

Brixmor Property Group Inc.
Form S-11/A
June 23, 2014
Table of Contents

As filed with the Securities and Exchange Commission on June 23, 2014

Registration No. 333-196288

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Amendment No. 2

to

FORM S-11

FOR REGISTRATION UNDER THE SECURITIES ACT OF 1933
OF SECURITIES OF CERTAIN REAL ESTATE COMPANIES

Brixmor Property Group Inc.

(Exact name of registrant as specified in governing instruments)

Brixmor Property Group Inc.

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(Address, including zip code, and telephone number,
including area code, of registrant's principal executive offices)

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Approximate date of commencement of proposed sale to the public: As soon as is practicable after this Registration Statement becomes effective.

If any of the Securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act, check the following box. "

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

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If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If delivery of the prospectus is expected to be made pursuant to Rule 434, check the following box. "

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer "

Accelerated filer "

Non-accelerated filer (Do not check if a smaller reporting company)

Smaller reporting company "

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

Table of Contents

The information in this preliminary prospectus is not complete and may be changed. The selling stockholders may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell nor does it seek an offer to buy these securities in any jurisdiction where the offer or sale thereof is not permitted.

Subject to Completion

Preliminary Prospectus dated June 23, 2014

PRELIMINARY PROSPECTUS

25,000,000 Shares

Brixmor Property Group Inc.

Common Stock

The selling stockholders named in this prospectus are offering 25,000,000 shares of our common stock. We will not receive any proceeds from the sale of our common stock by the selling stockholders.

Our common stock is listed on The New York Stock Exchange (the "NYSE") under the symbol "BRX". On June 20, 2014 the last sale price of our common stock as reported on the NYSE was \$22.34 per share.

We have elected to qualify as a real estate investment trust ("REIT") for U.S. federal income tax purposes. Shares of our common stock are subject to limitations on ownership and transfer that are primarily intended to assist us in maintaining our qualification as a REIT. Our charter contains certain restrictions relating to the ownership and transfer of our common stock, including, subject to certain exceptions, a 9.8% limit, in value or by number of shares, whichever is more restrictive, on the ownership of outstanding shares of our common stock and a 9.8% limit, in value, on the ownership of shares of our outstanding stock. See "Description of Stock Restrictions on Ownership and Transfer."

See Risk Factors beginning on page 20 to read about factors you should consider before buying shares of common stock.

Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the accuracy of this prospectus. Any representation to the contrary is a criminal offense.

	Per Share	Total
Public offering price	\$	\$
Underwriting discount (1)	\$	\$
Proceeds, before expenses, to selling stockholders	\$	\$

(1) Please see the section entitled "Underwriting" for a complete description of the compensation payable to the underwriters. To the extent that the underwriters sell more than 25,000,000 shares of common stock, the underwriters have the option to purchase up to an additional 3,750,000 shares from the selling stockholders at the public offering price less the underwriting discount.

The underwriters expect to deliver the shares against payment in New York, New York on _____, 2014.

BofA Merrill Lynch

Citigroup

J.P. Morgan

Wells Fargo Securities

Barclays

Deutsche Bank Securities

RBC Capital Markets

UBS Investment Bank

PNC Capital Markets LLC

Mitsubishi UFJ Securities

SunTrust Robinson Humphrey

Baird

Piper Jaffray

**KeyBanc Capital Markets
Prospectus dated**

**Evercore
, 2014.**

Telsey Advisory Group

Table of Contents

Table of Contents**TABLE OF CONTENTS**

	Page
<u>Summary</u>	1
<u>Risk Factors</u>	20
<u>Forward-Looking Statements</u>	20
<u>Market and Industry Data</u>	20
<u>Use of Proceeds</u>	21
<u>Capitalization</u>	22
<u>Market Price of Our Common Stock</u>	23
<u>Management</u>	24
<u>Policies With Respect to Certain Activities</u>	30
<u>Principal and Selling Stockholders</u>	33
<u>Description of Stock</u>	35
<u>Material Provisions of Maryland Law and of Our Charter and Bylaws</u>	39
<u>Description of the Partnership Agreement of Brixmor Operating Partnership LP</u>	47
<u>Material United States Federal Income Tax Considerations</u>	51
<u>Underwriting</u>	74
<u>Legal Matters</u>	81
<u>Experts</u>	81
<u>Where You Can Find More Information</u>	81
<u>Information Incorporated by Reference</u>	82

You should rely only on the information contained or incorporated by reference in this prospectus or in any free writing prospectus we may authorize to be delivered to you. None of us, the selling stockholders, or the underwriters have authorized anyone to provide you with additional or different information. The selling stockholders and the underwriters are offering to sell, and seeking offers to buy, our shares only in jurisdictions where offers and sales thereof are permitted. The information contained in or incorporated by reference in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or any sale of our shares.

