BRIXMOR®

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1Q 2016 EARNINGS CALL - FINAL TRANSCRIPT

APRIL 2016

CORPORATE PARTICIPANTS

Daniel Hurwitz, Interim Chief Executive Officer and President
Barry Lefkowitz, Interim Chief Financial Officer
Brian Finnegan, EVP, Leasing
Stacy Slater, SVP, Investor Relations

PRESENTATION

Stacy Slater

Thank you Operator. And thank you all for joining Brixmor's first quarter conference call.

With me on the call today are Daniel Hurwitz, Interim Chief Executive Officer and President and Barry Lefkowitz, Interim Chief Financial Officer, as well as Brian Finnegan, Executive Vice President, Leasing, who will be available for Q&A.

Before we begin, let me remind everyone that some of our comments today may contain forward-looking statements that are based on certain assumptions and are subject to inherent risks and uncertainties, as described in our SEC filings, and actual future results may differ materially. We assume no obligation to update any forward-looking statements. Also, we will refer today to certain non-GAAP financial measures. Further information regarding our use of these measures and reconciliations of these measures to our GAAP results are available in the earnings release and supplemental disclosure on the Investor Relations portion of our website.

Lastly, we ask that you please be mindful of your fellow call participants and limit your questions to one per person. If you have additional questions regarding today's announcement, please re-queue.

At this time, it's my pleasure to introduce Dan Hurwitz.

Daniel Hurwitz

Thank you Stacy. Good morning everyone and thank you for joining us today. As you may recall, on our Q4 earnings call following my first 21 days as interim CEO of Brixmor, I indicated how impressed I was with the caliber of the organization at the time. I can now say after spending more than ten weeks working alongside various departments to stabilize operations, empower our people, and working with the Board to select the future leadership of the organization, I have only grown more impressed and optimistic about the direction this enterprise is headed and its ability to further enhance its position in the industry.

With the selection of Jim as CEO, Angela as CFO, and the various talented individuals already running day-to-day operations, this Company now has the leadership, integrity, and confidence required to effectively engage with the public markets and strengthen its reputation among the tenant community in order to maximize value for its shareholders.

Before addressing our quarterly results, I would like to take a moment to thank the Board of Directors for their support and cooperation throughout the search process. We were extremely fortunate and flattered by the pool of candidates, and to say we were pleased with the end result would be an understatement. Management transition is difficult, but this Board made itself available 24/7 for committee meetings, interviews, contract review or just advisory conversations. The process was extraordinary and the timing and results have clearly validated the effort and highlight this Board's true sense of obligation to all shareholders.

I would also like to take a moment to thank my friend Don Wood for the way he handled the situation with Jim. It is never easy to part ways with a most trusted partner and close friend, and yet the excitement and genuine support Don displayed for Jim to take this next step in his career was truly admirable. We thank Don for the decorum and class with which he handled this situation.

Now, moving on to operating results, despite the obvious internal distractions that remained during the first quarter, the team once again rallied to produce strong results, and in some cases set new records for the Company. New deal leasing volume exceeded 850,000 square feet, a 6% increase over Q1 2015 and the highest first quarter new deal leasing volume since our IPO. The record-setting new deal volume was largely driven by demand from anchor tenants. Over half of the new deal leasing volume, by GLA, was for spaces greater than 10,000 square feet, reflecting the continued strong demand from retailers in this category, and the increased level of emphasis we've placed on this area of leasing within the organization.

Additionally, the team made strong progress leasing up small shop space, increasing occupancy in this category by 70 basis points year-over-year. Amid these results, the overall decline in occupancy of 20 basis points sequentially was driven by seasonal move-outs and the continued drag of the A&P bankruptcy. While any decline in occupancy is a disappointment, it is not uncommon to see this trend during the first quarter, and the decline this first quarter was 20 basis points lower than last year. We continue to believe this platform and portfolio can achieve a full year increase in occupancy of 20 to 40 basis points over 2015.

Blended leasing spreads were approximately 11% which is the low-end of the range of our full-year guidance, but were largely driven by timing and transaction makeup as contractual options accounted for more than half of our total leasing volume for the quarter with an average spread of 6%. By comparison, since IPO, options have typically accounted for only 38% of our total leasing volume, so this quarter is a bit of an anomaly. Most importantly, however, new deal leasing spreads remained robust at 35%, and we expect full-year blended spreads to be in-line with previous guidance in the low- to mid-teen range. The upside opportunity in this portfolio continues to be occupancy gains and rental growth, and while we are pleased with the initial results of some preliminary organizational changes designed to drive stronger leasing productivity, it will take some time for the full benefits of these changes to financially appear in quarterly results.

