Brixmor Property Group Inc.
Form 10-Q
October 26, 2015

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
Form 10-Q

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

For the quarterly period ended September 30, 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)

N/A
(Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report)

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 þ No ¨ Brixmor Operating Partnership LP Yes þ 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 þ No ¨ Brixmor Operating Partnership LP Yes þ No ¨

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	þ	Non-accelerated filer	¨	Large accelerated filer	¨	Non-accelerated filer	þ
Smaller reporting company	¨	Accelerated filer	¨	Smaller reporting company	¨	Accelerated filer	¨

(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 þ Brixmor Operating Partnership LP Yes ¨ No þ

(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 October 1, 2015, Brixmor Property Group Inc. had 298,488,602 shares of common stock outstanding.

EXPLANATORY NOTE

This report combines the quarterly reports on Form 10-Q for the period ended September 30, 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 the Parent Company 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 September 30, 2015, the Parent Company beneficially owned, through its direct and indirect interest in BPG Sub and the General Partner, approximately 98.1% 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 1.9% interest in the Operating Partnership.

The Company believes combining the quarterly reports on Form 10-Q 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 unaudited condensed 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.

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Forward-Looking Statements

This report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 which reflect our current views with respect to, among other things, our operations and financial performance. You can identify these forward-looking statements by the use of words such as “outlook,” “believes,” “expects,” “potential,” “continues,” “may,” “will,” “should,” “seeks,” “approximately,” “intends,” “plans,” “estimates,” “anticipates,” “targets” or the negative version of these words or other comparable words. Such forward-looking statements are subject to various risks and uncertainties. Accordingly, there are or will be important factors that could cause actual outcomes or results to differ materially from those indicated in these statements. We believe these factors include but are not limited to those described under the section entitled “Risk Factors” in our Form 10-K for the year ended December 31, 2014, 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; and (8) changes in the regional demographics of our properties. 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 - FINANCIAL INFORMATION

Item 1. Financial Statements

BRIXMOR PROPERTY GROUP INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited, in thousands, except share information)

	September 30, 2015	December 31, 2014
Assets		
Real estate		
Land	$2,015,176	$2,000,415
Buildings and improvements	8,895,181	8,801,834
	10,910,357	10,802,249
Accumulated depreciation and amortization	(1,798,676)	(1,549,234)
Real estate, net	9,111,681	9,253,015
Investments in and advances to unconsolidated joint ventures	5,047	5,072
Cash and cash equivalents	37,983	60,595
Restricted cash	52,763	53,164
Marketable securities	24,589	20,315
Receivables, net of allowance for doubtful accounts of $14,500 and $14,070	171,914	182,424
Deferred charges and prepaid expenses, net	106,512	94,269
Other assets	17,134	13,059
Total assets	$9,527,623	$9,681,913
Liabilities		
Debt obligations, net	$5,969,336	$6,022,508
Accounts payable, accrued expenses and other liabilities	626,600	679,102
Total liabilities	6,595,936	6,701,610
Commitments and contingencies (Note 12)		
Equity		
Common stock, $0.01 par value; authorized 3,000,000,000 shares; 298,488,602 and 296,552,142 shares outstanding	2,985	2,966
Additional paid in capital	3,260,930	3,223,941
Accumulated other comprehensive loss	(6,227)	(4,435)
Distributions in excess of net income/loss	(382,797)	(318,762)
Total stockholders' equity	2,874,891	2,903,710
Non-controlling interests	56,796	76,593
Total equity	2,931,687	2,980,303
Total liabilities and equity	$9,527,623	$9,681,913

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

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Revenues				
Rental income	$245,829	$240,820	$733,429	$717,975
Expense reimbursements	65,304	63,479	200,570	197,730
Other revenues	1,892	2,170	6,430	6,290
Total revenues	313,025	306,469	940,429	921,995
Operating expenses				
Operating costs	27,952	28,792	93,779	95,556
Real estate taxes	45,472	44,346	133,635	132,592
Depreciation and amortization	102,439	111,104	315,424	333,924
Provision for doubtful accounts	1,953	2,771	6,973	8,617
Impairment of real estate assets	—	—	807	—
General and administrative	22,030	19,624	73,030	59,221
Total operating expenses	199,846	206,637	623,648	629,910
Other income (expense)				
Dividends and interest	57	169	241	436
Interest expense	(61,567)	(65,545)	(186,289)	(199,464)
Gain on sale of real estate assets	—	—	9,224	378
Gain (loss) on extinguishment of debt, net	137	460	922	(2,573)
Other	2,880	(1,205)	(115)	(5,335)
Total other expense	(58,493)	(66,121)	(176,017)	(206,558)
Income before equity in income of unconsolidated joint ventures	54,686	33,711	140,764	85,527
Equity in income of unconsolidated joint ventures	133	112	358	248
Gain on disposition of investments in unconsolidated joint ventures	—	—	—	1,820
Income from continuing operations	54,819	33,823	141,122	87,595
Discontinued operations				
Income from discontinued operations	—	41	—	4,881
Gain on disposition of operating properties	—	—	—	14,426
Income from discontinued operations	—	41	—	19,307
Net income	54,819	33,864	141,122	106,902
Net income attributable to non-controlling interests	(1,046)	(6,834)	(2,814)	(40,998)
Net income attributable to common stockholders	$53,773	$27,030	$138,308	$65,904
Per common share:				
Income from continuing operations:				
Basic	$0.18	$0.11	$0.46	$0.28

Diluted	$0.18	$0.11	$0.46	$0.28
Net income attributable to common stockholders:				
Basic	$0.18	$0.11	$0.46	$0.28
Diluted	$0.18	$0.11	$0.46	$0.28
Weighted average shares:				
Basic	298,464	244,078	297,714	233,781
Diluted	298,936	244,835	304,706	234,920

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

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Net income	$54,819	$33,864	$141,122	$106,902
Other comprehensive income (loss)				
Unrealized gain (loss) on interest rate hedges	(2,477)	1,998	(9,150)	(4,532)
Amortization of interest rate swaps to interest expense	2,365	2,519	7,319	7,473
Unrealized gain (loss) on marketable securities	21	(18)	39	5
Total other comprehensive income (loss)	(91)	4,499	(1,792)	2,946
Comprehensive income	54,728	38,363	139,330	109,848
Comprehensive income attributable to non-controlling interests	(1,046)	(6,834)	(2,814)	(40,998)
Comprehensive income attributable to the Company	$53,682	$31,529	$136,516	$68,850

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

BRIXMOR PROPERTY GROUP INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Unaudited, in thousands)

	Common Stock						
	Number	Amount	Additional Paid in Capital	Accumulated Other Comprehensive Loss	Distributions in Excess of Net Income/Loss	Non-controlling Interests	Total
Beginning balance, January 1, 2014	229,689	$2,297	$2,543,690	$ (6,812)	$ (196,707)	$ 942,052	$3,284,520
Common stock dividends ($0.60 per common share)	—	—	—	—	(144,240)	—	(144,240)
Distributions to non-controlling interests	—	—	—	—	—	(38,589)	(38,589)
Redemption of Series A	—	—	6,222	—	—	(201,400)	(195,178)
Equity based compensation expense	—	—	5,404	—	—	1,615	7,019
Acquisition of non-controlling interests	—	—	437	—	—	(1,437)	(1,000)
Other comprehensive income	—	—	—	2,946	—	—	2,946
Conversion of Operating Partnership units and BPG Sub shares into common stock	15,406	154	155,086	—	—	(155,240)	—
Net income	—	—	—	—	65,904	40,032	105,936
Ending balance, September 30, 2014	245,095	$2,451	$2,710,839	$ (3,866)	$ (275,043)	$ 587,033	$3,021,414
Beginning balance, January 1, 2015	296,552	$2,966	$3,223,941	$ (4,435)	$ (318,762)	$ 76,593	$2,980,303
Common stock dividends ($0.675 per common share)	—	—	—	—	(202,343)	—	(202,343)
Distributions to non-controlling interests	—	—	—	—	—	(4,554)	(4,554)
Equity based compensation expense	—	—	18,939	—	—	420	19,359
Issuance of common stock and OP Units	33	—	(743)	—	—	765	22
	—	—	—	(1,792)	—	—	(1,792)

Other comprehensive loss							
Conversion of Operating Partnership units into common stock	1,903	19	19,223	—	—	(19,242)	—
Shared-based awards retained for taxes	—	—	(430)	—	—	—	(430)
Net income	—	—	—	—	138,308	2,814	141,122
Ending balance, September 30, 2015	298,488	$2,985	$3,260,930	$ (6,227)	$ (382,797)	$ 56,796	$2,931,687

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

BRIXMOR PROPERTY GROUP INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited, in thousands)

	Nine Months Ended September 30,	
	2015	2014
Operating activities:		
Net income	$141,122	$106,902
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	315,424	334,515
Debt premium and discount amortization	(13,972)	(15,524)
Deferred financing cost amortization	6,236	6,708
Above- and below-market lease intangible amortization	(34,367)	(35,090)
Provisions for impairment	807	—
Gain on disposition of operating properties and disposition of investments in unconsolidated joint ventures	(9,224)	(16,624)
Equity based compensation	19,359	7,019
Other	106	(214)
Gain on extinguishment of debt, net	(4,502)	(4,245)
Changes in operating assets and liabilities:		
Restricted cash	(1,782)	11,007
Receivables	10,502	6,513
Deferred charges and prepaid expenses	(23,932)	(29,787)
Other assets	(295)	357
Accounts payable, accrued expenses and other liabilities	6,442	753
Net cash provided by operating activities	411,924	372,290
Investing activities:		
Improvements to and investments in real estate assets	(147,393)	(146,499)
Acquisitions of real estate assets	(52,278)	—
Proceeds from sales of real estate assets	41,795	2,778
Distributions from unconsolidated joint venture	—	187
Change in restricted cash attributable to investing activities	2,182	7,321
Purchase of marketable securities	(19,320)	(20,250)
Proceeds from sale of marketable securities	15,014	21,414
Net cash used in investing activities	(160,000)	(135,049)
Financing activities:		
Repayment of debt obligations and financing liabilities	(733,815)	(827,460)
Repayment of borrowings under unsecured revolving credit facility	(1,118,475)	(675,047)
Proceeds from borrowings under unsecured revolving credit facility	619,000	826,343
Proceeds from unsecured term loan and notes	1,188,146	600,000
Deferred financing costs	(3,153)	(2,995)
Distributions to common stockholders	(201,398)	(124,128)
Distributions to non-controlling interests	(24,841)	(55,111)
Net cash used in financing activities	(274,536)	(258,398)
Change in cash and cash equivalents	(22,612)	(21,157)
Cash and cash equivalents at beginning of period	60,595	113,915

