

1Q 2024 EARNINGS CALL - FINAL TRANSCRIPT**APRIL 2024****CORPORATE PARTICIPANTS**

Brian Finnegan, Interim Chief Executive Officer and President
Steven Gallagher, Interim Chief Financial Officer and Treasurer

Mark Horgan, Executive Vice President and Chief Investment Officer
Stacy Slater, Senior Vice President, Investor Relations and Capital Markets

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 Brian Finnegan, interim Chief Executive Officer and President; and Steve Gallagher, Interim Chief Financial Officer. Mark Horgan, Executive Vice President and Chief Investment Officer will also 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. Before turning the call to Brian, please note that out of respect for Jim's privacy, we will not be addressing any questions regarding his temporary medical leave and look forward to his return in the near future. We do ask that you join our Brixmor family in wishing Jim good health. As always, please limit your questions to one or two and reque for any follow-up. At this time, it's my pleasure to introduce Brian Finnegan.

Brian Finnegan

Thanks Stacy and good morning everyone. I am pleased to report another quarter of outstanding execution by the Brixmor team, as we continue to capitalize not only on the positive trends in open-air retail, but on the work our team has done in transforming this portfolio. That transformation is evident in every observable metric, including same property NOI growth during the first quarter of 5.9% and our improved same property NOI and NAREIT FFO outlook for 2024 as Steve will provide additional detail on shortly. And, in conjunction with the tailwinds from the record \$68 million of annual base rent in our signed but not commenced pool and our highly accretive, low risk reinvestment pipeline, we continue to position this portfolio for long term sustainable growth.

That growth starts with leasing, and we delivered another quarter of excellent results, executing 294 new and renewal leases totaling 1.3 million square feet, including 700,000 square feet of new leases with tenants across a wide range of categories in the open-air space. We added another three grocers during the quarter and now derive 80% of our base rent from grocery anchored centers, while again adding thriving retailers to the portfolio such as ULTA Beauty, Ross Dress for Less, Chipotle, Chick Fil A, and JD Sports. We achieved several noteworthy records this quarter, including for overall, anchor, and small occupancy of 95.1%, 97.3%, and 90.5% respectively, with a sequential small shop gain for the 13th consecutive quarter. We also hit a high-water mark in new small shop rents at over \$30 per square foot, as the improvements we have made at our centers along with a high demand / low supply retail leasing environment is allowing our team to drive rate across the portfolio. That ability to drive rate and capture the upside embedded in our below market rents was also apparent in our new and renewal spreads of 20% and our new leasing spreads of 40%.

We're also encouraged by our move out trends, which were the lowest first quarter results this portfolio has had and led to record retention at over 89% of GLA. In addition, tenant disruption has so far this year remained muted, which is a significant factor in our improved outlook for the year as Steve will highlight further. But to be clear, the positive trends we continue to see in move outs and retention are not simply a result of the environment we are witnessing in open-air retail, but indicative of the transformation of this portfolio and the durability of our underlying tenant base. The cumulative effect of robust leasing, record portfolio retention, low move out activity, and a stable tenant base are also reflected in our improved same property NOI outlook for the year of 3.50% - 4.25%, as the team remains laser focused on accelerating rent commencements across the portfolio, including from space we recaptured last year.

Moving to reinvestments, our team stabilized \$11.6 million of projects at a 12% incremental return and now has an active pipeline of over \$400 million of projects at an incremental 9% return of which we expect to stabilize approximately \$200 million of this year. This includes some of the Company's most high profile projects like Roosevelt Mall and Plymouth Square in the Philadelphia market and the first phase of Pointe Orlando across from one of the busiest convention centers in the country in Orlando, Florida.

On the external growth front, as Mark can touch on in Q&A, we are beginning to see transaction activity increase and more opportunities to put our platform to work, particularly following the \$69 million of attractive capital that Mark and team raised in the first quarter through dispositions. We took advantage of one of those opportunities last week in Long Island, New York, where we purchased a grocery-anchored asset adjacent to a center we already own, consistent with the clustering strategy we have deployed with great success over the last few years in places like Southwest Florida, Southern California, Houston, Atlanta, Philadelphia, and Chicago. And while we expect to see more opportunities in the transaction market in the balance of year, we will remain disciplined as a higher interest rate environment persists and our self-funded internal growth strategy allows us to be patient on the external growth front.

Before handing it over to Steve for a more detailed review of our financial results, I would thank all of you that have reached out with your thoughts and well wishes for Jim. The outpouring of support has been overwhelming, but not surprising given both the person that he is and the impact he has had on this industry. As Stacy noted out of respect for Jim and his family, we won't be answering any questions outside of what was in the release, but do look forward to his return in the near future.

Steve Gallagher

Thanks Brian. I'm pleased to report on a very robust start to 2024, as we continue to capitalize on the strength of the current leasing environment and the momentum generated by our portfolio transformation initiatives. NAREIT FFO was \$0.54 per share in the first quarter, driven by same property NOI growth of 5.9%. Base rent growth contributed 380 basis points to same property NOI growth this quarter, reflecting continued strong leasing spreads, growth in billed occupancy, and a historically low level of first quarter move outs. In addition, net expense reimbursements contributed 90 basis points driven by the growth in billed occupancy. Revenues deemed uncollectible was slightly positive in the quarter and contributed 60 basis points to same property NOI growth due to lower tenant disruption and the timing of annual real estate tax reconciliations collected from cash basis tenants. As indicated in our initial guidance for 2024, first quarter FFO benefited from \$0.01 per share of savings associated with the CFO transition, including the reversal of stock compensation expense.

As Brian noted, we are very pleased to have achieved portfolio records for our total, anchor, and small shop leased rates, reflecting the demand from retailers to locate in our centers and the substantial progress we have made in leasing space recaptured in bankruptcy last year. As such, we ended the first quarter with a 450 basis points spread between leased and billed occupancy and our signed but not yet commenced pool totaled a record \$68 million, which includes \$60 million of net new rent. The size of the pool continues to grow despite commencing approximately \$12 million of annualized base rent since the end of the year. In addition, the blended annualized base rent per square foot on the signed but not yet commenced pool is \$21.11, approximately 23% above our portfolio average, reflecting the below market rent basis in our centers that our team continues to capture the upside on. We expect approximately \$41 million, or 61% of ABR in the signed but not commenced pool, to commence in the remainder of 2024.

