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Brixmor Property Group Inc.
Form 10-Q
July 30, 2018

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

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

For the quarterly period ended June 30, 2018

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 ☐ No ☐ Brixmor Operating Partnership LP Yes ☐ 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 ☐ No ☐ Brixmor Operating Partnership LP Yes ☐ No ☐

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

Brixmor Property Group Inc.	Brixmor Operating Partnership LP
Large accelerated filer <input type="checkbox"/> Non-accelerated filer <input type="checkbox"/>	Large accelerated filer <input type="checkbox"/> Non-accelerated filer <input type="checkbox"/>
Smaller reporting company <input type="checkbox"/> Accelerated filer <input type="checkbox"/>	Smaller reporting company <input type="checkbox"/> Accelerated filer <input type="checkbox"/>
Emerging growth company <input type="checkbox"/>	Emerging growth company <input type="checkbox"/>

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(Do not check if a smaller reporting company)

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Brixmor Property Group Inc. Brixmor Operating Partnership LP

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 ☒ Brixmor Operating Partnership LP Yes No ☒

(APPLICABLE ONLY TO CORPORATE ISSUERS)

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date.

As of July 1, 2018, Brixmor Property Group Inc. had 302,627,414 shares of common stock outstanding.

EXPLANATORY NOTE

This report combines the quarterly reports on Form 10-Q for the period ended June 30, 2018 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. Unless the context otherwise requires, 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”) that owns 100% of the common stock of BPG Subsidiary Inc. (“BPG Sub”), which, in turn, is the sole owner of Brixmor OP GP LLC (the “General Partner”), the sole general partner of the Operating Partnership. As of June 30, 2018, the Parent Company beneficially owned, through its direct and indirect interest in BPG Sub and the General Partner, 100% of the outstanding partnership common units of interest (the “OP Units”) 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:

- 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, who 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 and its direct or indirect incurrence of indebtedness.

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 currently includes OP Units owned by the Parent Company through BPG Sub and the General Partner and has in the past and may in the future include OP Units owned by third parties. OP Units owned by third parties, if any, 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, partners' capital and non-controlling interests may 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, 2017, 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 <http://www.sec.gov>. These factors include (1) changes in national, regional or local economic climates; (2) local market conditions, including an oversupply of space in, or a reduction in demand for, properties similar to those in our Portfolio; (3) changes in market rental rates; (4) changes in the regional demographics of our properties; (5) competition from other available properties and the attractiveness of properties in our Portfolio to our tenants; (6) the financial stability of tenants, including the ability of tenants to pay rent and expense reimbursements; (7) in the case of percentage rents, the sales volume of our tenants; and (8) litigation and governmental investigations discussed under the heading “Legal Matters” in Note 13 – Commitments and Contingencies to our unaudited Condensed Consolidated Financial Statements in this report. 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)

	June 30, 2018	December 31, 2017
Assets		
Real estate		
Land	\$ 1,928,473	\$ 1,984,309
Buildings and improvements	8,727,106	8,937,182
	10,655,579	10,921,491
Accumulated depreciation and amortization	(2,402,498)	(2,361,070)
Real estate, net	8,253,081	8,560,421
Cash and cash equivalents	53,418	56,938
Restricted cash	48,206	53,839
Marketable securities	31,226	28,006
Receivables, net of allowance for doubtful accounts of \$17,426 and \$17,205	219,992	232,111
Deferred charges and prepaid expenses, net	147,321	147,508
Other assets	97,303	75,103
Total assets	\$ 8,850,547	\$ 9,153,926
Liabilities		
Debt obligations, net	\$ 5,483,354	\$ 5,676,238
Accounts payable, accrued expenses and other liabilities	510,222	569,340
Total liabilities	5,993,576	6,245,578
Commitments and contingencies (Note 13)		
Equity		
Common stock, \$0.01 par value; authorized 3,000,000,000 shares; 305,117,724 and	3,026	3,046

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304,947,144 shares
issued and 302,627,414
and 304,620,186 shares
outstanding

Additional paid-in capital	3,300,636		3,330,466	
Accumulated other comprehensive income	28,363		24,211	
Distributions in excess of net income	(475,054)	(449,375)
Total equity	2,856,971		2,908,348	
Total liabilities and equity	\$	8,850,547	\$	9,153,926

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 June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Revenues				
Rental income	\$243,987	\$253,777	\$487,332	\$503,398
Expense reimbursements	67,363	67,039	138,241	140,229
Other revenues	1,680	2,002	4,632	4,997
Total revenues	313,030	322,818	630,205	648,624
Operating expenses				
Operating costs	33,881	33,025	69,371	70,450
Real estate taxes	44,947	44,064	90,672	90,531
Depreciation and amortization	91,334	96,870	181,717	190,801
Provision for doubtful accounts	949	1,757	3,364	2,807
Impairment of real estate assets	11,927	10,632	27,829	16,318
General and administrative	21,320	23,248	43,746	44,205
Total operating expenses	204,358	209,596	416,699	415,112
Other income (expense)				
Dividends and interest	104	85	200	158
Interest expense	(55,200)	(57,443)	(110,371)	(113,174)
Gain on sale of real estate assets	28,262	20,173	39,710	28,978
Loss on extinguishment of debt, net	(291)	(78)	(423)	(1,340)
Other	(1,185)	(684)	(1,238)	(1,391)
Total other expense	(28,310)	(37,947)	(72,122)	(86,769)
Income before equity in income of unconsolidated joint venture	80,362	75,275	141,384	146,743
Equity in income of unconsolidated joint venture	—	163	—	350
Net income	80,362	75,438	141,384	147,093
Net income attributable to non-controlling interests	—	—	—	(76)
Net income attributable to Brixmor Property Group Inc.	80,362	75,438	141,384	147,017
Preferred stock dividends	—	(39)	—	(39)
Net income attributable to common stockholders	\$80,362	\$75,399	\$141,384	\$146,978
Per common share:				
Net income attributable to common stockholders:				
Basic	\$0.27	\$0.25	\$0.47	\$0.48
Diluted	\$0.26	\$0.25	\$0.47	\$0.48
Weighted average shares:				
Basic	302,776	304,914	303,468	304,743
Diluted	302,934	305,115	303,614	305,125

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 June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Net income	\$80,362	\$75,438	\$141,384	\$147,093
Other comprehensive income (loss)				
Change in unrealized gain (loss) on interest rate swaps, net (Note 6)	(581)	(3,091)	4,192	(472)
Change in unrealized gain (loss) on marketable securities	46	(21)	(40)	(20)
Total other comprehensive income (loss)	(535)	(3,112)	4,152	(492)
Comprehensive income	79,827	72,326	145,536	146,601
Comprehensive income attributable to non-controlling interests	—	—	—	(76)
Comprehensive income attributable to common stockholders	\$79,827	\$72,326	\$145,536	\$146,525

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

BRIXMOR PROPERTY GROUP INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Unaudited, in thousands, except per share data)

	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Income	Distributions in Excess of Net Income	Non-controlling Interests	Total
	Number	Amount					
Beginning balance, January 1, 2017	304,343	\$3,043	\$3,324,874	\$ 21,519	\$(426,552)	\$ 4,276	\$2,927,160
Common stock dividends (\$0.52 per common share)	—	—	—	—	(159,037)	—	(159,037)
Equity based compensation expense	—	—	4,971	—	—	3	4,974
Preferred stock dividends	—	—	—	—	(641)	(648)	(1,289)
Other comprehensive loss	—	—	—	(492)	—	—	(492)
Issuance of common stock and OP Units	190	6	—	—	—	(6)	—
Conversion of OP Units into common stock	403	—	3,701	—	—	(3,701)	—
Share-based awards retained for taxes	—	—	(2,661)	—	—	—	(2,661)
Net income	—	—	—	—	147,017	76	147,093
Ending balance, June 30, 2017	304,936	\$3,049	\$3,330,885	\$ 21,027	\$(439,213)	\$ —	\$2,915,748
Beginning balance, January 1, 2018	304,620	\$3,046	\$3,330,466	\$ 24,211	\$(449,375)	\$ —	\$2,908,348
Common stock dividends (\$0.55 per common share)	—	—	—	—	(167,063)	—	(167,063)
Equity based compensation expense	—	—	5,268	—	—	—	5,268
Other comprehensive income	—	—	—	4,152	—	—	4,152
Issuance of common stock and OP Units	170	2	—	—	—	—	2
Repurchases of common stock (2,163)	(22)	(33,243)	—	—	—	—	(33,265)
Share-based awards retained for taxes	—	—	(1,855)	—	—	—	(1,855)
Net income	—	—	—	—	141,384	—	141,384
Ending balance, June 30, 2018	302,627	\$3,026	\$3,300,636	\$ 28,363	\$(475,054)	\$ —	\$2,856,971

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)

	Six Months Ended June 30,	
	2018	2017
Operating activities:		
Net income	\$ 141,384	\$ 147,093
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	181,717	190,801
Debt premium and discount amortization	(1,878)	(3,148)
Deferred financing cost amortization	3,313	3,574
Above- and below-market lease intangible amortization	(14,822)	(15,369)
Provisions for impairment	27,829	16,318
Gain on disposition of operating properties	(39,710)	(28,978)
Equity based compensation	5,268	4,974
Other	1,821	946
Loss on extinguishment of debt, net	423	1,340
Changes in operating assets and liabilities:		
Receivables	8,697	(13,928)
Deferred charges and prepaid expenses	(15,054)	(21,975)
Other assets	3,643	(542)
Accounts payable, accrued expenses and other liabilities	(22,278)	1,088
Net cash provided by operating activities	280,353	282,194
Investing activities:		
Improvements to and investments in real estate assets	(120,638)	(74,899)
Acquisitions of real estate assets	(7,453)	(111,790)
Proceeds from sales of real estate assets	239,404	107,090
Purchase of marketable securities	(16,524)	(12,975)
Proceeds from sale of marketable securities	13,197	13,715
Net cash provided by (used in) investing activities	107,986	(78,859)
Financing activities:		
Repayment of secured debt obligations	(9,356)	(294,697)
Repayment of borrowings under unsecured revolving credit facility	(35,000)	(508,000)
Proceeds from borrowings under unsecured revolving credit facility	35,000	386,000
Proceeds from unsecured notes	—	893,916
Repayment of borrowings under unsecured term loan	(185,000)	(490,000)
Deferred financing costs	(440)	(7,925)
Distributions to common stockholders	(167,576)	(158,803)
Distributions to non-controlling interests	—	(1,390)
Repurchases of common shares	(33,265)	—
Repurchases of common shares in conjunction with equity award plans	(1,855)	(2,661)
Net cash used in financing activities	(397,492)	(183,560)
Net change in cash, cash equivalents and restricted cash	(9,153)	19,775
Cash, cash equivalents and restricted cash at beginning of period	110,777	102,869
Cash, cash equivalents and restricted cash at end of period	\$ 101,624	\$ 122,644

Reconciliation to consolidated balance sheets

Cash and cash equivalents	\$53,418	\$54,479
Restricted cash	48,206	68,165
Cash, cash equivalents and restricted cash at end of period	\$101,624	\$122,644

Supplemental disclosure of cash flow information:

Cash paid for interest, net of amount capitalized of \$1,169 and \$1,696	\$109,453	\$111,101
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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)

