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Today's featured company is:

BRIXMOR®
Property Group

A Best-in-Class REIT

Brixmor Property Group (BRX:NYSE) is an open-air retail landlord operating on a national platform, with properties in New York, Chicago, Houston, Los Angeles, and other key markets. By partnering with high-visibility and well-respected retailers such as Kroger, TJX Companies, and Publix, Brixmor seeks to maximize productivity by focusing on local customer demand, thereby increasing foot traffic for its tenants, building a solid foundation for success, and creating a compelling value proposition for investors.

- The second-largest open-air retail landlord in the United States
- More than 500 properties in a geographically diversified portfolio
- A self-funded reinvestment pipeline with yields of ~10%
- ~5,600 national, regional, and local tenants

Click here to view the Brixmor Fact Sheet.
Click here to view the Brixmor Investor Presentation.

Advisor Access spoke with Brixmor's executive vice president and chief financial officer, **Angela Aman**.

Advisor Access: ***Can you describe the composition of Brixmor's portfolio?***

Angela Aman: Brixmor Property Group is the second-largest open-air retail landlord in the country. Our national, geographically diversified portfolio includes more than 500 high-quality shopping centers comprising more than 86 million square feet, and is concentrated in established trade areas. Furthermore, our portfolio is leased to more than 5,600 highly productive tenants, including grocers, value-oriented retailers, and service providers such as the TJX Companies, the Kroger Company, Publix, Walmart, Nordstrom Rack, and Ross Dress for Less, all of which continue to expand their footprints in open-air retail centers.

To best position our properties for maximum productivity, we prioritize merchandising our centers to meet the needs of the communities they serve. Retailers that are relevant to their communities—particularity those that provide a service, value, or experience consumers can't replicate online—drive customer loyalty, traffic, and sales, resulting in both net operating income growth and long-term value creation opportunities. Our goal is to build the premier open-air platform in the industry while delivering a compelling, growing dividend to our investors.

AA: ***Have you made recent acquisitions or embarked on new redevelopment projects that bolster the company's holdings?***

Angela Aman: Part of our long-term strategy to maximize shareholder value involves expanding our critical mass in highly productive retail corridors that we know and understand. To accomplish this objective, we are selectively disposing of assets where value has been maximized, and redeploying that capital into both the redevelopment of existing assets and the acquisition of complementary properties in markets where we already operate. We were very active on both fronts in 2016, disposing of eight assets and generating gross proceeds of approximately $107 million, and completing five acquisitions for an aggregate purchase price of $48 million.

Two of our most recent acquisitions include Felicita Town Center in Escondido, California, and Arborland Center in Ann Arbor, Michigan, which we acquired in March 2017. Both of these strategic transactions allow us to increase our ownership presence in dense, high-income trade areas close to existing portfolio assets. As a result of this clustering, we believe we are very well positioned to drive further value at the property level through remerchandising and capitalizing on below-market, in-place rents at each center.

As for redevelopment, we are making great progress and accelerating our activity. We started 2016 with no properties in our pipeline, and ended the year with $115 million of redevelopment projects underway. What's more, these projects are projected to produce very attractive, high single-digit and low double-digit returns, and over the next few years, we expect to reach a run rate of $150—$200 million of annual redevelopment spend. Our strong, embedded growth profile is a key differentiator from our peers, and we believe it will provide us with a sustainable competitive advantage going forward.

"Our strong, embedded growth profile is a key differentiator from our peers."

AA: ***Brixmor focuses on leasing to what it calls "best in class" retailers. Can you explain what that means for the company and its investors?***

Angela Aman: We are focused on populating our centers with highly productive national, regional, and local tenants. Best-in-class retailers have strong brand equity, clear growth objectives, and the ability to create customer loyalty and drive traffic and sales. This type of tenant benefits from the opportunities for growth afforded by our large and geographically diverse national platform.

In addition, we recognize the importance of having a diverse tenant base to enhance the relevance and productivity of our centers, which is why we have focused on broadening our relationships with growing retail segments such as theaters, entertainment, fitness, and restaurants. By merchandising our centers with strong, highly productive anchor tenants that are relevant to the communities they serve, we are able to increase small-shop occupancy and rents, which creates an environment at the property level that is highly conducive to long-term value creation.

AA: ***What aspects of Brixmor's business model set it apart from other REITs?***

Angela Aman: The strong embedded growth profile in the real estate Brixmor owns and controls represents an opportunity unlike any other in the open-air retail sector. Given the average age of our asset base and the historical underinvestment in our portfolio, which has resulted in below-market rent on our in-place leases, we are in a unique position to become the leading open-air retail platform, as measured by consistent, sustainable growth in cash flow as we prudently reinvest in our asset base.