Cash and cash equivalents at end of period	$37,983	$92,758
Supplemental disclosure of cash flow information:		
Cash paid for interest, net of amount capitalized of $2,131 and $2,776	$191,125	$216,720
Supplemental non-cash investing and/or financing activities:		
Net carrying value of properties distributed to non-controlling owners	$—	$178,969

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

BRIXMOR OPERATING PARTNERSHIP LP AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited, in thousands, except unit information)

	September 30, 2015	December 31, 2014
Assets		
Real estate		
Land	$2,015,176	$2,000,415
Buildings and improvements	8,895,181	8,801,834
	10,910,357	10,802,249
Accumulated depreciation and amortization	(1,798,676)	(1,549,234)
Real estate, net	9,111,681	9,253,015
Investments in and advances to unconsolidated joint ventures	5,047	5,072
Cash and cash equivalents	37,947	60,450
Restricted cash	52,763	53,164
Marketable securities	24,378	20,113
Receivables, net of allowance for doubtful accounts of $14,500 and $14,070	171,914	182,424
Deferred charges and prepaid expenses, net	106,512	94,269
Other assets	17,134	13,059
Total assets	$9,527,376	$9,681,566
Liabilities		
Debt obligations, net	$5,969,336	$6,022,508
Accounts payable, accrued expenses and other liabilities	626,600	679,102
Total liabilities	6,595,936	6,701,610
Commitments and contingencies (Note 12)		
Capital		
Partnership common units: 304,286,518 and 304,246,750 units outstanding	2,937,656	2,984,381
Accumulated other comprehensive loss	(6,216)	(4,425)
Total capital	2,931,440	2,979,956
Total liabilities and capital	$9,527,376	$9,681,566

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

BRIXMOR OPERATING PARTNERSHIP LP AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited, in thousands, except per unit data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Revenues				
Rental income	$245,829	$240,820	$733,429	$717,975
Expense reimbursements	65,304	63,479	200,570	197,730
Other revenues	1,892	2,170	6,430	6,290
Total revenues	313,025	306,469	940,429	921,995
Operating expenses				
Operating costs	27,952	28,792	93,779	95,556
Real estate taxes	45,472	44,346	133,635	132,592
Depreciation and amortization	102,439	111,104	315,424	333,924
Provision for doubtful accounts	1,953	2,771	6,973	8,617
Impairment of real estate assets	—	—	807	—
General and administrative	22,030	19,624	73,030	59,221
Total operating expenses	199,846	206,637	623,648	629,910
Other income (expense)				
Dividends and interest	57	169	241	436
Interest expense	(61,567)	(65,545)	(186,289)	(199,464)
Gain on sale of real estate assets	—	—	9,224	378
Gain (loss) on extinguishment of debt, net	137	460	922	(2,573)
Other	2,880	(1,205)	(115)	(5,335)
Total other expense	(58,493)	(66,121)	(176,017)	(206,558)
Income before equity in income of unconsolidated joint ventures	54,686	33,711	140,764	85,527
Equity in income of unconsolidated joint ventures	133	112	358	248
Gain on disposition of investments in unconsolidated joint ventures	—	—	—	1,820
Income from continuing operations	54,819	33,823	141,122	87,595
Discontinued operations				
Income from discontinued operations	—	41	—	4,881
Gain on disposition of operating properties	—	—	—	14,426
Income from discontinued operations	—	41	—	19,307
Net income	54,819	33,864	141,122	106,902
Net income attributable to non-controlling interests	—	(322)	—	(966)
Net income attributable to Brixmor Operating Partnership LP	$54,819	$33,542	$141,122	$105,936
Net income attributable to:				
Series A interest	$—	$—	$—	$21,014

Partnership common units	54,819	33,542	141,122	84,922
Net income attributable to Brixmor Operating Partnership LP	$54,819	$33,542	$141,122	$105,936
Per common unit:				
Income from continuing operations:				
Basic	$0.18	$0.11	$0.46	$0.28
Diluted	$0.18	$0.11	$0.46	$0.28
Net income attributable to partnership common units:				
Basic	$0.18	$0.11	$0.46	$0.28
Diluted	$0.18	$0.11	$0.46	$0.28
Weighted average number of partnership common units:				
Basic	304,270	302,890	303,899	302,407
Diluted	304,742	303,647	304,706	303,546

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

BRIXMOR OPERATING PARTNERSHIP LP AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited, in thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Net income	$54,819	$33,864	$141,122	$106,902
Other comprehensive income (loss)				
Unrealized gain (loss) on interest rate hedges	(2,477)	1,998	(9,150)	(4,532)
Amortization of interest rate swaps to interest expense	2,365	2,519	7,319	7,473
Unrealized gain (loss) on marketable securities	21	(16)	40	2
Total other comprehensive income (loss)	(91)	4,501	(1,791)	2,943
Comprehensive income	54,728	38,365	139,331	109,845
Comprehensive income attributable to non-controlling interests	—	(322)	—	(966)
Comprehensive income attributable to Brixmor Operating Partnership LP	$54,728	$38,043	$139,331	$108,879
Comprehensive income attributable to:				
Series A interest	$—	$—	$—	$21,014
Partnership common units	54,728	38,043	139,331	87,865
Comprehensive income attributable to Brixmor Operating Partnership LP	$54,728	$38,043	$139,331	$108,879

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

BRIXMOR OPERATING PARTNERSHIP LP AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN CAPITAL
(Unaudited, in thousands)

	Partnership Common Units	Series A Interest	Accumulated Other Comprehensive Loss	Non-controlling Interests	Total
Beginning balance, January 1, 2014	$3,108,398	$180,386	$ (6,797)	$ 1,437	$3,283,424
Distributions to partners	(182,079)	—	—	—	(182,079)
Redemption of Series A interest	6,222	(201,400)	—	—	(195,178)
Equity based compensation expense	7,019	—	—	—	7,019
Acquisition of non-controlling interests	437	—	—	(1,437)	(1,000)
Other comprehensive income	—	—	2,943	—	2,943
Net income	84,922	21,014	—	—	105,936
Ending balance, September 30, 2014	$3,024,919	$—	$ (3,854)	$ —	$3,021,065
Beginning balance, January 1, 2015	$2,984,381	$—	$ (4,425)	$ —	$2,979,956
Distributions to partners	(206,798)	—	—	—	(206,798)
Equity based compensation expense	19,359	—	—	—	19,359
Other comprehensive loss	—	—	(1,791)	—	(1,791)
Issuance of OP Units	22		—		22
Share-based awards retained for taxes	(430)	—	—	—	(430)
Net income	141,122	—	—	—	141,122
Ending balance, September 30, 2015	$2,937,656	$—	$ (6,216)	$ —	$2,931,440

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

BRIXMOR OPERATING PARTNERSHIP LP AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited, in thousands)

	Nine Months Ended September 30,	
	2015	2014
Operating activities:		
Net income	$141,122	$106,902
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	315,424	334,515
Debt premium and discount amortization	(13,972)	(15,524)
Deferred financing cost amortization	6,236	6,708
Above- and below-market lease intangible amortization	(34,367)	(35,090)
Provisions for impairment	807	—
Gain on disposition of operating properties and disposition of investments in unconsolidated joint ventures	(9,224)	(16,624)
Equity based compensation	19,359	7,019
Other	106	(214)
Gain on extinguishment of debt, net	(4,502)	(4,245)
Changes in operating assets and liabilities:		
Restricted cash	(1,782)	11,007
Receivables	10,502	6,513
Deferred charges and prepaid expenses	(23,932)	(29,787)
Other assets	(295)	357
Accounts payable, accrued expenses and other liabilities	6,444	760
Net cash provided by operating activities	411,926	372,297
Investing activities:		
Improvements to and investments in real estate assets	(147,393)	(146,499)
Acquisitions of real estate assets	(52,278)	—
Proceeds from sales of real estate assets	41,795	2,778
Distributions from unconsolidated joint venture	—	187
Change in restricted cash attributable to investing activities	2,182	7,321
Purchase of marketable securities	(19,316)	(20,243)
Proceeds from sale of marketable securities	15,014	21,414
Net cash used in investing activities	(159,996)	(135,042)
Financing activities:		
Repayment of debt obligations and financing liabilities	(733,815)	(827,460)
Repayment of borrowings under unsecured revolving credit facility	(1,118,475)	(675,047)
Proceeds from borrowings under unsecured revolving credit facility	619,000	826,343
Proceeds from unsecured term loan and notes	1,188,146	600,000
Deferred financing costs	(3,153)	(2,995)
Partner distributions	(206,266)	(177,531)
Distributions to non-controlling interests	(19,870)	(966)
Net cash used in financing activities	(274,433)	(257,656)
Change in cash and cash equivalents	(22,503)	(20,401)
Cash and cash equivalents at beginning of period	60,450	113,006

Cash and cash equivalents at end of period	$37,947	$92,605
Supplemental disclosure of cash flow information:		
Cash paid for interest, net of amount capitalized of $2,131 and $2,776	$191,125	$216,720
Supplemental non-cash investing and/or financing activities:		
Net carrying value of properties distributed to non-controlling owners	$—	$178,969

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

BRIXMOR PROPERTY GROUP INC. AND BRIXMOR OPERATING PARTNERSHIP LP
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited, in thousands, unless otherwise stated)

1. Nature of Business and Financial Statement Presentation

Description of Business

Brixmor Property Group Inc. and subsidiaries (collectively, the "Parent Company") is an internally-managed REIT. Brixmor Operating Partnership LP and subsidiaries (collectively, the "Operating Partnership") is the entity through which the Parent Company conducts substantially all of its operations and owns substantially all of its assets. The Parent Company 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. The Parent Company engages in the ownership, management, leasing, acquisition and development of retail shopping centers through the Operating Partnership, and has no other substantial assets or liabilities other than through its investment in the Operating Partnership. The Parent Company, the Operating Partnership and their controlled subsidiaries on a consolidated basis (collectively the "Company" or "Brixmor") owns and operates the largest wholly-owned portfolio of grocery-anchored community and neighborhood shopping centers in the United States.