	June 30, 2018	December 31, 2017
Assets		
Real estate		
Land	\$1,928,473	\$1,984,309
Buildings and improvements	8,727,106	8,937,182
	10,655,579	10,921,491
Accumulated depreciation and amortization	(2,402,498)	(2,361,070)
Real estate, net	8,253,081	8,560,421
Cash and cash equivalents	53,390	56,908
Restricted cash	48,206	53,839
Marketable securities	31,007	27,787
Receivables, net of allowance for doubtful accounts of \$17,426 and \$17,205	219,992	232,111
Deferred charges and prepaid expenses, net	147,321	147,508
Other assets	97,303	75,103
Total assets	\$8,850,300	\$9,153,677
Liabilities		
Debt obligations, net	\$5,483,354	\$5,676,238
Accounts payable, accrued expenses and other liabilities	510,222	569,340
Total liabilities	5,993,576	6,245,578
Commitments and contingencies (Note 13)		
Capital		
Partnership common units; 305,117,724 and 304,947,144 units issued and 302,627,414 and 304,620,186 units outstanding	2,828,346	2,883,875
Accumulated other comprehensive income	28,378	24,224
Total capital	2,856,724	2,908,099
Total liabilities and capital	\$8,850,300	\$9,153,677
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 share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Revenues				
Rental income	\$243,987	\$253,777	\$487,332	\$503,398
Expense reimbursements	67,363	67,039	138,241	140,229
Other revenues	1,680	2,002	4,632	4,997
Total revenues	313,030	322,818	630,205	648,624
Operating expenses				
Operating costs	33,881	33,025	69,371	70,450
Real estate taxes	44,947	44,064	90,672	90,531
Depreciation and amortization	91,334	96,870	181,717	190,801
Provision for doubtful accounts	949	1,757	3,364	2,807
Impairment of real estate assets	11,927	10,632	27,829	16,318
General and administrative	21,320	23,248	43,746	44,205
Total operating expenses	204,358	209,596	416,699	415,112
Other income (expense)				
Dividends and interest	104	85	200	158
Interest expense	(55,200)	(57,443)	(110,371)	(113,174)
Gain on sale of real estate assets	28,262	20,173	39,710	28,978
Loss on extinguishment of debt, net	(291)	(78)	(423)	(1,340)
Other	(1,185)	(684)	(1,238)	(1,391)
Total other expense	(28,310)	(37,947)	(72,122)	(86,769)
Income before equity in income of unconsolidated joint venture	80,362	75,275	141,384	146,743
Equity in income of unconsolidated joint venture	—	163	—	350
Net income attributable to Brixmor Operating Partnership LP	\$80,362	\$75,438	\$141,384	\$147,093
Per common unit:				
Net income attributable to partnership common units:				
Basic	\$0.27	\$0.25	\$0.47	\$0.48
Diluted	\$0.26	\$0.25	\$0.47	\$0.48
Weighted average number of partnership common units:				
Basic	302,776	304,914	303,468	304,900
Diluted	302,934	305,115	303,614	305,125
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		Six Months Ended	
	Ended June 30,		June 30,	
	2018	2017	2018	2017
Net income attributable to Brixmor Operating Partnership LP	\$80,362	\$75,438	\$141,384	\$147,093
Other comprehensive income (loss)				
Change in unrealized gain (loss) on interest rate swaps, net (Note 6)	(581)	(3,091)	4,192	(472)
Change in unrealized gain (loss) on marketable securities	47	(22)	(38)	(20)
Total other comprehensive income (loss)	(534)	(3,113)	4,154	(492)
Comprehensive income attributable to Brixmor Operating Partnership LP	\$79,828	\$72,325	\$145,538	\$146,601

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

BRIXMOR OPERATING PARTNERSHIP LP AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN CAPITAL

(Unaudited, in thousands)

	Partnership Common Units	Accumulated Other Comprehensive Income	Total
Beginning balance, January 1, 2017	\$2,905,378	\$ 21,531	\$2,926,909
Distributions to partners	(160,326)	—	(160,326)
Equity based compensation expense	4,974	—	4,974
Other comprehensive loss	—	(492)	(492)
Share-based awards retained for taxes	(2,661)	—	(2,661)
Net income attributable to Brixmor Operating Partnership LP	147,093	—	147,093
Ending balance, June 30, 2017	\$2,894,458	\$ 21,039	\$2,915,497
Beginning balance, January 1, 2018	\$2,883,875	\$ 24,224	\$2,908,099
Distributions to partners	(167,063)	—	(167,063)
Equity based compensation expense	5,268	—	5,268
Other comprehensive income	—	4,154	4,154
Issuance of OP Units	2	—	2
Repurchases of OP Units	(33,265)	—	(33,265)
Share-based awards retained for taxes	(1,855)	—	(1,855)
Net income attributable to Brixmor Operating Partnership LP	141,384	—	141,384
Ending balance, June 30, 2018	\$2,828,346	\$ 28,378	\$2,856,724

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)

	Six Months Ended June 30,	
	2018	2017
Operating activities:		
Net income attributable to Brixmor Operating Partnership LP	\$ 141,384	\$ 147,093
Adjustments to reconcile net income attributable to Brixmor Operating Partnership LP to net cash provided by operating activities:		
Depreciation and amortization	181,717	190,801
Debt premium and discount amortization	(1,878)	(3,148)
Deferred financing cost amortization	3,313	3,574
Above- and below-market lease intangible amortization	(14,822)	(15,369)
Provisions for impairment	27,829	16,318
Gain on disposition of operating properties	(39,710)	(28,978)
Equity based compensation	5,268	4,974
Other	1,821	946
Loss on extinguishment of debt, net	423	1,340
Changes in operating assets and liabilities:		
Receivables	8,697	(13,928)
Deferred charges and prepaid expenses	(15,054)	(21,975)
Other assets	3,643	(542)
Accounts payable, accrued expenses and other liabilities	(22,278)	1,088
Net cash provided by operating activities	280,353	282,194
Investing activities:		
Improvements to and investments in real estate assets	(120,638)	(74,899)
Acquisitions of real estate assets	(7,453)	(111,790)
Proceeds from sales of real estate assets	239,404	107,090
Purchase of marketable securities	(16,524)	(12,973)
Proceeds from sale of marketable securities	13,197	13,715
Net cash provided by (used in) investing activities	107,986	(78,857)
Financing activities:		
Repayment of secured debt obligations	(9,356)	(294,697)
Repayment of borrowings under unsecured revolving credit facility	(35,000)	(508,000)
Proceeds from borrowings under unsecured revolving credit facility	35,000	386,000
Proceeds from unsecured notes	—	893,916
Repayment of borrowings under unsecured term loan	(185,000)	(490,000)
Deferred financing costs	(440)	(7,925)
Partner distributions	(202,694)	(162,853)
Net cash used in financing activities	(397,490)	(183,559)
Net change in cash, cash equivalents and restricted cash	(9,151)	19,778
Cash, cash equivalents and restricted cash at beginning of period	110,747	102,835
Cash, cash equivalents and restricted cash at end of period	\$ 101,596	\$ 122,613

Reconciliation to consolidated balance sheets

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Cash and cash equivalents	\$53,390	\$54,448
Restricted cash	48,206	68,165
Cash, cash equivalents and restricted cash at end of period	\$101,596	\$122,613

Supplemental disclosure of cash flow information:

Cash paid for interest, net of amount capitalized of \$1,169 and \$1,696	\$109,453	\$111,101
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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, dollars 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 real estate investment trust (“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, disposition and redevelopment 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”) believes it owns and operates one of the largest open air retail portfolios by gross leasable area (“GLA”) in the United States (“U.S.”), comprised primarily of community and neighborhood shopping centers. As of June 30, 2018, the Company’s portfolio was comprised of 471 shopping centers totaling approximately 80 million square feet of gross leasable area (the “Portfolio”). In addition, the Company has one land parcel currently under development. The Company’s high quality national Portfolio is primarily located within established trade areas in the top 50 Metropolitan Statistical Areas, and our shopping centers are primarily anchored by non-discretionary and value-oriented retailers, as well as consumer-oriented service providers.

The Company does not distinguish its principal business or group its operations on a geographical basis for purposes of measuring performance. Accordingly, the Company 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, 2017 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 12, 2018.

Certain prior period balances in the accompanying unaudited Condensed Consolidated Statements of Cash Flows have been reclassified to conform to the current period presentation for the adoption of Accounting Standards Update (“ASU”) 2016-15, “Statement of Cash Flows (Topic 230).”

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.

Income Taxes

The Parent Company has elected to qualify as a REIT in accordance with the Internal Revenue Code of 1986, as amended (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 to its stockholders at least 90% of its REIT taxable income, determined without regard to the deduction for dividends paid and excluding net capital gains. 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 U.S. federal income tax, provided that distributions to its stockholders equal at least the amount of its REIT taxable income as defined under the Code. The Parent Company conducts substantially all of its operations through the Operating Partnership which is organized as a limited partnership and treated as a pass-through entity for U.S. federal tax purposes. Therefore, U.S. federal income taxes on the Company's taxable income do not materially impact the unaudited Condensed Consolidated Financial Statements of the Company.

If the Parent Company fails to qualify as a REIT in any taxable year, it will be subject to U.S. federal taxes at regular corporate rates (including any applicable alternative minimum tax for tax years beginning before December 31, 2017) and may not be able to qualify as a REIT for four subsequent taxable years. Even if the Parent Company qualifies for taxation as a REIT, the Company is subject to certain state and local taxes on its income and property, and to U.S. federal income and excise taxes on its undistributed taxable income.

The Company has elected to treat certain of its subsidiaries as taxable REIT subsidiaries ("TRS"), and the Company may in the future elect to treat newly formed and/or existing subsidiaries as TRSs. A TRS may participate in non-real estate-related activities and/or perform non-customary services for tenants and are subject to certain limitations under the Code. A TRS is subject to U.S. federal and state income taxes. Income taxes related to the Company's TRSs do not materially impact the unaudited Condensed Consolidated Financial Statements of the Company.

The Company has considered the tax positions taken for the open 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 June 30, 2018 and December 31, 2017. Open tax years generally range from 2014 through 2017, but may vary by jurisdiction and issue.

New Accounting Pronouncements

In August 2017, the FASB issued ASU 2017-12, "Derivatives and Hedging (Topic 815)." ASU 2017-12 amends guidance to more closely align the results of cash flow and fair value hedge accounting with risk management activities through changes to both the designation and measurement guidance for qualifying hedging relationships and the presentation of hedge results in the financial statements. ASU 2017-12 was early adopted by the Company on January 1, 2018. The Company determined that these changes did not have a material impact on the unaudited Condensed Consolidated Financial Statements of the Company.

In May 2017, the FASB issued ASU 2017-09, "Compensation - Stock Compensation (Topic 718)." ASU 2017-09 clarifies guidance about which changes to the terms or conditions of a share-based payment award require an entity to apply modification accounting. The standard became effective for the Company on January 1, 2018. The Company determined that these changes did not have a material impact on the unaudited Condensed Consolidated Financial Statements of the Company.

In February 2017, the FASB issued ASU 2017-05, "Other Income - Gains and Losses from the Derecognition of Nonfinancial Assets (Subtopic 610-20): Clarifying the Scope of Asset Derecognition Guidance." ASU 2017-05 focuses on recognizing gains and losses from the transfer of nonfinancial assets with noncustomers. It provides guidance as to the definition of an "in substance nonfinancial asset," and provides guidance for sales of real estate, including partial sales. The standard became effective for the Company on January 1, 2018 in conjunction with ASU 2014-09 and the Company applied the same transition method as ASU 2014-09. The Company did not record any cumulative adjustment in connection with the adoption of the new pronouncement. The Company determined that these changes did not have a material impact on the unaudited Condensed Consolidated Financial Statements of the Company.

In August 2016, the FASB issued ASU 2016-15, "Statement of Cash Flows (Topic 230)." ASU 2016-15 provides classification guidance for certain cash receipts and cash payments including payment of debt extinguishment costs,

settlement of zero-coupon debt instruments, insurance claim payments and distributions from equity method investees. The standard became effective for the Company on January 1, 2018. The Company determined that these changes did not have a material impact on the unaudited Condensed Consolidated Financial Statements of the Company.

In February 2016, the FASB issued ASU 2016-02, "Leases (Topic 842)." ASU 2016-02 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract (i.e., lessees and lessors). The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether lease expense is recognized based on an effective interest method or on a straight-line basis

over the term of the lease. A lessee is also required to recognize a right-of-use asset and a lease liability for all leases with a term of greater than 12 months regardless of their classification. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases today. The new standard requires lessors to account for leases using an approach that is substantially equivalent to existing guidance for sales-type leases, direct financing leases and operating leases. The pronouncement requires a modified retrospective method of adoption and is effective on January 1, 2019, with early adoption permitted. The Company will continue to evaluate the effect the adoption of ASU 2016-02 will have on the unaudited Condensed Consolidated Financial Statements of the Company. However, the Company currently believes that the adoption of ASU 2016-02 will not have a material impact for operating leases where it is a lessor and will continue to record revenues from rental properties for its operating leases on a straight-line basis. However, for leases where the Company is a lessee, primarily for the Company's ground leases and administrative office leases, the Company will be required to record a lease liability and a right of use asset on its unaudited Condensed Consolidated Balance Sheets at fair value upon adoption. In addition, direct internal leasing overhead costs will continue to be capitalized, however, indirect internal leasing overhead costs previously capitalized will be expensed under ASU 2016-02.

In May 2014, the FASB issued ASU 2014-09, "Revenue from Contracts with Customers (Topic 606)." ASU 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 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 non-financial 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. The pronouncement allows either a full or modified retrospective method of adoption. The standard became effective for the Company on January 1, 2018 and the Company elected the modified retrospective approach of adoption, which requires a cumulative adjustment as of the date of the adoption, if applicable. The Company did not record any such cumulative adjustment in connection with the adoption of the new pronouncement. Substantially all of the Company's tenant-related revenue is recognized pursuant to lease agreements and is out of the scope of ASU 2014-09 and falls instead under ASU 2016-02, which is discussed above and will not be effective until January 1, 2019. As a result, the Company determined that ASU 2014-09 did not have a material impact on the process for, timing of, and presentation and disclosure of revenue recognition from contracts with tenants and other customers.