Except where the context requires otherwise, references in this prospectus to Brixmor, we, our, us and the company refer to Brixmor Property Group Inc., together with its consolidated subsidiaries. References to our common stock refer to the common stock, \$0.01 par value per share, of Brixmor Property Group Inc.

In connection with our November 2013 initial public offering (the IPO), certain investment funds affiliated with The Blackstone Group L.P. (together with such affiliates, Blackstone or our Sponsor) contributed interests in 43 properties (the Acquired Properties) to us in exchange for OP Units (as defined below) having a value equivalent to the value of the Acquired Properties, and we transferred to our Sponsor or otherwise disposed on behalf of our Sponsor interests in 47 properties that were historically held in our portfolio (the Non-Core Properties). We refer to these contributions and transfers or disposals as the IPO Property Transfers and to the properties we owned after giving effect to the IPO Property Transfers as our IPO Portfolio. Unless the context requires otherwise, when describing our portfolio of properties throughout this prospectus, we are referring to our IPO Portfolio. Throughout this prospectus, Same Property Portfolio refers to all properties in the IPO Portfolio that we owned on February 28, 2011, when our Sponsor agreed to acquire us (the Sponsor Contract Date), and that we continue to own as of the date of this prospectus. The Same Property Portfolio does not include any of the Acquired Properties or the Non-Core Properties.

We refer to shares of our common stock, shares (BPG Subsidiary Shares) of common stock of BPG Subsidiary Inc. (BPG Subsidiary) and common units of partnership interest (OP Units) in Brixmor Operating Partnership LP (our Operating Partnership), collectively, as Brixmor

Interests. We use the term Outstanding

Table of Contents

BPG Subsidiary Shares to refer to the BPG Subsidiary Shares held by persons other than Brixmor Property Group Inc. and to the term Outstanding OP Units to refer to the OP Units not held by Brixmor Property Group Inc., BPG Subsidiary or its wholly-owned subsidiary. We use the term Outstanding Brixmor Interests to refer, collectively, to the outstanding shares of our common stock, the Outstanding BPG Subsidiary Shares and the Outstanding OP Units.

In this prospectus:

annualized base rent, or ABR, as of a specified date means monthly base rent as of such date, under leases which have been signed or commenced as of the specified date multiplied by 12. Annualized base rent (i) excludes tenant reimbursements or expenses borne by the tenants, such as the expenses for real estate taxes and insurance and common area and other operating expenses, (ii) does not reflect amounts due per percentage rent lease terms, (iii) is calculated on a cash basis and differs from how rent is calculated in accordance with generally accepted accounting principles in the United States of America (GAAP) for purposes of financial statements and (iv) does not include any ancillary income at a property;

ABR per sq. ft., or ABR/SF, is calculated as ABR divided by leased GLA, excluding ground leases;

blended lease spreads means combined spreads for new and renewal leases (including exercised options) on comparable leases;

community shopping center means a shopping center that meets the International Council of Shopping Centers (ICSC) definition of community center. ICSC generally defines a community center as a shopping center with general merchandise or convenience-oriented merchandise. Although similar to a neighborhood center (as defined below), a community shopping center offers a wider range of apparel and other soft goods than a neighborhood center. Community centers range from 125,000 to 400,000 sq. ft. in GLA and are usually configured in a straight line as a strip and are commonly anchored by discount stores, supermarkets, drugstores and large specialty discount stores;

comparable leases include only those spaces that were occupied within the prior 12 months;

gross leasable area, or GLA, represents the total amount of property square footage that can generate income by being leased to tenants;

leased GLA includes the aggregate GLA of all leases in effect on a given date, including those that are fully executed but as to which the tenant has not yet opened for business and/or not yet commenced the payment of rent;

LIBOR means London Interbank Offered Rate;

Metropolitan Statistical Area, or MSA, is defined by the United States Office of Management and Budget (OMB) as a region associated with at least one urbanized area that has a population of at least 50,000 and comprises the central county or counties containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting;

neighborhood shopping center means a shopping center that meets ICSC s definition of neighborhood center. ICSC generally defines a neighborhood center as a shopping center with offerings that are convenience-oriented. Neighborhood centers range from 30,000 to 125,000 sq. ft. in GLA and are generally anchored by a supermarket;

net operating income, or NOI, is calculated as total property revenues (minimum rent, percentage rents, and recoveries from tenants and other income) less direct property operating expenses (operating and maintenance and real estate taxes) from the properties owned by us. NOI excludes corporate level income (including management, transaction, and other fees). NOI is a supplemental, non-GAAP measure utilized to evaluate the operating performance of real estate companies and is frequently used by securities analysts, investors and other interested parties in understanding business and operating results regarding the underlying economics of our business operations. NOI is not intended to be a

