

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

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

For the quarterly period ended September 30, 2019
or

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

For the transition period from _____ to _____
Commission File Number: 001-36160 (Brixmor Property Group)
Commission File Number: 333-201464-01 (Brixmor Operating Partnership LP)

Brixmor Property Group Inc.
Brixmor Operating Partnership LP
(Exact Name of Registrant as Specified in Its Charter)

Maryland	(Brixmor Property Group Inc.)	45-2433192
Delaware	(Brixmor Operating Partnership LP)	80-0831163

(State or Other Jurisdiction of Incorporation or Organization)

(I.R.S. Employer Identification No.)

450 Lexington Avenue, New York, New York 10017
(Address of Principal Executive Offices) (Zip Code)

212-869-3000

(Registrant's Telephone Number, Including Area Code)

N/A

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

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.01 per share	BRX	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Brixmor Property Group Inc. Yes ☒ No ☐ Brixmor Operating Partnership LP Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Brixmor Property Group Inc. Yes ☒ No ☐ Brixmor Operating Partnership LP Yes ☒ No ☐

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

Brixmor Property Group Inc.				Brixmor Operating Partnership LP			
Large accelerated filer	☒	Non-accelerated filer	☐	Large accelerated filer	☐	Non-accelerated filer	☒
Smaller reporting company	☐	Accelerated filer	☐	Smaller reporting company	☐	Accelerated filer	☐
Emerging growth company	☐			Emerging growth company	☐		

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

Brixmor Property Group Inc. ☐ Brixmor Operating Partnership LP ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Brixmor Property Group Inc. Yes ☐ No ☒ Brixmor Operating Partnership LP Yes ☐ No ☒

(APPLICABLE ONLY TO CORPORATE ISSUERS)

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

As of October 1, 2019, Brixmor Property Group Inc. had 297,846,251 shares of common stock outstanding.

EXPLANATORY NOTE

This report combines the quarterly reports on Form 10-Q for the period ended September 30, 2019 of Brixmor Property Group Inc. and Brixmor Operating Partnership LP. Unless stated otherwise or the context otherwise requires, references to the “Parent Company” or “BPG” mean Brixmor Property Group Inc. and its consolidated subsidiaries; and references to the “Operating Partnership” mean Brixmor Operating Partnership LP and its consolidated subsidiaries. Unless the context otherwise requires, the terms the “Company,” “Brixmor,” “we,” “our” and “us” mean the Parent Company and the Operating Partnership, collectively.

The Parent Company is a real estate investment trust (“REIT”) that owns 100% of the common stock of BPG Subsidiary Inc. (“BPG Sub”), which, in turn, is the sole owner of Brixmor OP GP LLC (the “General Partner”), the sole general partner of the Operating Partnership. As of September 30, 2019, the Parent Company beneficially owned, through its direct and indirect interest in BPG Sub and the General Partner, 100% of the outstanding partnership common units of interest (the “OP Units”) in the Operating Partnership.

The Company believes combining the quarterly reports on Form 10-Q of the Parent Company and the Operating Partnership into this single report:

- Enhances investors’ understanding of the Parent Company and the Operating Partnership by enabling investors to view the business as a whole in the same manner as management views and operates the business;
- Eliminates duplicative disclosure and provides a more streamlined and readable presentation; and
- Creates time and cost efficiencies through the preparation of one combined report instead of two separate reports.

Management operates the Parent Company and the Operating Partnership as one business. Because the Operating Partnership is managed by the Parent Company, and the Parent Company conducts substantially all of its operations through the Operating Partnership, the Parent Company’s executive officers are the Operating Partnership’s executive officers, and although, as a partnership, the Operating Partnership does not have a board of directors, we refer to the Parent Company’s board of directors as the Operating Partnership’s board of directors.

We believe it is important to understand the few differences between the Parent Company and the Operating Partnership in the context of how the Parent Company and the Operating Partnership operate as a consolidated company. The Parent Company is a REIT, whose only material asset is its indirect interest in the Operating Partnership. As a result, the Parent Company does not conduct business itself other than issuing public equity from time to time. The Parent Company does not incur any material indebtedness. The Operating Partnership holds substantially all of our assets. Except for net proceeds from public equity issuances by the Parent Company, which are contributed to the Operating Partnership in exchange for OP Units, the Operating Partnership generates all capital required by the Company’s business. Sources of this capital include the Operating Partnership’s operations and its direct or indirect incurrence of indebtedness.

Equity, capital, and non-controlling interests are the primary areas of difference between the unaudited Condensed Consolidated Financial Statements of the Parent Company and those of the Operating Partnership. The Operating Partnership’s capital currently includes OP Units owned by the Parent Company through BPG Sub and the General Partner and has in the past and may in the future include OP Units owned by third parties. OP Units owned by third parties, if any, are accounted for in capital in the Operating Partnership’s financial statements and outside of equity in non-controlling interests in the Parent Company’s financial statements.

The Parent Company consolidates the Operating Partnership for financial reporting purposes, and the Parent Company does not have material assets other than its indirect investment in the Operating Partnership. Therefore, while equity, capital and non-controlling interests may differ as discussed above, the assets and liabilities of the Parent Company and the Operating Partnership are materially the same on their respective financial statements.

In order to highlight the differences between the Parent Company and the Operating Partnership, there are sections in this report that separately discuss the Parent Company and the Operating Partnership, including separate financial statements (but combined footnotes), separate controls and procedures sections, separate certifications of periodic report under Section 302 of the Sarbanes-Oxley Act of 2002 and separate certifications pursuant to 18 U.S.C Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. In the sections that combine disclosure for the Parent Company and the Operating Partnership, this report refers to actions or holdings as being actions or holdings of the Company.

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Forward-Looking Statements

This report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 which reflect our current views with respect to, among other things, our operations and financial performance. You can identify these forward-looking statements by the use of words such as “outlook,” “believes,” “expects,” “potential,” “continues,” “may,” “will,” “should,” “seeks,” “approximately,” “predicts,” “intends,” “plans,” “estimates,” “anticipates,” “targets” or the negative version of these words or other comparable words. Such forward-looking statements are subject to various risks and uncertainties. Accordingly, there are or will be important factors that could cause actual outcomes or results to differ materially from those indicated in these statements. We believe these factors include but are not limited to those described under the section entitled “Risk Factors” in our Form 10-K for the year ended December 31, 2018, as such factors may be updated from time to time in our periodic filings with the Securities and Exchange Commission (the “SEC”), which are accessible on the SEC’s website at <http://www.sec.gov>. These factors include (1) changes in national, regional and local economic climates or demographics; (2) local market conditions, including an oversupply of space in, or a reduction in demand for, properties similar to those in our Portfolio; (3) competition from other available properties and e-commerce, and the attractiveness of properties in our Portfolio to our tenants; (4) ongoing disruption and/or consolidation in the retail sector, the financial stability of our tenants and the overall financial condition of large retailing companies, including their ability to pay rent and expense reimbursements; (5) in the case of percentage rents, the sales volume of our tenants; (6) increases in property operating expenses, including common area expenses, utilities, insurance and real estate taxes, which are relatively inflexible and generally do not decrease if revenue or occupancy decrease; (7) increases in the costs to repair, renovate and re-lease space; (8) earthquakes, tornadoes, hurricanes, damage from rising sea levels due to climate change, other natural disasters, civil unrest, terrorist acts or acts of war, which may result in uninsured or underinsured losses; (9) changes in laws and governmental regulations, including those governing usage, zoning, the environment and taxes; and (10) new developments in the litigation and governmental investigations discussed under the heading “Legal Matters” in Note 15 – Commitments and Contingencies to our unaudited Condensed Consolidated Financial Statements in this report. These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included in this report and in our other periodic filings. The forward-looking statements speak only as of the date of this report, and we expressly disclaim any obligation or undertaking to publicly update or review any forward-looking statement, whether as a result of new information, future developments or otherwise, except to the extent otherwise required by law.

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

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

	September 30, 2019	December 31, 2018
Assets		
Real estate		
Land	\$ 1,779,161	\$ 1,804,504
Buildings and improvements	8,342,194	8,294,273
	10,121,355	10,098,777
Accumulated depreciation and amortization	(2,452,678)	(2,349,127)
Real estate, net	7,668,677	7,749,650
Cash and cash equivalents	29,072	41,745
Restricted cash	2,409	9,020
Marketable securities	19,109	30,243
Receivables, net	223,323	228,297
Deferred charges and prepaid expenses, net	151,125	145,662
Real estate assets held for sale	6,186	2,901
Other assets	60,260	34,903
Total assets	<u>\$ 8,160,161</u>	<u>\$ 8,242,421</u>
Liabilities		
Debt obligations, net	\$ 4,852,510	\$ 4,885,863
Accounts payable, accrued expenses and other liabilities	548,288	520,459
Total liabilities	5,400,798	5,406,322
Commitments and contingencies (Note 15)	—	—
Equity		
Common stock, \$0.01 par value; authorized 3,000,000,000 shares; 305,323,128 and 305,130,472 shares issued and 297,846,251 and 298,488,516 shares outstanding	2,978	2,985
Additional paid-in capital	3,226,531	3,233,329
Accumulated other comprehensive income (loss)	(13,207)	15,973
Distributions in excess of net income	(456,939)	(416,188)
Total equity	2,759,363	2,836,099
Total liabilities and equity	<u>\$ 8,160,161</u>	<u>\$ 8,242,421</u>

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

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Revenues				
Rental income	\$ 292,732	\$ 306,172	\$ 873,424	\$ 935,689
Other revenues	233	308	1,685	996
Total revenues	292,965	306,480	875,109	936,685
Operating expenses				
Operating costs	29,573	31,969	90,138	101,340
Real estate taxes	43,688	44,711	130,203	135,383
Depreciation and amortization	82,837	85,183	249,825	266,900
Provision for doubtful accounts	—	3,094	—	6,458
Impairment of real estate assets	8,170	16,372	17,468	44,201
General and administrative	24,550	21,209	75,168	64,955
Total operating expenses	188,818	202,538	562,802	619,237
Other income (expense)				
Dividends and interest	128	156	575	356
Interest expense	(47,698)	(55,364)	(142,839)	(165,735)
Gain on sale of real estate assets	25,621	119,333	46,266	159,043
Loss on extinguishment of debt, net	(943)	(19,759)	(1,620)	(20,182)
Other	(401)	(962)	(1,975)	(2,200)
Total other income (expense)	(23,293)	43,404	(99,593)	(28,718)
Net income	\$ 80,854	\$ 147,346	\$ 212,714	\$ 288,730
Per common share:				
Net income:				
Basic	\$ 0.27	\$ 0.49	\$ 0.71	\$ 0.95
Diluted	\$ 0.27	\$ 0.49	\$ 0.71	\$ 0.95
Weighted average shares:				
Basic	298,031	302,170	298,257	303,031
Diluted	298,879	302,382	298,927	303,213

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

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Net income	\$ 80,854	\$ 147,346	\$ 212,714	\$ 288,730
Other comprehensive income (loss)				
Change in unrealized gain (loss) on interest rate swaps, net (Note 6)	(5,332)	(1,242)	(29,373)	2,950
Change in unrealized gain (loss) on marketable securities	12	—	193	(40)
Total other comprehensive income (loss)	(5,320)	(1,242)	(29,180)	2,910
Comprehensive income	<u>\$ 75,534</u>	<u>\$ 146,104</u>	<u>\$ 183,534</u>	<u>\$ 291,640</u>

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

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

	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Distributions in Excess of Net Income	Total
	Number	Amount				
Beginning balance, January 1, 2019	298,489	\$ 2,985	\$ 3,233,329	\$ 15,973	\$ (416,188)	\$ 2,836,099
ASC 842 cumulative adjustment	—	—	—	—	(1,974)	(1,974)
Common stock dividends (\$0.28 per common share)	—	—	—	—	(83,839)	(83,839)
Equity based compensation expense	—	—	2,641	—	—	2,641
Other comprehensive loss	—	—	—	(9,925)	—	(9,925)
Issuance of common stock and OP Units	158	2	—	—	—	2
Repurchases of common stock	(660)	(7)	(11,579)	—	—	(11,586)
Share-based awards retained for taxes	—	—	(1,547)	—	—	(1,547)
Net income	—	—	—	—	62,900	62,900
Ending balance, March 31, 2019	297,987	2,980	3,222,844	6,048	(439,101)	2,792,771
Common stock dividends (\$0.28 per common share)	—	—	—	—	(83,827)	(83,827)
Equity based compensation expense	—	—	3,353	—	—	3,353
Other comprehensive loss	—	—	—	(13,935)	—	(13,935)
Issuance of common stock and OP Units	34	—	—	—	—	—
Repurchases of common stock	(175)	(2)	(2,975)	—	—	(2,977)
Share-based awards retained for taxes	—	—	(164)	—	—	(164)
Net income	—	—	—	—	68,960	68,960
Ending balance, June 30, 2019	297,846	2,978	3,223,058	(7,887)	(453,968)	2,764,181
Common stock dividends (\$0.28 per common share)	—	—	—	—	(83,825)	(83,825)
Equity based compensation expense	—	—	3,473	—	—	3,473
Other comprehensive loss	—	—	—	(5,320)	—	(5,320)
Net income	—	—	—	—	80,854	80,854
Ending balance, September 30, 2019	297,846	\$ 2,978	\$ 3,226,531	\$ (13,207)	\$ (456,939)	\$ 2,759,363

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

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

	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Income	Distributions in Excess of Net Income	Total
	Number	Amount				
Beginning balance, January 1, 2018	304,620	\$ 3,046	\$ 3,330,466	\$ 24,211	\$ (449,375)	\$ 2,908,348
Common stock dividends (\$0.275 per common share)	—	—	—	—	(83,479)	(83,479)
Equity based compensation expense	—	—	2,484	—	—	2,484
Other comprehensive income	—	—	—	4,687	—	4,687
Issuance of common stock and OP Units	128	1	—	—	—	1
Repurchases of common stock	(1,922)	(19)	(29,746)	—	—	(29,765)
Share-based awards retained for taxes	—	—	(1,722)	—	—	(1,722)
Net income	—	—	—	—	61,022	61,022
Ending balance, March 31, 2018	302,826	3,028	3,301,482	28,898	(471,832)	2,861,576
Common stock dividends (\$0.275 per common share)	—	—	—	—	(83,584)	(83,584)
Equity based compensation expense	—	—	2,784	—	—	2,784
Other comprehensive loss	—	—	—	(535)	—	(535)
Issuance of common stock and OP Units	42	1	—	—	—	1
Repurchases of common stock	(241)	(3)	(3,497)	—	—	(3,500)
Share-based awards retained for taxes	—	—	(133)	—	—	(133)
Net income	—	—	—	—	80,362	80,362
Ending balance, June 30, 2018	302,627	3,026	3,300,636	28,363	(475,054)	2,856,971
Common stock dividends (\$0.275 per common share)	—	—	—	—	(82,872)	(82,872)
Equity based compensation expense	—	—	2,738	—	—	2,738
Other comprehensive loss	—	—	—	(1,242)	—	(1,242)
Issuance of common stock and OP Units	2	—	—	—	—	—
Repurchases of common stock	(2,737)	(27)	(48,643)	—	—	(48,670)
Share-based awards retained for taxes	—	—	(9)	—	—	(9)
Net income	—	—	—	—	147,346	147,346
Ending balance, September 30, 2018	299,892	\$ 2,999	\$ 3,254,722	\$ 27,121	\$ (410,580)	\$ 2,874,262

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

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

	Nine Months Ended September 30,	
	2019	2018
Operating activities:		
Net income	\$ 212,714	\$ 288,730
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	249,825	266,900
Debt premium and discount amortization	1,053	(2,804)
Deferred financing cost amortization	5,299	4,909
Accretion of above- and below-market leases, net	(14,125)	(20,644)
Impairment of real estate assets	17,468	44,201
Gain on sale of real estate assets	(46,266)	(159,043)
Equity based compensation, net	8,847	8,006
Other	2,694	2,587
Loss on extinguishment of debt, net	1,620	20,182
Changes in operating assets and liabilities:		
Receivables, net	(13,532)	1,416
Deferred charges and prepaid expenses	(30,138)	(35,840)
Other assets	(74)	3,637
Accounts payable, accrued expenses and other liabilities	4,548	(22,055)
Net cash provided by operating activities	<u>399,933</u>	<u>400,182</u>
Investing activities:		
Improvements to and investments in real estate assets	(282,211)	(185,048)
Acquisitions of real estate assets	(79,634)	(8,994)
Proceeds from sales of real estate assets	239,838	676,959
Purchase of marketable securities	(36,045)	(27,923)
Proceeds from sale of marketable securities	47,509	25,076
Net cash provided by (used in) investing activities	<u>(110,543)</u>	<u>480,070</u>
Financing activities:		
Repayment of secured debt obligations	—	(518,308)
Repayment of borrowings under unsecured revolving credit facility	(541,000)	(74,000)
Proceeds from borrowings under unsecured revolving credit facility	235,000	215,000
Proceeds from unsecured notes	771,623	250,000
Repayment of borrowings under unsecured term loans	(500,000)	(435,000)
Deferred financing and debt extinguishment costs	(6,689)	(29,017)
Distributions to common stockholders	(251,334)	(250,886)
Repurchases of common shares	(14,563)	(81,935)
Repurchases of common shares in conjunction with equity award plans	(1,711)	(1,864)
Net cash used in financing activities	<u>(308,674)</u>	<u>(926,010)</u>
Net change in cash, cash equivalents and restricted cash	(19,284)	(45,758)
Cash, cash equivalents and restricted cash at beginning of period	50,765	110,777
Cash, cash equivalents and restricted cash at end of period	<u>\$ 31,481</u>	<u>\$ 65,019</u>
Reconciliation to consolidated balance sheets:		
Cash and cash equivalents	\$ 29,072	\$ 19,607
Restricted cash	2,409	45,412
Cash, cash equivalents and restricted cash at end of period	<u>\$ 31,481</u>	<u>\$ 65,019</u>
Supplemental disclosure of cash flow information:		
Cash paid for interest, net of amount capitalized of \$2,401 and \$1,798	\$ 134,507	\$ 173,079