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 six months ended June 30, 2018, the Company acquired the following assets, in separate transactions:

Description ⁽¹⁾	Location	Month Acquired	GLA	Aggregate Purchase Price
Land adjacent to Arborland Center	Ann Arbor, MI	Jun-18	N/A	\$ 5,554
Outparcel adjacent to Lehigh Shopping Center	Bethlehem, PA	Jun-18	12,739	1,899
			12,739	\$ 7,453

⁽¹⁾ No debt was assumed related to any of the listed acquisitions.

During the six months ended June 30, 2017, the Company acquired the following assets, in separate transactions:

Description ⁽¹⁾	Location	Month Acquired	GLA	Aggregate Purchase Price
Outparcel building adjacent to Annex of Arlington	Arlington Heights, IL	Feb-17	5,760	\$ 1,006
Outparcel adjacent to Northeast Plaza	Atlanta, GA	Feb-17	N/A	1,537
Arborland Center	Ann Arbor, MI	Mar-17	403,536	102,268
Building adjacent to Preston Park	Plano, TX	Apr-17	31,080	4,015
Outparcel building adjacent to Cobblestone Village	St. Augustine, FL	May-17	4,403	1,306
Outparcel adjacent to Wynnewood Village	Dallas, TX	May-17	N/A	1,658
			444,779	\$ 111,790

⁽¹⁾ No debt was assumed related to any of the listed acquisitions.

The aggregate purchase price of the assets acquired during the six months ended June 30, 2018 and 2017, respectively, has been allocated as follows:

	Six Months Ended June 30,	
Assets	2018	2017
Land	\$5,554	\$19,240
Buildings	1,431	75,286
Building and tenant improvements	238	9,177
Above-market leases ⁽¹⁾	—	2,381
In-place leases ⁽²⁾	304	8,608
Total assets	7,527	114,692
Liabilities		
Below-market leases ⁽³⁾	74	2,902
Other liabilities	—	—
Total liabilities	74	2,902
Net assets acquired	\$7,453	\$111,790

⁽¹⁾ The weighted average amortization period at the time of acquisition for above-market leases related to assets acquired during the six months ended June 30, 2017 was 5.0 years.

⁽²⁾ The weighted average amortization period at the time of acquisition for in-place leases related to assets acquired during the six months ended June 30, 2018 and 2017 was 4.8 years and 6.6 years, respectively.

⁽³⁾ The weighted average amortization period at the time of acquisition for below-market leases related to assets acquired during the six months ended June 30, 2018 and 2017 was 4.8 years and 16.7 years, respectively.

During the three and six months ended June 30, 2018, the Company incurred transaction costs of \$0.3 million, of which \$0.1 million was capitalized and included in Buildings and tenant improvements on the Company's unaudited Condensed Consolidated Balance Sheets and \$0.2 million was expensed and included in Other on the Company's unaudited Condensed Consolidated Statements of Operations. During the three and six months ended June 30, 2017,

the Company incurred transaction costs of \$0.1 million and \$0.4 million, respectively, which were capitalized and included in Buildings and tenant improvements on the Company's unaudited Condensed Consolidated Balance Sheets.

3. Dispositions and Assets Held for Sale

During the three months ended June 30, 2018, the Company disposed of nine shopping centers and one partial shopping center for net proceeds of \$134.7 million resulting in a gain of \$27.8 million and impairment of \$0.7 million. During the six months ended June 30, 2018, the Company disposed of 15 shopping centers, one partial shopping center and one outparcel for net proceeds of \$238.9 million resulting in a gain of \$39.2 million and impairment of \$12.9 million. The Company had six properties held for sale as of June 30, 2018 with an aggregate carrying value of \$51.5 million. In addition, during the three and six months ended June 30, 2018, the Company received net proceeds of \$0.5 million from previously disposed assets resulting in a gain of \$0.5 million.

During the three months ended June 30, 2017, the Company disposed of three shopping centers and two outparcel buildings for net proceeds of \$73.0 million resulting in a gain of \$20.2 million. During the six months ended June 30, 2017, the Company disposed of six shopping centers and two outparcel buildings for net proceeds of \$107.1 million resulting in a gain of \$29.0 million. The Company had one property held for sale as of June 30, 2017 with a carrying value of \$17.1 million.

There were no discontinued operations for the three and six months ended June 30, 2018 and 2017 as none of the dispositions represented a strategic shift in the Company's business that would qualify as discontinued operations.

4. Real Estate

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

	June 30, 2018	December 31, 2017
Land	\$ 1,928,473	\$ 1,984,309
Buildings and improvements:		
Buildings and tenant improvements ⁽¹⁾	7,989,715	8,145,085
Lease intangibles ⁽²⁾	737,391	792,097
	10,655,579	10,921,491
Accumulated depreciation and amortization ⁽³⁾	(2,402,498)	(2,361,070)
Total	\$ 8,253,081	\$ 8,560,421

As of June 30, 2018 and December 31, 2017, Buildings and tenant improvements included accrued amounts of \$22.1 million and \$22.8 million, respectively, related to construction in progress, net of any anticipated insurance proceeds.

As of June 30, 2018 and December 31, 2017, Lease intangibles consisted of \$665.4 million and \$715.1 million, respectively, of in-place leases and \$72.0 million and \$77.0 million, respectively, of above-market leases. These intangible assets are amortized over the term of each related lease.

As of June 30, 2018 and December 31, 2017, Accumulated depreciation and amortization included \$603.9 million and \$629.1 million, respectively, of accumulated amortization related to Lease intangibles.

In addition, as of June 30, 2018 and December 31, 2017, the Company had intangible liabilities relating to below-market leases of \$426.2 million and \$463.3 million, respectively, and accumulated accretion of \$274.7 million and \$281.5 million, respectively. These intangible liabilities are included in Accounts payable, accrued expenses and other liabilities in the Company's unaudited Condensed Consolidated Balance Sheets. These intangible assets are accreted over the term of each related lease.

Below-market lease accretion income, net of above-market lease amortization expense for the three months ended June 30, 2018 and 2017 was \$8.0 million and \$7.6 million, respectively. Below-market lease accretion income, net of above-market lease amortization expense for the six months ended June 30, 2018 and 2017 was \$14.8 million and \$15.4 million, respectively. These amounts are included in Rental income in the Company's unaudited Condensed Consolidated Statements of Operations. Amortization expense associated with in-place lease value for the three months ended June 30, 2018 and 2017 was \$9.9 million and \$13.4 million, respectively. Amortization expense associated with in-place lease value for the six months ended June 30, 2018 and 2017 was \$19.2 million and \$25.5 million, respectively. These amounts are included in Depreciation and amortization in the Company's unaudited Condensed Consolidated Statements of Operations. The Company's estimated below-market lease accretion income, net of above-market lease amortization expense, and in-place lease amortization expense for the next five years are as follows:

Year ending December 31,	Below-market lease accretion (income), net	In-place lease amortization expense
--------------------------	---	--

of
above-market
lease
amortization

2018 (remaining six months)	\$ (11,025)	\$ 15,535
2019	(19,345)	25,812
2020	(15,739)	19,076
2021	(12,948)	13,639
2022	(10,737)	10,163

5. Impairments

On a periodic basis, management assesses whether there are any indicators, including changes in property operating performance, anticipated holding period and/or general market conditions, that the value of the Company's real estate

assets (including any related intangible assets or liabilities) may be impaired. If management determines that the carrying value of a real estate asset is impaired, a loss is recognized for the excess of its carrying amount over its fair value.

The Company recognized the following impairments during the three months ended June 30, 2018:
Three Months Ended June 30, 2018

Property Name ⁽¹⁾	Location	GLA	Impairment Charge
County Line Plaza	Jackson, MS	221,127	\$ 10,181
Roundtree Place ⁽²⁾	Ypsilanti, MI	246,620	545
Parcel at Elk Grove Town Center	Elk Grove Village, IL	72,385	519
Dover Park Plaza	Yardville, NJ	56,638	438
Southland Shopping Plaza ⁽²⁾	Toledo, OH	285,278	135
Mount Carmel Plaza	Glenside, PA	14,504	109
		896,552	\$ 11,927

(1) The Company recognized impairment charges based upon a change in the estimated hold period of these properties in connection with the Company's capital recycling program.

(2) The Company disposed of this property during the three months ended June 30, 2018.

The Company recognized the following impairments during the six months ended June 30, 2018:
Six Months Ended June 30, 2018

Property Name ⁽¹⁾	Location	GLA	Impairment Charge
County Line Plaza	Jackson, MS	221,127	\$ 10,181
Southland Shopping Plaza ⁽²⁾	Toledo, OH	285,278	7,077
Roundtree Place ⁽²⁾	Ypsilanti, MI	246,620	4,317
Skyway Plaza	St. Petersburg, FL	110,799	3,639
Pensacola Square ⁽²⁾	Pensacola, FL	142,767	1,345
Parcel at Elk Grove Town Center	Elk Grove Village, IL	72,385	519
Dover Park Plaza	Yardville, NJ	56,638	438
Crossroads Centre ⁽²⁾	Fairview Heights, IL	242,752	204
Mount Carmel Plaza	Glenside, PA	14,504	109
		1,392,870	\$ 27,829

(1) The Company recognized impairment charges based upon a change in the estimated hold period of these properties in connection with the Company's capital recycling program.

(2) The Company disposed of this property during the six months ended June 30, 2018.

The Company recognized the following impairments during the three months ended June 30, 2017:
Three Months Ended June 30, 2017

Property Name ⁽¹⁾	Location	GLA	Impairment Charge
The Manchester Collection	Manchester, CT	342,247	\$ 9,026
Renaissance Center East ⁽²⁾	Las Vegas, NV	144,216	1,606
		486,463	\$ 10,632

(1) The Company recognized impairment charges based upon a change in the estimated hold period of these properties in connection with the Company's capital recycling program.

(2) The Company disposed of this property during the year ended December 31, 2017.

The Company recognized the following impairments during the six months ended June 30, 2017:
Six Months Ended June 30, 2017

Property Name ⁽¹⁾	Location	GLA	Impairment Charge
The Manchester Collection	Manchester, CT	342,247	\$ 9,026
The Plaza at Salmon Run	Watertown, NY	68,761	3,486
Smith's	Socorro, NM	48,000	2,200
Renaissance Center East ⁽²⁾	Las Vegas, NV	144,216	1,606
		603,224	\$ 16,318

(1) The Company recognized impairment charges based upon a change in the estimated hold period of these properties in connection with the Company's capital recycling program.

(2) The Company disposed of this property during the year ended December 31, 2017.

The Company can provide no assurance that material impairment charges with respect to its Portfolio will not occur in future periods. See Note 3 for additional information regarding impairment charges taken in connection with the Company's dispositions. See Note 8 for additional information regarding the fair value of operating properties which have been impaired.

6. 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 that result in the receipt and/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

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 exchanging the underlying notional amount. The Company utilizes interest rate swaps to partially hedge the cash flows associated with variable LIBOR based interest rate debt. During the three and six months ended June 30, 2018, the Company did not enter into any new interest rate swap agreements.

Detail on the Company's interest rate derivatives designated as cash flow hedges outstanding as of June 30, 2018 and December 31, 2017 is as follows:

	Number of Instruments		Notional Amount	
	June 30, 2018	December 31, 2017	June 30, 2018	December 31, 2017
Interest Rate Swaps	9	9	\$1,400,000	\$1,400,000

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. Detail on the Company's fair value of interest rate derivatives on a gross and net basis as of June 30, 2018 and December 31, 2017, respectively, is as follows:

Interest rate swaps classified as:	Fair Value of Derivative Instruments	
	June 30, 2018	December 31, 2017

Gross derivative assets	\$28,612	\$ 24,420
Gross derivative liabilities	—	—
Net derivative assets	\$28,612	\$ 24,420

The gross derivative assets are included in Other assets and the gross derivative liabilities are included in Accounts payable, accrued expenses and other liabilities on the Company's 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 cash flow hedges is recognized in other comprehensive income (“OCI”) and is reclassified into earnings as interest expense in the period that the hedged forecasted transaction affects earnings.

The effective portion of the Company’s interest rate swaps that was recognized in the Company’s unaudited Condensed Consolidated Statements of Comprehensive Income for the three and six months ended June 30, 2018 and 2017 is as follows:

Derivatives in Cash Flow Hedging Relationships (Interest Rate Swaps)	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Change in unrealized gain (loss) on interest rate swaps	\$3,001	\$(2,821)	\$10,235	\$(664)
Amortization (accretion) of interest rate swaps to interest expense	(3,582)	(270)	(6,043)	192
Change in unrealized gain (loss) on interest rate swaps, net	\$(581)	\$(3,091)	\$4,192	\$(472)

The Company estimates that \$11.2 million will be reclassified from accumulated other comprehensive income as a decrease 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 six months ended June 30, 2018 and 2017.