As of September 30, 2015, the Parent Company beneficially owned, through its direct and indirect interest in BPG Sub and the General Partner, 98.1% 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 Parent Company's current and former management collectively owned the remaining 1.9% of the outstanding OP Units. Holders of OP Units (other than the Parent Company, 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 the Parent Company's common stock or, at the Parent Company's election, exchange their OP Units for shares of the Parent Company's 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 the Parent Company is equivalent to the number of outstanding shares of the Parent Company's common stock, and the entitlement of all OP Units to quarterly distributions and payments in liquidation is substantially the same as those of the Parent Company's common stockholders.

The Company does not distinguish its principal business or group its operations on a geographical basis for purposes of measuring performance. Accordingly, the Company believes it has a single reportable segment for disclosure purposes in accordance with U.S. generally accepted accounting principles ("GAAP").

Basis of Presentation

The accompanying unaudited Condensed Consolidated Financial Statements have been prepared in accordance with GAAP for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and notes required by GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for the fair presentation of the unaudited Condensed Consolidated Financial Statements for the periods presented have been included. The operating results for the periods presented are not necessarily indicative of the results that may be expected for a full fiscal year. These financial statements should be read in conjunction with the financial statements for the year ended December 31, 2014 and accompanying notes included in the Company's annual report on Form 10-K filed with the Securities and Exchange Commission (the "SEC") on February 19, 2015.

Certain prior period balances in the accompanying unaudited Condensed Consolidated Statements of Operations have been reclassified to conform to the current period presentation for the results of discontinued operations and certain prior period balances in the accompanying unaudited Condensed 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.”

Principles of Consolidation

The accompanying unaudited Condensed Consolidated Financial Statements include the accounts of the Parent Company, the Operating Partnership, each of their wholly owned subsidiaries and all other entities in which they have a controlling financial interest. The portions of consolidated entities not owned by the Parent Company and the Operating

Partnership are presented as non-controlling interests as of and during the periods presented. All intercompany transactions have been eliminated.

Subsequent Events
In preparing the unaudited Condensed Consolidated Financial Statements, the Company has evaluated events and transactions occurring after September 30, 2015 for recognition or disclosure purposes. Based on this evaluation, there were no subsequent events from September 30, 2015 through the date the financial statements were issued.

Income Taxes
The Parent Company has elected to qualify as a REIT in accordance with the Internal Revenue Code (the “Code”). To qualify as a REIT, the Parent Company must meet a number of organizational and operational requirements, including a requirement that it currently distribute at least 90% of its adjusted REIT taxable income to its stockholders. It is management’s intention to adhere to these requirements and maintain the Parent Company’s REIT status.

As a REIT, the Parent Company generally will not be subject to federal income tax, provided that distributions to its stockholders equal at least the amount of its REIT taxable income as defined under the Code. If the Parent Company fails to qualify as a REIT in any taxable year, it will be subject to federal taxes at regular corporate rates (including any applicable alternative minimum tax) and may not be able to qualify as a REIT for four subsequent taxable years.

The Parent Company does not have any taxable REIT subsidiaries, but may in the future elect to treat newly formed subsidiaries as taxable REIT subsidiaries which would be subject to income tax. Taxable REIT subsidiaries may participate in non-real estate-related activities and/or perform non-customary services for tenants and are subject to United States federal and state income tax at regular corporate tax rates.

The Operating Partnership is organized as a limited partnership and is generally not subject to federal income tax. Accordingly, no provision for federal income taxes has been reflected in the accompanying unaudited Condensed Consolidated Financial Statements. The Operating Partnership, however, may be subject to certain state and local income taxes or franchise taxes. During the three and nine months ended September 30, 2015, the Company recognized $3.9 million of income related to certain federal and state tax contingencies. These amounts are included in Other on the Company's unaudited Condensed Consolidated Statements of Operations.

The Company has analyzed the tax position taken on income tax returns for the open 2012 through 2014 tax years and has concluded that no provision for income taxes related to uncertain tax positions is required in the Company’s unaudited Condensed Consolidated Financial Statements as of September 30, 2015 and December 31, 2014.

New Accounting Pronouncements
In April 2015, the Financial Accounting Standards Board ("FASB") issued ASU 2015-03, “Interest - Imputation of Interest (Topic 835): Simplifying the Presentation of Debt Issuance Costs.” ASU 2015-03 requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. The recognition and measurement guidance for debt issuance costs are not affected by the amendments in this update. ASU 2015-03 is effective for annual reporting periods beginning after December 15, 2015. Early adoption is permitted. The Company elected to early adopt ASU 2015-03 beginning with the period ending June 30, 2015 (see Note 6). The adoption of ASU 2015-03 did not have a material impact on the Company’s financial position or results of operations.

In May 2014, the FASB issued ASU No. 2014-09, “Revenue from Contracts with Customers.” ASU No. 2014-09 contains a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. The guidance in ASU No. 2014-09 affects any entity that either enters into contracts with customers to transfer goods or

services or enters into contracts for the transfer of nonfinancial assets unless those contracts are within the scope of other standards. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. For public entities, ASU No. 2014-09, as amended by ASU No. 2015-14, is effective for annual reporting periods beginning after December 15, 2017, including interim periods within that reporting period. Early application is not permitted. The Company is currently in the process of evaluating the impact the adoption of ASU No. 2014-09 will have on the unaudited Condensed Consolidated Financial Statements of the Company.

Any other recently issued accounting standards or pronouncements not disclosed above have been excluded as they either are not relevant to the Company, or they are not expected to have a material effect on the unaudited Condensed Consolidated Financial Statements of the Company.

2. Acquisition of Real Estate

During the nine months ended September 30, 2015, the Company acquired the following properties, in separate transactions (dollars in thousands):

Property Name	Location	Month Acquired	Purchase Price			GLA
			Cash	Debt Assumed	Total	
Retail Building at Bardin Place Center	Arlington, TX	Jun-15	$9,258	$—	$9,258	96,127
Larchmont Centre	Mt. Laurel, NJ	Jun-15	11,000	7,000	18,000	103,787
Webster Square Shopping Center	Marshfield, MA	Jun-15	31,950	—	31,950	182,756
			$52,208	$7,000	$59,208	382,670

The purchase price for these acquisitions has been allocated to real estate and related intangible assets acquired and liabilities assumed, as applicable, in accordance with our accounting policies for business combinations. The aggregate purchase price of the properties acquired during the nine months ended September 30, 2015, has been allocated as follows:

Assets	
Land	$13,004
Buildings	35,606
Building Improvements	4,671
Tenant Improvements	2,335
Above Market Rents	95
In-Place Leases	4,101
Real estate, net	59,812
Deferred charges and prepaid expenses, net	1,792
Total assets	$61,604
Liabilities	
Mortgage payable	$7,000
Mortgage Fair Value Adjustment	440
Debt obligations, net	7,440
Accounts payable, accrued expenses and other liabilities (Below Market Leases)	1,956
Total liabilities	9,396
Net Assets Acquired	$52,208

In addition the Company acquired the following land parcels adjacent to existing Company owned shopping centers in connection with its repositioning activities at those centers: (i) during the three months ended September 30, 2015, two land parcels for an aggregate purchase price of $6.5 million; (ii) during the nine months ended September 30, 2015, four land parcels for an aggregate purchase price of $8.6 million; and (iii) during the nine months ended September 30, 2014, three land parcels for an aggregate purchase price of $12.3 million.

The real estate operations acquired were not considered material to the Company, individually or in the aggregate, and therefore pro forma financial information is not necessary.

During the nine months ended September 30, 2015 the Company incurred acquisition related expenses of $1.6 million. These amounts are included in Other on the unaudited Condensed Consolidated Statements of Operations.

3. Disposals, Discontinued Operations and Assets Held for Sale

During the nine months ended September 30, 2015, the Company disposed of four shopping centers and two outparcels for net proceeds of $41.8 million resulting in an aggregate gain of $9.2 million and an aggregate impairment of $0.8 million. The impairment charge was based upon the sales price in the signed contract with the third party buyer, adjusted to reflect associated disposition costs. These inputs are classified as Level 3 of the fair value hierarchy.

The Company had no properties held for sale as of September 30, 2015.

As a result of adopting ASU No. 2014-08, “Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity,” there were no discontinued operations for the three and nine months ended September 30, 2015 as none of the current year disposals represented a strategic shift in the Company’s business that would qualify as discontinued operations. The following table provides a summary of revenues and expenses from properties included in discontinued operations during the three and nine months ended September 30, 2014:

	Three Months Ended September 30, 2014	Nine Months Ended September 30, 2014
Discontinued operations:		
Revenues	$123	$637
Operating expenses	(82)	(1,571)
Other income (expense), net	—	5,815
Income from discontinued operating properties	41	4,881
Gain on disposition of operating properties	—	14,426
Income from discontinued operations	$41	$19,307

Discontinued operations includes the results of 34 shopping centers disposed of during the year ended December 31, 2014, including 33 shopping centers distributed to Blackstone in connection with the Company's initial public offering ("IPO").

4. Real Estate

The Company’s components of Real estate, net consisted of the following:

	September 30, 2015	December 31, 2014
Land	$2,015,176	$2,000,415
Buildings and improvements:		
Building	7,355,922	7,332,073
Building and tenant improvements	652,530	552,351
Other rental property [1]	886,729	917,410
	10,910,357	10,802,249
Accumulated depreciation and amortization [1]	(1,798,676)	(1,549,234)
Total	$9,111,681	$9,253,015

(1) At September 30, 2015 and December 31, 2014, Other rental property consisted of intangible assets including: (i) $805.7 million and $833.3 million, respectively, of in-place lease value, (ii) $81.1 million and $84.1 million, respectively, of above-market leases, and (iii) $592.7 million and $550.4 million, respectively, of accumulated amortization. These intangible assets are amortized over the term of each related lease.

In addition, at September 30, 2015 and December 31, 2014, the Company had intangible liabilities relating to below-market leases of $515.2 million and $528.7 million, respectively, and accumulated amortization of $230.9 million and $202.7 million, respectively. These intangible liabilities, which are included in Accounts payable, accrued expenses and other liabilities in the Company’s unaudited Condensed Consolidated Balance Sheets, are accreted over the term of each related lease, including any renewal periods, with fixed rentals that are considered to be below

market.