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

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

	September 30, 2019	December 31, 2018
Assets		
Real estate		
Land	\$ 1,779,161	\$ 1,804,504
Buildings and improvements	8,342,194	8,294,273
	10,121,355	10,098,777
Accumulated depreciation and amortization	(2,452,678)	(2,349,127)
Real estate, net	7,668,677	7,749,650
Cash and cash equivalents	29,054	41,619
Restricted cash	2,409	9,020
Marketable securities	18,886	30,023
Receivables, net	223,323	228,297
Deferred charges and prepaid expenses, net	151,125	145,662
Real estate assets held for sale	6,186	2,901
Other assets	60,260	34,903
Total assets	<u>\$ 8,159,920</u>	<u>\$ 8,242,075</u>
Liabilities		
Debt obligations, net	\$ 4,852,510	\$ 4,885,863
Accounts payable, accrued expenses and other liabilities	548,288	520,459
Total liabilities	5,400,798	5,406,322
Commitments and contingencies (Note 15)	—	—
Capital		
Partnership common units; 305,323,128 and 305,130,472 units issued and 297,846,251 and 298,488,516 units outstanding	2,772,321	2,819,770
Accumulated other comprehensive income (loss)	(13,199)	15,983
Total capital	2,759,122	2,835,753
Total liabilities and capital	<u>\$ 8,159,920</u>	<u>\$ 8,242,075</u>

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

BRIXMOR OPERATING PARTNERSHIP LP AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited, in thousands, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Revenues				
Rental income	\$ 292,732	\$ 306,172	\$ 873,424	\$ 935,689
Other revenues	233	308	1,685	996
Total revenues	292,965	306,480	875,109	936,685
Operating expenses				
Operating costs	29,573	31,969	90,138	101,340
Real estate taxes	43,688	44,711	130,203	135,383
Depreciation and amortization	82,837	85,183	249,825	266,900
Provision for doubtful accounts	—	3,094	—	6,458
Impairment of real estate assets	8,170	16,372	17,468	44,201
General and administrative	24,550	21,209	75,168	64,955
Total operating expenses	188,818	202,538	562,802	619,237
Other income (expense)				
Dividends and interest	128	156	575	356
Interest expense	(47,698)	(55,364)	(142,839)	(165,735)
Gain on sale of real estate assets	25,621	119,333	46,266	159,043
Loss on extinguishment of debt, net	(943)	(19,759)	(1,620)	(20,182)
Other	(401)	(962)	(1,975)	(2,200)
Total other income (expense)	(23,293)	43,404	(99,593)	(28,718)
Net income	\$ 80,854	\$ 147,346	\$ 212,714	\$ 288,730
Per common unit:				
Net income:				
Basic	\$ 0.27	\$ 0.49	\$ 0.71	\$ 0.95
Diluted	\$ 0.27	\$ 0.49	\$ 0.71	\$ 0.95
Weighted average units:				
Basic	298,031	302,170	298,257	303,031
Diluted	298,879	302,382	298,927	303,213

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

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Net income	\$ 80,854	\$ 147,346	\$ 212,714	\$ 288,730
Other comprehensive income (loss)				
Change in unrealized gain (loss) on interest rate swaps, net (Note 6)	(5,332)	(1,242)	(29,373)	2,950
Change in unrealized gain (loss) on marketable securities	11	(4)	191	(42)
Total other comprehensive income (loss)	(5,321)	(1,246)	(29,182)	2,908
Comprehensive income	<u>\$ 75,533</u>	<u>\$ 146,100</u>	<u>\$ 183,532</u>	<u>\$ 291,638</u>

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

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

(Unaudited, in thousands)

	Partnership Common Units	Accumulated Other Comprehensive Income (Loss)	Total
Beginning balance, January 1, 2019	\$ 2,819,770	\$ 15,983	\$ 2,835,753
ASC 842 cumulative adjustment	(1,974)	—	(1,974)
Distributions to partners	(83,964)	—	(83,964)
Equity based compensation expense	2,641	—	2,641
Other comprehensive loss	—	(9,925)	(9,925)
Issuance of OP Units	2	—	2
Repurchases of OP Units	(11,586)	—	(11,586)
Share-based awards retained for taxes	(1,547)	—	(1,547)
Net income	62,900	—	62,900
Ending balance, March 31, 2019	2,786,242	6,058	2,792,300
Distributions to partners	(83,597)	—	(83,597)
Equity based compensation expense	3,353	—	3,353
Other comprehensive loss	—	(13,936)	(13,936)
Issuance of OP Units	—	—	—
Repurchases of OP Units	(2,977)	—	(2,977)
Share-based awards retained for taxes	(164)	—	(164)
Net income	68,960	—	68,960
Ending balance, June 30, 2019	2,771,817	(7,878)	2,763,939
Distributions to partners	(83,823)	—	(83,823)
Equity based compensation expense	3,473	—	3,473
Other comprehensive loss	—	(5,321)	(5,321)
Net income	80,854	—	80,854
Ending balance, September 30, 2019	\$ 2,772,321	\$ (13,199)	\$ 2,759,122

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

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

(Unaudited, in thousands)

	Partnership Common Units	Accumulated Other Comprehensive Income	Total
Beginning balance, January 1, 2018	\$ 2,883,875	\$ 24,224	\$ 2,908,099
Distributions to partners	(83,479)	—	(83,479)
Equity based compensation expense	2,484	—	2,484
Other comprehensive income	—	4,688	4,688
Issuance of OP Units	1	—	1
Repurchases of OP Units	(29,765)	—	(29,765)
Share-based awards retained for taxes	(1,722)	—	(1,722)
Net income	61,022	—	61,022
Ending balance, March 31, 2018	2,832,416	28,912	2,861,328
Distributions to partners	(83,584)	—	(83,584)
Equity based compensation expense	2,784	—	2,784
Other comprehensive loss	—	(534)	(534)
Issuance of OP Units	1	—	1
Repurchases of OP Units	(3,500)	—	(3,500)
Share-based awards retained for taxes	(133)	—	(133)
Net income	80,362	—	80,362
Ending balance, June 30, 2018	2,828,346	28,378	2,856,724
Distributions to partners	(82,865)	—	(82,865)
Equity based compensation expense	2,738	—	2,738
Other comprehensive loss	—	(1,246)	(1,246)
Repurchases of OP Units	(48,670)	—	(48,670)
Share-based awards retained for taxes	(9)	—	(9)
Net income	147,346	—	147,346
Ending balance, September 30, 2018	\$ 2,846,886	\$ 27,132	\$ 2,874,018

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

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

	Nine Months Ended September 30,	
	2019	2018
Operating activities:		
Net income	\$ 212,714	\$ 288,730
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	249,825	266,900
Debt premium and discount amortization	1,053	(2,804)
Deferred financing cost amortization	5,299	4,909
Accretion of above- and below-market leases, net	(14,125)	(20,644)
Impairment of real estate assets	17,468	44,201
Gain on sale of real estate assets	(46,266)	(159,043)
Equity based compensation, net	8,847	8,006
Other	2,694	2,587
Loss on extinguishment of debt, net	1,620	20,182
Changes in operating assets and liabilities:		
Receivables, net	(13,532)	1,416
Deferred charges and prepaid expenses	(30,138)	(35,840)
Other assets	(74)	3,637
Accounts payable, accrued expenses and other liabilities	4,548	(22,055)
Net cash provided by operating activities	<u>399,933</u>	<u>400,182</u>
Investing activities:		
Improvements to and investments in real estate assets	(282,211)	(185,048)
Acquisitions of real estate assets	(79,634)	(8,994)
Proceeds from sales of real estate assets	239,838	676,959
Purchase of marketable securities	(36,042)	(27,922)
Proceeds from sale of marketable securities	47,509	25,076
Net cash provided by (used in) investing activities	<u>(110,540)</u>	<u>480,071</u>
Financing activities:		
Repayment of secured debt obligations	—	(518,308)
Repayment of borrowings under unsecured revolving credit facility	(541,000)	(74,000)
Proceeds from borrowings under unsecured revolving credit facility	235,000	215,000
Proceeds from unsecured notes	771,623	250,000
Repayment of borrowings under unsecured term loans	(500,000)	(435,000)
Deferred financing and debt extinguishment costs	(6,689)	(29,017)
Partner distributions and repurchases of OP Units	(267,503)	(334,681)
Net cash used in financing activities	<u>(308,569)</u>	<u>(926,006)</u>
Net change in cash, cash equivalents and restricted cash	(19,176)	(45,753)
Cash, cash equivalents and restricted cash at beginning of period	50,639	110,747
Cash, cash equivalents and restricted cash at end of period	<u>\$ 31,463</u>	<u>\$ 64,994</u>
Reconciliation to consolidated balance sheets:		
Cash and cash equivalents	\$ 29,054	\$ 19,582
Restricted cash	2,409	45,412
Cash, cash equivalents and restricted cash at end of period	<u>\$ 31,463</u>	<u>\$ 64,994</u>
Supplemental disclosure of cash flow information:		
Cash paid for interest, net of amount capitalized of \$2,401 and \$1,798	\$ 134,507	\$ 173,079

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

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

1. Nature of Business and Financial Statement Presentation

Description of Business

Brixmor Property Group Inc. and subsidiaries (collectively, the “Parent Company”) is an internally-managed real estate investment trust (“REIT”). Brixmor Operating Partnership LP and subsidiaries (collectively, the “Operating Partnership”) is the entity through which the Parent Company conducts substantially all of its operations and owns substantially all of its assets. The Parent Company owns 100% of the common stock of BPG Subsidiary Inc. (“BPG Sub”), which, in turn, is the sole member of Brixmor OP GP LLC (the “General Partner”), the sole general partner of the Operating Partnership. The Parent Company engages in the ownership, management, leasing, acquisition, disposition and redevelopment of retail shopping centers through the Operating Partnership, and has no other substantial assets or liabilities other than through its investment in the Operating Partnership. The Parent Company, the Operating Partnership and their controlled subsidiaries on a consolidated basis (collectively, the “Company” or “Brixmor”) believes it owns and operates one of the largest open air retail portfolios by gross leasable area (“GLA”) in the United States (“U.S.”), comprised primarily of community and neighborhood shopping centers. As of September 30, 2019, the Company’s portfolio was comprised of 409 shopping centers (the “Portfolio”) totaling approximately 72 million square feet of GLA. The Company’s high-quality national Portfolio is primarily located within established trade areas in the top 50 Metropolitan Statistical Areas in the U.S., and its shopping centers are primarily anchored by non-discretionary and value-oriented retailers, as well as consumer-oriented service providers.

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

Basis of Presentation

The accompanying unaudited Condensed Consolidated Financial Statements have been prepared in accordance with GAAP for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and notes required by GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for the fair presentation of the unaudited Condensed Consolidated Financial Statements for the periods presented have been included. The operating results for the periods presented are not necessarily indicative of the results that may be expected for a full fiscal year. These financial statements should be read in conjunction with the financial statements for the year ended December 31, 2018 and accompanying notes included in the Company’s annual report on Form 10-K filed with the Securities and Exchange Commission (the “SEC”) on February 11, 2019.

Certain prior period balances in the accompanying unaudited Condensed Consolidated Statements of Operations have been reclassified to conform to the current period presentation for the adoption of Accounting Standards Codification Topic 842 “Leases” (“ASC 842”) (described below), which supersedes Accounting Standards Codification Topic 840 “Leases” (“ASC 840”).

Principles of Consolidation

The accompanying unaudited Condensed Consolidated Financial Statements include the accounts of the Parent Company, the Operating Partnership, each of their wholly owned subsidiaries and all other entities in which they have a controlling financial interest. All intercompany transactions have been eliminated.

Deferred Leasing and Financing Costs

Costs incurred in executing tenant leases and long-term financings are capitalized and amortized using the straight-line method over the term of the related lease or debt agreement, which approximates the effective interest method. For tenant leases, capitalized costs incurred include tenant improvements and leasing commissions. In connection with the adoption of ASC 842, the Company no longer capitalizes partial salaries and/or indirect legal fees incurred in executing tenant leases. These amounts were capitalized under previous guidance. For long-term financings, capitalized costs incurred include bank and legal fees. The amortization of deferred leasing and financing costs is included in Depreciation and amortization and Interest expense, respectively, on the Company’s unaudited Condensed Consolidated

Statements of Operations and in Operating activities on the Company's unaudited Condensed Consolidated Statements of Cash Flows.

Revenue Recognition and Receivables

The Company enters into agreements with tenants which convey the right to control the use of identified space at its shopping centers in exchange for rental revenue. These agreements meet the criteria for recognition as leases under ASC 842. Rental revenue is recognized on a straight-line basis over the terms of the related leases. The cumulative difference between rental revenue recognized on the Company's unaudited Condensed Consolidated Statements of Operations and contractual payment terms is recognized as deferred rent and included in Receivables, net on the accompanying unaudited Condensed Consolidated Balance Sheets. The Company commences recognizing rental revenue based on the date it makes the underlying asset available for use by the tenant. Leases also typically provide for the reimbursement of property operating expenses, including common area expenses, utilities, insurance and real estate taxes by the lessee and are recognized in the period the applicable expenditures are incurred.

In connection with the adoption of ASC 842, the Company has evaluated the lease and non-lease components within its leases and has elected the practical expedient to present lease and non-lease components in its lease agreements as one component. As such, the Company accounts for rental revenue (lease component) and common area expense reimbursements (non-lease component) as one lease component under ASC 842. Additionally, the Company also includes the non-components of its leases, such as the reimbursement of utilities, insurance and real estate taxes, within this lease component. These amounts are included in Rental income on the Company's unaudited Condensed Consolidated Statements of Operations.

Certain leases also provide for percentage rents based upon the level of sales achieved by a lessee. Percentage rents are recognized upon the achievement of certain pre-determined sales levels and are included in Rental income on the Company's unaudited Condensed Consolidated Statements of Operations.

Gains from the sale of depreciated operating properties are generally recognized under the full accrual method, provided that various criteria relating to the terms of the sale and subsequent involvement by the Company with the applicable property are met.

The Company periodically evaluates the collectability of its receivables related to rental revenue, straight-line rent, expense reimbursements and those attributable to other revenue generating activities. The Company analyzes individual tenant receivables and considers tenant credit-worthiness, the length of time a receivable has been outstanding, and current economic trends when evaluating collectability. In addition, tenants in bankruptcy are analyzed and estimates are made in connection with the expected recovery of pre-petition and post-petition claims. Any receivables that are deemed to be uncollectible are recognized as a reduction to Rental income on the Company's unaudited Condensed Consolidated Statements of Operations. Prior period Provision for doubtful accounts is included in Operating expenses on the Company's unaudited Condensed Consolidated Statements of Operations in accordance with the Company's previous presentation and has not been reclassified to Rental income.

Leases

The Company periodically enters into agreements in which it is the lessee, including ground leases for neighborhood and community shopping centers that it operates and office leases for administrative space. In connection with the adoption of ASC 842, the Company evaluated these agreements and determined that they meet the criteria for recognition as leases under ASC 842. For these agreements the Company recognizes an operating lease right-of-use ("ROU") asset and an operating lease liability based on the present value of the minimum lease payments over the non-cancellable lease term. As the discount rates implicit in the leases are not readily determinable, the Company uses its incremental secured borrowing rate, based on the information available at the commencement date of each lease, to determine the present value of the associated lease payments. The lease terms utilized by the Company may include options to extend or terminate the lease when it is reasonably certain that it will exercise that option. The Company evaluates many factors, including current and future lease cash flows, when determining if an option to extend or terminate should be included in the non-cancellable period. Lease expense for minimum lease payments is recognized on a straight-line basis over the non-cancellable lease term. The Company has elected to apply the short-term lease exemption within ASC 842 and has not recorded an ROU asset or lease liability for leases with terms of less than 12 months. Additionally, leases also typically provide for the reimbursement of property operating expenses, including common area expenses, utilities, insurance and real estate taxes by the Company.

In connection with the adoption of ASC 842, the Company has evaluated the lease and non-lease components within its leases and has elected the practical expedient to present lease and non-lease components in its lease agreements as one component. As such, the Company accounts for lease payments (lease component) and common area expense reimbursements (non-lease component) as one lease component under ASC 842. Additionally, the Company also includes the non-components of its leases, such as the reimbursement of utilities, insurance and real estate taxes, within this lease component. These amounts are included in Operating expenses on the Company's unaudited Condensed Consolidated Statements of Operations.

Income Taxes

Brixmor Property Group Inc. has elected to qualify as a REIT in accordance with the Internal Revenue Code of 1986, as amended (the "Code"). To qualify as a REIT, Brixmor Property Group Inc. must meet a number of organizational and operational requirements, including a requirement that it currently distribute to its stockholders at least 90% of its REIT taxable income, determined without regard to the deduction for dividends paid and excluding net capital gains. It is management's intention to adhere to these requirements and maintain Brixmor Property Group Inc.'s REIT status.

As a REIT, Brixmor Property Group Inc. generally will not be subject to U.S. federal income tax, provided that distributions to its stockholders equal at least the amount of its REIT taxable income as defined under the Code. Brixmor Property Group Inc. conducts substantially all of its operations through the Operating Partnership which is organized as a limited partnership and treated as a pass-through entity for U.S. federal tax purposes. Therefore, U.S. federal income taxes on the Company's taxable income do not materially impact the unaudited Condensed Consolidated Financial Statements of the Company.