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

The Company does not use derivatives for trading or speculative purposes. As of June 30, 2018 and December 31, 2017, the Company did not have any 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 certain of its indebtedness and the indebtedness has 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.

7. Debt Obligations

As of June 30, 2018 and December 31, 2017, the Company had the following indebtedness outstanding:

	Carrying Value as of		Stated	Scheduled
	June 30, 2018	December 31, 2017	Interest Rate ⁽¹⁾	Maturity Date
Secured loans				
Secured loans ⁽²⁾⁽³⁾	\$893,361	\$902,717	4.40% – 6.50%	2020 – 2024
Net unamortized premium	12,472	15,321		
Net unamortized debt issuance costs	(73)	(93)		
Total secured loans, net	905,760	917,945		
Notes payable				
Unsecured notes ⁽⁴⁾	3,218,453	3,218,453	3.25% – 7.97%	2022 – 2029
Net unamortized discount	(12,523)	(13,485)		
Net unamortized debt issuance costs	(20,844)	(22,476)		
Total notes payable, net	3,185,086	3,182,492		
Unsecured Credit Facility and term loans				
Unsecured \$600 Million Term Loan ⁽⁵⁾	600,000	600,000	3.40%	2019
Unsecured Credit Facility ⁽⁶⁾	500,000	685,000	3.35%	2021
Unsecured \$300 Million Term Loan ⁽⁷⁾	300,000	300,000	3.88%	2024
Net unamortized debt issuance costs	(7,492)	(9,199)		
Total Unsecured Credit Facility and term loans	1,392,508	1,575,801		
Total debt obligations, net	\$5,483,354	\$5,676,238		

- (1) The stated interest rates are as of June 30, 2018 and do not include the impact of the Company's interest rate swap agreements (described below).
- (2) The Company's secured loans are collateralized by certain properties and the equity interests of certain subsidiaries. These properties had a carrying value as of June 30, 2018 of approximately \$1.5 billion.
- (3) The weighted average stated interest rate on the Company's secured loans was 6.16% as of June 30, 2018.
- (4) The weighted average stated interest rate on the Company's unsecured notes was 3.81% as of June 30, 2018. Effective November 1, 2016, the Company has in place two interest rate swap agreements that convert the variable interest rate on \$200.0 million of the Company's \$600 million term loan agreement, as amended July 25, 2016, (the
- (5) "\$600 Million Term Loan") to a fixed, combined interest rate of 0.82% (plus a spread of 140 bps) through July 31, 2018, and three interest rate swap agreements that convert the variable interest rate on \$400.0 million of the \$600 Million Term Loan to a fixed, combined interest rate of 0.88% (plus a spread of 140 bps) through March 18, 2019. Effective November 1, 2016, the Company has in place 3 interest rate swap agreements that convert the variable
- (6) interest rate on a \$500.0 million term loan under the Company's senior unsecured credit facility agreement, as amended July 25, 2016, (the "Unsecured Credit Facility") to a fixed, combined interest rate of 1.11% (plus a spread of 135 bps) through July 30, 2021. Effective July 28, 2017, the Company has in place one interest rate swap agreement that converts the variable
- (7) interest rate on the Company's \$300 million term loan agreement, as entered into July 28, 2017, (the "\$300 Million Term Loan") to a fixed, combined interest rate of 0.82% (plus a spread of 190 bps) through July 31, 2018.

2018 Debt Transactions

During the six months ended June 30, 2018, the Company repaid a total of \$185.0 million of unsecured term loan debt under the Company's Unsecured Credit Facility and a \$0.2 million secured loan. These repayments were funded primarily with disposition proceeds. During the six months ended June 30, 2018, the Company recognized a \$0.4

million loss on extinguishment of debt, net as a result of debt transactions, which includes \$0.3 million related to the release of certain properties from the collateral pool of a secured loan in conjunction with a \$97.0 million prepayment during the year ended December 31, 2017.

Pursuant to the terms of the Company's unsecured debt agreements, the Company among other things is subject to maintenance of various financial covenants. The Company was in compliance with these covenants as of June 30, 2018.

Debt Maturities

As of June 30, 2018 and December 31, 2017, the Company had accrued interest of \$35.4 million and \$35.9 million outstanding, respectively. As of June 30, 2018, scheduled amortization and maturities of the Company's outstanding debt obligations were as follows:

Year ending December 31,	
2018 (remaining six months)	\$8,762
2019	618,679
2020	672,695
2021	686,225
2022	500,000
Thereafter	3,025,453
Total debt maturities	5,511,814
Net unamortized premiums and discounts	(51)
Net unamortized debt issuance costs	(28,409)
Total debt obligations, net	\$5,483,354

8. 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:

	June 30, 2018		December 31, 2017	
	Carrying Amounts	Fair Value	Carrying Amounts	Fair Value
Secured loans	\$905,760	\$934,976	\$917,945	\$963,702
Notes payable	3,185,086	3,122,331	3,182,492	3,224,877
Unsecured Credit Facility and term loans	1,392,508	1,400,961	1,575,801	1,586,206
Total debt obligations, net	\$5,483,354	\$5,458,268	\$5,676,238	\$5,774,785

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 a discounted cash flow analysis, with assumptions that include credit spreads, estimated property values, loan amounts and maturity dates. Based on these inputs, the Company has 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.

Recurring Fair Value

The Company's marketable securities and interest rate derivatives are measured and recognized at fair value on a recurring basis. The valuations of the Company's marketable securities are based primarily on publicly traded market

values in active markets and are classified within Level 1 or 2 of the fair value hierarchy. See Note 6 for fair value information regarding the Company's interest rate derivatives.

The following table presents the placement in the fair value hierarchy of assets and liabilities that are measured and recognized at fair value on a recurring basis:

Fair Value Measurements as of June 30, 2018

	Balance	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Marketable securities ⁽¹⁾	\$ 31,226	\$ 5,979	\$ 25,247	\$ —
Interest rate derivatives	\$ 28,612	\$ —	\$ 28,612	\$ —

Fair Value Measurements as of December 31, 2017

	Balance	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Marketable securities ⁽¹⁾	\$ 28,006	\$ 725	\$ 27,281	\$ —
Interest rate derivatives	\$ 24,420	\$ —	\$ 24,420	\$ —

As of June 30, 2018 and December 31, 2017, marketable securities included \$0.2 million of net unrealized losses.

⁽¹⁾ As of June 30, 2018, the contractual maturities of the Company's marketable securities are within the next five years.

Non-Recurring Fair Value

On a non-recurring basis, the Company evaluates the carrying value of its properties when events or changes in circumstances indicate that the carrying value may not be recoverable. Fair value is determined by purchase price offers, market comparable data, third party appraisals or by discounted cash flow analysis. The cash flows utilized in such analyses are comprised of unobservable inputs which include forecasted rental revenue and expenses based upon market conditions and future expectations. Capitalization rates and discount rates utilized in these models are based upon unobservable rates that we believe to be within a reasonable range of current market rates for the respective properties. Based on these inputs, the Company has determined that the valuations of these properties are classified within Level 3 of the fair value hierarchy.

The following table presents the placement in the fair value hierarchy of assets and liabilities that are measured at fair value on a non-recurring basis. The table includes information related to properties that were remeasured to fair value as a result of impairment testing during the six months ended June 30, 2018 and during the year ended December 31, 2017, excluding the properties sold prior to June 30, 2018 and December 31, 2017, respectively:

Fair Value Measurements as of June 30, 2018

	Balance	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Impairment of Real Estate Assets
Assets:					
Properties ⁽¹⁾⁽²⁾⁽³⁾	\$30,344	\$ —	\$ —	\$ 30,344	\$ 14,886

Fair Value Measurements as of December 31, 2017

	Balance	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Impairment of Real Estate Assets
Assets:					
Properties ⁽⁴⁾⁽⁵⁾⁽⁶⁾	\$73,303	\$ —	\$ —	\$ 73,303	\$ 17,195

(1) Excludes properties disposed of prior to June 30, 2018.

The carrying value of properties remeasured to fair value based upon offers from third party buyers during the six months ended June 30, 2018 includes: (i) \$16.8 million related to County Line Plaza, (ii) \$6.9 million related to Dover Park Plaza, (iii) \$2.7 million related to a parcel at Elk Grove Town Center, and (iv) \$1.0 million related to Mount Carmel Plaza.

(3) The carrying value of properties remeasured to fair value based upon a discounted cash flow analysis during the six months ended June 30, 2018 includes \$2.9 million related to Skyway Plaza. The capitalization rate of 9.3% and discount rate of 10.4% which were utilized in the discounted cash flow analysis were based upon unobservable rates that the Company believes to be within a reasonable range of current market rates for the investment.

(4) Excludes properties disposed of prior to December 31, 2017.

The carrying value of properties remeasured to fair value based upon offers from third party buyers during the year ended December 31, 2017 includes: (i) \$46.9 million related to The Manchester Collection, (ii) \$2.4 million related to Fashion Square, and (iii) \$14.3 million related to Crossroads Centre.

(6) The carrying value of properties remeasured to fair value based upon a discounted cash flow analysis during the year ended December 31, 2017 includes: (i) \$7.8 million related to The Plaza at Salmon Run and (ii) \$1.9 million related to Smith's. The capitalization rates (ranging from 7.0% to 8.5%) and discount rates (ranging from 7.9% to 9.5%) which were utilized in the discounted cash flow analyses were based upon unobservable rates that the Company believes to be within a reasonable range of current market rates for each respective investment.

9. Equity and Capital

Share Repurchase Program

In December 2017, the Board of Directors authorized a share repurchase program for up to \$400.0 million of the Company's common stock. The program is scheduled to expire on December 5, 2019, unless extended by the Board of Directors. During the six months ended June 30, 2018, the Company repurchased approximately 2.2 million shares of common stock under the program at an average price per share of \$15.36 for a total of approximately \$33.2 million. The Company incurred commissions of less than \$0.1 million in conjunction with the program for the six months ended June 30, 2018.

Common Stock

In connection with the vesting of restricted stock units ("RSUs") under the Company's equity-based compensation plan, the Company withholds shares to satisfy statutory minimum tax withholding obligations. During the six months ended June 30, 2018 and 2017, the Company withheld 0.1 million shares.

Dividends and Distributions

During the three months ended June 30, 2018 and 2017, the Company declared common stock dividends and OP Unit distributions of \$0.275 per share/unit and \$0.260 per share/unit, respectively. As of June 30, 2018 and December 31, 2017, the Company had declared but unpaid common stock dividends and OP Unit distributions of \$85.1 million and

\$85.6 million, respectively. These amounts are included in Accounts payable, accrued expenses and other liabilities on the Company's unaudited Condensed Consolidated Balance Sheets.

Non-controlling interests

As of June 30, 2018, the Parent Company beneficially owned, through its direct and indirect interest in BPG Sub and the General Partner, 100.0% of the outstanding OP Units. During the six months ended June 30, 2017, the Company exchanged 0.4 million shares of the Company's common stock for an equal number of outstanding OP Units held by certain members of the Parent Company's current and former management.

10. Stock Based Compensation

During the year ended December 31, 2013, 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 RSUs, OP Units, performance awards and other stock-based awards.

During the six months ended June 30, 2018 and the year ended December 31, 2017, the Company granted RSUs to certain employees. The RSUs are divided into multiple tranches, which are all subject to service-based vesting conditions. Certain tranches are also subject to performance-based or market-based vesting conditions, which contain a threshold, target, and maximum number of units which can be earned. The number of units actually earned for each tranche is determined based on performance during a specified performance period. Tranches that only have a service-based component can only earn a target number of units. The aggregate number of RSUs granted, assuming that the target level of performance is achieved, was 0.8 million and 0.6 million for the six months ended June 30, 2018 and year ended December 31, 2017, respectively, with vesting periods ranging from one to five years. For the performance-based and service-based RSUs granted under the Plan, fair value is based on the Company grant date stock price. For the market-based RSUs granted during the six months ended June 30, 2018 and year ended December 31, 2017, the Company calculated the grant date fair values per unit using a Monte Carlo simulation based on the probability of satisfying the market performance hurdles over the remainder of the performance period based on the Company's historical common stock performance relative to the other companies within the FTSE NAREIT Equity Shopping Centers Index as well as the following significant assumptions: (i) volatility of 29.0% to 32.0% and 22.0% to 23.0%, respectively; (ii) a weighted average risk-free interest rate of 2.43% to 2.53% and 1.20% to 1.41%, respectively; and (iii) the Company's weighted average common stock dividend yield of 5.6% and 4.0% to 4.6%, respectively.

