	87.2 %	89.4 %	15,474	11.16	2.4 %	2.3 %	1.7 %	
19 South Carolina	7	1,305,686	92.1 %	93.5 %	14,999	12.53	1.6 %	1.8 %	1.7 %	
20 Virginia	9	1,355,467	93.9 %	94.9 %	14,986	12.40	2.1 %	1.8 %	1.7 %	
21 New Hampshire	5	772,528	89.9 %	95.0 %	8,284	13.89	1.2 %	1.0 %	0.9 %	
22 Wisconsin	4	703,934	90.8 %	90.8 %	6,619	10.80	0.9 %	1.0 %	0.7 %	
23 Maryland	3	410,713	98.1 %	98.4 %	5,590	13.83	0.7 %	0.6 %	0.6 %	
24 Alabama	2	774,035	73.9 %	82.6 %	5,524	8.75	0.5 %	1.1 %	0.6 %	
25 Missouri	5	655,984	87.6 %	94.0 %	5,302	8.77	1.2 %	0.9 %	0.6 %	
26 Kansas	2	376,962	90.4 %	93.1 %	3,332	12.16	0.5 %	0.5 %	0.4 %	
27 Arizona	2	284,875	93.4 %	94.2 %	3,324	12.39	0.5 %	0.4 %	0.4 %	
28 Iowa	2	512,825	96.6 %	97.5 %	3,102	6.27	0.5 %	0.7 %	0.3 %	
29 West Virginia	2	251,500	96.0 %	96.0 %	2,066	8.56	0.5 %	0.3 %	0.2 %	
30 Vermont	1	224,514	98.4 %	98.4 %	1,988	9.00	0.2 %	0.3 %	0.2 %	
31 Delaware	1	191,974	81.9 %	81.9 %	1,982	13.64	0.2 %	0.3 %	0.2 %	
32 Maine	1	287,513	90.7 %	90.7 %	1,900	20.55	0.2 %	0.4 %	0.2 %	
33 Oklahoma	1	186,851	100.0 %	100.0 %	1,900	10.17	0.2 %	0.3 %	0.2 %	
34 Louisiana	2	279,159	63.4 %	76.3 %	1,091	5.31	0.5 %	0.4 %	0.1 %	
TOTAL ⁽²⁾	425	73,673,124	88.4 %	91.9 %	\$ 887,743	\$ 14.10	100.0 %	100.0 %	100.0 %	

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

⁽²⁾ 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, 2018 (dollars in thousands, except per square foot information):

GLA

ABR

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	Number of Units		Percent Billed	Percent Leased	Percent of Vacant GLA		ABR PSF ⁽¹⁾
≥ 35,000 SF	480	28,775,204	92.3 %	95.6 %	21.1 %	\$236,033	\$9.88
20,000 – 34,999 SF	515	13,570,354	89.4 %	94.1 %	13.4 %	134,353	10.70
10,000 – 19,999 SF	653	8,951,555	88.0 %	92.2 %	11.7 %	111,006	13.86
5,000 – 9,999 SF	1,207	8,309,491	84.9 %	87.1 %	17.9 %	120,651	17.44
< 5,000 SF	6,699	14,066,520	81.6 %	84.8 %	35.9 %	285,700	24.70
TOTAL	9,554	73,673,124	88.4 %	91.9 %	100.0 %	\$887,743	\$14.10

TOTAL ≥ 10,000 SF 1,648 51,297,113 90.8 % 94.6 % 46.1 % \$481,392 \$10.83

TOTAL < 10,000 SF 7,906 22,376,011 82.8 % 85.7 % 53.9 % 406,351 21.98

⁽¹⁾ 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, 2018:

	Number of Leases	Leased GLA	% of Leased GLA	% of In-Place ABR	In-Place ABR PSF	ABR at Expiration
M-M	313	922,947	1.4 %	1.5 %	\$ 14.24	\$ 14.24
2019	1,154	6,349,213	9.4 %	8.8 %	12.25	12.25
2020	1,356	9,985,621	14.7 %	13.8 %	12.26	12.34
2021	1,206	9,244,589	13.7 %	12.9 %	12.38	12.58
2022	1,039	8,276,063	12.2 %	12.4 %	13.28	13.66
2023	991	7,312,658	10.8 %	11.1 %	13.51	13.95
2024	646	6,613,415	9.8 %	9.0 %	12.14	13.09
2025	295	3,248,556	4.8 %	4.9 %	13.38	14.46
2026	287	2,855,423	4.2 %	4.9 %	15.29	16.81
2027	308	2,911,954	4.3 %	4.9 %	14.87	16.78
2028	304	2,672,197	3.9 %	4.8 %	16.15	18.16
2029+	423	7,320,239	10.8 %	11.0 %	13.30	15.47

More specific information with respect to each of our properties 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, which may 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, and tenant reimbursements of common area expenses, utilities, 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 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 those properties.”

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

BPG's common stock trades on the New York Stock Exchange under the trading symbol "BRX." As of February 1, 2019, the number of holders of record of BPG's common stock was 449. 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.

BPG has elected to qualify as a REIT in accordance with the Internal Revenue Code of 1986, as amended (the "Code"). To qualify as a REIT, BPG must meet a number of organizational and operational requirements, including a requirement that it currently 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 gains. It is management's intention to adhere to these requirements and maintain BPG's REIT status. As a REIT, BPG generally will not be subject to U.S. federal income tax, provided that distributions to its stockholders equal at least the amount of its REIT taxable income as defined under the Code.

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, or asset sales, or we may be required to reduce such distributions or make such distributions in whole or in part payable in shares of BPG's stock. 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, 2018, 84.7% of the Company's distributions to shareholders constituted taxable ordinary income and 15.3% constituted a return of capital.

BPG's Total Stockholder Return Performance

The following performance chart compares, for the period from December 31, 2013 through December 31, 2018, 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. 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, 2018.

Issuer Purchases of Equity Securities

On December 5, 2017, the Board of Directors authorized a share repurchase program (the "Program") for up to \$400.0 million 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, 2018, the Company repurchased 6,314,998 shares of common stock under the Program at an average price per share of \$16.56 for a total of approximately \$104.6 million, excluding commissions. The Company incurred commissions of \$0.1 million in conjunction with the Program during the year ended December 31, 2018. As of December 31, 2018, the Program had \$289.5 million of available repurchase capacity. The following table summarizes share repurchases under the Program for the three months ended December 31, 2018:

Period	Total Number of Shares Repurchased	Average Price Paid Per Share	Total Number of Shares Repurchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Repurchased (in millions)
October 1, 2018 to October 31, 2018	103,432	\$ 17.12	103,432	\$ 310.5
November 1, 2018 to November 30, 2018	1,311,514	15.99	1,311,514	289.5
December 1, 2018 to December 31, 2018	—	—	—	289.5
Total	1,414,946	\$ 16.07	1,414,946	

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,				
	2018	2017	2016	2015	2014
Revenues					
Rental income	\$956,090	\$997,089	\$998,118	\$984,548	\$960,715
Expense reimbursements	271,671	278,636	270,548	276,032	268,035
Other revenues	6,579	7,455	7,106	5,400	7,849
Total revenues	1,234,340	1,283,180	1,275,772	1,265,980	1,236,599
Operating expenses					
Operating costs	136,217	136,092	133,429	129,477	129,148
Real estate taxes	177,401	179,097	174,487	180,911	179,504
Depreciation and amortization	352,245	375,028	387,302	417,935	441,630
Provision for doubtful accounts	10,082	5,323	9,182	9,540	11,537
Impairment of real estate assets	53,295	40,104	5,154	1,005	—
General and administrative	93,596	92,247	92,248	98,454	80,175
Total operating expenses	822,836	827,891	801,802	837,322	841,994
Other income (expense)					
Dividends and interest	519	365	542	315	602
Interest expense	(215,025)	(226,660)	(226,671)	(245,012)	(262,812)
Gain on sale of real estate assets	209,168	68,847	35,613	11,744	378
Gain (loss) on extinguishment of debt, net	(37,096)	498	(832)	1,720	(13,761)
Other	(2,786)	(2,907)	(4,957)	(348)	(8,431)
Total other expense	(45,220)	(159,857)	(196,305)	(231,581)	(284,024)
Income before equity in income of unconsolidated joint ventures	366,284	295,432	277,665	197,077	110,581
Equity in income of unconsolidated joint ventures	—	381	477	459	370
Gain on disposition of unconsolidated joint venture interests	—	4,556	—	—	1,820
Income from continuing operations	366,284	300,369	278,142	197,536	112,771
Discontinued operations					
Income from discontinued operations	—	—	—	—	4,909
Gain on disposition of operating properties	—	—	—	—	15,171
Income from discontinued operations	—	—	—	—	20,080
Net income	366,284	300,369	278,142	197,536	132,851
Net income attributable to non-controlling interests	—	(76)	(2,514)	(3,816)	(43,849)

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Net income attributable to Brixmor Property Group Inc.	366,284	300,293	275,628	193,720	89,002
Preferred stock dividends	—	(39)	(150)	(150)	(150)
Net income attributable to common stockholders	\$366,284	\$300,254	\$275,478	\$193,570	\$88,852
Per common share:					
Income from continuing operations:					
Basic	\$1.21	\$0.98	\$0.91	\$0.65	\$0.36
Diluted	\$1.21	\$0.98	\$0.91	\$0.65	\$0.36
Net income attributable to common stockholders:					
Basic	\$1.21	\$0.98	\$0.91	\$0.65	\$0.36
Diluted	\$1.21	\$0.98	\$0.91	\$0.65	\$0.36
Weighted average shares:					
Basic	302,074	304,834	301,601	298,004	243,390
Diluted	302,339	305,281	305,060	305,017	244,588
Cash dividends declared per common share	\$1.105	\$1.055	\$0.995	\$0.92	\$0.825

BRIXMOR PROPERTY GROUP INC. AND SUBSIDIARIES

SELECT BALANCE SHEET INFORMATION

(in thousands)

	December 31,				
Balance sheet data as of the end of each year	2018	2017	2016	2015	2014
Real estate, net	\$7,749,650	\$8,560,421	\$8,842,004	\$9,052,165	\$9,253,015
Total assets	\$8,242,421	\$9,153,926	\$9,319,685	\$9,498,007	\$9,681,913
Debt obligations, net ⁽¹⁾	\$4,885,863	\$5,676,238	\$5,838,889	\$5,974,266	\$6,022,508
Total liabilities	\$5,406,322	\$6,245,578	\$6,392,525	\$6,577,705	\$6,701,610
Total equity	\$2,836,099	\$2,908,348	\$2,927,160	\$2,920,302	\$2,980,303

⁽¹⁾ 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,				
	2018	2017	2016	2015	2014
Revenues					
Rental income	\$956,090	\$997,089	\$998,118	\$984,548	\$960,715
Expense reimbursements	271,671	278,636	270,548	276,032	268,035
Other revenues	6,579	7,455	7,106	5,400	7,849
Total revenues	1,234,340	1,283,180	1,275,772	1,265,980	1,236,599
Operating expenses					
Operating costs	136,217	136,092	133,429	129,477	129,148
Real estate taxes	177,401	179,097	174,487	180,911	179,504
Depreciation and amortization	352,245	375,028	387,302	417,935	441,630
Provision for doubtful accounts	10,082	5,323	9,182	9,540	11,537
Impairment of real estate assets	53,295	40,104	5,154	1,005	—
General and administrative	93,596	92,247	92,248	98,454	80,175
Total operating expenses	822,836	827,891	801,802	837,322	841,994
Other income (expense)					
Dividends and interest	519	365	542	315	602
Interest expense	(215,025)	(226,660)	(226,671)	(245,012)	(262,812)
Gain on sale of real estate assets	209,168	68,847	35,613	11,744	378
Gain (loss) on extinguishment of debt, net	(37,096)	498	(832)	1,720	(13,761)
Other	(2,786)	(2,907)	(4,957)	(348)	(8,431)
Total other expense	(45,220)	(159,857)	(196,305)	(231,581)	(284,024)
Income before equity in income of unconsolidated joint ventures	366,284	295,432	277,665	197,077	110,581
Equity in income of unconsolidated joint ventures	—	381	477	459	370
Gain on disposition of unconsolidated joint venture interests	—	4,556	—	—	1,820
Income from continuing operations	366,284	300,369	278,142	197,536	112,771
Discontinued operations					
Income from discontinued operations	—	—	—	—	4,909
Gain on disposition of operating properties	—	—	—	—	15,171
Income from discontinued operations	—	—	—	—	20,080
Net income	366,284	300,369	278,142	197,536	132,851
Net income attributable to non-controlling interests	—	—	—	—	(1,181)
Net income attributable to Brixmor Operating Partnership LP	\$366,284	\$300,369	\$278,142	\$197,536	\$131,670
Net income attributable to:					
Series A interest	\$—	\$—	\$—	\$—	\$21,014
Partnership common units	366,284	300,369	278,142	197,536	110,656