Table of Contents

performance measure that should be regarded as an alternative to, or more meaningful than, net income (determined in accordance with GAAP) or other GAAP financial measures. Non-GAAP financial 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 to financial results presented in accordance with GAAP. Computation of NOI may differ in certain respects from the methodology utilized by other REITs and, therefore, may not be comparable to such other REITs. See Summary Summary Financial and Other Data for additional information;

new lease spreads mean spreads on only those spaces that were occupied within the prior 12 months;

NOI yield is calculated as projected NOI over incremental cost of a given anchor space repositioning / redevelopment project;

occupancy or percent leased, in reference to percentage of GLA that is leased, includes lease agreements that have been signed but not yet commenced;

PSF means per square foot (sq. ft.) of GLA;

redevelopment properties are larger scale projects that typically involve substantial demolition of a portion of a shopping center to accommodate one or more new retailers. These projects typically involve new construction and site infrastructure costs;

renewal leases includes expiring leases renewed with the same tenant or the exercise of options by tenants to extend the term of expiring leases. All other leases are categorized as new;

renewal lease spreads mean spreads on leases rolling over with the same tenant in the same location;

rent growth is calculated as ABR in the final year of the lease compared to ABR in the first year of the new lease, and includes all leases in effect, including those that have been signed but not yet commenced;

same property net operating income, or same property NOI, is calculated (using properties owned as of the end of both reporting periods and for the entirety of both periods excluding properties classified as discontinued operations), as rental income (minimum rent, percentage rents, tenant recoveries and other property income) less rental operating expenses (property operating expenses, real estate taxes and bad debt expense) of the properties owned by us. Same property NOI excludes corporate level income (including transaction and other fees), lease termination income, straight-line rent and amortization of above and below-market leases of the same property pool from the prior year reporting period to the current year reporting period. Same property NOI is a supplemental, non-GAAP financial measure utilized to evaluate the operating performance of real estate companies and is frequently used by securities analysts, investors and other interested parties in understanding business and operating results regarding the underlying economics of our business operations. It includes only the net operating income of properties owned for the full period presented, which eliminates disparities in net income due to the acquisition or disposition of properties during the period presented, and therefore, provides a more consistent metric for comparing the performance of properties. Management uses same property NOI to review operating results for comparative purposes with respect to previous periods or forecasts, and also to evaluate future prospects. Same property NOI is not intended to be a performance measure that should be regarded as an alternative to, or more meaningful than, net income (determined in accordance with GAAP) or other GAAP financial measures. Non-GAAP financial 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 to financial results presented in accordance with GAAP. Computation of same property NOI may differ in certain respects from the methodology utilized by other REITs and, therefore, may not be comparable to such other REITs. See Summary Summary Financial and Other Data for more information regarding our use of same property NOI; and

small shop space means space of less than 10,000 sq. ft. of GLA.

The sums or percentages, as applicable, of certain tables and charts included in this prospectus may not foot due to rounding.

Table of Contents

SUMMARY

This summary does not contain all of the information that you should consider before investing in shares of our common stock. You should read this entire prospectus and the documents incorporated by reference herein carefully before making an investment decision, especially the risks discussed under Risk Factors and our financial statements and the related notes which are incorporated by reference herein, before you decide to invest in shares of our common stock.

Brixmor

Brixmor is an internally-managed REIT that owns and operates the largest wholly-owned portfolio of grocery-anchored community and neighborhood shopping centers in the United States. Our IPO Portfolio is comprised of 522 shopping centers totaling approximately 87 million sq. ft. of gross leasable area (GLA). 521 of these shopping centers are 100% owned. Our high quality national portfolio is well diversified by geography, tenancy and retail format, with 70% of our shopping centers anchored by market-leading grocers. Our four largest tenants by annualized base rent (ABR) are The Kroger Co. (Kroger), The TJX Companies, Inc. (TJX Companies), Wal-Mart Stores, Inc. (Walmart) and Publix Super Markets, Inc. (Publix). Our community and neighborhood shopping centers provide a mix of necessity and value-oriented retailers and are primarily located in the top 50 Metropolitan Statistical Areas (MSAs), surrounded by dense populations in established trade areas. Our company is led by a proven management team that is supported by a fully-integrated, scalable retail real estate operating platform.