During the three months ended June 30, 2018 and 2017, the Company recognized \$2.8 million of equity compensation expense. During the six months ended June 30, 2018 and 2017, the Company recognized \$5.3 million and \$5.0 million of equity compensation expense, respectively. These amounts are included in General and administrative expense in the Company's unaudited Condensed Consolidated Statements of Operations. As of June 30, 2018, the Company had \$17.4 million of total unrecognized compensation expense related to unvested stock compensation expected to be recognized over a weighted average period of approximately 2.3 years.

11. Earnings per Share

Basic earnings per share (“EPS”) is calculated by dividing net income attributable to the Company’s common stockholders, including any 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 stockholders have rights to receive non-forfeitable dividends. 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. Unvested RSUs are not allocated net losses and/or any excess of dividends declared over net income, as such amounts are allocated entirely to the Company's common stock.

The following table provides a reconciliation of the numerator and denominator of the EPS calculations for the three and six months ended June 30, 2018 and 2017 (dollars in thousands, except per share data):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Computation of Basic Earnings Per Share:				
Net income	\$80,362	\$75,438	\$141,384	\$147,093
Net income attributable to non-controlling interests	—	—	—	(76)
Non-forfeitable dividends on unvested restricted shares	(90)	(10)	(139)	(21)
Preferred stock dividends	—	(39)	—	(39)
Net income attributable to the Company’s common stockholders for basic earnings per share	\$80,272	\$75,389	\$141,245	\$146,957
Weighted average number shares outstanding – basic	302,776	304,914	303,468	304,743
Basic earnings per share attributable to the Company’s common stockholders:				
Net income	\$0.27	\$0.25	\$0.47	\$0.48
Computation of Diluted Earnings Per Share:				
Net income attributable to the Company’s common stockholders for basic earnings per share	\$80,272	\$75,389	\$141,245	\$146,957
Allocation of net income to dilutive convertible non-controlling interests	—	—	—	76
Net income attributable to the Company’s common stockholders for diluted earnings per share	\$80,272	\$75,389	\$141,245	\$147,033
Weighted average shares outstanding – basic	302,776	304,914	303,468	304,743
Effect of dilutive securities:				
Conversion of OP Units	—	—	—	157
Equity awards	158	201	146	225
Weighted average shares outstanding – diluted	302,934	305,115	303,614	305,125
Diluted earnings per share attributable to the Company’s common stockholders:				
Net income	\$0.26	\$0.25	\$0.47	\$0.48

12. Earnings per Unit

Basic earnings per unit is calculated by dividing net income attributable to the Operating Partnership's common unitholders, including any 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, as such unitholders have rights to receive non-forfeitable dividends. Fully-diluted earnings per unit reflects the potential dilution that could occur if securities or other contracts to issue common units were exercised or converted into common units. Unvested RSUs are not allocated net losses and/or any excess of dividends declared over net income, as such amounts are allocated entirely to the Operating Partnership's common units.

The following table provides a reconciliation of the numerator and denominator of the earnings per unit calculations for the three and six months ended June 30, 2018 and 2017 (dollars in thousands, except per unit data):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Computation of Basic Earnings Per Unit:				
Net income attributable to Brixmor Operating Partnership LP	\$80,362	\$75,438	\$141,384	\$147,093
Non-forfeitable dividends on unvested restricted units	(90)	(10)	(139)	(21)
Net income attributable to the Operating Partnership's common units for basic earnings per unit	\$80,272	\$75,428	\$141,245	\$147,072
Weighted average number common units outstanding – basic	302,776	304,914	303,468	304,900
Basic earnings per unit attributable to the Operating Partnership's common units:				
Net income	\$0.27	\$0.25	\$0.47	\$0.48
Computation of Diluted Earnings Per Unit:				
Net income attributable to the Operating Partnership's common units for diluted earnings per unit	\$80,272	\$75,428	\$141,245	\$147,072
Weighted average common units outstanding – basic	302,776	304,914	303,468	304,900
Effect of dilutive securities:				
Equity awards	158	201	146	225
Weighted average common units outstanding – diluted	302,934	305,115	303,614	305,125
Diluted earnings per unit attributable to the Operating Partnership's common units:				
Net income	\$0.26	\$0.25	\$0.47	\$0.48

13. Commitments and Contingencies

Legal Matters

Except as described below, the Company is not presently involved in any material litigation arising outside the ordinary course of business. However, the Company is involved in routine litigation arising in the ordinary course of business, none of which the Company believes, individually or in the aggregate, taking into account existing reserves, will have a material impact on the Company's results of operations, cash flows, or financial position.

On February 8, 2016, the Company issued a press release and filed a Form 8-K reporting the completion of a review by the Audit Committee of the Company's Board of Directors that began after the Company received information in late December 2015 through its established compliance processes. The Audit Committee review led the Board of Directors to conclude that specific Company accounting and financial reporting personnel, in certain instances, were smoothing income items, both up and down, between reporting periods in an effort to achieve consistent quarterly same property net operating income growth.

As a result of the Audit Committee review and the conclusions reached by the Board of Directors, the Company's Chief Executive Officer, its President and Chief Financial Officer, its Chief Accounting Officer and Treasurer, and an accounting employee all resigned. Following these resignations the Company appointed a new Interim Chief Executive Officer and President, Interim Chief Financial Officer and Interim Chief Accounting Officer. A new Chief Executive Officer and Chief Financial Officer were appointed effective May 20, 2016. A new Chief Accounting Officer was appointed effective March 8, 2017.

Prior to the Company's February 8, 2016 announcement, the Company voluntarily reported these matters to the SEC. As a result, the SEC and the United States Attorney's Office for the Southern District of New York are conducting investigations of certain aspects of the Company's financial reporting and accounting for prior periods and the Company is cooperating fully.

On December 13, 2017, the United States District Court for the Southern District of New York granted final approval of the settlement of the previously disclosed putative securities class action complaint filed in March 2016 by the Westchester Putnam Counties Heavy & Highway Laborers Local 60 Benefit Funds related to the review conducted by the Audit Committee of the Board of Directors. Pursuant to the approved settlement, without any admission of liability, the Company will pay \$28.0 million to settle the claims. This amount is within the coverage amount of the Company's applicable insurance policies and has been funded into escrow by the insurance carriers. The settlement provides for the release of, among others, the Company, its subsidiaries, and their respective current and former officers, directors and employees from the claims that were or could have been asserted in the class action litigation. During the six months ended June 30, 2018, \$8.5 million of the settlement amount was released from escrow per the court approved settlement agreement for the payment of plaintiff's legal fees. The remaining settlement balance of \$19.5 million remains in escrow pending final class distribution.

As of June 30, 2018, the \$19.5 million amount is included in Accounts payable, accrued expenses and other liabilities in the Company's unaudited Condensed Consolidated Balance Sheets. Because the settlement amount is within the coverage amount of the Company's applicable insurance policies, the Company accrued a receivable of \$19.5 million as of June 30, 2018. This amount is included in Accounts receivable, net in the Company's unaudited Condensed Consolidated Balance Sheets.

As previously disclosed, certain institutional investors elected to opt out of the class action settlement and accordingly were not bound by the release and will not receive any of the class action settlement proceeds. On June 20, 2018, the Company and the former officers referenced above were named as defendants in a complaint filed by all remaining equity opt out investors in the Supreme Court for the State of New York in New York County. The Complaint, captioned Cohen & Steers Global Realty Shares, Inc., et al v. Brixmor Property Group Inc., et al. (Case No. 653091/2018), was filed on behalf of thirteen commonly managed investment funds that opted out of the federal class

action settlement, and asserts fraud claims under New York law. The claims are based on the facts described in the Company's February 8, 2016 press release and Form 8-K. The Company believes it has valid defenses in this action and intends to vigorously defend itself.

Leasing commitments

The Company periodically enters into ground leases for neighborhood and community shopping centers that it operates and enters into office leases for administrative space. During the three months ended June 30, 2018 and 2017, the Company recognized rent expense associated with these leases of \$1.8 million. During the six months ended June 30, 2018 and 2017, the Company recognized rent expense associated with these leases of \$3.5 million and \$3.7 million, respectively. Minimum annual rental commitments associated with these leases during the next five years and thereafter are as follows:

Year ending December 31,	
2018 (remaining six months)	\$3,654
2019	7,252
2020	7,265
2021	7,473
2022	7,547
Thereafter	73,966
Total minimum annual rental commitments	\$107,157

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 impact on the Company's results of operations, cash flows, or financial position.

14. Related-Party Transactions

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

As of June 30, 2018 and December 31, 2017, there were no material receivables from or payables to related parties.

15. Subsequent Events

In preparing the unaudited Condensed Consolidated Financial Statements, the Company has evaluated events and transactions occurring after June 30, 2018 for recognition or disclosure purposes. Based on this evaluation, there were no subsequent events from June 30, 2018 through the date the financial statements were issued.

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 Financial Statements and accompanying notes, including trends which might appear, should not be taken as indicative of future operations.

Executive Summary

Our Company

Brixmor Property Group Inc. and subsidiaries (collectively, "BPG") is an internally-managed real estate investment trust ("REIT"). Brixmor Operating Partnership LP and subsidiaries (collectively, the "Operating Partnership") is the entity through which BPG conducts substantially all of its operations and owns substantially all of its assets. BPG owns 100% of the common stock of BPG Subsidiary Inc. ("BPG Sub"), which, in turn, is the sole member of Brixmor OP GP LLC (the "General Partner"), the sole general partner of the Operating Partnership. Unless stated otherwise or the context otherwise requires, "we," "our" and "us" mean BPG and the Operating Partnership, collectively. We believe we own and operate one of the largest open air retail portfolios by gross leasable area ("GLA") in the United States, comprised primarily of community and neighborhood shopping centers. As of June 30, 2018, our portfolio consisted of 471 shopping centers (the "Portfolio") with approximately 80 million square feet of GLA. In addition, we have one land parcel currently under development. Our high quality national Portfolio is primarily located within established trade areas in the top 50 Metropolitan Statistical Areas ("MSAs"), and our shopping centers are primarily anchored by non-discretionary and value-oriented retailers, as well as consumer-oriented service providers. As of June 30, 2018, our three largest tenants by annualized base rent are The TJX Companies, Inc., The Kroger Co., and Dollar Tree Stores, Inc. BPG has been organized and operated in conformity with the requirements for qualification and taxation as a REIT under the United States federal income tax laws, commencing with our taxable year ended December 31, 2011, has maintained such requirements through our taxable year ended December 31, 2017, and intends to satisfy such requirements for subsequent taxable years.

Our primary objective is to maximize total returns to our stockholders through consistent, sustainable growth in cash flow. Our key strategies to achieve this objective include proactively managing our Portfolio to drive internal growth, pursuing value-enhancing reinvestment opportunities and prudently executing on acquisition and disposition activity, while also maintaining a flexible capital structure positioned for growth.

We believe the following set of competitive advantages positions us to successfully execute on our key strategies:

Expansive Retailer Relationships – We believe that the scale of our asset base and our nationwide footprint represent competitive advantages in supporting the growth objectives of the nation's largest retailers. We believe that we are one of the largest landlords by GLA to TJX Companies and Kroger, as well as a key landlord to most major grocers and retail category leaders. We believe that our strong relationships with leading retailers afford us insight into their strategies and priority access to their expansion plans.

Fully-Integrated Operating Platform – We manage a fully-integrated operating platform, leveraging our national scope and demonstrating our commitment to operating with a strong regional and local presence. We provide our tenants with dedicated service through both our national accounts leasing team based in New York and our network of four regional offices in Atlanta, Chicago, Philadelphia and San Diego, as well as our 11 leasing and property management satellite offices throughout the country. We believe that this structure enables us to obtain critical national market intelligence while also benefitting from the regional and local expertise of our workforce.

Experienced Management – Senior members of our management team are seasoned real estate operators with extensive public company leadership experience. Our management team has deep industry knowledge and well-established relationships with retailers, brokers and vendors through many years of transactional experience, as well as significant

expertise in executing value-enhancing reinvestment opportunities.

Other Factors That May Influence our Future Results

We derive our revenues primarily from rent and expense reimbursements paid by tenants to us under existing leases at each of our properties. Expense reimbursements primarily consist of payments made by tenants to us under

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contractual lease obligations for their proportional share of a property's operating costs, real estate taxes and insurance and certain capital expenditures related to the maintenance of the properties.