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Net income attributable to Brixmor Operating Partnership LP	\$366,284	\$300,369	\$278,142	\$197,536	\$131,670
Per common unit:					
Income from continuing operations:					
Basic	\$1.21	\$0.98	\$0.91	\$0.65	\$0.36
Diluted	\$1.21	\$0.98	\$0.91	\$0.65	\$0.36
Net income attributable to partnership common units:					
Basic	\$1.21	\$0.98	\$0.91	\$0.65	\$0.36
Diluted	\$1.21	\$0.98	\$0.91	\$0.65	\$0.36
Weighted average number of partnership common units:					
Basic	302,074	304,913	304,600	303,992	302,540
Diluted	302,339	305,281	305,059	305,017	303,738

BRIXMOR OPERATING PARTNERSHIP LP AND SUBSIDIARIES
SELECT BALANCE SHEET INFORMATION

(in thousands)

	December 31,				
Balance sheet data as of the end of each year	2018	2017	2016	2015	2014
Real estate, net	\$7,749,650	\$8,560,421	\$8,842,004	\$9,052,165	\$9,253,015
Total assets	\$8,242,075	\$9,153,677	\$9,319,434	\$9,497,775	\$9,681,566
Debt obligations, net ⁽¹⁾	\$4,885,863	\$5,676,238	\$5,838,889	\$5,974,266	\$6,022,508
Total liabilities	\$5,406,322	\$6,245,578	\$6,392,525	\$6,577,705	\$6,701,610
Total capital	\$2,835,753	\$2,908,099	\$2,926,909	\$2,920,070	\$2,979,956

⁽¹⁾ 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 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 stated otherwise or the context otherwise requires, "we," "our," and "us" mean 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 ("U.S."), comprised primarily of community and neighborhood shopping centers. As of December 31, 2018, our portfolio was comprised of 425 shopping centers (the "Portfolio") totaling approximately 74 million square feet of GLA. Our high-quality national Portfolio is primarily located within established trade areas in the top 50 Metropolitan Statistical Areas ("MSAs") in the U.S., and our shopping centers are primarily anchored by non-discretionary and value-oriented retailers, as well as consumer-oriented service providers. As of December 31, 2018, our three largest tenants by annualized base rent ("ABR") were The TJX Companies, Inc. ("TJX"), The Kroger Co. ("Kroger"), 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 U.S. federal income tax laws, commencing with our taxable year ended December 31, 2011, has maintained such requirements through our taxable year ended December 31, 2018, and intends 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. Our key strategies to achieve this objective include proactively managing our Portfolio to drive 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. In addition, as we execute on our key strategies, we do so guided by, a commitment to operate in a socially responsible manner that allows us to realize our goal of owning and managing properties that are the center of the communities we serve.

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 competitive advantages in supporting the growth objectives of the nation's largest and most successful retailers. We believe that we are one of the largest landlords by GLA to TJX and Kroger, as well as a key landlord to most major grocers and retail category leaders. We believe that our strong relationships with leading retailers afford us unique 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 our 10 leasing and property management satellite offices throughout the country. We believe that this structure enables us to obtain critical national market intelligence while also benefitting from the regional and local expertise of our leasing and operations team.

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Experienced Management – Senior members of our management team are seasoned real estate operators with extensive public company leadership experience. Our management team has deep industry knowledge and well-established relationships with retailers, brokers and vendors through many years of operational and 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 for their proportional share of operating costs, including common area expenses, utilities, insurance and real estate taxes, and certain capital expenditures related to the maintenance of our 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 and local economic climates or demographics; (2) local market conditions, including an oversupply of space in, or a reduction in demand for, properties similar to those in our Portfolio; (3) competition from other available properties and e-commerce, and the attractiveness of properties in our Portfolio to our tenants; (4) ongoing disruption and/or consolidation in the retail sector, the financial stability of our tenants and the overall financial condition of large retailing companies, including their ability to pay rent and expense reimbursements; (5) in the case of percentage rents, the sales volume of our tenants; (6) increases in operating costs, including common area expenses, utilities, insurance and real estate taxes, which are relatively inflexible and generally do not decrease if revenue or occupancy decreases; (7) increases in the costs to repair, renovate and re-lease space; (8) 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 (9) changes in laws and governmental regulations, including those governing usage, zoning, the environment and taxes.

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 costs. Increases in our operating costs, to the extent they are not offset by increases in revenue, may impact our overall performance. For a further discussion of these and other factors that could impact our future results, see Item 1A. “Risk Factors.”

Leasing Highlights

As of December 31, 2018, billed and leased occupancy was 88.4% and 91.9%, respectively, as compared to 90.3% and 92.2%, respectively, as of December 31, 2017.

The following table summarizes our executed leasing activity for the years ended December 31, 2018 and 2017 (dollars in thousands, except for per square foot (“PSF”) amounts):

For the Year Ended December 31, 2018

	Leases	GLA	New ABR PSF	Tenant Improvements and Allowances PSF	Third Party Leasing Commissions PSF	Rent Spread ⁽¹⁾	
New, renewal and option leases	1,979	12,370,589	\$14.36	\$ 7.57	\$ 1.48	11.8	%
New and renewal leases	1,696	8,467,746	15.72	11.01	2.15	13.8	%
New leases	637	3,867,457	14.89	21.82	4.66	34.4	%
Renewal leases	1,059	4,600,289	16.42	1.92	0.04	7.6	%
Option leases	283	3,902,843	11.41	0.10	0.03	7.0	%

For the Year Ended December 31, 2017

Leases	GLA	New ABR PSF	Tenant Improvements and Allowances	Third Party Leasing Commissions PSF	Rent Spread ⁽¹⁾
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PSF

New, renewal and option leases	1,894	11,898,523	\$14.48	\$ 7.34	\$ 1.10	12.6	%
New and renewal leases	1,605	8,129,836	15.44	10.73	1.61	15.5	%
New leases	618	3,195,154	16.00	22.26	3.97	34.1	%
Renewal leases	987	4,934,682	15.08	3.27	0.08	9.8	%
Option leases	289	3,768,687	12.41	0.02	—	7.2	%

⁽¹⁾ Based on comparable leases only.

Includes new development property. Excludes leases executed for terms of less than one year.

ABR PSF includes the GLA of lessee-owned leasehold improvements.

Acquisition Activity

During the year ended December 31, 2018, we acquired two land parcels, one building, three outparcel buildings and one outparcel for \$17.4 million, including transaction costs.

During the year ended December 31, 2017, we acquired four shopping centers, one building, two outparcel buildings and two outparcels for \$190.5 million, including transaction costs.

Disposition Activity

During the year ended December 31, 2018, we disposed of 62 shopping centers, two partial shopping centers and one land parcel for aggregate net proceeds of \$957.5 million resulting in aggregate gain of \$208.7 million and aggregate impairment of \$37.0 million. In addition, during the year ended December 31, 2018, we received net proceeds of \$0.5 million from previously disposed assets resulting in gain of \$0.5 million.

During the year ended December 31, 2017, we disposed of 29 wholly owned shopping centers and two outparcel buildings for aggregate net proceeds of \$330.8 million resulting in aggregate gain of \$68.7 million and aggregate impairment of \$22.9 million. In addition, during the year ended December 31, 2017, we disposed of our unconsolidated joint venture interest for net proceeds of \$12.4 million resulting in a gain of \$4.6 million.

Results of Operations

The results of operations discussion is combined for BPG and the Operating Partnership because there are no material differences in the results of operations between the two reporting entities.

Comparison of the Year Ended December 31, 2018 to the Year Ended December 31, 2017

Revenues (in thousands)

	Year Ended December 31,		
	2018	2017	\$ Change
Revenues			
Rental income	\$956,090	\$997,089	\$(40,999)
Expense reimbursements	271,671	278,636	(6,965)
Other revenues	6,579	7,455	(876)
Total revenues	\$1,234,340	\$1,283,180	\$(48,840)

Rental income

The decrease in rental income for the year ended December 31, 2018 of \$41.0 million, as compared to the corresponding period in 2017, was primarily due to a \$51.0 million decrease due to net disposition activity, partially offset by a \$10.0 million increase for the remaining portfolio. The increase for the remaining portfolio is due to (i) a \$17.3 million increase in base rent; and (ii) a \$1.8 million increase in ancillary and other income, partially offset by (iii) a \$3.8 million decrease in amortization of above- and below-market leases and tenant inducements, net; (iv) a \$2.7 million decrease in straight-line rent; and (v) a \$2.6 million decrease in lease termination fees. The \$17.3 million increase in base rent for the remaining portfolio was primarily due to contractual rent increases as well as positive rent spreads for new and renewal leases and option exercises of 11.8% and 12.6% during the years ended December 31, 2018 and 2017, respectively, partially offset by a decline in billed occupancy.

Expense reimbursements

The decrease in expense reimbursements for the year ended December 31, 2018 of \$7.0 million, as compared to the corresponding period in 2017, was primarily due to a \$11.5 million decrease in expense reimbursements due to net disposition activity, partially offset by a \$4.5 million increase in expense reimbursements for the remaining portfolio. The increase in expense reimbursements for the remaining portfolio was primarily due to higher reimbursable

operating costs and real estate taxes, partially offset by a decline in billed occupancy.

Other revenues

The decrease in other revenues for the year ended December 31, 2018 of \$0.9 million, as compared to the corresponding period in 2017, was primarily due to a decrease in percentage rents.

Operating Expenses (in thousands)

	Year Ended December 31,		\$
	2018	2017	Change
Operating expenses			
Operating costs	\$136,217	\$136,092	\$125
Real estate taxes	177,401	179,097	(1,696)
Depreciation and amortization	352,245	375,028	(22,783)
Provision for doubtful accounts	10,082	5,323	4,759
Impairment of real estate assets	53,295	40,104	13,191
General and administrative	93,596	92,247	1,349
Total operating expenses	\$822,836	\$827,891	\$(5,055)

Operating costs

There was an increase in operating costs for the year ended December 31, 2018 of \$0.1 million as compared to the corresponding period in 2017. Operating costs decreased by \$7.1 million as a result of net disposition activity, offset by an increase of \$5.7 million in repair and maintenance costs for the remaining portfolio and a decrease of \$1.5 million in favorable insurance captive reserve adjustments.

Real estate taxes

The decrease in real estate taxes for the year ended December 31, 2018 of \$1.7 million, as compared to the corresponding period in 2017, was primarily due to a \$6.3 million decrease in real estate taxes due to net disposition activity, partially offset by a \$4.6 million increase for the remaining portfolio due to increases in tax rates and assessments from several jurisdictions, as well as lower tax refunds for the year ended December 31, 2018.

Depreciation and amortization

The decrease in depreciation and amortization for the year ended December 31, 2018 of \$22.8 million, as compared to the corresponding period in 2017, was primarily due to a \$19.1 million decrease in depreciation and amortization due to net disposition activity and a decrease in acquired in-place lease intangibles.

Provision for doubtful accounts

The increase in the provision for doubtful accounts for the year ended December 31, 2018 of \$4.8 million, as compared to the corresponding period in 2017, was primarily due to increased reserves for certain tenants during the year ended December 31, 2018.

Impairment of real estate assets

During the year ended December 31, 2018, aggregate impairment of \$53.3 million was recognized on 18 disposed shopping centers, including one partially disposed shopping center, and three operating properties. During the year ended December 31, 2017, aggregate impairment of \$40.1 million was recognized on 11 disposed shopping centers and five operating properties. Impairments recognized were due to a change in estimated hold periods in connection with our capital recycling program.

General and administrative

The increase in general and administrative costs for the year ended December 31, 2018 of \$1.3 million, as compared to the corresponding period in 2017, was primarily due to an increase of \$7.0 million related to an SEC settlement, partially offset by a decrease in non-routine legal expenses and professional fees.

Compensation costs increased \$2.9 million in 2018, primarily due to our growing value-enhancing reinvestment pipeline. During the years ended December 31, 2018 and 2017, construction compensation costs of \$10.6 million and \$8.1 million, respectively, were capitalized to building and improvements and leasing payroll costs of \$8.0 million and \$8.1 million, respectively, and leasing commission costs of \$7.1 million and \$6.1 million, respectively, were capitalized to deferred charges and prepaid expenses, net.

Other Income and Expenses (in thousands)

	Year Ended December 31,		
	2018	2017	\$ Change
Other income (expense)			
Dividends and interest	\$519	\$365	\$154
Interest expense	(215,025)	(226,660)	11,635
Gain on sale of real estate assets	209,168	68,847	140,321
Gain (loss) on extinguishment of debt, net	(37,096)	498	(37,594)
Other	(2,786)	(2,907)	121
Total other expense	\$(45,220)	\$(159,857)	\$114,637

Dividends and interest

Dividends and interest remained generally consistent for the year ended December 31, 2018 as compared to the corresponding period in 2017.