If Brixmor Property Group Inc. fails to qualify as a REIT in any taxable year, it will be subject to U.S. federal taxes at regular corporate rates and may not be able to qualify as a REIT for the four subsequent taxable years. Even if Brixmor Property Group Inc. qualifies for taxation as a REIT, Brixmor Property Group Inc. is subject to certain state and local taxes on its income and property, and to U.S. federal income and excise taxes on its undistributed taxable income as well as other income items, as applicable.

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

The Company has considered the tax positions taken for the open tax years and has concluded that no provision for income taxes related to uncertain tax positions is required in the Company's unaudited Condensed Consolidated Financial Statements as of September 30, 2019 and December 31, 2018. Open tax years generally range from 2016 through 2018, but may vary by jurisdiction and issue. The Company recognizes penalties and interest accrued related to unrecognized tax benefits as income tax expense, which is included in Other on the Company's unaudited Condensed Consolidated Statements of Operations.

New Accounting Pronouncements

In November 2018, the Financial Accounting Standards Board ("FASB") issued ASU 2018-19, "*Codification Improvements to Topic 326, Financial Instruments-Credit Losses*." ASU 2018-19 clarifies that receivables arising from operating leases are not within the scope of Subtopic 326-20. Instead, impairment of receivables arising from operating leases should be accounted for in accordance with ASC 842, Leases. The standard is effective on January 1, 2020, with early adoption permitted. The Company does not expect the adoption of ASU 2018-19 to have a material impact on the unaudited Condensed Consolidated Financial Statements of the Company. Information regarding the adoption of ASC 842 is described below.

In October 2018, the FASB issued ASU 2018-16, "*Derivatives and Hedging (Topic 815)*." ASU 2018-16 amends guidance to permit the use of the Overnight Index Swap rate based on the Secured Overnight Financing Rate as a U.S. benchmark interest rate for hedge accounting purposes under Topic 815. The standard became effective for the Company on January 1, 2019. The Company determined that these changes did not have a material impact on the unaudited Condensed Consolidated Financial Statements of the Company.

In August 2018, the FASB issued ASU 2018-13, "*Fair Value Measurement (Topic 820)*." ASU 2018-13 amends certain disclosure requirements regarding the fair value hierarchy of investments in accordance with GAAP, particularly the significant unobservable inputs used to value investments within Level 3 of the fair value hierarchy. The standard is effective on January 1, 2020, with early adoption permitted. The Company does not expect the adoption of ASU 2018-13 to have a material impact on the unaudited Condensed Consolidated Financial Statements of the Company.

In February 2016, the FASB issued ASU 2016-02, "*Leases (Topic 842)*." ASU 2016-02 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract (i.e., lessees and lessors). ASU 2016-02 was subsequently amended by ASU 2018-01, "*Land Easement Practical Expedient for Transition to Topic 842*"; ASU 2018-10, "*Codification Improvements to Topic 842*"; ASU 2018-11, "*Targeted Improvements*"; and ASU 2018-20, "*Narrow-Scope Improvements for Lessors*". The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease. A lessee is also required to recognize an ROU asset and a lease liability for all leases with terms of greater than 12 months, regardless of their classification. Leases with terms of 12 months or less qualify for the short-term lease recognition exemption and may be accounted for similar to previous guidance for operating leases. The new standard requires lessors to account for leases using an approach that is substantially equivalent to previous guidance for sales-type leases, direct financing leases and operating leases.

Adoption

The standard became effective for the Company on January 1, 2019 and a modified retrospective transition approach was required. The Company determined that the adoption of ASC 842 had a material impact on the unaudited Condensed Consolidated Financial Statements of the Company. The Company elected the following optional practical expedients upon adoption:

- The Company did not reassess whether a current arrangement contains a lease. (ASU 2016-02)
- The Company did not reassess current lease classification. (ASU 2016-02)
- The Company did not reassess initial direct costs recognized under previous guidance. (ASU 2016-02)
- The Company did not reassess current land easements under ASC 842. (ASU 2018-01)
- The Company applied ASC 842 as of the effective date. Therefore, the Company's reporting for the comparative periods presented in the unaudited Condensed Consolidated Financial Statements of the Company will continue to be in accordance with ASC 840, however certain prior period balances on the accompanying unaudited Condensed Consolidated Statements of Operations have been reclassified to conform to the current period presentation. The Company recognized a \$2.0 million cumulative adjustment to decrease retained earnings for indirect leasing costs capitalized for executed leases that had not commenced as of the adoption date of ASC 842. (ASU 2018-11)
- The Company elected, by class of underlying asset, not to separate non-lease components from the associated lease components and instead account for them as a single component. This resulted in the consolidation of Rental income and Expense reimbursements on the Company's unaudited Condensed Consolidated Statements of Operations. (ASU 2018-11)

Lessee

For leases where the Company is the lessee, primarily for the Company's ground leases and administrative office leases, the Company was required to record an ROU asset and a lease liability on its unaudited Condensed Consolidated Balance Sheets on the effective date. The Company elected to apply the short-term lease recognition exemption for all leases that qualified.

Lessor

For leases where the Company is the lessor, the Company will continue to record revenues from rental properties for its operating leases on a straight-line basis. In addition, initial direct leasing costs continue to be capitalized, however, indirect leasing costs previously capitalized are being expensed under ASC 842. During the three and nine months ended September 30, 2018, the Company capitalized \$3.2 million and \$8.7 million, respectively, of indirect leasing costs, including leasing payroll and legal costs.

In addition, ASC 842 requires that additional lease disclosures be presented in the unaudited Condensed Consolidated Financial Statements of the Company for both lessor and lessee lease agreements. See Notes 9 and 10 for additional information.

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

2. Acquisition of Real Estate

During the nine months ended September 30, 2019, the Company acquired the following assets, in separate transactions:

Description ⁽¹⁾	Location	Month Acquired	GLA	Aggregate Purchase Price ⁽²⁾
Land adjacent to Parmer Crossing	Austin, TX	Apr-19	N/A	\$ 2,197
Centennial Shopping Center	Englewood, CO	Apr-19	113,682	18,011
Plymouth Square Shopping Center ⁽³⁾	Conshohocken, PA	May-19	235,728	56,909
Leases at Baytown Shopping Center	Baytown, TX	Jun-19	N/A	2,517
			349,410	\$ 79,634

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

⁽²⁾ Aggregate purchase price includes \$1.2 million of transaction costs.

⁽³⁾ GLA excludes square footage related to the anticipated relocation of the Company's regional office. Total acquired GLA is 288,718 square feet.

During the nine months ended September 30, 2018, the Company acquired the following assets, in separate transactions:

Description ⁽¹⁾	Location	Month Acquired	GLA	Aggregate Purchase Price ⁽²⁾
Land adjacent to Arborland Center	Ann Arbor, MI	Jun-18	N/A	\$ 5,554
Outparcel adjacent to Lehigh Shopping Center	Bethlehem, PA	Jun-18	12,739	1,899
Outparcel building adjacent to Beneva Village Shoppes	Sarasota, FL	Jul-18	3,710	1,541
			16,449	\$ 8,994

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

⁽²⁾ Aggregate purchase price includes \$0.2 million of transaction costs.

The aggregate purchase price of the assets acquired during the nine months ended September 30, 2019 and 2018, respectively, has been allocated as follows:

Assets	Nine Months Ended September 30,	
	2019	2018
Land	\$ 25,953	\$ 6,078
Buildings	45,781	2,448
Building and tenant improvements	5,832	238
Above-market leases ⁽¹⁾	155	—
In-place leases ⁽²⁾	6,923	304
Total assets	84,644	9,068
Liabilities		
Below-market leases ⁽³⁾	5,010	74
Other liabilities	—	—
Total liabilities	5,010	74
Net assets acquired	\$ 79,634	\$ 8,994

⁽¹⁾ The weighted average amortization period at the time of acquisition for above-market leases related to assets acquired during the nine months ended September 30, 2019 was 10.4 years.

- (2) The weighted average amortization period at the time of acquisition for in-place leases related to assets acquired during the nine months ended September 30, 2019 and 2018 was 8.8 years and 4.8 years, respectively.
- (3) The weighted average amortization period at the time of acquisition for below-market leases related to assets acquired during the nine months ended September 30, 2019 and 2018 was 24.3 years and 4.8 years, respectively.

3. Dispositions and Assets Held for Sale

During the three months ended September 30, 2019, the Company disposed of 12 shopping centers and one partial shopping center for aggregate net proceeds of \$144.6 million resulting in aggregate gain of \$25.5 million and aggregate impairment of \$8.2 million. In addition, during the three months ended September 30, 2019, the Company received aggregate net proceeds of \$0.1 million from previously disposed assets resulting in aggregate gain of \$0.1 million.

During the nine months ended September 30, 2019, the Company disposed of 18 shopping centers and four partial shopping centers for aggregate net proceeds of \$239.4 million resulting in aggregate gain of \$46.0 million and aggregate impairment of \$14.4 million. In addition, during the nine months ended September 30, 2019, the Company received aggregate net proceeds of \$0.4 million from previously disposed assets resulting in aggregate gain of \$0.3 million.

During the three months ended September 30, 2018, the Company disposed of 26 shopping centers and two partial shopping centers for aggregate net proceeds of \$437.4 million resulting in aggregate gain of \$119.3 million and aggregate impairment of \$4.2 million. During the nine months ended September 30, 2018, the Company disposed of 42 shopping centers and two partial shopping centers for aggregate net proceeds of \$676.5 million resulting in aggregate gain of \$158.5 million and aggregate impairment of \$28.4 million. In addition, during the nine months ended September 30, 2018, the Company received net proceeds of \$0.5 million from previously disposed assets resulting in a gain of \$0.5 million.

As of September 30, 2019 and December 31, 2018, the Company had one property in each period held for sale. The following table presents the assets associated with the properties classified as held for sale:

Assets	September 30, 2019	December 31, 2018
Land	\$ 1,720	\$ 1,220
Buildings and improvements	6,372	2,927
Accumulated depreciation and amortization	(2,124)	(1,334)
Real estate, net	5,968	2,813
Other assets	218	88
Assets associated with real estate assets held for sale	<u>\$ 6,186</u>	<u>\$ 2,901</u>

There were no discontinued operations for the three and nine months ended September 30, 2019 and 2018 as none of the dispositions represented a strategic shift in the Company's business that would qualify as discontinued operations.

4. Real Estate

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

	September 30, 2019	December 31, 2018
Land	\$ 1,779,161	\$ 1,804,504
Buildings and improvements:		
Buildings and tenant improvements ⁽¹⁾	7,712,129	7,626,363
Lease intangibles ⁽²⁾	630,065	667,910
	10,121,355	10,098,777
Accumulated depreciation and amortization ⁽³⁾	(2,452,678)	(2,349,127)
Total	<u>\$ 7,668,677</u>	<u>\$ 7,749,650</u>

⁽¹⁾ As of September 30, 2019 and December 31, 2018, Buildings and tenant improvements included accrued amounts, net of anticipated insurance proceeds, of \$46.5 million and \$41.7 million, respectively.

⁽²⁾ As of September 30, 2019 and December 31, 2018, Lease intangibles consisted of \$569.0 million and \$601.0 million, respectively, of in-place leases and \$61.1 million and \$66.9 million, respectively, of above-market leases. These intangible assets are amortized over the term of each related lease.

⁽³⁾ As of September 30, 2019 and December 31, 2018, Accumulated depreciation and amortization included \$540.4 million and \$560.3 million, respectively, of accumulated amortization related to Lease intangibles.

In addition, as of September 30, 2019 and December 31, 2018, the Company had intangible liabilities relating to below-market leases of \$378.2 million and \$392.9 million, respectively, and accumulated accretion of \$267.3 million and

\$266.1 million, respectively. These intangible liabilities are included in Accounts payable, accrued expenses and other liabilities on the Company's unaudited Condensed Consolidated Balance Sheets. These intangible assets are accreted over the term of each related lease.

Below-market lease accretion income, net of above-market lease amortization for the three months ended September 30, 2019 and 2018 was \$4.5 million and \$5.8 million, respectively. Below-market lease accretion income, net of above-market lease amortization for the nine months ended September 30, 2019 and 2018 was \$14.1 million and \$20.6 million, respectively. These amounts are included in Rental income on the Company's unaudited Condensed Consolidated Statements of Operations. Amortization expense associated with in-place lease value for the three months ended September 30, 2019 and 2018 was \$6.7 million and \$8.0 million, respectively. Amortization expense associated with in-place lease value for the nine months ended September 30, 2019 and 2018 was \$19.5 million and \$27.2 million, respectively. These amounts are included in Depreciation and amortization on the Company's unaudited Condensed Consolidated Statements of Operations. The Company's estimated below-market lease accretion income, net of above-market lease amortization expense, and in-place lease amortization expense for the next five years are as follows:

<u>Year ending December 31,</u>	<u>Below-market lease accretion (income), net of above-market lease amortization</u>	<u>In-place lease amortization expense</u>
2019 (remaining three months)	\$ (4,204)	\$ 5,801
2020	(14,406)	18,708
2021	(11,820)	13,696
2022	(9,814)	9,556
2023	(8,471)	6,928

Hurricane Michael Impact

On October 7, 2018, Hurricane Michael struck Florida resulting in widespread damage and flooding. The Company has two properties, totaling 0.4 million square feet of GLA, which were impacted. The Company maintains comprehensive property insurance on these properties, including business interruption insurance.

As of September 30, 2019, the Company's assessment of the damages sustained to its properties from Hurricane Michael has resulted in cumulative accelerated depreciation of \$13.7 million, representing the estimated net book value of damaged assets. The Company also recognized a corresponding receivable for estimated property insurance recoveries. As such, there was no impact to net income during the three and nine months ended September 30, 2019 and year ended December 31, 2018. As of September 30, 2019, the Company has received property insurance proceeds of \$6.3 million and has a remaining receivable balance of \$7.4 million, which is included in Receivables on the Company's unaudited Condensed Consolidated Balance Sheets.

5. Impairments

On a periodic basis, management assesses whether there are any indicators, including property operating performance, changes in anticipated hold period and general market conditions, that the carrying value of the Company's real estate assets (including any related intangible assets or liabilities) may be impaired. If management determines that the carrying value of a real estate asset is impaired, a loss is recognized to reflect the estimated fair value.

The Company recognized the following impairments during the three months ended September 30, 2019:

Three Months Ended September 30, 2019			
<u>Property Name⁽¹⁾</u>	<u>Location</u>	<u>GLA</u>	<u>Impairment Charge</u>
Parcel at Mansell Crossing ⁽²⁾	Alpharetta, GA	51,615	\$ 5,777
Glendale Galleria ⁽²⁾	Glendale, AZ	119,525	2,197
Westview Center ⁽²⁾	Hanover Park, IL	321,382	170
North Hills Village ⁽²⁾	Haltom City, TX	43,299	26
		<u>535,821</u>	<u>\$ 8,170</u>

⁽¹⁾ The Company recognized impairment charges based upon a change in the anticipated hold period of these properties and/or offers from third-party buyers in connection with the Company's capital recycling program.

⁽²⁾ The Company disposed of this property during the three months ended September 30, 2019.

The Company recognized the following impairments during the nine months ended September 30, 2019:

Nine Months Ended September 30, 2019			
Property Name ⁽¹⁾	Location	GLA	Impairment Charge
Westview Center ⁽²⁾	Hanover Park, IL	321,382	\$ 6,356
Parcel at Mansell Crossing ⁽²⁾	Alpharetta, GA	51,615	5,777
Brice Park	Reynoldsburg, OH	158,565	3,112
Glendale Galleria ⁽²⁾	Glendale, AZ	119,525	2,197
North Hills Village ⁽²⁾	Haltom City, TX	43,299	26
		694,386	\$ 17,468

⁽¹⁾ The Company recognized impairment charges based upon a change in the anticipated hold period of these properties and/or offers from third-party buyers in connection with the Company's capital recycling program.

⁽²⁾ The Company disposed of this property during the nine months ended September 30, 2019.

The Company recognized the following impairments during the three months ended September 30, 2018:

Three Months Ended September 30, 2018			
Property Name ⁽¹⁾	Location	GLA	Impairment Charge
Westview Center ⁽²⁾	Hanover Park, IL	321,382	\$ 5,916
Wadsworth Crossings ⁽³⁾	Wadsworth, OH	118,145	3,411
Brooksville Square ⁽³⁾	Brooksville, FL	96,361	2,740
Sterling Bazaar ⁽³⁾	Peoria, IL	87,359	1,531
Plantation Plaza ⁽³⁾	Clute, TX	99,141	1,228
Smith's ⁽³⁾	Socorro, NM	48,000	1,200
Shops of Riverdale ⁽³⁾	Riverdale, GA	16,808	155
Dover Park Plaza ⁽³⁾	Yardville, NJ	56,638	117
Klein Square ⁽³⁾	Spring, TX	80,636	49
Parcel at Elk Grove Town Center ⁽³⁾	Elk Grove Village, IL	72,385	19
Mount Carmel Plaza ⁽³⁾	Glenside, PA	14,504	6
		1,011,359	\$ 16,372

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

⁽²⁾ The Company disposed of this property during the nine months ended September 30, 2019.

⁽³⁾ The Company disposed of this property during the year ended December 31, 2018.