Amortization expense associated with the above mentioned intangible assets and liabilities recognized for the three months ended September 30, 2015 and 2014 was $10.8 million and $18.1 million, respectively. Amortization expense associated with the above mentioned intangible assets and liabilities recognized for the nine months ended September 30, 2015 and 2014 was $33.5 million and $58.4 million, respectively. The estimated net amortization expense associated

with the Company's intangible assets and liabilities for the next five years is as follows:

Year Ended December 31,	Estimated net amortization expense
2015 (remaining three months)	$9,400
2016	22,995
2017	11,161
2018	5,029
2019	2,908

On a continuous basis, management assesses whether there are any indicators, including property operating performance and general market conditions, that the value of the Company's assets (including any related amortizable intangible assets or liabilities) may be impaired. To the extent impairment has occurred, the carrying value of the asset would be adjusted to an amount to reflect the estimated fair value of the asset.

5. Financial Instruments - Derivatives and Hedging

The Company's use of derivative instruments is limited to the utilization of interest rate agreements or other instruments to manage interest rate risk exposures and not for speculative purposes. In certain situations, the Company may enter 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.

Cash Flow Hedges of Interest Rate Risk

The Company uses interest rate swaps to manage its exposure to changes in benchmark interest rates. Interest rate swaps designated as cash flow hedges involve the receipt of variable-rate amounts from a counterparty in exchange for the Company making fixed-rate payments over the life of the agreements without changing the underlying notional amount. During the three and nine months ended September 30, 2015 and 2014, the Company did not enter into any new interest rate swap agreements.

A detail of the Company's interest rate derivatives designated as cash flow hedges outstanding as of September 30, 2015 is as follows:

	Number of Instruments	Notional Amount
Interest Rate Swaps	5	$1,500,000

The Company has elected to present its interest rate derivatives on its unaudited Condensed Consolidated Balance Sheets on a gross basis as interest rate swap assets and interest rate swap liabilities. A detail of the Company's fair value of interest rate derivatives on a gross and net basis as of September 30, 2015 and December 31, 2014, respectively, is as follows:

	Fair Value of Derivative Instruments	
Interest rate swaps classified as:	September 30, 2015	December 31, 2014
Gross derivative assets	$—	$—
Gross derivative liabilities	(6,255)	(4,423)
Net derivative liability	$(6,255)	$(4,423)

The gross derivative liabilities are included in accounts payable, accrued expenses and other liabilities on the unaudited Condensed Consolidated Balance Sheets. All of the Company's outstanding interest rate swap agreements for the periods presented were designated as cash flow hedges of interest rate risk. The fair value of the Company's interest rate derivatives is determined using market standard valuation techniques including discounted cash flow analysis on the expected cash flows of each derivative. This analysis reflects the contractual terms of the derivatives, including the period to maturity, and uses observable market-based inputs, including interest rate curves and implied

volatilities. These inputs are classified as Level 2 of the fair value hierarchy. The effective portion of changes in the fair value of derivatives designated as, and that qualify as, cash flow hedges is recorded in other comprehensive income (“OCI”)

and is reclassified into earnings as interest expense in the period that the hedged forecasted transaction affects earnings. The Company estimates that approximately $6.3 million will be reclassified from accumulated other comprehensive loss as an increase to interest expense over the next twelve months. No gain or loss was recognized related to hedge ineffectiveness or to amounts excluded from effectiveness testing on the Company's cash flow hedges during the three and nine months ended September 30, 2015 and 2014.

Non-Designated (Mark-to Market) Hedges of Interest Rate Risk

The Company does not use derivatives for trading or speculative purposes. As of September 30, 2015 and December 31, 2014, the Company did not have any material non-designated hedges.

Credit-risk-related Contingent Features

The Company has agreements with its derivative counterparties that contain a provision whereby if the Company defaults on any of its indebtedness, including default where repayment of the indebtedness has not been accelerated by the lender, then the Company could also be declared in default on its derivative obligations. If the Company were to breach any of the contractual provisions of the derivative contracts, it would be required to settle its obligations under the agreements at their termination value including accrued interest, or approximately $7.0 million.

6. Debt Obligations

As of September 30, 2015 and December 31, 2014, the Company had the following indebtedness outstanding:

	Carrying Value as of			
	September 30, 2015	December 31, 2014	Stated Interest Rates	Scheduled Maturity Date
Mortgage and secured loans[1]				
Fixed rate mortgage and secured loans[2]	$2,615,067	$3,116,882	4.40% - 8.00%	2016 – 2024
Net unamortized premium	45,745	66,340		
Net unamortized debt issuance cost[5]	(2,435)	(4,381)		
Total mortgage and secured loans, net	$2,658,377	$3,178,841		
Notes payables				
Unsecured notes[3]	$1,218,453	$243,453	3.85% - 7.97%	2022 - 2029
Net unamortized discount	(4,834)	(3,153)		
Net unamortized debt issuance cost[5]	(10,302)	—		
Total notes payable, net	$1,203,317	$240,300		
Unsecured Credit Facility and Term Loan				
Unsecured Credit Facility[4]	$1,520,000	$2,019,475	1.65%	2017 – 2018
Unsecured Term Loan	600,000	600,000	1.65%	2019
Net unamortized debt issuance cost[5]	(12,358)	(16,108)		
Total Unsecured Credit Facility and Term Loan	$2,107,642	$2,603,367		
Total debt obligations, net	$5,969,336	$6,022,508		

(1) The Company's mortgages and secured loans are collateralized by certain properties and the equity interests of certain subsidiaries. These properties had a carrying value as of September 30, 2015 of approximately $3.9 billion.

(2) The weighted average interest rate on the Company's fixed rate mortgage and secured loans was 5.93% as of September 30, 2015.

(3) The weighted average interest rate on the Company's unsecured notes was 3.91% as of September 30, 2015.

(4) The Unsecured Credit Facility (as defined below) consists of a $1.25 billion revolving credit facility and a $1.5 billion term loan facility. The Company 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. In February 2015, the Unsecured Credit Facility was amended to terminate the guarantees and release and discharge the Parent Guarantors from their respective obligations under the guarantees.

(5) In April 2015, the FASB issued ASU 2015-03, which requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. Beginning with the period ending June 30, 2015, the Company elected to early adopt ASU 2015-03 and appropriately and retrospectively applied the guidance to its debt obligations for all periods presented. These amounts were previously included in Deferred charges and prepaid expenses, net on the Company's Condensed Consolidated Balance Sheets.

2015 Debt Transactions

In January 2015, the Operating Partnership issued $700.0 million aggregate principal amount of 3.850% Senior Notes due 2025 (the "2025 Notes"), the proceeds of which were used to repay outstanding borrowings under its $1.25 billion unsecured revolving credit facility that had been used to repay indebtedness and financial liabilities over the course of 2014. The 2025 Notes bear interest at a rate of 3.850% per annum, payable semi-annually on February 1 and August 1 of each year. The 2025 Notes will mature on February 1, 2025. The 2025 Notes are the Operating Partnership's unsecured and unsubordinated obligations and rank equally in right of payment with all of the Operating Partnership's existing and future senior unsecured and unsubordinated indebtedness. The Operating Partnership may redeem the 2025 Notes at any time in whole or from time to time in part at the applicable make-whole redemption price specified in the Indenture with respect to the 2025 Notes. If the 2025 Notes are redeemed on or after November 1, 2024 (three months prior to the maturity date), the redemption price will be equal to 100% of the principal amount of the 2025 Notes being redeemed plus accrued and unpaid interest thereon to, but not including, the redemption date.

In August 2015, the Operating Partnership issued $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 million aggregate principal amount of senior unsecured notes held at an indirect subsidiary of the Company, Brixmor LLC. The 2022 Notes bear interest at a rate of 3.875% per annum, payable semi-annually on February 15 and August 15 of each year, commencing February 15, 2016. The 2022 Notes will mature on August 15, 2022. The 2022 Notes are the Operating Partnership's unsecured and unsubordinated obligations and rank equally in right of payment with all of the Operating Partnership's existing and future senior unsecured and unsubordinated indebtedness. The Operating Partnership may redeem the 2022 Notes at any time in whole or from time to time in part at the applicable make-whole redemption price specified in the Indenture with respect to the 2022 Notes. If the 2022 Notes are redeemed on or after June 15, 2022 (two months prior to the maturity date), the redemption price will be equal to 100% of the principal amount of the 2022 Notes being redeemed plus accrued and unpaid interest thereon to, but not including, the redemption date.

In addition, during the nine months ended September 30, 2015, the Company repaid $487.7 million of mortgages and secured loans and $225.0 million of unsecured notes, resulting in a $0.9 million net gain on extinguishment of debt. These repayments were funded primarily from borrowings under the Company's Unsecured Credit Facility.

Pursuant to the terms of an unsecured $600.0 million term loan (the "Term Loan"), a $2.75 billion senior unsecured credit facility (the "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.

Debt Maturities

As of September 30, 2015 and December 31, 2014, the Company had accrued interest of $23.3 million and $20.4 million outstanding, respectively. As of September 30, 2015, scheduled maturities of the Company's outstanding debt obligations were as follows:

Year ending December 31,	
2015 (remaining three months)	$8,142
2016	1,257,862
2017	369,659
2018	1,519,476
2019	620,126
Thereafter	2,178,255
Total debt maturities	5,953,520
Net unamortized premiums on mortgages	45,745
Net unamortized discount on notes	(4,834)
Net unamortized debt issuance costs	(25,095)
Total debt obligations	$5,969,336

7. Fair Value Disclosures

All financial instruments of the Company are reflected in the accompanying unaudited Condensed Consolidated Balance Sheets at amounts which, in management's judgment, reasonably approximate their fair values, except those instruments listed below:

	September 30, 2015		December 31, 2014	
	Carrying Amounts	Fair Value	Carrying Amounts	Fair Value
Mortgage and secured loans payable	$2,658,377	$2,793,090	$3,178,841	$3,337,250
Notes payable	1,203,317	1,209,590	240,300	252,441
Unsecured credit facility and term loan	2,107,642	2,120,000	2,603,367	2,619,475
Total debt obligations	$5,969,336	$6,122,680	$6,022,508	$6,209,166

As a basis for considering market participant assumptions in fair value measurements, a fair value hierarchy is included in GAAP that distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Levels 1 and 2 of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs that are classified within Level 3 of the hierarchy).

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the asset or liability.

The valuation methodology used to estimate the fair value of the Company's debt obligations is based on discounted cash flows, with assumptions that include credit spreads, loan amounts and debt maturities. The Company determined that the valuations of its debt obligations are classified within Level 3 of the fair value hierarchy. Such fair value estimates are not necessarily indicative of the amounts that would be realized upon disposition.

