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Brixmor Property Group Inc.
Form 10-K
February 29, 2016

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, 2015

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)

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

Common Stock, par value \$0.01 per share.

New York Stock Exchange

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 R No Brixmor Operating Partnership LP Yes R 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 R Brixmor Operating Partnership LP Yes No R

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 R No Brixmor Operating Partnership LP Yes R No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

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

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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.

Brixmor Property Group Inc.		Brixmor Operating Partnership LP		
Large accelerated filer	R	Non-accelerated filer	Large accelerated filer	Non-accelerated filer
Smaller reporting company		Accelerated filer	Smaller reporting company	Accelerated filer
				R

(Do not check if a smaller reporting company)

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 R Brixmor Operating Partnership LP Yes No R

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. \$4,003,432,157 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, 2016, Brixmor Property Group Inc. had 299,153,127 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 June 16, 2016 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, 2015.

EXPLANATORY NOTE

This report combines the annual reports on Form 10-K for the period ended December 31, 2015 of Brixmor Property Group Inc. and Brixmor Operating Partnership LP. Unless stated otherwise or the context otherwise requires, references to the “Parent Company” or “BPG” mean Brixmor Property Group Inc. and its consolidated subsidiaries; and references to the “Operating Partnership” mean Brixmor Operating Partnership LP and its consolidated subsidiaries. The terms the “Company,” “Brixmor,” “we,” “our” and “us” mean BPG and the Operating Partnership, collectively.

The Parent Company is a real estate investment trust (“REIT”) which owns 100% of the common stock of BPG Subsidiary Inc. (“BPG Sub”), which, in turn, is the sole owner of Brixmor OP GP LLC, or the General Partner, the sole general partner of the Operating Partnership. As of December 31, 2015, the Parent Company beneficially owned, through its direct and indirect interest in BPG Sub and the General Partner, approximately 98.3% of the outstanding partnership common units of interest (the “OP Units”) in the Operating Partnership. Certain investments funds affiliated with The Blackstone Group L.P. and certain current and former members of the Company’s management collectively owned the remaining 1.7% interest in the Operating Partnership.

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

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

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

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

Stockholders’ equity, partners’ capital, and non-controlling interests are the primary areas of difference between the consolidated financial statements of the Parent Company and those of the Operating Partnership. The Operating Partnership’s capital includes OP Units owned by the Parent Company through BPG Sub and the General Partner as well as OP Units owned by certain investments funds affiliated with The Blackstone Group L.P. and certain current and former members of the our management. OP Units owned by third parties are accounted for in partners’ capital in the Operating Partnership’s financial statements and outside of stockholders’ equity in non-controlling interests in the Parent Company’s financial statements.

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

1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. In the sections that combine disclosure for the Parent Company and the Operating Partnership, this report refers to actions or holdings as being actions or holdings of the Company.

The Parent Company consolidates the Operating Partnership for financial reporting purposes, and the Parent Company does not have material assets other than its indirect investment in the Operating Partnership. Therefore, while stockholders' equity and partners' capital 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.

TABLE OF CONTENTS

Item No.		Page
Part I		
1.	Business	<u>5</u>
1A.	Risk Factors	<u>10</u>
1B.	Unresolved Staff Comments	<u>25</u>
2.	Properties	<u>25</u>
3.	Legal Proceedings	<u>29</u>
4.	Mine Safety Disclosures	<u>29</u>
Part II		
5.	Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	<u>30</u>
6.	Selected Financial Data	<u>32</u>
7.	Management's Discussion and Analysis of Financial Condition and Results of Operations	<u>36</u>
7A.	Quantitative and Qualitative Disclosures about Market Risk	<u>53</u>
8	Financial Statements and Supplementary Data	<u>54</u>
9	Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	<u>54</u>
9A.	Controls and Procedures	<u>54</u>
9B	Other Information	<u>57</u>
Part III		
10.	Directors, Executive Officers, and Corporate Governance	<u>58</u>
11.	Executive Compensation	<u>58</u>
12.	Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	<u>58</u>
13.	Certain Relationships and Related Transactions, and Director Independence	<u>58</u>
14.	Principal Accountant Fees and Services	<u>58</u>
Part IV		
15.	Exhibits and Financial Statement Schedules	<u>59</u>

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 www.sec.gov. These factors include (1) changes in national, regional or local economic climates; (2) local conditions, including an oversupply of space in, or a reduction in demand for, properties similar to those in our Portfolio; (3) the attractiveness of properties in our Portfolio to our tenants; (4) the financial stability of tenants, including the ability of tenants to pay rents and expense reimbursements; (5) in the case of percentage rents, our tenants’ sales volumes; (6) competition from other available properties; (7) changes in market rental rates; (8) changes in the regional demographics of our properties; (8) litigation and governmental investigations following the completion of the recent Audit Committee review described under “Part 1. Business-Recent Developments”; and (9) the impact of the Audit Committee review and related management changes on our access to the capital markets and our cost of capital. These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included in this report and in our other periodic filings. The forward-looking statements speak only as of the date of this report, and we expressly disclaim any obligation or undertaking to publicly update or review any forward-looking statement, whether as a result of new information, future developments or otherwise, except to the extent otherwise required by law.

PART I

Item 1. Business

Brixmor Property Group Inc. and subsidiaries (collectively, “BPG”) is an internally-managed real estate investment trust (“REIT”). Brixmor Operating Partnership LP and subsidiaries (collectively, the “Operating Partnership”) is the entity through which BPG conducts substantially all of its operations and owns substantially all of its assets. BPG owns 100% of the common stock of BPG Subsidiary Inc. (“BPG Sub”), which, in turn, is the sole member of Brixmor OP GP LLC (the “General Partner”), the sole general partner of the Operating Partnership. Unless otherwise expressly stated or the context otherwise requires, “we,” “us,” and “our” as used herein refer to each of BPG and the Operating Partnership, collectively. We operate the largest wholly-owned portfolio of grocery-anchored community and neighborhood shopping centers in the United States. Our portfolio is comprised of 518 shopping centers totaling approximately 87 million square feet of gross leasable area (the “Portfolio”). 517 of these shopping centers are 100% owned. Our high quality national Portfolio is well diversified by geography, tenancy and retail format, with 72% of our shopping centers anchored by market-leading grocers. Our four largest tenants by annualized base rent are The Kroger Co., The TJX Companies, Inc., Dollar Tree Stores, Inc., and Wal-Mart Stores. 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, surrounded by dense populations in established trade areas.

As of December 31, 2015, BPG beneficially owned, through its direct and indirect interest in BPG Sub and the General Partner, 98.3% of the outstanding partnership common units of interest in the Operating Partnership (“OP Units”). Certain investments funds affiliated with The Blackstone Group L.P. (together with such affiliated funds, “Blackstone”) and certain members of the Company's current and former management collectively owned the remaining 1.7% of the outstanding OP Units. Holders of OP Units (other than BPG Sub and the General Partner) may redeem their OP Units for cash based upon the market value of an equivalent number of shares of BPG's common stock or, at our election, exchange their OP Units for shares of our common stock on a one-for-one basis subject to customary conversion rate adjustments for splits, unit distributions and reclassifications. 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, we refer to BPG's executive officers as 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.

Recent Developments

On February 8, 2016, the Company filed a Current Report on Form 8-K (the “February 8-K”) reporting the completion of a review by the Audit Committee of the Board of Directors of Brixmor Property Group Inc. (the “Audit Committee”). The Audit Committee's review began after the Company received information in late December 2015 through its established compliance processes (the “Audit Committee review”). The Audit Committee review led the Board of Directors to conclude that specific Company accounting and financial reporting personnel, in certain instances, were smoothing income items, both up and down, between reporting periods in an effort to achieve consistent quarterly same property net operating income growth, an industry non-GAAP financial measure.

As reported in the February 8-K, following the Audit Committee review, the Company's Chief Executive Officer, President and Chief Financial Officer, and Treasurer and Chief Accounting Officer resigned from all positions with the Company and its subsidiaries. In addition, an accounting employee also resigned. Following these resignations, the Board of Directors appointed Daniel B. Hurwitz as interim President and Chief Executive Officer, Barry Lefkowitz as interim Chief Financial Officer and Michael Cathers as interim Chief Accounting Officer. Mr. Hurwitz also replaced

the Company's former chief executive officer as a member of the Company's Board of Directors.

For additional information concerning the findings of the Audit Committee review and related management changes, see the Company's Form 8-K filed February 8, 2016 and Form 8-K filed February 16, 2016. For additional

- 5 -

information concerning the Audit Committee review and related matters, see “Risk Factors” in Item 1A, “Legal Proceedings” in Item 3, and “Controls and Procedures” in Item 9A of this Form 10-K.

Our Shopping Centers

The following table provides summary information regarding our Portfolio as of December 31, 2015.

Number of shopping centers	518
Gross leasable area (“GLA”) (sq. ft.)	86.6 million
Percent grocery-anchored shopping centers ⁽¹⁾	72%
Average shopping center GLA (sq. ft.)	167,212
Occupancy ⁽²⁾	93%
Average annualized base rent (“ABR”)/SF ³	\$12.76
Percent of ABR in top 50 U.S. MSAs	65%
Average effective age ⁽⁴⁾	14 years
Average population density ⁽⁵⁾	184,000
Average household income ⁽⁵⁾	\$79,000

⁽¹⁾ Based on total number of shopping centers.

⁽²⁾ Unless otherwise stated references to occupancy refer to leased occupancy.

⁽³⁾ ABR/SF is calculated as ABR divided by leased GLA, excluding the GLA of lessee owned leasehold improvements.

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

⁽⁵⁾ Demographics based on five-mile radius and weighted by ABR. Based on U.S. Census data.

Business Objectives and 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 and by creating meaningful net operating income (“NOI”) growth from this portfolio. The major drivers of this growth will be a combination of positive rent spreads from below-market in-place rents and above average lease rollover, occupancy increases, annual contractual rent increases across the portfolio and the execution of embedded anchor space repositioning / redevelopment / outparcel development opportunities. Our key strategies to achieve these objectives are summarized as follows and detailed below:

• Leveraging our operating expertise to proactively lease and manage our assets

• Capitalizing on below-market expiring leases

• Achieving occupancy increases

• Pursuing value-creating anchor space repositioning / redevelopment / outparcel development opportunities

• Preserving portfolio diversification

• Maintaining a flexible capital structure positioned for growth

Leveraging our Operating Expertise to Proactively Lease and Manage our Assets. We proactively manage our shopping centers with an emphasis on driving high rents and 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.

- 6 -

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 2015 in our Portfolio, we experienced new lease rent spreads of 41.6% and blended new and renewal lease spreads of 14.9%. For the last six quarters ended December 31, 2015, blended lease spreads have been 13% or better. We believe that this performance will continue given our future expiration schedule of 9.9% of our leased GLA due to expire in 2016, 13.7% in 2017 and 12.6% in 2018, with an average expiring ABR/SF of \$12.20 compared to an average ABR/SF of \$12.78 for new and renewal leases signed during 2015, with an average ABR/SF of \$15.86 for new leases and \$11.88 for renewal leases. This represents a significant opportunity to mark a substantial percentage of the portfolio to market.

Achieving Occupancy Increases. During 2015 we experienced strong leasing productivity in our Portfolio and executed 664 new leases for an aggregate of approximately 3.0 million sq. ft., including 65 new anchor leases for spaces of at least 10,000 sq. ft. Our continued efforts to improve the quality of our anchor tenants have driven our small shop leasing and for spaces of 10,000 sq. ft. or less, occupancy has increased to 84.3% at December 31, 2015 from 82.6% at December 31, 2014. Our total occupancy decreased to 92.6% at December 31, 2015 from 92.8% at December 31, 2014, due to certain tenant bankruptcies and proactive repositioning of anchor space. We believe that there is additional opportunity for further occupancy gains in our portfolio, across both our anchor and small shop space, and that as we continue to reposition our anchor tenants such improvement will drive strong new and renewal lease spreads and enable us to lease additional small shop space.

Pursuing Value-Creating Anchor Space Repositioning / Redevelopment / Outparcel Development Opportunities. We evaluate our Portfolio on an ongoing basis to identify value-creating anchor space repositioning / redevelopment / outparcel development 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. Such efforts, which we refer to as our “Raising the Bar” initiative, are focused on upgrading our centers with strong, best-in-class anchors and transforming such properties’ overall merchandise mix and tenant quality. 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 also seek to acquire non-owned anchor spaces or retail buildings and outparcels at, or adjacent, to our shopping centers in order to facilitate anchor space repositioning / redevelopment 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 2015, we completed 41 anchor space repositioning / redevelopment / outparcel development projects in our Portfolio, with average targeted NOI yields of 16%. The aggregate cost of these projects was approximately \$89.8 million. We expect average targeted NOI yields of 11% and an aggregate cost of \$104.6 million for our 44 currently active anchor space repositioning / redevelopment / outparcel development projects.

As a result of the historically low number of new shopping center developments in the United States, repositioning and 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 / outparcel development projects over the foreseeable future. We believe such activity is critical to the success of our company, as it drives higher sales and traffic, elevates center appeal, stimulates small shop leasing, improves rent levels and NOI and increases shopping center value. 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 Portfolio are strategically located across 38 states and throughout more than 170 MSAs, with 65.3% of our ABR derived from shopping centers located in the top 50 MSAs with no one MSA accounting for more than 6.7% of our ABR, in each case as of December 31, 2015.

- 7 -

In total, we have approximately 5,500 diverse national, regional and local retailers with approximately 10,000 leases in our Portfolio. As a result, our 10 largest tenants accounted for only 18.1% of our ABR, and our two largest tenants, The Kroger Co. and The TJX Companies, together accounted for only 6.5% of our ABR as of December 31, 2015. Our largest shopping center represents only 1.5% of our ABR as of December 31, 2015.

Maintaining a Flexible Capital Structure Positioned for Growth. Our current capital structure provides us with financial flexibility and capacity to fund our current capital needs as well as future growth opportunities. As of December 31, 2015, we had, in addition to our secured mortgage debt, \$2.1 billion of unsecured term loans, a \$1.25 billion unsecured revolving credit facility under which we had \$834.0 million of undrawn capacity and \$1.2 billion of senior unsecured notes.

We believe we have access to multiple forms of capital, including unsecured corporate level debt, preferred equity, our at-the-market equity offering program and additional credit facilities, which will provide us with a competitive advantage over smaller, more highly leveraged or privately-held shopping center companies. We currently have investment grade credit ratings from all three major credit rating agencies.

We intend to continue to enhance our financial and operating flexibility through ongoing commitment to ladder and extend the duration of our debt, and further expand our unencumbered asset pool.

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

Competition

We face considerable competition in the leasing of real estate, which is a highly competitive market. We compete with a number of other companies in providing leases to prospective tenants and in re-leasing space to current tenants upon expiration of their respective leases. We believe that the principal competitive factors in attracting tenants in our market areas are location, co-tenants and physical conditions of our shopping centers. In this regard, we proactively manage and, where and when appropriate, redevelop and upgrade, our shopping centers, with an emphasis on maintaining high occupancy rates with a strong base of nationally and regionally recognized anchor tenants that generate substantial daily traffic. In addition, we believe that the breadth of our national portfolio of shopping centers, and the local knowledge and market intelligence derived from our regional operating team, as well as the close relationships we have established with certain major, national and regional retailers, allow us to maintain a 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. Under various federal, state and local laws, ordinances and regulations, we may be considered an owner or operator of real property or may have arranged for the disposal or treatment of hazardous or toxic substances or petroleum product releases at a property and, therefore, may become liable for the costs of removal or remediation of certain hazardous substances released on or in our property or disposed of by us or our tenants, as well as certain other potential costs which could relate to hazardous or toxic substances (including governmental fines and injuries to persons and property). Such liability may be imposed whether or not we knew of, or were responsible for, the presence of these hazardous or toxic substances. As is common with community and neighborhood shopping centers, many of our properties had or have on-site dry cleaners and/or on-site gasoline retailing facilities. These operations could potentially result in environmental contamination at the properties. 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 sell or rent such property or to borrow using such property as collateral.

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

There may also be asbestos-containing materials at some of our properties. While we do not expect the environmental conditions at our properties, for which exposure has been mitigated through insurance coverage specific to environmental conditions, considered as a whole, to have a material adverse effect on us, there can be no assurance

that this will be the case. Further, no assurance can be given that any environmental studies performed

- 8 -

have identified or will identify all material environmental conditions that may exist with respect to any of the properties in our portfolio.

Employees

As of December 31, 2015, we had approximately 447 employees. Four of our employees are covered by a collective bargaining agreement, and we consider our employee relations to be good.

Financial Information about Industry Segments

Our principal business is the ownership and operation of community and neighborhood shopping centers. We do not distinguish or group our operations on a geographical basis when measuring performance. Accordingly, we believe 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 no single tenant accounts for 5% or more of our consolidated revenues. During 2015, no single shopping center and no one tenant accounted for more than 5% of our consolidated assets or consolidated revenues.

REIT Qualification

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

Corporate Headquarters

Brixmor Property Group Inc., a Maryland corporation, was incorporated in Delaware on May 27, 2011, changed its name to Brixmor Property Group Inc. on June 17, 2013 and changed its jurisdiction of incorporation to Maryland on November 4, 2013. 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 www.brixmor.com. Information on our website is not incorporated by reference herein and is not a part of this Annual Report on Form 10-K. We make available free of charge on our website or provide a link on our website to our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, and any amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act, as soon as reasonably practicable after those reports are electronically filed with, or furnished to, the SEC. We also make available through our website other reports filed with or furnished to the SEC under the Exchange Act, including our proxy statements and reports filed by officers and directors under Section 16(a) of the Exchange Act. To access these filings, go to the “Financial Information” portion of our “Investors” page on our website, and then click on “SEC Filings.” You may also read and copy any document we file at the SEC’s Public Reference Room located at 100 F Street, N.E., Washington, DC 20549. Call the SEC at 1-800-SEC-0330 for further information on the public reference room. In addition, these reports and the other documents we file with the SEC are available at a website maintained by the SEC at <http://www.sec.gov>.

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

Item 1A. Risk Factors

Risks Related to Recent Events

We recently replaced a number of our senior executives with interim executive officers, and these changes, along with anticipated changes when we replace some or all of our interim executive officers with long-term appointments, may have a material adverse impact on our business, financial condition, results of operations or cash flows.