From a balance sheet perspective, we continue to hold the proceeds from our \$400 million January bond offering in stable, high yielding accounts in advance of repaying \$300 million of our 3.65% bonds when they mature in June. At March 31, we had total liquidity of \$1.7 billion, and our debt to EBITDA on a trailing twelve month basis was 5.9x, leaving us well positioned to execute on our business plan and with the flexibility to opportunistically access the capital markets. And since last quarter's call, our credit rating has been placed on positive outlook by Moody's, recognizing the improvements that have been made to the balance sheet over the past several years.

In terms of our forward outlook, given the continued strength in the leasing environment, we have increased our same property NOI growth to a range of 3.50% to 4.25%, comprised of a 425 to 475 basis point contribution from base rent, which includes approximately 40 basis points of top line drag at the midpoint from national tenant disruption, as we have better visibility at this point in the year. With respect to revenues deemed uncollectible, a significant portion of the outperformance in first quarter, as I indicated earlier, was timing related. As such, we still expect revenues deemed uncollectible to end the year within our historical run rate of 75 to 110 basis point of total revenues, but the signs we are seeing in our tenant base are encouraging with strong payment trends illustrating the improvement in the credit quality of our tenants. In conjunction with the increase in our same property NOI expectation, we have raised our guidance for 2024 NAREIT FFO to a range of \$2.08 - \$2.11 per share.

In summary, we are grateful for the continued execution by the Brixmor team as we continue to create value for our stakeholders.

QUESTION AND ANSWER**Samir Khanal – Evercore**

Can you help us unpack the same store NOI guidance, the revised one, and what you're assuming sort of this time around for bad debt assumptions?

Brian Finnegan

When we spoke on the last call, our guidance provided for a fairly wide range of tenant disruption, and we felt as though and talked about it, we had the ability to outperform. And as you look at the start of the year, tenant disruption has effectively been nonexistent, with the JOANN filing quickly going through the process, no downtime in rent and no store closures. And then if you look at all we've done across the portfolio to improve the tenant base, you see record low move outs, you see record retention. So, we feel like the start of the year has been pretty strong from that regard. We're still watching certain categories and certain tenants, but we feel pretty encouraged in terms of what we're seeing on the bad debt front. I'll hand it to Steve in terms of how that flows through the guidance.

Steve Gallagher

From a guidance perspective, if you remember going back to our initial guidance, we had about 100 basis points of drag in same property NOI for this tenant disruption. As I said in my prepared remarks, that's sort of down at 40 basis points of same property NOI drag. While we're seeing great trends in the revenues deemed uncollectible, we still think we'll end up the year, because it's mainly timely related, in the 75 to 110 basis points of total revenues.

Samir Khanal – Evercore

Shifting over to the transaction market given what rates have done, can you talk about what you're seeing out there, buyer appetite, and how we should think about your strategy this year? Should we expect you to be net acquirers this year?

Brian Finnegan

You've heard Jim talk about it, about being patient, being prudent, and the market starting to come our way a little bit as it relates to seller expectations. And as I pointed out in my opening remarks, we started to see that in the deal we closed last week. But let me let Mark touch on the overall transaction market and what he's seeing.

Mark Horgan

One of the things we mentioned on the fourth quarter call was that we think we've got the ability to source some well-priced asset level capital out of our portfolio. So, if you look at those sales in the first quarter, the blended cap rate was a mid-four cap and in part driven by the sale of Mall at 163rd

Street, which we do think is a really good example of our capital allocation discipline. When we sold that asset, we looked at the value creation we thought would be available in redevelopment and where we transacted, we thought we were capping that value today, which we do think provides really well-priced capital to push the growth plans forward in the market.

With respect to acquisitions and the overall market, as we've highlighted, we were pretty cautious on the market, but we're definitely seeing more attractive opportunities today as sellers that come to the market are much more realistic in terms of pricing given some of the capital market changes that you've referenced. We're really pleased with the close of West Center last week. We bought that at a low-7 cap in a very affluent part of Long Island, next to a center we call Three Villages. We see really strong mark to market at West Center. But ultimately, as we continue to cluster investments as we have in the past, we see the ability to drive value across both centers. So, we think we'll be a bit more constructive on acquisitions going forward. We're not going to give guidance, as we don't, with respect to volume here. But you should expect us to remain disciplined. But we are seeing a building pipeline today.

Brian Finnegan

That last point, Samir, is important. I'll just end with that we are going to remain patient with our self-funded business plan, with the growth you're seeing come through in our operations, the growth that we're delivering quarter after quarter. It's not that we have to go to the external growth front from an acquisition standpoint, but we're encouraged by what we're seeing in the transaction market overall.

Todd Thomas – KeyBanc

I wanted to touch on the leasing environment which has continued to be strong. In other sectors, we've heard about capital markets volatility and the higher interest rate environment having an impact on tenant demand and longer decision making also having an impact on expansion plans. It doesn't sound like you're seeing that across your portfolio based on your comments around leasing demand. Is that the right read? Why is tenant demand and retail not necessarily being impacted to the same degree?

Brian Finnegan

I think on the first part, we remain incredibly encouraged by what we're seeing on the leasing front. You look at the volume during the quarter of 700,000, that's in line with the volume that we did first quarter of last year. And that's after we grew occupancy 110 basis points. We talked about coming out of New York ICSC, tenants there were looking at plans for stores in 2025 and 2026. That's still the conversations we're having as we have a full schedule heading into ICSC Vegas this year.