Interest expense

The decrease in interest expense for the year ended December 31, 2018 of \$11.6 million, as compared to the corresponding period in 2017, was primarily due to lower overall debt obligations.

Gain on sale of real estate assets

During the year ended December 31, 2018, 49 shopping centers, one partial shopping center and one land parcel were disposed resulting in aggregate gain of \$208.7 million. In addition, during the year ended December 31, 2018, we received aggregate net proceeds of \$0.5 million from previously disposed assets resulting in aggregate gain of \$0.5 million. During the year ended December 31, 2017, 18 shopping centers and two outparcel buildings were disposed resulting in aggregate gain of \$68.7 million.

Gain (loss) on extinguishment of debt, net

During the year ended December 31, 2018, we repaid \$881.4 million of secured loans, \$435.0 million of unsecured term loans and amended and restated our senior unsecured credit facility agreement and term loans, resulting in a \$37.1 million loss on extinguishment of debt, net as a result of debt transactions. Loss on extinguishment of debt, net includes \$24.3 million of legal defeasance fees and \$23.0 million of prepayment fees, partially offset by \$10.2 million of accelerated unamortized debt premiums, net of discounts and debt issuance costs. During the year ended December 31, 2017, we repaid \$389.1 million of secured loans and \$815.0 million of unsecured term loans, resulting in a \$0.5 million gain on extinguishment of debt, net.

Other

Other expense, net remained generally consistent for the year ended December 31, 2018 as compared to the corresponding period in 2017.

Equity in Income of Unconsolidated Joint Ventures (in thousands)

Year
Ended

December
31,

2018 2017 \$
Change

Equity in income of unconsolidated joint venture	\$ —	\$ 381	\$ (381)
Gain on disposition of unconsolidated joint venture interest	—	4,556	(4,556)

Equity in income of unconsolidated joint venture

The decrease in equity in income of unconsolidated joint venture for the year ended December 31, 2018 of \$0.4 million, as compared to the corresponding period in 2017, was due to the disposition of our unconsolidated joint venture interest during the year ended December 31, 2017.

Gain on disposition of unconsolidated joint venture

During the year ended December 31, 2017, we disposed of our unconsolidated joint venture interest for net proceeds of \$12.4 million resulting in a gain of \$4.6 million.

Comparison of the Year Ended December 31, 2017 to the Year Ended December 31, 2016

Revenues (in thousands)

	Year Ended December 31,		
	2017	2016	\$ Change
Revenues			
Rental income	\$997,089	\$998,118	\$(1,029)
Expense reimbursements	278,636	270,548	8,088
Other revenues	7,455	7,106	349
Total revenues	\$1,283,180	\$1,275,772	\$7,408

Rental income

The decrease in rental income for the year ended December 31, 2017, of \$1.0 million, as compared to the corresponding period in 2016, was primarily due to (i) a \$9.3 million decrease in amortization of above- and below-market leases and tenant inducements, net; and (ii) a \$6.4 million decrease in lease termination fees; partially offset by (iii) a \$10.5 million increase in base rent; and (iv) a \$4.0 million increase in straight-line rent. The increase in base rent was primarily due to contractual rent increases as well as positive rent spreads for new and renewal leases and option exercises of 12.6% and 12.0% during the years ended December 31, 2017 and 2016, respectively, partially offset by a decline in occupancy.

Expense reimbursements

The increase in expense reimbursements for the year ended December 31, 2017 of \$8.1 million, as compared to the corresponding period in 2016, was primarily due to higher reimbursable operating costs and real estate taxes.

Other revenues

Other revenues remained generally consistent for the year ended December 31, 2017 as compared to the corresponding period in 2016.

Operating Expenses (in thousands)

	Year Ended December 31,		
	2017	2016	\$ Change
Operating expenses			
Operating costs	\$136,092	\$133,429	\$2,663
Real estate taxes	179,097	174,487	4,610
Depreciation and amortization	375,028	387,302	(12,274)
Provision for doubtful accounts	5,323	9,182	(3,859)
Impairment of real estate assets	40,104	5,154	34,950
General and administrative	92,247	92,248	(1)

Total operating expenses	\$827,891	\$801,802	\$26,089
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Operating costs

The increase in operating costs for the year ended December 31, 2017 of \$2.7 million, as compared to the corresponding period in 2016, was primarily due to an increase in repair and maintenance costs.

Real estate taxes

The increase in real estate taxes for the year ended December 31, 2017 of \$4.6 million, as compared to the corresponding period in 2016, was primarily due to an increase in tax rates and assessments from several jurisdictions.

Depreciation and amortization

The decrease in depreciation and amortization for the year ended December 31, 2017 of \$12.3 million, as compared to the corresponding period in 2016, was primarily due to the decrease in acquired in-place lease intangibles.

Provision for doubtful accounts

The decrease in the provision for doubtful accounts for the year ended December 31, 2017 of \$3.9 million, as compared to the corresponding period in 2016, was primarily due to increased recoveries of previously reserved receivables and overall strength in collection efforts.

Impairment of real estate assets

During the year ended December 31, 2017, aggregate impairment of \$40.1 million was recognized on 11 shopping centers as a result of disposition activity and five operating properties as a result of a change in the estimated hold period of these properties in connection with our capital recycling program. During the year ended December 31, 2016, aggregate impairment of \$5.2 million was recognized on one shopping center and one office building as a result of disposition activity and two operating properties as a result of a change in the estimated hold period of these properties in connection with our capital recycling program.

General and administrative

General and administrative costs remained generally consistent for the year ended December 31, 2017 as compared to the corresponding period in 2016, with decreased severance expenses associated with the separation of former executives of the Company in 2016, partially offset by increased payroll expenses.

During the year ended December 31, 2017 and 2016, construction compensation costs of \$8.1 million and \$6.6 million, respectively, were capitalized to building and improvements and leasing compensation costs of \$14.2 million and \$14.5 million, respectively, were capitalized to deferred charges and prepaid expenses, net.

Other Income and Expenses (in thousands)

	Year Ended December		
	31,		
	2017	2016	\$ Change
Other income (expense)			
Dividends and interest	\$365	\$542	\$(177)
Interest expense	(226,660)	(226,671)	11
Gain on sale of real estate assets	68,847	35,613	33,234
Gain (loss) on extinguishment of debt, net	498	(832)	1,330
Other	(2,907)	(4,957)	2,050
Total other expense	\$(159,857)	\$(196,305)	\$36,448

Dividends and interest

The decrease in dividend and interest for the year ended December 31, 2017 of \$0.2 million, as compared to the corresponding period in 2016, was primarily due to interest income recognized in 2016 in connection with a tax

refund.

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Interest expense

Interest expense remained generally consistent for the year ended December 31, 2017 as compared to the corresponding period in 2016. Debt obligations refinanced at lower rates and decreased debt obligations during 2017 were partially offset by a decrease in debt premium amortization, net of discounts.

Gain (loss) on the sale of real estate assets

During the year ended December 31, 2017, 18 of the shopping centers and the two outparcel buildings that were disposed for net proceeds of \$283.7 million resulted in aggregate gain of \$68.7 million. During the year ended December 31, 2016, five of the shopping centers and the one outparcel building that were disposed for net proceeds of \$93.8 million resulted in aggregate gain of \$35.6 million.

Gain (loss) on extinguishment of debt, net

During the year ended December 31, 2017, we repaid \$389.1 million of secured loans and \$815.0 million of unsecured term loans under the Unsecured Credit Facility resulting in a \$0.5 million gain on extinguishment of debt, net. During the year ended December 31, 2016, we repaid \$892.4 million of secured loans, resulting in a \$1.7 million gain on extinguishment of debt. In addition, we recognized a \$2.5 million loss on extinguishment of debt in connection with the execution of the Unsecured Credit Facility.

Other

The decrease in other expense, net for the year ended December 31, 2017 of \$2.1 million, as compared to the corresponding period in 2016, was primarily due to a decrease in shareholder equity offering expenses and a decrease in tenant litigation settlement expenses.

Equity in Income of Unconsolidated Joint Ventures (in thousands)

	Year Ended December 31,		
	2017	2016	\$ Change
Equity in income of unconsolidated joint venture	\$381	\$477	\$ (96)
Gain on disposition of unconsolidated joint venture interest	4,556	—	4,556

Equity in income of unconsolidated joint venture

The decrease in equity in income of unconsolidated joint venture for the year ended December 31, 2017 of \$0.1 million, as compared to the corresponding period in 2016, was primarily due to the disposition of our unconsolidated joint venture interest during the year ended December 31, 2017.

Gain on disposition of unconsolidated joint venture interest

During the year ended December 31, 2017, we disposed of our unconsolidated joint venture interest for net proceeds of \$12.4 million resulting in a gain of \$4.6 million.

Liquidity and Capital Resources

We anticipate that our cash flows from the sources listed below will provide adequate capital for the next 12 months and beyond for all anticipated uses, including all scheduled principal and interest payments on our outstanding indebtedness, current and anticipated tenant and other capital improvements, stockholder distributions to maintain our qualification as a REIT and other obligations associated with conducting our business.

Our primary expected sources and uses of capital are as follows:

Sources

• cash and cash equivalent balances;
• operating cash flow;
• available borrowings under our existing Unsecured Credit Facility;
• dispositions;

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- issuance of long-term debt; and
- issuance of equity securities.

Uses

- recurring maintenance capital expenditures;
- leasing-related capital expenditures;
- debt repayments;
- anchor space repositioning, redevelopment, development and other value-enhancing capital expenditures;
- dividend/distribution payments
- acquisitions; and
- repurchases of equity securities.

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, 2018, our \$1.25 billion revolving credit facility (the “Revolving Facility”) had \$938.8 million of undrawn capacity and we had outstanding letters of credit totaling \$5.2 million, which reduce available liquidity under the Revolving Facility. We intend to continue to enhance our financial and operational flexibility through the additional extension of the duration of our debt.

In August 2018, we issued \$250.0 million aggregate principal amount of Floating Rate Senior Notes due 2022 (the “2022 Notes”), the net proceeds of which were used to repay a portion of our \$600 Million Term Loan maturing March 18, 2019 prior to the amendment of the \$600 Million Term Loan, as described below. The 2022 Notes bear interest at a rate of three-month U.S. Dollar LIBOR, reset quarterly, plus 105 basis points, payable quarterly in arrears on February 1, May 1, August 1 and November 1 of each year, commencing November 1, 2018. The 2022 Notes are scheduled to mature on February 1, 2022. The 2022 Notes are our unsecured and unsubordinated obligations and rank equally in right of payment with all of our existing and future senior unsecured and unsubordinated indebtedness. We may not redeem the 2022 Notes prior to the scheduled maturity date.

In December 2018, we amended and restated our Unsecured Credit Facility. The amendment provides for (1) revolving loan commitments of \$1.25 billion scheduled to mature February 28, 2023 (extending the applicable scheduled maturity date from July 31, 2020) and (2) a continuation of the existing \$500 Million Term Loan maturing July 31, 2021 (the “\$500 Million Term Loan”). Each of the Revolving Facility and the \$500 Million Term Loan includes two six-month maturity extension options, the exercise of which is subject to customary conditions and the payment of a fee on the extended commitments of 0.0625%. The Unsecured Credit Facility includes the option to increase the revolving loan commitments or add term loans of up to \$1 billion in the aggregate to the extent that any one or more lenders (from the syndicate or otherwise) agree to provide such additional credit extensions.

Borrowings under the Unsecured Credit Facility will bear interest, at our option, (1) with respect to the Revolving Facility, at a rate of either LIBOR plus a margin ranging from 0.775% to 1.45% or a base rate plus a margin ranging from 0.00% to 0.45%, in each case, with the actual margin determined according to our credit rating and (2) with respect to the \$500 Million Term Loan, at a rate of either LIBOR plus a margin ranging from 0.85% to 1.65% or a base rate plus a margin ranging from 0.00% to 0.65%, in each case, with the actual margin determined according to our credit rating. The base rate is the highest of (1) the agent’s prime rate, (2) the federal funds rate plus 0.50% and (3) the daily one-month LIBOR plus 1.00%. In addition, the Unsecured Credit Facility requires the payment of a facility fee ranging from 0.125% to 0.30% (depending on our credit rating) on the total commitments under the Revolving Facility.

Additionally, in December 2018, we amended and restated the \$600.0 million term loan agreement, as amended prior to the date hereof (the “\$600 Million Term Loan”), of which \$250.0 million had been repaid prior to December 2018. The amendment provides for a continuation of the existing \$350.0 million term loan previously scheduled to mature March 18, 2019 and extends the scheduled maturity to December 12, 2023 (the “\$350 Million Term Loan”). The \$350 Million Term Loan includes the option to add term loans of up to \$250.0 million in the aggregate to the

extent that any one or more lenders (from the syndicate or otherwise) agree to provide such additional credit extensions.