A number of trends and factors have driven, and we believe will continue to drive, our internal growth. Since February 28, 2011, when our Sponsor agreed to acquire us (the Sponsor Contract Date), for our Same Property Portfolio we have:

increased occupancy for 13 consecutive quarters on a year-over-year basis to 92.4% at March 31, 2014;

increased our total ABR for 31 consecutive months through March 2014;

executed 2,180 new leases for approximately 10.8 million sq. ft. of GLA;

achieved positive new and renewal lease spreads over each of the past 13 quarters, including 30% and 8%, respectively, in the twelve months ended March 31, 2014, and three consecutive quarters of blended spreads of 10.5% or better; and

realized same property net operating income (NOI) growth for our Same Property Portfolio of 4.0% for the year ended December 31, 2013 and 3.8% for the three months ended March 31, 2014, in each case in comparison to the corresponding prior year period.

Additional information regarding same property NOI of our Same Property Portfolio, including a reconciliation of same property NOI of our Same Property Portfolio to net income (loss), is included below in Summary Financial and Other Data.

We believe that our IPO Portfolio provides us with further opportunity for meaningful NOI growth over the coming years and that the key drivers of this growth will be a combination of occupancy increases across both our anchor (spaces of greater than or equal to 10,000 sq. ft. of GLA) and small shop (spaces of less than 10,000 sq. ft. of GLA) space, positive rent spreads from below-market in-place rents and significant near-term lease rollover, through annual contractual rent increases across the portfolio and the realization of embedded anchor space repositioning / redevelopment opportunities.

Our Shopping Centers

Since the Sponsor Contract Date, we have improved the overall operating performance of our portfolio and have also significantly enhanced the quality of our shopping center portfolio through the IPO Property Transfers, other divestitures of other non-core assets, proactive leasing strategies and anchor space repositioning / redevelopment.

Table of Contents

The following table provides summary information regarding our IPO Portfolio as of March 31, 2014.

Summary of IPO Portfolio

Number of shopping centers	522
Gross leasable area (sq. ft.)	86.7 million
Percent grocery-anchored shopping centers (1)	70%
Average shopping center GLA (sq. ft.)	166,100
Occupancy	92%
Average ABR/SF	\$ 12.01
Percent of ABR in top 50 U.S. MSAs	65%
Percent of grocer anchors that are #1 or #2 in their respective markets (2)	77%
Average sales per square foot of GLA (PSF) of reporting grocers (3)	\$ 525
Average population density (4)	183,000
Average household income (4)	\$ 79,000

- (1) Based on total number of shopping centers.
- (2) References in this prospectus or in documents incorporated by reference to grocer anchors that are #1 or #2 are based on a combination of industry sources and management estimates of market share in these grocers' respective markets and include all grocers identified by management as specialty grocers. Of the 292 of 377 total grocer anchors that we have identified as #1 or #2, 170 (58%) are identified as having #1 or #2 market share by industry sources, 100 (34%) are specialty grocers and the remaining 22 (8%) are identified as having #1 or #2 market share based on management estimates where the industry sources utilized did not cover the relevant markets. Grocers that operate within a market under a shared banner but are owned by different parent companies and grocers that operate within a market under different banners but share a parent company are grouped as a single grocer.
- (3) Based on the most recent tenant reported information available as of May 27, 2014. Reporting grocers represent 75% (282 of 377) of total grocers. We believe average sales PSF of reporting grocers is representative of the average sales PSF of total grocers, which include 25% (95 of 377) of total grocers that are not required by the terms of their leases to report sales data to us.
- (4) Demographics based on five-mile radius and weighted by ABR. Based on U.S. Census data.

Developments Since Our Initial Public Offering

Since completing our IPO on November 4, 2013, we continued to take steps to strengthen and reposition our balance sheet, including extending our debt duration and continuing our transition from a secured to unsecured debt financing model. By unencumbering properties, we are increasing our operational efficiency and enabling additional asset management flexibility. In January 2014, we repurchased \$57.7 million aggregate principal amount of senior unsecured notes issued by one of our subsidiaries pursuant to a put repurchase right. In March 2014, we entered into a new \$600.0 million unsecured term loan facility (the Term Loan Facility). Net proceeds from the Term Loan Facility were used to pay down \$597.0 million of the outstanding balance under our \$2.75 billion unsecured credit facility (the Unsecured Credit Facility). By March 31, 2014, we had increased our unencumbered asset pool to 48.5% of our properties from 39.5% at December 31, 2013. As a result of these actions, as well as additional transactions during 2013, including our IPO, on May 13, 2014, our Operating Partnership received an investment grade credit rating from one of the major credit rating agencies. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time.

Competitive Strengths

We believe the following strengths of our company differentiate us from other owners and operators of shopping centers in the United States and position us to execute on our business plan and growth strategies:

Pure Play, Wholly-Owned Portfolio Without Legacy Issues. We constructed our IPO Portfolio through sales of shopping centers and the distribution of non-core assets, as well as the strategic selection of the Acquired

Table of Contents

Properties, with the goal of creating a portfolio that is (1) wholly-owned, (2) domestic only and (3) comprised of a single asset class of community and neighborhood shopping centers. Assets were selected for our IPO Portfolio based on growth potential, trade area and overall operating synergies.