The Company recognized the following impairments during the nine months ended September 30, 2018:

Nine Months Ended September 30, 2018			
Property Name ⁽¹⁾	Location	GLA	Impairment Charge
County Line Plaza ⁽²⁾	Jackson, MS	221,127	\$ 10,181
Southland Shopping Plaza ⁽²⁾	Toledo, OH	285,278	7,077
Westview Center ⁽³⁾	Hanover Park, IL	321,382	5,916
Roundtree Place ⁽²⁾	Ypsilanti, MI	246,620	4,317
Skyway Plaza	St. Petersburg, FL	110,799	3,639
Wadsworth Crossings ⁽²⁾	Wadsworth, OH	118,145	3,411
Brooksville Square ⁽²⁾	Brooksville, FL	96,361	2,740
Sterling Bazaar ⁽²⁾	Peoria, IL	87,359	1,531
Pensacola Square ⁽²⁾	Pensacola, FL	142,767	1,345
Plantation Plaza ⁽²⁾	Clute, TX	99,141	1,228
Smith's ⁽²⁾	Socorro, NM	48,000	1,200
Dover Park Plaza ⁽²⁾	Yardville, NJ	56,638	555
Parcel at Elk Grove Town Center ⁽²⁾	Elk Grove Village, IL	72,385	538
Crossroads Centre ⁽²⁾	Fairview Heights, IL	242,752	204
Shops of Riverdale ⁽²⁾	Riverdale, GA	16,808	155
Mount Carmel Plaza ⁽²⁾	Glenside, PA	14,504	115
Klein Square ⁽²⁾	Spring, TX	80,636	49
		2,260,702	\$ 44,201

- (1) The Company recognized impairment charges based upon a change in the anticipated hold period of these properties in connection with the Company's capital recycling program.
- (2) The Company disposed of this property during the year ended December 31, 2018.
- (3) The Company disposed of this property during the nine months ended September 30, 2019.

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

6. Financial Instruments – Derivatives and Hedging

The Company's use of derivative instruments is intended to manage its exposure to interest rate movements and such instruments are not utilized for speculative purposes. In certain situations, the Company may enter into derivative financial instruments such as interest rate swap and interest rate cap agreements that result in the receipt and/or payment of future known and uncertain cash amounts, the value of which are determined by interest rates.

Cash Flow Hedges of Interest Rate Risk

Interest rate swaps designated as cash flow hedges involve the receipt of variable-rate amounts from a counterparty in exchange for the Company making fixed-rate payments over the life of the agreements without exchanging the underlying notional amount. The Company utilizes interest rate swaps to partially hedge the cash flows associated with variable LIBOR based debt. During the three and nine months ended September 30, 2019, the Company did not enter into any new interest rate swap agreements. During the year ended December 31, 2018, the Company entered into four forward starting interest rate swap agreements with an effective date of January 2, 2019, an aggregate notional value of \$300.0 million, a weighted average fixed rate of 2.61% and an expiration date of July 26, 2024.

Detail on the Company's interest rate derivatives designated as cash flow hedges outstanding as of September 30, 2019 and December 31, 2018 is as follows:

	Number of Instruments		Notional Amount	
	September 30, 2019	December 31, 2018	September 30, 2019	December 31, 2018
Interest Rate Swaps	7	10	\$ 800,000	\$ 1,200,000

The Company has elected to present its interest rate derivatives on its unaudited Condensed Consolidated Balance Sheets on a gross basis as interest rate swap assets and interest rate swap liabilities. Detail on the Company's fair value of interest rate derivatives on a gross and net basis as of September 30, 2019 and December 31, 2018, respectively, is as follows:

Interest rate swaps classified as:	Fair Value of Derivative Instruments	
	September 30, 2019	December 31, 2018
Gross derivative assets	\$ 3,810	\$ 18,630
Gross derivative liabilities	(17,124)	(2,571)
Net derivative assets (liabilities)	<u>\$ (13,314)</u>	<u>\$ 16,059</u>

The gross derivative assets are included in Other assets and the gross derivative liabilities are included in Accounts payable, accrued expenses and other liabilities on the Company's unaudited Condensed Consolidated Balance Sheets. All of the Company's outstanding interest rate swap agreements for the periods presented were designated as cash flow hedges of interest rate risk. The fair value of the Company's interest rate derivatives is determined using market standard valuation techniques including discounted cash flow analysis on the expected cash flows of each derivative. This analysis reflects the contractual terms of the derivative, including the period to maturity, and uses observable market-based inputs, including interest rate curves and implied volatilities. These inputs are classified as Level 2 of the fair value hierarchy. The effective portion of changes in the fair value of derivatives designated as cash flow hedges is recognized in other comprehensive income ("OCI") and is reclassified into earnings as interest expense in the period that the hedged forecasted transaction affects earnings.

The effective portion of the Company's interest rate swaps that was recognized on the Company's unaudited Condensed Consolidated Statements of Comprehensive Income for the three and nine months ended September 30, 2019 and 2018 is as follows:

Derivatives in Cash Flow Hedging Relationships (Interest Rate Swaps)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Change in unrealized gain (loss) on interest rate swaps	\$ (4,125)	\$ 1,868	\$ (23,375)	\$ 12,103
Accretion of interest rate swaps to interest expense	(1,207)	(3,110)	(5,998)	(9,153)
Change in unrealized gain (loss) on interest rate swaps, net	<u>\$ (5,332)</u>	<u>\$ (1,242)</u>	<u>\$ (29,373)</u>	<u>\$ 2,950</u>

The Company estimates that less than \$0.1 million will be reclassified from accumulated other comprehensive loss as an increase to interest expense over the next twelve months. No gain or loss was recognized related to hedge ineffectiveness or to amounts excluded from effectiveness testing on the Company's cash flow hedges during the three and nine months ended September 30, 2019 and 2018.

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

The Company does not use derivatives for trading or speculative purposes. As of September 30, 2019 and December 31, 2018, the Company did not have any non-designated hedges.

Credit-risk-related Contingent Features

The Company has agreements with its derivative counterparties that contain provisions whereby if the Company defaults on certain of its indebtedness and the indebtedness has been accelerated by the lender, then the Company could also be declared in default on its derivative obligations. If the Company were to breach any of the contractual provisions of the derivative contracts, it would be required to settle its obligations under the agreements at their termination value including accrued interest.

7. Debt Obligations

As of September 30, 2019 and December 31, 2018, the Company had the following indebtedness outstanding:

	Carrying Value as of		Stated Interest Rate ⁽¹⁾	Scheduled Maturity Date
	September 30, 2019	December 31, 2018		
Secured loan				
Secured loan ⁽²⁾	\$ 7,000	\$ 7,000	4.40%	2024
Net unamortized premium	224	262		
Net unamortized debt issuance costs	(39)	(45)		
Total secured loan, net	<u>\$ 7,185</u>	<u>\$ 7,217</u>		
Notes payable				
Unsecured notes ⁽³⁾⁽⁴⁾	\$ 4,218,453	\$ 3,468,453	3.25% – 7.97%	2022 – 2029
Net unamortized premium (discount)	11,152	(11,562)		
Net unamortized debt issuance costs	(24,726)	(20,877)		
Total notes payable, net	<u>\$ 4,204,879</u>	<u>\$ 3,436,014</u>		
Unsecured Credit Facility and term loans				
Unsecured Credit Facility - \$500 Million Term Loan	\$ —	\$ 500,000	—	2021
Unsecured Credit Facility - Revolving Facility	—	306,000	—	2023
Unsecured \$350 Million Term Loan ⁽⁴⁾	350,000	350,000	3.35%	2023
Unsecured \$300 Million Term Loan ⁽⁵⁾	300,000	300,000	3.35%	2024
Net unamortized debt issuance costs	(9,554)	(13,368)		
Total Unsecured Credit Facility and term loans	<u>\$ 640,446</u>	<u>\$ 1,442,632</u>		
Total debt obligations, net	<u>\$ 4,852,510</u>	<u>\$ 4,885,863</u>		

⁽¹⁾ Stated interest rates as of September 30, 2019 do not include the impact of the Company's interest rate swap agreements (described below).

- (2) The Company's secured loan is collateralized by a property with a carrying value of approximately \$16.4 million as of September 30, 2019.
- (3) The weighted average stated interest rate on the Company's unsecured notes was 3.83% as of September 30, 2019.
- (4) Effective November 1, 2016, the Company has in place three interest rate swap agreements that convert the variable interest rate on \$150.0 million of the Company's \$250.0 million Floating Rate Senior Notes due 2022, issued on August 31, 2018 (the "2022 Notes") to a fixed, combined interest rate of 1.11% (plus a spread of 105 basis points) and the Company's \$350.0 million term loan agreement, as amended December 12, 2018, (the "\$350 Million Term Loan") to a fixed, combined interest rate of 1.11% (plus a spread of 125 basis points) through July 30, 2021.
- (5) Effective January 2, 2019, the Company has in place four interest rate swap agreements that convert the variable interest rate on the Company's \$300 million term loan agreement, as amended December 12, 2018 (the "\$300 Million Term Loan") to a fixed, combined interest rate of 2.61% (plus a spread of 125 basis points) through July 26, 2024.

2019 Debt Transactions

In May 2019, the Operating Partnership issued \$400.0 million aggregate principal amount of 4.125% Senior Notes due 2029 (the "2029 Notes") at 99.804% of par, the net proceeds of which were used to repay outstanding indebtedness under the Operating Partnership's senior unsecured credit facility agreement, as amended December 12, 2018 (the "Unsecured Credit Facility"), and for general corporate purposes. The 2029 Notes bear interest at a rate of 4.125% per annum, payable semi-annually on May 15 and November 15 of each year, commencing November 15, 2019. The 2029 Notes will mature on May 15, 2029. The Operating Partnership may redeem the 2029 Notes prior to maturity at its option, at any time in whole or from time to time in part, at the applicable redemption price specified in the Indenture with respect to the 2029 Notes. If the 2029 Notes are redeemed on or after February 15, 2029 (three months prior to the maturity date), the redemption price will be equal to 100% of the principal amount of the 2029 Notes being redeemed plus accrued and unpaid interest thereon to, but not including, the redemption date. The 2029 Notes are the Operating Partnership's unsecured and unsubordinated obligations and rank equally in right of payment with all of the Operating Partnership's existing and future senior unsecured and unsubordinated indebtedness.

In August 2019, the Operating Partnership issued \$350.0 million aggregate principal amount of 4.125% Senior Notes due 2029 at 106.402% of par, the net proceeds of which were used to repay outstanding indebtedness under the Unsecured Credit Facility and for general corporate purposes. The notes have substantially identical terms as, constitute a further issuance of, and form a single series with, the Operating Partnership's outstanding 2029 Notes.

During the nine months ended September 30, 2019, the Company repaid \$806.0 million of indebtedness under the Unsecured Credit Facility, including \$500.0 million of unsecured term loans and \$306.0 million of the Operating Partnership's \$1.25 billion revolving credit facility (the "Revolving Facility"), net of borrowings. These repayments were funded primarily with proceeds from the issuance of the 2029 Notes. Additionally, during the nine months ended September 30, 2019, the Company recognized a \$1.6 million loss on extinguishment of debt, net as a result of debt transactions. Loss on extinguishment of debt, net includes \$1.6 million of accelerated unamortized debt issuance costs.

Pursuant to the terms of the Company's unsecured debt agreements, the Company among other things is subject to the maintenance of various financial covenants. The Company was in compliance with these covenants as of September 30, 2019.

Debt Maturities

As of September 30, 2019 and December 31, 2018, the Company had accrued interest of \$36.0 million and \$34.0 million outstanding, respectively. As of September 30, 2019, scheduled maturities of the Company's outstanding debt obligations were as follows:

Year ending December 31,	
2019 (remaining three months)	\$ —
2020	—
2021	—
2022	750,000
2023	850,000
Thereafter	3,275,453
Total debt maturities	4,875,453
Net unamortized premium	11,376
Net unamortized debt issuance costs	(34,319)
Total debt obligations, net	<u>\$ 4,852,510</u>

As of the date the financial statements were issued, the Company did not have any scheduled debt maturities for the next 12 months.

8. Fair Value Disclosures

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

	September 30, 2019		December 31, 2018	
	Carrying Amounts	Fair Value	Carrying Amounts	Fair Value
Secured loans	\$ 7,185	\$ 7,309	\$ 7,217	\$ 7,072
Notes payable	4,204,879	4,415,073	3,436,014	3,372,418
Unsecured Credit Facility and term loans	640,446	652,515	1,442,632	1,452,382
Total debt obligations, net	<u>\$ 4,852,510</u>	<u>\$ 5,074,897</u>	<u>\$ 4,885,863</u>	<u>\$ 4,831,872</u>

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

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

The valuation methodology used to estimate the fair value of the Company's debt obligations is based on a discounted cash flow analysis, with assumptions that include credit spreads, interest rate curves, estimated property values, loan amounts and maturity dates. Based on these inputs, the Company has determined that the valuations of its debt obligations are classified within Level 3 of the fair value hierarchy. Such fair value estimates are not necessarily indicative of the amounts that would be realized upon disposition.

Recurring Fair Value

The Company's marketable securities and interest rate derivatives are measured and recognized at fair value on a recurring basis. The valuations of the Company's marketable securities are based primarily on publicly traded market values in active markets and are classified within Level 1 or 2 of the fair value hierarchy. See Note 6 for fair value information regarding the Company's interest rate derivatives.

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

Fair Value Measurements as of September 30, 2019							
	Balance		Quoted Prices in Active Markets for Identical Assets (Level 1)		Significant Other Observable Inputs (Level 2)		Significant Unobservable Inputs (Level 3)
Assets:							
Marketable securities ⁽¹⁾	\$	19,109	\$	1,074	\$	18,035	\$ —
Interest rate derivatives	\$	3,810	\$	—	\$	3,810	\$ —
Liabilities:							
Interest rate derivatives	\$	(17,124)	\$	—	\$	(17,124)	\$ —
Fair Value Measurements as of December 31, 2018							
	Balance		Quoted Prices in Active Markets for Identical Assets (Level 1)		Significant Other Observable Inputs (Level 2)		Significant Unobservable Inputs (Level 3)
Assets:							
Marketable securities ⁽¹⁾	\$	30,243	\$	1,756	\$	28,487	\$ —
Interest rate derivatives	\$	18,630	\$	—	\$	18,630	\$ —
Liabilities:							
Interest rate derivatives	\$	(2,571)	\$	—	\$	(2,571)	\$ —

⁽¹⁾ As of September 30, 2019 and December 31, 2018, marketable securities included \$0.1 million of net unrealized gains and \$0.1 million of net unrealized losses, respectively. As of September 30, 2019, the contractual maturities of the Company's marketable securities are within the next five years.

Non-Recurring Fair Value

On a periodic basis, management assesses whether there are any indicators, including property operating performance, changes in anticipated hold period and general market conditions, that the carrying value of the Company's real estate assets (including any related intangible assets or liabilities) may be impaired. Fair value is determined by offers from third-party buyers, market comparable data, third party appraisals or by discounted cash flow analysis. The cash flows utilized in such analyses are comprised of unobservable inputs which include forecasted rental revenue and expenses based upon market conditions and future expectations. The capitalization rates and discount rates utilized in such analyses are based upon unobservable rates that we believe to be within a reasonable range of current market rates for the respective properties. Based on these inputs, the Company has determined that the valuations of these properties are classified within Level 3 of the fair value hierarchy.

The following table presents the placement in the fair value hierarchy of assets and liabilities that are measured and recognized at fair value on a non-recurring basis. The table includes information related to properties that were remeasured to fair value as a result of impairment testing during the nine months ended September 30, 2019 and during the year ended December 31, 2018, excluding the properties sold prior to September 30, 2019 and December 31, 2018, respectively:

Fair Value Measurements as of September 30, 2019										
	Balance		Quoted Prices in Active Markets for Identical Assets (Level 1)		Significant Other Observable Inputs (Level 2)		Significant Unobservable Inputs (Level 3)		Impairment of Real Estate Assets	
Assets:										
Properties ⁽¹⁾⁽²⁾	\$	9,700	\$	—	\$	—	\$	9,700	\$	3,112

Fair Value Measurements as of December 31, 2018									
	Balance		Quoted Prices in Active Markets for Identical Assets (Level 1)		Significant Other Observable Inputs (Level 2)		Significant Unobservable Inputs (Level 3)		Impairment of Real Estate Assets
Assets:									
Properties ⁽³⁾⁽⁴⁾⁽⁵⁾	\$	31,725	\$	—	\$	—	\$	31,725	\$ 16,303

(1) Excludes properties disposed of prior to September 30, 2019.

(2) The carrying value of properties remeasured to fair value based upon offers from third-party buyers during the nine months ended September 30, 2019 includes \$9.7 million related to Brice Park.

(3) Excludes properties disposed of prior to December 31, 2018.

(4) The carrying value of properties remeasured to fair value based upon offers from third-party buyers during the year ended December 31, 2018 includes \$26.1 million related to Westview Center.

(5) The carrying value of properties remeasured to fair value based upon a discounted cash flow analysis during the year ended December 31, 2018 includes: (i) \$2.9 million related to Skyway Plaza and (ii) \$2.7 million related to Covington Gallery. The capitalization rates (ranging from 9.0% to 9.3%) and discount rates (ranging from 6.0% to 10.4%) which were utilized in the discounted cash flow analyses were based upon unobservable rates that the Company believes to be within a reasonable range of current market rates for each respective investment.

9. Revenue Recognition

The Company engages in the ownership, management, leasing, acquisition, disposition and redevelopment of retail shopping centers. Revenue is primarily generated through lease agreements and classified as Rental income on the Company's unaudited Condensed Consolidated Statements of Operations. These agreements include retail shopping center unit leases; ground leases; ancillary leases or agreements, such as agreements with tenants for cellular towers, ATMs, and short-term or seasonal retail (e.g. Halloween or Christmas-related retail); and reciprocal easement agreements. The agreements range in term from less than one year to 25 or more years, with certain agreements containing extension options. These extension options range from as little as one month to five or more years. The Company's retail shopping center leases generally require tenants to pay their proportionate share of reimbursable expenses such as common area expenses, utilities, insurance and real estate taxes.