In the first quarter of 2016, following the completion of the Audit Committee review, our Chief Executive Officer, President and Chief Financial Officer and Treasurer and Chief Accounting Officer resigned. Although we have appointed interim replacement executives, the transition of duties to these new executives may be disruptive to the management of our business. Similarly, when we transition from our interim executives to long-term appointees, we may experience a similar level of disruption in our management. These potential disruptions could have a material adverse impact on our business, financial condition, results of operations or cash flows.

Our ability to attract and retain key employees may be adversely impacted by the negative publicity and operational disruptions caused by the results of the Audit Committee review and the related management changes, which may have a material adverse impact on our business, financial condition, results of operations or cash flows.

Our future success depends in large part upon our ability to attract and retain key management executives and other key employees. In the first quarter of 2016, following the completion of the Audit Committee review, several members of our senior management team departed, including our Chief Executive Officer, President and Chief Financial Officer and Treasurer and Chief Accounting Officer. The negative publicity and operational disruptions caused by the results of the Audit Committee review and the related management changes could result in additional key employees deciding to leave the Company, and could make it difficult for the Company to attract new key employees. This may have a material adverse impact on our business, financial condition, results of operations or 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, results of operations or cash flows.

Prior to the Company's February 8, 2016 announcement, the Company voluntarily reported to the SEC the matters described above related to the Audit Committee review. The SEC has commenced an investigation with respect to these matters and the Company is cooperating fully.

The Company and its current and former officers and directors may also be subject to private securities class action complaints. A number of plaintiff firms have publicly announced inquiries into these matters. In addition, the Company may be subject to shareholder derivative actions, purportedly in the name and for the benefit of the Company.

As a result of any legal proceedings related to the Audit Committee review, including the investigation described above, we may incur significant professional fees and other costs. If we are unsuccessful in any legal action related to this matter, we may be required to pay a significant amount of monetary damages that may be in excess of our insurance coverage. The SEC also could impose other sanctions against us or our directors and officers, including injunctions, a cease and desist order, fines and other equitable remedies. In addition, our Board of Directors, management and employees may expend a substantial amount of time on these legal proceedings and investigations, diverting resources and attention that would otherwise be directed toward our operations and implementation of our business strategy. Any of these events would have a material adverse effect on our business, financial condition, results of operations or cash flows.

The market price of our common stock and our ability to raise capital may be adversely impacted by recent events, which may have a material adverse impact on our business, financial condition, results of operations or cash flows.

A prolonged decline in the price of our common stock, including as a result of any reputational harm we may suffer as a result of the Audit Committee review and related management changes, could result in a reduction in the liquidity of our common stock and a reduction in our ability to raise capital, which could have a material adverse impact on our financial position, results of operations, and cash flows. In addition, two nationally recognized statistical rating organizations changed our rating outlook to negative following the February 8-K. This change in

- 10 -

outlook and any future downgrade in rating by a credit rating agency could adversely impact our stock and bond prices and may make it more difficult to raise capital in the equity or bond markets, or to do so at an attractive cost of capital. It may also make it more difficult for us to replace our secured debt with unsecured debt. In addition, a ratings downgrade could require our subsidiaries to guarantee our debt facilities and would adversely impact interest rates under our existing credit facilities, which would adversely impact our cost and availability of capital.

We have identified a material weakness in our internal control over financial reporting and our management has concluded that our disclosure controls and procedures and internal control over financial reporting were not effective as of December 31, 2015. If not remediated, our failure to establish and maintain effective disclosure controls and procedures and internal control over financial reporting could result in a material misstatement in our financial statements or a failure to meet our reporting and financial obligations, each of which could have a material adverse effect on our financial condition and the trading price of our common stock.

Maintaining effective internal control over financial reporting and effective disclosure controls and procedures are necessary for us to consistently produce reliable financial statements and financial reports. If we cannot provide reliable financial reports or prevent fraud, our reputation and operating results would be harmed. The Company's current management concluded, and our independent registered public accounting firm has concurred, that as a result of a material weakness in internal control over financial reporting at the evaluation date, the Company's disclosure controls and procedures and internal control over financial reporting were not effective at December 31, 2015. The material weakness relates to a deficiency in the control environment specifically because the actions identified in the Audit Committee review failed to demonstrate commitment to integrity and ethical values and senior management did not set an appropriate tone at the top. See Item 9A - "Controls and Procedures."

A "material weakness" is defined as a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis.

Although we have taken steps to improve our internal control over financial reporting and our disclosure controls and procedures since the discovery, including through management changes, there can be no assurance that we will be successful in making the improvements necessary to remediate our material weakness, or that we will do so in a timely manner, or that we will not identify additional control deficiencies or material weaknesses in the future. If we are not successful in making these improvements, or if we have additional control deficiencies, we may not be able to accurately report our financial results, prevent fraud or file our periodic reports with the SEC in a timely manner, which may expose us to legal and regulatory liabilities and may cause investors to lose confidence in our reported financial information and may lead to a decline in the market price of our common stock. In addition, implementing any appropriate changes to our internal controls may distract our officers and employees and/or entail substantial costs.

Risks Related to Our Properties and Our Business

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

Properties in our portfolio consist of community and neighborhood shopping centers. Our performance is, therefore, subject to risks associated with owning and operating these types of real estate assets, including: (1) changes in national, regional and local economic climates; (2) local conditions, including an oversupply of space in, or a reduction on demand for, properties similar to those in our portfolio; (3) the attractiveness of properties in our portfolio to tenants; (4) the financial stability of tenants, including the ability of tenants to pay rent; (5) competition from other available properties; (6) changes in market rental rates; (7) changes in demographics (including number of households and average household income) surrounding our properties; (8) the need to periodically fund the costs to repair, renovate and re-lease space; (9) changes in operating costs, including costs for maintenance, utilities, insurance and real estate taxes; (10) earthquakes, tornadoes, hurricanes and other natural disasters, civil unrest, terrorist acts or

acts of war, which may result in uninsured or underinsured losses; (11) the fact that the expenses of owning and operating properties are not necessarily reduced when circumstances such as market factors and competition cause a reduction in income from the properties; and (12) changes in laws and governmental regulations, including those governing usage, zoning, the environment and taxes.

Additionally, because properties in our portfolio consist of shopping centers, our performance is linked to general economic conditions in the market for retail space. The market for retail space has been and may continue to be adversely affected by weakness in the national, regional and local economies, the adverse financial condition of

some large retailing companies, the consolidation in the retail sector, the excess amount of retail space in certain markets and increasing consumer purchases via the internet. To the extent that any of these conditions worsen, they are likely to affect market rents and overall demand for retail space. In addition, we may face challenges in property management and maintenance or incur increased operating costs, such as real estate taxes, insurance and utilities, which may make properties unattractive to tenants. The loss of rental revenues from a number of our tenants and our inability to replace such tenants may adversely affect our profitability and ability to meet our debt and other financial obligations.

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 significant capital expenditures to improve our properties in order to retain and attract tenants, which could adversely affect our financial condition and results of operations.

We compete with a number of other companies in providing leases to prospective tenants and in re-leasing space to current tenants upon expiration of their respective leases. If our tenants decide not to renew or extend their leases upon expiration, we may not be able to re-lease the space. Even if the tenants do renew or we can re-lease the space, the terms of renewal or re-leasing, including the cost of required renovations or concessions to tenants, may be less favorable or more costly than current lease terms or than expectations for the space. As of December 31, 2015, leases are scheduled to expire on a total of approximately 9.9% of leased GLA at our properties in our Portfolio during 2016. We may be unable to promptly renew the leases or re-lease this space, or the rental rates upon renewal or re-leasing may be significantly lower than expected rates, which could adversely affect our financial condition and results of operations.

We face considerable competition for the tenancy of our lessees and the business of retail shoppers.

There are numerous shopping venues that compete with our properties in attracting retailers to lease space and shoppers to patronize their properties. In addition, tenants at our properties face continued competition from retailers at regional malls, outlet malls and other shopping centers, catalog companies and internet sales. In order to maintain our attractiveness to retailers and shoppers, we are required to reinvest in our properties in the form of capital improvements. If we fail to reinvest in and redevelop our properties so as to maintain their attractiveness to retailers and shoppers, our revenue and profitability may suffer. If retailers or shoppers perceive that shopping at other venues, online or by phone is more convenient, cost-effective or otherwise more attractive, our revenues and profitability may also suffer.

Our performance depends on the collection of rent from the tenants at the properties in our portfolio, those tenants' financial condition and the ability of those tenants to maintain their leases.

A substantial portion of our income is derived from rental income from real property. As a result, our performance depends on the collection of rent from tenants at the properties in our portfolio. Our income would be negatively affected if a significant number of the tenants at the properties in our portfolio or any major tenants, among other things: (1) decline to extend or renew leases upon expiration; (2) renew leases at lower rates; (3) fail to make rental payments when due; (4) experience a downturn in their business; or (5) become bankrupt or insolvent.

Any of these actions could result in the termination of the tenant's lease and our loss of rental income. In addition, under certain lease agreements, lease terminations by an anchor tenant or a failure by that anchor tenant to occupy the premises could also result in lease terminations or reductions in rent by other tenants in such shopping centers. In these events, we cannot be certain that any tenant whose lease expires will renew or that we will be able to re-lease space on economically advantageous terms. The loss of rental revenues from a number of tenants and difficulty replacing such tenants, particularly in the case of a substantial tenant with leases in multiple locations, may adversely affect our profitability and our ability to meet debt and other financial obligations.

We may be unable to collect balances due from tenants that file for bankruptcy protection.

If a tenant or lease guarantor files for bankruptcy, we may not be able to collect all pre-bankruptcy amounts owed by that party. In addition, a tenant that files for bankruptcy protection may terminate its lease 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, which could adversely affect our financial condition and results of operations.

- 12 -

Real estate property investments are illiquid, and it may not be possible to dispose of assets when appropriate or on favorable terms.

Real estate property investments generally cannot be disposed of quickly, and a return of capital and realization of gains, if any, from an investment generally occur upon the disposition or refinancing of the underlying property. 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 of our properties, and we cannot predict the various market conditions affecting real estate investments that will exist at any particular time in the future. Furthermore, we may be required to expend funds to correct defects or to make improvements before a property can be sold. We cannot assure our stockholders that we will have funds available to correct such defects or to make such improvements and, therefore, we may be unable to sell the property or may have to sell it at a reduced cost. As a result of these real estate market characteristics, we may be unable to realize our investment objectives by sale, other disposition or refinancing at attractive prices or within any desired period of time. 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 \$2.75 billion senior unsecured credit facility (the "Unsecured Credit Facility"). As a result, we may be required to dispose of assets on less than favorable terms, if at all, and we may be unable to vary our portfolio in response to economic or other conditions, which could adversely affect our financial position.

Our expenses may remain constant or increase, even if income from our properties decreases, causing our financial condition and results of operations to be adversely affected.

Costs associated with our business, such as mortgage payments, real estate and personal property taxes, insurance, utilities and corporate expenses, are relatively inflexible and generally do not decrease, and may increase, when a property is not fully occupied, rental rates decrease, a tenant fails to pay rent or other circumstances cause our revenues to decrease. If we are unable to decrease our operating costs when our revenue declines, our financial condition, results of operations and ability to make distributions to our stockholders may be adversely affected. In addition, inflationary price increases could result in increased operating costs for us and our tenants and, to the extent we are unable to pass along those price increases or are unable to recover operating expenses from tenants, our operating expenses may increase, which could adversely affect our financial condition, results of operations and ability to make distributions to our stockholders. Conversely, deflation can result in a decline in general price levels caused by a decreased in the supply of money or credit. The predominant effects of deflation are high unemployment, credit contraction and weakened consumer demand.

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

We are generally subject to risks associated with debt financing. These risks include: (1) our cash flow may not be sufficient to satisfy required payments of principal and interest; (2) we may not be able to refinance existing indebtedness on our properties as necessary or the terms of the refinancing may be less favorable to us than the terms of existing debt; (3) required debt payments are not reduced if the economic performance of any property declines; (4) debt service obligations could reduce funds available for distribution to our stockholders and funds available for capital investment; (5) any default on our indebtedness could result in acceleration of those obligations and possible loss of property to foreclosure; and (6) the risk that necessary capital expenditures for purposes such as re-leasing space cannot be financed on favorable terms. During 2016, we have \$855.6 million of mortgage loans scheduled to mature and we have approximately \$22.1 million of scheduled mortgage amortization payments. We currently intend to repay the scheduled maturities and amortization payments with operating cash and borrowings on our revolving credit facility. If a property is mortgaged to secure payment of indebtedness and we cannot make the mortgage payments, we may have to surrender the property to the lender with a consequent loss of any prospective income and equity value from such property. Any of these risks could place strains on our cash flows, reduce our ability to grow and adversely affect our results of operations.

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

As of December 31, 2015, we had approximately \$6.0 billion aggregate principal amount of indebtedness outstanding. Our leverage could have important consequences to us. For example, it could (1) result in the acceleration of a significant amount of debt for non-compliance with the terms of such debt or, if such debt contains cross default or cross-acceleration provisions, other debt; (2) result in the loss of assets, including our shopping centers, due to foreclosure or sale on unfavorable terms, which could create taxable income without accompanying cash proceeds; (3) materially impair our ability to borrow unused amounts under existing financing arrangements or to obtain additional financing or refinancing on favorable terms or at all; (4) require us to dedicate a substantial

- 13 -

portion of our cash flow to paying principal and interest on our indebtedness, reducing the cash flow available to fund our business, to pay dividends, including those necessary to maintain our REIT qualification, or to use for other purposes; (5) increase our vulnerability to an economic downturn; (6) limit our ability to withstand competitive pressures; or (7) reduce our flexibility to respond to changing business and economic conditions.

If any of the foregoing occurs, our business, financial condition, liquidity, results of operations and prospects could be materially and adversely affected, and the trading price of our common stock or other securities could decline significantly.

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

We cannot assure you that we will be able to access the capital and credit markets to obtain additional debt or equity financing or that we will be able to obtain financing on terms favorable to us. Our inability to obtain financing could have negative effects on our business. Among other things, we could have great difficulty acquiring, re-developing or maintaining our properties, which would materially and adversely affect our business strategy and portfolio, and may result in our (1) liquidity being adversely affected; (2) inability to repay or refinance our indebtedness on or before its maturity; (3) making higher interest and principal payments or selling some of our assets on terms unfavorable to us to service our indebtedness; or (4) issuing additional capital stock, which could further dilute the ownership of our existing stockholders.

Our variable rate indebtedness subjects us to interest rate risk, which could cause our debt service obligations to increase significantly.

Borrowings under our Unsecured Credit Facility and unsecured \$600.0 million term loan (the "Term Loan") bear interest at variable rates and expose us to interest rate risk. If interest rates were to increase, our debt service obligations on the variable rate indebtedness would increase even though the amount borrowed remained the same, and our net income and cash flows will correspondingly decrease. Assuming all capacity under our Unsecured Credit Facility was fully drawn, each quarter point change in interest rates would result in a \$4.6 million change in annual interest expense on our indebtedness under our Unsecured Credit Facility and Term Loan. We have entered into interest rate swaps that involve the exchange of floating for fixed rate interest payments in order to reduce interest rate volatility. However, we may not maintain interest rate swaps with respect to all of our variable rate indebtedness, and any swaps we enter into may not fully mitigate our interest rate risk.

Mortgage debt obligations expose us to the possibility of foreclosure, which could result in the loss of our investment in a property or group of properties subject to mortgage debt.

As of December 31, 2015, mortgage debt outstanding was approximately \$2.2 billion, excluding the impact of unamortized premiums. If a property or group of properties is mortgaged to secure payment of debt and we are unable to meet mortgage payments, the holder of the mortgage or lender could foreclose on the property, resulting in a loss of our investment. Alternatively, if we decide to sell assets in the current market to raise funds to repay matured debt, it is possible that these properties will be disposed of at a loss. Also, certain of the mortgages contain customary negative covenants which, among other things, limit our ability, without the prior consent of the lender, to further mortgage the property, to enter into new leases or materially modify existing leases with respect to the property.

Covenants in our debt agreements may restrict our operating activities and adversely affect our financial condition. Our debt agreements contain financial and/or operating covenants, including, among other things, certain coverage ratios, as well as limitations on the ability to incur secured and unsecured debt. These covenants may limit our operational flexibility and acquisition and disposition activities. Moreover, if any of the covenants in these debt agreements are breached and not cured within the applicable cure period, we could be required to repay the debt immediately, even in the absence of a payment default. As a result, a default under applicable debt covenants could

have an adverse effect on our financial condition or results of operations.

Current and future redevelopment or real estate property acquisitions may not yield expected returns.

We are involved in several redevelopment projects and may invest in additional redevelopment projects and property acquisitions in the future. Redevelopment and property acquisitions are subject to a number of risks, including:

- 14 -

(1) abandonment of redevelopment or acquisition activities after expending resources to determine feasibility; (2) construction and/or lease-up delays; (3) cost overruns, including construction costs that exceed original estimates; (4) failure to achieve expected occupancy and/or rent levels within the projected time frame, if at all; (5) inability to operate successfully in new markets where new properties are located; (6) inability to successfully integrate new properties into existing operations; (7) difficulty obtaining financing on acceptable terms or paying operating expenses and debt service costs associated with redevelopment properties prior to sufficient occupancy; (8) delays or failures to obtain necessary zoning, occupancy, land use and other governmental permits; (9) exposure to fluctuations in the general economy due to the significant time lag between commencement and completion of redevelopment projects; and (10) changes in zoning and land use laws. If any of these events occur, overall project costs may significantly exceed initial cost estimates, which could result in reduced returns from such investments that are lower than we expected or losses from such investments. In addition, we may not have sufficient liquidity to fund such projects, and delays in the completion of a redevelopment project may provide various tenants the right to withdraw from a property.

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

We carry comprehensive liability, fire, extended coverage, rental loss 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, terrorism, wars or earthquakes, which may be uninsurable, or the cost of insuring against such losses may not be economically justifiable. In addition, tenants generally are required to indemnify and hold us harmless from liabilities resulting from injury to persons or damage to personal or real property, on the premises, due to activities conducted by tenants or their agents on the properties (including without limitation any environmental contamination), and at the tenant's expense, to obtain and keep in full force during the term of the lease, liability and property damage insurance policies. However, tenants may not properly maintain their insurance policies or have the ability to pay the deductibles associated with such policies. In addition, if the damaged properties are subject to recourse indebtedness, we would continue to be liable for the indebtedness, even if these properties were irreparably damaged. Should a loss occur that is uninsured or in an amount exceeding the combined aggregate limits for the policies noted above, or in the event of a loss that is subject to a substantial deductible under an insurance policy, we could lose all or part of our capital invested in, and anticipated revenue from, one or more of the properties, which could have a material adverse effect on our operating results and financial condition.