In connection with our IPO, our Sponsor contributed 43 shopping centers to our IPO Portfolio, which have been managed by us since being acquired by our Sponsor in 2011 and 2012. These properties are located in markets where we already have a significant presence. The Acquired Properties are characterized by high average occupancies and high ABR/SF and are 86% grocery-anchored, including 20 Publix-anchored shopping centers. The following chart provides summary statistics of our IPO Portfolio and the portfolios that comprise it: (1) the Same Property Portfolio and (2) the Acquired Properties:

	Same Property Portfolio (1)	+	Acquired Properties (1)	=	IPO Portfolio (1)
Number of shopping centers	479		43		522
Occupancy	92%		91%		92%
Average ABR/SF	\$ 11.90		\$ 13.90		\$ 12.01
Percent grocery-anchored (2)	69%		86%		70%
Average sales PSF of reporting grocers (3)	\$ 528		\$ 501		\$ 525

(1) As of March 31, 2014, except that average sales of reporting grocers reflect sales are based on the most recent tenant reported information available as of May 27, 2014.

(2) Based on total number of shopping centers owned.

(3) Average sales PSF of reporting grocers is derived from sales data provided to us by the relevant grocer. In the Same Property Portfolio, Acquired Properties and IPO Portfolio, reporting grocers represented 73% (247 of 340), 95% (35 of 37) and 75% (282 of 377), respectively, of total grocers.

We currently do not expect to execute a meaningful number of property sales in the foreseeable future, with future single asset or small portfolio dispositions dictated by changes in market or property conditions. As such, our management will be able to focus on optimizing returns from our IPO Portfolio without the distraction that would otherwise accompany the execution of major property dispositions.

In addition, we believe we took advantage of our time as a private company by optimizing our IPO Portfolio and positioning ourselves with an efficient operating and management infrastructure to support it. As a publicly traded company, we believe we do not face the legacy issues that many of our peers face as a result of the global financial crisis and strategic plan modifications, such as significant non-core asset sales, unresolved land owned and being held for potential future development (land banks), stalled new development and resolving of joint ventures.

Embedded Internal Growth Opportunity. Our Same Property Portfolio delivered same property NOI growth of 4.0% and 3.8% during the year ended December 31, 2013 and the three months ended March 31, 2014, respectively, in each case in comparison to the corresponding prior year period. We believe that we are well-positioned to continue to deliver meaningful same property NOI growth over the next several years. We expect such growth to be driven by a combination of occupancy increases across both our anchor and small shop space, the capture of positive rent spreads from below-market in-place rents and significant near-term lease rollover, through contractual rent increases and anchor space repositioning / redevelopment efforts.

Since the Sponsor Contract Date, we have grown occupancy at our Same Property Portfolio from 90.1% to 92.4% at March 31, 2014. We continue to experience strong leasing momentum and, as of March 31, 2014, our IPO Portfolio contained 273 anchor and small shop leases that were signed but not yet commenced, representing approximately \$24 million of contractually obligated ABR, which we expect to predominantly realize by the second half of 2014.

Table of Contents

Since the Sponsor Contract Date, we have executed over 242 new anchor leases for spaces of at least 10,000 sq. ft., including 116 new leases for spaces of at least 20,000 sq. ft., increasing overall anchor occupancy to 97% as of March 31, 2014. We believe that the commencement of anchor space leases drives strong new and renewal lease spreads and, because it enables us to lease additional small shop space, is instrumental to long-term small shop occupancy gains and NOI growth. Occupancy improved 2.5% during the 18 months ended March 31, 2014 for small shop spaces in shopping centers with at least one anchor commencement in the prior 18 months.

We believe our above-average lease expiration schedule, as compared to our historic annual expirations, with below-market expiring rents will enable us to renew leases or sign new leases at higher rates. During the 12 months ended March 31, 2014, we signed new and renewal leases in our IPO Portfolio at an average ABR/SF of \$12.37. As we move forward in the balance of 2014 and through 2016, expiring rents will be lower on average than the average rents of our portfolio of \$12.01 per sq. ft. as of March 31, 2014. Six percent of our leased GLA will expire during the remainder of 2014, 15% will expire in 2015 and 15% will expire in 2016, with an average expiring rent of \$11.15 per sq. ft. This represents a significant near-term opportunity to mark a substantial percentage of the IPO Portfolio to market. We would expect leasing spreads to widen over time as market rents continue to grow.