I think in terms of why you're seeing it is for really a couple of reasons. First, the supply environment remains incredibly constricted. There's just not a lot out there in terms of vacancy. And then you look at the uses that continue to thrive in this environment and it's everybody who we're doing business with, whether that's specialty grocery, whether that's health and wellness, whether that's QSR restaurants, whether that's value apparel. These businesses continue to perform well. They're very intentional with their store opening plans. They know the markets that they want to be in and they want to get ahead of space that we could potentially get back. Our teams are not just talking to them about our vacancies, of which we have a lot less today, they're talking about the spaces that we could ultimately get back. Like during the quarter where we took back a Big Lots that was expiring next year and we backfilled that with an Aldi at a 50% rent uptick. These are the types of tenants that are expanding. We remain incredibly encouraged and look forward to the ICSC show here in a couple of weeks to continue to push things forward.

Todd Thomas – KeyBanc

Steve, you mentioned that revenues deemed uncollectible, 75 to 110 basis points of total revenues, were at the historical level for the portfolio. You maintained that here for the year, but with the first quarter sort of a favorable result, that would imply an above average level of revenues deemed uncollectible in the remaining quarters. Can you just reconcile that against the positive comments here about tenant health and the lack of tenant disruption so far to date?

Steven Gallagher

As we've discussed in the past, cash basis accounting can lead to volatility in revenues deemed uncollectible from quarter to quarter. As I mentioned in my prepared remarks, we recognize \$2 million net in the quarter related to collections of real estate tax reconciliations from cash basis tenants. We expect this to reverse as we move through the year. It's typically the seasonality on these non-recurring collections in the first half of the year versus the second half of the year.

Brian Finnegan

This is kind of the first normalized year where we're not seeing as much on the out of period collection front. So, as we came into the year, we felt like we were appropriately conservative in terms of that line item. We're seeing some good trends and we're certainly encouraged. There are categories and tenants who we're keeping an eye on. But to your point, and as I pointed out in my opening remarks, all the work the team's done across the portfolio has positioned us for a stronger underlying tenant base. We felt it was prudent as we are in kind of a normal course for the first full operating year since pre-pandemic to really get some further trends on that number as we balance through the year.

Alexander Goldfarb – Piper Sandler

First, wishing Jim a speedy recovery, and Brian and Steve, it's a testament to you guys for such a strong quarter despite your coach. So obviously speaks to the team and culture that Jim has built. Let me ask you this first question, Brian. You know that I've asked a lot about ways that you guys have improved your leverage with tenants to drive NOI. But specifically on the leases themselves, not the CapEx or the commissions, are you finding ways to expand the cash that you drive out of the leases themselves, whether it's recoveries or bill backs?

Brian Finnegan

I appreciate the kind words about Jim, we certainly miss him. I think the results speak to the confidence in the broader team and in terms of the team's ability to continue to deliver. We're really excited by it and the work that they did to start the year. One of the things that's been encouraging to us is not just what you see in rates, it's not just what you see in rent increases, which across the portfolio this quarter, our new rent bumps were about 2.5% versus in place of 1.5%, we continue to make a lot of progress there, small shops were closer to 3%.

To your point about what are some of the other things we're doing, we are absolutely looking at CAM language and softening that up, looking at caveats in certain leases to ensure that the investments that we're making in our centers we are getting paid back for. We've been extremely focused on eliminating non-cumulative caps across the portfolio, really eliminating caps in general. And then we have been laser focused in terms of where we are deploying fixed CAM. We've done that with a lot of local tenants. It's about 22% of our ABR. We're growing those fixed CAM rates at over 4% today and when we're setting those rates, we have really good visibility in terms of the OpEx spend.

There are other things in the leases in terms of how we're driving income. The other thing that we're doing, particularly with restaurants in this environment, is being much more aggressive on the percentage rent front. Really understanding what their sales projection is of the shopping center so we're setting those breakpoints appropriately, so we cannot just drive a very high rate initially like you saw with the small shop rents of \$30 a square foot during the quarter, but that we can also recognize some upside if they perform well. All these things I think does speak to the environment, but it's not just the environment, right? It's all the stuff that we've done in our shopping centers here over the past few years. In terms of the tenants that we brought in, the traffic that we're generating, it's allowing us to drive these things with really great tenants.

Alexander Goldfarb – Piper Sandler

The second question is, and maybe this is just sort of urban myth or social media legend, but you hear Ozempic and all these weight loss drugs is deterring people to cut down on what they eat. Although, you go into a Chick-Fil-A or In-N-Out and you wait in line forever. Is all this weight loss stuff just sort of a myth or are you actually seeing or hearing any of your food tenants talk about this?

Brian Finnegan

I think internet and myth aside, wellness has become more essential. And what I mean by that is to think about how people are thinking about their overall health and fitness and medtail expansion and the quality of better operators in the QSR space. There was an article out in the journal I think last week related to how people are willing to pay more at Chipotle than they are at McDonald's because it's a healthier proposition. They feel like they're getting healthier food. I think this does tie into overall wellness and generally, when we're seeing that folks get in shape, they want to stay in shape. We're seeing a better quality of gym operator, we're seeing a better quality of medical service use at our shopping centers, and we are seeing better quality in terms of those higher and healthier options, like Sweetgreens and Cava that are really focused on expanding their suburban footprint. So again, whether it's Ozempic or something else, what we are seeing is that people are much more focused on their health and their well-being, and we're seeing that come through in the deals that we sign in our centers.

Juan Sanabria - BMO

Hoping for a speedy recovery for Jim. I just wanted to piggyback on Alex's question. There was a story this morning on Walmart shuttering its health centers. And again, they're anecdotal, but it does seem like there's been a huge proliferation of urgent cares and understandably so with just the ease of meeting the customers where they are. Curious on how you're feeling about your exposure to some of this medtail or urgent care specifically and the credit risk there? Or is that trend kind of past its peak? Just curious on your general thoughts to that.