Environmental conditions that exist at some of our properties 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 considered an owner or operator of real property or may have arranged for the disposal or treatment of hazardous or toxic substances or petroleum product releases at a property and, therefore, may become liable for the costs of removal or remediation of certain hazardous substances released on or in our property or disposed of by us or our tenants, as well as certain other potential costs which could relate to hazardous or toxic substances (including governmental fines and injuries to persons and property). Such liability may be imposed whether or not we knew of, or were responsible for, the presence of these hazardous or toxic substances. As is common with community and neighborhood shopping centers, many of our properties had or have on-site dry cleaners and/or on-site gasoline retailing facilities. These operations could potentially result in environmental contamination at the properties. 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 sell or rent such property or to borrow using such property as collateral.

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

There may also be asbestos-containing materials at some of our properties. While we do not expect the environmental conditions at our properties, considered as a whole, to have a material adverse effect on us, there can be no assurance that this will be the case. 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.

- 15 -

Further information relating to recognition of remediation obligation in accordance with GAAP is provided in the consolidated financial statements and notes thereto included in this report.

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

All of the properties in our portfolio are required to comply with the Americans with Disabilities Act (“ADA”). The ADA has separate compliance requirements for “public accommodations” and “commercial facilities,” but generally requires that buildings be made accessible to people with disabilities. Compliance with the ADA requirements could require removal of access barriers, and non-compliance could result in imposition of fines by the United States government or an award of damages to private litigants, or both. We are undertaking an assessment of all of our properties to determine our compliance with the current requirements of the ADA. While the tenants to whom our properties are leased are obligated by law to comply with ADA provisions, and typically under tenant leases are obligated to cover costs associated with compliance, if required changes involve greater expenditures than anticipated, or if the changes must be made on a more accelerated basis than anticipated, the ability of these tenants to cover costs could be adversely affected. Furthermore, we may not be able to pass on to our tenants any costs necessary to remediate ADA issues in common areas of our properties. As a result, we could be required to expend funds to comply with the provisions of the ADA, which could adversely affect our results of operations and financial condition. In addition, we are required to operate the properties in compliance with fire and safety regulations, building codes and other land use regulations, as they may be adopted by governmental agencies and bodies and become applicable to the properties. We may be required to make substantial capital expenditures to comply with, and we may be restricted in our ability to renovate the properties subject to, those requirements. The resulting expenditures and restrictions could have a material adverse effect on our ability to meet our financial obligations.

Our real estate assets may be subject to impairment charges.

On a periodic basis, we assess whether there are any indicators that the value of our real estate assets and other investments may be impaired. A property’s value is considered to be impaired only if the estimated aggregate future cash flows (undiscounted and without interest charges) to be generated by the property are less than the carrying value of the property. In our estimate of cash flows, we consider factors such as expected future operating income, trends and prospects, the effects of demand, competition and other factors. If we are evaluating the potential sale of an asset or development alternatives, the undiscounted future cash flows considers the most likely course of action at the balance sheet date based on current plans, intended holding periods and available market information. We are required to make subjective assessments as to whether there are impairments in the value of our real estate assets and other investments. These assessments may have a direct impact on our earnings because recording an impairment charge results in an immediate negative adjustment to 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 results of operations in the period in which the charge is taken.

We face 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 manage our business, and our business is at risk from and may be impacted by cybersecurity attacks. These could include attempts to gain unauthorized access to our data and computer systems. Attacks can be both individual and/or highly organized attempts organized by very sophisticated hacking organizations. We employ a number of measures to prevent, detect and mitigate these threats, which include password protection, frequent password change events, firewall detection systems, frequent backups, a redundant data system for core applications and annual penetration testing; however, there is no guarantee such efforts will be successful in preventing a cyber attack. A cybersecurity attack could compromise the confidential information of our employees, tenants and vendors. A successful attack could disrupt and affect the business operations, damage our reputation, and result in significant remediation costs. Similarly, our tenants rely extensively on computer systems to process transactions and manage their business and thus their businesses are also at risk from and may be impacted

by cybersecurity attacks. An interruption in the business operations of our tenants or in their reputation resulting from a cybersecurity attack could indirectly impact our business operations. As of December 31, 2015 we have not had any material incidences involving cybersecurity attacks.

- 16 -

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 the 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, results of operations, cash flow, capital resources and liquidity.

We face competition in pursuing acquisition opportunities that could increase our costs.

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 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 real estate investors with substantial capital, including from other REITs and institutional investment funds. Even if we are able to acquire a desired property, competition from other potential acquirers may significantly increase the purchase price.

Risks Related to Our Organization and Structure

Blackstone owns a significant percentage of our stock and has the ability to exercise influence over us.

Blackstone beneficially owns shares of our common stock providing them with an aggregate 36.1% of the total voting power of Brixmor Property Group Inc. as of December 31, 2015. Under our bylaws and our stockholders' agreement with Blackstone and its affiliates, while Blackstone retains certain ownership percentages of us, we will agree to nominate to our board a certain number of individuals designated by Blackstone, whom we refer to as the "Blackstone Directors." Accordingly, for so long as Blackstone continues to own a significant percentage of our stock, Blackstone will be able to influence the composition of our board of directors, the approval of actions requiring stockholder approval, our business plans and policies and the appointment and removal of our executive officers. Some of these actions could cause or prevent a change of control of our company or a change in the composition of our board of directors and could preclude any unsolicited acquisition of our company. The concentration of ownership could deprive you of an opportunity to receive a premium for your shares of common stock as part of a sale of our company and ultimately might affect the market price of our common stock.

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 a takeover or other transaction 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.

Certain provisions in the organizational documents of the partnership agreement for the Operating Partnership may delay or prevent unsolicited acquisitions of us.

Provisions in the organizational documents of the partnership agreement for the Operating Partnership may delay, defer or prevent a transaction or a change of control that might involve a premium price for BPG's common stock. These provisions could discourage third parties from making proposals involving an unsolicited acquisition of us or change of our control, although some stockholders might consider such proposals, if made, desirable. These provisions include, among others:

- redemption or exchange rights of qualifying parties;

- transfer restrictions on the OP Units held directly or indirectly by BPG;
- our inability in some cases to amend the charter documents of the partnership agreement of the Operating Partnership without the consent of the holders of the Outstanding OP Units;
- the right of the holders of the Outstanding OP Units to consent to mergers involving us under specified circumstances; and
- the right of the holders of the Outstanding OP Units to consent to transfers of the general partnership interest.

- 17 -

Any potential change of control transaction may be further limited as a result of provisions of the partnership unit designation for the OP Units, which require us to preserve the rights of OP Unit holders and may restrict us from amending the partnership agreement of our Operating Partnership in a manner that would have an adverse effect on the rights of Blackstone or other OP Unit holders.

BPG's bylaws generally may be amended only by its board of directors, which could limit your control of certain aspects of BPG's corporate governance.

BPG's board of directors has the sole power to amend BPG's bylaws, except that, so long as the stockholders' agreement remains in effect, certain amendments to BPG's bylaws will require the consent of Blackstone and amendments to BPG's bylaws that would allow BPG's board of directors to repeal its exemption of any transaction between BPG and any other person from the "business combination" provisions of the Maryland General Corporation Law (the "MGCL") or the exemption of any acquisition of BPG's stock from the "control share" provisions of the MGCL must be approved by BPG's stockholders. Thus, BPG's board may amend the bylaws in a way that may be detrimental to your interests.

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

BPG's investment, financing, borrowing and dividend policies and our policies with respect to all other activities, including growth, debt, capitalization and operations, will be determined by BPG's board of directors. These policies may be amended or revised at any time and from time to time at the discretion of BPG's board of directors without a vote of our stockholders. BPG's charter also provides that BPG's board of directors may revoke or otherwise terminate our REIT election without approval of BPG's stockholders, if it determines that it is no longer in BPG's best interests to attempt to qualify, or to continue to qualify, as a REIT. In addition, BPG's board of directors may change BPG's policies with respect to conflicts of interest provided that such changes are consistent with applicable legal requirements. A change in these policies or the termination of BPG's REIT election could have an adverse effect on our financial condition, our results of operations, our cash flow, the per share trading price of BPG's common stock and our ability to satisfy our debt service obligations and to pay dividends to BPG's stockholders.

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

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

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

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

BPG's charter contains a provision that expressly permits Blackstone and BPG's non-employee directors to compete with us.

Blackstone may compete with us for investments in properties and for tenants. There is no assurance that any conflicts of interest created by such competition will be resolved in our favor. Moreover, Blackstone is in the business of making investments in companies and acquires and holds interests in businesses that compete directly or indirectly 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

- 18 -

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, and none of Blackstone or any of its affiliates, or any director who is not employed by BPG or any of his or her affiliates, will 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. Blackstone also may pursue acquisition opportunities that may be complementary to our business, and, as a result, those acquisition opportunities may not be available to us.

BPG's charter provides that, to the maximum extent permitted from time to time by Maryland law, Blackstone and each of BPG's non-employee directors (including those designated by Blackstone), 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 Blackstone, 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 his or her capacity as our director. These provisions may limit our ability to pursue business or investment opportunities that we might otherwise have had the opportunity to pursue, which could have an adverse effect on our financial condition, our results of operations, our cash flow, the per share trading price of our common stock and our ability to satisfy our debt service obligations and to pay dividends to our stockholders.

Conflicts of interest could arise in the future between the interests of BPG's stockholders and the interests of holders of OP Units.

Because BPG controls the general partner of the Operating Partnership, BPG has fiduciary duties to the other limited partners in the operating partnership, the discharge of which may conflict with the interests of BPG's stockholders. The limited partners of the Operating Partnership have agreed that, in the event of a conflict between the duties owed by BPG's directors to BPG and, in BPG's capacity as the controlling stockholder of the sole member of the general partner of the Operating Partnership, the fiduciary duties owed by the general partner of the Operating Partnership to such limited partners, BPG is under no obligation to give priority to the interests of such limited partners. However, those persons holding OP Units will have the right to vote on certain amendments to the operating partnership agreement (which require approval by a majority in interest of the limited partners, including BPG Sub) and individually to approve certain amendments that would adversely affect their rights. These voting rights may be exercised in a manner that conflicts with the interests of BPG's stockholders. For example, BPG is unable to modify the rights of limited partners to receive distributions as set forth in the operating partnership agreement in a manner that adversely affects their rights without their consent, even though such modification might be in the best interest of BPG's stockholders.

Risks Related to our REIT Status and Certain Other Tax Items

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

BPG expects to continue to operate so as to qualify as a REIT under the Code. However, qualification as a REIT involves the application of highly technical and complex Code provisions for which only a limited number of judicial or administrative interpretations exist. Notwithstanding the availability of cure provisions in the Code, BPG could fail to meet various compliance requirements, which could jeopardize its REIT status. Furthermore, new tax legislation, administrative guidance or court decisions, in each instance potentially with retroactive effect, could

- 19 -

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, then:

BPG would be taxed as a regular domestic corporation, which under current laws, among other things, means being unable to deduct distributions to stockholders in computing taxable income and being subject to federal income tax on its taxable income at regular corporate income tax rates;

any resulting tax liability could be substantial and could have a material adverse effect on BPG's book value; unless BPG were entitled to relief under applicable statutory provisions, BPG would be required to pay taxes, and thus, BPG's cash available for distribution to stockholders would be reduced for each of the years during which BPG did not qualify as a REIT and for which BPG had taxable income; and

BPG generally would not be eligible to requalify as a REIT for the subsequent four full taxable years.

REITs, in certain circumstances, may incur tax liabilities that would reduce BPG's cash available for distribution to you.

Even if BPG qualifies and maintains its status as a REIT, BPG may be subject to U.S. federal income taxes and related state and local taxes. For example, net income from the sale of properties that are "dealer" properties sold by a REIT (a "prohibited transaction" under the Code) will be subject to a 100% tax. BPG may not make sufficient distributions to avoid excise taxes applicable to REITs. Similarly, if BPG were to fail an income test (and did not lose its REIT status because such failure was due to reasonable cause and not willful neglect) BPG would be subject to tax on the income that does not meet the income test requirements. BPG also may decide to retain net capital gain BPG earns from the sale or other disposition of BPG's investments and pay income tax directly on such income. In that event, BPG's stockholders would be treated as if they earned that income and paid the tax on it directly. However, stockholders that are tax-exempt, such as charities or qualified pension plans, would have no benefit from their deemed payment of such tax liability unless they file U.S. federal income tax returns and thereon seek a refund of such tax. BPG also may be subject to state and local taxes on its income or property, including franchise, payroll, mortgage recording and transfer taxes, either directly or at the level of the other companies through which BPG indirectly own its assets, such as BPG's taxable REIT subsidiaries ("TRS"), which are subject to full U.S. federal, state, local and foreign corporate-level income taxes. Any taxes BPG pays directly or indirectly will reduce BPG's cash available for distribution to you.

Complying with REIT requirements may cause BPG to forego otherwise attractive opportunities and limit its expansion opportunities.

In order to qualify as a REIT for U.S. federal income tax purposes, BPG must continually satisfy tests concerning, among other things, BPG's sources of income, the nature of its investments in commercial real estate and related assets, the amounts BPG distributes to its stockholders and the ownership of BPG's stock. BPG may also be required to make distributions to stockholders at disadvantageous times or when BPG does not have funds readily available for distribution. Thus, compliance with REIT requirements may hinder BPG's ability to operate solely on the basis of maximizing profits.

Complying with REIT requirements may force BPG to liquidate or restructure otherwise attractive investments. In order to qualify as a REIT, BPG must also ensure that at the end of each calendar quarter, at least 75% of the value of its assets consists of cash, cash items, government securities and qualified REIT real estate assets. The remainder of 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 BPG and such issuer jointly elect for such issuer to be treated as a "taxable REIT subsidiary" under the Code. The total value of all of BPG's investments in taxable REIT subsidiaries cannot exceed 25% (20% effective for taxable years beginning after December 31, 2017) of the value of BPG's total assets. In addition, no more than 5% of the value of BPG's assets can consist of the securities of any one issuer other than a taxable REIT subsidiary. 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.

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 risk of interest rate changes with respect to borrowings made or to be

- 20 -

made to acquire or carry real estate assets, if clearly identified under applicable Treasury Regulations, does not constitute “gross income” for purposes of the 75% or 95% gross income tests that BPG must satisfy in order to maintain its qualification as a REIT. To the extent that BPG enters into other types of hedging transactions, the income from those transactions is likely to be treated as non-qualifying income for purposes of both of the gross income tests. As a result of these rules, BPG intends to limit its use of advantageous hedging techniques or implement those hedges through a domestic TRS. This could increase the cost of BPG’s hedging activities because its TRS would be subject to tax on gains or expose itself to greater risks associated with changes in interest rates than BPG would otherwise want to bear. In addition, losses in BPG’s TRS will generally not provide any tax benefit, except for being carried forward against future taxable income in the TRS.

Complying with REIT requirements may force BPG to borrow to make distributions to stockholders. From time to time, BPG’s taxable income may be greater than its cash flow available for distribution to stockholders. If BPG does not have other funds available in these situations, BPG may be unable to distribute substantially all of its taxable income as required by the REIT provisions of the Code. Thus, BPG could be required to borrow funds, sell a portion of its assets at disadvantageous prices or find another alternative. These options could increase BPG’s costs or reduce its equity.

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 9.8% limits would not be effective without an exemption from these limits by BPG’s board of directors.

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

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 receipt of a premium to the price of BPG’s stock (and even if such change in control would not reasonably jeopardize BPG’s REIT status). The exemptions to the ownership limit granted to date may limit BPG’s board of directors’ power to increase the ownership limit or grant further exemptions in the future.

Failure to qualify as a domestically-controlled REIT could subject BPG’s non-U.S. stockholders to adverse 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 federal income tax on the gain attributable to a sale of BPG's shares would be subject to taxation upon such a sale if either (a) the shares were not considered to be "regularly traded" under applicable Treasury regulations on an established securities market, such as the NYSE, or (b) the shares were considered to be "regularly traded" on an established securities market and the selling non-U.S. stockholder owned, actually or constructively, more than 5% (10% on or after December 18, 2015) in value of the outstanding shares at any time during specified testing periods. If gain on the sale or exchange of BPG's shares was subject to taxation for these reasons, the non-U.S. stockholder would be subject to federal income tax with respect to any gain on a net basis in a manner similar to the taxation of a taxable U.S. stockholder, subject

- 21 -

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 you 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 (which does not equal net income, as calculated in accordance with GAAP), determined without regard to the deduction for dividends paid and excluding net capital gain. In order to satisfy this requirement, BPG may make distributions that are payable in cash and/or shares of BPG's stock (which could account for up to 90% of the aggregate amount of such distributions) at the election of each stockholder. Taxable stockholders receiving such distributions will be required to include the full amount of such distributions as ordinary dividend income to the extent of BPG's current or accumulated earnings and profits, as determined for U.S. federal income tax purposes. As a result, U.S. stockholders may be required to pay income taxes with respect to such distributions in excess of the cash portion of the distribution received. Accordingly, U.S. stockholders receiving a distribution of BPG's shares may be required to sell shares received in such distribution or may be required to sell other stock or assets owned by them, at a time that may be disadvantageous, in order to satisfy any tax imposed on such distribution. If a U.S. stockholder sells the stock that it receives as part of the distribution in order to pay this tax, the sales proceeds may be less than the amount it must include in income with respect to the distribution, depending on the market price of BPG's stock at the time of the sale. Furthermore, with respect to certain non-U.S. stockholders, BPG may be required to withhold U.S. tax with respect to such distribution, including in respect of all or a portion of such distribution that is payable in stock, by withholding or disposing of part of the shares included in such distribution and using the proceeds of such disposition to satisfy the withholding tax imposed. In addition, if a significant number of BPG's stockholders determine to sell shares of BPG's stock in order to pay taxes owed on dividend income, such sale may put downward pressure on the market price of BPG's stock.