Finally, our leases generally provide for contractual rent increases which average 1.1% annually across the portfolio. In addition, our leases generally include tenant reimbursements for common area costs, insurance and real estate taxes. Certain leases also provide for additional rental payments based on a percentage of tenant sales.

High Quality, Grocery-Anchored Asset Base Primarily Located in Top 50 MSAs. Our shopping centers are predominantly located in in-fill locations within established trade areas across the top 50 MSAs in the United States by population, with 65% of the ABR of our IPO Portfolio as of March 31, 2014 derived from these MSAs. Key areas of geographic concentration include the major MSAs of New York (6.6% of ABR); Philadelphia (5.9% of ABR); Houston (5.2% of ABR); Chicago (4.9% of ABR); and Dallas (4.4% of ABR). We believe that such geographic concentration allows for economies of scale and provides market leverage. The shopping centers in our IPO Portfolio were initially built an average of 31 years ago (although the average effective age based on the year of the most recent redevelopment of the shopping center or year built is 15 years), which reflects the in-fill nature of our shopping centers in established trade areas with the appropriate ratio of anchor to small shop GLA. MSAs in which our shopping centers are located have characteristics that result in premium rents and high occupancy levels compared to other real estate markets in the United States. In particular, we believe these trade areas have, and will maintain over time, significant barriers to entry, such as limited opportunities and high costs for new development. Additionally, these markets have diversified and established tenant bases and are characterized by strong economic fundamentals.

Seventy percent of our portfolio is anchored by market-leading grocers, providing resilient consumer traffic to our shopping centers, with additional anchors being national and regional discount and general merchandise retailers. The top five grocers leasing space from us accounted for 10% of the total ABR of our IPO Portfolio as of March 31, 2014 and overall, grocers are the largest of all our tenant category types. During 2013, based on data provided to us by our tenants, our reporting grocer tenants had average sales of \$525 PSF, which is 39% above the average U.S. grocer sales PSF. Additionally, 77% of our grocer anchors ranked as the #1 or #2 grocer based on a combination of industry sources and management estimates of market share in their respective markets.

In addition, we believe that our shopping centers located outside of the top 50 MSAs are among the strongest centers in their respective markets based on their locations in prominent retail corridors, merchandise mix and physical condition. These properties were on average 92% occupied and 72% grocery-anchored at March 31, 2014. Eighty percent of these grocery-anchored centers located outside of the top 50 MSAs were anchored by the #1 or #2 grocer, based on a combination of industry sources and management estimates of market share in their respective markets, with strong sales of \$515 PSF, according to the most recent tenant-reported data.

Table of Contents

Anchor Space Repositioning / Redevelopment Expertise. We have been a top redeveloper over the past decade, according to Chain Store Age magazine, having completed anchor space repositioning / redevelopment projects totaling approximately \$1 billion since January 1, 2003. Since the Sponsor Contract Date, we have completed 58 projects consisting primarily of anchor re-tenanting or repositioning, for a total cost of \$181 million with a targeted NOI yield of approximately 17%. The average cost per project completed since the Sponsor Contract Date is approximately \$3 million, with an average time to completion of 12 months. We currently have 20 active projects, with an expected aggregate cost of \$90 million and a targeted NOI yield of 14%. Given the continual evolution of retailer concepts and store prototypes, as well as the lack of significant new development in the United States, we expect to maintain our current pace of anchor related projects over the foreseeable future. We believe anchor space repositioning / redevelopment is critical to the success of our company, as it provides incremental growth in NOI, drives small shop leasing, improves the value and quality of our shopping centers and increases consumer traffic. At shopping centers in our IPO Portfolio where we have completed an anchor space repositioning / redevelopment during the three year period ended March 31, 2014, occupancy has increased on average 1.6% over that period.

Expansive Retailer Relationships. We own and operate the largest wholly-owned portfolio of community and neighborhood shopping centers in the United States. We believe that, given the scale of our asset base and our nationwide footprint, we have a competitive advantage in supporting the growth plans of the nation's largest retailers. We are committed to helping our retailers meet their real estate needs through creative leasing strategies, property management capabilities and redevelopment expertise. We believe that we are the largest landlord by GLA to Kroger and TJX Companies, as well as a key landlord to all major grocers and most major retail category leaders. We believe that our strong relationships with leading retailers afford us insight into their strategies and priority access to their expansion plans, enabling us to efficiently provide these retailers with space in multiple locations, often pursuant to a uniform lease form. Our role as a leading landlord to these retailers makes us an important counterparty to them.

