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Today's featured company is:

BRIXMOR®
Property Group

Better Retailers at Better Properties for Better Returns

Brixmor Property Group (NYSE: BRX), an open-air retail landlord partnered with nationally recognized, locally relevant brand-name merchants, restaurants, and grocers, is focused on attracting anchor clients that increase foot traffic for all tenants. Big-name retailers housed on Brixmor properties from California to Denver to Florida include Trader Joe's, Publix, Nordstrom Rack, LA Fitness, Kroger, and more. By continuing to execute on its proven platform of securing both the best real estate and the most productive leases, Brixmor is also able to provide solid returns for its investors.

- One of the largest open-air retail landlords in the United States
- More than 475 retail centers comprising 83 million square feet
- A self-funded reinvestment pipeline with yields of ~10%
- 200+ national open-air retailers with plans to open over 13,500 new stores
- More than 8.1 million square feet of new and renewal leases signed in 2017

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: ***Brixmor is built on anchoring properties with brand-name tenants that drive foot traffic. How has that strategy evolved over the past twelve months? Have you expanded your current footprint or entered into new geographic markets—or both?***

Angela Aman: We focus on ensuring we have the right merchandising mix at our properties. Strong anchor tenants that are relevant to the communities they serve drive consumer loyalty, foot traffic, and sales. These brand-name tenants also stimulate strong follow-on small shop leasing, driving occupancy and net operating income (NOI) growth.

Over the past year, we added more than fifty new national and regional tenants to our portfolio, including grocers and value-oriented concepts like Sprouts Farmers Market, Trader Joe's, Nordstrom Rack, and Homesense. We are also significantly increasing our exposure to growing segments such as fitness, entertainment, and restaurants, adding leading brands like LA Fitness, Orange Theory, Pure Barre, Dave & Buster's, Alamo Draft House, and Shake Shack.

Our focus on attracting and retaining the most relevant national, regional, and local retailers has not changed. However, we have made improvements to the way we accomplish this, by adding talent across our organization and clarifying roles, responsibilities, and expectations. We are seeing the success of these efforts reflected in our sector-leading leasing productivity. During 2017, we signed more than 8.1 million square feet of new and renewal leases at rents 16 percent higher than prior in-place rents. Importantly, we also improved the overall intrinsic terms of our leases, such as contractual rent growth and option provisions, which will help us drive higher long-term growth across the portfolio.

In addition, we are actively refining our portfolio by refocusing invested capital in retail nodes where we can build critical mass at attractive returns. During 2017, we were a net seller of assets, proactively disposing of thirty-two noncore properties and generating over $400 million in proceeds. We used these proceeds to fund value-accretive reinvestments in our portfolio and strengthen our balance sheet. We also used proceeds to advance our clustering strategy by acquiring well-located shopping centers with below-market rents and strong growth and redevelopment potential in attractive submarkets like San Clemente, California; Venice, Florida; and Upland, California.

"We posted another great quarter, which capped off a fantastic year for all facets of our balanced business plan for sustainable growth."

We will continue to dispose of assets where value has been maximized and redeploy the proceeds into redevelopment and the continued enhancement of our balance sheet, while also pursuing selective acquisition opportunities and disciplined share repurchases.

Advisor Access: ***Brixmor recently released its Q4/17 earnings report. What are the highlights?***

Angela Aman: We posted another great quarter, which capped off a fantastic year of progress on all facets of our balanced, self-funded business plan for sustainable growth. On the leasing front, we reported our most productive quarter in the last two years, executing 412 leases totaling 2.3 million square feet of new and renewal deals. What's more, we achieved new lease rents over 42 percent higher than prior in-place rents, reflecting the significant opportunity to drive NOI growth at the property level by upgrading our tenancy and replacing below-market in-place rents. We believe each of our new anchor tenants represents a substantial upgrade that will drive strong follow-on small-shop leasing.

We also continued to execute on our value-enhancing reinvestment pipeline, delivering $62 million in projects at an 11-percent incremental yield during the quarter, and adding fifteen new projects to our active pipeline. Finally, we sold fifteen assets during the fourth quarter for $106 million, acquired three strategic assets for $78 million, and initiated our share repurchase program.