Brian Finnegan

I think medical has become an important part of our shopping centers. Back to Alex's question, just in terms of our lease structures today, they allow for more fitness, they allow more medical, they allow for restaurants that are closer to their stores. They allow for pads that are closer to their stores because all these retailers and anchors recognize the traffic, they recognize their customer going to these places. Medtail has been a good component of our tenant mix in terms of urgent care operators, in terms of dentists, in terms of some of the medical service operators, and we've even done some things with pet hospitals too. The interesting thing about these users is they're incredibly well capitalized. And because they are more capital intensive, they're more expensive buildouts, but they're generally the highest rent payers in the shopping center because they want some of the most high-profile spaces. We think it's a good component of our shopping centers and, since you bring up credit underwriting, I think it does go back to some of the trends that we're seeing in retention and move outs. We put in a very robust credit underwriting process and coming out of COVID, you're seeing that pay dividends in terms of the underlying credit base, the collection trends that we're seeing, as well as what's coming through in those move outs and retention. We are laser focused when we are putting some capital to work in terms of what the underlying credit base is. And so far, we feel pretty good about the operators who we're bringing to our centers and the strength of those signatures.

Juan Sanabria – BMO

I'm hoping you could expand a little bit on clustering and where really the opportunity lies. Is it just to be more efficient? Where are internal costs running those assets that are close by and maybe using man hours or FTEs for both centers versus having to double up if they were further apart? Or is it related to being able to efficiently put retailers where they're best in place? I'm just curious if you could expand on the importance of clustering for you.

Mark Horgan

It's a number of the items you hit on. We have got a very strong platform here and we put assets in front of the platform. We perform better because of some of the issues you're talking about. We can be much more efficient with operations. When you're a large landlord in a market, you can be very efficient

with the contracts you get for cleaning and things like that. Ultimately, when you're a larger landlord in a market, you know where retailers want to be. You've got the leasing folks who are laser focused on finding where retailers want to move to and that helps us both with the assets we run today and it also helps us find opportunities to buy something and know where we can drive value. We're not really guessing where the value can be driven on acquisitions. We have a real clear business plan as to where retailers want to be, what the center is missing, what's needed to do to get the center up to speed. And ultimately, one of the things we see is we can be more efficient than many small landlords in these markets. So, I think we see that flow through the NOI almost day one on these acquisitions.

Brian Finnegan

Mark hit most of the points, but I would just add to the point of understanding the market. You think about Philadelphia, our Plymouth meeting office is down there, and we own two assets there at one of the best intersections in that submarket. If you're a small shop tenant coming to that market, you're coming to us. That's the same thing in San Diego, the same thing in Houston, and it's the same thing in the center that we just bought in Long Island. It does allow us both from a merchandising standpoint to really see some of the best operators that are coming into those markets when you control both sides of the street or you're close by, but it allows us to improve those efficiencies that Mark was talking about to improve our ability to drive rates.

Craig Mailman - Citi

I want to go back to your commentary on the kind of lower churn, higher retention here. I fully understand it's always better to keep it at a lower CapEx, but as you guys are trying to remerchandise centers and bring annual base rent up over time, how much of a toggle do you have versus having that retention high versus making sure you are not renewing tenants that maybe don't fit the five to ten-year strategic vision for that center?

Brian Finnegan

It's a great question and we'll just say that we've never managed this portfolio for occupancy. Occupancy gains are the results of all the good things that we've been doing across the portfolio and we're going to continue to be opportunistic and very intentional in terms of proactively taking space back. If you look at our anchor deals over the last year, about a quarter of them were space we took back proactively. So, when we see the opportunity to drive rents or to put a better tenant in and to do it accretively, we're going to do it. The interesting thing and really why we're highlighting the retention and the move outs is because we have significantly improved the tenant base of this portfolio. Those tenants are staying with us, they're investing in their businesses, and they're renewing at among the highest rates that we've ever had in the portfolio. So, it's really been a good mix. I do feel like an occupancy at these levels allow us to be much more opportunistic in terms of ultimately when we do take space back, but particularly in this environment, as I mentioned, the discussions we're going to be having, we're having them now, but we're certainly going to be having them in a couple of weeks at ICSC about, what's coming back next year and what's coming back in 2026, so that tenants can get ahead of that. So, I really appreciate the question. It's still a very important part of what we do, but we were encouraged though by the retention trends, and the low move outs as well, to start the year and I just think it speaks to the overall health of the portfolio.

Craig Mailman – Citi

As you guys are renewing some of these tenants that are seeing the value and the work you guys have done, are you seeing a noticeable uptick in some of those renewal escalators or I know, Alex hit on some of the terms and things, but are the negotiations easier to push through some of these things that may be pre-renovations were kind of a steeper hill?

Brian Finnegan

That's coming through in our renewal growth and I think we're now nine consecutive quarters over 10% renewal growth across the portfolio. It's coming in those escalators and with small shops during the quarter, we were pushing close to 3%. In some parts of the country, we're doing 3 to 4%. I mentioned we are converting folks to fixed CAM in some cases, particularly local tenants, where we know we can set that rate. We feel good about it for the next several years and we're getting strong growth rates of 4 to 5% in that. So, that's certainly a component of what we've been doing and a big reason or the primary driver of it is all the work that we've done in our centers. It's also really expensive to move a business today and the supply environment and availability is pretty tight, too. So, that's helping us as well.

Craig Mailman - Citi

The 61% of ABR to commence the remainder of the year, is that 61% of the annualized? Or is that based on what's going to actually impact 2024?

Steve Gallagher

The amount commencing during the year, and I think it's also listed in the supplemental, is about \$41 million. We do expect it to sort of come in ratably throughout the year.

Brian Finnegan

That's the annual number.

Haendel St. Juste - Mizuho

I was hoping we could talk a little bit about the redevelopment pipeline beyond this year. I think you talked about delivering about half of it this year and yields are in that 9%+ range. What are the prospects for backfilling? Should we expect the sizing and the yield to be relatively the same as you bring new projects on board? Just curious where that pipeline could be heading.

Brian Finnegan

We mentioned on our last call that we already expect about \$150 million to \$200 million of deliveries each year. That's effectively what we've been delivering. We're going to deliver on the high side of that this year with a number of those projects that I mentioned. It's really encouraging that we have several years of visibility to that going forward, Haendel, with projects that are soon to be in the pipeline. But remember, the projects that we're bringing in are lower risk because they're generally pre-leased.