"Brixmor's business plan combines robust leasing and property management with value-enhancing reinvestment and disciplined capital recycling."

The business plan we are executing today combines robust leasing and property management with value-enhancing reinvestment and disciplined capital recycling. As the most productive retail landlord in the sector, we continue to expand relationships with existing retailers in our portfolio and build new relationships with an expanded assortment of entertainment, restaurant, and fitness retailers. We are operating our properties more efficiently and upgrading their appearance so that they are more inviting to both consumers and retailers. We have also accelerated our redevelopment activity and identified a pipeline of $1 billion in future opportunities.

In terms of capital recycling, we are actively buying and selling assets as we pursue our long-term real estate strategy of ownership in retail nodes where we can build critical mass at attractive returns. We are very pleased with our execution to date on all facets of our business plan to drive shareholder value.

AA: ***What is Brixmor's business strategy in terms of balance sheet and dividend structure?***

Angela Aman: We are committed to maintaining a strong, flexible balance sheet by extending the weighted average maturity of our debt, increasing our unencumbered asset base, and reducing leverage. During 2016, we refinanced more than $900 million of high-cost secured debt, and in March 2017, we opportunistically raised $400 million of 10-year unsecured debt to replace shorter-term floating rate debt on the balance sheet. As a REIT, we are committed to providing our investors with a compelling and growing dividend. Our current dividend is well covered through the cash flow generated from our operations, and our capital structure is well designed to support our long-term growth strategy.

"We are committed to providing our investors with a compelling and growing dividend."

AA: ***What makes Brixmor a compelling choice for investors?***

Angela Aman: With a new executive leadership team, a clear business strategy to unlock significant embedded value over time, and a strong, flexible balance sheet, Brixmor has only just begun to realize its full potential. We believe the strength of our operating performance, the experience of our team, and the visibility of our forward growth trajectory offer a compelling value proposition for investors seeking current income as well as long-term growth. We are making considerable progress on all elements of our business plan, which was reflected in our 2016 financial and operating results. We are extremely well positioned to compete in a continually evolving retail environment.

AA: Thank you, Angela.

Angela Aman has served as executive vice president and chief financial officer for Brixmor Property Group since May 2016. From August 2015 to May 2016, she was executive vice president and chief financial officer of Starwood Retail Partners, responsible for strategic planning, implementing, and management of all accounting and financial functions, as well as investor relations and partner reporting. From July 2011 to May 2015, she served as executive vice president, chief financial officer, and treasurer of Retail Properties of America Inc., where she helped oversee the company's initial public offering and subsequent capital raises, and was responsible for all aspects of accounting, finance, capital markets, and information technology. She previously served as a portfolio manager with RREEF from July 2005 to July 2011, and started her career in the real estate practice with the investment banking group at Deutsche Bank in 2001. Ms. Aman received a B.S. in Economics from the Wharton School of the University of Pennsylvania.

Analyst Commentary

"During 2016, BRX completed 28 anchor space repositioning projects with another 16 in process … the variety of tenants now occupying these spaces include some which play to the health and wellness theme growing in the Strips space. We view this as a positive for BRX given today's consumers want to eat and live healthier … we expect the new management team will continue to invest in their redevelopment pipeline and look to fill more tenants that today's consumers are looking for."

— **Craig Schmidt,** Bank of America Merrill Lynch
Feb. 13, 2017

"We believe [Brixmor's] SSNOI (same store net operating income) growth for 2017 stacks up well versus the peer group … in our view, management is focused on a relatively more aggressive but balanced capital recycling plan that will improve its portfolio and support [the] growth model … we continue to recommend BRX as we expect the progress in small shop leasing and capital deployment to assist in generating growth over the next 12 months. In addition, we believe management will embark on a slightly more aggressive but balanced capital recycling plan."

— **Steve Sakwa,** Evercore ISI
Feb. 13, 2017

"A bit of Valentine sweetness in BRX's 4Q16 results as the leasing stats were strong, despite tenant bankruptcies, and 2017 is in line with expectations … leasing spreads for new (averaged 31.3%) and renewals (ex-options

+11.5%) remained solid all year, which we believe speaks to the misunderstood value embedded in BRX … the focus of the new management is on delivering steady growth and thus any investment or capital transactions should fit around this strategy."

— **Alexander Goldfarb,** Sandler O'Neil + Partners
Feb. 14, 2017

Disclosure

Investors and others should note that Brixmor Property Group posts important financial information using the investor relations section of the Brixmor Property Group website, http://www.brixmor.com/, and Securities and Exchange Commission filings.

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