The Company's marketable securities and interest rate derivatives are measured at fair value on a recurring basis. At September 30, 2015 and December 31, 2014, the fair values of the marketable securities are based on published values, securities dealers' estimated market values or comparable market sales and fall within Level 2 of the fair value hierarchy. See Note 5 for fair value information on the interest rate derivatives.

The Company's impairment charges are measured at fair value on a non-recurring basis. See Note 3 for fair value information on the impairment charges.

8. Equity and Capital

During the nine months ended September 30, 2015, the Parent Company entered into an at-the-market equity offering program ("ATM") through which the Parent Company may sell from time to time up to an aggregate of $400.0 million of its common stock through sales agents over a three-year period. There were no shares issued under the ATM for the three and nine months ended September 30, 2015. As of September 30, 2015, $400.0 million of common stock remained available for issuance under the ATM.

During the three months ended September 30, 2015 and 2014, the Company declared common stock dividends and OP unit distributions of $0.225 per share and $0.20 per share, respectively. During the nine months ended September 30, 2015 and 2014, the Company declared common stock dividends and OP unit distributions of $0.675 per share and $0.60 per share, respectively. As of September 30, 2015 and December 31, 2014, the Company had declared but unpaid common stock dividends and OP unit distributions of $69.7 million and $68.8 million, respectively. These amounts are included in accounts payable, accrued expenses and other liabilities on the Company's unaudited

Condensed Consolidated Balance Sheets.

The non-controlling interests presented in these unaudited Condensed Consolidated Financial Statements relate to portions of consolidated subsidiaries held by the non-controlling interest holders.

Certain investments funds affiliated with The Blackstone Group L.P. and certain members of the Company's management collectively owned 1.91% and 2.54% of the Operating Partnership's outstanding vested partnership

common units as of September 30, 2015 and December 31, 2014, respectively. During the nine months ended September 30, 2015, 1.9 million OP Units were converted to an equal number of the Company's common shares.

9. Stock Based Compensation

In 2011 and 2013 prior to the IPO, certain employees of the Company were granted long-term incentive awards which provided them with equity interests as an incentive to remain in the Company's service and align executives' interests with those of the Company's equity holders. The awards were granted to such employees by the Partnerships, in the form of Class B Units in each of the Partnerships. The awards were granted with service, performance and market conditions. In connection with the IPO, certain of these awards vested and the vested awards were exchanged for a combination of vested common shares of the Company and vested shares of BPG Sub. The remaining unvested Class B Units as of the IPO effective date were exchanged for a combination of unvested restricted common shares of the Company and unvested restricted common shares of BPG Sub, (collectively, the "RSAs"). The RSAs are subject to the same vesting terms as those applicable to the exchanged Class B Units. During the nine months ended September 30, 2015, the achievement of the performance condition became probable and the Company recognized $9.9 million of equity based compensation expense as a component of General and administrative expense in the Consolidated Statements of Operations.

In connection with the IPO, the Board of Directors approved the 2013 Omnibus Incentive Plan (the "Plan"). The Plan provides for a maximum of 15.0 million shares of the Company's common stock to be issued for qualified and non-qualified options, stock appreciation rights, restricted stock and restricted stock units, OP Units in the Operating Partnership, performance awards and other stock-based awards.

During the nine months ended September 30, 2015 and year ended December 31, 2014, the Company granted restricted stock units ("RSUs") in the Company to certain employees, or at the election of certain employees, long-term incentive plan units ("LTIP Units") in the Operating Partnership. The RSUs and LTIP Units are divided into multiple tranches, with each tranche subject to separate performance-based vesting conditions, market-based vesting conditions and service-based vesting conditions. Each award contains a threshold, target, and maximum number of units in respect to each tranche. The number of units actually earned for each tranche is determined based on performance during a specified performance period, and the earned units are then further subject to time-based vesting conditions. The aggregate number of RSUs and LTIP Units granted, assuming that the target level of performance is achieved, was 0.6 million and 0.6 million for the nine months ended September 30, 2015 and year ended December 31, 2014, respectively, with service periods ranging from one to five years.

The Company recognized $3.8 million and $1.9 million of equity based compensation expense for the three months ended September 30, 2015 and 2014, respectively. The Company recognized $19.3 million and $7.0 million of equity based compensation expense for the nine months ended September 30, 2015 and 2014, respectively. As of September 30, 2015, the Company had $14.6 million of total unrecognized compensation cost related to unvested stock compensation expected to be recognized over a weighted average period of approximately 2.3 years.

10. Earnings per Share

Basic earnings per share ("EPS") is calculated by dividing net income attributable to the Company's common stockholders, including participating securities, by the weighted average number of shares outstanding for the period. Certain restricted shares issued pursuant to the Company's share-based compensation program are considered participating securities, as such shares have rights to receive non-forfeitable dividends. Unvested restricted shares are not allocated net losses and/or any excess of dividends declared over net income, as such amounts are allocated entirely to the common stockholders. Fully-diluted EPS reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into shares of common stock.

The following table provides a reconciliation of the numerator and denominator of the EPS calculations for the three and nine months ended September 30, 2015 and 2014:

	Three Month Ended September 30,		Nine Month Ended September 30,	
	2015	2014	2015	2014
Computation of Basic Earnings Per Share:				
Income from continuing operations	$54,819	$33,823	$141,122	$87,595
Income attributable to non-controlling interests	(1,046)	(6,826)	(2,814)	(21,778)
Non-forfeitable dividends on unvested restricted shares	(6)	(268)	(17)	(805)
Income from continuing operations attributable to common stockholders	53,767	26,729	138,291	65,012
Income from discontinued operations, net of non-controlling interests	—	33	—	87
Net income attributable to the Company's common stockholders for basic earnings per share	$53,767	$26,762	$138,291	$65,099
Weighted average number shares outstanding - basic	298,464	244,078	297,714	233,781
Basic Earnings Per Share Attributable to the Company's Common Stockholders:				
Income from continuing operations	$0.18	$0.11	$0.46	$0.28
Income from discontinued operations	—	—	—	—
Net income	$0.18	$0.11	$0.46	$0.28
Computation of Diluted Earnings Per Share:				
Income from continuing operations attributable to common stockholders	$53,767	$26,729	$138,291	$65,012
Allocation to convertible non-controlling interests	—	—	2,814	—
Income from continuing operations attributable to common stockholders for diluted earnings per share	53,767	26,729	141,105	65,012
Income from discontinued operations, net of nonconvertible non-controlling interests	—	33	—	87
Net income attributable to the Company's common stockholders for diluted earnings per share	$53,767	$26,762	$141,105	$65,099
Weighted average shares outstanding - basic	298,464	244,078	297,714	233,781
Effect of dilutive securities:				
Conversion of OP Units	—	—	6,185	—
Equity awards	472	757	807	1,139
Weighted average shares outstanding - diluted	298,936	244,835	304,706	234,920
Diluted Earnings Per Share Attributable to the Company's Common Stockholders:				
Income from continuing operations	$0.18	$0.11	$0.46	$0.28
Income from discontinued operations	—	—	—	—
Net income	$0.18	$0.11	$0.46	$0.28

11. Earnings per Unit

Basic earnings per unit is calculated by dividing net income attributable to the Operating Partnership's common units, including participating securities, by the weighted average number of partnership common units outstanding for the period. Certain restricted units issued pursuant to the Company's share-based compensation program are considered participating securities. Unvested restricted units are not allocated net losses, as such amounts are allocated entirely to the partnership common units.

The following table provides a reconciliation of the numerator and denominator of the earnings per unit calculations for the three and nine months ended September 30, 2015 and 2014:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Computation of Basic Earnings Per Unit:				
Income from continuing operations	$54,819	$33,823	$141,122	$87,595
Income attributable to non-controlling interests	—	(322)	—	(2,786)
Non-forfeitable dividends on unvested restricted shares	(6)	(268)	(17)	(805)
Income from continuing operations attributable to partnership common units	54,813	33,233	141,105	84,004
Income from discontinued operations, net of Series A interest	—	41	—	113
Net income attributable to the Operating Partnership's common units for basic earnings per unit	$54,813	$33,274	$141,105	$84,117
Weighted average number of common units outstanding - basic	304,270	302,890	303,899	302,407
Basic Earnings Per Unit Attributable to the Operating Partnership's Common Units:				
Income from continuing operations	$0.18	$0.11	$0.46	$0.28
Income from discontinued operations	—	—	—	—
Net Income	$0.18	$0.11	$0.46	$0.28
Computation of Diluted Earnings Per Unit:				
Income from continuing operations attributable to partnership common units	$54,813	$33,233	$141,105	$84,004
Income from discontinued operations, net of Series A interest	—	41	—	113
Net income attributable to the Operating Partnership's common units for diluted earnings per unit	$54,813	$33,274	$141,105	$84,117
Weighted average common units outstanding - basic	304,270	302,890	303,899	302,407
Effect of dilutive securities:				
Equity awards	472	757	807	1,139
Weighted average common units outstanding - diluted	304,742	303,647	304,706	303,546
Diluted Earnings Per Unit Attributable to the Operating Partnership's Common Units:				
Income from continuing operations	$0.18	$0.11	$0.46	$0.28
Income from discontinued operations	—	—	—	—
Net Income	$0.18	$0.11	$0.46	$0.28

12. Commitments and Contingencies

Leasing commitments

The Company periodically enters into ground leases for neighborhood and community shopping centers which it operates and enters into office leases for administrative space. During the three months ended September 30, 2015 and 2014, the Company recognized rent expense associated with these leases of $2.4 million and $2.3 million, respectively. During the nine months ended September 30, 2015 and 2014, the Company recognized rent expense associated with these leases of $7.4 million and $7.1 million, respectively. Minimum annual rental commitments associated with these leases during the next five years and thereafter are as follows:

Year ending December 31,	
2015 (remaining three months)	$1,470
2016	6,899
2017	6,788
2018	6,403
2019	6,258
Thereafter	92,738
Total minimum annual rental commitments	$120,556

Environmental matters

Under various federal, state and local laws, ordinances and regulations, the Company may be considered an owner or operator of real property or may have arranged for the disposal or treatment of hazardous or toxic substances. As a result, the Company may be liable for certain costs including removal, remediation, government fines and injuries to persons and property. The Company does not believe that any resulting liability from such matters will have a material adverse effect on the financial position, results of operations or liquidity of the Company.