We have upped our leasing thresholds across the portfolio in this environment. Our underwriting has gotten a bit tighter in terms of really driving more to that kind of higher to the single digits and into the low-double digits from a return standpoint. But we feel like we have several years of that \$150 million to \$200 million of deliveries, and the timing of a lot of this is going to be driven by leases. Ultimately, when we can get to those leases or when we complete a first phase and then we decide that we want to come back for phase two. We just opened a couple weeks ago a Sprouts in Los Angeles in a former Big Lots space. That was phase two of a project, a few years after we took a Kmart back and put a Burlington and Chuze Fitness in. It allowed us to be able to not only bring Sprouts in, but strike an economic deal that we were more comfortable with at that time. I think that would have been pretty challenging had we not gotten that first phase done. As you think about the projects going forward, we do feel pretty good about that run rate and it's going to be a mix of ultimately when we can get to those leases to be able to execute and then second phases of projects.

Mark Horgan

One thing I would add, using one of my favorite Jim Taylor terms is, we can find more coal for the fire on the acquisition side like we've done over the years with Plaza By The Sea, Venice, or Bonita Springs that came in with some really great redevelopment opportunities. So, we think we can continue to find opportunities to develop that pipeline over time.

Haendel St. Juste - Mizuho

One more just on retention. You've seen retention here remain pretty sticky in this kind of upper-80% to low-90% range. Is that kind of the expectation near term with the portfolio occupancy where it is and the demand you're seeing? How much can that benefit your leasing related CapEx on a go forward?

Brian Finnegan

To the last point, it's obviously a lot cheaper to keep a tenant in place than it is to backfill a tenant, right? I would say generally our team across the board has done a nice job holding costs in line, negotiating work scopes that are favorable, and on the tenant side, they've been more willing, really coming out of the pandemic and some of the supply chain issues, to take more existing conditions. I'd say we've been more efficient and as efficient as we can be on the new lease front. But back to Craig's question, we've been encouraged by the retention trends in this environment and how we've improved the portfolio. You would expect those to trend up, but that's not going to drive our decisions ultimately of when we take space back. We've got a very low rent basis in place. Our anchor deals are less than \$9.00 and we've been signing those leases at over \$15. So, you look at that upside. When I say those anchor leases of under \$9, that's expiring over the next three years. We feel pretty good about our ability to take space back and bring leases to market, and we're going to be intentional and prudent about it. With some of the stronger operators that we've put into our centers, they do want to stay. They do want to continue to invest in their businesses with us. And you're seeing that come through in the retention rate. I'd summarize by saying it's a mix and we're not going to let that metric drive our decisions. We're going to do what's right for the shopping center and continue to be opportunistic where we can make money.

Haendel St. Juste - Mizuho

Given your willingness to take back some of the space, does that suggest that the SNO spread, which has remained pretty elevated in the high 300 to 400 for some time, will remain in that range or can we see that actually come in over the next year?

Brian Finnegan

I think you'd expect it to tighten over time. There was a lot of space that we took back last year, but I think what that spread does give you is good visibility to future growth, right. It reached a record this quarter at \$68 million. As Steve mentioned, about two-thirds of that is going to come in this year, but that's a good thing. When you're raising leased occupancy and that spread still continues to grow, it just gives good visibility on future growth. But I think over time, you'd expect that to tighten a bit.

Dori Kesten – Wells Fargo

Can you comment on your current level of interest in acquiring a portfolio, and are there any out there today that you've heard of?

Brian Finnegan

I would just start by saying it's not something that we've said we have. It's something that we've looked at, does it fit for us in terms of what we're doing and all the things that Mark had talked about? I'll give to Mark in a second, but he and his team have done a great job in terms of one asset at a time, continuing to grow in the markets that we like to grow in. But it's an option for us. It's not something that we would say absolutely yes or absolutely no to. It has to work for us.

Mark Horgan

There are certainly larger pool of assets that are seeking to transact in today's environment. I think most folks are approaching the outset on an one-off basis, which makes sense. We are certainly seeing a cap rate differential as assets get larger in size, cap rates are a little wider. And with that said, I totally agree with Brian, we're going to be disciplined as we look at putting capital out. And so, if there's a deal that makes sense and works for us, we would pursue it, to the extent it doesn't, we wouldn't.

Jeff Spector – Bank of America

I'd also like to express my best wishes for Jim and a speedy recovery. Congrats on the quarter. You touched on ICSC and with ICSC coming up, are there any particular goals for the team? As you said, it sounds like you're working mainly on maybe 2025 into 2026.

Brian Finnegan

I appreciate the kind words and the thoughts for Jim. We always go into that conference with a certain number of new tenants that we want to bring out of that, and we highlight for the team and really track who's brought a new deal out of it, that didn't happen at the conference, and then what are some things that we've moved forward in terms of some of those larger projects, and our pipeline, which, as I mentioned, are generally pre-leased, but we may have a space or two left. Those three things are the biggest things that come out. We always highlight for the team the new concepts that were in the booth for the first time and we expect to see a lot of those. We don't really necessarily sign leases at ICSC anymore, like in terms of actually signing them in the booth. Although at New York ICSC, one of our national tenants came in and signed a number of consents and gave us hard copies there. So, that's always a win as well. But I'd say those three things related to new tenants, deals you didn't expect coming out of it, and then ultimately moving some larger things forward on our reinvestment projects.

Jeff Spector – Bank of America

In terms of store openings and the markets, can you talk a little bit more about what you're seeing in terms of demand for particular regions or markets?

Brian Finnegan

It's been encouraging to us as it's been fairly broad-based across the portfolio. Like I mentioned, those three grocer deals that we did during the quarter, they were in three different regions. We've seen strong demand and strong occupancy growth really across the portfolio. Obviously, the Southeast remains very hot and the tightness in supply is probably a bit tighter there and tighter in Southern California. But I would say though, even places like in the Northeast and the Midwest, we continue to see very strong demand. So, what's been encouraging to us is it's fairly broad-based. It's really because, as Mark was touching on, we've had an intentional strategy in terms of where we locate our centers and where we're operating today. So, in those markets, the trends have been pretty consistent across the board.