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

Our operating costs represent property-related costs, such as repairs and maintenance, landscaping, snow removal, utilities, property insurance, security, ground rent related to properties for which we are the lessee and various other property related costs. Increases in our operating costs, to the extent they are not offset by increases in revenue, may impact our overall performance. For a further discussion of these and other factors that could impact our future results, see Item 1A. "Risk Factors" in our annual report on Form 10-K for the fiscal year ended December 31, 2017.

Leasing Highlights

As of June 30, 2018, billed and leased occupancy was 89.4% and 92.5%, respectively, as compared to 89.9% and 92.0%, respectively, as of June 30, 2017.

The following table summarizes our executed leasing activity for the three months ended June 30, 2018 and 2017 (dollars in thousands, except for per square foot ("PSF") amounts):

Three Months Ended June 30, 2018

	Leases	GLA	New ABR PSF	Tenant Improvements and Allowances PSF ⁽¹⁾	Third Party Leasing Commissions PSF	Rent Spread ⁽²⁾	
New, renewal and option leases	576	3,396,474	\$14.83	\$ 7.60	\$ 1.37	11.2	%
New and renewal leases	464	2,077,701	16.62	12.23	2.19	14.3	%
New leases	176	1,013,676	14.89	23.52	4.46	28.7	%
Renewal leases	288	1,064,025	18.27	1.47	0.03	10.4	%
Option leases	112	1,318,773	12.00	0.30	0.08	6.4	%

Three Months Ended June 30, 2017

	Leases	GLA	New ABR PSF	Tenant Improvements and Allowances PSF ⁽¹⁾	Third Party Leasing Commissions PSF	Rent Spread ⁽²⁾	
New, renewal and option leases	511	2,896,416	\$14.68	\$ 6.78	\$ 1.11	13.7	%
New and renewal leases	437	1,870,289	16.65	10.50	1.72	16.8	%
New leases	162	795,344	16.51	21.48	3.91	36.1	%
Renewal leases	275	1,074,945	16.75	2.38	0.10	11.5	%
Option leases	74	1,026,127	11.09	—	—	7.6	%

⁽¹⁾ Includes tenant-specific landlord work.

⁽²⁾ Based on comparable leases only.

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Includes new development property. Excludes leases executed for terms of less than one year.
ABR PSF includes the GLA of lessee-owned leasehold improvements.

The following table summarizes our executed leasing activity for the six months ended June 30, 2018 and 2017 (dollars in thousands, except for PSF amounts):

Six Months Ended June 30, 2018

	Leases	GLA	New ABR PSF	Tenant Improvements and Allowances PSF ⁽¹⁾	Third Party Leasing Commissions PSF	Rent Spread ⁽²⁾	
New, renewal and option leases	1,016	6,141,554	\$14.65	\$ 8.18	\$ 1.49	12.6	%
New and renewal leases	859	4,123,789	15.91	12.08	2.19	15.5	%
New leases	327	2,056,202	14.68	22.30	4.37	33.2	%
Renewal leases	532	2,067,587	17.14	1.92	0.02	9.5	%
Option leases	157	2,017,765	12.06	0.20	0.05	7.1	%

Six Months Ended June 30, 2017

	Leases	GLA	New ABR PSF	Tenant Improvements and Allowances PSF ⁽¹⁾	Third Party Leasing Commissions PSF	Rent Spread ⁽²⁾	
New, renewal and option leases	947	5,560,479	\$14.58	\$ 7.43	\$ 1.13	13.5	%
New and renewal leases	800	3,722,288	15.90	11.09	1.68	16.6	%
New leases	314	1,599,302	15.49	22.64	3.76	36.4	%
Renewal leases	486	2,122,986	16.20	2.38	0.12	10.6	%
Option leases	147	1,838,191	11.91	0.02	—	7.7	%

⁽¹⁾ Includes tenant-specific landlord work.

⁽²⁾ Based on comparable leases only.

Includes new development property. Excludes leases executed for terms of less than one year.

ABR PSF includes the GLA of lessee-owned leasehold improvements.

Acquisition Activity

During the six months ended June 30, 2018, we acquired one land parcel and one outparcel for an aggregate purchase price of \$7.5 million.

During the six months ended June 30, 2017, we acquired one shopping center, one building, two outparcel buildings and two outparcels for an aggregate purchase price of \$111.8 million.

Disposition Activity

During the six months ended June 30, 2018, we disposed of 15 shopping centers, one partial shopping center and one outparcel for net proceeds of \$238.9 million resulting in an aggregate gain of \$39.2 million and aggregate impairment of \$12.9 million. In addition, during the six months ended June 30, 2018, we received net proceeds of \$0.5 million from previously disposed assets resulting in a gain of \$0.5 million.

During the six months ended June 30, 2017, we disposed of six shopping centers and two outparcel buildings for net proceeds of \$107.1 million resulting in an aggregate gain of \$29.0 million.

Results of Operations

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

Comparison of the Three Months Ended June 30, 2018 to the Three Months Ended June 30, 2017

Revenues (in thousands)

	Three Months Ended June 30,		\$
	2018	2017	Change
Revenues			
Rental income	\$243,987	\$253,777	\$(9,790)
Expense reimbursements	67,363	67,039	324
Other revenues	1,680	2,002	(322)
Total revenues	\$313,030	\$322,818	\$(9,788)

Rental income

The decrease in rental income for the three months ended June 30, 2018 of \$9.8 million, as compared to the corresponding period in 2017, was primarily due to (i) a \$5.2 million decrease in base rent; (ii) a \$3.1 million decrease in straight-line rent; and (iii) a \$2.2 million decrease in lease termination fees; partially offset by (iv) a \$0.6 million increase in ancillary and other income; and (v) a \$0.1 million increase in amortization of above- and below-market leases and tenant inducements, net. The decrease in base rent was due to a \$9.0 million decrease related to net disposition activity, partially offset by a \$3.8 million increase in base rent for the remaining portfolio. The increase in base rent for the remaining portfolio was primarily driven by contractual rent increases as well as positive rent spreads for new and renewal leases and option exercises of 12.6% during the six months ended June 30, 2018 and the year ended December 31, 2017, partially offset by a decline in billed occupancy.

Expense reimbursements

The increase in expense reimbursements for the three months ended June 30, 2018 of \$0.3 million, as compared to the corresponding period in 2017, was primarily due to an increase in operating costs and reimbursable real estate taxes, net of disposition activity.

Other revenues

The decrease in other revenues for the three months ended June 30, 2018 of \$0.3 million, as compared to the corresponding period in 2017, was primarily due to a decrease in percentage rents.

Operating Expenses (in thousands)

	Three Months Ended June 30,		\$
	2018	2017	Change
Operating expenses			
Operating costs	\$33,881	\$33,025	\$856
Real estate taxes	44,947	44,064	883
Depreciation and amortization	91,334	96,870	(5,536)
Provision for doubtful accounts	949	1,757	(808)
Impairment of real estate assets	11,927	10,632	1,295
General and administrative	21,320	23,248	(1,928)
Total operating expenses	\$204,358	\$209,596	\$(5,238)

Operating costs

The increase in operating costs for the three months ended June 30, 2018 of \$0.9 million, as compared to the corresponding period in 2017, was primarily due to an increase in repair and maintenance costs, partially offset by a \$2.0 million decrease in operating costs due to net disposition activity.

Real estate taxes

The increase in real estate taxes for the three months ended June 30, 2018 of \$0.9 million, as compared to the corresponding period in 2017, was primarily due to a decrease in favorable appeals and an increase in tax rates and assessments from several jurisdictions, partially offset by a \$1.3 million decrease in real estate taxes due to net disposition activity.

Depreciation and amortization

The decrease in depreciation and amortization for the three months ended June 30, 2018 of \$5.5 million, as compared to the corresponding period in 2017, was primarily due to the continued decrease in acquired in-place lease intangibles, as well as net disposition activity.

Provision for doubtful accounts

The decrease in the provision for doubtful accounts for the three months ended June 30, 2018 of \$0.8 million, as compared to the corresponding period in 2017, was primarily due to decreased tenant bankruptcy reserves during the three months ended June 30, 2018.

Impairment of real estate assets

During the three months ended June 30, 2018, aggregate impairment of \$11.9 million was recognized on two shopping centers as a result of disposition activity and four shopping centers as a result of a change in the estimated hold period of these properties in connection with our capital recycling program. During the three months ended June 30, 2017, aggregate impairment of \$10.6 million was recognized on two operating properties as a result of a change in the estimated hold period of these properties in connection with our capital recycling program.

General and administrative

The decrease in general and administrative costs for the three months ended June 30, 2018 of \$1.9 million, as compared to the corresponding period in 2017, was primarily due to decreased non-routine legal expenses, professional fees and severance expenses.

During the three months ended June 30, 2018 and 2017, construction compensation costs of \$2.8 million and \$1.9 million, respectively, were capitalized to building and improvements and leasing compensation costs of \$3.5 million were capitalized to deferred charges and prepaid expenses, net.

Other Income and Expenses (in thousands)

	Three Months Ended June 30,		\$
	2018	2017	Change
Other income (expense)			
Dividends and interest	\$104	\$85	\$19
Interest expense	(55,200)	(57,443)	2,243
Gain on sale of real estate assets	28,262	20,173	8,089
Loss on extinguishment of debt, net	(291)	(78)	(213)
Other	(1,185)	(684)	(501)
Total other expense	\$(28,310)	\$(37,947)	\$9,637

Dividends and interest

Dividends and interest remained generally consistent for the three months ended June 30, 2018 as compared to the corresponding period in 2017.

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Interest expense

The decrease in interest expense for the three months ended June 30, 2018 of \$2.2 million, as compared to the corresponding period in 2017, was primarily due to (i) debt obligations refinanced at lower rates; and (ii) lower overall debt obligations; partially offset by (iii) a decrease in debt premium amortization, net of discounts.

Gain on sale of real estate assets

During the three months ended June 30, 2018, seven shopping centers and one partial shopping center were disposed for net proceeds of \$120.0 million resulting in an aggregate gain of \$27.8 million. In addition, during the three months ended June 30, 2018, we received net proceeds of \$0.5 million from previously disposed assets resulting in a gain of \$0.5 million. During the three months ended June 30, 2017, three shopping centers and two outparcel buildings were disposed for net proceeds of \$73.0 million resulting in an aggregate gain of \$20.2 million.

Loss on extinguishment of debt, net

During the three months ended June 30, 2018, we repaid \$135.0 million of unsecured term loan debt under our senior unsecured credit facility agreement, as amended July 25, 2016 (the "Unsecured Credit Facility"), and a \$0.2 million secured loan. During the three months ended June 30, 2018, we recognized a \$0.3 million loss on extinguishment of debt, net as a result of debt transactions, which includes \$0.3 million related to the release of certain properties from the collateral pool of a secured loan in conjunction with a \$97.0 million prepayment during the year ended December 31, 2017. During the three months ended June 30, 2017, we repaid \$283.3 million of secured loans and \$100.0 million of unsecured term loan debt under our Unsecured Credit Facility. During the three months ended June 30, 2017, we recognized a \$0.1 million loss on extinguishment of debt, net as a result of debt transactions.

Other

The increase in other expense, net for the three months ended June 30, 2018 of \$0.5 million, as compared to the corresponding period in 2017, was primarily due to a decrease in a tenant litigation settlement reserve in 2017.

Equity in Income of Unconsolidated Joint Venture (in thousands)

	Three Months Ended June 30, 2018	\$ Change
Equity in income of unconsolidated joint venture	\$-163	\$(163)

Equity in income of unconsolidated joint venture

The decrease in equity in income of unconsolidated joint venture for the three months ended June 30, 2018 of \$0.2 million, as compared to the corresponding period in 2017, was due to the disposition of our unconsolidated joint venture interest during the year ended December 31, 2017.

Comparison of the Six Months Ended June 30, 2018 to the Six Months Ended June 30, 2017

Revenues (in thousands)

	Six Months Ended June 30,		
	2018	2017	\$ Change
Revenues			
Rental income	\$487,332	\$503,398	\$(16,066)
Expense reimbursements	138,241	140,229	(1,988)
Other revenues	4,632	4,997	(365)

Total revenues \$630,205 \$648,624 \$(18,419)

Rental income

The decrease in rental income for the six months ended June 30, 2018 of \$16.1 million, as compared to the corresponding period in 2017, was primarily due to (i) a \$9.1 million decrease in base rent; (ii) a \$5.2 million decrease in straight-line rent; (iii) a \$1.4 million decrease in lease termination fees; and (iv) a \$1.3 million decrease

in amortization of above- and below-market leases and tenant inducements, net; partially offset by (v) a \$0.9 million increase in ancillary and other income. The decrease in base rent is due to a \$16.0 million decrease related to net disposition activity, partially offset by a \$6.9 million increase in base rent for the remaining portfolio. The increase in base rent for the remaining portfolio was driven primarily by contractual rent increases as well as positive rent spreads for new and renewal leases and option exercises of 12.6% during the six months ended June 30, 2018 and the year ended December 31, 2017, partially offset by a decline in billed occupancy.