Anchor lease transformations continue to play a critical role in generating organic growth and elevating the appeal of our shopping centers to the consumer and co-tenants. While these projects often times result in short-term vacancy, the long-term benefit will accrue to shareholders as the team drives NAV growth. This quarter, we added an additional five anchor space repositioning projects to the pipeline along with one redevelopment project, one new development project, and two outparcel development projects, averaging double digit NOI yields. Key projects include:

- The repositioning of a former Kmart box, which just expired in February, in Ann Arbor, Michigan. At this project, we are remerchandising the space with Sierra Trading Post and HomeGoods, two of four leases executed with the TJX Companies this quarter, as well as Stein Mart and another junior anchor. Sierra Trading Post is a growth vehicle for TJX, moving the once online-only concept to bricks-and-mortar. This will be their first location in Michigan, as well as in our portfolio, and we look forward to expanding our relationship with Sierra Trading Post across our portfolio.
- In Louisville, Kentucky, we are expanding Kroger from 80,000 square feet to 116,000 square feet by relocating existing shop tenants to facilitate a 36,000 square foot expansion, expected to significantly drive sales and foot traffic at the property. This will be our second Kroger Marketplace concept in the portfolio.
- And in Tampa, Florida, we are redeveloping an existing Publix by delivering their new 54,000 square foot prototype on the same footprint. The new store will open in the fourth quarter of this year at almost double the current rent and the leasing demand for the remaining shop space has been better than expected, creating the opportunity for considerable NAV enhancement.

These projects are indicative of the numerous opportunities embedded in the portfolio, and based upon our relationships and continued dialogue with key retailers, we expect to leverage our operating platform to help our retail partners achieve their store growth and optimize strategic objectives, while at the same time driving rental growth and value creation for our shareholders. As we've highlighted before, over the next three years the average base rent per square foot of expiring leases is $12.25, which is well below market and presents this leasing team with an incredible opportunity to drive further increases in average base rents across the portfolio.

As I conclude my tenure at Brixmor, I first would like to take this opportunity to thank those of you on this call with whom I have worked with since February 8th. During my short tenure, we had nearly 100 meetings with investors, analysts, bankers, rating agencies and tenants in an effort to provide transparency and direction in a time of uncertainty. Please know, I have thoroughly enjoyed working with each and every one of you, once again, and feel extremely confident that you will be very pleased with the future direction of the Company.

With Jim at the helm, coupled with an extremely talented group of real estate professionals, and now Angela joining the team, I am very excited to watch this Company navigate the myriad of opportunities that lie ahead and look forward to a smooth and constructive transition with Jim that will continue to build Company momentum.

At this time, Barry will review financial results and provide an update on our balance sheet initiatives. Barry.

Barry Lefkowitz

Thank you and good morning. Our first quarter results, highlighted by leasing spreads of 11% and year-over-year ABR per square foot growth of 5%, again demonstrate the internal growth profile of our portfolio derived by below market in-place rents and continued favorable supply conditions and tenant demand.

NAREIT FFO per share for the quarter increased 15% to $0.53 versus $0.46 in 2015, with higher NOI and lower interest expense generating the improved earnings, as well as lower year-over-year G&A due to $0.03 per share of pre-IPO compensation recognized in 2015. NOI for the 2016 quarter includes $6.4 million, or $0.02 per share, of income from Circuit City related to their bankruptcy in 2008. $5.6 million of the settlement was attributable to lease rejection claims and is included in lease termination fees and, as such, is not included in Same Property NOI.

During the quarter, we incurred $3.65 million, or $0.01 per share, of additional costs related to the previously disclosed review conducted by the Company's Audit Committee. Also during the quarter, we had the benefit of $2.6 million, or $0.01 per share, from equity based compensation forfeitures associated with the February executive departures. So, when you consider all the variables in this year and last year, the underlying growth was driven by an increase in NOI and lower interest expense.

Same property NOI growth for the quarter was 2.8%, consistent with our guidance.