Greg McGinniss – Scotia

Jim previously communicated an expectation for the announcement of the new CFO by early April. Is there an update there, or should we expect that decision to remain on hold until he gets back?

Brian Finnegan

We're really fortunate to have Steve in the seat. He's really stepped up and he's built a great team down in Plymouth and we're fortunate to have him. I would expect that he'd continue in that role until we have a further announcement. We're not putting a timetable on it, but I'd say we're lucky to have him in the seat.

Greg McGinniss – Scotia

In that 75 to 100 basis points of expected bad debt expense in guidance, is there anything built in that specifically that generally addresses the risk from Big Lots? And are any of those leases expiring in the near-term? Would you potentially release any of those, or should we expect them all to be taken back and backfilled as you can?

Brian Finnegan

I'd say just generally for the watchlist, and it does tie into bad debt a little bit, it's certainly names and categories that everyone on this call would expect that we have. As it relates to Big Lots, since you raise them, if we focus just on the real estate and I think we talked about this on the last call, first we have no more expirations this year. Our rents in those spaces are below \$7 a foot and we've been signing them at \$15. We leased a Big Lots space during the quarter that expires next year to Aldi at a 50% uptick outside of Portland, Maine. We continue to look at opportunities really for every tenant where we might potentially want to take some space back. But not getting into particular tenant names, we feel like we're adequately provisioned for our watchlist as we head through the balance of the year.

Steve Gallagher

As I mentioned earlier in terms of just our capacity to absorb tenant disruption, not focused on any names, we have 40 basis points of drag in our base rent and that's really because that's where ultimately that would go through if we ended up getting those spaces back into bankruptcy. And then on top of that, we have the 75 basis points to 110 basis points of total revenues in the revenues deemed seems uncollectible line. We still think we're well positioned there to absorb a variety of outcomes as we move through the year.

Floris van Dijkum – Compass Point

Somewhat unprecedented times, obviously, with no permanent CEO and permanent CFO, and obviously best wishes to Jim, I hope he recovers speedily. I know you can't really comment much, but I know it's on everybody's mind. Could you give some insight into how the board thinks about this and what kind of steps the board is taking to plan for eventualities and backup plans, if you will?

Brian Finnegan

Floris, like we talked about at the beginning, and first of all, appreciate the well-wishes for Jim. We look forward to having him back here soon. We're not

saying much more outside of what's in the release and we continue to operate business as usual here until we have a further update. That's what we're going to continue to communicate as it relates to Jim.

Floris van Dijkum – Compass Point

By the way, operations seem to be going well. Would you talk a little bit about medtail and their sort of the secular demand driver for open-air. Can you touch upon what percentage of leasing you're seeing from that segment? How do you think about when you're looking at medtail, it's not necessarily traditional sales information that you get, particularly for some of these outpatient clinics, etc.? How do you judge the profitability and how do you set rents for this tenant category?

Brian Finnegan

As I mentioned, from a tenant underwriting perspective on these operators, because we are putting some capital in, some of them are public companies, their financial information is readily available. I would say generally, those rents have been top-of-market, where we ultimately don't get health ratios. We do have a sense, sometimes from a traffic perspective, we can look at traffic they're generating, depending on the size of the operator. But I would say broadly, those are some of the highest rent payers in the space, because they're looking for high-profile space, generally end caps, generally looking to be on pads, and they are competing with tenants who we have a very good idea of what their occupancy costs are. I'd say broadly, when we're underwriting some of these tenants and we get their financials, we have a good sense of their profitability, we have a good sense of their underlying financial wherewithal. But I would say, broadly though, they're among the highest rent payers that we see in our centers.

Floris van Dijkum – Compass Point

In terms of potential percentage of leasing demand, where it is today and where you see it going?

Brian Finnegan

We did five new ones this quarter in terms of specific medical uses. And it's going to be a range, right. That would be, call it, 4% of what we ultimately did from a count perspective during the quarter. Again, I would just point to, it is a part of the merchandising puzzle that we're putting together in these centers where we could potentially add an urgent care work, if we potentially add dentists, where we can potentially add medical services. So, I would just say it's something that we continue to look at.

Omotayo Okusanya – Deutsche Bank

Just wanted to get your thoughts on the latest developments with the Kroger Albertsons merger and this idea of their willingness to kind of spin-off more stores, whether you generally think that's good or bad for the shopping center REITs?

Brian Finnegan

We don't have much more to report outside of what's been publicly disclosed. I'd say, it's in with the FTC right now and with the courts in terms of if it ultimately moving forward. And what we've said in the past and what we really believe is that our portfolio sets up very well no matter what the outcome is. We do think a merger would be beneficial, particularly for Albertsons in terms of scale and in terms of some of the digital infrastructure that Kroger has is a bit ahead of where Albertsons is. But ultimately, you look at the few markets where we do have overlap, it's places like Denver, Dallas, Southern California. I mean, these are some of the strongest markets that we have across the portfolio. We have a very minimal overlap with our Kroger fleet in the Midwest. We have very little overlap with our Kroger fleet in the Southeast, which is really the bulk of our overall exposure. We feel pretty good no matter what the outcome is. These stores are high producing from a sales volume perspective. They've kept their COVID bumps and continue to grow sales, and these stores have been invested in as well. So, it remains to be seen and we're watching it closely, but we feel well-positioned no matter what happens.

Omotayo Okusanya – Deutsche Bank

Sticking with this kind of M&A theme as it pertains to the shopping center REITs. As you pointed, I think we kind of see more public to public deals, again, the stocks themselves are not really moving that much on a year-to-date basis and valuations feel very cheap relative to historical levels. You have pretty much the entire sector talking about fundamentals are about the best it ever been.

Mark Horgan

Look, we've certainly seen some strong consolidation trends in the open-air space. We think that's been a trend and frankly people have been talking about open-air retail for many years. And really, this is kind of the first large wave we've seen in some time. From our perspective, we're going to continue to drive forward our business plan, which we think is delivering top of sector results, and that's what we're focused on currently.

Caitlin Burrows – Goldman Sachs

I know we've talked about it in a few different ways, the leasing strength, but wondering if you could give some additional details on kind of who is most active these days with leasing on the small shop side and the big box side? Could you share some detail on who's gotten more active versus pulled back at all?