As of September 30, 2019, the fixed contractual lease payments to be received over the next five years pursuant to the terms of non-cancelable operating leases are included in the table below, assuming that no leases are renewed and no renewal options are exercised. Additionally, the table does not include variable lease payments which may be received under certain leases for the reimbursement of property operating expenses or percentage rents. These variable lease payments are recognized in the period when the applicable expenditures are incurred or, in the case of percentage rents, when the sales data is made available.

Year ending December 31,	Operating Leases
2019 (remaining three months)	\$ 212,057
2020	811,776
2021	711,393
2022	601,482
2023	502,045
Thereafter	1,753,242

Minimum Annual Base Rents As Presented Under ASC 840

Future minimum annual base rents as of and in-place at December 31, 2018 to be received over the next five years pursuant to the terms of non-cancelable operating leases are included in the table below, assuming that no leases are renewed and no renewal options are exercised. Future minimum annual base rents also do not include payments which may be received under certain leases for the reimbursement of property operating expenses or percentage rents.

Year ending December 31,	Operating Leases
2019	\$ 811,381
2020	709,230
2021	599,367
2022	490,087
2023	392,892
Thereafter	1,368,278

10. Leases

The Company periodically enters into agreements in which it is the lessee, including ground leases for neighborhood and community shopping centers that it operates and office leases for administrative space. The agreements range in term from less than one year to 50 or more years, with certain agreements containing extension options for up to an additional 100 years. As of September 30, 2019 the Company is not including any options to extend or any termination options in its ROU asset, as the exercise of such options is not reasonably certain. Upon lease execution, the Company measures a liability for the present value of future lease payments over the noncancellable period of the lease. Certain agreements require the Company to pay its proportionate share of reimbursable expenses such as common area expenses, utilities, insurance and real estate taxes. These payments are not included in the calculation of the lease liability and are presented as variable lease costs. The following table presents additional information pertaining to the Company's operating leases:

Supplemental Statements of Operations Information	Three Months Ended September 30, 2019	Nine Months Ended September 30, 2019
Operating lease costs	\$ 1,705	\$ 5,121
Short-term lease costs	9	29
Variable lease costs	80	336
Total lease costs	<u>\$ 1,794</u>	<u>\$ 5,486</u>
Supplemental Statements of Cash Flows Information	Nine Months Ended September 30, 2019	
Operating cash outflows from operating leases	\$ 5,226	
ROU assets obtained in exchange for operating lease liabilities	\$ 44,354	
Operating Lease Liabilities	As of September 30, 2019	
Future minimum operating lease payments:		
2019 (remaining three months)	\$ 1,725	
2020	6,916	
2021	6,942	
2022	6,999	
2023	5,611	
Thereafter	30,807	
Total future minimum operating lease payments	59,000	
Less: imputed interest	(13,396)	
Operating lease liabilities	<u>\$ 45,604</u>	
Supplemental Balance Sheets Information	As of September 30, 2019	
Operating lease liabilities ⁽¹⁾⁽²⁾	\$ 45,604	
ROU assets ⁽¹⁾⁽³⁾	\$ 40,599	

⁽¹⁾ As of September 30, 2019, the weighted average remaining lease term was 11.1 years and the weighted average discount rate was 4.30%.

⁽²⁾ These amounts are included in Accounts payable, accrued expenses and other liabilities on the Company's unaudited Condensed Consolidated Balance Sheets.

⁽³⁾ These amounts are included in Other assets on the Company's unaudited Condensed Consolidated Balance Sheets.

As of September 30, 2019, there were no material leases that have been executed but not yet commenced.

Minimum Annual Rental Commitments As Presented Under ASC 840

Minimum annual rental commitments as of and in-place at December 31, 2018 for the Company's ground and office leases during the next five years and thereafter are as follows:

Year ending December 31,		
2019	\$	6,929
2020		6,948
2021		7,157
2022		7,233
2023		5,827
Thereafter		43,876
Total minimum annual rental commitments	\$	<u>77,970</u>

11. Equity and Capital

Share Repurchase Program

In December 2017, the Board of Directors authorized a share repurchase program (the "Program") for up to \$400.0 million of the Company's common stock. The Program is scheduled to expire on December 5, 2019, unless extended by the Board of Directors. During the nine months ended September 30, 2019, the Company repurchased 0.8 million shares of common stock under the Program at an average price per share of \$17.43 for a total of \$14.6 million, excluding commissions. The Company incurred commissions of less than \$0.1 million in conjunction with the Program for the nine months ended September 30, 2019. During the nine months ended September 30, 2018, the Company repurchased 4.9 million shares of common stock under the Program at an average price per share of \$16.71 for a total of \$81.9 million, excluding commissions. The Company incurred commissions of \$0.1 million in conjunction with the Program for the nine months ended September 30, 2018. As of September 30, 2019, the Program had \$275.0 million of available repurchase capacity.

Common Stock

In connection with the vesting of restricted stock units ("RSUs") under the Company's equity-based compensation plan, the Company withholds shares to satisfy tax withholding obligations. During the nine months ended September 30, 2019 and 2018, the Company withheld 0.1 million shares.

Dividends and Distributions

During the three months ended September 30, 2019 and 2018, the Company declared common stock dividends and OP Unit distributions of \$0.280 per share/unit and \$0.275 per share/unit, respectively. As of September 30, 2019 and December 31, 2018, the Company had declared but unpaid common stock dividends and OP Unit distributions of \$85.4 million and \$85.3 million, respectively. These amounts are included in Accounts payable, accrued expenses and other liabilities on the Company's unaudited Condensed Consolidated Balance Sheets.

12. Stock Based Compensation

During the year ended December 31, 2013, the Board of Directors approved the 2013 Omnibus Incentive Plan (the "Plan"). The Plan provides for a maximum of 15.0 million shares of the Company's common stock to be issued for qualified and non-qualified options, stock appreciation rights, restricted stock and RSUs, OP Units, performance awards and other stock-based awards.

During the nine months ended September 30, 2019 and the year ended December 31, 2018, the Company granted RSUs to certain employees. The RSUs are divided into multiple tranches, which are all subject to service-based vesting conditions. Certain tranches are also subject to performance-based or market-based vesting conditions, which contain a threshold, target, and maximum number of units which can be earned. The number of units actually earned for each tranche is determined based on performance during a specified performance period. Tranches that only have a service-based component can only earn a target number of units. The aggregate number of RSUs granted, assuming that the

target level of performance is achieved, was 0.8 million and 0.8 million for the nine months ended September 30, 2019 and the year ended December 31, 2018, respectively, with vesting periods ranging from one to five years. For the performance-based and service-based RSUs granted, fair value is based on the Company's grant date stock price. For the market-based RSUs granted during the nine months ended September 30, 2019 and the year ended December 31, 2018, the Company calculated the grant date fair values per unit using a Monte Carlo simulation based on the probability of satisfying the market performance hurdles over the remainder of the performance period based on the Company's historical common stock performance relative to the other companies within the FTSE NAREIT Equity Shopping Centers Index as well as the following significant assumptions: (i) volatility of 20.0% to 21.0% and 29.0% to 32.0%, respectively; (ii) a weighted average risk-free interest rate of 2.55% and 2.43% to 2.53%, respectively; and (iii) the Company's weighted average common stock dividend yield of 5.6% and 5.6%, respectively.

During the three months ended September 30, 2019 and 2018, the Company recognized \$3.5 million and \$2.7 million of equity compensation expense, respectively, of which \$0.2 million and \$0.0 million was capitalized, respectively. During the nine months ended September 30, 2019 and 2018, the Company recognized \$9.5 million and \$8.0 million of equity compensation expense, respectively, of which \$0.6 million and \$0.0 million was capitalized, respectively. These amounts are included in General and administrative expense on the Company's unaudited Condensed Consolidated Statements of Operations. As of September 30, 2019, the Company had \$18.8 million of total unrecognized compensation expense related to unvested stock compensation, which is expected to be recognized over a weighted average period of approximately 2.2 years.

13. Earnings per Share

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

The following table provides a reconciliation of the numerator and denominator of the EPS calculations for the three and nine months ended September 30, 2019 and 2018 (dollars in thousands, except per share data):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
<u>Computation of Basic Earnings Per Share:</u>				
Net income	\$ 80,854	\$ 147,346	\$ 212,714	\$ 288,730
Non-forfeitable dividends on unvested restricted shares	(176)	(162)	(484)	(264)
Net income attributable to the Company’s common stockholders for basic earnings per share	<u>\$ 80,678</u>	<u>\$ 147,184</u>	<u>\$ 212,230</u>	<u>\$ 288,466</u>
Weighted average number shares outstanding – basic	298,031	302,170	298,257	303,031
Basic earnings per share attributable to the Company’s common stockholders:				
Net income per share	<u>\$ 0.27</u>	<u>\$ 0.49</u>	<u>\$ 0.71</u>	<u>\$ 0.95</u>
<u>Computation of Diluted Earnings Per Share:</u>				
Net income attributable to the Company’s common stockholders for diluted earnings per share	<u>\$ 80,678</u>	<u>\$ 147,184</u>	<u>\$ 212,230</u>	<u>\$ 288,466</u>
Weighted average shares outstanding – basic	298,031	302,170	298,257	303,031
Effect of dilutive securities:				
Equity awards	848	212	670	182
Weighted average shares outstanding – diluted	<u>298,879</u>	<u>302,382</u>	<u>298,927</u>	<u>303,213</u>
Diluted earnings per share attributable to the Company’s common stockholders:				
Net income per share	<u>\$ 0.27</u>	<u>\$ 0.49</u>	<u>\$ 0.71</u>	<u>\$ 0.95</u>

14. Earnings per Unit

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

The following table provides a reconciliation of the numerator and denominator of the earnings per unit calculations for the three and nine months ended September 30, 2019 and 2018 (dollars in thousands, except per unit data):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
<u>Computation of Basic Earnings Per Unit:</u>				
Net income	\$ 80,854	\$ 147,346	\$ 212,714	\$ 288,730
Non-forfeitable dividends on unvested restricted units	(176)	(162)	(484)	(264)
Net income attributable to the Operating Partnership's common units for basic earnings per unit	<u>\$ 80,678</u>	<u>\$ 147,184</u>	<u>\$ 212,230</u>	<u>\$ 288,466</u>
Weighted average number common units outstanding – basic	298,031	302,170	298,257	303,031
Basic earnings per unit attributable to the Operating Partnership's common units:				
Net income per unit	<u>\$ 0.27</u>	<u>\$ 0.49</u>	<u>\$ 0.71</u>	<u>\$ 0.95</u>
<u>Computation of Diluted Earnings Per Unit:</u>				
Net income attributable to the Operating Partnership's common units for diluted earnings per unit	<u>\$ 80,678</u>	<u>\$ 147,184</u>	<u>\$ 212,230</u>	<u>\$ 288,466</u>
Weighted average common units outstanding – basic	298,031	302,170	298,257	303,031
Effect of dilutive securities:				
Equity awards	848	212	670	182
Weighted average common units outstanding – diluted	<u>298,879</u>	<u>302,382</u>	<u>298,927</u>	<u>303,213</u>
Diluted earnings per unit attributable to the Operating Partnership's common units:				
Net income per unit	<u>\$ 0.27</u>	<u>\$ 0.49</u>	<u>\$ 0.71</u>	<u>\$ 0.95</u>

15. Commitments and Contingencies

Legal Matters

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

As previously disclosed, on August 1, 2019, the Company finalized a settlement with the SEC with respect to matters initially disclosed on February 8, 2016 relating to a review conducted by the Audit Committee of the Company's Board of Directors into certain accounting matters and the related conduct of certain former Company executives. The final agreement with the SEC provides for, among other things, (i) the Company's consent to a cease and desist order, without admitting or denying the findings therein, with respect to violations of Sections 10(b) and 13(a) of the Securities Exchange Act of 1934, certain related rules and Rule 100(b) of Regulation G, (ii) the Company's commitment to engage an independent consultant to assess the Company's current policies and procedures relating to certain non-GAAP performance measures, and (iii) the payment of a civil penalty of \$7.0 million, which the Company paid during the three months ended September 30, 2019. Also as previously disclosed, these matters were the subject of an investigation by the U.S. Attorney's Office for the Southern District of New York.

The Company believes that no additional government proceedings relating to these matters will be brought against the Company. The Company understands that the SEC and Southern District of New York have announced actions relating to these matters with respect to certain former employees. The Company remains obligated to indemnify these former officers for legal and other professional fees, some of which may be in excess of the Company's insurance coverage.

As previously disclosed, these matters were the subject of civil litigation, which was settled for an aggregate amount that was within the coverage amount of the Company's applicable insurance policies and were funded into escrow by the insurance carriers. During the nine months ended September 30, 2019, the remaining settlement balance of \$19.5 million was released from escrow. The settlements provided for the release of, among others, the Company, its subsidiaries, and their respective current and former officers, directors and employees from the claims that were or could have been asserted in the litigation.

Environmental matters

Under various federal, state and local laws, ordinances and regulations, the Company may be or become liable for the costs of removal or remediation of certain hazardous or toxic substances released on or in the Company's property or disposed of by the Company or its tenants, as well as certain other potential costs which could relate to hazardous or toxic substances (including governmental fines and injuries to persons and property). The Company does not believe that any resulting liability from such matters will have a material impact on the Company's results of operations, cash flows, or financial position.

16. Related-Party Transactions

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

As of September 30, 2019 and December 31, 2018, there were no material receivables from or payables to related parties.

17. Subsequent Events

In preparing the unaudited Condensed Consolidated Financial Statements, the Company has evaluated events and transactions occurring after September 30, 2019 for recognition and/or disclosure purposes. Based on this evaluation, there were no subsequent events from September 30, 2019 through the date the financial statements were issued.

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

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

Executive Summary

Our Company

Brixmor Property Group Inc. and subsidiaries (collectively, "BPG") is an internally-managed real estate investment trust ("REIT"). Brixmor Operating Partnership LP and subsidiaries (collectively, the "Operating Partnership") is the entity through which BPG conducts substantially all of its operations and owns substantially all of its assets. BPG owns 100% of the common stock of BPG Subsidiary Inc. ("BPG Sub"), which, in turn, is the sole member of Brixmor OP GP LLC (the "General Partner"), the sole general partner of the Operating Partnership. Unless stated otherwise or the context otherwise requires, "we," "our," and "us" mean BPG and the Operating Partnership, collectively. We believe we own and operate one of the largest open air retail portfolios by gross leasable area ("GLA") in the United States ("U.S."), comprised primarily of community and neighborhood shopping centers. As of September 30, 2019, our portfolio was comprised of 409 shopping centers (the "Portfolio") totaling approximately 72 million square feet of GLA. Our high-quality national Portfolio is primarily located within established trade areas in the top 50 Metropolitan Statistical Areas ("MSAs") in the U.S., and our shopping centers are primarily anchored by non-discretionary and value-oriented retailers, as well as consumer-oriented service providers. As of September 30, 2019, our three largest tenants by annualized base rent ("ABR") were The TJX Companies, Inc. ("TJX"), The Kroger Co. ("Kroger"), and Dollar Tree Stores, Inc. BPG has been organized and operated in conformity with the requirements for qualification and taxation as a REIT under U.S. federal income tax laws, commencing with our taxable year ended December 31, 2011, has maintained such requirements through our taxable year ended December 31, 2018, and intends to satisfy such requirements for subsequent taxable years.

Our primary objective is to maximize total returns to our stockholders through consistent, sustainable growth in cash flow. Our key strategies to achieve this objective include proactively managing our Portfolio to drive internal growth, pursuing value-enhancing reinvestment opportunities and prudently executing on acquisition and disposition activity, while also maintaining a flexible capital structure positioned for growth. In addition, as we execute on our key strategies, we do so guided by a commitment to operate in a socially responsible manner that allows us to realize our goal of owning and managing properties that are the center of the communities we serve.

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

- **Expansive Retailer Relationships** – We believe that the scale of our asset base and our nationwide footprint represent competitive advantages in supporting the growth objectives of the nation's largest and most successful retailers. We believe that we are one of the largest landlords by GLA to TJX and Kroger, as well as a key landlord to most major grocers and retail category leaders. We believe that our strong relationships with leading retailers afford us unique insight into their strategies and priority access to their expansion plans.
- **Fully-Integrated Operating Platform** – We manage a fully-integrated operating platform, leveraging our national scope and demonstrating our commitment to operating with a strong regional and local presence. We provide our tenants with dedicated service through both our national accounts leasing team based in New York and our network of four regional offices in Atlanta, Chicago, Philadelphia and San Diego, as well as our 10 leasing and property management satellite offices throughout the country. We believe that this structure enables us to obtain critical national market intelligence, while also benefitting from the regional and local expertise of our leasing and operations team.
- **Experienced Management** – Senior members of our management team are seasoned real estate operators with extensive public company leadership experience. Our management team has deep industry knowledge and well-established relationships with retailers, brokers and vendors through many years of operational and transactional experience, as well as significant capital markets capabilities and expertise in executing value-enhancing reinvestment opportunities.

Other Factors That May Influence our Future Results

We derive our revenues primarily from rent and expense reimbursements paid by tenants to us under existing leases at each of our properties. Expense reimbursements primarily consist of payments made by tenants to us for their proportionate share of property operating expenses, including common area expenses, utilities, insurance and real estate taxes, and certain capital expenditures related to the maintenance of our properties.