Other legal matters

The Company is subject to various other legal proceedings and claims that arise in the ordinary course of business. Management believes that the final outcome of such matters will not have a material adverse effect on the financial position, results of operations or liquidity of the Company.

13. Related-Party Transactions

In the ordinary course of conducting its business, the Company enters into customary agreements with its affiliates and unconsolidated joint ventures in relation to the leasing and management of its and/or its related parties' real estate assets.

As of December 31, 2014, receivables from related parties were $4.2 million, which are included in Receivables, net in the unaudited Condensed Consolidated Balance Sheets. As of September 30, 2015, there were no material receivables from related parties. As of September 30, 2015 and December 31, 2014 there were no material payables to related parties.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

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

Executive Summary

Our Company

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. The Parent Company 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, 2014, and expects to satisfy such requirements for subsequent taxable years.

Our primary objective is to maximize total returns to the Parent Company'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 significant near-term lease rollover, occupancy increases across both our anchor and small shop space, annual contractual rent increases across the portfolio and the realization of embedded anchor 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 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 and have an average of 24 years of experience in the real estate industry and an average tenure of 15 years with the Company.

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" in our annual report on Form 10-K for the fiscal year ended December 31, 2014.

Portfolio and Financial Highlights

- As of September 30, 2015, we owned interests in 519 shopping centers (the "Portfolio"), including 518 wholly owned shopping centers and one shopping center held through an unconsolidated joint venture.

- Billed occupancy for the Portfolio was 90.9% and 90.8% as of September 30, 2015 and 2014, respectively. Leased occupancy for the Portfolio was 92.6% and 92.7% as of September 30, 2015 and 2014, respectively.

- During the three months ended September 30, 2015, we executed 474 leases in our Portfolio totaling 3.3 million square feet of GLA, including 126 new leases totaling 0.6 million square feet of GLA and 348 renewals totaling 2.7 million square feet of GLA. The average annualized cash base rent ("ABR") under the new leases increased 49.0% from the prior tenant's ABR and increased 15.2% 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 $16.35 and the average ABR per leased square foot of these new and renewal leases in our Portfolio is $12.88. The cost per square foot for tenant improvements and leasing commissions for new leases was $24.71 and $4.14, respectively. The cost per square foot for tenant improvements and leasing commissions for renewal leases was $1.67 and $0.02, respectively.

- During the nine months ended September 30, 2015, we executed 1,464 leases in our Portfolio totaling 9.5 million square feet of GLA, including 501 new leases totaling 2.3 million square feet of GLA and 963 renewals totaling 7.2 million square feet of GLA. The ABR under the new leases increased 46.2% from the prior tenant's ABR and increased 15.0% 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 $12.97. The cost per square foot for tenant improvements and leasing commissions for new leases was $19.78 and $3.32, respectively. The cost per square foot for tenant improvements and leasing commissions for renewal leases was $0.96 and $0.02, respectively.

Acquisition Activity

- During the nine months ended September 30, 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 nine months ended September 30, 2015, we disposed of four shopping centers and two outparcels for net proceeds of $41.8 million.

Results of Operations

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

Comparison of the Three Months Ended September 30, 2015 to the Three Months Ended September 30, 2014

Revenues (in thousands)

	Three Months Ended September 30,		
	2015	2014	$ Change
Revenues			
Rental income	$245,829	$240,820	$5,009
Expense reimbursements	65,304	63,479	1,825
Other revenues	1,892	2,170	(278)
Total revenues	$313,025	$306,469	$6,556

Rental income

The increase in rental income for the three months ended September 30, 2015 of $5.0 million, as compared to the corresponding period in 2014, was primarily due to a $4.4 million increase in ABR driven primarily by contractual rent increases as well as an increase in leasing spreads of 15.0% for both new and renewal leases.

Expense reimbursements

The expense recovery percentage for our properties increased to 88.9% for 2015, as compared to 86.8% for the same period in 2014, primarily due to an increase in reimbursable expenses and an increased recoveries from year-end billings.

Other revenues

The decrease in other revenues for the three months ended September 30, 2015 of $0.3 million, as compared to the corresponding period in 2014, was primarily due to a decrease in the number of managed properties.

Operating Expenses (in thousands)

	Three Months Ended September 30,		
	2015	2014	$ Change
Operating expenses			
Operating costs	$27,952	$28,792	$(840)
Real estate taxes	45,472	44,346	1,126
Depreciation and amortization	102,439	111,104	(8,665)
Provision for doubtful accounts	1,953	2,771	(818)
General and administrative	22,030	19,624	2,406
Total operating expenses	$199,846	$206,637	$(6,791)

Operating costs

The decrease in operating costs for the three months ended September 30, 2015 of $0.8 million, as compared to the corresponding period in 2014, was primarily due to a decrease in insurance expenses.

Real estate taxes

The increase in real estate taxes for the three months ended September 30, 2015 of $1.1 million, as compared to the corresponding period in 2014, was primarily due to increased tax assessments on several of our properties, primarily in Texas.

Depreciation and amortization
The decrease in depreciation and amortization for the three months ended September 30, 2015 of $8.7 million, as compared to the corresponding period in 2014, was primarily due to a decrease in intangible asset amortization due to tenant lease expirations and lease terminations.

Provision for doubtful accounts
The decrease in provisions for doubtful accounts for the three months ended September 30, 2015 of $0.8 million, as compared to the corresponding period in 2014, was primarily due to a decrease in tenant receivables.

General and administrative
The increase in general and administrative costs for the three months ended September 30, 2015 of $2.4 million, as compared to the corresponding period in 2014, was primarily due to an increase in equity based compensation expense associated with an increase in the estimated number of performance-based long-term incentive awards that will vest.

During the three months ended September 30, 2015 and 2014, we capitalized personnel costs of $1.6 million and $1.5 million, respectively, to building and improvements for anchor space repositioning and redevelopment projects and $3.7 million and $4.0 million, respectively, to deferred charges and prepaid expenses, net for deferred leasing costs.

Other Income and Expenses (in thousands)

	Three Months Ended September 30,		
	2015	2014	$ Change
Other income (expense)			
Dividends and interest	$57	$169	$(112)
Interest expense	(61,567)	(65,545)	3,978
Gain (loss) on extinguishment of debt, net	137	460	(323)
Other	2,880	(1,205)	4,085
Total other income (expense)	$(58,493)	$(66,121)	$7,628

Dividends and interest
The decrease in dividends and interest for the three months ended September 30, 2015 of $0.1 million, as compared to the corresponding period in 2014, was primarily due to the 2015 repayment of a $4.1 million interest-bearing receivable.

Interest expense
The decrease in interest expense for the three months ended September 30, 2015 of $4.0 million, as compared to the corresponding period in 2014, was primarily due to the 2014 repayment of $1.0 billion of debt with a weighted-average interest rate of 5.59%, and the 2015 repayment of $712.7 million of debt with a weighted-average interest rate of 5.85%, which decreased interest expense by $13.1 million, partially offset by an increase of $9.0 million of interest expense on our Unsecured Credit Facility, the 2022 Notes and the 2025 Notes. The secured mortgage loan and unsecured note repayments were financed primarily from proceeds of borrowings under our Unsecured Credit Facility, the Term Loan, the issuance of the 2022 Notes and the 2025 Notes which had a weighted average interest rate of 2.72% as of September 30, 2015.

Gain (loss) on extinguishment of debt, net
During the three months ended September 30, 2015, we repaid $106.4 million of mortgages and secured loans and $125.0 million of unsecured notes, resulting in a $0.1 million net gain on extinguishment of debt. During the three months ended September 30, 2014, we repaid $5.1 million of mortgages and secured loans, resulting in a $0.5 million net gain on extinguishment of debt.

Other

The increase in other income, net for the three months ended September 30, 2015 of $4.1 million, as compared to the corresponding period in 2014, was primarily due to $3.9 million of income in 2015 related to certain federal and state tax contingencies.

Equity in Income of Unconsolidated Joint Ventures (in thousands)

	Three Months Ended September 30,		
	2015	2014	$ Change
Equity in income of unconsolidated joint ventures	$133	$112	$21

Equity in income of unconsolidated joint ventures

Equity in income of unconsolidated joint ventures remained approximately the same for the three months ended September 30, 2015 as compared to the corresponding period in 2014.

Discontinued Operations (in thousands)

	Three Months Ended September 30,		
	2015	2014	$ Change
Discontinued operations			
Income from discontinued operations	$—	$41	$(41)
Income from discontinued operations	$—	$41	$(41)

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 three months ended September 30, 2015.

Results from discontinued operations for the three months ended September 30, 2014 include the results of 34 shopping centers disposed of during the year ended December 31, 2014, including 33 shopping centers distributed to Blackstone in connection with the Company's IPO.

Comparison of the Nine Months Ended September 30, 2015 to the Nine Months Ended September 30, 2014

Revenues (in thousands)

	Nine Months Ended September 30,		
	2015	2014	$ Change
Revenues			
Rental income	$733,429	$717,975	$15,454
Expense reimbursements	200,570	197,730	2,840
Other revenues	6,430	6,290	140
Total revenues	$940,429	$921,995	$18,434

Rental income

The increase in rental income for the nine months ended September 30, 2015 of $15.5 million, as compared to the corresponding period in 2014, was primarily due to a $12.6 million increase in ABR driven primarily by contractual rent increases as well as an increase in leasing spreads of 15.0% for both new and renewal leases.

Expense reimbursements

The expense recovery percentage for our properties increased to 88.2% for 2015, as compared to 86.7% for the same period in 2014, primarily due to increased recoveries from year-end billings.

Other revenues
Other revenues remained approximately the same for the nine months ended September 30, 2015 as compared to the corresponding period in 2014.

Operating Expenses (in thousands)

	Nine Months Ended September 30,		
	2015	2014	$ Change
Operating expenses			
Operating costs	$93,779	$95,556	$(1,777)
Real estate taxes	133,635	132,592	1,043
Depreciation and amortization	315,424	333,924	(18,500)
Provision for doubtful accounts	6,973	8,617	(1,644)
Impairment of real estate assets	807	—	807
General and administrative	73,030	59,221	13,809
Total operating expenses	$623,648	$629,910	$(6,262)

Operating costs
The decrease in operating costs for the nine months ended September 30, 2015 of $1.8 million, as compared to the corresponding period in 2014, was primarily due to a decrease in insurance expenses.

Real estate taxes
The increase in real estate taxes for the nine months ended September 30, 2015 of $1.0 million, as compared to the corresponding period in 2014, was primarily due to increased tax assessments on several of our properties, primarily in Texas.