Brian Finnegan

I think it's a great question, Caitlin, I think, first of all from an anchor perspective, we continue to see great trends in specialty grocery, whether that's from Sprouts, whether that's from Aldi, whether that's from Whole Foods, who is really picking up their store opening plans as well, so that's been encouraging for us. But we've also seen some great local grocers. We signed one outside of Minneapolis this year, some good ethnic grocers in markets, El Rancho, part of the Heritage Grocers Group, we signed them in Houston this quarter. We continue to see really good strength in value apparel from Burlington, Ross,

and TJ. Ross is pushing into the Northeast. They've done very well in some of their initial rollouts in the Midwest, but this is kind of new whitespace for them as well. And then in that kind of 10,000 square foot box ranges is incredibly competitive. The likes of the Five Below, ULTA, Sephora, Skechers, JD Sports coming out of the mall. So, from a junior box perspective, those all remain incredibly active. And then on the small shop space, QSR restaurants, and very well-capitalized QSR restaurants, are driving lot of that expansion. And what's interesting there is, just as I talked about earlier, some of the depth and quality of those operators that maybe historically were closer to central business districts, which with some of the trends they've been seeing in suburban retail are positioning more of their store opening plans for the suburbs. So that's been real encouraging.

Caitlin Burrows – Goldman Sachs

Just a quick follow-up on the Long Island acquisition in the quarter. You guys mentioned the low-7% cap rate and that there were some good mark-to-market opportunities among other benefits. That 7% cap rate is that on the in-place NOI or some near-term benefits you are expecting?

Mark Horgan

That 7% cap rate, what I'm quoting you is the in-place NOI. That includes a 3% management fee. That's non-cash from our perspective, but that's the cap rate I'm quoting to you.

Anthony Powell - Barclays

So ancillary and other rental income and percentage rents contributed nicely to same-store NOI growth in the quarter, I think 0.6% in total. What should we expect from those three line items going forward?

Steve Gallagher

I think when you just think about same property NOI in total, the trajectory of that will mainly be driven by base rent throughout the year. As you know, base rent contributed 3.8% to same property NOI growth in Q1. And that was mainly due to higher occupancy and rent spreads and we expect that to accelerate throughout the year, as I mentioned in my prepared remarks of 425 basis points to 475 basis points contribution to same property NOI. Those line items as you go down are sort of seasonality, right? They change quarter-to-quarter as you move throughout the year and then there are some volatility in there, so, as I'm thinking about same property NOI, I would focus probably more on that base rent line because I think ultimately that's going to be what drives that performance.

Brian Finnegan

I would just highlight though, of percentage rent, we continue to see some nice trends. I mentioned grocers holding that kind of post-pandemic bump and our specialty leasing team does a great job of finding different ways to drive income from our portfolio. As you can imagine as our team is filling out boxes, we have less opportunity for some of those short-term deals, but they're doing a great job in things like solar and EV charging stations and really utilizing our parking lots too.

Michael Mueller - JPM

It looks like your option leases always tend to produce the lowest rent spreads. Are those generally tied to anchor leases? And do you ever have the ability to use fair market resets just given the strong demand backdrop?

Brian Finnegan

It's a great question. Just first, as it relates to kind of the option productivity, the count was in line with where we've been in the last few quarters. The reason you're seeing the GLA uptick, we had three spaces, two Home Depot's and a Kroger all over 100,000 square feet that took their options during the quarter. I think removing options or reducing options is something our team has been laser focused on. We've almost been able to get rid of those with local tenants. I think they were just over 10% during the quarter. What we've also been able to do with some anchor tenants is maybe where they were getting four options in the past are now getting two. And to your point about fair market value, five years ago, that was really more of a West Coast type concept where we had to give those with national tenants. We've been introducing that really across the country and setting those rates with growth. So, we don't like options because they are totally in the tenant's favor and we've been focused on removing them. If you sit in on leasing committee on a Friday you'd hear, "hey, do you have to give that tenant the option or can you give that tenant a fair market value option?" So, it is something that we are continued to be laser focused on, but the activity during the quarter is just in relation to the pool.

Paulina Rojas Schmidt – Green Street

You mentioned there are always tenant categories that you're watching closely. So what are those categories today?

Brian Finnegan

If you look at some in the home category, there's been some challenges there after a big pop coming out of COVID. There are some levels of entertainment uses. Entertainment is a very small piece of what we do and we only have about 1% of our rent come from movie theaters. But I'd say the entertainment category and there are some discounters that are on there certainly as well. But that watchlist has gone down, certainly. And again, if you look at the underlying credit base of the portfolio, you can see that coming through from a move out perspective, from a retention perspective, as well as just our collection rates. Small shop tenants continue to remain very strong. But those are some of the categories I'd say we're keeping our eye on.

Paulina Rojas Schmidt – Green Street

Do you think it makes a big difference for tenants today to be in a REIT owned property or in another privately owned center? I assume of course tenants

prefer owners with a better balance sheet commitment to reinvestment in the center, etcetera, but I am trying to get a sense of the quality of private operators in the industry and whether tenants perceive a big benefit in being in a REIT owned center.

Brian Finnegan

They definitely do, and I think it's a matter of have you performed, right. Have you been able to execute on delivering their space. Have you been able to execute on bringing other tenants that are going to help them drive traffic. This is the one asset class where it really matters who your neighbor is. Have you been able to put that tenant mix together to ensure that they're successful at the property. Have you continued to invest in the center as we have. So, I think certainly looking at your track record historically. Even from a negotiation standpoint, how quickly does it take you to get through the lease. How quickly can they count on you to be able to get a consent from a tenant to be able to ultimately do their use. And I think our team's done a great job historically of being able to perform on that. So, certainly, I don't think it just matters if it's public versus private. I also think it matters who it is in the public space. And I put our team up with anybody in terms of our ability to execute and our ability to deliver with our national retail partners.