On the balance sheet side, we ended the quarter with net debt to adjusted EBITDA on a cash basis of 7.1x. Interest savings for the quarter were about $0.02 per share, resulting from the 2015 debt repayments of $1.1 billion at a 5.8% interest rate versus the issuance of $1.2 billion of senior unsecured notes with a weighted average interest rate of 3.9%. On April 1, we prepaid $82 million of mortgage debt with June 1 maturities utilizing cash on hand and $10 million of the revolver. Remaining maturities for 2016 include $774 million of mortgage debt, with a weighted average interest rate of 5.5%, $86 million of which is due in August and the balance in November and December. This provides continued opportunity to reduce our debt service payments and extend our maturity profile.

Over the past two months, we have had positive and constructive dialogue with the rating agencies, lenders and the fixed income community, spending considerable time with each, including over 40 bank meetings. Support for the Company has been exceptional and the reaction to Jim's appointment has been incredibly favorable. There is a myriad of options available to the Company relative to refinancing our upcoming maturities. Discussions related to recasting our credit facility and term loans, as well as with the fixed income community, have been positive and we have seen our bond spreads tighten appreciably over the past few weeks. There is also significant optionality on the secured side, including with life companies should the unsecured market be unfavorable. The ultimate decision on how to proceed will be at the direction of the new management team. That being said, we don't anticipate any issues as it relates to whichever strategy is ultimately selected, nor do we have any liquidity concerns or maturity pressures, as we have had tremendous support from lenders and unsecured investors.

On a personal note, I want to thank everyone at Brixmor and in the investment community for their support over the last few months. I look forward to working with Angela on a smooth transition and wish Jim, Angela and the entire Brixmor team much success.

QUESTION AND ANSWER

Craig Schmidt – Bank of America Merrill Lynch

I guess I'll take advantage of Dan being on the phone. Dan I noticed that Sports Authority elected to go liquidation and it seems like troubled retailers path to liquidation is accelerating rather than trying to do reorg. Is there any pressure on retailers that may be accounting for this?

Daniel Hurwitz

I don't think so. I think it's an individual case by case basis where individual retailers will assess the viability of their business plan and their strategy. I think the sporting category which in general sell commodity goods at low margins, it's very hard to justify not only the square footage that some of the retailers have but some of the merchandise they carry which has low inventory turn and low productivity per square foot. So I do think that it goes on a case by case basis. And a lot of it depends on what the category is, what the future of that category is and what the future distribution channels are going to be for those categories. And sporting goods as I think we all know has been under pressure for some time. And obviously there was not a compelling business model that would prompt others to invest in Sports Authority to continue going forward.

Christy McElroy – Citi

Dan, in terms of your more aggressive effort to drive occupancy, have any changes been made within the leasing structure to accommodate that initiative? Are there any tenants that you are doing increased business or results? And what impact do those efforts ultimately have on your expectations for TIs and releasing spreads as you sort of roll that out?

Brian Finnegan

We really challenged the team at the end of last year. We tried to make some changes to the deal approval process and not as many hands were touching things and we were getting things done faster. It really empowered our people and I think you started to see the progress in the first quarter here. We got some work to do, but we are kind of on the right path. In terms of tenants that are expanding, we talked about the off price category a lot. And Dan mentioned we have executed four deals with TJX this quarter. We have leases in the pipeline with Ross, Nordstrom Rack, and Sierra Trading Post for TJX is a big growth vehicle. We have three more deals in the pipeline with them following on our initial deal here in Ann Arbor. We continue to see specialty grocers expand, pet stores expand, so we feel like there are good categories in our space that are expanding right now particularly in junior and anchor space. And our guys are focused on it from the big guy perspective to move occupancy.

Daniel Hurwitz

I think it is interesting Christy. I think your point is a good one that what was gratifying this quarter was not only to see the volume increase, but it did not come at the expense of rent, and it didn't come at the expense of TI. So we didn't have to buy a lot more and at the same time we got what we thought were the appropriate rents for the space. So we won't sacrifice rent just to get deals done expeditiously. Bottom line was we just felt that there were too many hands touching every deal and not all those hands were constructive very frankly. They were time consuming and not necessarily productive to the process. So as we eliminated some of the hands touching the deal and even as Brian said empowered the people with more authority to make deals with retailers directly, that also got responded to much more favorably in the retail market because retailers like to know they are doing business with people that can make decisions. And that often prompts the dialogue become much more constructive. So we try to enhance that process here. And I think we've seen some improvement. And I'd expect we'll see more much under Jim's leadership.