Depreciation and amortization
The decrease in depreciation and amortization for the nine months ended September 30, 2015 of $18.5 million, as compared to the corresponding period in 2014, was primarily due to a decrease in intangible asset amortization due to tenant lease expirations and lease terminations.

Provision for doubtful accounts
The decrease in provisions for doubtful accounts for the nine months ended September 30, 2015 of $1.6 million, as compared to the corresponding period in 2014, was primarily due to a decrease in tenant receivables.

Impairment of real estate assets
During the nine months ended September 30, 2015, we incurred an impairment of $0.8 million resulting from the sale of one of our shopping centers.

General and administrative
The increase in general and administrative costs for the nine months ended September 30, 2015 of $13.8 million, as compared to the corresponding period in 2014, was primarily due to a $12.4 million increase in equity based compensation expense. 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 nine months ended September 30, 2015 and 2014, we capitalized personnel costs of $4.6 million and $4.4 million, respectively, to building and improvements for anchor space repositioning and redevelopment projects and $11.2 million and $11.5 million, respectively, to deferred charges and prepaid expenses, net for deferred leasing costs.

Other Income and Expenses (in thousands)

	Nine Months Ended September 30,		
	2015	2014	$ Change
Other income (expense)			
Dividends and interest	$241	$436	$(195)
Interest expense	(186,289)	(199,464)	13,175
Gain on sale of real estate assets	9,224	378	8,846
Gain (loss) on extinguishment of debt, net	922	(2,573)	3,495
Other	(115)	(5,335)	5,220
Total other income (expense)	$(176,017)	$(206,558)	$30,541

Dividends and interest

The decrease in dividends and interest for the nine months ended September 30, 2015 of $0.2 million, as compared to the corresponding period in 2014, was primarily due to the 2015 repayment of a $4.1 million interest-bearing receivable.

Interest expense

The decrease in interest expense for the nine months ended September 30, 2015 of $13.2 million, as compared to the corresponding period in 2014, was primarily due to the 2014 repayment of $1.0 billion of debt with a weighted-average interest rate of 5.59%, and the 2015 repayment of $712.7 million of debt with a weighted-average interest rate of 5.85%, which decreased interest expense by $33.7 million, partially offset by an increase of $21.0 million of interest expense on our Unsecured Credit Facility, the 2022 Notes and the 2025 Notes. The secured mortgage loan and unsecured note repayments were financed primarily from proceeds of borrowings under our Unsecured Credit Facility, Term Loan and the issuance of the 2022 Notes and the 2025 Notes which had a weighted average interest rate of 2.72% as of September 30, 2015.

Gain on sale of real estate assets

During the nine months ended September 30, 2015, we disposed of three shopping centers and two outparcels for net proceeds of $31.9 million resulting in an aggregate gain of $9.2 million. During the nine months ended September 30, 2014, we disposed of one building for net proceeds of $2.8 million resulting in a gain of $0.4 million.

Gain (loss) on extinguishment of debt, net

During the nine months ended September 30, 2015, we repaid $487.7 million of mortgages and secured loans and $225.0 million of unsecured notes, resulting in a $0.9 million net gain on extinguishment of debt. During the nine months ended September 30, 2014, we repaid $684.4 million of mortgages and secured loans and $60.0 million of unsecured notes resulting in a $2.6 million net loss on extinguishment of debt.

Other

The decrease in other expense, net for the nine months ended September 30, 2015 of $5.2 million, as compared to the corresponding period in 2014, was primarily due to $3.9 million of income in 2015 related to certain federal and state tax contingencies and a $1.4 million expense in 2014 related to a litigation settlement.

Equity in Income of Unconsolidated Joint Ventures (in thousands)

	Nine Months Ended September 30,		
	2015	2014	$ Change
Equity in income of unconsolidated joint ventures	$358	$248	$110
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 nine months ended September 30, 2015 as compared to the corresponding period in 2014.

Gain on disposition of investments in unconsolidated joint ventures
During the nine months ended September 30, 2014, in connection with our 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)

	Nine Months Ended September 30,		
	2015	2014	$ Change
Discontinued operations			
Income from discontinued operations	$—	$4,881	$(4,881)
Gain on disposition of operating properties	—	14,426	(14,426)
Income from discontinued operations	$—	$19,307	$(19,307)

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 nine months ended September 30, 2015.

Results from discontinued operations for the nine months ended September 30, 2014 include the results of 34 shopping centers disposed of during the year ended December 31, 2014, including 33 shopping centers distributed to Blackstone in connection with the Company's IPO.

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 the Parent Company’s qualification as a REIT and other capital obligations associated with conducting our business.
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.

	Nine Months Ended September 30,	
	2015	2014
Cash flows provided by operating activities	$411,924	$372,290
Cash flows used in investing activities	$(160,000)	$(135,049)
Cash flows used in financing activities	$(274,536)	$(258,398)

Brixmor Operating Partnership LP

	Nine Months Ended September 30,	
	2015	2014
Cash flows provided by operating activities	$411,926	$372,297
Cash flows used in investing activities	$(159,996)	$(135,042)
Cash flows used in financing activities	$(274,433)	$(257,656)

Operating Activities

Cash and cash equivalents for the Parent Company were $38.0 million and $92.8 million as of September 30, 2015 and 2014, respectively. Cash and cash equivalents for the Operating Partnership were $37.9 million and $92.6 million as of September 30, 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 nine months ended September 30, 2015, the Company’s net cash flow provided by operating activities increased $39.6 million as compared to the corresponding period in 2014. The increase is primarily due to (i) an increase in Same Property NOI, (ii) a decrease in interest expense due to a decrease in the weighted average interest rate on outstanding indebtedness, and (iii) an increase in working capital due to an increase in accounts payable accrued expenses and other liabilities due to timing of payments, partially offset by a reduction in cash flows from restricted cash.

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 nine months ended September 30, 2015, the Company’s net cash flow used in investing activities increased $25.0 million as compared to the corresponding period in 2014. The increase was primarily due to (i) an increase of $52.3 million in acquisitions of real estate assets, (ii) a decrease of $5.1 million in restricted cash attributable to investing activities and (iii) a decrease of $6.4 million in proceeds from the sale of marketable securities, partially offset by (iv) an increase of $39.0 million in proceeds from sales of real estate assets.

Improvements to and investments in real estate assets

During the nine months ended September 30, 2015 and 2014, the Company expended $147.4 million and $146.5 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 nine months ended September 30, 2015 and 2014, were $0.18 and $0.23, 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 land parcels 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 48 projects for which we anticipate incurring approximately $110.6 million in improvements, of which $60.9 million had not yet been incurred as of September 30, 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. We may also dispose of properties when we feel growth has been maximized. During the nine months ended September 30, 2015, we acquired two properties and a retail building in one of our existing shopping centers and we disposed of four properties and two 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 nine months ended September 30, 2015, the Parent Company's net cash used in financing activities increased $16.1 million as compared to the corresponding period in 2014. The increase was primarily due to a $47.0 million net increase in distributions to stockholders and non-controlling interests, partially offset by a $31.0 million decrease in debt repayments, net of borrowings.

For the nine months ended September 30, 2015, the Operating Partnership's net cash used in financing activities increased $16.8 million as compared to the corresponding period in 2014. The increase was primarily due to a $47.6 million increase in distributions to partners and non-controlling interests, partially offset by a $31.0 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 top-tier financial institutions under which we had $1.23 billion of undrawn capacity as of September 30, 2015. We believe we have strong access to multiple forms of capital, including unsecured corporate level debt, preferred equity and additional credit facilities. We continue to maintain the investment grade credit ratings from all three major credit rating agencies received during 2014. 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 nine months ended September 30, 2015, the Operating Partnership issued $700.0 million aggregate principal amount of the 2025 Notes and $500.0 million aggregate principal amount of 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 million aggregate principal amount of senior unsecured notes held at an indirect subsidiary of the Company, Brixmor LLC. In addition, during the nine months ended September 30, 2015, we repaid $487.7 million of mortgages and secured loans and $225.0 million of unsecured notes. These repayments were funded primarily from borrowings under the Company's Unsecured Credit Facility. During the remainder of 2015, we do not have any mortgage loans and notes scheduled to mature and we have $8.1 million of scheduled mortgage amortization payments. We currently intend to repay the scheduled amortization payments with operating cash.

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 nine months ended September 30, 2015 and 2014 were $205.8 million and $178.2 million, respectively. Our Board of Directors declared a quarterly cash dividend of $0.225 per common share and OP Unit for the third quarter of 2015. The dividend was paid on October 15, 2015 to shareholders of record on October 5, 2015. 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 is payable on January 15, 2016 to shareholders of record on January 6, 2016.

Contractual Obligations

Our contractual debt obligations relate to our notes payable, mortgages and secured loans 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 September 30, 2015.

Contractual Obligations	Payment due by period						
(in thousands)	2015 (Remaining Three Months)	2016	2017	2018	2019	Thereafter	Total
Debt [1]	$8,142	$1,257,862	$369,659	$1,519,476	$620,126	$2,178,255	$5,953,520
Interest payments [2]	54,160	226,205	170,726	139,880	110,451	265,803	967,225
Operating leases	1,470	6,899	6,788	6,403	6,258	92,738	120,556
Total	$63,772	$1,490,966	$547,173	$1,665,759	$736,835	$2,536,796	$7,041,301

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

(2) We incur variable rate interest on $20.0 million 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 September 30, 2015. 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 September 30, 2015.

Same Property Net Operating Income

Same Property NOI is calculated (using properties owned as of the end of both reporting periods and for the entirety of both periods excluding properties classified as discontinued operations), as rental income (minimum rent, percentage rents, tenant recoveries and other property income) less rental operating expenses (property operating expenses, real estate taxes and bad debt expense) of the properties owned by us. Same Property NOI excludes

corporate level income (including transaction and other fees), lease termination income, straight-line rent and amortization of above- and below-market leases of the same property pool from the prior year reporting period to the current year reporting period.