Mark Horgan

I would add, there are certainly some excellent privately held retail owners in the United States. There's no question about it. One of the things that we really benefit from is the scale to invest in our platform, to have those tenant relationships, to understand where tenants want to be, have great relationships on the operating side. That's a real benefit for us. As we think about our external growth program, we talk to all the privately held folks about assets they might sell, but we're also focused on a lot of the assets that are held in small partnerships for families, and that's the vast majority of the market for a lot of assets we chase. When we think about some of the great acquisitions we've made over the years, they've come from smaller family operators that didn't have the wherewithal that some of the operators like we have to drive value at our centers. So, we're excited about continued optionality as we think about external growth here.

Linda Tsai – Jefferies

Given higher demand, have payback periods on build out for new tenants gone down at all?

Brian Finnegan

They are, Linda, I'd say they are, and it goes back to just generally both tenant's willingness to take more existing conditions and yes, competition for space, allowing us to drive better terms in those work scopes. But we're seeing them go down for sure.

Linda Tsai – Jefferies

Any quantification around how much is going down?

Brian Finnegan

I don't have the exact number, but I just say from a trend perspective, it is something that we have been ahead of and looking at and generally something that we look at anecdotally when it's coming in through committee in terms of what the payback is. And because of the fact that we have seen tenants take more, whether it's as-is deals or more efficient in terms of in-place bathrooms, facades, and loading docks, we're seeing some positive trends. We can circle back with the exact number for you.

Ki Bin Kim – Truist

First best wishes to Jim. I think most people on this call really like the guy, and I hope he does well. So, if I just look at your results and look at your leasing volume and spreads, I would think the US consumer is on really good footing, right. Your occupancy levels are high, but I also go back to thinking about the Sports Authority or Barnes and Nobles and there's many retailers that open stores right up to bankruptcy. I was just curious what you're hearing or seeing on the ground in terms of consumer strength or weakness in different categories?

Brian Finnegan

We can see it come through in our traffic, which has continued to grow year-over-year. We had good traffic trends in both March and February. It was a little bit light in January, just some seasonality from a weather standpoint. But other than that, we've seen some growth year-over-year. I tie back to the credit underwriting standards that we've been doing. This isn't just for small shops. When our team is looking at an investment, we are looking at what would have been their comp sales performance. Would this be a market that they've expanded in and how much capital are we putting into the space. This certainly goes into our decisions, and I think you've heard Jim talk about it on several calls in terms of how targeted this demand is. This isn't kind of exuberant demand chasing rooftops or chasing greenfield development. This is infill demand where tenants have realized that they're performing in a given market where they feel like they can put another store in and they're coming back to kind of more existing centers or centers that have been invested in. We feel really good about the intentional demand. If you think about the data that our retailers have today versus some of the names historically that you mentioned, they know their customers a lot better than we do because they get the credit card data. I think when they're looking at their pro formas, they feel pretty good about ultimately hitting those sales projections. So, I think, overall that they were certainly encouraged, but we're doing a lot more work today around those decisions than we ever have.

Ki Bin Kim – Truist

On the urgent care topic, at least in New York, it does feel like these places charge more than just your primary care physician or going to a regular doctor. I'm not sure if that's the case across the country, but I'm just curious if in this inflationary environment, if that is a higher cost offering, or that's having an impact on consumers decisions?

Brian Finnegan

I think it's based off of insurance and a lot of insurances are going to push folks to urgent care versus a primary physician. I think that depends in a given environment, but ultimately, it's the convenience associated with it to go in, not sure if you can get an appointment, you can pop in and be in there in an hour or so. Even some circumstances where you may pay a little bit more, you're getting the care that you need very quickly.

Greg McGinniss – Scotia

With the recent acquisition next to the Three Villages, does that provide you ownership of that entire retail block or are there still some unowned adjacent parcels? Does the acquisition unlock larger redevelopment opportunities or what was the reasoning behind the acquisition?

Mark Horgan

When you look at Three Villages and West Center, ultimately there is kind of a third portion of that center where the other grocer is. When we're talking about redevelopment there, probably over the long-term, given the incredibly supply constrained market there, there could be non-retail uses. But that's not our plan. Our plan is to take advantage of owning West Center and Three Villages and really drive value across the retail platform we have. For example, since we now own West Center, we may be able to build an end-cap drive thru there, which we would not be able to do before. Conversely, the landlord who owned it before couldn't do that either. So, that's really just a small example. We think about that clustering and ability to put those two together to drive more value across both centers than you could owning just one or the other.

Greg McGinniss – Scotia

We also noticed that Kessler Plaza and Northeast Plaza were moved from major to minor redevelopments in the supplemental disclosure. Why did you decide against multifamily at Kessler and what changed at Northeast?

Brian Finnegan

I think we're always looking, Greg, at what the highest and best use is for the shopping center. In Northeast Plaza, just outside of Buckhead in Atlanta, we've had a ton of retail demand there. And I think what some of the challenges that we've been seeing in the multifamily market are causing us to relook at this as well. But ultimately, if we see that we can drive great value in it, it could be highest and best use for retail, it makes sense. We also have some underlying leases there from a timing perspective, so we're balancing what can we do there long-term. What's the demand from a retail standpoint and how do we get to that space. How can we ultimately execute with some of the leases that we have in place. We just found a fantastic medical deal, speaking of medtail, that we were able to get done in that location in Dallas at an incredible uptick in rent with a minimal capital investment that made sense versus the timing of when we ultimately think we could execute on multifamily. I think we show that to you, ultimately, so you have visibility into the pipeline going forward, but things change, right. And we were nimble. I think the plans that we have in place now are allowing us to really drive and create value for those centers and in those markets.

Mark Horgan

One other thing I would add, if you look at our redevelopment plan, we've been getting great yields, which have been higher than say a multifamily project. And from a risk reward perspective, we are a retail owner, we know what we're doing in those situations. As we look at capital allocation, we're trying to be very disciplined and to the extent there is really great multifamily demand, we may sell it like we did a couple of years ago in College Park, Maryland, where we sold 1.6 acres for \$32 million to a developer. We're going to always look for the right way to find good, low cost capital and drive the business forward from here.

###