Rental income is primarily dependent on our ability to maintain or increase rental rates, renew expiring leases and/or lease available space, and our inability to do so may impact our overall performance. Additionally, increases in our property operating expenses, such as repairs and maintenance, landscaping, snow removal, utilities, security, ground rent related to properties for which we are the lessee, property insurance, real estate taxes and various other costs, to the extent they are not offset by increases in revenue, may impact our overall performance. Factors that could affect our rental income and/or property operating expenses include: (1) changes in national, regional and local economic climates or demographics; (2) local market conditions, including an oversupply of space in, or a reduction in demand for, properties similar to those in our Portfolio; (3) competition from other available properties and e-commerce, and the attractiveness of properties in our Portfolio to our tenants; (4) ongoing disruption and/or consolidation in the retail sector, the financial stability of our tenants and the overall financial condition of large retailing companies, including their ability to pay rent and expense reimbursements; (5) in the case of percentage rents, the sales volume of our tenants; (6) increases in property operating expenses, including common area expenses, utilities, insurance and real estate taxes, which are relatively inflexible and generally do not decrease if revenue or occupancy decrease; (7) increases in the costs to repair, renovate and re-lease space; (8) earthquakes, tornadoes, hurricanes, damage from rising sea levels due to climate change, other natural disasters, civil unrest, terrorist acts or acts of war, which may result in uninsured or underinsured losses; and (9) changes in laws and governmental regulations, including those governing usage, zoning, the environment and taxes. For a further discussion of these and other factors that could impact our future results, see Item 1A. “Risk Factors” in our annual report on Form 10-K for the fiscal year ended December 31, 2018.

Leasing Highlights

As of September 30, 2019, billed and leased occupancy were 88.6% and 91.9%, respectively, as compared to 89.4% and 92.5%, respectively, as of September 30, 2018.

The following table summarizes our executed leasing activity for the three months ended September 30, 2019 and 2018 (dollars in thousands, except for per square foot (“PSF”) amounts):

For the Three Months Ended September 30, 2019						
	Leases	GLA	New ABR PSF	Tenant Improvements and Allowances PSF	Third Party Leasing Commissions PSF	Rent Spread ⁽¹⁾
New, renewal and option leases	509	3,623,347	\$ 13.95	\$ 6.92	\$ 1.38	11.1%
New and renewal leases	438	2,252,432	16.63	11.12	2.22	13.3%
New leases	160	948,964	15.63	23.97	5.07	30.5%
Renewal leases	278	1,303,468	17.36	1.77	0.15	9.4%
Option leases	71	1,370,915	9.55	—	—	6.5%
For the Three Months Ended September 30, 2018						
	Leases	GLA	New ABR PSF	Tenant Improvements and Allowances PSF	Third Party Leasing Commissions PSF	Rent Spread ⁽¹⁾
New, renewal and option leases	509	3,135,370	\$ 14.54	\$ 6.97	\$ 1.31	12.1%
New and renewal leases	436	2,238,581	15.43	9.76	1.84	13.4%
New leases	157	875,425	14.78	21.76	4.53	39.7%
Renewal leases	279	1,363,156	15.84	2.06	0.10	6.7%
Option leases	73	896,789	12.32	—	—	8.6%

⁽¹⁾ Based on comparable leases only, which includes new leases executed on units that were occupied within the prior 12 months and renewals executed with the same tenant in all or a portion of the same location to extend the term of an expiring lease.

Excludes leases executed for terms of less than one year.

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

The following table summarizes our executed leasing activity for the nine months ended September 30, 2019 and 2018 (dollars in thousands, except for PSF amounts):

For the Nine Months Ended September 30, 2019						
	Leases	GLA	New ABR PSF	Tenant Improvements and Allowances PSF	Third Party Leasing Commissions PSF	Rent Spread ⁽¹⁾
New, renewal and option leases	1,360	10,107,597	\$ 13.82	\$ 6.88	\$ 1.44	10.9%
New and renewal leases	1,155	6,188,294	15.93	11.20	2.34	13.3%
New leases	483	2,669,762	16.42	23.75	5.27	31.0%
Renewal leases	672	3,518,532	15.56	1.68	0.12	8.3%
Option leases	205	3,919,303	10.48	0.05	—	7.2%
For the Nine Months Ended September 30, 2018						
	Leases	GLA	New ABR PSF	Tenant Improvements and Allowances PSF	Third Party Leasing Commissions PSF	Rent Spread ⁽¹⁾
New, renewal and option leases	1,525	9,276,924	\$ 14.61	\$ 7.77	\$ 1.43	12.4%
New and renewal leases	1,295	6,362,370	15.74	11.27	2.06	14.7%
New leases	484	2,931,627	14.71	22.14	4.42	35.2%
Renewal leases	811	3,430,743	16.62	1.98	0.05	8.4%
Option leases	230	2,914,554	12.14	0.14	0.03	7.6%

⁽¹⁾ Based on comparable leases only, which includes new leases executed on units that were occupied within the prior 12 months and renewals executed with the same tenant in all or a portion of the same location to extend the term of an expiring lease.

Excludes leases executed for terms of less than one year.

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

Acquisition Activity

- During the nine months ended September 30, 2019, we acquired two shopping centers, two leases at an existing shopping center and one land parcel for an aggregate purchase price of \$79.6 million, including transaction costs.
- During the nine months ended September 30, 2018, we acquired one land parcel, one outparcel building and one outparcel for an aggregate purchase price of \$9.0 million, including transaction costs.

Disposition Activity

- During the nine months ended September 30, 2019, we disposed of 18 shopping centers and four partial shopping centers for aggregate net proceeds of \$239.4 million resulting in aggregate gain of \$46.0 million and aggregate impairment of \$14.4 million. In addition, during the nine months ended September 30, 2019, we received aggregate net proceeds of \$0.4 million from previously disposed assets resulting in aggregate gain of \$0.3 million.
- During the nine months ended September 30, 2018, we disposed of 42 shopping centers and two partial shopping centers for aggregate net proceeds of \$676.5 million resulting in aggregate gain of \$158.5 million and aggregate impairment of \$28.4 million. In addition, during the nine months ended September 30, 2018, we received net proceeds of \$0.5 million from previously disposed assets resulting in a gain of \$0.5 million.

Results of Operations

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

Comparison of the Three Months Ended September 30, 2019 to the Three Months Ended September 30, 2018

Revenues (in thousands)

	Three Months Ended September 30,		\$ Change
	2019	2018	
Revenues			
Rental income	\$ 292,732	\$ 306,172	\$ (13,440)
Other revenues	233	308	(75)
Total revenues	<u>\$ 292,965</u>	<u>\$ 306,480</u>	<u>\$ (13,515)</u>

Rental income

The decrease in rental income for the three months ended September 30, 2019 of \$13.4 million, as compared to the corresponding period in 2018, was primarily due to a \$21.0 million decrease in rental income due to net disposition activity, partially offset by a \$7.6 million increase for the remaining portfolio. The increase for the remaining portfolio was due to (i) a \$5.2 million increase in base rent; (ii) a \$2.5 million increase in straight-line rental income, net; (iii) a \$2.0 million increase in expense reimbursements; (iv) a \$0.7 million increase in ancillary and other rental income; (v) a \$0.4 million increase in percentage rents; and (vi) a \$0.1 million increase in lease termination fees; partially offset by (vii) a \$2.1 million increase in revenues deemed uncollectible; and (viii) a \$1.2 million decrease in accretion of above- and below-market leases and tenant inducements, net. The \$5.2 million increase in base rent for the remaining portfolio was primarily due to contractual rent increases as well as positive rent spreads for new and renewal leases and option exercises of 10.9% during the nine months ended September 30, 2019 and 11.8% during the year ended December 31, 2018, partially offset by a decline in billed occupancy. In connection with the adoption of Accounting Standards Codification 842 ("ASC 842"), revenues deemed uncollectible, as noted above, is now recognized as an adjustment to rental income. Prior period provision for doubtful accounts is presented in accordance with our previous presentation and has not been reclassified to rental income.

Other revenues

Other revenues remained generally consistent for the three months ended September 30, 2019 as compared to the corresponding period in 2018.

Operating Expenses (in thousands)

	Three Months Ended September 30,		\$ Change
	2019	2018	
Operating expenses			
Operating costs	\$ 29,573	\$ 31,969	\$ (2,396)
Real estate taxes	43,688	44,711	(1,023)
Depreciation and amortization	82,837	85,183	(2,346)
Provision for doubtful accounts	—	3,094	(3,094)
Impairment of real estate assets	8,170	16,372	(8,202)
General and administrative	24,550	21,209	3,341
Total operating expenses	<u>\$ 188,818</u>	<u>\$ 202,538</u>	<u>\$ (13,720)</u>

Operating costs

The decrease in operating costs for the three months ended September 30, 2019 of \$2.4 million, as compared to the corresponding period in 2018, was primarily due to a \$2.3 million decrease in operating costs due to net disposition activity and a \$0.9 million decrease in operating costs for the remaining portfolio, partially offset by a \$0.8 million increase in operating costs due to insurance captive adjustments.

Real estate taxes

The decrease in real estate taxes for the three months ended September 30, 2019 of \$1.0 million, as compared to the corresponding period in 2018, was primarily due to a \$2.5 million decrease in real estate taxes due to net disposition

activity, partially offset by a \$1.5 million increase for the remaining portfolio primarily due to increases in tax rates and assessments from several jurisdictions.

Depreciation and amortization

The decrease in depreciation and amortization for the three months ended September 30, 2019 of \$2.3 million, as compared to the corresponding period in 2018, was primarily due to a \$5.3 million decrease in depreciation and amortization due to net disposition activity, partially offset by a \$3.0 million increase for the remaining portfolio primarily due to an increase in depreciation and amortization for tenant-specific assets.

Provision for doubtful accounts

Following the adoption of ASC 842 on January 1, 2019, we recognize any revenue deemed uncollectible as an adjustment to rental income. Prior periods continue to be presented in accordance with our previous presentation.

Impairment of real estate assets

During the three months ended September 30, 2019, aggregate impairment of \$8.2 million was recognized on three shopping centers and one partial shopping center as a result of disposition activity. During the three months ended September 30, 2018, aggregate impairment of \$16.4 million was recognized on four shopping centers and two partial shopping centers as a result of disposition activity and five operating properties. Impairments recognized were due to changes in anticipated hold periods in connection with our capital recycling program.

General and administrative

The increase in general and administrative costs for the three months ended September 30, 2019 of \$3.3 million, as compared to the corresponding period in 2018, was primarily due to a reduction in capitalized legal and payroll costs in connection with the adoption of ASC 842 and increased payroll costs.

During the three months ended September 30, 2019 and 2018, construction compensation costs of \$3.8 million and \$2.6 million, respectively, were capitalized to building and improvements and leasing payroll costs of \$0.0 million and \$2.0 million, respectively, leasing legal costs of \$0.0 million and \$1.2 million, respectively, and leasing commission costs of \$1.6 million and \$2.5 million, respectively, were capitalized to deferred charges and prepaid expenses, net.

Other Income and Expenses (in thousands)

	Three Months Ended September 30,		\$ Change
	2019	2018	
Other income (expense)			
Dividends and interest	\$ 128	\$ 156	\$ (28)
Interest expense	(47,698)	(55,364)	7,666
Gain on sale of real estate assets	25,621	119,333	(93,712)
Loss on extinguishment of debt, net	(943)	(19,759)	18,816
Other	(401)	(962)	561
Total other income (expense)	\$ (23,293)	\$ 43,404	\$ (66,697)

Dividends and interest

Dividends and interest remained generally consistent for the three months ended September 30, 2019 as compared to the corresponding period in 2018.

Interest expense

The decrease in interest expense for the three months ended September 30, 2019 of \$7.7 million, as compared to the corresponding period in 2018, was primarily due to lower overall debt obligations.

Gain on sale of real estate assets

During the three months ended September 30, 2019, nine shopping centers were disposed resulting in aggregate gain of \$25.5 million. In addition, during the three months ended September 30, 2019, we received aggregate net proceeds of \$0.1 million from previously disposed assets resulting in aggregate gain of \$0.1 million. During the three months ended September 30, 2018, 22 shopping centers were disposed resulting in aggregate gain of \$119.3 million.

Loss on extinguishment of debt, net

During the three months ended September 30, 2019, we repaid \$300.0 million of an unsecured term loan under our senior unsecured credit facility agreement, as amended December 12, 2018 (the "Unsecured Credit Facility"), resulting in a \$0.9 million loss on extinguishment of debt due to the acceleration of unamortized debt issuance costs. During the three months ended September 30, 2018, we repaid \$250.0 million of unsecured term loans and \$505.4 million of secured loans. During the three months ended September 30, 2018, we recognized a \$19.8 million loss on extinguishment of debt, net as a result of debt transactions, which included \$27.3 million of prepayment fees, partially offset by \$7.5 million of accelerated unamortized debt premiums, net of debt issuance costs.

Other

The decrease in other expense for the three months ended September 30, 2019 of \$0.6 million, as compared to the corresponding period in 2018, was primarily due to a favorable appeal of previously reserved taxes during 2019.

Comparison of the Nine Months Ended September 30, 2019 to the Nine Months Ended September 30, 2018

Revenues (in thousands)

	Nine Months Ended September 30,		\$ Change
	2019	2018	
Revenues			
Rental income	\$ 873,424	\$ 935,689	\$ (62,265)
Other revenues	1,685	996	689
Total revenues	<u>\$ 875,109</u>	<u>\$ 936,685</u>	<u>\$ (61,576)</u>

Rental income

The decrease in rental income for the nine months ended September 30, 2019 of \$62.3 million, as compared to the corresponding period in 2018, was primarily due to a \$74.6 million decrease in rental income due to net disposition activity, partially offset by a \$12.3 million increase for the remaining portfolio. The increase for the remaining portfolio was due to (i) a \$12.1 million increase in base rent; (ii) a \$6.7 million increase in straight-line rental income, net; (iii) a \$2.9 million increase in expense reimbursements; (iv) a \$1.8 million increase in ancillary and other rental income; (v) a \$0.8 million increase in percentage rents; and (vi) a \$0.5 million increase in lease termination fees; partially offset by (vii) a \$6.9 million increase in revenues deemed uncollectible; and (viii) a \$5.6 million decrease in accretion of above- and below-market leases and tenant inducements, net. The \$12.1 million increase in base rent for the remaining portfolio was primarily due to contractual rent increases as well as positive rent spreads for new and renewal leases and option exercises of 10.9% during the nine months ended September 30, 2019 and 11.8% during the year ended December 31, 2018, partially offset by a decline in billed occupancy. In connection with the adoption of ASC 842, revenues deemed uncollectible, as noted above, is now recognized as an adjustment to rental income. Prior period provision for doubtful accounts is presented in accordance with our previous presentation and has not been reclassified to rental income.

Other revenues

The increase in other revenues for the nine months ended September 30, 2019 of \$0.7 million, as compared to the corresponding period in 2018, was primarily due to an increase in tax increment financing income.

Operating Expenses (in thousands)

	Nine Months Ended September 30,		\$ Change
	2019	2018	
Operating expenses			
Operating costs	\$ 90,138	\$ 101,340	\$ (11,202)
Real estate taxes	130,203	135,383	(5,180)
Depreciation and amortization	249,825	266,900	(17,075)
Provision for doubtful accounts	—	6,458	(6,458)
Impairment of real estate assets	17,468	44,201	(26,733)
General and administrative	75,168	64,955	10,213
Total operating expenses	\$ 562,802	\$ 619,237	\$ (56,435)

Operating costs

The decrease in operating costs for the nine months ended September 30, 2019 of \$11.2 million, as compared to the corresponding period in 2018, was primarily due to a \$8.5 million decrease in operating costs due to net disposition activity and a \$3.7 million decrease in operating costs for the remaining portfolio, partially offset by a \$1.0 million increase in operating costs due to insurance captive adjustments.

Real estate taxes

The decrease in real estate taxes for the nine months ended September 30, 2019 of \$5.2 million, as compared to the corresponding period in 2018, was primarily due to a \$9.1 million decrease in real estate taxes due to net disposition activity, partially offset by a \$3.9 million increase for the remaining portfolio primarily due to increases in tax rates and assessments from several jurisdictions.

Depreciation and amortization

The decrease in depreciation and amortization for the nine months ended September 30, 2019 of \$17.1 million, as compared to the corresponding period in 2018, was primarily due to a \$20.2 million decrease in depreciation and amortization due to net disposition activity, partially offset by a \$3.1 million increase for the remaining portfolio primarily due to an increase in depreciation and amortization for tenant-specific assets, partially offset by a decrease related to acquired in-place lease intangibles.

Provision for doubtful accounts

In connection with the adoption of ASC 842 on January 1, 2019, we recognize any revenue deemed uncollectible as an adjustment to rental income. Prior periods continue to be presented in accordance with our previous presentation.

Impairment of real estate assets

During the nine months ended September 30, 2019, aggregate impairment of \$17.5 million was recognized on three shopping centers and one partial shopping center as a result of disposition activity and one operating property. During the nine months ended September 30, 2018, aggregate impairment of \$44.2 million was recognized on 10 shopping centers and one partial shopping center as a result of disposition activity and six operating properties. Impairments recognized were due to changes in anticipated hold periods in connection with our capital recycling program.

General and administrative

The increase in general and administrative costs for the nine months ended September 30, 2019 of \$10.2 million, as compared to the corresponding period in 2018, was primarily due a reduction in capitalized legal and payroll costs in connection with the adoption of ASC 842 and increased payroll costs.

During the nine months ended September 30, 2019 and 2018, construction compensation costs of \$10.7 million and \$7.7 million, respectively, were capitalized to building and improvements and leasing payroll costs of \$0.0 million and \$6.2 million, respectively, leasing legal costs of \$0.0 million and \$2.5 million, respectively, and leasing commission costs of \$4.5 million and \$5.4 million, respectively, were capitalized to deferred charges and prepaid expenses, net.