Borrowings under the \$350 Million Term Loan will bear interest, at our option, at a rate of either LIBOR plus a margin ranging from 0.85% to 1.65% or a base rate plus a margin ranging from 0.00% to 0.65%, in each case, with the actual margin determined according to our credit rating.

Further, in December 2018, we amended our \$300 Million Term Loan (the “\$300 Million Term Loan”). The amendment implements various covenant and technical amendments to make the existing \$300 Million Term Loan agreement consistent with corresponding provisions in the Unsecured Credit Facility and \$350 Million Term Loan. The amendment does not change the scheduled maturity of the \$300 Million Term Loan, which is July 26, 2024. In addition, the amendment does not change our option under the existing \$300 Million Term Loan to add term loans of up to \$500.0 million in the aggregate to the extent that any one or more lenders (from the syndicate or otherwise) agree to provide such additional credit extensions.

The \$300 Million Term Loan amendment decreases the applicable interest rates to, at our option, a rate of either LIBOR plus a margin ranging from 0.85% to 1.65% or a base rate plus a margin ranging from 0.00% to 0.65%, in each case, with the actual margin determined according to our credit rating, with such decreases taking effect on July 28, 2019. The applicable interest rates under the existing \$300 Million Term Loan, which will remain in effect until July 28, 2019, are, at our option, a rate of either LIBOR plus a margin ranging from 1.50% to 2.45% or a base rate plus a margin ranging from 0.50% to 1.45%, in each case, with the actual margin determined according to our credit rating.

During the year ended December 31, 2018, we repaid \$881.4 million of secured loans and \$435.0 million of unsecured term loans. These repayments were funded primarily with net disposition proceeds, proceeds from the issuance of the 2022 Notes, and \$306.0 million of borrowings under the Revolving Facility, net of repayments. Additionally, during the year ended December 31, 2018, we recognized a \$37.1 million loss on extinguishment of debt, net as a result of debt transactions. Loss on extinguishment of debt, net includes \$24.3 million of legal defeasance fees and \$23.0 million of prepayment fees, partially offset by \$10.2 million of accelerated unamortized debt premiums, net of discounts and debt issuance costs.

In December 2017, the Board of Directors authorized a share repurchase program (the “Program”) for up to \$400.0 million of our 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, 2018, we repurchased 6.3 million shares of common stock under the Program at an average price per share of \$16.56 for a total of \$104.6 million, excluding commissions. We incurred commissions of \$0.1 million in conjunction with the program for the year ended December 31, 2018. As of December 31, 2018, the Program had \$289.5 million of available repurchase capacity.

In connection with our intention to continue to qualify as a REIT for federal income tax purposes, we expect to continue paying regular dividends to our stockholders. Our Board of Directors will continue to evaluate the dividend policy on a quarterly basis, evaluating sources and uses of capital, operating fundamentals, maintenance of our REIT qualification and other factors our Board of Directors may deem relevant. We generally intend to maintain a conservative dividend payout ratio. Cash dividends paid to common stockholders and OP Unitholders for the year ended December 31, 2018 and 2017 were \$333.4 million and \$317.5 million, respectively. Our Board of Directors declared a quarterly cash dividend of \$0.28 per common share in October 2018 for the fourth quarter of 2018. The dividend was paid on January 15, 2019 to shareholders of record on January 4, 2019. Our Board of Directors declared a quarterly cash dividend of \$0.28 per common share in February 2019 for the first quarter of 2019. The dividend is payable on April 15, 2019 to shareholders of record on April 5, 2019.

Our cash flow activities are summarized as follows (dollars in thousands):

Brixmor Property Group Inc.

	Year Ended December 31,		
	2018	2017	2016
Cash flows provided by operating activities	\$541,689	\$551,948	\$567,485
Cash flows provided by (used in) investing activities	669,603	(52,874)	(141,881)
Cash flows used in financing activities	(1,271,304)	(491,166)	(433,725)

Brixmor Operating Partnership LP

	Year Ended December 31,		
	2018	2017	2016
Cash flows provided by operating activities	\$541,689	\$551,948	\$567,485
Cash flows provided by (used in) investing activities	669,605	(52,872)	(141,873)
Cash flows used in financing activities	(1,271,402)	(491,164)	(433,745)

Cash, cash equivalents and restricted cash for BPG were \$50.8 million and \$110.8 million as of December 31, 2018 and 2017, respectively. Cash, cash equivalents and restricted cash for the Operating Partnership were \$50.6 million and \$110.7 million as of December 31, 2018 and 2017, respectively.

Operating Activities

Net cash provided by operating activities primarily consists of cash inflows from tenant rental payments and expense reimbursements and cash outflows for property operating costs, real estate taxes, general and administrative expenses and interest expense.

During the year ended December 31, 2018, our net cash provided by operating activities decreased \$10.3 million as compared to the corresponding period in 2017. The decrease is primarily due to (i) a decrease in net operating income due to net disposition activity and (ii) a decrease in lease termination fees; partially offset by (iii) an increase in same property net operating income; (iv) an increase in net working capital; (v) a decrease in cash outflows for interest expense, (vi) a decrease in cash inflows from the insurance captive and (vii) a decrease in cash outflows for general and administrative expense.

Investing Activities

Net cash provided by (used in) investing activities is impacted by the nature, timing and magnitude of acquisition and disposition activity as well as improvements to and investments in our shopping centers, including capital expenditures associated with leasing and value-enhancing reinvestment efforts. Capital used to fund these activities can vary significantly from period to period based on the volume and timing of such activities.

During the year ended December 31, 2018, our net cash provided by investing activities increased \$722.5 million as compared to the corresponding period in 2017. The increase was primarily due to (i) an increase of \$614.8 million in net proceeds from sales of real estate assets, net of unconsolidated joint venture interest; and (ii) a decrease of \$173.0 million in acquisitions of real estate assets, partially offset by (iii) an increase of \$65.8 million in improvements to and investments in real estate assets.

Improvements to and investments in real estate assets

During the year ended December 31, 2018 and 2017, we expended \$268.7 million and \$202.9 million, respectively, on improvements to and investments in real estate assets. In addition, during the years ended December 31, 2018 and 2017, insurance proceeds of \$8.4 million and \$3.5 million respectively, were received and included in improvements to and investments in real estate assets.

Maintenance capital expenditures represent costs to fund major replacements and betterments to our properties. Leasing related capital expenditures represent tenant specific costs incurred to lease space, including tenant improvements and tenant allowances. In addition, we evaluate our Portfolio on an ongoing basis to identify value-

enhancing anchor space repositioning, redevelopment, outparcel development, new development and other opportunities. Such initiatives are tenant driven and focus on upgrading our centers with strong, best-in-class retailers and enhancing the overall merchandise mix and tenant quality of our Portfolio. As of December 31, 2018, we had 60 projects in process with an aggregate anticipated cost of \$352.2 million, of which \$146.2 million has been incurred as of December 31, 2018.

Acquisitions of and proceeds from sales of real estate assets

We continue to evaluate the market for acquisition opportunities and we may acquire shopping centers when we believe strategic opportunities exist, particularly where we can further concentrate our Portfolio in attractive retail submarkets and optimize the quality and long-term growth rate of our asset base. During the year ended December 31, 2018, we acquired two land parcels, one building, three outparcel buildings and one outparcel for an aggregate purchase price of \$17.4 million.

We may also dispose of properties when we believe value has been maximized, where there is further downside risk, or where we have limited ability or desire to build critical mass in the submarket. During the year ended December 31, 2018, we disposed of 62 shopping centers, two partial shopping centers and one land parcel for aggregate net proceeds of \$957.5 million. In addition, during the year ended December 31, 2018, we received aggregate net proceeds of \$0.5 million from previously disposed assets.

Financing Activities

Net cash used in financing activities is impacted by the nature, timing and magnitude of issuances and repurchases of debt and equity securities, as well as principal payments associated with our outstanding indebtedness and distributions made to our common stockholders.

During the year ended December 31, 2018, our net cash used in financing activities increased \$780.1 million as compared to the corresponding period in 2017. The increase was primarily due to (i) a \$622.1 million increase in debt repayments, net of borrowings; (ii) an increase of \$98.0 million in repurchases of common stock; (iii) an increase of \$45.5 million in deferred financing and debt extinguishment costs; and (iv) an increase of \$14.6 million in distributions to common stockholders, partners and non-controlling interests.

Contractual Obligations

Our contractual obligations relate to our debt, including unsecured notes payable, unsecured credit facilities and a secured loan, with maturities ranging from two years to 11 years, in addition to non-cancelable operating leases pertaining to shopping centers where we are the lessee and to our administrative offices.

The following table summarizes our debt maturities (excluding extension options), interest payment obligations (excluding debt premiums and discounts and deferred financing costs) and obligations under non-cancelable operating leases (excluding extension options) as of December 31, 2018:

Contractual Obligations (in thousands)	Payment due by period						Total
	2019	2020	2021	2022	2023	Thereafter	
Debt ⁽¹⁾	\$—	\$—	\$500,000	\$750,000	\$1,156,000	\$2,525,453	\$4,931,453
Interest payments ⁽²⁾	178,043	178,195	173,260	158,190	128,304	178,028	994,020
Operating leases	6,929	6,948	7,157	7,233	5,827	43,876	77,970
Total	\$184,972	\$185,143	\$680,417	\$915,423	\$1,290,131	\$2,747,357	\$6,003,443

⁽¹⁾ Debt includes scheduled maturities for unsecured notes payable, unsecured credit facilities and a secured loan.

⁽²⁾ As of December 31, 2018, we incur variable rate interest on (i) a \$500.0 million term loan outstanding under our Unsecured Credit Facility; (ii) \$306.0 million outstanding under our Revolving Facility; (iii) a \$350.0 million term

loan outstanding under our \$350 Million Term Loan; (iv) \$250.0 million outstanding under our 2022 Notes, and (v) a \$300 million term loan outstanding under our \$300 Million Term Loan. We have in-place 10 interest rate swap agreements with an aggregate notional value of \$1.2 billion, which effectively convert variable interest payments to fixed interest payments. For a further discussion of these and other factors that could impact interest payments please see Item 7A. "Quantitative and Qualitative Disclosures." Interest payments for these variable rate loans are presented using rates (including the impact of interest rate swaps) as of December 31, 2018.

Non-GAAP Disclosures

We present the non-GAAP performance measures set forth below. These measures should not be considered as alternatives to, or more meaningful than, net income (presented in accordance with GAAP) or other GAAP financial measures, as an indicator of financial performance, and are not alternatives to, or more meaningful than, cash flow from operating activities (presented in accordance with GAAP) as a measure of liquidity. Non-GAAP performance measures have limitations as they do not include all items of income and expense that affect operations, and accordingly, should always be considered as supplemental financial results to those presented in accordance with GAAP. Our computation of these non-GAAP performance measures may differ in certain respects from the methodology utilized by other REITs and, therefore, may not be comparable to similarly titled measures presented by such other REITs. Investors are cautioned that items excluded from these non-GAAP performance measures are relevant to understanding and addressing financial performance.

Funds From Operations

NAREIT FFO (defined hereafter) is a supplemental non-GAAP performance measure utilized to evaluate the operating and financial performance of real estate companies. The National Association of Real Estate Investment Trusts (“NAREIT”) defines funds from operations (“FFO”) as net income (loss) presented in accordance with GAAP excluding (i) gain (loss) on disposition of operating properties, plus (ii) depreciation and amortization of operating properties, (iii) impairment of operating properties and real estate equity investments, and (iv) after adjustments for unconsolidated joint ventures calculated to reflect FFO on the same basis.

We believe NAREIT FFO assists investors in analyzing and comparing the operating and financial performance of a company’s real estate between periods.

Our reconciliation of net income to NAREIT FFO for the years ended December 31, 2018, 2017 and 2016 is as follows (in thousands, except per share amounts):

	Year Ended December 31,		
	2018	2017	2016
Net income	\$366,284	\$300,369	\$278,142
Gain on disposition of operating properties	(209,168)	(68,847)	(35,613)
Gain on disposition of unconsolidated joint venture interest	—	(4,556)	—
Depreciation and amortization-real estate related-continuing operations	347,862	371,255	384,187
Depreciation and amortization-real estate related-unconsolidated joint venture	—	56	88
Impairment of operating properties	53,295	40,104	5,154
NAREIT FFO	\$558,273	\$638,381	\$631,958
NAREIT FFO per share/OP Unit – dilute ^(f)	\$1.85	\$2.09	\$2.07
Weighted average shares/OP Units outstanding – basic and dilute ^(f)	302,339	305,281	305,059

(1) During the year ended December 31, 2018, we repaid \$881.4 million of secured loans, \$435.0 million of unsecured term loans and amended and restated our Unsecured Credit Facility, resulting in a loss on extinguishment of debt, net of \$37.1 million, or \$0.12 per diluted share.