Various tax aspects of such a taxable cash/stock distribution are uncertain and have not yet been addressed by the Internal Revenue Service ("IRS"). No assurance can be given that the IRS will not impose requirements in the future with respect to taxable cash/stock distributions, including on a retroactive basis, or assert that the requirements for such taxable cash/stock distributions have not been met.

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 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. Although this legislation does not adversely affect the taxation of REITs or dividends payable by REITs, the more favorable rates applicable to regular corporate qualified dividends could cause certain non-corporate investors to perceive investments in REITs to be relatively less attractive than investments in the stocks of non-REIT corporations that pay dividends, which could adversely affect the value of the shares of REITs, including BPG's stock.

BPG depends on external sources of capital to finance its growth.

As with other REITs, but unlike corporations generally, BPG's ability to finance its growth must largely be funded by external sources of capital because BPG generally will have to distribute to its stockholders 90% of its taxable income (determined without regard to the deduction for dividends paid and excluding net capital gain) in order to qualify as a REIT, including taxable income where BPG does not receive corresponding cash. BPG's access to external capital depends upon a number of factors, including general market conditions, the market's perception of BPG's growth potential, BPG's current and potential future earnings, cash distributions and the market price of BPG's stock.

BPG may be subject to adverse legislative or regulatory tax changes that could increase BPG's tax liability, reduce BPG's operating flexibility and reduce the price of BPG's stock.

In recent years, numerous legislative, judicial and administrative changes have been made in the provisions of U.S. federal income tax laws applicable to investments similar to an investment in shares of BPG's stock. Additional changes to the tax laws are likely to continue to occur, and BPG cannot assure you that any such changes will not adversely affect the taxation of a stockholder. Any such changes could have an adverse effect on an investment in BPG's shares or on the market value or the resale potential of BPG's assets. You are urged to consult with your tax advisor with respect to the impact of recent legislation (including the Protecting Americans from Tax Hikes Act of

- 22 -

2015, which was enacted on December 18, 2015) on your investment in BPG's shares and the status of legislative, regulatory or administrative developments and proposals and their potential effect on an investment in BPG's shares. Although REITs generally receive certain tax advantages compared to entities taxed as regular corporations, it is possible that future legislation would result in a REIT having fewer tax advantages, and it could become more advantageous for a company that invests in real estate to elect to be treated for U.S. federal income tax purposes as a corporation. As a result, BPG's charter provides BPG's board of directors with the power, under certain circumstances, to revoke or otherwise terminate BPG's REIT election and cause BPG to be taxed as a regular corporation, without the approval of BPG's stockholders.

Liquidation of assets may jeopardize BPG's REIT qualification.

To qualify as a REIT, BPG must comply with requirements regarding its assets and its sources of income. If BPG was compelled to liquidate its investments to repay obligations to its lenders, BPG may be unable to comply with these requirements, ultimately jeopardizing BPG's qualification as a REIT, or BPG may be subject to a 100% tax on any resultant gain if BPG sells assets that are treated as dealer property or inventory.

BPG's ownership of and relationship with any TRS is restricted, and a failure to comply with the restrictions would jeopardize BPG's REIT status and may result in the application of a 100% excise tax.

A REIT may own up to 100% of the stock of one or more TRSs. A TRS may earn income that would not be qualifying income if earned directly by the parent REIT. Both the subsidiary and the REIT must jointly elect to treat the subsidiary as a TRS. A corporation of which a TRS directly or indirectly owns more than 35% of the voting power or value of the stock will automatically be treated as a TRS. Overall, no more than 25% (20% effective for taxable years beginning after December 31, 2017) of the value of a REIT's assets may consist of stock or securities of one or more TRSs. The value of BPG's interests in and thus the amount of assets held in a TRS may also be restricted by BPG's need to qualify for an exclusion from regulation as an investment company under the Investment Company Act. A TRS will pay federal, state and local income tax at regular corporate rates on any income that it earns. In addition, the TRS rules limit the deductibility of interest paid or accrued by a TRS to its parent REIT to assure that the TRS is subject to an appropriate level of corporate taxation. The rules also impose a 100% excise tax on certain transactions between a TRS and its parent REIT that are not conducted on an arm's-length basis.

Any TRS BPG owns, as a domestic TRS, will pay federal, state and local income tax on its taxable income, and its after-tax net income is available for distribution to BPG but is not required to be distributed to BPG. The aggregate value of the TRS stock and securities owned by BPG cannot exceed 25% (20% effective for taxable years beginning after December 31, 2017) of the value of BPG's total assets (including the TRS stock and securities). Although BPG's plan to monitor its investments in TRSs, there can be no assurance that BPG will be able to comply with the TRS limitation discussed above or to avoid application of the 100% excise tax discussed above.

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, nor can we assure you of our ability to make distributions in the future. We may use borrowed funds to make distributions. If cash available for distribution generated by our assets decreases in future periods from expected levels, our inability to make expected distributions could result in a decrease in the market price of BPG's common stock. See "Item 5. Market For Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities." All distributions will be made at the discretion of BPG's board of directors and will depend on our earnings, our financial condition, maintenance of BPG's REIT qualification and other factors as BPG's board of directors may deem relevant from time to time. We may not be able to make distributions in the future. In addition, some of our distributions may include a return of capital. 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 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.

- 23 -

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 could decline. The trading market for BPG's shares is influenced by the research and reports that industry or securities analysts publish about us or our business. If any of the analysts who cover us downgrades BPG's common stock or publishes inaccurate or unfavorable research about our business, BPG's share price may decline. If analysts cease coverage of us or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause BPG's common stock price or trading volume to decline and BPG's shares to be less liquid. An inactive market may also impair our ability to raise capital by selling shares and may impair our ability to acquire additional properties or other businesses by using BPG's shares as consideration, which in turn could materially adversely affect our business. In addition, the stock market in general, and the NYSE and REITs in particular, have recently experienced extreme price and volume fluctuations. These broad market and industry factors may decrease the market price of BPG's shares, regardless of our actual operating performance. For these reasons, among others, the market price of BPG's shares may decline substantially and quickly.

BPG's share price may decline due to the large number of BPG's shares eligible for future sale. The market price of BPG's common stock could decline as a result of sales of a large number of shares of BPG's common stock in the market or the perception that such sales could occur. These sales, or the possibility that these sales may occur, also might make it more difficult for BPG to sell shares of BPG's common stock in the future at a time and at a price that we deem appropriate. BPG had a total of 299,153,127 shares of common stock outstanding as of February 1, 2016.

As of February 1, 2016, 108,053,553 shares of BPG's outstanding common stock were held by Blackstone. In accordance with the registration rights agreement we entered into with Blackstone, BPG has filed an effective registration statement on Form S-3 under the Securities Act pursuant to which Blackstone may offer and sell from time to time shares of BPG's common stock held by Blackstone, including shares received upon redemption of OP Units. These shares are also eligible for sale in the public market in accordance with and subject to the limitation on sales by affiliates as provided in Rule 144 under the Securities Act of 1933, as amended (the "Securities Act"). As of February 1, 2016, 5,213,088 OP Units were held by Blackstone (4,976,248) and our current and former executive officers (236,840). The OP Unit holders have the right to require the Operating Partnership to redeem part or all of the OP Units for cash, based upon the value of an equivalent number of shares of BPG's common stock at the time of the election to redeem, or, at our election, exchange them for an equivalent number of shares of BPG's common stock, subject to the ownership limit and other restrictions on ownership and transfer set forth in BPG's charter. These exchanges, or the possibility that these exchanges may occur, also might make it more difficult for holders of our common stock to sell such stock in the future at a time and at a price that they deem appropriate.

BPG filed a registration statement on Form S-8 under the Securities Act to register 15,000,000 shares of BPG's common stock or securities convertible into or exchangeable for shares of BPG's common stock that may be issued pursuant to BPG's 2013 Omnibus Incentive Plan. Such Form S-8 registration statement automatically became effective upon filing. Accordingly, shares registered under such registration statement will be available for sale in the open market.

BPG's charter provides that BPG may issue up to 3,000,000,000 shares of common stock, and 300,000,000 shares of preferred stock, \$0.01 par value per share. Moreover, under Maryland law and BPG's charter, BPG's board of directors has the power to increase the aggregate number of shares of stock or the number of shares of stock of any class or series that BPG is authorized to issue without stockholder approval. Similarly, the agreement of limited partnership of the Operating Partnership authorizes us to issue an unlimited number of additional OP Units of the Operating Partnership, which may be exchangeable for shares of BPG's common stock.

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 cash dividends.

Securities markets worldwide 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. One of the factors that may influence the market price of BPG's common stock is the annual yield from distributions on our common stock as compared to yields on other financial instruments. An increase in market interest rates, or a decrease in our distributions to stockholders, may lead prospective purchasers of shares of BPG's common stock to demand a higher distribution rate or seek alternative

- 24 -

investments. As a result, if interest rates rise, it is likely that the market price of BPG's common stock will decrease as market rates on interest-bearing securities increase. In addition, BPG's operating results could be below the expectations of public market analysts and investors, and in response the market price of BPG's shares could decrease significantly. The market value of the equity securities of a REIT is also based upon the market's perception of the REIT's growth potential and its current and potential future cash distributions, whether from operations, sales or refinancings, and is secondarily based upon the real estate market value of the underlying assets. For that reason, BPG's common stock may trade at prices that are higher or lower than our net asset value per share. To the extent we retain operating cash flow for investment purposes, working capital reserves or other purposes, these retained funds, while increasing the value of our underlying assets, may not correspondingly increase the market price of BPG's common stock. Our failure to meet the market's expectations with regard to future earnings and cash distributions likely would adversely affect the market price of BPG's common stock and, in such instances, you may be unable to resell your shares at a price that is in excess of your investment in the shares.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

Our Portfolio at December 31, 2015 consisted of 518 shopping centers, including 517 wholly owned shopping centers and one shopping center held through an unconsolidated joint venture. 65.3% of the ABR in our Portfolio as of December 31, 2015 is derived from shopping centers located in the top 50 U.S. MSAs by population. Our top markets by ABR include the MSAs of New York, Philadelphia and Houston.

With an average shopping center size of approximately 167,212 sq. ft. as of December 31, 2015, our Portfolio is comprised predominantly of community shopping centers (63% of our shopping centers) as of December 31, 2015, with the balance comprised of neighborhood shopping centers. Our shopping centers have an appropriate mix of anchor and small shop GLA, with approximately one-third of the portfolio GLA comprised of small shop space. Our shopping centers are anchored by a mix of leading grocers, national and regional discount and general merchandise retailers and category-dominant anchors. We believe that the necessity- and value-oriented merchandise mix of the retail tenants in our centers reduces our exposure to macro-economic cycles and consumer purchases via the internet, generating more predictable property-level cash flows. Such retailers provide goods and services that consumers purchase regularly such as food, health care items and household supplies. Such retailers also sell items such as clothing at lower prices than other traditional retailers.

Overall, in our Portfolio we have a broad and highly diversified retail tenant base that includes approximately 5,500 tenants, with no one tenant representing more than 3.4% of the total ABR generated from our shopping centers as of December 31, 2015. Our three largest tenants are The Kroger Co., The TJX Companies and Dollar Tree Stores, Inc., representing 3.4%, 3.1% and 1.9% of total Portfolio ABR as of December 31, 2015, respectively.

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The following chart lists our top 20 tenants by ABR (owned only) in our Portfolio as of December 31, 2015, illustrating the diversity of our tenant base (dollars in thousands):

Retailer	Owned Leases	GLA	Percent of Portfolio GLA	ABR	Percent of Portfolio ABR
The Kroger Co.	71	4,583,904	5.3	% \$31,810	3.4 %
The TJX Companies, Inc.	91	2,907,531	3.4	% 29,663	3.1 %
Dollar Tree Stores, Inc.	168	1,869,080	2.2	% 18,297	1.9 %
Wal-Mart Stores, Inc.	29	3,548,000	4.1	% 16,911	1.8 %
Publix Super Markets, Inc.	39	1,801,416	2.1	% 16,659	1.8 %
Ahold USA, Inc.	22	1,314,212	1.5	% 14,755	1.6 %
Albertsons Companies, Inc.	22	1,225,287	1.4	% 13,547	1.4 %
Burlington Stores, Inc.	19	1,389,971	1.6	% 10,583	1.1 %
PetSmart, Inc.	30	652,714	0.8	% 9,303	1.0 %
Bed Bath & Beyond Inc.	30	737,711	0.9	% 9,248	1.0 %
Sears Holdings Corporation	23	2,135,926	2.5	% 9,201	1.0 %
Ross Stores, Inc.	30	844,474	1.0	% 9,104	1.0 %
Best Buy Co., Inc.	16	660,392	0.8	% 8,832	0.9 %
Office Depot, Inc.	35	787,551	0.9	% 8,579	0.9 %
Big Lots, Inc.	44	1,417,743	1.6	% 8,516	0.9 %
Staples, Inc.	29	612,831	0.7	% 7,620	0.8 %
Kohl's Corporation	12	1,002,715	1.2	% 7,330	0.8 %
Party City Corporation	36	505,174	0.6	% 7,248	0.8 %
PETCO Animal Supplies, Inc.	35	465,435	0.5	% 7,215	0.8 %
DICK'S Sporting Goods, Inc.	13	542,121	0.6	% 6,948	0.7 %
TOP 20 RETAILERS	794	29,004,188	33.7	% \$251,369	26.7 %

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The following table sets forth certain information as of December 31, 2015, regarding the shopping centers in our Portfolio on a state-by-state basis (dollars in thousands, except per square foot information):

State	Number of Properties	GLA	Percent		ABR	ABR / SF ⁽¹⁾	Percent of			
			Leased	Billed			Number of Properties	Percent of GLA	Percent of ABR	
1 Texas	66	9,546,631	92.0	% 90.4	% \$105,293	\$12.84	12.7	% 11.0	% 11.1	%
2 Florida	58	9,013,977	91.2	% 88.5	% 104,328	13.14	11.1	% 10.4	% 11.0	%
3 California	29	5,776,931	97.6	% 95.4	% 91,001	17.19	5.5	% 6.6	% 9.6	%
4 Pennsylvania	36	5,952,138	96.0	% 95.6	% 68,267	14.41	6.9	% 6.9	% 7.2	%
5 New York	33	4,340,537	91.6	% 89.9	% 64,126	16.79	6.4	% 5.0	% 6.8	%
6 Illinois	24	4,851,372	92.3	% 91.0	% 51,999	12.59	4.6	% 5.6	% 5.5	%
7 Georgia	37	5,264,566	89.9	% 88.4	% 45,960	9.93	7.1	% 6.1	% 4.9	%
8 Ohio	24	4,526,015	91.6	% 91.0	% 42,685	11.92	4.6	% 5.2	% 4.5	%
9 New Jersey	18	3,084,514	94.4	% 93.3	% 42,363	15.48	3.5	% 3.6	% 4.5	%
10 North Carolina	21	4,325,767	91.3	% 90.0	% 40,714	10.90	4.1	% 5.0	% 4.3	%
11 Michigan	19	3,700,324	92.3	% 91.3	% 32,422	11.75	3.7	% 4.3	% 3.4	%
12 Connecticut	15	2,260,429	95.0	% 89.8	% 30,815	15.41	2.9	% 2.6	% 3.3	%
13 Tennessee	16	3,238,621	94.7	% 92.9	% 29,938	10.22	3.1	% 3.7	% 3.2	%
14 Kentucky	12	2,583,516	96.3	% 96.1	% 21,714	9.31	2.3	% 3.0	% 2.3	%
15 Massachusetts	11	1,885,703	94.0	% 93.2	% 21,298	15.31	2.1	% 2.2	% 2.3	%
16 Colorado	6	1,478,898	92.4	% 88.5	% 18,272	13.43	1.2	% 1.7	% 2.0	%
17 Minnesota	10	1,474,437	92.1	% 91.4	% 15,605	12.22	1.9	% 1.7	% 1.7	%
18 Indiana	12	1,963,426	87.9	% 86.5	% 15,428	9.74	2.3	% 2.3	% 1.6	%
19 Virginia	11	1,446,496	84.2	% 83.5	% 13,677	11.85	2.1	% 1.7	% 1.4	%
20 South Carolina	8	1,362,344	86.6	% 85.9	% 13,095	11.34	1.5	% 1.6	% 1.4	%
21 Maryland	5	776,427	100.0	% 98.2	% 9,915	12.83	1.0	% 0.9	% 1.0	%
22 Nevada	3	613,061	94.3	% 93.5	% 8,274	14.39	0.6	% 0.7	% 0.9	%
23 New Hampshire	5	770,330	90.4	% 84.0	% 7,851	14.35	1.0	% 0.9	% 0.8	%
24 Alabama	4	984,573	92.7	% 92.4	% 7,369	10.00	0.8	% 1.1	% 0.8	%
25 Wisconsin	5	760,890	90.2	% 89.9	% 7,032	10.25	1.0	% 0.9	% 0.7	%
26 Missouri	6	862,861	89.8	% 87.1	% 6,488	8.51	1.2	% 1.0	% 0.7	%
27 Iowa	4	721,937	90.0	% 89.1	% 4,157	6.45	0.8	% 0.8	% 0.4	%
28 Mississippi	3	406,316	95.0	% 79.8	% 3,892	10.21	0.6	% 0.5	% 0.4	%
29 Louisiana	4	612,368	96.0	% 95.1	% 3,702	6.30	0.8	% 0.7	% 0.4	%
30 Kansas	2	367,779	91.7	% 91.1	% 2,890	11.11	0.4	% 0.4	% 0.3	%
31 Arizona	2	288,110	77.3	% 62.2	% 2,638	11.85	0.4	% 0.3	% 0.3	%
32 Delaware	1	191,974	100.0	% 100.0	% 2,336	12.17	0.2	% 0.2	% 0.2	%
33 West Virginia	2	251,500	97.2	% 96.9	% 2,012	8.23	0.4	% 0.3	% 0.2	%
34 Maine	1	287,513	91.8	% 89.4	% 1,917	20.08	0.2	% 0.3	% 0.2	%
35 Vermont	1	224,514	98.2	% 98.2	% 1,906	8.64	0.2	% 0.3	% 0.2	%
36 Oklahoma	1	186,851	100.0	% 100.0	% 1,765	9.45	0.2	% 0.2	% 0.2	%
37 Rhode Island	1	148,126	99.2	% 99.2	% 1,556	10.59	0.2	% 0.2	% 0.2	%
38 New Mexico	2	83,800	100.0	% 100.0	% 967	11.54	0.4	% 0.1	% 0.1	%
TOTAL	518	86,615,572	92.6	% 91.0	% \$945,667	\$12.76	100.0	% 100.0	% 100.0	%

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

- 27 -

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The following table sets forth certain information by unit size for our Portfolio as of December 31, 2015 (dollars in thousands):

	Number of Units	GLA	Percent Leased	Percent Billed	Percent of Vacant GLA	ABR	ABR/SF ⁽¹⁾
≥ 35,000 SF	581	36,150,924	98.1	% 97.2	% 10.5	% \$278,350	\$9.16
20,000 – 34,999 SF	550	14,468,974	95.6	% 93.7	% 10.1	% 133,357	9.75
10,000 - 19,999 SF	755	10,274,377	90.1	% 87.8	% 15.9	% 113,390	12.57
5,000 - 9,999 SF	1,376	9,464,551	86.3	% 84.3	% 20.4	% 124,483	15.85
< 5,000 SF	8,459	16,256,746	83.1	% 80.4	% 43.1	% 296,087	22.51
TOTAL	11,721	86,615,572	92.6	% 91.0	% 100.0	% \$945,667	\$12.76
TOTAL ≥ 10,000 SF	1,886	60,894,275	96.2	% 94.8	% 36.5	% \$525,097	\$9.89
TOTAL < 10,000 SF	9,835	25,721,297	84.3	% 81.9	% 63.5	% 420,570	20.02

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

The following table sets forth, as of December 31, 2015, a schedule of 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 or base rent escalations over the lease term and including the GLA of lessee owned leasehold improvements (dollars in thousands):

	Number of Leases	Leased GLA	Percent of Leased GLA	ABR / SF	Percent of ABR	
Month to Month	744	2,352,602	2.8	% \$13.15	3.2	%
2016	1,549	7,923,535	9.9	% 12.12	10.1	%
2017	1,700	10,999,208	13.7	% 12.00	13.9	%
2018	1,579	10,122,010	12.6	% 12.47	13.4	%
2019	1,338	10,342,317	12.9	% 11.58	12.7	%
2020	1,182	10,806,589	13.5	% 11.15	12.7	%
2021	507	6,082,581	7.6	% 10.97	7.1	%
2022	277	3,665,345	4.6	% 11.00	4.3	%
2023	282	3,768,107	4.7	% 10.18	4.1	%
2024	304	3,411,327	4.3	% 12.66	4.6	%
2025+	640	10,770,456	13.4	% 12.21	13.9	%

We believe that all of the properties in our portfolio are suitable for use as a community or neighborhood shopping center.