Handelson Justy – Mizuho

Dan I guess for you. If I am not mistaken both the outgoing CEO and CFO, Mike P, Mike C had extensive operating experience while working I think with Kimco for a number of years for Mike P, which I guess mitigated the need for COO. Given that the incoming CEO and CFO, Jim and Angela, do not have prior operating experience should we expect or is it the Board's view that the hiring of the COO should be on the to do list given the skill set required to operate the larger more dispersed portfolio and manage the Company's operating activities? If no, why not? If yes, can that be a 2016 event? And would that be currently in the contemplated guidance range?

Daniel Hurwitz

Well, I think first of all, it's not the Board's decision. I think that's the decision of the CEO. So Jim will make that decision after he evaluates the processes, the people, visits the assets. This is a company that is very broad and very deep with talented people that run this portfolio on a day-to-day basis. I know there has been historically no COO at this Company; I am familiar with other companies that haven't had COOs as well. But I'll also say that the people that run the operation on a day-to-day basis and have historically run this operation on a day-to-day basis at the asset level are still here. And they are running the assets on a day-to-day basis. And I think it's incredibly admirable that when you see the results that we have in the first quarter given that we did lose leadership at the top yet this Company continued to progress and continued to run the operation effectively. And I think has proven that the talent at each level of the organization is maybe even deeper than the market thought. So I think Jim would have to evaluate that upon his arrival. I think he is a good evaluator of talent. That's one of the things that have impressed us about him over the years. And we will rely on his judgment on that issue and we will wait to hear from him. But I do think that when he does arrive he will see that the people that have historically run this Company and the people that are at the asset level producing the results on a quarterly basis are still here and doing it.

Ki Bin Kim – Sun Trust

So going back to your same store NOI comment, it seems like without the $900,000 benefit from the Circuit City settlement it would be about 2.3%. I know you said you made more momentum in leasing in April. Was just curious was that already in the same store NOI guidance of 3% and whether it was or not, what are you seeing already that makes you comfortable at that 3% same store NOI number?

Daniel Hurwitz

Well our guidance on same store NOI was 2.5% to 3.5% and we are still comfortable with that guidance. The matters that were in the first quarter number were primarily anticipated and going forward we don't see anything that would change that guidance level. So if we have enormous productivity on the leasing side that actually open this year that would be a positive surprise but keep in mind and I think I mentioned it even though you have increased volume on leasing activity on a quarterly basis, you typically don't see the financial results of that until the following year. So 2.5% to 3.5% was really based on most of the activity that occurred, the leasing activity that occurred in 2015. And the volume that you saw in the first quarter and the continued process improvement that we expect for the rest of the year, we feel that you will see primarily in 2017. But we are still confident with the 2.5% to 3.5%, the 2.8% was not unexpected and we expect the year to follow accordingly.

Jason White – Green Street Advisors

Just a quick retailer question for you. If you look at the department stores facing some pressures and changing shopping habits and you look at Kohl's, is there a way for them to kind of rework their strategy and become more of an in favor retailer rather than fighting the same fight that all the departments stores are fighting?

Daniel Hurwitz

Yes. It's a great question, Jason. And the department store business in general has been a struggle for quite some time. And I am not as negative on the Kohl's or the Macy's as some folks are for a couple of reasons. Number one, department store goes through cycles. They have merchandising mistakes, they have merchandising wins and their sales are affected on quarterly basis. So when you have merchandising decisions that are made 9 to 12 months in advance of any given quarter sometimes you are right and sometimes you are wrong and it is true that there have been a number of department stores that have been wrong recently. And have gambled on the wrong merchandising mix and they are paying a price for that. The other thing I think to keep in your mind is the non-inflationary environment. When you see 1% and 2% comp store increases it is pretty extraordinary. I really don't have a negative view of retailers; they plan for 1% or 2% increasing and get 1% and 2% increase particularly when we are looking at deflation in ready-to-wear which is the bulk of their business. So if we were sitting at 3% or 4% inflation for example and your economy and GDP growth have 3% plus I don't think we will be having this conversation. So if you take a look at the numbers, you look at the balance sheets that are relatively strong and you look at their results, I think they are being conservative on inventory which is wise. I think being conservative on inventory certainly is going to put a ceiling on your growth. So I don't think we are going to see anything exciting in the same store category. And I think the lack of inflation and the existence of deflation put enormous pressure on each one of these retailers. So if you can put up 1% or 2% increase or even a flat number, if you plan for a flat number you can still make money. If you over inventory you have a problem. And I think retailers have been very wise not to do that. So again I think in a non inflationary or price deflationary environment and in an economy that is not growing at the level that it has historically and we don't know when that will come back, I am not upset quite frankly about the numbers that these retailers are producing. And I think they will continue to sort of drag along until the economy gets better or they improve their merchandise mix appropriately.