(2) Basic and diluted shares/OP Units outstanding reflects an assumed conversion of vested OP Units to common stock of the Company and the vesting of certain equity awards.

Same Property Net Operating Income

Same property net operating income (“NOI”) is a supplemental, non-GAAP performance measure utilized to evaluate the operating performance of real estate companies. Same property NOI is calculated (using properties owned for the entirety of both periods and excluding properties under development) as total property revenues (base rent, ancillary and other, expense reimbursements, and percentage rents) less direct property operating expenses (operating costs,

real estate taxes and provision for doubtful accounts). Same property NOI excludes (i) corporate level income (including management, transaction, and other fees), (ii) lease termination fees, (iii) straight-line rental income, (iv) amortization of above- and below-market rent and tenant inducements, (v) straight-line ground rent expense, and (vi) income / expense associated with the Company's captive insurance company.

We believe same property NOI assists investors in analyzing our comparative operating and financial performance because it eliminates disparities in NOI due to the acquisition or disposition of properties or the stabilization of development properties during the period presented, and therefore provides a more consistent metric for comparing the operating performance of a company's real estate between periods.

Comparison of the Year Ended December 31, 2018 to the Year Ended December 31, 2017

	Year Ended December 31,		Change	
	2018	2017		
Number of properties	417	417	—	
Percent billed	88.4	% 89.9	% (1.5	%)
Percent leased	91.9	% 91.9	% —	%
Revenues				
Base rent	\$822,778	\$806,190	\$16,588	
Ancillary and other	16,145	14,371	1,774	
Expense reimbursements	248,541	245,158	3,383	
Percentage rents	6,014	6,609	(595)
	1,093,478	1,072,328	21,150	
Operating expenses				
Operating costs	(125,878)	(121,064)	(4,814)	
Real estate taxes	(162,455)	(158,844)	(3,611)	
Provision for doubtful accounts	(8,608)	(4,503)	(4,105)	
	(296,941)	(284,411)	(12,530)	
Same property NOI	\$796,537	\$787,917	\$8,620	
NOI margin	72.8	% 73.5	%	
Expense recovery ratio	86.2	% 87.6	%	

The following table provides a reconciliation of net income attributable to common stockholders to same property NOI for the periods presented (in thousands):

	Year Ended December 31,	
	2018	2017
Net income attributable to common stockholders	\$366,284	\$300,254
Adjustments:		
Non-same property NOI	(71,897)	(122,127)
Lease termination fees	(3,672)	(6,542)
Straight-line rental income, net	(15,352)	(18,451)
Amortization of above- and below-market rent and tenant inducements, net	(23,313)	(27,445)

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Fee income	—	(320)
Straight-line ground rent expense	131	134
Depreciation and amortization	352,245	375,028
Impairment of real estate assets	53,295	40,104
General and administrative	93,596	92,247
Total other expense	45,220	159,857
Equity in income of unconsolidated joint venture	—	(381)
Gain on disposition of unconsolidated joint venture interest	—	(4,556)
Net income attributable to non-controlling interests	—	76
Preferred stock dividends	—	39
Same property NOI	\$796,537	\$787,917

Comparison of the Year Ended December 31, 2017 to the Year Ended December 31, 2016

	Year Ended December 31,		Change	
	2017	2016		
Number of properties	479	479	—	
Percent billed	90.3	% 90.7	% (0.4	%)
Percent leased	92.2	% 92.9	% (0.7	%)
Revenues				
Base rent	\$895,447	\$877,117	\$18,330	
Ancillary and other	15,804	15,599	205	
Expense reimbursements	268,690	259,261	9,429	
Percentage rents	7,023	5,711	1,312	
	1,186,964	1,157,688	29,276	
Operating expenses				
Operating costs	(134,172)	(128,027)	(6,145)	
Real estate taxes	(172,644)	(167,796)	(4,848)	
Provision for doubtful accounts	(4,809)	(8,780)	3,971	
	(311,625)	(304,603)	(7,022)	
Same property NOI	\$875,339	\$853,085	\$22,254	
NOI margin	73.7	% 73.7	%	
Expense recovery ratio	87.6	% 87.6	%	

The following table provides a reconciliation of net income attributable to common stockholders to same property NOI for the periods presented (in thousands):

	Year Ended December 31,	
	2017	2016
Net income attributable to common stockholders	\$300,254	\$275,478
Adjustments:		
Non-same property NOI	(34,705)	(41,320)
Lease termination fees	(6,542)	(12,920)
Straight-line rental income, net	(18,451)	(14,444)
Amortization of above- and below-market rent and tenant inducements, net	(27,445)	(36,719)
Fee income	(320)	(1,221)
Straight-line ground rent expense	134	1,035
Depreciation and amortization	375,028	387,302
Impairment of real estate assets	40,104	5,154
General and administrative	92,247	92,248

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Total other expense	159,857	196,305
Equity in income of unconsolidated joint venture	(381)	(477)
Gain on disposition of unconsolidated joint venture interest	(4,556)	—
Net income attributable to non-controlling interests	76	2,514
Preferred stock dividends	39	150
Same property NOI	\$875,339	\$853,085

Our Critical Accounting Policies

Our discussion and analysis of our historical financial condition and results of operations is based upon our Consolidated Financial Statements, which have been prepared in accordance with GAAP. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the Consolidated Financial Statements and accompanying notes. Actual results could ultimately differ from those estimates. For a discussion of recently-issued and adopted accounting standards, see Note 1 to financial statements contained elsewhere in this annual report on Form 10-K.

Revenue Recognition and Receivables

Rental revenue is recognized on a straight-line basis over the terms of the related leases. The cumulative difference between rental revenue recognized in the Company's Consolidated Statements of Operations and contractual payment terms is recognized as deferred rent and presented on the accompanying Consolidated Balance Sheets within Receivables, net.

The Company commences recognizing rental revenue based on an evaluation of a number of factors. In most cases, revenue recognition under a lease begins when the lessee takes possession of or controls the physical use of the leased asset.

Certain leases also provide for percentage rents based upon the level of sales achieved by a lessee. These percentage rents are recognized upon the achievement of certain pre-determined sales levels. Leases also typically provide for reimbursement of operating costs, including common area expenses, utilities, insurance and real estate taxes, by the lessee and are recognized in the period the applicable expenditures are incurred.

Gains from the sale of depreciated operating properties are generally recognized under the full accrual method, provided that various criteria relating to the terms of the sale and subsequent involvement by the Company with the applicable property are met.

The Company periodically evaluates the collectability of its receivables related to rental revenue, straight-line rent, expense reimbursements and those attributable to other revenue generating activities. The Company analyzes individual tenant receivables and considers tenant credit-worthiness, the length of time a receivable has been outstanding, and current economic trends when evaluating the adequacy of its allowance for doubtful accounts. In addition, tenants in bankruptcy are analyzed and estimates are made in connection with the expected recovery of pre-petition and post-petition claims.

Real Estate

Real estate assets are recognized in the Company's Consolidated Balance Sheets at historical cost, less accumulated depreciation and amortization. Upon acquisition of real estate operating properties, management estimates the fair value of acquired tangible assets (consisting of land, buildings, and tenant improvements), identifiable intangible assets and liabilities (consisting of above and below-market leases and in-place leases), and assumed debt based on an evaluation of available information. Based on these estimates, the fair value is allocated to the acquired assets and assumed liabilities. Transaction costs incurred during the acquisition process are capitalized as a component of the asset's value.

The fair value of tangible assets is determined as if the acquired property is vacant. Fair value is determined using an exit price approach, which contemplates the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

In allocating fair value to identifiable intangible assets and liabilities, the value of above-market and below-market leases is estimated based on the present value (using a discount rate reflecting the risks associated with leases acquired) of the difference between: (i) the contractual amounts to be paid pursuant to the leases negotiated and in-place at the time of acquisition and (ii) management's estimate of fair market lease rates for the property or an equivalent property, measured over a period equal to the remaining non-cancelable term of the lease, which includes renewal periods with fixed rental terms that are considered to be below-market. The capitalized above-market or below-market intangible is amortized as a reduction of, or increase to, rental income over the remaining non-cancelable term of each lease.

In determining the value of in-place leases, management evaluates the specific characteristics of each tenant lease. Factors considered include, but are not limited to: the credit risk associated with a tenant, expectations surrounding lease renewals, estimated carrying costs of a property during a hypothetical expected lease-up period, current market conditions and costs to execute similar leases. Management also considers information obtained about a property in connection with its pre-acquisition due diligence. Estimated carrying costs include operating costs, such as common area expenses, utilities, insurance and real estate taxes, and estimates of lost rentals at market rates. Costs to execute similar leases include leasing commissions, legal and marketing costs, and tenant improvement costs. The values assigned to in-place leases are amortized to Depreciation and amortization expense over the remaining term of each lease.

Certain real estate assets are depreciated using the straight-line method over the estimated useful lives of the assets. The estimated useful lives are as follows:

Building and building and land improvements	20 – 40 years
Furniture, fixtures, and equipment	5 – 10 years
Tenant improvements	The shorter of the term of the related lease or useful life

Costs to fund major replacements and betterments, which extend the life of the asset, are capitalized and depreciated over their respective useful lives, while costs for ordinary repairs and maintenance activities are expensed to Operating costs as incurred.

When a real estate asset is identified by management as held for sale, the Company discontinues depreciation and estimates its sales price, net of estimated selling costs. If the estimated net sales price of an asset is less than its net carrying value, a loss is recognized to reflect the estimated fair value. Properties classified as real estate held for sale represent properties that are under contract for sale and where the applicable pre-sale due diligence period has expired prior to the end of the reporting period.

On a periodic basis, management assesses whether there are any indicators, including property operating performance, changes in anticipated holding period and general market conditions, that the value of the Company's real estate assets (including any related intangible assets or liabilities) may be impaired. If an indicator is identified, a real estate asset is considered impaired only if management's estimate of aggregate future undiscounted and unleveraged property cash flows, taking into account the anticipated probability weighted holding period, are less than the carrying value of the property. Various factors are considered in the estimation process, including trends and prospects and the effects of demand and competition on future operating income. Changes in any estimates and/or assumptions, including the anticipated holding period, could have a material impact on the projected operating cash flows. If management determines that the carrying value of a real estate asset is impaired, a loss is recognized to reflect the estimated fair value.

In situations in which a lease or leases with a tenant have been, or are expected to be, terminated early, the Company evaluates the remaining useful lives of depreciable or amortizable assets in the asset group related to the lease terminated (i.e., tenant improvements, above and below market lease intangibles, in-place lease value and leasing commissions). Based upon consideration of the facts and circumstances surrounding the termination, the Company may accelerate the depreciation and amortization associated with the asset group.

Stock Based Compensation

The Company accounts for equity awards in accordance with the Financial Accounting Standards Board's Stock Compensation guidance which requires that all share based payments to employees and non-employee directors be recognized in the statement of operations over the service period based on their fair value. Fair value is determined based on the type of award using either the grant date market price of the Company's stock or a Monte Carlo simulation model. Share-based compensation expense is included in General and administrative expenses in the Company's Consolidated Statements of Operations.

Inflation

For the last several years inflation has been low and has had a minimal impact on the operating performance of our shopping centers; however, inflation may increase in the future. Most of our long-term leases contain provisions designed to mitigate the adverse impact of inflation, including contractual rent escalations and requirements for tenants to pay their proportional share of operating costs, including common area expenses, utilities, insurance and real estate taxes, and certain capital expenditures related to the maintenance of our properties, thereby reducing our exposure to increases in property-level costs resulting from inflation. In addition, we believe that many of our existing rental rates are below current market levels for comparable space and that upon renewal or re-leasing, such rates may

be increased to be consistent with, or closer to, current market rates. With respect to our outstanding indebtedness, we periodically evaluate our exposure to interest rate fluctuations, and may continue to enter into interest rate protection agreements which mitigate, but do not eliminate, the impact of changes in interest rates on our variable rate loans.

Off-Balance Sheet Arrangements

We had no material off-balance sheet arrangements as of December 31, 2018.

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Item 7A. Quantitative and Qualitative Disclosures about Market Risk

We may be exposed to interest rate changes primarily as a result of long-term debt used to fund operations and capital expenditures. Our objective in using interest rate derivatives is to manage our exposure to interest rate movements. To achieve our objectives we borrow primarily at fixed rates or variable rates with the lowest spreads available.

With regard to variable rate financing, we assess interest rate risk by continually identifying and monitoring changes in interest rate exposures that may adversely impact expected future cash flows and by evaluating hedging opportunities. We maintain risk management control systems to monitor interest rate cash flow risk attributable to both our outstanding or forecasted debt obligations as well as our potential offsetting hedge positions. The risk management control systems involve the use of analytical techniques, including cash flow sensitivity analysis, to estimate the expected impact of changes in interest rates on our future cash flows.