More specific information with respect to each of our property interests is set forth in Exhibit 99.2, which is incorporated herein by reference.

Leases

Our anchor tenants generally have leases with original terms ranging from 10 to 20 years. Such leases frequently contain renewal options for one or more additional periods. Smaller tenants typically have leases with terms ranging from three to five years, which may or may not contain renewal options. Leases in our portfolio generally provide for the payment of fixed monthly rentals. 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 rentals over both the primary terms and renewal periods. Our leases generally include tenant reimbursements for

common area costs, 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

- 28 -

risk management program and to stabilize insurance costs, manage exposure and recoup expenses through the functions of the captive program.

We also maintain commercial liability, fire, extended coverage, earthquake, business interruption and rental loss insurance covering all of the properties in our portfolio. We select coverage specifications and insured limits which we believe to be appropriate given the relative risk of loss, the cost of the coverage and 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 loss from war. See "Risk Factors-Risks Related to Our Properties and Our Business-Any uninsured loss on properties or a loss that exceeds the limits of our insurance policies could result in a loss of our investment or related revenue in our portfolio."

Item 3. Legal Proceedings

The information contained under the heading "Legal Matters" in Note 13 - Commitments and Contingencies to our consolidated financial statements in this report is incorporated by reference into this Item 3.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

The following table sets forth for the years ended December 31, 2015 and 2014 the high and low sales prices for each quarter of BPG's common stock, which trades on the New York Stock Exchange under the trading symbol "BRX," and the quarterly declared dividend per share of common stock for the years ended December 31, 2015 and 2014:

Period	Stock Price		Cash Dividends Declared
	High	Low	
2015:			
First Quarter	\$27.43	\$24.22	\$0.225
Second Quarter	26.70	22.97	0.225
Third Quarter	25.50	20.78	0.225
Fourth Quarter	26.48	23.00	0.245
2014:			
First Quarter	\$22.37	\$20.05	\$0.200
Second Quarter	23.23	20.44	0.200
Third Quarter	24.10	22.04	0.200
Fourth Quarter	25.95	21.82	0.225

As of February 1, 2016, the number of holders of record of BPG's common stock was 179. This figure does not represent the actual number of beneficial owners of BPG's common stock because shares of BPG's common stock are frequently held in "street name" by securities dealers and others for the benefit of beneficial owners who may vote the shares.

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

BPG's future distributions will be at the sole discretion of BPG's board of directors. When determining the amount of future distributions, we expect that BPG's board of directors will consider, among other factors, (1) the amount of cash generated from our operating activities, (2) our expectations of future cash flows, (3) our determination of near-term cash needs for debt repayments, existing or future share repurchases, and selective acquisitions of new properties, (4) the timing of significant redevelopment and re-leasing activities and the establishment of additional cash reserves for anticipated tenant improvements and general property capital improvements, (5) our ability to continue to access additional sources of capital, (6) the amount 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, (7) any limitations on our distributions contained in our credit or other agreements, including, without limitation, in our Unsecured Credit Facility, and (8) the sufficiency of legally-available assets.

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 do 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 from working capital, borrow funds, sell assets or reduce such distributions. BPG's board of directors reviews the alternative

funding sources available to us from time to time. For more information regarding risk factors that could materially adversely affect our actual results of operations, please see Item 1A. "Risk Factors."

Because Brixmor Property Group Inc. is a holding company and has no material assets other than its ownership of shares of common stock of BPG Sub and no material operations other than those conducted by BPG Sub, we fund any distributions from legally-available assets authorized by our board of directors in three steps:

- 30 -

first, the Operating Partnership makes distributions to those of its partners which are holders of OP Units, including BPG Sub. When the Operating Partnership makes such distributions, in addition to BPG Sub and its wholly owned subsidiary, the other partners of the Operating Partnership are also entitled to receive equivalent distributions pro rata based on their partnership interests in the Operating Partnership;

second, BPG Sub distributes to Brixmor Property Group Inc. its share of such distributions; and

third, Brixmor Property Group Inc. distributes the amount authorized by its board of directors and declared by Brixmor Property Group Inc. to its common stockholders on a pro rata basis.

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 with 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, 2015, 100% of the Company's distributions to shareholders constituted taxable ordinary income.

BPG's Total Stockholder Return Performance

The following performance chart compares, for the period from October 30, 2013 through December 31, 2015, the cumulative total stockholder return on BPG's common stock with the cumulative total return of the S&P 500 Index and the cumulative total return of the FTSE NAREIT Equity Shopping Centers Index. Equity real estate investment trusts are defined as those which derive more than 75% of their income from equity investments in real estate assets. All stockholder return performance assumes the reinvestment of dividends. The information in this paragraph and the following performance chart are deemed to be furnished, not filed.

Sales of Unregistered Equity Securities

There were no unregistered sales of equity securities during the year ended December 31, 2015.

Issuer Purchases of Equity Securities

BPG did not repurchase any of its equity securities during the year ended December 31, 2015.

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.

The Successor period in the following table reflects our selected financial data for BPG and the Operating Partnership and their respective subsidiaries for the period following the acquisition by Blackstone through the end of the 2015 fiscal year, and the Predecessor period in the following table reflects our selected financial data for BPG and the Operating Partnership and their respective subsidiaries for the periods prior to the acquisition by Blackstone.

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

	Successor (Consolidated)				Predecessor (Combined Consolidated)	
	Year Ended December 31,				Period from June 28, 2011 through December 31, 2011	Period from January 1, 2011 through June 27, 2011
	2015	2014	2013	2012	2011	2011
Revenues						
Rental income	\$984,548	\$960,715	\$887,466	\$851,311	\$429,178	\$ 412,745
Expense reimbursements	276,032	268,035	242,803	225,710	112,355	114,828
Other revenues	5,400	7,849	16,135	11,233	5,331	7,588
Total revenues	1,265,980	1,236,599	1,146,404	1,088,254	546,864	535,161
Operating expenses						
Operating costs	129,477	129,148	116,522	118,876	59,440	64,381
Real estate taxes	180,911	179,504	168,468	155,142	77,455	76,744
Depreciation and amortization	417,935	441,630	438,547	488,524	283,653	168,644
Provision for doubtful accounts	9,540	11,537	10,899	11,542	8,465	10,360
Impairment of real estate assets	1,005	—	1,531	—	—	—
General and administrative	98,454	80,175	121,082	88,936	49,874	57,363
Total operating expenses	837,322	841,994	857,049	863,020	478,887	377,492
Other income (expense)						
Dividends and interest	315	602	832	1,138	641	815
Gain on bargain purchase	—	—	—	—	328,826	—
Interest expense	(245,012)	(262,812)	(343,193)	(376,237)	(199,131)	(189,299)
Gain on sale of real estate assets and acquisition of joint venture interest	11,744	378	2,223	501	—	—
Gain (loss) on extinguishment of debt, net	1,720	(13,761)	(20,028)	—	917	—
Other ⁽¹⁾	(348)	(8,431)	(11,014)	(1,045)	(40,165)	(9,378)
Total other income (expense)	(231,581)	(284,024)	(371,180)	(375,643)	91,088	(197,862)
Income (loss) before equity in income of unconsolidated joint ventures	197,077	110,581	(81,825)	(150,409)	159,065	(40,193)
Equity in income (loss) of unconsolidated joint ventures	459	370	1,167	687	(160)	(381)
Gain on disposition of investments in unconsolidated joint ventures	—	1,820	—	—	—	—
Impairment of investment in unconsolidated joint ventures	—	—	—	(314)	—	—
Income (loss) from continuing operations	197,536	112,771	(80,658)	(150,036)	158,905	(40,574)
Discontinued operations						

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Income (loss) from discontinued operations	—	4,909	3,505	(2,447)	(5,769)	2,091
Gain on disposition of operating properties	—	15,171	3,392	5,369	—	—
Impairment of real estate held for sale	—	—	(45,122)	(13,599)	—	(8,608)
Income (loss) from discontinued operations	—	20,080	(38,225)	(10,677)	(5,769)	(6,517)
Net income (loss)	197,536	132,851	(118,883)	(160,713)	153,136	(47,091)
Net (income) loss attributable to non-controlling interests	(3,816)	(43,849)	25,349	38,146	(37,785)	(752)
Net income (loss) attributable to Brixmor Property Group Inc.	193,720	89,002	(93,534)	(122,567)	115,351	(47,843)
Preferred stock dividends	(150)	(150)	(162)	(296)	(137)	—
Net income (loss) attributable to common stockholders	\$193,570	\$88,852	\$(93,696)	\$(122,863)	\$115,214	\$(47,843)
Per common share:						
Income (loss) from continuing operations:						
Basic	\$0.65	\$0.36	\$(0.33)	\$(0.64)	\$0.66	
Diluted	\$0.65	\$0.36	\$(0.33)	\$(0.64)	\$0.66	
Net income (loss) attributable to common stockholders:						
Basic	\$0.65	\$0.36	\$(0.50)	\$(0.68)	\$(0.02)	
Diluted	\$0.65	\$0.36	\$(0.50)	\$(0.68)	\$(0.02)	
Weighted average shares:						
Basic	298,004	243,390	188,993	180,675	180,675	
Diluted	305,017	244,588	188,993	180,675	180,675	
Cash dividends declared per common share	\$0.92	\$0.825	\$0.127	\$—	\$—	

(1) Certain prior period balances have been reclassified to conform to the current period presentation including for acquisition related costs.

BRIXMOR PROPERTY GROUP INC. AND SUBSIDIARIES
SELECT BALANCE SHEET INFORMATION
(in thousands)

Balance Sheet Data as of the end of each year	Successor				
	2015	2014	2013	2012	2011
Real estate, net	\$9,052,165	\$9,253,015	\$9,647,558	\$9,098,130	\$9,496,903
Total assets ⁽¹⁾	\$9,498,007	\$9,681,913	\$10,143,487	\$9,569,544	\$9,995,066
Debt obligations, net ^{(1) (2)}	\$5,974,266	\$6,022,508	\$5,952,860	\$6,465,171	\$6,657,349
Total liabilities ⁽¹⁾	\$6,577,705	\$6,701,610	\$6,837,500	\$7,271,723	\$7,516,077
Redeemable non-controlling interests	\$—	\$—	\$21,467	\$21,467	\$21,559
Total equity	\$2,920,302	\$2,980,303	\$3,284,520	\$2,276,354	\$2,457,430

⁽¹⁾ Certain prior period balances in the accompanying Consolidated Balance Sheets have been reclassified to conform to the current period presentation for the adoption of Accounting Standards Update (“ASU”) 2015-03, “Interest - Imputation of Interest (Topic 835): Simplifying the Presentation of Debt Issuance Costs.”

⁽²⁾ Debt includes mortgage and 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
COMBINED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share data)

	Successor (Consolidated)				Predecessor (Combined Consolidated)	
	Year Ended December 31,				Period from June 28, 2011 through December 31, 2011	Period from January 1, 2011 through June 27, 2011
	2015	2014	2013	2012	2011	2011
Revenues						
Rental income	\$984,548	\$960,715	\$887,466	\$851,311	\$429,178	\$ 412,745
Expense reimbursements	276,032	268,035	242,803	225,710	112,355	114,828
Other revenues	5,400	7,849	16,135	11,233	5,331	7,588
Total revenues	1,265,980	1,236,599	1,146,404	1,088,254	546,864	535,161
Operating expenses						
Operating costs	129,477	129,148	116,522	118,876	59,440	64,381
Real estate taxes	180,911	179,504	168,468	155,142	77,455	76,744
Depreciation and amortization	417,935	441,630	438,547	488,524	283,653	168,644
Provision for doubtful accounts	9,540	11,537	10,899	11,542	8,465	10,360
Impairment of real estate assets	1,005	—	1,531	—	—	—
General and administrative	98,454	80,175	121,078	88,931	49,874	57,363
Total operating expenses	837,322	841,994	857,045	863,015	478,887	377,492
Other income (expense)						
Dividends and interest	315	602	825	1,125	641	815
Interest expense	(245,012)	(262,812)	(343,193)	(376,237)	(199,131)	(189,299)
Gain on sale of real estate assets and acquisition of joint venture interest	11,744	378	2,223	501	—	—
Gain (loss) on extinguishment of debt, net	1,720	(13,761)	(20,028)	—	917	—
Other ⁽¹⁾	(348)	(8,431)	(11,005)	(513)	1,224	(9,378)
Total other income (expense)	(231,581)	(284,024)	(371,178)	(375,124)	(196,349)	(197,862)
Income (loss) before equity in income of unconsolidated joint ventures	197,077	110,581	(81,819)	(149,885)	(128,372)	(40,193)
Equity in income (loss) of unconsolidated joint ventures	459	370	1,167	687	(160)	(381)
Gain on disposition of investments in unconsolidated joint ventures	—	1,820	—	—	—	—
Impairment of investment in unconsolidated joint ventures	—	—	—	(314)	—	—
Income (loss) from continuing operations	197,536	112,771	(80,652)	(149,512)	(128,532)	(40,574)
Discontinued operations						

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Income (loss) from discontinued operations	—	4,909	3,505	(2,447)	(5,769)	2,091
Gain on disposition of operating properties	—	15,171	3,392	5,369	—	—
Impairment on real estate held for sale	—	—	(45,122)	(13,599)	—	(8,608)
Income (loss) from discontinued operations	—	20,080	(38,225)	(10,677)	(5,769)	(6,517)
Net income (loss)	197,536	132,851	(118,877)	(160,189)	(134,301)	(47,091)
Net income attributable to non-controlling interests	—	(1,181)	(1,355)	(1,306)	(653)	(752)
Net income (loss) attributable to Brixmor Operating Partnership LP	\$ 197,536	\$ 131,670	\$ (120,232)	\$ (161,495)	\$ (134,954)	\$ (47,843)
Net income (loss) attributable to:						
Series A interest	\$—	\$21,014	\$3,451	\$—	\$—	\$—
Partnership common units	197,536	110,656	(123,683)	(161,495)	(134,954)	(47,843)
Net income (loss) attributable to Brixmor Operating Partnership LP	\$ 197,536	\$ 131,670	\$ (120,232)	\$ (161,495)	\$ (134,954)	\$ (47,843)
Per common unit:						
Income (loss) from continuing operations:						
Basic	\$0.65	\$0.36	\$(0.33)	\$(0.63)	\$(0.54)	
Diluted	\$0.65	\$0.36	\$(0.33)	\$(0.63)	\$(0.54)	
Net income (loss) attributable to partnership common units:						
Basic	\$0.65	\$0.36	\$(0.50)	\$(0.68)	\$(0.57)	
Diluted	\$0.65	\$0.36	\$(0.50)	\$(0.68)	\$(0.57)	
Weighted average number of partnership common units:						
Basic	303,992	302,540	250,109	238,834	238,834	
Diluted	305,017	303,738	250,109	238,834	238,834	

⁽¹⁾ Certain prior period balances have been reclassified to conform to the current period presentation including for acquisition related costs.

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

(in thousands)

Balance Sheet Data as of the end of each year	Successor				(unaudited) 2011
	2015	2014	2013	2012	
Real estate, net	\$9,052,165	\$9,253,015	\$9,647,558	\$9,098,130	\$9,496,903
Total assets ⁽¹⁾	\$9,497,775	\$9,681,566	\$10,142,381	\$9,563,725	\$9,943,078
Debt obligations, net ^{(1) (2)}	\$5,974,266	\$6,022,508	\$5,952,860	\$6,465,171	\$6,657,349
Total liabilities ⁽¹⁾	\$6,577,705	\$6,701,610	\$6,837,490	\$7,271,721	\$7,515,937
Redeemable non-controlling interests	\$—	\$—	\$21,467	\$21,467	\$21,559
Total capital	\$2,920,070	\$2,979,956	\$3,283,424	\$2,270,537	\$2,405,582

⁽¹⁾ Certain prior period balances in the accompanying Consolidated Balance Sheets have been reclassified to conform to the current period presentation for the adoption of Accounting Standards Update (“ASU”) 2015-03, “Interest - Imputation of Interest (Topic 835): Simplifying the Presentation of Debt Issuance Costs.”