Other Income and Expenses (in thousands)

	Nine Months Ended September 30,		\$ Change
	2019	2018	
Other income (expense)			
Dividends and interest	\$ 575	\$ 356	\$ 219
Interest expense	(142,839)	(165,735)	22,896
Gain on sale of real estate assets	46,266	159,043	(112,777)
Loss on extinguishment of debt, net	(1,620)	(20,182)	18,562
Other	(1,975)	(2,200)	225
Total other expense	<u>\$ (99,593)</u>	<u>\$ (28,718)</u>	<u>\$ (70,875)</u>

Dividends and interest

Dividends and interest remained generally consistent for the nine months ended September 30, 2019 as compared to the corresponding period in 2018.

Interest expense

The decrease in interest expense for the nine months ended September 30, 2019 of \$22.9 million, as compared to the corresponding period in 2018, was primarily due to lower overall debt obligations.

Gain on sale of real estate assets

During the nine months ended September 30, 2019, 15 shopping centers and three partial shopping centers were disposed resulting in aggregate gain of \$46.0 million. In addition, during the nine months ended September 30, 2019, we received aggregate net proceeds of \$0.4 million from previously disposed assets resulting in aggregate gain of \$0.3 million. During the nine months ended September 30, 2018, 35 shopping centers and one partial shopping center were disposed resulting in aggregate gain of \$158.5 million. In addition, during the nine months ended September 30, 2018, we received aggregate net proceeds of \$0.5 million from previously disposed assets resulting in aggregate gain of \$0.5 million.

Loss on extinguishment of debt, net

During the nine months ended September 30, 2019, we repaid \$500.0 million of an unsecured term loan under the Unsecured Credit Facility, resulting in a \$1.6 million loss on extinguishment of debt due to the acceleration of unamortized debt issuance costs. During the nine months ended September 30, 2018, we repaid \$435.0 million of unsecured term loans and \$505.5 million of secured loans. During the nine months ended September 30, 2018, we recognized a \$20.2 million loss on extinguishment of debt, net as a result of debt transactions, which included \$27.6 million of prepayment fees, partially offset by \$7.4 million of accelerated unamortized debt premiums, net of discounts and debt issuance costs.

Other

Other expense remained generally consistent for the nine months ended September 30, 2019 as compared to the corresponding period in 2018.

Liquidity and Capital Resources

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

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

Sources

- cash and cash equivalent balances;
- operating cash flow;

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

Uses

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

We believe our current capital structure provides us with the financial flexibility and capacity to fund our current capital needs as well as future growth opportunities. We have access to multiple forms of capital, including secured property level debt, unsecured corporate level debt, preferred equity, and common equity, which will allow us to efficiently execute on our strategic and operational objectives. We currently have investment grade credit ratings from all three major credit rating agencies. As of September 30, 2019, our \$1.25 billion revolving credit facility (the “Revolving Facility”) had \$1.2 billion of undrawn capacity and we had outstanding letters of credit totaling \$4.3 million, which reduce available liquidity under the Revolving Facility. We intend to continue to enhance our financial and operational flexibility through the additional extension of the duration of our debt.

In May 2019, we issued \$400.0 million aggregate principal amount of 4.125% Senior Notes due 2029 (the “2029 Notes”) at 99.804% of par, the net proceeds of which were used to repay outstanding indebtedness under our Unsecured Credit Facility and for general corporate purposes. The 2029 Notes bear interest at a rate of 4.125% per annum, payable semi-annually on May 15 and November 15 of each year, commencing November 15, 2019. The 2029 Notes will mature on May 15, 2029. We may redeem the 2029 Notes prior to maturity at its option, at any time in whole or from time to time in part, at the applicable redemption price specified in the Indenture with respect to the 2029 Notes. If the 2029 Notes are redeemed on or after February 15, 2029 (three months prior to the maturity date), the redemption price will be equal to 100% of the principal amount of the 2029 Notes being redeemed plus accrued and unpaid interest thereon to, but not including, the redemption date. The 2029 Notes are our unsecured and unsubordinated obligations and rank equally in right of payment with all of our existing and future senior unsecured and unsubordinated indebtedness.

In August 2019, we issued \$350.0 million aggregate principal amount of 4.125% Senior Notes due 2029 at 106.402% of par, the net proceeds of which were used to repay outstanding indebtedness under our Unsecured Credit Facility and for general corporate purposes. The notes have substantially identical terms as, constitute a further issuance of, and form a single series with, our outstanding 2029 Notes.

In December 2017, the Board of Directors authorized a share repurchase program (the “Program”) for up to \$400.0 million of our common stock. The Program is scheduled to expire on December 5, 2019, unless extended by the Board of Directors. During the nine months ended September 30, 2019, we repurchased 0.8 million shares of common stock under the Program at an average price per share of \$17.43 for a total of \$14.6 million, excluding commissions. We incurred commissions of less than \$0.1 million in conjunction with the program for the nine months ended September 30, 2019. As of September 30, 2019, the Program had \$275.0 million of available repurchase capacity.

In connection with our intention to continue to qualify as a REIT for federal income tax purposes, we expect to continue paying regular dividends to our stockholders. Our Board of Directors will continue to evaluate the dividend policy on a quarterly basis, evaluating sources and uses of capital, operating fundamentals, maintenance of our REIT qualification and other factors our Board of Directors may deem relevant. We generally intend to maintain a conservative dividend payout ratio. Cash dividends paid to common stockholders for the nine months ended

September 30, 2019 and 2018 were \$251.3 million and \$250.9 million, respectively. Our Board of Directors declared a quarterly cash dividend of \$0.28 per common share in July 2019 for the third quarter of 2019. The dividend was paid on October 15, 2019 to shareholders of record on October 4, 2019. Our Board of Directors declared a quarterly cash dividend of \$0.285 per common share in October 2019 for the fourth quarter of 2019. The dividend is payable on January 15, 2020 to shareholders of record on January 6, 2020.

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

Brixmor Property Group Inc.

	Nine Months Ended September 30	
	2019	2018
Cash flows provided by operating activities	\$ 399,933	\$ 400,182
Cash flows provided by (used in) investing activities	(110,543)	480,070
Cash flows used in financing activities	(308,674)	(926,010)

Brixmor Operating Partnership LP

	Nine Months Ended September 30	
	2019	2018
Cash flows provided by operating activities	\$ 399,933	\$ 400,182
Cash flows provided by (used in) investing activities	(110,540)	480,071
Cash flows used in financing activities	(308,569)	(926,006)

Cash, cash equivalents and restricted cash for BPG and the Operating Partnership were \$31.5 million and \$65.0 million as of September 30, 2019 and 2018, respectively.

Operating Activities

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

During the nine months ended September 30, 2019, our net cash provided by operating activities decreased \$0.2 million as compared to the corresponding period in 2018. The decrease is primarily due to (i) a decrease in net operating income due to net disposition activity; and (ii) an increase in cash outflows for general and administrative expense; partially offset by (iii) a decrease in cash outflows for interest expense; (iv) an increase from net working capital; (v) an increase in same property net operating income; and (vi) an increase in lease termination fees.

Investing Activities

Net cash provided by (used in) investing activities is impacted by the nature, timing and magnitude of acquisition and disposition activity and improvements to and investments in our shopping centers, including capital expenditures associated with leasing and value-enhancing reinvestment efforts.

During the nine months ended September 30, 2019, our net cash used in investing activities increased \$590.6 million as compared to the corresponding period in 2018. The increase was primarily due to (i) a decrease of \$437.1 million in net proceeds from sales of real estate assets; (ii) an increase of \$97.2 million in improvements to and investments in real estate assets; and (iii) an increase of \$70.6 million in acquisitions of real estate assets; partially offset by (iv) an increase of \$14.3 million in proceeds from sale of marketable securities, net of purchases.

Improvements to and investments in real estate assets

During the nine months ended September 30, 2019 and 2018, we expended \$282.2 million and \$185.0 million, respectively, on improvements to and investments in real estate assets. In addition, during the nine months ended September 30, 2019 and 2018, insurance proceeds of \$5.0 million and \$4.3 million, respectively, were received and included in improvements to and investments in real estate assets.

Maintenance capital expenditures represent costs to fund major replacements and betterments to our properties. Leasing related capital expenditures represent tenant specific costs incurred to lease space, including tenant improvements and tenant allowances. In addition, we evaluate our Portfolio on an ongoing basis to identify value-enhancing anchor space repositioning, redevelopment, outparcel development, new development and other opportunities. Such initiatives are tenant driven and focus on upgrading our centers with strong, best-in-class retailers and enhancing the overall merchandise mix and tenant quality of our Portfolio. As of September 30, 2019, we had 62 projects in process with an aggregate anticipated cost of \$413.9 million, of which \$191.6 million has been incurred as of September 30, 2019.

Acquisitions of and proceeds from sales of real estate assets

We continue to evaluate the market for acquisition opportunities and we may acquire shopping centers when we believe strategic opportunities exist, particularly where we can further concentrate our Portfolio in attractive retail submarkets and optimize the quality and long-term growth rate of our asset base. During the nine months ended September 30, 2019, we acquired two shopping centers, two leases at an existing shopping center and one land parcel for an aggregate purchase price of \$79.6 million, including transaction costs. During the nine months ended September 30, 2018, we acquired one land parcel, one outparcel building and one outparcel for an aggregate purchase price of \$9.0 million, including transaction costs.

We may also dispose of properties when we believe value has been maximized, where there is further downside risk, or where we have limited ability or desire to build critical mass in a particular submarket. During the nine months ended September 30, 2019, we disposed of 18 shopping centers and four partial shopping centers for aggregate net proceeds of \$239.4 million. In addition, during the nine months ended September 30, 2019, we received aggregate net proceeds of \$0.4 million from previously disposed assets. During the nine months ended September 30, 2018, we disposed of 42 shopping centers and two partial shopping centers for aggregate net proceeds of \$676.5 million. In addition, during the nine months ended September 30, 2018, we received net proceeds of \$0.5 million from previously disposed assets.

Financing Activities

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

During the nine months ended September 30, 2019, our net cash used in financing activities decreased \$617.3 million as compared to the corresponding period in 2018. The decrease was primarily due to (i) a \$527.9 million decrease in debt repayments, net of borrowings; (ii) a decrease of \$67.5 million in repurchases of common stock; and (iii) a \$22.3 million decrease in deferred financing and debt extinguishment costs.

Contractual Obligations

Our contractual obligations relate to our debt, including unsecured notes payable, unsecured credit facilities and a secured loan, with maturities ranging from two years to 10 years, in addition to non-cancelable operating leases pertaining to ground leases and administrative office leases.

The following table summarizes our debt maturities (excluding extension options), interest payment obligations (excluding debt premiums and discounts and deferred financing costs) and obligations under non-cancelable operating leases (excluding extension options) as of September 30, 2019:

Contractual Obligations (in thousands)	Payment due by period						
	2019	2020	2021	2022	2023	Thereafter	Total
Debt ⁽¹⁾	\$ —	\$ —	\$ —	\$ 750,000	\$ 850,000	\$ 3,275,453	\$ 4,875,453
Interest payments ⁽²⁾	40,547	180,277	182,412	177,803	157,094	348,475	1,086,608
Operating leases	1,725	6,916	6,942	6,999	5,611	30,807	59,000
Total	<u>\$ 42,272</u>	<u>\$ 187,193</u>	<u>\$ 189,354</u>	<u>\$ 934,802</u>	<u>\$ 1,012,705</u>	<u>\$ 3,654,735</u>	<u>\$ 6,021,061</u>

⁽¹⁾ Debt includes scheduled maturities for unsecured notes payable, unsecured credit facilities and a secured loan.

⁽²⁾ As of September 30, 2019, we incur variable rate interest on (i) a \$350.0 million term loan; (ii) a \$300 million term loan; and (iii) \$250.0 million of Floating Rate Senior Notes due 2022. We have in place seven interest rate swap agreements with an aggregate notional value of \$800.0 million, which effectively convert variable interest payments to fixed interest payments. For a further discussion of these and other factors that could impact interest payments please see Item 7A. “Quantitative and Qualitative Disclosures” in our annual report on Form 10-K for the fiscal year ended December 31, 2018. Interest payments for these variable rate loans are presented using rates (including the impact of interest rate swaps) as of September 30, 2019.

Non-GAAP Performance Measures

We present the non-GAAP performance measures set forth below. These measures should not be considered as alternatives to, or more meaningful than, net income (calculated in accordance with GAAP) or other GAAP financial measures, as an indicator of financial performance and are not alternatives to, or more meaningful than, cash flow from operating activities (calculated in accordance with GAAP) as a measure of liquidity. Non-GAAP performance measures have limitations as they do not include all items of income and expense that affect operations, and accordingly, should always be considered as supplemental financial results to those calculated in accordance with GAAP. Our computation of these non-GAAP performance measures may differ in certain respects from the methodology utilized by other REITs and, therefore, may not be comparable to similarly titled measures presented by such other REITs. Investors are cautioned that items excluded from these non-GAAP performance measures are relevant to understanding and addressing financial performance.

Funds From Operations

NAREIT FFO (defined hereafter) is a supplemental, non-GAAP performance measure utilized to evaluate the operating and financial performance of real estate companies. The National Association of Real Estate Investment Trusts (“NAREIT”) defines funds from operations (“FFO”) as net income (loss), calculated in accordance with GAAP, excluding (i) depreciation and amortization related to real estate, (ii) gains and losses from the sale of certain real estate assets, (iii) gains and losses from change in control, (iv) impairment write-downs of certain real estate assets and investments in entities when the impairment is directly attributable to decreases in the value of depreciable real estate held by the entity and (v) after adjustments for unconsolidated joint ventures calculated to reflect FFO on the same basis.

Considering the nature of our business as a real estate owner and operator, we believe that NAREIT FFO is useful to investors in measuring our operating and financial performance because the definition excludes items included in net income that do not relate to or are not indicative of our operating and financial performance, such as depreciation and amortization related to real estate, and items which can make periodic and peer analyses of operating and financial performance more difficult, such as gains and losses from the sale of certain real estate assets.

Our reconciliation of net income to NAREIT FFO for the three and nine months ended September 30, 2019 and 2018 is as follows (in thousands, except per share amounts):

	Three Months Ended September 30, 2019		Nine Months Ended September 30, 2019	
	2019	2018	2019	2018
Net income	\$ 80,854	\$ 147,346	\$ 212,714	\$ 288,730
Depreciation and amortization related to real estate	81,869	84,028	246,887	263,616
Gain on sale of real estate assets	(25,621)	(119,333)	(46,266)	(159,043)
Impairment of real estate assets	8,170	16,372	17,468	44,201
NAREIT FFO	\$ 145,272	\$ 128,413	\$ 430,803	\$ 437,504
NAREIT FFO per diluted share	\$ 0.49	\$ 0.42	\$ 1.44	\$ 1.44
Weighted average diluted shares outstanding	298,879	302,382	298,927	303,213

Same Property Net Operating Income

Same property net operating income (“NOI”) is a supplemental, non-GAAP performance measure utilized to evaluate the operating performance of real estate companies. Same property NOI is calculated (using properties owned for the entirety of both periods and excluding properties under development and completed new development properties which have been stabilized for less than one year) as total property revenues (base rent, expense reimbursements, adjustments for revenues deemed uncollectible, ancillary and other rental income, percentage rents and other revenues) less direct property operating expenses (operating costs, real estate taxes and provision for doubtful accounts). Same property NOI excludes (i) corporate level expenses (including general and administrative),

(ii) lease termination fees, (iii) straight-line rental income, net, (iv) accretion of above- and below-market leases and tenant inducements, net, (v) straight-line ground rent expense, and (vi) income (expense) associated with our captive insurance company.

Considering the nature of our business as a real estate owner and operator, we believe that same property NOI is useful to investors in measuring the operating performance of our property portfolio because the definition excludes various items included in net income that do not relate to, or are not indicative of, the operating performance of our properties, such as depreciation and amortization and corporate level expenses (including general and administrative), and because it eliminates disparities in NOI due to the acquisition or disposition of properties or the stabilization of completed new development properties during the period presented and therefore provides a more consistent metric for comparing the operating performance of our real estate between periods.