We may use derivative financial instruments to hedge exposures to changes in interest rates. To the extent we do, we are exposed to market and credit risk. Market risk is the adverse effect on the value of the financial instrument that results from a change in interest rates. Market risk associated with derivative instruments is managed by establishing and monitoring parameters that limit the types and degree of market risk that may be undertaken. Credit risk is the failure of the counterparty to perform under the terms of the derivative contract. When the fair value derivative contract is positive, the counterparty owes us, which creates credit risk to us. The credit risk associated with derivative instruments is managed by entering into transactions with a variety of highly-rated counterparties.

As of December 31, 2018, we had \$1.7 billion of outstanding variable rate borrowings which bear interest at a rate equal to LIBOR plus spreads ranging from 105 basis points to 190 basis points. We have interest rate swap agreements on \$1.2 billion of our variable rate borrowings, which effectively convert the base rate on the borrowings from variable to fixed. If market rates of interest on our variable rate debt increased or decreased by 100 basis points, the change in annual interest expense on our variable rate debt would increase earnings and cash flows by approximately \$5.1 million or decrease earnings and cash flows by approximately \$5.1 million, respectively (after taking into account the impact of the \$1.2 billion of interest rate swap agreements).

The table below presents the maturity profile, weighted average interest rates and fair value of total debt as of December 31, 2018. The table has limited predictive value as average interest rates for variable rate debt included in the table represent rates that existed as of December 31, 2018 and are subject to change. Further, the table below incorporates only those exposures that exist as of December 31, 2018 and does not consider exposures or positions that may have arisen or expired after that date. As a result, our ultimate realized gain or loss with respect to interest rate fluctuations will depend on the exposures that arise during the period, our hedging strategies at that time, and actual interest rates.

(dollars in thousands)	2019	2020	2021	2022	2023	Thereafter	Total	Fair Value
Secured Debt								
Fixed rate	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 7,000	\$ 7,000	\$ 7,072
Weighted average interest rate ⁽¹⁾	4.40	4.40	4.40	% 4.40	% 4.40	% 4.40	%	
Unsecured Debt								
Fixed rate	\$ —	\$ —	\$ —	\$ 500,000	\$ 500,000	\$ 2,218,453	\$ 3,218,453	\$ 3,372,418
Weighted average interest rate ⁽¹⁾	3.81	3.81	3.81	% 3.79	% 3.92	% 3.92	%	
Variable rate ^{(2) (3)}	\$ —	\$ —	\$ 500,000	\$ 250,000	\$ 656,000	\$ 300,000	\$ 1,706,000	\$ 1,452,382
Weighted average interest rate ⁽¹⁾	2.99	2.99	3.25	% 3.17	% 4.00	% 4.00	%	

- (1) Weighted average interest rates are on the total debt balances as of the end of each year and assumes repayment of debt on its scheduled maturity date.

- (2) Our variable rate debt is based on a credit rating grid. The credit rating grid and all-in-rate on outstanding variable rate debt as of December 31, 2018 is as follows:

	As of December 31, 2018			Credit Spread Grid	
	LIBOR Rate	Credit Spread	All-in-Rate	LIBOR Rate Loans	Base Rate Loans
Variable Rate Debt				Credit Spread	Credit Spread
Unsecured Credit Facility - \$500 Million Term Loan	2.38%	1.25%	3.63%	0.85% – 1.65%	0.00% – 0.65%
Unsecured Credit Facility - Revolving Facility ⁽¹⁾	2.43%	1.10%	3.53%	0.78% – 1.45%	0.00% – 0.45%
\$350 Million Term Loan	2.38%	1.25%	3.63%	0.85% – 1.65%	0.00% – 0.65%
\$300 Million Term Loan	2.35%	1.90%	4.25%	1.50% – 2.45%	0.50% – 1.45%
2022 Notes	2.54%	1.05%	3.59%	N/A	N/A

- (1) Our Revolving Facility is further subject to a facility fee ranging from 0.13% to 0.30%, which is excluded from the all-in-rate presented above.

- The Company has in place six interest rate swap agreements that convert the variable interest rates on portions of three variable rate debt instruments to fixed rates. The balances subject to interest rates swaps as of December 31, 2018 are as follows (dollars in thousands):

Variable Rate Debt ⁽¹⁾	As of December 31, 2018		Credit Spread	Swapped All-in-Rate
	Amount	Weighted Average Fixed LIBOR Rate		
Unsecured Credit Facility - \$500 Million Term Loan	\$ 500,000	1.11%	1.25%	2.36%
\$350 Million Term Loan	\$ 350,000	0.88%	1.25%	2.13%
\$300 Million Term Loan	\$ 50,000	0.88%	1.90%	2.78%

- During the year ended December 31, 2018, the Company entered into four forward starting interest rate swap agreements with an effective date of January 2, 2019 that convert the variable interest rate on \$300.0 million of the Company's variable LIBOR based interest rate debt to a fixed, combined interest rate of 2.61% through July 26, 2024. These interest rate swap agreements are not reflected within this table as they were not effective as of December 31, 2018.

Item 8. Financial Statements and Supplementary Data

See the Index to Consolidated Financial Statements and financial statements commencing on page F-1.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Controls and Procedures (Brixmor Property Group Inc.)

Evaluation of Disclosure Controls and Procedures

BPG maintains disclosure controls and procedures (as that term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) that are designed to ensure that information required to be disclosed in its reports under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our chief executive officer and chief financial officer, as appropriate, to allow timely decisions regarding required disclosures. BPG's management, with the participation of its chief executive officer and chief financial officer, has evaluated the effectiveness of the design and operation of its disclosure controls and procedures as of the end of the period covered

by this report. Based on this evaluation BPG's chief executive officer, James M. Taylor, and chief financial officer, Angela Aman, concluded that BPG's disclosure controls and procedures were effective as of December 31, 2018.

Management's Report on Internal Control Over Financial Reporting

BPG's management is responsible for establishing and maintaining adequate internal control over financial reporting to provide reasonable assurance regarding the reliability of BPG's financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. BPG's

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

All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance and may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Under the supervision and with the participation of its management, including its chief executive officer and chief financial officer, BPG conducted an evaluation of the effectiveness of its internal control over financial reporting based on the framework in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations ("COSO") of the Treadway Commission. Based on its assessment and those criteria, BPG's management concluded that its internal control over financial reporting was effective as of December 31, 2018.

Deloitte & Touche LLP, an independent registered public accounting firm, has issued a report, included herein, on the effectiveness of BPG's internal control over financial reporting.

Changes in Internal Control over Financial Reporting

There have been no changes in BPG's internal control over financial reporting (as defined in Rule 13a-15(f) and 15d-15(f) under the Exchange Act) during the three months ended December 31, 2018 that have materially affected, or that are reasonably likely to materially affect, BPG's internal control over financial reporting.

Controls and Procedures (Brixmor Operating Partnership LP)

Evaluation of Disclosure Controls and Procedures

The Operating Partnership maintains disclosure controls and procedures (as that term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) that are designed to ensure that information required to be disclosed in its reports under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our chief executive officer and chief financial officer, as appropriate, to allow timely decisions regarding required disclosures. The Operating Partnership's management, with the participation of its chief executive officer and chief financial officer, has evaluated the effectiveness of the design and operation of its disclosure controls and procedures as of the end of the period covered by this report. Based on this evaluation the Operating Partnership's chief executive officer, James M. Taylor, and chief financial officer, Angela Aman, concluded that the Operating Partnership's disclosure controls and procedures were effective as of December 31, 2018.

Management's Report on Internal Control Over Financial Reporting

The Operating Partnership's management is responsible for establishing and maintaining adequate internal control over financial reporting to provide reasonable assurance regarding the reliability of the Operating Partnership's financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. The Operating Partnership's internal control over financial reporting includes policies and procedures that pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the Operating Partnership's assets; provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting

principles, and that receipts and expenditures of the Operating Partnership are being made only in accordance with authorizations of management and directors of the Operating Partnership; and provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of its assets that could have a material effect on the Operating Partnership's financial statements.

All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance and may not prevent or detect misstatements. Also,

projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Under the supervision and with the participation of its management, including its chief executive officer and chief financial officer, the Operating Partnership conducted an evaluation of the effectiveness of its internal control over financial reporting based on the framework in Internal Control – Integrated Framework (2013) issued by the COSO of the Treadway Commission. Based on its assessment and those criteria, the Operating Partnership's management concluded that its internal control over financial reporting was effective as of December 31, 2018.

Deloitte & Touche LLP, an independent registered public accounting firm, has issued a report, included herein, on the effectiveness of the Operating Partnership's internal control over financial reporting.

Changes in Internal Control over Financial Reporting

There have been no changes in the Operating Partnership's internal control over financial reporting (as defined in Rule 13a-15(f) and 15d-15(f) under the Exchange Act) during the three months ended December 31, 2018 that have materially affected, or that are reasonably likely to materially affect, the Operating Partnership's internal control over financial reporting.

Item 9B. Other Information

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

The information required by Item 10 will be included in the definitive proxy statement relating to the 2019 Annual Meeting of Stockholders of Brixmor Property Group Inc. to be held on May 15, 2019 and is incorporated herein by reference. Brixmor Property Group Inc. will file such definitive proxy statement with the SEC pursuant to Regulation 14A not later than 120 days after the end of the Company's 2018 fiscal year covered by this Form 10-K.

Item 11. Executive Compensation

The information required by Item 11 will be included in the definitive proxy statement relating to the 2019 Annual Meeting of Stockholders of Brixmor Property Group Inc. to be held on May 15, 2019 and is incorporated herein by reference. Brixmor Property Group Inc. will file such definitive proxy statement with the SEC pursuant to Regulation 14A not later than 120 days after the end of the Company's 2018 fiscal year covered by this Form 10-K.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by Item 12 will be included in the definitive proxy statement relating to the 2019 Annual Meeting of Stockholders of Brixmor Property Group Inc. to be held on May 15, 2019 and is incorporated herein by reference. Brixmor Property Group Inc. will file such definitive proxy statement with the SEC pursuant to Regulation 14A not later than 120 days after the end of the Company's 2018 fiscal year covered by this Form 10-K.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required by Item 13 will be included in the definitive proxy statement relating to the 2019 Annual Meeting of Stockholders of Brixmor Property Group Inc. to be held on May 15, 2019 and is incorporated herein by reference. Brixmor Property Group Inc. will file such definitive proxy statement with the SEC pursuant to Regulation 14A not later than 120 days after the end of the Company's 2018 fiscal year covered by this Form 10-K.

Item 14. Principal Accountant Fees and Services

The information required by Item 14 will be included in the definitive proxy statement relating to the 2019 Annual Meeting of Stockholders of Brixmor Property Group Inc. to be held on May 15, 2019 and is incorporated herein by reference. Brixmor Property Group Inc. will file such definitive proxy statement with the SEC pursuant to Regulation 14A not later than 120 days after the end of the Company's 2018 fiscal year covered by this Form 10-K.