Expense reimbursements

The decrease in expense reimbursements for the six months ended June 30, 2018 of \$2.0 million, as compared to the corresponding period in 2017, was primarily due to a \$3.0 million decrease in expense reimbursements due to net disposition activity, partially offset by a \$1.0 million increase in expense reimbursements for the remaining portfolio. The increase in expense reimbursements for the remaining portfolio was driven primarily by higher reimbursable operating costs and real estate taxes.

Other revenues

The decrease in other revenues for the six months ended June 30, 2018 of \$0.4 million, as compared to the corresponding period in 2017, was primarily due to a decrease in percentage rents.

Operating Expenses (in thousands)

	Six Months Ended June 30,		\$ Change
	2018	2017	
Operating expenses			
Operating costs	\$69,371	\$70,450	\$(1,079)
Real estate taxes	90,672	90,531	141
Depreciation and amortization	181,717	190,801	(9,084)
Provision for doubtful accounts	3,364	2,807	557
Impairment of real estate assets	27,829	16,318	11,511
General and administrative	43,746	44,205	(459)
Total operating expenses	\$416,699	\$415,112	\$1,587

Operating costs

The decrease in operating costs for the six months ended June 30, 2018 of \$1.1 million, as compared to the corresponding period in 2017, was primarily due to a \$3.5 million decrease in operating costs due to net disposition activity, partially offset by an increase in repair and maintenance and other operating costs for the remaining portfolio.

Real estate taxes

The increase in real estate taxes for the six months ended June 30, 2018 of \$0.1 million, as compared to the corresponding period in 2017, was primarily due to increased tax rates and assessments from several jurisdictions, partially offset by a \$1.8 million decrease in real estate taxes due to net disposition activity.

Depreciation and amortization

The decrease in depreciation and amortization for the six months ended June 30, 2018 of \$9.1 million, as compared to the corresponding period in 2017, was primarily due to the continued decrease in acquired in-place lease intangibles, as well as net disposition activity.

Provision for doubtful accounts

The increase in the provision for doubtful accounts for the six months ended June 30, 2018 of \$0.6 million, as compared to the corresponding period in 2017, was primarily due to increased recoveries of previously reserved receivables during the six months ended June 30, 2017.

Impairment of real estate assets

During the six months ended June 30, 2018, aggregate impairment of \$27.8 million was recognized on four shopping centers as a result of disposition activity and five operating properties as a result of a change in the estimated hold period of these properties in connection with our capital recycling program. During the six months ended June 30, 2017, aggregate impairment of \$16.3 million was recognized on four operating properties as a result of a change in the estimated hold period of these properties in connection with our capital recycling program.

General and administrative

The decrease in general and administrative costs for the six months ended June 30, 2018 of \$0.5 million, as compared to the corresponding period in 2017, was primarily due to decreased non-routine legal expenses and professional fees, partially offset by increased payroll expenses.

During the six months ended June 30, 2018 and 2017, construction compensation costs of \$5.0 million and \$4.0 million, respectively, were capitalized to building and improvements and leasing compensation costs of \$7.1 million and \$7.1 million, respectively, were capitalized to deferred charges and prepaid expenses, net.

Other Income and Expenses (in thousands)

	Six Months Ended June 30,		\$ Change
	2018	2017	
Other income (expense)			
Dividends and interest	\$200	\$158	\$42
Interest expense	(110,371)	(113,174)	2,803
Gain on sale of real estate assets	39,710	28,978	10,732
Loss on extinguishment of debt, net	(423)	(1,340)	917
Other	(1,238)	(1,391)	153
Total other expense	\$(72,122)	\$(86,769)	\$14,647

Dividends and interest

Dividends and interest remained generally consistent for the six months ended June 30, 2018 as compared to the corresponding period in 2017.

Interest expense

The decrease in interest expense for the six months ended June 30, 2018 of \$2.8 million, as compared to the corresponding period in 2017, was primarily due to (i) debt obligations refinanced at lower rates; and (ii) lower overall debt obligations; partially offset by (iii) a decrease in debt premium amortization, net of discounts.

Gain on sale of real estate assets

During the six months ended June 30, 2018, 12 shopping centers, one partial shopping center and one outparcel were disposed for net proceeds of \$209.9 million resulting in an aggregate gain of \$39.2 million. In addition, during the six months ended June 30, 2018, we received net proceeds of \$0.5 million from previously disposed assets resulting in a gain of \$0.5 million. During the six months ended June 30, 2017, six shopping centers and two outparcel buildings were disposed for net proceeds of \$107.1 million resulting in an aggregate gain of \$29.0 million.

Loss on extinguishment of debt, net

During the six months ended June 30, 2018, we repaid \$185.0 million of unsecured term loan debt under our Unsecured Credit Facility and a \$0.2 million secured loan. During the six months ended June 30, 2018, we recognized a \$0.4 million loss on extinguishment of debt, net as a result of debt transactions, which includes \$0.3 million related

to the release of certain properties from the collateral pool of a secured loan in conjunction with a \$97.0 million prepayment during the year ended December 31, 2017. During the six months ended June 30, 2017, we repaid \$283.3 million of secured loans and \$490.0 million of unsecured term loan debt under our Unsecured Credit Facility. During the six months ended June 30, 2017, we recognized a \$1.3 million loss on extinguishment of debt, net as a result of debt transactions.

Other

Other expense, net remained generally consistent for the six months ended June 30, 2018 as compared to the corresponding period in 2017.

Equity in Income of Unconsolidated Joint Venture (in thousands)

	Six Months Ended June 30, 2018	\$ Change
Equity in income of unconsolidated joint venture	\$-\$350	\$(350)

Equity in income of unconsolidated joint venture

The decrease in equity in income of unconsolidated joint venture for the six months ended June 30, 2018 of \$0.4 million, as compared to the corresponding period in 2017, was due to the disposition of our unconsolidated joint venture interest during the year ended December 31, 2017.

Liquidity and Capital Resources

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

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

Sources

- cash and cash equivalent balances;
- operating cash flow;
- available borrowings under our existing Unsecured Credit Facility;
- issuance of long-term debt;
- dispositions; and
- issuance of equity securities.

Uses

- recurring maintenance capital expenditures;
- leasing related capital expenditures;
- anchor space repositioning, redevelopment, development and other value enhancing expenditures;
- debt repayments;
- acquisitions;
- dividend/distribution payments; and
- repurchases of equity securities.

We believe our current capital structure provides us with the financial flexibility and capacity to fund our current capital needs as well as future growth opportunities. We have access to multiple forms of capital, including secured property level debt, unsecured corporate level debt, preferred equity, and common equity, which will allow us to efficiently execute on our strategic and operational objectives. We currently have investment grade credit ratings from all three major credit rating agencies. As of June 30, 2018, our \$1.25 billion revolving credit facility was undrawn and we had outstanding letters of credit totaling \$5.2 million, which reduced the available liquidity under our revolving credit facility. We intend to continue to enhance our financial and operational flexibility through the additional

laddering and extension of the duration of our debt and expansion of our unencumbered asset base.

During the six months ended June 30, 2018, we repaid a total of \$185.0 million of unsecured term loan debt under our Unsecured Credit Facility and a \$0.2 million secured loan. These repayments were funded primarily with

disposition proceeds. During the six months ended June 30, 2018, we recognized a \$0.4 million loss on extinguishment of debt, net as a result of debt transactions, which includes \$0.3 million related to the release of certain properties from the collateral pool of a secured loan in conjunction with a \$97.0 million prepayment during the year ended December 31, 2017.

In 2017, the Board of Directors authorized a share repurchase program for up to \$400.0 million of our common stock. The program is scheduled to expire on December 5, 2019, unless extended by the Board of Directors. During the six months ended June 30, 2018, we repurchased approximately 2.2 million shares of common stock under the program at an average price per share of \$15.36 for a total of approximately \$33.2 million. We incurred commissions of less than \$0.1 million in conjunction with the program for the six months ended June 30, 2018.

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, evaluating sources and uses of capital and operating fundamentals, among other things.

We generally intend to maintain a conservative dividend payout ratio, reserving such amounts as the Board of Directors considers necessary for reinvestment in our Portfolio, debt reduction, acquisitions of new properties, share repurchases, and other investments as suitable opportunities arise. Cash dividends paid to common stockholders and OP Unitholders for the six months ended June 30, 2018 and 2017 were \$167.6 million and \$158.9 million, respectively. Our Board of Directors declared a quarterly cash dividend of \$0.275 per common share in April 2018 for the second quarter of 2018. The dividend was paid on July 16, 2018 to stockholders of record on July 6, 2018. Our Board of Directors declared a quarterly cash dividend of \$0.275 per common share in July 2018 for the third quarter of 2018. The dividend is payable on October 15, 2018 to stockholders of record on October 5, 2018.

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

Brixmor Property Group Inc.

	Six Months Ended June 30,	
	2018	2017
Net cash provided by operating activities	\$280,353	\$282,194
Net cash provided by (used in) investing activities	107,986	(78,859)
Net cash used in financing activities	(397,492)	(183,560)

Brixmor Operating Partnership LP

	Six Months Ended June 30,	
	2018	2017
Net cash provided by operating activities	\$280,353	\$282,194
Net cash provided by (used in) investing activities	107,986	(78,857)
Net cash used in financing activities	(397,490)	(183,559)

Cash, cash equivalents and restricted cash for BPG and the Operating Partnership were \$101.6 million and \$122.6 million as of June 30, 2018 and 2017, respectively.

Operating Activities

Net cash provided by operating activities primarily consists of cash inflows from tenant rental payments and expense reimbursements and cash outflows for property operating costs, real estate taxes, general and administrative expenses and interest expense.

During the six months ended June 30, 2018, our net cash provided by operating activities decreased \$1.8 million as compared to the corresponding period in 2017. The decrease is primarily due to (i) a decrease in total net operating income due to net disposition activity; and (ii) a decrease in lease settlement income; partially offset by (iii) an increase in net working capital; (iv) a decrease in cash outflows for interest expense; and (v) a decrease in cash outflows for general and administrative expense.

Investing Activities

Net cash provided by (used in) investing activities is impacted by the nature, timing and extent of acquisition and disposition activity as well as improvements to and investments in our shopping centers, including capital expenditures associated with leasing and redevelopment efforts. Capital used to fund these activities can vary significantly from period to period based on the volume and timing of such activities.

During the six months ended June 30, 2018, our net cash provided by investing activities increased \$186.8 million as compared to the corresponding period in 2017. The increase was primarily due to (i) an increase of \$132.3 million in proceeds from sales of real estate assets and (ii) a decrease of \$104.3 million in acquisitions of real estate assets, partially offset by (iii) an increase of \$45.7 million in improvements to and investments in real estate assets.

Improvements to and investments in real estate assets

During the six months ended June 30, 2018 and 2017, we expended \$120.6 million and \$74.9 million, respectively, on improvements to and investments in real estate assets.

Maintenance capital expenditures represent costs to fund major replacements and betterments to our properties. Leasing related capital expenditures represent tenant specific costs incurred to lease space, including tenant improvements and tenant allowances. In addition, we evaluate our Portfolio on an ongoing basis to identify value-enhancing anchor space repositioning, redevelopment, development and other opportunities. Such initiatives are tenant driven and focus on upgrading our centers with strong, best-in-class retailers and enhancing the overall merchandise mix and tenant quality of our Portfolio. As of June 30, 2018, we had 56 projects in process with an aggregate anticipated cost of \$329.7 million, of which \$133.8 million has been incurred to date.

Acquisitions of and proceeds from sales of real estate assets

We continue to evaluate the market for acquisition opportunities and we may acquire shopping centers when we believe strategic opportunities exist, particularly where we can enhance our concentration in attractive retail submarkets and the long-term growth rate of our Portfolio. During the six months ended June 30, 2018, we acquired one land parcel and one outparcel for \$7.5 million.

We may also dispose of properties when we feel growth has been maximized or the assets are no longer a strategic fit for our Portfolio. During the six months ended June 30, 2018, we disposed of 15 shopping centers, one partial shopping center and one outparcel for net proceeds of \$238.9 million. In addition, during the six months ended June 30, 2018, we received net proceeds of \$0.5 million from previously disposed assets resulting in a gain of \$0.5 million.

Financing Activities

Net cash used in financing activities is impacted by the nature, timing and magnitude of issuances of debt and equity securities, as well as principal and other payments associated with our outstanding indebtedness.