Proven Fully-Integrated Operating Platform. We operate with a fully-integrated, comprehensive platform including approximately 445 employees both leveraging our national presence and demonstrating our commitment to a regional and local presence. We provide our tenants with personalized service through our network of three regional offices in Atlanta, Chicago and Philadelphia, as well as via 12 leasing and property management satellite offices throughout the country. Each regional office is responsible for the day-to-day property-level operations and decision-making for shopping centers in its area, including leasing, property management and maintenance, as well as any related legal, construction or anchor space repositioning / redevelopment efforts. We believe that this strategy enables us to obtain critical market intelligence and to benefit from the regional and local expertise of our workforce. Through our complementary in-house disciplines, we are able to consistently maintain high standards and levels of service at the operational and property level. In addition to our network of local and regional offices, we maintain centralized corporate and accounting functions, which drive efficiency, consistency and commonality in operations and reporting.

Experienced Management with Interests Aligned with Stockholders. Senior members of our management team are proven real estate operators with deep industry expertise and retailer relationships and have an average of 26 years of experience in the real estate industry and an average tenure of 14 years with the company. The majority of our seven member executive team has a long history with our IPO Portfolio, including having managed our business through a number of economic cycles. Our management team, led by Michael Carroll and Michael Pappagallo, is familiar with market conditions and investment opportunities in the major markets in which we operate and has extensive and long-standing business relationships with tenants, brokers and vendors established through many years of transactional experience, as well as significant expertise in redevelopment, which we believe will enhance our growth prospects. We believe that the extensive operating expertise of our management team enables us to maintain focused leasing programs, active asset and property management and first-class tenant service.

Table of Contents

Our senior management team also has extensive capital markets and balance sheet management experience. Our management team has completed a large volume of capital transactions over the last several years, including our IPO in 2013. In addition, all members of our senior management team have extensive public company experience either with a predecessor company or with another publicly traded U.S. shopping center REIT.

The interests of our senior management team are highly aligned with those of our stockholders. As described in [Organizational Structure](#) our management and directors collectively own approximately 1.2% of the Outstanding Brixmor Interests as of May 27, 2014. In addition, we continue to utilize equity-based compensation as part of our compensation program.

Our Business and Growth Strategies

Our primary objective is to maximize total returns to our stockholders through a combination of growth and value-creation at the asset level supported by stable cash flows. We seek to achieve this through ownership of a large high quality, diversified portfolio of primarily grocery-anchored community and neighborhood shopping centers. We intend to pursue the following strategies to achieve this objective:

Leveraging our Operating Expertise to Proactively Lease and Manage our Assets. We proactively manage our shopping centers with an emphasis on driving high occupancy rates with a solid base of nationally and regionally recognized tenants that generate substantial daily traffic. Our expansive relationships with leading retailers afford us early access to their strategies and expansion plans, as well as to their senior management. We believe these relationships, combined with the national breadth and scale of our portfolio, give us a competitive advantage as a key landlord able to support the real estate strategies of our diverse landscape of retailers. Our operating platform, along with the corresponding regional and local market expertise, enables us to efficiently capitalize on market and retailing trends. We also seek opportunities to refurbish, renovate, and redevelop existing shopping centers, as appropriate, including expanding or repositioning existing tenants.

We direct our leasing efforts at the corporate level through our national accounts team and at the regional level through our field network. We believe this strategy enables us to provide our national and regional retailers with a centralized, single point of contact, facilitates reviews of our entire shopping center portfolio and provides for standardized lease templates that streamline the lease execution process, while also accounting for market-specific trends.

Achieving Occupancy Increases Across Both Anchor and Small Shop Space. During the twelve months ended March 31, 2014, we experienced strong leasing momentum in our IPO Portfolio and executed 852 new leases for an aggregate of approximately 3.5 million sq. ft., including 74 new anchor leases for spaces of at least 10,000 sq. ft., of which 31 were new leases for spaces of at least 20,000 sq. ft. As a result, our occupancy increased to 92.3% at March 31, 2014 from 91.2% at March 31, 2013 and the occupancy for spaces of at least 10,000 sq. ft. increased to 96.7% at March 31, 2014 from 96.1% at March 31, 2013. We believe that there are additional opportunities for further occupancy gains in our portfolio and that such improvement in anchor occupancy will drive strong new and renewal lease spreads and enable us to lease additional small shop space.