PART IV

Item 15. Exhibits, Financial Statement Schedules

(a) Documents filed as part of this report

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Consolidated Statements of Comprehensive Income for the years ended December 31, 2018, 2017 and 2016	<u>F-8</u>
Consolidated Statement of Changes in Equity for the years ended December 31, 2018, 2017 and 2016	<u>F-9</u>
Consolidated Statements of Cash Flows for the years ended December 31, 2018, 2017 and 2016	<u>F-10</u>
 Brixmor Operating Partnership LP: Consolidated Balance Sheets as of December 31, 2018 and 2017	 <u>F-11</u>
Consolidated Statements of Operations for the years ended December 31, 2018, 2017 and 2016	<u>F-12</u>
Consolidated Statements of Comprehensive Income for the years ended December 31, 2018, 2017 and 2016	<u>F-13</u>
Consolidated Statement of Changes in Capital for the years ended December 31, 2018, 2017 and 2016	<u>F-14</u>
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2 CONSOLIDATED FINANCIAL STATEMENT SCHEDULES

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

(b) Exhibits. The following documents are filed as exhibits to this report:

Exhibit Number	Exhibit Description	Incorporated by Reference			Exhibit Number	Filed Herewith
		Form	File No.	Date of Filing		
<u>3.1</u>	Articles of Incorporation of Brixmor Property Group Inc., dated as of November 4, 2013	8-K	001-36160	11/4/2013	3.1	
<u>3.2</u>	Amended and Restated Bylaws of Brixmor Property Group Inc., dated as of February 28, 2017	8-K	001-36160	3/3/2017	3.1	
<u>3.3</u>	Amended and Restated Certificate of Limited Partnership of Brixmor Operating Partnership LP	10-K	001-36160	3/12/2014	10.7	
<u>3.4</u>	Amended and Restated Agreement of Limited Partnership of Brixmor Operating Partnership LP, dated as of October 29, 2013, by and between Brixmor OP GP LLC, as General Partner, BPG Subsidiary Inc., as Special Limited Partner, and the other limited partners from time to time party thereto	8-K	001-36160	11/4/2013	10.1	
<u>3.5</u>	Amendment No. 1 to the Amended and Restated Limited Partnership Agreement of Brixmor Operating Partnership LP, dated as of October 29, 2013, by and between Brixmor OP GP LLC, as General Partner, and the limited partners from time to time party thereto	8-K	001-36160	11/4/2013	10.2	
<u>3.6</u>	Amendment No. 2 to the Amended and Restated Agreement of Limited Partnership of Brixmor Operating Partnership LP, dated as of March 11, 2014	8-K	001-36160	3/14/2014	10.1	
<u>3.7</u>	Amendment No. 3 to the Amended and Restated Agreement of Limited Partnership of Brixmor Operating Partnership LP, dated as of March 28, 2014	8-K	001-36160	4/3/2014	10.1	
<u>4.1</u>	Indenture, dated January 21, 2015, between Brixmor Operating Partnership LP, as issuer, and The Bank of New York Mellon, as trustee (the “2015 Indenture”)	8-K	001-36160	1/21/2015	4.1	
<u>4.2</u>	First Supplemental Indenture to the 2015 Indenture, dated January 21, 2015, among Brixmor Operating Partnership LP, as issuer, and Brixmor OP GP LLC and BPG Subsidiary Inc., as possible future guarantors, and The Bank of New York Mellon, as trustee	8-K	001-36160	1/21/2015	4.2	
<u>4.3</u>	Second Supplemental Indenture to the 2015 Indenture, dated August 10, 2015, among Brixmor Operating Partnership LP, as issuer, and The Bank of New York Mellon, as trustee	8-K	00-36160	8/10/2015	4.2	
<u>4.4</u>	Third Supplemental Indenture to the 2015 Indenture, dated June 13, 2016, among Brixmor Operating Partnership LP, as issuer, and The Bank of New York Mellon, as trustee	8-K	00-36160	6/13/2016	4.2	

Exhibit Number	Exhibit Description	Incorporated by Reference			Exhibit Number	Filed Herewith
		Form	File No.	Date of Filing		
<u>4.5</u>	Fourth Supplemental Indenture to the 2015 Indenture, dated August 24, 2016, among Brixmor Operating Partnership LP, as issuer, and The Bank of New York Mellon, as trustee	8-K	00-36160	8/24/2016	4.2	
<u>4.6</u>	Fifth Supplemental Indenture to the 2015 Indenture, dated March 8, 2017, among Brixmor Operating Partnership LP, as issuer, and The Bank of New York Mellon, as trustee	8-K	00-36160	3/8/2017	4.2	
<u>4.7</u>	Sixth Supplemental Indenture to the 2015 Indenture, dated June 5, 2017, among Brixmor Operating Partnership LP, as issuer, and The Bank of New York Mellon, as trustee	8-K	00-36160	6/5/2017	4.2	
<u>4.8</u>	Seventh Supplemental Indenture to the 2015 Indenture, dated August 31, 2018, between Brixmor Operating Partnership LP, as issuer, and The Bank of New York Mellon, as trustee	8-K	00-36160	8/28/2018	4.2	
<u>4.9</u>	Indenture, dated as of March 29, 1995, between New Plan Realty Trust and The First National Bank of Boston, as Trustee (the “1995 Indenture”)	S-3	33-61383	7/28/1995	4.2	
<u>4.10</u>	First Supplemental Indenture to the 1995 Indenture, dated as of August 5, 1999, by and among New Plan Realty Trust, New Plan Excel Realty Trust, Inc. and State Street Bank and Trust Company	10-Q	001-12244	11/12/1999	10.2	
<u>4.11</u>	Successor Supplemental Indenture to the 1995 Indenture, dated as of April 20, 2007, by and among Super IntermediateCo LLC and U.S. Bank Trust National Association	10-Q	001-12244	8/9/2007	4.2	
<u>4.12</u>	Third Supplemental Indenture to the 1995 Indenture, dated as of October 30, 2009, by and among Centro NP LLC and U.S. Bank Trust National Association	S-11	333-190002	8/23/2013	4.4	
<u>4.13</u>	Supplemental Indenture to the 1995 Indenture, dated as of October 16, 2014, between Brixmor LLC and U.S. Bank Trust National Association	8-K	001-36160	10/17/2014	4.1	
<u>4.14</u>	Indenture, dated as of February 3, 1999, among the New Plan Excel Realty Trust, Inc., as Primary Obligor, New Plan Realty Trust, as Guarantor, and State Street Bank and Trust Company, as Trustee (the “1999 Indenture”)	8-K	001-12244	2/3/1999	4.1	
<u>4.15</u>	Successor Supplemental Indenture to the 1999 Indenture, dated as of April 20, 2007, by and among Super IntermediateCo LLC, New Plan Realty Trust, LLC and U.S. Bank Trust National Association	10-Q	001-12244	8/9/2007	4.3	

Exhibit Number	Exhibit Description	Incorporated by Reference			Exhibit Number	Filed Herewith
		Form	File No.	Date of Filing		
<u>10.1</u>	Term Loan Agreement, dated March 18, 2014, among Brixmor Operating Partnership LP, as borrower, JPMorgan Chase Bank, N.A., as administrative agent, and the lenders from time to time party thereto (the "Term Loan Agreement")	8-K	001-36160	3/18/2014	10.1	
<u>10.2</u>	Amendment No. 1 to Term Loan Agreement, dated as of February 5, 2015, among Brixmor Operating Partnership LP, as borrower, JPMorgan Chase Bank, N.A., as administrative agent	8-K	001-36160	2/9/2015	10.2	
<u>10.3</u>	Amendment No. 2 to Term Loan Agreement, dated as of July 25, 2016, among Brixmor Operating Partnership LP, as borrower, JPMorgan Chase Bank, N.A., as administrative agent, and the lenders party thereto	10-Q	001-36160	7/25/2016	10.6	
<u>10.4</u>	Amended and Restated Term Loan Agreement, dated as of December 12, 2018, among Brixmor Operating Partnership LP, as borrower, JPMorgan Chase Bank, N.A., as administrative agent, and the lenders from time to time party thereto	—	—	—	—	x
<u>10.5</u>	Loan Agreement, dated as of July 28, 2010, by and among Centro NP New Garden SC Owner, LLC, Centro NP Clark, LLC, Centro NP Hamilton Plaza Owner, LLC, Centro NP Holdings 11 SPE, LLC, Centro NP Holdings 12 SPE, LLC, Centro NP Atlantic Plaza, LLC, Centro NP 23rd Street Station Owner, LLC, Centro NP Coconut Creek Owner, LLC, Centro NP Seminole Plaza Owner, LLC, Centro NP Ventura Downs Owner, LLC, Centro NP Augusta West Plaza, LLC, Centro NP Banks Station, LLC, Centro NP Laurel Square Owner, LLC, Centro NP Middletown Plaza Owner, LLC, Centro NP Miracle Mile, LLC, Centro NP Ridgeview, LLC, Centro NP Surrey Square Mall, LLC, Centro NP Covington Gallery Owner, LLC, Centro NP Stone Mountain, LLC, Centro NP Greentree SC, LLC, Centro NP Arbor Faire Owner, LP, Centro NP Holdings 10 SPE, LLC, HK New Plan Festival Center (IL), LLC and JPMorgan Chase Bank, N.A., as lender	S-11	333-190002	8/23/2013	10.9	
<u>10.6</u>	Guaranty, dated as of July 28, 2010, made by Centro NP LLC for the benefit of JPMorgan Chase Bank, N.A., as lender (regarding Loan Agreement with Centro NP New Garden SC Owner, LLC, et al.)	S-11	333-190002	8/23/2013	10.10	

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Exhibit Number	Exhibit Description	Incorporated by Reference			
		Form	File No.	Date of Filing	Exhibit Number Filed Herewith
<u>10.7</u>	Senior Mezzanine Loan Agreement, dated as of July 28, 2010, by and among Centro NP New Garden Mezz 1, LLC, Centro NP Senior Mezz Holding, LLC and JPMorgan Chase Bank, N.A., as lender	S-11	333-190002	8/23/2013	10.11
<u>10.8</u>	Senior Mezzanine Guaranty, dated as of July 28, 2010, made by Centro NP LLC for the benefit of JPMorgan Chase Bank, N.A., as lender	S-11	333-190002	8/23/2013	10.12
<u>10.9</u>	Omnibus Amendment to the Mezzanine Loan Documents, dated as of September 1, 2010, by and among Centro NP New Garden Mezz 1, LLC, Centro NP Senior Mezz Holding, LLC and JPMorgan Chase Bank, N.A., as lender	S-11	333-190002	8/23/2013	10.13
<u>10.10</u>	Loan Agreement, dated as of July 28, 2010, by and between Centro NP Roosevelt Mall Owner, LLC and JPMorgan Chase Bank, N.A., as lender	S-11	333-190002	8/23/2013	10.14
<u>10.11</u>	Guaranty, dated as of July 28, 2010, made by Centro NP LLC for the benefit of JPMorgan Chase Bank, N.A., as lender (regarding Loan Agreement with Centro NP Roosevelt Mall Owner, LLC)	S-11	333-190002	8/23/2013	10.15
<u>10.12*</u>	2013 Omnibus Incentive Plan	S-11	333-190002	9/23/2013	10.18
<u>10.13*</u>	Form of Director and Officer Indemnification Agreement	S-11	333-190002	8/23/2013	10.19
<u>10.14*</u>	Employment Agreement, dated November 1, 2011, between BPG Subsidiary Inc. and Steven F. Siegel	S-11	333-190002	8/23/2013	10.23
<u>10.15*</u>	Form of Brixmor Property Group Inc. Restricted Stock Grant and Acknowledgment	S-11	333-190002	10/4/2013	10.26
<u>10.16*</u>	Form of Director Restricted Stock Award Agreement	S-11	333-190002	10/4/2013	10.30
<u>10.17*</u>	Form of Restricted Stock Unit Agreement	10-Q	001-36160	4/26/2016	10.6
<u>10.18*</u>	Form of Brixmor Property Group Inc. Restricted Stock Unit Agreement (TRSUs, PRSUs, and OPRSUs)	8-K	001-36160	3/6/2018	10.1
<u>10.19*</u>	Employment Agreement, dated April 12, 2016 by and between Brixmor Property Group Inc. and James M. Taylor	10-Q	001-36160	7/25/2016	10.1
<u>10.20*</u>	Employment Agreement, dated April 26, 2016, by and between Brixmor Property Group Inc. and Angela Aman	10-Q	001-36160	7/25/2016	10.2
<u>10.21*</u>	Employment Agreement, dated May 11, 2016 by and between Brixmor Property Group Inc. and Mark T. Horgan	10-K	001-36160	2/13/2017	10.22
<u>10.22*</u>	Employment Agreement, dated December 5, 2014 by and between Brixmor Property Group Inc. and Brian T. Finnegan	10-K	001-36160	2/13/2017	10.23

Exhibit Number	Exhibit Description	Incorporated by Reference			
		Form	File No.	Date of Filing	Exhibit Number Filed Herewith
<u>10.23</u>	Amended and Restated Revolving Credit and Term Loan Agreement, dated as of July 25, 2016, among Brixmor Operating Partnership LP, as borrower, JPMorgan Chase Bank, N.A., as administrative agent, and the lenders party thereto	10-Q	001-36160	7/25/2016	10.5
<u>10.24</u>	Term Loan Agreement, dated as of July 28, 2017, among Brixmor Operating Partnership LP, as borrower, Wells Fargo Bank, National Association, as administrative agent, and the lenders party thereto (the “2017 Term Loan Agreement”)	8-K	001-36160	7/31/2017	10.1
<u>10.25</u>	Amendment No. 1 to the 2017 Term Loan Agreement, dated December 12, 2018, among Brixmor Operating Partnership LP, as borrower, Wells Fargo Bank, National Association, as administrative agent, and the lenders party thereto	—	—	—	— x
<u>10.26</u>	Second Amended and Restated Revolving Credit and Term Loan Agreement, dated as of December 12, 2018, among Brixmor Operating Partnership LP, as borrower, JPMorgan Chase Bank, N.A., as administrative agent, and the lenders party thereto	—	—	—	— x
<u>21.1</u>	Subsidiaries of the Brixmor Property Group Inc.	—	—	—	— x
<u>21.1</u>	Subsidiaries of the Brixmor Operating Partnership LP	—	—	—	— x
<u>23.1</u>	Consent of Deloitte & Touche LLP for Brixmor Property Group Inc.	—	—	—	— x
<u>23.2</u>	Consent of Deloitte & Touche LLP for Brixmor Operating Partnership LP	—	—	—	— x
<u>31.1</u>	Brixmor Property Group Inc. Certification of Chief Executive Officer pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	—	—	—	— x
<u>31.2</u>	Brixmor Property Group Inc. Certification of Chief Financial Officer pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934 as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	—	—	—	— x
<u>31.3</u>	Brixmor Operating Partnership LP Certification of Chief Executive Officer pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	—	—	—	— x

Exhibit Number	Exhibit Description	Incorporated by Reference				
		Form	File No.	Date of Filing	Exhibit Number	Filed Herewith
<u>31.4</u>	Brixmor Operating Partnership LP Certification of Chief Financial Officer pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934 as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	—	—	—	—	x
<u>32.1</u>	Brixmor Property Group Inc. Certification of Chief Executive Officer and Chief Financial Officer Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	—	—	—	—	x
<u>32.2</u>	Brixmor Operating Partnership LP Certification of Chief Executive Officer and Chief Financial Officer Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	—	—	—	—	x
<u>99.1</u>	Property List	—	—	—	—	x
101.INS	XBRL Instance Document	—	—	—	—	x
101.SCH	XBRL Taxonomy Extension Schema Document	—	—	—	—	x
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document	—	—	—	—	x
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document	—	—	—	—	x
101.LAB	XBRL Taxonomy Extension Label Linkbase Document	—	—	—	—	x
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document	—	—	—	—	x

* Indicates management contract or compensatory plan or arrangement.