During the six months ended June 30, 2018, our net cash used in financing activities increased \$213.9 million as compared to the corresponding period in 2017. The increase was primarily due to (i) a \$181.6 million decrease in debt borrowings, net of repayments, (ii) an increase of \$32.5 million in repurchases of common stock, and (iii) an increase of \$7.4 million in distributions to common stockholders, partners and non-controlling interests, partially offset by (iv) a decrease of \$7.5 million in deferred financing costs.

Contractual Obligations

Our contractual obligations relate to our debt, including secured loans, unsecured notes payable and unsecured credit facilities, with maturities ranging from one year to 12 years, in addition to non-cancelable operating leases pertaining to shopping centers where we are the lessee and to our administrative offices.

The following table summarizes our debt maturities (excluding extension options), interest payment obligations (excluding debt premiums and discounts and deferred financing costs) and obligations under non-cancelable operating leases (excluding extension options) as of June 30, 2018:

Contractual Obligations (in thousands)	Payment due by period						Total
	2018 (Remaining six months)	2019	2020	2021	2022	Thereafter	
Debt ⁽¹⁾	\$8,762	\$618,679	\$672,695	\$686,225	\$500,000	\$3,025,453	\$5,511,814
Interest payments ⁽²⁾	106,337	200,520	186,053	139,003	130,984	287,981	1,050,878
Operating leases	3,654	7,252	7,265	7,473	7,547	73,966	107,157
Total	\$118,753	\$826,451	\$866,013	\$832,701	\$638,531	\$3,387,400	\$6,669,849

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

As of June 30, 2018, we incur variable rate interest on (i) a \$600.0 million term loan under our \$600 Million Term Loan; (ii) a \$500.0 million term loan under our Unsecured Credit Facility, and (iii) a \$300 million term loan under our \$300 Million Term Loan. We have in-place nine interest rate swap agreements with an aggregate notional value of \$1.4 billion, which effectively convert the variable interest payments to fixed interest payments. For a further discussion of these and other factors that could impact interest payments please see Item 7A. “Quantitative and Qualitative Disclosures” in our annual report on Form 10-K for the fiscal year ended December 31, 2017.

Non-GAAP Disclosures

We present the non-GAAP performance measures set forth below. These measures should not be considered as alternatives to, or more meaningful than, net income (presented in accordance with GAAP) or other GAAP financial measures, as an indicator of financial performance and are not alternatives to, or more meaningful than, cash flow from operating activities (presented in accordance with GAAP) as a measure of liquidity. Non-GAAP performance 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 financial results to those presented in accordance with GAAP. Our computation of these non-GAAP measures 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 these non-GAAP measures are relevant to understanding and addressing financial performance.

Funds From Operations

NAREIT FFO (defined hereafter) is a supplemental non-GAAP performance measure utilized to evaluate the operating performance of real estate companies. The National Association of Real Estate Investment Trusts (“NAREIT”) defines funds from operations (“FFO”) as net income (loss) presented 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 unconsolidated joint ventures calculated to reflect FFO on the same basis.

We believe NAREIT FFO assists investors in analyzing our comparative operating and financial performance because, by excluding gains and losses related to dispositions of previously depreciated operating properties, real estate-related depreciation and amortization of continuing operations, impairment of operating properties and real estate equity investments, extraordinary items, and after adjustments for joint ventures calculated to reflect FFO on the same basis, investors can compare the operating performance of a company’s real estate between periods.

Our reconciliation of net income to NAREIT FFO for the three and six months ended June 30, 2018 and 2017 is as follows (in thousands, except per share amounts):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Net income	\$80,362	\$75,438	\$141,384	\$147,093
Gain on disposition of operating properties	(28,262)	(20,173)	(39,710)	(28,978)
Depreciation and amortization-real estate related-continuing operations	90,236	95,939	179,588	188,941
Depreciation and amortization-real estate related-unconsolidated joint venture	—	39	—	56
Impairment of operating properties	11,927	10,632	27,829	16,318
NAREIT FFO	\$154,263	\$161,875	-\$309,091	\$323,430
NAREIT FFO per share/OP Unit – diluted	\$0.51	\$0.53	\$1.02	\$1.06
Weighted average shares/OP Units outstanding – basic and diluted ⁽¹⁾	302,934	305,115	303,614	305,125

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

Same Property Net Operating Income

Same property net operating income (“NOI”) is a supplemental, non-GAAP performance measure utilized to evaluate the operating performance of real estate companies. Same property NOI is calculated (using properties owned for the entirety of both periods and excluding properties under development), as total property revenues (base rent, ancillary and other, expense reimbursements, and percentage rents) less direct property operating expenses (operating costs, real estate taxes and provision for doubtful accounts). Same property NOI excludes (i) corporate level income (including management, transaction, and other fees), (ii) lease termination fees, (iii) straight-line rental income, (iv) amortization of above- and below-market rent and tenant inducements, (v) straight-line ground rent expense, and (vi) income / expense associated with the Company’s captive insurance company.

We believe same property NOI assists investors in analyzing our comparative operating and financial performance because it eliminates disparities in NOI due to the acquisition, disposition or stabilization of development properties during the period presented, and therefore provides a more consistent metric for comparing the operating performance of a company’s real estate between periods.

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Comparison of the Three and Six Months Ended June 30, 2018 to the Three and Six Months Ended June 30, 2017

	Three Months Ended June 30, 2018			Six Months Ended June 30, 2018		
	2017	Change		2017	Change	
Number of properties	466	—		465	—	
Percent billed	89.4 %	(0.5 %)		89.4 %	(0.5 %)	
Percent leased	92.4 %	0.3 %		92.5 %	0.4 %	
Revenues						
Base rent	\$223,609	\$220,076	\$3,533	\$442,992	\$436,324	\$6,668
Ancillary and other	4,519	3,744	775	8,348	7,176	1,172
Expense reimbursements	66,233	64,040	2,193	133,217	132,602	615
Percentage rents	1,672	1,864	(192)	4,598	4,749	(151)
	296,033	289,724	6,309	589,155	580,851	8,304
Operating expenses						
Operating costs	(32,993)	(30,835)	(2,158)	(66,504)	(65,244)	(1,260)
Real estate taxes	(44,196)	(42,053)	(2,143)	(87,549)	(85,715)	(1,834)
Provision for doubtful accounts	(672)	(1,707)	1,035	(3,021)	(2,568)	(453)
	(77,861)	(74,595)	(3,266)	(157,074)	(153,527)	(3,547)
Same property NOI	\$218,172	\$215,129	\$3,043	\$432,081	\$427,324	\$4,757
NOI margin	73.7 %	74.3 %		73.3 %	73.6 %	
Expense recovery ratio	85.8 %	87.9 %		86.5 %	87.8 %	

The following table provides a reconciliation of net income attributable to common stockholders to same property NOI for the periods presented (in thousands):

	Three Months Ended June 30, 2018		Six Months Ended June 30, 2018	
	2017		2017	
Net income attributable to common stockholders	\$80,362	\$75,399	\$141,384	\$146,978
Adjustments:				
Non-same property NOI	(3,879)	(12,393)	(12,862)	(27,652)
Lease termination fees	(365)	(2,575)	(1,896)	(3,241)
Straight-line rental income, net	(3,784)	(6,835)	(6,881)	(12,085)
Amortization of above- and below-market leases and tenant inducements, net	(7,083)	(7,016)	(13,138)	(14,470)
Fee income	—	(56)	—	(137)
Straight-line ground rent expense	30	32	60	73
Depreciation and amortization	91,334	96,870	181,717	190,801
Impairment of real estate assets	11,927	10,632	27,829	16,318

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General and administrative	21,320	23,248	43,746	44,205
Total other expense	28,310	37,947	72,122	86,769
Equity in income of unconsolidated joint venture	—	(163)	—	(350)
Net income attributable to non-controlling interests	—	—	—	76
Preferred stock dividends	—	39	—	39
Same property NOI	\$218,172	\$215,129	-\$432,081	\$427,324

Inflation

Inflation has been historically low and has had a minimal impact on the operating performance of our shopping centers; however, inflation may increase in the future. Most of our long-term leases contain provisions designed to mitigate the adverse impact of inflation, including requirements for tenants to pay their proportional share of a property's operating costs, real estate taxes and insurance, thereby reducing our exposure to increases in property-level costs resulting from inflation. In addition, we believe that many of our existing rental rates are below current market levels for comparable space and that upon renewal or re-leasing, such rates may be increased to be consistent with, or closer to, current market rates. In addition, with respect to our outstanding indebtedness, we periodically

evaluate our exposure to interest rate fluctuations, and may continue to enter into interest rate protection agreements which mitigate, but do not eliminate, the impact of changes in interest rates on our variable rate loans.

Off-Balance Sheet Arrangements

We had no material off-balance sheet arrangements as of June 30, 2018.

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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 annual report on Form 10-K for the year ended December 31, 2017.

Item 4. Controls and Procedures

Controls and Procedures (Brixmor Property Group Inc.)

Evaluation of Disclosure Controls and Procedures

BPG maintains disclosure controls and procedures (as that term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) that are designed to ensure that information required to be disclosed in its reports under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosures. BPG's management, with the participation of its principal executive officer and principal financial officer, has evaluated the effectiveness of the design and operation of its disclosure controls and procedures as of the end of the period covered by this report. Based on this evaluation, BPG's principal executive officer, James M. Taylor, and principal financial officer, Angela Aman, concluded that BPG's disclosure controls and procedures were effective as of June 30, 2018.

Changes in Internal Control over Financial Reporting

There have been no changes in BPG's internal control over financial reporting (as defined in Rule 13a-15(f) and 15d-15(f) under the Exchange Act) during the three months ended June 30, 2018 that have materially affected, or that are reasonably likely to materially affect, BPG's internal control over financial reporting.

Controls and Procedures (Brixmor Operating Partnership LP)

Evaluation of Disclosure Controls and Procedures

The Operating Partnership maintains disclosure controls and procedures (as that term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) that are designed to ensure that information required to be disclosed in its reports under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosures. The Operating Partnership's management, with the participation of its principal executive officer and principal financial officer, has evaluated the effectiveness of the design and operation of its disclosure controls and procedures as of the end of the period covered by this report. Based on this evaluation, the Operating Partnership's principal executive officer, James M. Taylor and principal financial officer, Angela Aman concluded that the Operating Partnership's disclosure controls and procedures were effective as of June 30, 2018.

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 June 30, 2018 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

The information contained under the heading “Legal Matters” in Note 13 - Commitments and Contingencies to our unaudited Condensed Consolidated Financial Statements in this report is incorporated by reference into this Item 1.

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, 2017.

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

On December 5, 2017, the Board of Directors authorized a share repurchase program for up to \$400.0 million of the Company’s common stock. The program is scheduled to expire on December 5, 2019, unless extended by the Board of Directors. During the three months ended June 30, 2018, the Company repurchased 241,600 shares of common stock under the Company’s share repurchase program at an average price per share of \$14.47 for a total of approximately \$3.5 million. The Company incurred commissions of less than \$0.1 million in conjunction with the program for the three months ended June 30, 2018.

Period	Total Number of Shares Repurchased	Average Price Paid Per Share	Total Number of Shares Repurchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Repurchased (in millions)
April 1, 2018 to April 30, 2018	—	\$ —	—	\$ 364.4
May 1, 2018 to May 31, 2018	241,600	14.47	241,600	360.9
June 1, 2018 to June 30, 2018	—	—	—	360.9
Total	241,600	\$ 14.47	241,600	

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

The exhibits listed below are filed as exhibits to this report:

Exhibit Number	Exhibit Description	Incorporated by Reference				
		Form	File No.	Date of Filing	Exhibit Number	Filed Herewith
<u>31.1</u>	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
<u>31.2</u>	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
<u>31.3</u>	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
<u>31.4</u>	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
<u>32.1</u>	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
<u>32.2</u>	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 of 2002	—	—	—	—	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
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: July 30, 2018 By: /s/ James M. Taylor
James M. Taylor
Chief Executive Officer and President
(Principal Executive Officer)

Date: July 30, 2018 By: /s/ Angela Aman
Angela Aman
Chief Financial Officer
(Principal Financial Officer)

Date: July 30, 2018 By: /s/ Steven Gallagher
Steven Gallagher
Chief Accounting Officer
(Principal Accounting Officer)

BRIXMOR OPERATING
PARTNERSHIP LP

Date: July 30, 2018 By: /s/ James M. Taylor
James M. Taylor
Chief Executive Officer and President
(Principal Executive Officer)

Date: July 30, 2018 By: /s/ Angela Aman
Angela Aman
Chief Financial Officer
(Principal Financial Officer)

Date: July 30, 2018 By: /s/ Steven Gallagher
Steven Gallagher
Chief Accounting Officer
(Principal Accounting Officer)