Advisor Access: ***How does Brixmor continue to differentiate itself from other REITs?***

Angela Aman: We believe our proven ability to sign better tenants at better rents and intrinsic terms not only stands apart within the open-air sector, it also underscores how our platform continues to grow in the current retail environment. We truly believe the opportunity embedded within our portfolio of older, well-located assets is the greatest within our peer group, and that we have the right plan to unlock this significant value potential.

"The opportunity embedded within our portfolio of older, well-located assets is the greatest among our peer group."

Each component of our balanced plan is delivering value now—our progress is measurable and tangible. We believe the scope and scale of opportunity to unlock the long-term value embedded in the real estate we own and control is unlike any other in our sector. We are having great success delivering that value on a daily basis.

The key to success in this business calls for great real estate, talented people, and productive retailers—all of which Brixmor has long possessed. However, prior to our new management team taking over roughly 18 months ago, our portfolio had been undermanaged, underleased, and underinvested in. We immediately recognized the need to refine our business plan and optimize our organizational structure to best execute on the immense opportunities embedded in our portfolio.

We are making great progress advancing a self-funded business plan for sustainable growth that involves five key components: 1) strategic leasing; 2) value-accretive redevelopment; 3) enhanced operations; 4) prudent recycling capital; and 5) further strengthening our balance sheet. Our progress in each of these areas has allowed us to deliver consistently strong operating and financial record results. We are well on our way to becoming the preeminent open-air retail platform, and the end result will be sustainable growth and cash flow per share.

Advisor Access: ***Brixmor also participated in recovery programs for tenants and employees following 2017's disastrous hurricane season. Can you describe those efforts?***

"We are well on our way to becoming the preeminent open-air retail platform."

Angela Aman: Brixmor is committed to the mission of making our properties the centers of the communities they serve. When these storms occurred, we felt it was our duty and responsibility to help our neighbors recover from the devastating effects. We launched a multitier relief effort that included partnering with the food banks to donate thousands of meals; partnering with tenants to provide essential supplies to affected residents; partnering with the American Red Cross to use of several of our shopping center parking lots for relief stations; and partnering with Habitat for Humanity to rehab and rebuild damaged homes. These highly coordinated efforts came together very quickly, and were made possible by our employees' willingness to devote their time, energy, and resources to such an important cause.

Advisor Access: ***In your view, why should investors look to REITs, and Brixmor specifically, as core components of a diversified portfolio?***

Angela Aman: Real estate has proven to be an important portfolio diversifier, in addition to providing both stable income and growth opportunity. REITs, in particular, provide institutional and retail investors alike the opportunity to own equity in a diversified portfolio of income-producing real assets.

Brixmor happens to be one of the nation's largest owners and operators of high-quality, open-air shopping centers. We own more than 475 retail centers comprising 83 million square feet in established trade areas across the nation. Our retail centers are supported by a diverse mix of highly productive, nondiscretionary, value-oriented retailers, as well as consumer-oriented service providers. With 44 percent of our gross leasable area expiring between the end of 2017 and 2020, we have an unparalleled opportunity to increase cash flow at the property level by resetting below-market rents to market rates, enabling us to generate sustainable growth in cash flow per share.

Advisor Access: ***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

"With a firming retail environment, we think BRX is compelling at 7.5x 2018 FFO and a current dividend yield of 7.3% with a management team actively maximizing its current use of capital."

—**Alexander Goldfarb**, Sandler O'Neill & Partners
Feb. 15, 2018

"We are pleased to see three new redevelopments were started in 4Q17 for total net costs of $28.1M, with yields ranging from 8-11% . . . Successful redevelopments should start contributing to base rent growth in 2H18 and into 2019."

—**Craig Schmidt**, Bank of America Merrill Lynch
Feb. 12, 2018

"[Brixmor made] healthy progress on redevelopment efforts with 15 new projects added . . . Overall, we thought the quarter was solid, especially compared to where the stock is trading (9.1x 2018 cash flow/sh)."

—**Ki Bin Kim**, SunTrust Robinson Humphrey
Feb. 12, 2018

"The pipeline remains healthy despite completing multiple projects. BRX was active completing six anchor projects and four redevelopment projects. The pipeline totals ~$300m or 3.0% of EV."

—**Wes Golladay**, RBC Capital Markets
Feb. 12, 2018

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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Advisor-Access LLC was designed to bring compelling investment ideas to investors in the form of in-depth interviews with company management and the latest fact sheets and corporate presentations, in a concise format: the critical pieces of information an investor needs to make an informed investment decision.