Todd Thomas – KeyBanc Capital Markets

Just a question about the CFO search. Just given Jim's appointment and announcement was made just two weeks ago. Is it safe to assume that the CFO search was primarily handled by you and the Board and what was Jim's involvement if any in the process?

Daniel Hurwitz

This was Jim's search. Jim was leading the search. He brought his candidate to the Board. He and the Board interviewed the candidate as swiftly as we could. Many of us, myself in particular, knew Angela well for years. I've always been extraordinarily impressed with her talent, her intellect and her abilities and so no; it really wasn't handled by the Board at all. It was handled almost exclusively by Jim who made a recommendation to the Board and he handled the negotiations and he handled the conversations with Angela. And we've said all along that we thought that the hiring of the CFO was the responsibility of the CEO and he got to work obviously right away as soon as he became our CEO. And we supported those efforts.

Jeremy Metz – UBS

Just in terms of the dispositions. Two parts here. First, you didn't sell anything in Q1 and with the new management team coming in; have you essentially put those on hold to see what they wanted to do in terms of pruning the portfolio? And then second, probably a little more for Michael, but even if you are pausing the sales here, you are still active in the market and when your peers talk about continued slowing in buyer pools, particularly in the non-core stuff. So just wondering what you are seeing on the ground and our pricing expectations in the market more generally being reset for both core and non-core product.

Daniel Hurwitz

As we mentioned earlier, we have a number of assets in the market currently. And a number of those assets have gone under contract. You didn't see a lot of activity in first quarter because there was not a lot closing in the first quarter, it will be more in the second quarter. We did not slow the process on the initial group of assets that we have talked about selling. We don't think there will be any disagreement that some of those assets should be sold between us and the new management team. But I do think it's prudent to after this initial round it will be up to Jim to review the portfolio and to provide guidance on the size and the scope of the portfolio that ultimately will be sold, if at all. And that is something I know he will address upon his arrival. But in the meantime we have assets that are under contract; we have assets that we expect we will sell during the course of the year. And we have not changed our guidance that we gave last quarter on what our anticipated volume of sales will be for the year.

Greg Schweitzer – Deutsche Bank

We heard about an unusually high number of store closures that's spilled over into Q2 relative to trends from past years, could you talk a little bit about the environment on the ground, what you've been seeing so far this quarter? And have you seen an unusual increase or still at the level expected relative what's baked into guidance?

Brian Finnegan

We are actually down from where we were last year in store closures by about 30% in GLA and so far, it's reflective in what we think our guidance is going to be this year now. Obviously we have Sports Authority that we are looking at. As of right now, it does not look like that's going to be a go forward business. We are in a good position on those boxes. All six locations are in great markets, good locations at under $10 bucks a foot, we already got activity almost across the board so I think we are well positioned. We may have some downtime involved in those, but for the most part, store closures are going as expected and like I said, down from where we were last year.

Mike Mueller – JP Morgan

I'm sure Jim is going to have some input on this, but should we think of the asset sales occurring beyond say 2016 or really look at this as being some house cleaning, where you are just kind of taking care of some asset sales and you evaluate things as they come and they go beyond that.

Daniel Hurwitz

Fair question, Mike. As you know, I've said over the years, I think every portfolio always has some level of asset sales that should occur on an annual basis because things change, particularly in retail. Asset quality changes, tenant move in move out, demographics change et cetera. And I am sure that's something that Jim will look at very keenly upon his arrival and will be able provide to you with direction specifically in regard to that question.

Once again we wanted to thank you all for your time this morning. And we look forward to the next chapter in a Brixmor story. Have a good day.

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