Same Property NOI is a supplemental, non-GAAP financial measure utilized to evaluate the operating performance of real estate companies and is frequently used by securities analysts, investors and other interested parties in understanding business and operating results regarding the underlying economics of our business operations. It includes only the net operating income of properties owned for the full period presented, which eliminates disparities in net income due to the acquisition or disposition of properties during the period presented, and therefore provides a more consistent metric for comparing the performance of properties. Management uses Same Property NOI to review operating results for comparative purposes with respect to previous periods or forecasts, and also to evaluate future prospects. Same Property NOI is not intended to be a performance measure that should be regarded as an alternative to, or more meaningful than, net income (determined in accordance with GAAP) or other GAAP financial measures. Non-GAAP financial measures have limitations as they do not include all items of income and expense that affect operations, and accordingly, should always be considered as supplemental to financial results presented in accordance with GAAP. Computation of Same Property NOI may differ in certain respects from the methodology utilized by other REITs and, therefore, may not be comparable to such other REITs.

Comparison of the Three Months Ended September 30, 2015 to the Three Months Ended September 30, 2014

	Three Months Ended September 30,					
	2015		2014		Change	
Number of properties	516		516		—	
Percent billed	90.9	%	90.8	%	0.1	%
Percent leased	92.6	%	92.7	%	(0.1	%)
Revenues						
Rental income	$229,401		$222,984		$6,417	
Expense reimbursements	64,931		63,268		1,663	
Percentage rents	1,533		1,570		(37	)
	295,865		287,822		8,043	
Operating expenses						
Operating costs	(29,179	)	(29,001	)	(178	)
Real estate taxes	(45,205	)	(44,160	)	(1,045	)
Provision for doubtful accounts	(1,927	)	(2,775	)	848	
	(76,311	)	(75,936	)	(375	)
Same property NOI	$219,554		$211,886		$7,668	

Same Property NOI increased $7.7 million or 3.6% for the three months ended September 30, 2015, as compared to the same period in 2014, primarily due to an increase in ABR from same store properties and an increase in expense recovery percentage from 86.5% in 2014 to 87.3% in 2015.

Comparison of the Nine Months Ended September 30, 2015 to the Nine Months Ended September 30, 2014

	Nine Months Ended September 30,					
	2015		2014		Change	
Number of properties	516		516		—	
Percent billed	90.9	%	90.8	%	0.1	%
Percent leased	92.6	%	92.7	%	(0.1	%)
Revenues						
Rental income	$682,262		$664,374		$17,888	
Expense reimbursements	200,030		197,074		2,956	
Percentage rents	5,075		4,611		464	
	887,367		866,059		21,308	
Operating expenses						
Operating costs	(94,952	)	(95,435	)	483	
Real estate taxes	(133,195	)	(131,881	)	(1,314	)
Provision for doubtful accounts	(6,845	)	(8,628	)	1,783	
	(234,992	)	(235,944	)	952	
Same property NOI	$652,375		$630,115		$22,260	

Same Property NOI increased $22.3 million or 3.5% for the nine months ended September 30, 2015, as compared to the same period in 2014, primarily due to an increase in ABR from same store properties and an increase in expense recovery percentage from 86.7% in 2014 to 87.7% in 2015.

The following table provides a reconciliation of Net income attributable to Brixmor Property Group Inc. to Same Property NOI for the periods presented (dollars in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Net income attributable to Brixmor Property Group Inc.	$53,773	$27,030	$138,308	$65,904
Adjustments:				
Revenue adjustments [1]	(17,050)	(18,277)	(52,044)	(54,206)
Depreciation and amortization	102,439	111,104	315,424	333,924
Impairment of real estate assets	—	—	807	—
General and administrative	22,030	19,624	73,030	59,221
Total other expense	58,493	66,121	176,017	206,558
Equity in income of unconsolidated joint ventures	(133)	(112)	(358)	(248)
Gain on disposition of investments in unconsolidated joint ventures	—	—	—	(1,820)
Pro rata share of same property NOI of unconsolidated joint ventures	201	185	567	547
Income from discontinued operations	—	(41)	—	(19,307)
Net income attributable to non-controlling interests	1,046	6,834	2,814	40,998
Non-same property NOI	(1,245)	(582)	(2,190)	(1,456)
Same property NOI	$219,554	$211,886	$652,375	$630,115

[1] Includes adjustments for lease settlement income, straight-line rents, above- and below-market rent amortization, net and fee income from managed properties and unconsolidated joint ventures.

Funds From Operations

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.

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

We present FFO and 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. FFO and 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 FFO and 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 FFO and FFO attributable to stockholders and non-controlling interests convertible into common stock are significant components in understanding and addressing financial performance.

Our reconciliation of Brixmor Property Group Inc's net income to FFO and FFO attributable to stockholders and non-controlling interest convertible into common stock for the three and nine months ended September 30, 2015 and 2014 is as follows (in thousands, except per share amounts):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Net income	$54,819	$33,864	$141,122	$106,902
Gain on disposition of operating properties	—	—	(9,224)	(14,804)
Gain on disposition of unconsolidated joint ventures	—	—	—	(1,820)
Depreciation and amortization-real estate related-continuing operations	101,360	110,582	311,637	332,126
Depreciation and amortization-real estate related-discontinued operations	—	46	—	591
Depreciation and amortization-real estate related-unconsolidated joint ventures	16	23	59	146
Impairment of operating properties	—	—	807	—
FFO	156,195	144,515	444,401	423,141
Adjustments attributable to non-controlling interests not convertible into common stock	—	(322)	—	(6,200)
FFO attributable to stockholders and non-controlling interests convertible into common stock	$156,195	$144,193	$444,401	$416,941
FFO per share/OP Unit - diluted	$0.51	$0.47	$1.46	$1.37
Weighted average shares/OP Units outstanding - basic and diluted [1]	304,752	304,318	304,716	304,272

(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.

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 September 30, 2015.

Item 3. Quantitative and Qualitative Disclosures about Market Risk
There have been no material changes from the quantitative and qualitative disclosures about market risk disclosed in Item 7A of Part II of our Form 10-K for the year ended December 31, 2014.

Item 4. Controls and Procedures
Controls and Procedures (Brixmor Property Group Inc.)
Evaluation of Disclosure Controls and Procedures
The Parent Company 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. The Parent Company'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 upon that evaluation, the Parent Company's principal executive officer and principal financial officer concluded that, as of the end of the period covered by this report, the design and operation of the Parent Company's disclosure controls and procedures were effective to accomplish their objectives at the reasonable assurance level.

Changes in Internal Control over Financial Reporting
There have been no changes in the Parent Company'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 September 30, 2015 that have materially affected, or that are reasonably likely to materially affect, the Parent Company's internal control over financial reporting.

Controls and Procedures (Brixmor Operating Partnership LP)
Evaluation of Disclosure Controls and Procedures
The Operating Partnership maintains disclosure controls and procedures (as that term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) that are designed to ensure that information required to be disclosed in its reports under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our 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 upon that evaluation, the Operating Partnership's principal executive officer and principal financial officer concluded that, as of the end of the period covered by this report, the design and operation of the Operating Partnership's disclosure controls and procedures were

effective to accomplish their objectives at the reasonable assurance level.

Changes in Internal Control over Financial Reporting

There have been no changes in the Operating Partnership's internal control over financial reporting (as defined in Rule 13a-15(f) and 15d-15(f) under the Exchange Act) during the three months ended September 30, 2015 that have materially affected, or that are reasonably likely to materially affect, the Operating Partnership's internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

We are not presently involved in any material litigation arising outside the ordinary course of our business. However, we are involved in routine litigation arising in the ordinary course of business, none of which we believe, individually or in the aggregate, taking into account existing reserves, will have a material impact on our results of operations or financial condition.

Item 1A. Risk Factors

There have been no material changes to the risk factors relating to the Company disclosed in our Form 10-K for the year ended December 31, 2014.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. 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.

Item 6. Exhibits

The exhibits listed on the accompanying Exhibit Index are filed as part of this report and such Exhibit Index is incorporated herein by reference.

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed Herewith
		Form	File No.	Date of Filing	Exhibit Number	
4.1	Second Supplemental Indenture, dated August 10, 2015, between Brixmor Operating Partnership LP, as issuer, and The Bank of New York Mellion, as trustee	8-K	001-36160	8/10/15	4.2	
10.1	Form of Restricted Stock Unit Agreement of Brixmor Property Group Inc.	10-Q	001-36160	4/27/15	10.1	
10.2	Form of LTIP Unit Agreement of Brixmor Operating Partnership LP	10-Q	001-36160	4/27/15	10.2	
31.1	Brixmor Property Group Inc. Certification of Chief Executive Officer pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	—	—	—	—	x
31.2	Brixmor Property Group Inc. Certification of Chief Financial Officer pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934 as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	—	—	—	—	x
31.3	Brixmor Operating Partnership LP Certification of Chief Executive Officer pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	—	—	—	—	x
31.4	Brixmor Operating Partnership LP Certification of Chief Financial Officer pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934 as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	—	—	—	—	x
32.1	Brixmor Property Group Inc. Certification of Chief Executive Officer and Chief Financial Officer Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	—	—	—	—	x
32.2	Brixmor Operating Partnership LP Certification of Chief Executive Officer and Chief Financial Officer Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act	—	—	—	—	x

	of 2002					
99.1	Section 13(r) Disclosure	—	—	—	—	x
101.INS	XBRL Instance Document	—	—	—	—	x
101.SCH	XBRL Taxonomy Extension Schema Document	—	—	—	—	x
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document	—	—	—	—	x
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document	—	—	—	—	x

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed Herewith
		Form	File No.	Date of Filing	Exhibit Number	
101.LAB	XBRL Taxonomy Extension Label Linkbase Document	—	—	—	—	x
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document	—	—	—	—	x

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

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrants have duly caused this report to be signed on their behalf by the undersigned thereunto duly authorized.

BRIXMOR PROPERTY GROUP INC.

Date: October 26, 2015

By: /s/Michael A. Carroll
Michael A. Carroll
Chief Executive Officer and Director
(Principal Executive Officer)

Date: October 26, 2015

By: /s/Michael V. Pappagallo
Michael V. Pappagallo
President and Chief Financial Officer
(Principal Financial Officer)

Date: October 26, 2015

By: /s/Steven A. Splain
Steven A. Splain
Executive Vice President
(Principal Accounting Officer)

BRIXMOR OPERATING PARTNERSHIP LP

Date: October 26, 2015

By: /s/Michael A. Carroll
Michael A. Carroll
Chief Executive Officer and Director
(Principal Executive Officer)

Date: October 26, 2015

By: /s/Michael V. Pappagallo
Michael V. Pappagallo
President and Chief Financial Officer
(Principal Financial Officer)

Date: October 26, 2015

By: /s/Steven A. Splain
Steven A. Splain
Executive Vice President
(Principal Accounting Officer)