The agreements and other documents filed as exhibits to this report are not intended to provide factual information or other disclosure other than with respect to the terms of the agreements or other documents themselves, and you should not rely on them for that purpose. In particular, any representations and warranties made by us in these agreements or other documents were made solely within the specific context of the relevant agreement or document and may not describe the actual state of affairs as of the date they were made or at any other time.

Item 16. Form 10-K Summary

None.

SIGNATURES

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

BRIXMOR PROPERTY GROUP INC.

Date: February 11, 2019 By: /s/ James M. Taylor
James M. Taylor
Chief Executive Officer and President
(Principal Executive Officer)

BRIXMOR OPERATING
PARTNERSHIP LP

Date: February 11, 2019 By: /s/ James M. Taylor
James M. Taylor
Chief Executive Officer and President
(Principal Executive Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Date: February 11, 2019 By: /s/ James M. Taylor
James M. Taylor
Chief Executive Officer and President
(Principal Executive Officer, Director, Sole Director of Sole Member of General Partner of Operating Partnership)

Date: February 11, 2019 By: /s/ Angela Aman
Angela Aman
Chief Financial Officer
(Principal Financial Officer)

Date: February 11, 2019 By: /s/ Steven Gallagher
Steven Gallagher
Chief Accounting Officer
(Principal Accounting Officer)

Date: February 11, 2019 By: /s/ John G. Schreiber
John G. Schreiber
Chairman of the Board of Directors

Date: February 11, 2019 By: /s/ Michael Berman
Michael Berman
Director

By: /s/ Sheryl M. Crosland

Date: February 11,
2019

Sheryl M. Crosland
Director

Date: February 11,
2019

By:/s/ Thomas W. Dickson

Thomas W. Dickson
Director

Date: February 11,
2019

By:/s/ Daniel B. Hurwitz

Daniel B. Hurwitz
Director

Date: February 11,
2019

By:/s/ William D. Rahm

William D. Rahm
Director

Date: February 11,
2019

By:/s/ Gabrielle Sulzberger

Gabrielle Sulzberger
Director

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AND
FINANCIAL STATEMENT SCHEDULES

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2 CONSOLIDATED FINANCIAL STATEMENT SCHEDULES

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

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and the Board of Directors of Brixmor Property Group Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Brixmor Property Group Inc. and Subsidiaries (the "Company") as of December 31, 2018 and 2017, the related consolidated statements of operations, comprehensive income, changes in equity, and cash flows, for each of the three years in the period ended December 31, 2018, and the related notes and the schedules listed in the Index at Item 15 (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2018 and 2017, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2018, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2018, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 11, 2019, expressed an unqualified opinion on the Company's internal control over financial reporting.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB. We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ DELOITTE & TOUCHE LLP

New York, New York
February 11, 2019

We have served as the Company's auditor since 2015.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and the Board of Directors of Brixmor Property Group Inc.

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of Brixmor Property Group Inc. and Subsidiaries (the “Company”) as of December 31, 2018, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2018, based on criteria established in Internal Control - Integrated Framework (2013) issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the financial statements as of and for the year ended December 31, 2018], of the Company and our report dated February 11, 2019, expressed an unqualified opinion on those financial statements.

Basis for Opinion

The Company’s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management’s Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company’s internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB. We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company’s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

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

/s/ DELOITTE & TOUCHE LLP

New York, New York
February 11, 2019

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Partners and the Board of Directors of Brixmor Operating Partnership LP

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Brixmor Operating Partnership LP and Subsidiaries (the "Operating Partnership") as of December 31, 2018 and 2017, the related consolidated statements of operations, comprehensive income, changes in capital, and cash flows, for each of the three years in the period ended December 31, 2018, and the related notes and the schedules listed in the Index at Item 15 (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Operating Partnership as of December 31, 2018 and 2017, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2018, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Operating Partnership's internal control over financial reporting as of December 31, 2018, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 11, 2019, expressed an unqualified opinion on the Operating Partnership's internal control over financial reporting.

Basis for Opinion

These financial statements are the responsibility of the Operating Partnership's management. Our responsibility is to express an opinion on the Operating Partnership's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Operating Partnership in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ DELOITTE & TOUCHE LLP

New York, New York

February 11, 2019

We have served as the Operating Partnership's auditor since 2015.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Partners and the Board of Directors of Brixmor Operating Partnership LP

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of Brixmor Operating Partnership LP and Subsidiaries (the "Operating Partnership") as of December 31, 2018, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Operating Partnership maintained, in all material respects, effective internal control over financial reporting as of December 31, 2018, based on criteria established in Internal Control - Integrated Framework (2013) issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the financial statements as of and for the year ended December 31, 2018], of the Operating Partnership and our report dated February 11, 2019, expressed an unqualified opinion on those financial statements.

Basis for Opinion

The Operating Partnership's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Operating Partnership's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Operating Partnership in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

/s/ DELOITTE & TOUCHE LLP

New York, New York
February 11, 2019

BRIXMOR PROPERTY GROUP INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(in thousands, except share information)

	December 31, 2018	December 31, 2017
Assets		
Real estate		
Land	\$ 1,804,504	\$ 1,984,309
Buildings and improvements	8,294,273	8,937,182
	10,098,777	10,921,491
Accumulated depreciation and amortization	(2,349,127)	(2,361,070)
Real estate, net	7,749,650	8,560,421
Cash and cash equivalents	41,745	56,938
Restricted cash	9,020	53,839
Marketable securities	30,243	28,006
Receivables, net of allowance for doubtful accounts of \$21,724 and \$17,205	228,297	232,111
Deferred charges and prepaid expenses, net	145,662	147,508
Real estate assets held for sale	2,901	27,081
Other assets	34,903	48,022
Total assets	\$ 8,242,421	\$ 9,153,926
Liabilities		
Debt obligations, net	\$ 4,885,863	\$ 5,676,238
Accounts payable, accrued expenses and other liabilities	520,459	569,340
Total liabilities	5,406,322	6,245,578
Commitments and contingencies (Note 14)	—	—
Equity		
Common stock, \$0.01 par value; authorized 3,000,000,000 shares; 305,130,472 and 304,947,144 shares issued and 298,488,516	2,985	3,046

and 304,620,186 shares
outstanding

Additional paid-in capital	3,233,329		3,330,466	
Accumulated other comprehensive income	15,973		24,211	
Distributions in excess of net income	(416,188)	(449,375)
Total equity	2,836,099		2,908,348	
Total liabilities and equity	\$	8,242,421	\$	9,153,926

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

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BRIXMOR PROPERTY GROUP INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share data)

	Year Ended December 31,		
	2018	2017	2016
Revenues			
Rental income	\$956,090	\$997,089	\$998,118
Expense reimbursements	271,671	278,636	270,548
Other revenues	6,579	7,455	7,106
Total revenues	1,234,340	1,283,180	1,275,772
Operating expenses			
Operating costs	136,217	136,092	133,429
Real estate taxes	177,401	179,097	174,487
Depreciation and amortization	352,245	375,028	387,302
Provision for doubtful accounts	10,082	5,323	9,182
Impairment of real estate assets	53,295	40,104	5,154
General and administrative	93,596	92,247	92,248
Total operating expenses	822,836	827,891	801,802
Other income (expense)			
Dividends and interest	519	365	542
Interest expense	(215,025)	(226,660)	(226,671)
Gain on sale of real estate assets	209,168	68,847	35,613
Gain (loss) on extinguishment of debt, net	(37,096)	498	(832)
Other	(2,786)	(2,907)	(4,957)
Total other expense	(45,220)	(159,857)	(196,305)
Income before equity in income of unconsolidated joint venture	366,284	295,432	277,665
Equity in income of unconsolidated joint venture	—	381	477
Gain on disposition of unconsolidated joint venture interest	—	4,556	—
Net income	366,284	300,369	278,142
Net income attributable to non-controlling interests	—	(76)	(2,514)
Net income attributable to Brixmor Property Group Inc.	366,284	300,293	275,628
Preferred stock dividends	—	(39)	(150)
Net income attributable to common stockholders	\$366,284	\$300,254	\$275,478
Per common share:			
Net income attributable to common stockholders:			
Basic	\$1.21	\$0.98	\$0.91
Diluted	\$1.21	\$0.98	\$0.91
Weighted average shares:			
Basic	302,074	304,834	301,601
Diluted	302,339	305,281	305,060

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

BRIXMOR PROPERTY GROUP INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(in thousands)

	Year Ended December 31,		
	2018	2017	2016
Net income	\$366,284	\$300,369	\$278,142
Other comprehensive income (loss)			
Change in unrealized gain (loss) on interest rate swaps, net (Note 6)	(8,361)	2,815	24,042
Change in unrealized gain (loss) on marketable securities	123	(123)	(14)
Total other comprehensive income (loss)	(8,238)	2,692	24,028
Comprehensive income	358,046	303,061	302,170
Comprehensive income attributable to non-controlling interests	—	(76)	(2,514)
Comprehensive income attributable to common stockholders	\$358,046	\$302,985	\$299,656

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

BRIXMOR PROPERTY GROUP INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(in thousands, except per share data)

	Common Stock			Accumulated			
	Number	Amount	Additional Paid-in Capital	Other Comprehensive Income (Loss)	Distributions in Excess of Net Income	Non-controlling Interests	Total
Beginning balance, January 1, 2016	299,138	\$2,991	\$3,270,246	\$ (2,509)	\$ (400,945)	\$ 50,519	\$2,920,302
Common stock dividends (\$0.995 per common share)	—	—	—	—	(301,235)	—	(301,235)
Distributions to non-controlling interests	—	—	—	—	—	(2,403)	(2,403)
Equity based compensation expense	—	—	11,478	—	—	91	11,569
Preferred stock dividends	—	—	—	—	—	(150)	(150)
Issuance of common stock and OP Units	229	2	(1,395)	—	—	1,604	211
Other comprehensive income	—	—	—	24,028	—	—	24,028
Conversion of OP Units into common stock	4,976	50	47,849	—	—	(47,899)	—
Shared-based awards retained for taxes	—	—	(3,304)	—	—	—	(3,304)
Net income	—	—	—	—	275,628	2,514	278,142
Ending balance, December 31, 2016	304,343	3,043	3,324,874	21,519	(426,552)	4,276	2,927,160
Common stock dividends (\$1.055 per common share)	—	—	—	—	(322,475)	—	(322,475)
Equity based compensation expense	—	—	10,474	—	—	3	10,477
Preferred stock dividends	—	—	—	—	(641)	(648)	(1,289)
Other comprehensive income	—	—	—	2,692	—	—	2,692
Issuance of common stock and OP Units	201	6	—	—	—	(6)	—
Repurchases of common stock	(327)	(3)	(5,869)	—	—	—	(5,872)
Share-based awards retained for taxes	—	—	(2,714)	—	—	—	(2,714)
Conversion of OP Units into common stock	403	—	3,701	—	—	(3,701)	—
Net income	—	—	—	—	300,293	76	300,369
Ending balance, December 31, 2017	304,620	3,046	3,330,466	24,211	(449,375)	—	2,908,348
Common stock dividends (\$1.105 per common share)	—	—	—	—	(333,097)	—	(333,097)

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Equity based compensation expense	—	—	9,378	—	—	—	9,378
Other comprehensive loss	—	—	—	(8,238)	—	(8,238)
Issuance of common stock and OP Units	184	2	—	—	—	—	2
Repurchases of common stock	(6,315)	(63)	(104,637				