⁽²⁾ Debt includes mortgage and secured loans, notes payable, and credit agreements, including unamortized premium or net of unamortized discount and unamortized debt issuance costs.

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

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

Executive Summary

Our Company

Brixmor Property Group Inc. and subsidiaries (collectively, “BPG”) is an internally-managed real estate investment trust (“REIT”). Brixmor Operating Partnership LP and subsidiaries (collectively, the “Operating Partnership”) is the entity through which BPG conducts substantially all of its operations and owns substantially all of its assets. BPG owns 100% of the common stock of BPG Subsidiary Inc. (“BPG Sub”), which, in turn, is the sole member of Brixmor OP GP LLC (the “General Partner”), the sole general partner of the Operating Partnership. Unless otherwise expressly stated or the context otherwise requires, “we,” “us,” and “our” as used herein refer to each of BPG and the Operating Partnership, collectively. We operate the largest wholly-owned portfolio of grocery-anchored community and neighborhood shopping centers in the United States. Our high quality national portfolio is diversified by geography, tenancy and retail format, and our shopping centers are primarily anchored by market-leading grocers. BPG has been organized and operated in conformity with the requirements for qualification and taxation as a REIT under the United States federal income tax laws, commencing with our taxable year ended December 31, 2011, and has maintained such requirements for our taxable year ended December 31, 2015, and expect to satisfy such requirements for subsequent taxable years.

As of December 31, 2015, BPG beneficially owned, through its direct and indirect interest in BPG Sub and the General Partner, 98.3% of the outstanding OP Units. Certain investments funds affiliated with The Blackstone Group L.P. (together with such affiliated funds, “Blackstone”) and certain members of our current and former management collectively owned the remaining 1.7% of the outstanding OP Units. We use the term “Outstanding OP Units” to refer to the OP Units not held by BPG, BPG Sub or the General Partner. Holders of Outstanding OP Units may redeem their OP Units for cash based upon the market value of an equivalent number of shares of BPG’s common stock or, at our election, exchange their OP Units for shares of our common stock on a one-for-one basis subject to customary conversion rate adjustments for splits, unit distributions and reclassifications. 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.

Our primary objective is to maximize total returns to BPG's 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 and by creating meaningful NOI growth from this portfolio. We expect that the major drivers of this growth will be a combination of positive rent spreads from below-market in-place rents and above average lease rollover, occupancy increases, annual contractual rent increases across the portfolio and the execution of embedded anchor

- 36 -

space repositioning / redevelopment opportunities / outparcel development opportunities.

We expect the following set of core competencies to position us to execute on our growth strategies:

Anchor Space Repositioning / Redevelopment / Outparcel Development Expertise - We have been a top redeveloper over the past decade, according to Chain Store Age magazine, having completed anchor space repositioning / redevelopment / outparcel development projects totaling over \$1 billion since January 1, 2003.

Expansive Retailer Relationships - 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 believe that we are the largest landlord by gross leasable area ("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 affords us insight into their strategies and priority access to their expansion plans, enabling us to efficiently provide these retailers with space in multiple locations.

Fully-Integrated Operating Platform - We operate with a fully-integrated, comprehensive platform 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. We believe that this strategy enables us to obtain critical market intelligence and to benefit from the regional and local expertise of our workforce.

Experienced Management - Senior members of our management team are experienced real estate operators with deep industry expertise and retailer relationships.

Recent Developments

For a discussion of recent events related to a review conducted by our Audit Committee, related management changes, and the risks related thereto, see Item 1 "Business-Recent Developments," Item 1A "Risk Factors-Risks Related to Recent Events," and Item 9A "Controls and Procedures."

Other Factors That May Influence our Future Results

We derive our revenues primarily from rents (including percentage rents based on tenants' sales levels) and expense reimbursements due to us from tenants under existing leases at each of our properties. Expense reimbursements consist of payments made by tenants to us under contractual lease obligations for their proportional share of the property's operating expenses, insurance and real estate taxes and certain capital expenditures related to maintenance of the properties.

The amount of rental income and expense reimbursements we receive is primarily dependent on our ability to maintain or increase rental rates and on our ability to lease available space, including renewing expiring leases. Factors that could affect our rental income include: (1) changes in national, regional or local economic climates; (2) local conditions, including an oversupply of space in, or a reduction in demand for, properties similar to those in our Portfolio; (3) the attractiveness of properties in our Portfolio to our tenants; (4) the financial stability of tenants, including the ability of tenants to pay rents and expense reimbursements; (5) in the case of percentage rents, our tenants' sales volumes; (6) competition from other available properties; (7) changes in market rental rates; and (8) changes in the regional demographics of our properties.

Our operating costs include property-related costs, including repairs and maintenance, roof repair, landscaping, parking lot repair, snow removal, utilities, property insurance costs, security, ground rent expense related to ground lease payments for which we are the lessee and various other property related costs. Increases in our operating expenses, to the extent they are not offset by revenue increases, impact our overall performance. For a further

discussion of these and other factors that could impact our future results, performance or transactions, see Item 1A. "Risk Factors."

- 37 -

Portfolio and Financial Highlights

As of December 31, 2015, we owned interests in 518 shopping centers (the "Portfolio"), including 517 wholly owned shopping centers and one shopping center held through an unconsolidated joint venture.

Billed occupancy for the Portfolio was 91.0% and 91.3% as of December 31, 2015 and 2014, respectively. Leased occupancy for the Portfolio was 92.6% and 92.8% as of December 31, 2015 and 2014, respectively.

During 2015, we executed 2,018 leases in our Portfolio totaling 13.4 million square feet of GLA, including 664 new leases totaling 3.0 million square feet of GLA and 1,354 renewals totaling 10.4 million square feet of GLA. The average annualized cash base rent ("ABR") under the new leases increased 41.6% from the prior tenant's ABR and increased 14.9% for both new and renewal leases on comparable space from the ABR under the prior leases. The average ABR per leased square foot of these new leases in our Portfolio is \$15.86 and the average ABR per leased square foot of these new and renewal leases in our Portfolio is \$12.78. The average cost per square foot for tenant improvements and leasing commissions for new leases was \$21.20 and \$3.31, respectively. The average cost per square foot for tenant improvements and leasing commissions for renewal leases was \$1.42 and \$0.02, respectively.

During 2014, we executed 2,082 leases in our Portfolio totaling 13.1 million square feet of GLA, including 787 new leases totaling 3.8 million square feet of GLA and 1,295 renewals totaling 9.2 million square feet of GLA. The average annualized cash base rent ABR under the new leases increased 31.2% from the prior tenant's ABR and increased 12.6% for both new and renewal leases on comparable space from the ABR under the prior leases. The average ABR per leased square foot of these new leases in our Portfolio is \$13.45 and the average ABR per leased square foot of these new and renewal leases in our Portfolio is \$12.53. The average cost per square foot for tenant improvements and leasing commissions for new leases was \$16.21 and \$2.80, respectively. The average cost per square foot for tenant improvements and leasing commissions for renewal leases was \$0.75 and \$0.04, respectively.

Acquisition Activity

During the year ended December 31, 2015, we acquired two shopping centers and a retail building in one of our existing shopping centers for \$59.2 million including the assumption of \$7.0 million of mortgage debt.

Disposition Activity

During the year ended December 31, 2015, we disposed of five shopping centers and three outparcels for net proceeds of \$54.2 million resulting in an aggregate gain of \$11.7 million and an aggregate impairment of \$1.0 million.

During the year ended December 31, 2014, we transferred our ownership interests in 35 properties to Blackstone. These properties had a carrying value of \$179.0 million and a fair value of \$195.2 million, resulting in an aggregate gain of \$16.2 million. We also transferred one shopping center to the lender in satisfaction of the property's mortgage balance resulting in a \$6.1 million gain on extinguishment of debt. In addition, we disposed of one shopping center and one outparcel for net proceeds of \$6.8 million resulting in an aggregate gain of \$1.2 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, 2015 to the Year Ended December 31, 2014

Revenues (in thousands)

	Year Ended December 31,		
	2015	2014	\$ Change
Revenues			
Rental income	\$984,548	\$960,715	\$23,833
Expense reimbursements	276,032	268,035	7,997
Other revenues	5,400	7,849	(2,449)
Total revenues	\$1,265,980	\$1,236,599	\$29,381

Rental income

The increase in rental income for the year ended December 31, 2015 of \$23.8 million, as compared to the corresponding period in 2014, was primarily due to a \$18.0 million increase in ABR driven primarily by contractual rent increases from properties owned as of the end of both reporting periods and for the entirety of both periods as well as an increase in leasing spreads of 14.9% in 2015 and 12.6% in 2014 for both new and renewal leases.

Expense reimbursements

The increase in expense reimbursements for the year ended December 31, 2015 of \$8.0 million, as compared to the corresponding period in 2014, was primarily due to the expense recovery percentage for our properties increasing 1.4% in 2015.

Other revenues

The decrease in other revenues for the year ended December 31, 2015 of \$2.4 million, as compared to the corresponding period in 2014, was primarily due to a decrease in percentage rent revenue.

Operating Expenses (in thousands)

	Year Ended December 31,		
	2015	2014	\$ Change
Operating expenses			
Operating costs	\$129,477	\$129,148	\$329
Real estate taxes	180,911	179,504	1,407
Depreciation and amortization	417,935	441,630	(23,695)
Provision for doubtful accounts	9,540	11,537	(1,997)
Impairment of real estate assets	1,005	—	1,005
General and administrative	98,454	80,175	18,279
Total operating expenses	\$837,322	\$841,994	\$(4,672)

Operating costs

The increase in operating costs for the year ended December 31, 2015 of \$0.3 million, as compared to the corresponding period in 2014, was primarily due to an increase in maintenance and repair costs, partially offset by a decrease in insurance expenses.

Real estate taxes

The increase in real estate taxes for the year ended December 31, 2015 of \$1.4 million, as compared to the corresponding period in 2014, was primarily due to increased tax assessments on several of our properties, primarily in Texas and Florida.

Depreciation and amortization

The decrease in depreciation and amortization for the year ended December 31, 2015 of \$23.7 million, as compared to the corresponding period in 2014, was primarily due to the run off of purchase accounting intangibles.

Provision for doubtful accounts

The decrease in provisions for doubtful accounts for the year ended December 31, 2015 of \$2.0 million, as compared to the corresponding period in 2014, was primarily due to enhanced collection efforts.

Impairment of real estate assets

During the year ended December 31, 2015, we incurred an impairment of \$1.0 million resulting from the sale of one of our shopping centers and one outparcel.

General and administrative

The increase in general and administrative costs for the year ended December 31, 2015 of \$18.3 million, as compared to the corresponding period in 2014, was primarily due to a \$13.9 million increase in equity based compensation expense and \$2.5 million of expenses related to the Audit committee review. The equity based compensation expense increase is primarily the result of a performance condition associated with the vesting of certain shares becoming probable.

During the years ended December 31, 2015 and 2014, we capitalized personnel costs of \$6.3 million and \$5.8 million, respectively, to building and improvements for anchor space repositioning and redevelopment projects and \$15.1 million and \$15.1 million, respectively, to deferred charges and prepaid expenses, net for deferred leasing costs.

Other Income and Expenses (in thousands)

	Year Ended December 31,		
	2015	2014	\$ Change
Other income (expense)			
Dividends and interest	\$315	\$602	\$(287)
Interest expense	(245,012)	(262,812)	) 17,800
Gain on sale of real estate assets and acquisition of joint venture interest	11,744	378	11,366
Gain (loss) on extinguishment of debt, net	1,720	(13,761)	) 15,481
Other	(348)	(8,431)	) 8,083
Total other income (expense)	\$(231,581)	\$(284,024)	) \$52,443

Dividends and interest

The decrease in dividends and interest for the year ended December 31, 2015 of \$0.3 million, as compared to the corresponding period in 2014, was primarily due to a \$4.1 million decrease in interest bearing receivables.

Interest expense

The decrease in interest expense for the year ended December 31, 2015 of \$17.8 million, as compared to the corresponding period in 2014, was primarily due to the 2014 and 2015 debt repayments of \$2.1 billion with a weighted-average interest rate of 5.68%, partially offset by \$1.8 billion of proceeds from the issuance of senior unsecured notes and a term loan as well as borrowings under our \$2.75 billion senior unsecured credit facility (the

“Unsecured Credit Facility”) with a weighted average interest rate of 2.6%.

- 40 -

Gain on sale of real estate assets

During the year ended December 31, 2015, we disposed of certain shopping centers and outparcels resulting in an aggregate gain of \$11.7 million. During the year ended December 31, 2014, we disposed of one building resulting in an aggregate gain of \$0.4 million.

Gain (loss) on extinguishment of debt, net

During the year ended December 31, 2015, we repaid \$868.9 million of mortgages and secured loans and \$225.0 million of unsecured notes, resulting in a \$1.7 million net gain on extinguishment of debt. During the year ended December 31, 2014, we repaid \$763.3 million of mortgages and secured loans and \$110.2 million of unsecured notes resulting in a \$13.8 million net loss on extinguishment of debt.

Other

The decrease in other expense, net for the year ended December 31, 2015 of \$8.1 million, as compared to the corresponding period in 2014, was primarily due to (i) \$4.7 million of income in 2015 related to net adjustments to pre-IPO tax reserves and receivables, (ii) \$1.8 million of income in 2015 related to an environmental contingency and (iii) a \$1.4 million expense in 2014 related to a litigation settlement.

Equity in Income of Unconsolidated Joint Ventures (in thousands)

	Year Ended December 31,		\$ Change
	2015	2014	
Equity in income of unconsolidated joint ventures	\$459	\$370	\$89
Gain on disposition of investments in unconsolidated joint ventures	—	1,820	(1,820)

Equity in income of unconsolidated joint ventures

Equity in income of unconsolidated joint ventures remained approximately the same for the year ended December 31, 2015 as compared to the corresponding period in 2014.

Gain on disposition of investments in unconsolidated joint ventures

During the year ended December 31, 2014, in connection with our initial public offering (“IPO”), we distributed our interests in three unconsolidated joint ventures to Blackstone resulting in a gain on disposition of \$1.8 million.

Discontinued Operations (in thousands)

	Year Ended December 31,		\$ Change
	2015	2014	
Discontinued operations			
Income (loss) from discontinued operations	\$—	\$4,909	\$(4,909)
Gain on disposition of operating properties	—	15,171	(15,171)
Income (loss) from discontinued operations	\$—	\$20,080	\$(20,080)

Discontinued Operations

As a result of adopting ASU No. 2014-08, “Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity,” there were no disposals classified as discontinued operations for the year ended December 31, 2015.

Results from discontinued operations for the year ended December 31, 2014 include the results of 34 shopping centers disposed of during the year ended December 31, 2014.

Comparison of the Year Ended December 31, 2014 to the Year Ended December 31, 2013

Revenues (in thousands)

	Year Ended December 31,		
	2014	2013	\$ Change
Revenues			
Rental income	\$960,715	\$887,466	\$73,249
Expense reimbursements	268,035	242,803	25,232
Other revenues	7,849	16,135	(8,286)
Total revenues	\$1,236,599	\$1,146,404	\$90,195

Rental income

The increase in rental income for the year ended December 31, 2014 of \$73.2 million, as compared to the corresponding period in 2013, was primarily due to a \$72.3 million increase in ABR driven by (i) an increase in billed occupancy from 90.7% as of December 31, 2013 to 91.3% as of December 31, 2014, (ii) an increase in leasing spreads of 12.6% for both new and renewal leases, and (iii) \$46.8 million of ABR from 43 properties acquired from Blackstone in connection with our 2013 IPO (the "Acquired Properties"), partially offset by (iv) a decrease in the amortization of above and below market lease intangibles and lease settlement income due to the expiration and termination of leases.

Expense reimbursements

The increase in expense reimbursements for the year ended December 31, 2014 of \$25.2 million, as compared to the corresponding period in 2013, was primarily due to (i) an \$11.2 million increase in reimbursable expenses related to the Acquired Properties, (ii) an increase in the recovery percentage for properties owned for the entirety of both periods to 86.8% for 2014, as compared to 85.2% for the same period in 2013. The increased percentage of recoveries from tenants is primarily attributable to increased occupancy of our portfolio, and (iii) a \$7.7 million increase in reimbursable operating expenses from properties owned for the entirety of both periods.

Other revenues

The decrease in other revenues for the year ended December 31, 2014 of \$8.3 million as compared to the corresponding period in 2013, was primarily due to \$6.1 million of non-cash management fee income recorded in connection the vesting of equity incentive awards in the Acquired Properties in 2013. Certain of our employees have been granted equity incentive awards in the Acquired Properties. These awards were granted with service conditions and performance and market conditions. As the awards were granted to the employees under our management agreement with the owners of the Acquired Properties, we considered the amounts earned by the employees for the amortization of the awards at their fair value as measured at each reporting period to be a component of our management fees, and then recorded a corresponding amount for compensation expense. In connection with the IPO, based on the terms of these awards, all of such awards granted to our employees vested. In exchange for the vested incentive awards, the holders received vested Operating Partnership Units. At the time of the IPO, we recorded \$6.1 million of additional management fee income and additional compensation expense based upon the fair value of the Operating Partnership Units issued at the date of grant. The remaining decrease is primarily due to a decrease in fee revenues resulting from the acquisition of the Acquired Properties at the time of the IPO, which were managed by the Company prior to the IPO and a reduction in the number of properties managed subsequent to the IPO.

Operating Expenses (in thousands)

	Year Ended December 31,		\$ Change
	2014	2013	
Operating expenses			
Operating costs	\$ 129,148	\$ 116,522	\$ 12,626
Real estate taxes	179,504	168,468	11,036
Depreciation and amortization	441,630	438,547	3,083
Provision for doubtful accounts	11,537	10,899	638
Impairment of real estate assets	—	1,531	(1,531)
General and administrative	80,175	121,082	(40,907)
Total operating expenses	\$841,994	\$857,049	\$(15,055)

Operating costs

The increase in operating costs for the year ended December 31, 2014 of \$12.6 million, as compared to the corresponding period in 2013, was due to \$8.2 million of operating costs for the Acquired Properties, increased weather related expenses including snow removal expenses, utility expenses, roof and parking lot repairs and maintenance expenses.