Capitalizing on Below-Market Expiring Leases. Our focus is to unlock opportunity and create value at the asset level and increase cash flow by increasing rental rates through the renewal of expiring leases or re-leasing of space to new tenants with limited downtime. As part of our targeted leasing strategy, we constantly seek to maximize rental rates and improve the tenant quality and credit profile of our portfolio. We believe our above-average lease expiration schedule, as compared to our historic annual expirations, with below-market expiring rents will enable us to renew leases or sign new leases at higher rates. During the twelve months ended March 31, 2014, we experienced new lease rent spreads for our IPO Portfolio of 29% and blended lease spreads of 11%. For the last three quarters ended March 31, 2014, blended lease spreads have been 11% or better. We believe that this performance will continue given our future expiration schedule of 6.0% of our leased GLA in the balance of

Table of Contents

2014, 15% in 2015 and 15% in 2016, with an average expiring ABR/SF of \$11.15 compared to an average ABR/SF of \$12.37 for new and renewal leases signed during the twelve months ended March 31, 2014, with an average ABR/SF of \$14.30 for new leases and \$11.67 for renewal leases. This represents a significant near-term opportunity to mark a substantial percentage of our portfolio to market.

Pursuing Value-Creating Anchor Space Repositioning / Redevelopment Opportunities. We evaluate our IPO Portfolio on an ongoing basis to identify value-creating anchor space repositioning / redevelopment opportunities. These efforts are tenant-driven and focus on renovating, re-tenanting and repositioning assets and generally present higher risk-adjusted returns than new developments. Potential new projects include value-creation opportunities that have been previously identified within our portfolio, as well as new opportunities created by the lack of meaningful community and neighborhood shopping center development in the United States. We may occasionally seek to acquire non-owned anchor spaces and land parcels at, or adjacent, to our shopping centers in order to facilitate such projects. In addition, as we own a vast majority of our anchor spaces greater than 35,000 sq. ft., we have important operational control in the positioning of our shopping centers in the event an anchor ceases to operate and flexibility in working with new and existing anchor tenants as they seek to expand or reposition their stores.

During 2013, we completed 26 anchor space repositioning / redevelopment projects in our IPO Portfolio, with average targeted NOI yields of 18%. The aggregate cost of these projects was approximately \$88.9 million. During the three months ended March 31, 2014, we completed three anchor space repositioning / redevelopment projects in our IPO Portfolio, with average targeted NOI yields of 10% and an aggregate cost of approximately \$12.4 million. We expect average targeted NOI yields of 14% and an aggregate cost of \$90 million for our 20 currently active anchor space repositioning / redevelopment projects.

As a result of the historically low number of new shopping center developments in the United States, anchor space repositioning / redevelopment opportunities are critical in allowing us to meet space requirements for new store growth and accommodate the evolving prototypes of our retailers. We expect to maintain our current pace of anchor space repositioning / redevelopment projects over the foreseeable future. We believe such projects are critical to the success of our company, as it provides incremental growth in NOI, drives small shop leasing, improves the value and quality of our shopping centers and increases consumer traffic. We intend to fund these efforts through cash from operations.

Preserving Portfolio Diversification. We seek to achieve diversification by the geographic distribution of our shopping centers and the breadth of our tenant base and tenant business lines. We believe this diversification serves to insulate us from macro-economic cycles and reduces our exposure to any single market or retailer.

The shopping centers in our IPO Portfolio are strategically located across 38 states and throughout more than 170 MSAs, with 65% of our ABR derived from shopping centers located in the top 50 MSAs with no one MSA accounting for more than 6.6% of our ABR, in each case as of March 31, 2014.

In total, we have approximately 5,500 diverse national, regional and local retailers with approximately 9,400 leases in our IPO Portfolio. As a result, our 10 largest tenants accounted for only 18.1% of our ABR as of March 31, 2014, and our two largest tenants, Kroger and TJX Companies, together accounted for only 6.6% of our ABR, as of March 31, 2014. Our largest shopping center represents only 1.5% of our ABR as of March 31, 2014.

Maintaining a Flexible Capital Structure Positioned for Growth. The capital structure resulting from our IPO and related transactions provides us with financial flexibility and capacity to fund our current growth capital needs, as well as future opportunities. We believe our \$2.75 billion Unsecured Credit Facility and our recently completed \$600.0 million Term Loan Facility, each with lending groups comprised of top-tier financial institutions, demonstrates our ability to access cost effective debt capital, provides us the opportunity to repay significant amounts of currently higher cost secured debt and gives us additional flexibility to further improve our financial position. We believe that the Unsecured Credit Facility is the largest ever debut credit facility in the REIT industry. As of March 31, 2014, we had \$1.1 billion of undrawn capacity under the Unsecured Credit Facility.

Table of Contents

We believe that we have strong access to multiple forms of capital, including follow-on offerings of our common stock, unsecured corporate level debt, preferred equity and additional credit facilities, which will provide us with a competitive advantage over smaller, more highly leveraged or privately-held shopping center companies.

We intend to continue to enhance our financial and operating flexibility through ongoing commitment to ladder and extend the duration of our debt, while further expanding our unencumbered asset pool in order to increase our operational efficiency.

Organizational Structure