Real estate taxes

The increase in real estate taxes for the year ended December 31, 2014 of \$11.0 million, as compared to the corresponding period in 2013, was primarily due to the acquisition of the Acquired Properties, the purchase of 100% ownership in a previously unconsolidated joint venture and increased tax assessments on several of our properties primarily in Texas, California and Illinois.

Depreciation and amortization

The increase in depreciation and amortization for the year ended December 31, 2014 of \$3.1 million, as compared to the corresponding period in 2013, was primarily due to \$34.9 million of depreciation and amortization recorded in connection with the Acquired Properties, partially offset by a decrease in intangible asset amortization due to tenant lease expirations and lease terminations.

Provision for doubtful accounts

The increase in provisions for doubtful accounts for the year ended December 31, 2014 of \$0.6 million, as compared to the corresponding period in 2013, was primarily due to the Acquired Properties.

General and administrative

The decrease in general and administrative costs for the year ended December 31, 2014 of \$40.9 million, as compared to the corresponding period in 2013, was primarily due to a \$3.2 million decrease in expense associated with the acceleration of certain of our long term incentive plans in connection with our IPO, a \$33.1 million decrease in share based compensation expense in connection with our IPO and a decrease in personnel related expenses associated with the realignment of certain corporate functions in 2013.

During the years ended December 31, 2014 and 2013, we capitalized personnel costs of \$5.8 million and \$5.2 million, respectively, to building and improvements for anchor space repositioning and redevelopment projects and \$15.1 million and \$13.3 million, respectively, to deferred charges and prepaid expenses, net for deferred leasing costs.

Other Income and Expenses (in thousands)

	Year Ended December 31,		\$ Change
	2014	2013	
Other income (expense)			
Dividends and interest	\$602	\$832	\$(230)
Interest expense	(262,812	) (343,193	) 80,381
Gain on sale of real estate assets and acquisition of joint venture interest	378	2,223	(1,845)
Gain (loss) on extinguishment of debt, net	(13,761	) (20,028	) 6,267
Other	(8,431	) (11,014	) 2,583
Total other income (expense)	\$(284,024	) \$(371,180	) \$87,156

Dividends and interest

Dividends and interest remained approximately the same for the year ended December 31, 2014, as compared to the corresponding period in 2013.

Interest expense

The decrease in interest expense for the year ended December 31, 2014 of \$80.4 million, as compared to the corresponding period in 2013, was primarily due to the 2013 repayment of \$2.6 billion of debt with a weighted-average interest rate of 5.71% and the 2014 repayment of \$1.0 billion of debt with a weighted-average interest rate of 5.59%, which decreased interest expense by \$116.6 million, partially offset by an increase of \$36.6 million of interest expense on our Unsecured Credit Facility and a \$600 million unsecured term loan (the "Term Loan"). The secured mortgage loan and unsecured note repayments were financed primarily from proceeds of borrowings under our Unsecured Credit Facility and Term Loan which had a weighted average interest rate of 2.0% as of December 31, 2014 as well as from proceeds of our initial public offering.

Gain on sale of real estate assets and acquisition of joint venture interest

During the year ended December 31, 2014, we disposed of one outparcel for aggregate proceeds of \$2.8 million resulting in a \$0.4 million gain. During the year ended December 31, 2013, we disposed of two outparcels for aggregate proceeds of \$1.4 million resulting in an aggregate gain of \$1.1 million. In addition, we purchased the remaining 70% interest in a shopping center held through an unconsolidated joint venture resulting in a gain of \$1.1 million on the step-up of the original 30% interest.

Gain (loss) on extinguishment of debt, net

During the year ended December 31, 2014, we repaid \$763.3 million of mortgages and secured loans, \$110.2 million of unsecured notes and 174.8 million of financing liabilities resulting in a \$13.8 million net loss on extinguishment of debt. During the year ended December 31, 2013, we repaid \$2.6 billion of mortgages and secured loans and \$51.0 million of unsecured notes resulting in a \$20.0 million loss on extinguishment of debt, net.

Other

The decrease in other for the year ended December 31, 2014 of \$2.6 million, as compared to the corresponding period in 2013, was primary due to expenses incurred in 2013 related to our IPO. In addition, during the year ended December 31, 2014, we had \$2.6 million of income related to the settlement of a contingency associated with one of our properties, partially offset by \$2.4 million of expense related to the termination of one of our corporate office leases.

Equity in Income of Unconsolidated Joint Ventures (in thousands)

	Year Ended December 31,		\$ Change
	2014	2013	

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Equity in income of unconsolidated joint ventures	\$370	\$1,167	\$(797)
Gain on disposition of investments in unconsolidated joint ventures	1,820	—	1,820	

- 44 -

Equity in income of unconsolidated joint ventures

The decrease in equity in income of unconsolidated joint ventures for the year ended December 31, 2014 of \$0.8 million, as compared to the corresponding period in 2013, was primarily due to the acquisition of the interests of an unconsolidated joint venture in 2013 and the disposal of our interests in three unconsolidated joint ventures during 2014.

Gain on disposition of investments in unconsolidated joint ventures

During the year ended December 31, 2014 we disposed of our interests in three unconsolidated joint ventures resulting in a gain on disposal of \$1.8 million.

Discontinued Operations (in thousands)

	Year Ended December 31,		
	2014	2013	\$ Change
Discontinued operations			
Income (loss) from discontinued operations	\$4,909	\$3,505	\$1,404
Gain on disposition of operating properties	15,171	3,392	11,779
Impairment of real estate held for sale	—	(45,122	) 45,122
Income (loss) from discontinued operations	\$20,080	\$(38,225	) \$58,305

Income (loss) from discontinued operations

Results from discontinued operations include the results from the following: (i) 34 shopping centers and (ii) 18 shopping centers disposed of during 2013. There were no properties classified as held for sale at December 31, 2014.

Gain on disposition of operating properties

During the year ended December 31, 2014, the gain on disposition of operating properties was attributable to the distribution of our interests in 32 properties to Blackstone and the sale of one additional shopping center.

During the year ended December 31, 2013, the gain on disposition of operating properties was attributable to the sale of four shopping centers.

Impairment of real estate held for sale

During the year ended December 31, 2013, as a result of our strategy to dispose of certain shopping centers, we recognized provisions for impairment of \$45.1 million relating to 14 shopping centers disposed of during 2013 and 14 properties disposed of during 2014.

Liquidity and Capital Resources

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

For a discussion of recent events related to a review conducted by our Audit Committee, related management changes, and the risks related thereto, included with respect to our liquidity and capital resources, see Item 1 "Business-Recent Developments," Item 1A "Risk Factors-Risks Related to Recent Events," and Item 9A "Controls and Procedures."

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

Sources

- cash and cash equivalent balances;
- operating cash flow;

available borrowings under our existing revolving credit facility;
issuance of long-term debt;
asset sales; and
issuance of equity securities.

Uses

Short term:

leasing costs and tenant improvements allowances;
active anchor space repositioning/redevelopments;
recurring maintenance capital expenditures;
debt repayment requirements;
corporate and administrative costs; and
dividend/distribution payments.

Long term:

major active redevelopments, renovation or expansion programs at individual properties;
acquisitions; and
debt maturities.

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

Brixmor Property Group Inc.

	Year Ended December 31,		
	2015	2014	2013
Cash flows provided by operating activities	534,025	479,210	331,990
Cash flows used in investing activities	(189,068	) (200,832	) (86,367
Cash flows used in financing activities	(336,024	) (331,698	) (234,806

Brixmor Operating Partnership LP

	Year Ended December 31,		
	2015	2014	2013
Cash flows provided by operating activities	\$534,025	\$479,217	\$331,988
Cash flows used in investing activities	\$(189,065	) \$(200,822	) \$(86,361
Cash flows used in financing activities	\$(335,904	) \$(330,951	) \$(230,102

Operating Activities

Cash and cash equivalents for the Parent Company were \$69.5 million and \$60.6 million as of December 31, 2015 and 2014, respectively. Cash and cash equivalents for the Operating Partnership were \$69.5 million and \$60.5 million as of December 31, 2015 and 2014 respectively.

Our net cash flow provided by operating activities primarily consist of cash inflows from tenant rental payments and tenant expense reimbursements and cash outflows for property operating expenses, real estate taxes, general and administrative expenses and interest payments.

For the year ended December 31, 2015, the Company's net cash flow provided by operating activities increased \$54.8 million as compared to the corresponding period in 2014. The increase is primarily due to (i) an increase in Same Property net operating income and (ii) a decrease in interest expense due to a decrease in the weighted average interest rate on outstanding indebtedness, partially offset by (iii) a decrease in working capital due to a reduction in cash flows from restricted cash and deferred charges and prepaid expenses, partially offset by an increase in accounts payable, accrued expenses and other liabilities due to timing of payments.

Investing Activities

Net cash flow used in investing activities is impacted by the nature, timing and extent of improvements made to our shopping centers, allowances provided to our tenants, and our acquisition and disposition programs. Capital used to fund these activities, and the source thereof, can vary significantly from period to period based on, for example, negotiations with tenants and their willingness to pay higher base rents over the terms of their respective leases as well as the availability of operating cash flows. Net cash flow used in investing activities is also impacted by the level of recurring property capital expenditures in a given period.

For the year ended December 31, 2015, the Company's net cash flow used in investing activities decreased \$11.8 million as compared to the corresponding period in 2014. The decrease was primarily due to (i) an increase of \$47.4 million in proceeds from sales of real estate assets, (ii) a decrease of \$24.7 million of improvements to and investments in real estate assets, partially offset by (iii) a decrease of \$2.8 million in restricted cash attributable to investing activities and (iv) a decrease of \$3.8 million in proceeds from the sale of marketable securities and (v) an increase of \$52.2 million in acquisitions of real estate assets.

Improvements to and investments in real estate assets

During the years ended December 31, 2015 and 2014, the Company expended \$189.9 million and \$214.7 million, respectively, on improvements to and investments in real estate assets.

Recurring capital expenditures are costs to maintain properties and their common areas including new roofs and paving of parking lots. Recurring capital expenditures per square foot for the years ended December 31, 2015, 2014 and 2013, were \$0.28, \$0.28 and \$0.26, respectively.

In addition to recurring capital expenditures, we evaluate our Portfolio on an ongoing basis to identify value-creating anchor space repositioning / redevelopment opportunities / outparcel development opportunities. We have intensified our focus on enhancing the quality of our assets and improving the customer experience through a unified organizational effort known as "Raising the Bar." These efforts are tenant-driven and focus on renovating, re-tenanting and repositioning assets and generally present higher risk-adjusted returns than new developments. Such initiatives are focused on upgrading our centers with strong, best-in-class anchors and transforming such properties' overall merchandise mix and tenant quality. Potential new projects include value-creation opportunities that have been previously identified within the 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 outparcels at or adjacent to our shopping centers in order to facilitate redevelopment projects. In addition, as we own a vast majority of our anchor spaces greater than 35,000 sq. ft., we have important operational control over 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. Currently, our anchor space repositioning / redevelopments / outparcel developments in our Portfolio relate to 44 projects for which we anticipate incurring approximately \$104.6 million in improvements, of which \$58.3 million had not yet been incurred as of December 31, 2015.

Acquisitions of and proceeds from sales of real estate assets

Although we expect that the major drivers of our growth will come from our existing Portfolio, we will continue to evaluate the market for available properties and may acquire properties when we believe strategic opportunities exist. During the year ended December 31, 2015, we acquired two properties and a retail building in one of our existing shopping centers.

We may also dispose of properties when we feel growth has been maximized. During the year ended December 31, 2015, we disposed of five shopping centers and three outparcels.

Financing Activities

Our net cash flow used in financing activities is impacted by the nature, timing and extent of issuances of debt and equity, principal and other payments associated with our outstanding indebtedness and prevailing market conditions associated with each source of capital.

For the year ended December 31, 2015, the Parent Company's net cash used in financing activities increased \$4.3 million as compared to the corresponding period in 2014. The increase was primarily due to a \$52.8 million net

- 47 -

increase in distributions to stockholders and non-controlling interests, partially offset by a \$49.5 million decrease in debt repayments, net of borrowings.

For the year ended December 31, 2015, the Operating Partnership's net cash used in financing activities increased \$5.0 million as compared to the corresponding period in 2014. The increase was primarily due to a \$54.3 million increase in distributions to partners and non-controlling interests, partially offset by a \$49.5 million decrease in debt repayments, net of borrowings.

Our current capital structure provides us with financial flexibility and capacity to fund our current capital needs as well as future growth opportunities. We have an Unsecured Credit Facility consisting of a \$1.5 billion term loan and a \$1.25 billion revolving credit facility, with a lending group comprised of financial institutions under which we had \$834.0 million of undrawn capacity as of December 31, 2015. We believe we have access to multiple forms of capital, including unsecured corporate level debt, preferred equity and additional credit facilities. We currently have investment grade credit ratings from all three major credit rating agencies. We intend to continue to enhance our financial and operating flexibility through ongoing commitment to ladder and extend the duration of our debt, and further expand our unencumbered asset pool.

During the year ended December 31, 2015, the Operating Partnership issued \$700.0 million aggregate principal amount of 3.850% Senior Notes due 2025 (the "2025 Notes") and \$500.0 million aggregate principal amount of 3.875% Senior Notes due 2022 (the "2022 Notes"), the proceeds of which were utilized to repay outstanding indebtedness, including borrowings under the Company's \$1.25 billion unsecured revolving credit facility and \$125.0 million aggregate principal amount of senior unsecured notes. During the year ended December 31, 2015, we repaid \$868.9 million of mortgages and secured loans and \$225.0 million of unsecured notes. These repayments were funded primarily from borrowings under the Company's \$1.25 billion unsecured revolving credit facility.

During 2016, we have \$855.6 million of mortgage loans scheduled to mature and we have approximately \$22.1 million of scheduled mortgage amortization payments. We currently intend to repay the scheduled maturities and amortization payments with operating cash and borrowings on our revolving credit facility.

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 as the Board of Directors monitors sources of capital and evaluates the impact of the economy and capital markets availability on operating fundamentals. Since cash used to pay dividends reduces amounts available for capital investment, we generally intend to maintain a conservative dividend payout ratio, reserving such amounts as the Board of Directors considers necessary for the expansion and renovation of shopping centers in our portfolio, debt reduction, the acquisition of interests in new properties and other investments as suitable opportunities arise and such other factors as the Board of Directors considers appropriate. Cash dividends paid to common stockholders and OP Unit holders for the years ended December 31, 2015 and 2014 were \$274.0 million and \$239.1 million, respectively. Our Board of Directors declared a quarterly cash dividend of \$0.245 per common share and OP Unit for the fourth quarter of 2015. The dividend was paid on January 15, 2016 to shareholders of record on January 6, 2016. Our Board of Directors declared a quarterly cash dividend of \$0.245 per common share and OP Unit for the first quarter of 2016. The dividend is payable on April 15, 2016 to shareholders of record on April 5, 2016.

Contractual Obligations

Our contractual debt obligations relate to our notes payable, mortgages and secured loans and financing liabilities with maturities ranging from one year to 15 years, and non-cancelable operating leases pertaining to our shopping centers and corporate offices.

The following table summarizes our debt maturities (excluding options and fair market debt adjustments) and obligations under non-cancelable operating leases as of December 31, 2015.

Contractual Obligations (in thousands)	Payment due by period						
	2016	2017	2018	2019	2020	Thereafter	Total
Debt ⁽¹⁾	\$877,700	\$765,659	\$1,519,476	\$620,126	\$766,577	\$1,411,678	\$5,961,216
Interest payments ⁽²⁾	228,355	173,022	139,009	110,451	94,206	171,596	916,639
Operating leases	6,745	6,618	6,201	6,051	5,241	81,709	112,565
Total	\$1,112,800	\$945,299	\$1,664,686	\$736,628	\$866,024	\$1,664,983	\$6,990,420

⁽¹⁾ Debt includes scheduled principal amortization and scheduled maturities for mortgages and secured loans, credit facilities and notes payable.

We incur variable rate interest on \$1.9 billion and \$600.0 million of debt related to the Unsecured Credit Facility and Term Loan, respectively. The margin associated with Unsecured Credit Facility borrowings is based on a total leverage based grid and ranges from 0.40% to 1.00%, for base rate loans, and 1.40% to 2.00%, for LIBOR rate loans. The margin on the Unsecured Credit Facility was 1.40% as of December 31, 2015. The Company has in

⁽²⁾ place five forward starting interest rate swap agreements that convert the floating interest rate on \$1.5 billion of the Unsecured Credit Facility to a fixed, combined interest rate of 0.844% plus an interest spread of 140 basis points.

The margin associated with the Term Loan is based on a total leverage based grid and ranges from 0.35% to 0.75%, for base rate loans, and 1.35% to 1.75% for LIBOR rate loans. The margin on the Term Loan was 1.40% as of December 31, 2015.

Pursuant to the terms of the Term Loan, Unsecured Credit Facility, the 2022 Notes and the 2025 Notes, the Company among other things is subject to maintenance of various financial covenants. The Company is currently in compliance with these covenants.

Funds From Operations

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

NAREIT FFO attributable to stockholders and non-controlling interests convertible into common stock is NAREIT FFO as further adjusted to exclude net income (loss) attributable to non-controlling interests not convertible into common stock. We believe NAREIT FFO attributable to stockholders and non-controlling interests convertible into common stock are meaningful supplemental measures that are more reflective of our operating performance by excluding FFO attributable to non-controlling interests not convertible into common stock.

We present NAREIT FFO and NAREIT FFO attributable to stockholders and non-controlling interests convertible into common stock as we consider them important supplemental measures of our operating performance and we believe they are frequently used by securities analysts, investors and other interested parties in the evaluation of REITs. NAREIT FFO and NAREIT FFO attributable to stockholders and non-controlling interests convertible into common stock should not be considered as alternatives to net income (determined in accordance with GAAP) as indicators of financial performance and are not alternatives to cash flow from operating activities (determined in accordance with GAAP) as measures of liquidity. 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 NAREIT FFO and NAREIT FFO attributable to stockholders and non-controlling interests convertible into common stock 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 NAREIT FFO and NAREIT FFO attributable to stockholders and non-controlling interests convertible into common stock are significant components in understanding and addressing financial performance.

- 49 -

Our reconciliation of Brixmor Property Group Inc.'s net income to NAREIT FFO and NAREIT FFO attributable to stockholders and non-controlling interest convertible into common stock for the year ended December 31, 2015, 2014 and 2013 is as follows (in thousands, except per share amounts):

	Year Ended December 31,		
	2015	2014	2013
Net income	\$197,536	\$132,851	\$(118,883)
Gain on disposition of operating properties	(11,744)	(15,549)	(3,392)
Gain on disposition of unconsolidated joint ventures	—	(1,820)	—
Depreciation and amortization-real estate related-continuing operations	413,470	438,565	436,547
Depreciation and amortization-real estate related-discontinued operations	—	606	11,687
Depreciation and amortization-real estate related-unconsolidated joint ventures	85	168	180
Impairment of operating properties	807	—	43,582
NAREIT FFO	600,154	554,821	369,721
Adjustments attributable to non-controlling interests not convertible into common stock	—	(6,415)	(7,155)
NAREIT FFO attributable to stockholders and non-controlling interests convertible into common stock	\$600,154	\$548,406	\$362,566
NAREIT FFO per share/OP Unit - diluted	\$1.97	\$1.80	\$1.44
Weighted average shares/OP Units outstanding - basic and diluted ⁽¹⁾	305,023	304,359	252,009

(1) Basic and diluted shares/OP Units outstanding reflects an assumed conversion of certain BPG Sub shares and OP Units to common stock of the Company and the vesting of certain restricted stock awards.

Our Critical Accounting Policies

Our discussion and analysis of the 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 Consolidated Statements of Operations and contractual payment terms is recorded as deferred rent and presented on the accompanying Consolidated Balance Sheets within Receivables.

The Company commences recognizing 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. Generally, this occurs on the lease commencement date.

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 common area maintenance, property taxes and other operating expenses by the lessee which are recognized in the period the applicable expenditures are incurred.

The determination of who is the owner, for accounting purposes, of tenant improvements (where provided) determines the nature of the leased asset and when revenue recognition under a lease begins. If the Company is the owner, for

accounting purposes, of the tenant improvements, then the leased asset is the finished space and revenue recognition begins when the lessee takes possession of the finished space, typically when the improvements are substantially complete. If the Company concludes it is not the owner, for accounting purposes, of the tenant improvements (the lessee is the owner), then the leased asset is the unimproved space and any tenant improvement allowances funded under a lease are accounted for as lease incentives which are amortized as a reduction of revenue recognized over the term of the lease. In these circumstances, the Company commences revenue recognition when

- 50 -

the lessee takes possession of the unimproved space for the lessee to construct their own improvements. In making this assessment, the Company considers a number of factors, each of which individually is not determinative.

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 base rents, straight-line rent, expense reimbursements and those attributable to other revenue generating activities. The Company analyzes its receivables and historical bad debt levels, tenant credit-worthiness 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 recorded in the 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, in-place leases and tenant relationships), and assumed debt based on an evaluation of available information. Based on these estimates, the estimated fair value is allocated to the acquired assets and assumed liabilities.

The fair values of tangible assets are 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. If information regarding the fair value of the assets acquired and liabilities assumed is received and estimates are refined, appropriate adjustments are made to the purchase price allocation on a prospective basis. The Company expenses transaction costs associated with business combinations in the period incurred.

In allocating the fair value to identifiable intangible assets and liabilities of an acquired operating property, the value of above-market and below-market leases is estimated based on the present value (using an interest 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. 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, which includes renewal periods with fixed rental terms that are considered to be below-market.

In determining the value of in-place leases and tenant relationships, management evaluates the specific characteristics of each lease and the Company's overall relationship with each tenant. Factors considered include, but are not limited to: the nature of the existing relationship with a tenant, 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: real estate taxes, insurance, other property operating costs and estimates of lost rentals at market rates during the hypothetical lease-up periods. Costs to execute similar leases include: commissions and legal costs to the extent that such costs are not already incurred with a new lease that has been negotiated in connection with the purchase of a property. The value assigned to in-place leases is amortized to expense over the remaining term of each lease. The value assigned to tenant relationships is amortized over the initial terms of the leases.

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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

- 51 -

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 as incurred.

When a real estate asset is identified by management as held-for-sale, the Company discontinues depreciating the asset and estimates its sales price, net of estimated selling costs. If, in management's opinion, the estimated net sales price of an asset is less than its net carrying value, an adjustment is recorded to reflect the estimated fair value. Properties classified as real estate held-for-sale generally represent properties that are under contract for sale and are expected to close within 12 months.

On a periodic basis, management assesses whether there are indicators 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 current and projected operating cash flows (undiscounted and unleveraged), taking into account the anticipated and probability weighted holding period, are less than a real estate asset's carrying value. Various factors are considered in the estimation process, including expected future operating income, trends and prospects and the effects of demand, competition, and other economic factors. If management determines that the carrying value of a real estate asset is impaired, a loss will be recorded for the excess of its carrying amount over its fair value.

In situations in which a lease or leases associated with a significant 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 that will be 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 write-off or accelerate the depreciation and amortization associated with the asset group. Such write-offs are included within Depreciation and amortization in the Consolidated Statements of Operations.

Stock Based Compensation

The Company accounts for equity awards in accordance with the FASB'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, the Black-Scholes-Merton option-pricing model or a Monte Carlo simulation model. Share-based compensation expense is included in General and administrative in the Company's Consolidated Statements of Operations.

Inflation

The majority of leases contain provisions designed to mitigate the adverse impact of inflation. Such provisions contain clauses enabling us to receive percentage rents, which generally increase as prices rise but may be adversely impacted by tenant sales decreases, and/or escalation clauses which are typically related to increases in the consumer price index or similar inflation indices. In addition, we believe that many of our existing lease rates are below current market levels for comparable space and that upon renewal or re-rental such rates may be increased to be consistent with, or closer to, current market rates. This belief is based upon an analysis of relevant market conditions, including a comparison of comparable market rental rates, and upon the fact that many of our leases have been in place for a number of years and may not contain escalation clauses sufficient to match the increase in market rental rates over such time. Most of our leases require the tenant to pay its share of operating expenses, including common area maintenance, real estate taxes and insurance, thereby reducing our exposure to increases in costs and operating expenses resulting from inflation. In addition, we periodically evaluate our exposure to interest rate fluctuations, and may enter into interest rate protection agreements which mitigate, but do not eliminate, the effect of changes in interest rates on our floating rate loans.

Off-Balance Sheet Arrangements

We had no material off-balance sheet arrangements as of December 31, 2015.

- 52 -

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 maintain liquidity and fund capital expenditures and expansion of our real estate investment portfolio and operations. Our interest rate risk management objectives are to limit the impact of interest rate changes on earnings and cash flows and to lower our overall borrowing costs. To achieve our objectives we borrow primarily at fixed rates or variable rates with the lowest margins available.

With regard to variable rate financing, we assess interest rate cash flow 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 additional derivative financial instruments to hedge exposures to changes in interest rates on loans secured by our properties or unsecured debt obligations. 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. The market risk associated with interest-rate contracts 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. We will minimize the credit risk in derivative instruments by entering into transactions with high-quality counterparties. The Company has entered into derivative financial instruments such as interest rate swap and interest rate cap agreements to manage interest rate risk exposure arising from variable rate debt transactions that result in the receipt or payment of future known and uncertain cash amounts, the value of which are determined by interest rates. The Company's objective in using interest rate derivatives is to add stability to interest expense and to manage its exposure to interest rate movements.

As of December 31, 2015, we had \$1.9 billion of outstanding floating rate borrowings under our \$2.75 billion senior unsecured credit facility (the "Unsecured Credit Facility") and a \$600.0 million unsecured term loan (the "Term Loan") which both bore interest at a rate equal to LIBOR plus an interest spread of 140 basis points. \$1.5 billion of the borrowings under the Unsecured Credit Facility are subject to interest rate swap agreements, which effectively convert the interest rate on the borrowings from floating to fixed. If market rates of interest on our variable rate debt increased by 1%, the increase in annual interest expense on our variable rate debt would decrease future earnings and cash flows by approximately \$10.2 million (this includes the impact of the \$1.5 billion of interest rate swap agreements). If market rates of interest on our variable rate debt decreased by 1%, the decrease in annual interest expense on our variable rate debt would increase future earnings and cash flows by approximately \$2.5 million (this includes the impact of the \$1.5 billion of interest rate swap agreements).

The table below presents the principal cash flows, weighted average interest rates of remaining debt and the fair value of total debt as of December 31, 2015 (dollars in thousands). The table is presented by year of expected maturity to evaluate the expected cash flows and sensitivity to interest rate changes. Although the average interest rate for variable rate debt is included in the table, those rates represent rates that existed as of December 31, 2015 and are subject to change on a monthly basis. Further, the table below incorporates only those exposures that exist as of December 31, 2015 and does not consider exposures or positions that could arise after that date. Since firm commitments are not presented, the table has limited predictive value. 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.

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	2016	2017	2018	2019	2020	Thereafter	Total	Fair Value
Secured Debt								
Fixed rate	\$877,700	\$349,659	\$19,476	\$20,126	\$766,577	\$193,225	\$2,226,763	\$2,367,070
Weighted average interest rate ⁽¹⁾	6.23	% 6.17	% 6.17	% 6.17	% 6.17	% 6.17	%	
Variable rate	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—
Weighted average interest rate ⁽¹⁾	—	—	—	—	—	—		
Unsecured Debt								
Fixed rate	\$—	\$—	\$—	\$—	\$—	\$1,218,453	\$1,218,453	\$1,198,504
Weighted average interest rate ⁽¹⁾	3.91	% 3.91	% 3.91	% 3.91	% 3.91	% 3.91	%	
Variable rate ⁽²⁾	\$—	\$416,000	\$1,500,000	\$600,000	\$—	\$—	\$2,516,000	\$2,516,000
Weighted average interest rate ⁽¹⁾	2.00	% 2.07	% 1.65	% —	% —	% —	%	

(1) Weighted average interest rates are on the debt balances as of the end of each year presented and assume repayment of debt on their scheduled maturity date.

The \$1.5 billion term loan facility bears interest at LIBOR plus an interest spread of 140 basis point. The Company

(2) has in place five forward starting interest rate swap agreements that convert the floating interest rate on the \$1.5 billion term loan facility to a fixed, combined interest rate of 0.844% plus an interest spread of 140 basis points.

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 principal executive

officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosures. BPG's management, with the participation of its principal executive officer and principal 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 and considering the material weakness in internal control over financial reporting described below in "Management's Report on Internal Control Over Financial Reporting," BPG's principal executive officer, Daniel B. Hurwitz, and principal financial officer, Barry Lefkowitz, concluded that BPG's disclosure controls and procedures were not effective as of such date.

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 interim chief executive officer and interim 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 due to the material weakness described below, its internal control over financial reporting was not effective as of December 31, 2015. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the Company’s annual or interim financial statements will not be prevented or detected on a timely basis.

The control environment, the first component in the COSO Framework, provides the basis for carrying out internal controls across the organization and places responsibility on senior management to establish the tone at the top of the organization, including demonstrated commitment to integrity and ethical values throughout the organization. As further described in Item 1, “Business-Recent Developments”, the Audit Committee of the Board of Directors conducted a review that led the Board of Directors to conclude that specific BPG personnel, in certain instances, were directly involved and/or supervised persons directly involved in smoothing income items, both up and down, between reporting periods in an effort to achieve consistent quarterly same property net operating income growth, an industry non-GAAP financial measure. Based on these findings, the Board of Directors concluded that there was a deficiency in the control environment specifically because the foregoing actions failed to demonstrate commitment to integrity and ethical values and senior management did not set an appropriate tone at the top. Although the actual amount of financial statement misstatement resulting from these actions was not significant, because of the override of controls that occurred at senior levels of management, we have concluded that the potential for material misstatement of the financial statements was more than remote. Accordingly, management has determined that this control deficiency constitutes a material weakness.

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.

Remediation Plan and Activities

BPG has implemented or is evaluating various remedial actions to address the material weakness described above. These actions include the following:

- certain personnel are no longer employed by BPG;
- the Audit Committee, Board and executives will increase communication and training to employees regarding the ethical values of BPG, requirement to comply with laws, the Code of Conduct and BPG’s policies; and
- BPG is evaluating its organizational structure, and will assess roles and responsibilities to enhance controls and compliance.

BPG is committed to maintaining a strong internal control environment. Management believes the foregoing efforts will effectively remediate the material weakness. We will give further updates to our remediation plan in future SEC filings.

Changes in Internal Control over Financial Reporting

Other than those described above, 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, 2015 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

- 55 -

the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosures. The Operating Partnership's management, with the participation of its principal executive officer and principal 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 and considering the material weakness in internal control over financial reporting described below in "Management's Report on Internal Control Over Financial Reporting," the Operating Partnership's principal executive officer, Daniel B. Hurwitz, and principal financial officer, Barry Lefkowitz, concluded that the Operating Partnership's disclosure controls and procedures were not effective as of such date.

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 interim chief executive officer and interim 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 Committee of Sponsoring Organizations of the Treadway Commission. Based on its assessment and those criteria, the Operating Partnership's management concluded that due to the material weakness described below, its internal control over financial reporting was not effective as of December 31, 2015. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis.

The control environment, the first component in the COSO Framework, provides the basis for carrying out internal controls across the organization and places responsibility on senior management to establish the tone at the top of the organization, including demonstrated commitment to integrity and ethical values throughout the organization. As further described in Item 1, "Business-Recent Developments", the Audit Committee of the Board of Directors conducted a review that led the Board of Directors to conclude that specific Operating Partnership personnel, in certain instances, were directly involved and/or supervised persons directly involved in smoothing income items, both up and down, between reporting periods in an effort to achieve consistent quarterly same property net operating income growth, an industry non-GAAP financial measure. Based on these findings, the Board of Directors concluded that there was a deficiency in the control environment specifically because the foregoing actions failed to demonstrate commitment to integrity and ethical values and senior management did not set an appropriate tone at the top. Although the actual

amount of financial statement misstatement resulting from these actions was not significant, because of the override of controls that occurred at senior levels of management, we have concluded that the potential for material misstatement of the financial statements was more than remote. Accordingly, management has determined that this control deficiency constitutes a material weakness.

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.

- 56 -

Remediation Plan and Activities

The Operating Partnership has implemented or is evaluating various remedial actions to address the material weakness described above. These actions include the following:

- certain personnel are no longer employed by the Operating Partnership;
- the Audit Committee, Board and executives will increase communication and training to employees regarding the ethical values of the Operating Partnership, requirement to comply with laws, the Code of Conduct and the Operating Partnership's policies; and
- the Operating Partnership is evaluating its organizational structure, and will assess roles and responsibilities to enhance controls and compliance.

The Operating Partnership is committed to maintaining a strong internal control environment. Management believes the foregoing efforts will effectively remediate the material weakness. We will give further updates to our remediation plan in future SEC filings.

Changes in Internal Control over Financial Reporting

Other than those described above, 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, 2015 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

Pursuant to Section 219 of the Iran Threat Reduction and Syria Human Rights Act of 2012 ("ITRSHRA"), which added Section 13(r) of the Exchange Act, we hereby incorporate by reference herein Exhibit 99.1 of this report, which includes disclosures publicly filed and/or provided to Blackstone by Travelport Limited, which may be considered our affiliate.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

The information required by Item 10 will be included in the sections captioned “Proposal No. 1-Election of Directors,” “The Board of Directors and Certain Governance Matters-Executive Officers of the Company,” “The Board of Directors and Certain Governance Matters-Code of Business Conduct and Ethics and Code of Conduct for Senior Financial Officers,” “The Board of Directors and Certain Governance Matters-Committee Membership-Audit Committee” and “Section 16(a) Beneficial Ownership Reporting Compliance” included in the definitive proxy statement relating to the 2016 Annual Meeting of Stockholders of Brixmor Property Group Inc. to be held on June 16, 2016 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 2015 fiscal year covered by this Form 10-K.

Item 11. Executive Compensation

The information required by Item 11 will be included in the sections captioned “Compensation of Our Officers and Directors,” “Report of the Compensation Committee” and “Compensation Committee Interlocks and Insider Participation” included in the definitive proxy statement relating to the 2016 Annual Meeting of Stockholders of Brixmor Property Group Inc. to be held on June 16, 2016 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 2015 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 sections captioned “Equity Compensation Plan Information” and “Ownership of Securities” included in the definitive proxy statement relating to the 2016 Annual Meeting of Stockholders of Brixmor Property Group Inc. to be held on June 16, 2016 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 2015 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 sections captioned “Transactions with Related Persons” and “The Board of Directors and Certain Governance Matters - Director Independence and Independence Determinations” included in the definitive proxy statement relating to the 2016 Annual Meeting of Stockholders of Brixmor Property Group Inc. to be held on June 16, 2016 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 2015 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 section captioned “Proposal No. 2 - Ratification of Independent Registered Public Accounting Firm - Audit and Non-Audit Fees” included in the definitive proxy statement relating to the 2016 Annual Meeting of Stockholders of Brixmor Property Group Inc. to be held on June 16, 2016 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 2015 fiscal year covered by this Form 10-K.

PART IV

Item 15. Exhibits, Financial Statement Schedules

(a) Documents filed as part of this report

	Form 10-K Page
1 CONSOLIDATED STATEMENTS	
Reports of Independent Registered Public Accounting Firms	<u>F-2</u>
Brixmor Property Group Inc.:	
Consolidated Balance Sheets as of December 31, 2015 and 2014	<u>F-10</u>
Consolidated Statements of Operations for the years ended December 31, 2015, 2014 and 2013	<u>F-11</u>
Consolidated Statements of Comprehensive Income (Loss) for the years ended December 31, 2015, 2014 and 2013	<u>F-12</u>
Consolidated Statement of Changes in Equity for the years ended December 31, 2015, 2014 and 2013	<u>F-13</u>
Consolidated Statements of Cash Flows for the years ended December 31, 2015, 2014 and 2013	<u>F-14</u>
Brixmor Operating Partnership LP:	
Consolidated Balance Sheets as of December 31, 2015 and 2014	<u>F-15</u>
Consolidated Statements of Operations for the years ended December 31, 2015, 2014 and 2013	<u>F-16</u>
Consolidated Statements of Comprehensive Income (Loss) for the years ended December 31, 2015, 2014 and 2013	<u>F-17</u>
Consolidated Statement of Changes in Capital for the years ended December 31, 2015, 2014 and 2013	<u>F-18</u>