Comparison of the Three and Nine Months Ended September 30, 2019 to the Three and Nine Months Ended September 30, 2018

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2019	2018	Change	2019	2018	Change
Number of properties	403	403	—	402	402	—
Percent billed	88.9%	89.4%	(0.5%)	88.9%	89.4%	(0.5%)
Percent leased	92.3%	92.6%	(0.3%)	92.2%	92.6%	(0.4%)
Revenues						
Rental income	\$ 274,934	\$ 268,240	\$ 6,694	\$ 814,629	\$ 803,526	\$ 11,103
Other revenues	221	261	(40)	1,664	892	772
	275,155	268,501	6,654	816,293	804,418	11,875
Operating expenses						
Operating costs	(28,258)	(29,027)	769	(86,704)	(89,981)	3,277
Real estate taxes	(42,576)	(41,071)	(1,505)	(125,496)	(121,593)	(3,903)
Provision for doubtful accounts	—	(2,665)	2,665	—	(5,300)	5,300
	(70,834)	(72,763)	1,929	(212,200)	(216,874)	4,674
Same property NOI	<u>\$ 204,321</u>	<u>\$ 195,738</u>	<u>\$ 8,583</u>	<u>\$ 604,093</u>	<u>\$ 587,544</u>	<u>\$ 16,549</u>

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Net income	\$ 80,854	\$ 147,346	\$ 212,714	\$ 288,730
Adjustments:				
Non-same property NOI	(4,538)	(20,414)	(18,621)	(73,551)
Lease termination fees	(423)	(467)	(2,706)	(2,363)
Straight-line rental income, net	(6,831)	(5,015)	(18,051)	(11,896)
Accretion of above- and below-market leases and tenant inducements, net	(3,622)	(5,112)	(11,391)	(18,250)
Straight-line ground rent expense	31	40	94	100
Depreciation and amortization	82,837	85,183	249,825	266,900
Impairment of real estate assets	8,170	16,372	17,468	44,201
General and administrative	24,550	21,209	75,168	64,955
Total other income (expense)	23,293	(43,404)	99,593	28,718
Same property NOI	<u>\$ 204,321</u>	<u>\$ 195,738</u>	<u>\$ 604,093</u>	<u>\$ 587,544</u>

Inflation

For the last several years inflation has been low and has had a minimal impact on the operating performance of our shopping centers; however, inflation may increase in the future. Most of our long-term leases contain provisions designed to mitigate the adverse impact of inflation, including contractual rent escalations and requirements for tenants to pay their proportionate share of property operating expenses, including common area expenses, utilities,

insurance and real estate taxes, and certain capital expenditures related to the maintenance of our properties, thereby reducing our exposure to increases in property-level costs resulting from inflation. In addition, we believe that many of our existing rental rates are below current market levels for comparable space and that upon renewal or re-leasing, such rates may be increased to be consistent with, or closer to, current market rates. With respect to our outstanding indebtedness, we periodically evaluate our exposure to interest rate fluctuations, and may continue to enter into interest rate protection agreements which mitigate, but do not eliminate, the impact of changes in interest rates on our variable rate loans.

Off-Balance Sheet Arrangements

We had no material off-balance sheet arrangements as of September 30, 2019.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

There have been no material changes from the quantitative and qualitative disclosures about market risk disclosed in Item 7A of Part II of our annual report on Form 10-K for the year ended December 31, 2018.

Item 4. Controls and Procedures

Controls and Procedures (Brixmor Property Group Inc.)

Evaluation of Disclosure Controls and Procedures

BPG maintains disclosure controls and procedures (as that term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) that are designed to ensure that information required to be disclosed in its reports under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosures. BPG's management, with the participation of its principal executive officer and principal financial officer, has evaluated the effectiveness of the design and operation of its disclosure controls and procedures as of the end of the period covered by this report. Based on this evaluation, BPG's principal executive officer, James M. Taylor, and principal financial officer, Angela Aman, concluded that BPG's disclosure controls and procedures were effective as of September 30, 2019.

Changes in Internal Control over Financial Reporting

There have been no changes in BPG's internal control over financial reporting (as defined in Rule 13a-15(f) and 15d-15(f) under the Exchange Act) during the three months ended September 30, 2019 that have materially affected, or that are reasonably likely to materially affect, BPG's internal control over financial reporting.

Controls and Procedures (Brixmor Operating Partnership LP)

Evaluation of Disclosure Controls and Procedures

The Operating Partnership maintains disclosure controls and procedures (as that term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) that are designed to ensure that information required to be disclosed in its reports under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosures. The Operating Partnership's management, with the participation of its principal executive officer and principal financial officer, has evaluated the effectiveness of the design and operation of its disclosure controls and procedures as of the end of the period covered by this report. Based on this evaluation, the Operating Partnership's principal executive officer, James M. Taylor and principal financial officer, Angela Aman concluded that the Operating Partnership's disclosure controls and procedures were effective as of September 30, 2019.

Changes in Internal Control over Financial Reporting

There have been no changes in the Operating Partnership's internal control over financial reporting (as defined in Rule 13a-15(f) and 15d-15(f) under the Exchange Act) during the three months ended September 30, 2019 that have materially affected, or that are reasonably likely to materially affect, the Operating Partnership's internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

The information contained under the heading "Legal Matters" in Note 15 – Commitments and Contingencies to our unaudited Condensed Consolidated Financial Statements in this report is incorporated by reference into this Item 1.

Item 1A. Risk Factors

There have been no material changes to the risk factors relating to the Company disclosed in our Form 10-K for the year ended December 31, 2018.

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

On December 5, 2017, the Board of Directors authorized a share repurchase program (the “Program”) for up to \$400.0 million of the Company’s common stock. The Program is scheduled to expire on December 5, 2019, unless extended by the Board of Directors. During the three months ended September 30, 2019, the Company did not repurchase any shares of common stock. As of September 30, 2019, the Program had \$275.0 million of available repurchase capacity.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

The following documents are filed as exhibits to this report:

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed Herewith
		Form	File No.	Date of Filing	Exhibit Number	
3.1	Second Amended and Restated Agreement of Limited Partnership of Brixmor Operating Partnership LP, dated as of October 28, 2019, by and among Brixmor OP GP LLC, as General Partner, BPG Subsidiary Inc., as a Limited Partner, BPG Sub LLC, as a Limited Partner, and the other limited partners from time to time party thereto	—	—	—	—	x
4.1	Amendment No. 1 to the Eighth Supplemental Indenture, dated August 15, 2019, between Brixmor Operating Partnership LP, as issuer, and The Bank of New York Mellon, as trustee	8-K	001-36160	8/15/2019	4.3	
4.2	Form of Global Note representing the 4.125% Senior Notes due 2029 (included in Exhibit 4.1)	8-K	001-36160	8/15/2019	4.4	
31.1	Brixmor Property Group Inc. Certification of Chief Executive Officer pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	—	—	—	—	x
31.2	Brixmor Property Group Inc. Certification of Chief Financial Officer pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934 as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	—	—	—	—	x
31.3	Brixmor Operating Partnership LP Certification of Chief Executive Officer pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	—	—	—	—	x
31.4	Brixmor Operating Partnership LP Certification of Chief Financial Officer pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934 as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	—	—	—	—	x
32.1	Brixmor Property Group Inc. Certification of Chief Executive Officer and Chief Financial Officer Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	—	—	—	—	x
32.2	Brixmor Operating Partnership LP Certification of Chief Executive Officer and Chief Financial Officer Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	—	—	—	—	x
101.INS	Inline XBRL Taxonomy Extension Instance Document	—	—	—	—	x

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed Herewith
		Form	File No.	Date of Filing	Exhibit Number	
101.SCH	Inline XBRL Taxonomy Extension Schema Document	—	—	—	—	x
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document	—	—	—	—	x
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document	—	—	—	—	x
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document	—	—	—	—	x
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document	—	—	—	—	x
104	Cover Page Interactive Data File (formatted as Inline XBRL and included in Exhibit 101)					x

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

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrants have duly caused this report to be signed on their behalf by the undersigned thereunto duly authorized.

BRIXMOR PROPERTY GROUP INC.

Date: October 28, 2019

By: /s/ James M. Taylor
James M. Taylor
Chief Executive Officer and President
(Principal Executive Officer)

Date: October 28, 2019

By: /s/ Angela Aman
Angela Aman
Chief Financial Officer
(Principal Financial Officer)

Date: October 28, 2019

By: /s/ Steven Gallagher
Steven Gallagher
Chief Accounting Officer
(Principal Accounting Officer)

BRIXMOR OPERATING PARTNERSHIP LP

Date: October 28, 2019

By: /s/ James M. Taylor
James M. Taylor
Chief Executive Officer and President
(Principal Executive Officer)

Date: October 28, 2019

By: /s/ Angela Aman
Angela Aman
Chief Financial Officer
(Principal Financial Officer)

Date: October 28, 2019

By: /s/ Steven Gallagher
Steven Gallagher
Chief Accounting Officer
(Principal Accounting Officer)

**SECOND AMENDED AND RESTATED AGREEMENT
OF LIMITED PARTNERSHIP
OF
BRIXMOR OPERATING PARTNERSHIP LP
a Delaware limited partnership**

THE SECURITIES EVIDENCED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “*SECURITIES ACT*”), OR THE SECURITIES LAWS OF ANY STATE AND MAY NOT BE SOLD, TRANSFERRED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION, UNLESS IN THE OPINION OF COUNSEL SATISFACTORY TO THE PARTNERSHIP THE PROPOSED SALE, TRANSFER OR OTHER DISPOSITION MAY BE EFFECTED WITHOUT REGISTRATION UNDER THE SECURITIES ACT AND UNDER APPLICABLE STATE SECURITIES OR “BLUE SKY” LAWS.

dated as of October 28, 2019

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**SECOND AMENDED AND RESTATED AGREEMENT
OF LIMITED PARTNERSHIP
OF BRIXMOR OPERATING PARTNERSHIP LP**

THIS SECOND AMENDED AND RESTATED AGREEMENT OF LIMITED PARTNERSHIP OF BRIXMOR OPERATING PARTNERSHIP LP, dated as of October 28, 2019, is made and entered into by and among Brixmor OP GP LLC, a Delaware limited liability company, as the General Partner, BPG Subsidiary Inc., a Delaware corporation, as a Limited Partner, BPG Sub LLC, a Delaware limited liability company, as a Limited Partner, and any Additional Limited Partner that is admitted from time to time to the Partnership and listed in the books and records of the Partnership. This Agreement shall be effective at the Effective Time.

WHEREAS, the Partnership was originally formed by the General Partner and BPG Subsidiary Inc. on May 23, 2011;

WHEREAS, the Original Partnership Agreement was amended and restated on October 29, 2013; and

WHEREAS, the General Partner desires to amend and restate the Amended Partnership Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

**ARTICLE 1
DEFINED TERMS**

The following definitions shall be for all purposes, unless otherwise clearly indicated to the contrary, applied to the terms used in this Agreement:

“*Act*” means the Delaware Revised Uniform Limited Partnership Act, as it may be amended from time to time, and any successor to such statute.

“*Actions*” has the meaning set forth in Section 7.7 hereof.

“*Additional Funds*” has the meaning set forth in Section 4.3A hereof.

“*Additional Limited Partner*” means a Person who is admitted to the Partnership as a limited partner pursuant to Section 12.2A hereof and listed in the books and records of the Partnership.

“*Adjusted Capital Account*” means, with respect to any Partner, the balance in such Partner’s Capital Account as of the end of the relevant Partnership Year or other applicable period, after giving effect to the following adjustments:

(i) increase such Capital Account by any amounts that such Partner is obligated to restore pursuant to this Agreement upon liquidation of such Partner’s Partnership Interest or that such Person is deemed to be obligated to restore pursuant to Regulations Section 1.704-1(b)(2)(ii)(c) or the penultimate sentence of each of Regulations Sections 1.704-2(g)(1) and 1.704-2(i)(5); and

(ii) decrease such Capital Account by the items described in Regulations Section 1.704-1(b)(2)(ii)(d)(4), (5) and (6).

The foregoing definition of “Adjusted Capital Account” is intended to comply with the provisions of Regulations Section 1.704-1(b)(2)(ii)(d) and shall be interpreted consistently therewith.

“*Adjusted Capital Account Deficit*” means, with respect to any Partner, the deficit balance, if any, in such Partner’s Adjusted Capital Account as of the end of the relevant Partnership Year or other applicable period.

“*Affiliate*” means, with respect to any Person, any Person directly or indirectly controlling or controlled by or under common control with such Person. For the purposes of this definition, “control” when used with respect to any Person means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise, and the terms “controlling” and “controlled” have meanings correlative to the foregoing.

“*Aggregate DRO Amount*” means the aggregate balances of the DRO Amounts, if any, of all DRO Limited Partners, if any, as determined on the date in question.

“*Agreement*” means this Second Amended and Restated Agreement of Limited Partnership of Brixmor Operating Partnership LP, as now or hereafter amended, restated, modified, supplemented or replaced.

“*Amended Partnership Agreement*” means the Amended and Restated Agreement of Limited Partnership of the Partnership, dated as of October 29, 2013, by and between the General Partner, BPG Subsidiary Inc. and each Additional Limited Partner admitted to the Partnership on October 29, 2013.

“*Applicable Percentage*” has the meaning set forth in Section 15.1.B hereof.

“*Appraisal*” means, with respect to any assets, the written opinion of an independent third party experienced in the valuation of similar assets, selected by the General Partner in its sole discretion. Such opinion may be in the form of an opinion by such independent third party that the value for such property or asset as set by the General Partner is fair, from a financial point of view, to the Partnership.

“*Assignee*” means a Person to whom a Partnership Interest has been Transferred in a manner permitted under this Agreement, but who has not become a Substituted Limited Partner, and who has the rights set forth in Section 11.5 hereof.

“*Business Day*” means any day except a Saturday, Sunday or other day on which commercial banks in New York City are authorized by law to close.

“*Capital Account*” means, with respect to any Partner, the capital account maintained by the General Partner for such Partner on the Partnership’s books and records in accordance with the following provisions:

(i) To each Partner's Capital Account, there shall be added such Partner's Capital Contributions, such Partner's distributive share of Net Income and any items in the nature of income or gain that are specially allocated pursuant to Section 6.3 hereof, and the amount of any Partnership liabilities assumed by such Partner or that are secured by any property distributed to such Partner.

(ii) From each Partner's Capital Account, there shall be subtracted the amount of cash and the Gross Asset Value of any Partnership property distributed to such Partner pursuant to any provision of this Agreement, such Partner's distributive share of Net Losses and any items in the nature of expenses or losses that are specially allocated pursuant to Section 6.3 hereof, and the amount of any liabilities of such Partner assumed by the Partnership or that are secured by any property contributed by such Partner to the Partnership (except to the extent already reflected in the amount of such Partner's Capital Contribution).

(iii) In the event any interest in the Partnership is Transferred in accordance with the terms of this Agreement, the transferee shall succeed to the Capital Account of the transferor to the extent that it relates to the Transferred interest.

(iv) In determining the amount of any liability for purposes of subsections (i) and (ii) hereof, there shall be taken into account Code Section 752(c) and any other applicable provisions of the Code and Regulations.

(v) The provisions of this Agreement relating to the maintenance of Capital Accounts are intended to comply with Regulations promulgated under Section 704 of the Code, and shall be interpreted and applied in a manner consistent with such Regulations. If the General Partner shall determine that it is necessary or prudent to modify the manner in which the Capital Accounts are maintained in order to comply with such Regulations, the General Partner may make such modification, provided that such modification is not likely to have any material adverse effect on the amounts distributable to any Partner pursuant to Article 13 hereof upon the dissolution of the Partnership. The General Partner may, in its sole and absolute discretion, (a) make any adjustments that are necessary or appropriate to maintain equality between the Capital Accounts of the Partners and the amount of Partnership capital reflected on the Partnership's balance sheet, as computed for book purposes, in accordance with Regulations Section 1.704-1(b)(2)(iv)(q) and (b) make any appropriate modifications in the event that unanticipated events might otherwise cause this Agreement not to comply with Regulations Section 1.704-1(b) or Section 1.704-2.

"Capital Contribution" means, with respect to any Partner, the amount of money and the initial Gross Asset Value of any Contributed Property that such Partner contributes or is deemed to contribute to the Partnership pursuant to Article 4 hereof.

"Capital Share" means a share of any class or series of stock of the Parent now or hereafter authorized other than a Parent Share.

"Cash Amount" means an amount of cash equal to the product of (i) the Value of a Parent Share and (ii) the Parent Shares Amount determined as of the applicable Valuation Date.

"Certificate" means the Certificate of Limited Partnership of the Partnership filed with the Secretary of State of the State of Delaware, as amended from time to time in accordance with the terms hereof and the Act.

“*Charity*” means an entity described in Section 501(c)(3) of the Code or any trust all the beneficiaries of which are such entities.

“*Closing Price*” has the meaning set forth in the definition of “*Value*.”

“*Code*” means the Internal Revenue Code of 1986, as amended and in effect from time to time or any successor statute thereto, as interpreted by the applicable Regulations thereunder. Any reference herein to a specific section or sections of the Code shall be deemed to include a reference to any corresponding provision of future law.

“*Consent*” means the consent to, approval of, or vote in favor of a proposed action by a Partner given in accordance with Article 14 hereof.

“*Consent of the General Partner*” means the Consent of the sole General Partner, which Consent, except as otherwise specifically required by this Agreement, may be obtained prior to or after the taking of any action for which it is required by this Agreement and may be given or withheld by the General Partner in its sole and absolute discretion.

“*Consent of the Limited Partners*” means the Consent of a Majority in Interest of the Limited Partners, which Consent shall be obtained prior to the taking of any action for which it is required by this Agreement and, except as otherwise provided in this Agreement, may be given or withheld by each Limited Partner in its sole and absolute discretion.

“*Contributed Property*” means each Property or other asset, in such form as may be permitted by the Act, but excluding cash, contributed or deemed contributed to the Partnership (or deemed contributed by the Partnership to a “new” partnership pursuant to Code Section 708).

“*Controlled Entity*” means, as to any Partner, (a) any corporation more than fifty percent (50%) of the outstanding voting stock of which is owned by such Partner or such Partner’s Family Members or Affiliates, (b) any trust, whether or not revocable, of which such Partner or such Partner’s Family Members or Affiliates are the sole beneficiaries, (c) any partnership of which such Partner or its Affiliates are the managing partners and in which such Partner, such Partner’s Family Members or Affiliates hold partnership interests representing at least twenty-five percent (25%) of such partnership’s capital and profits and (d) any limited liability company of which such Partner or its Affiliates are the managers and in which such Partner, such Partner’s Family Members or Affiliates hold membership interests representing at least twenty-five percent (25%) of such limited liability company’s capital and profits.

“*Cut-Off Date*” means the fifth (5th) Business Day after the General Partner’s receipt of a Notice of Redemption.

“*Debt*” means, as to any Person, as of any date of determination: (i) all indebtedness of such Person for borrowed money or for the deferred purchase price of property or services; (ii) all amounts owed by such Person to banks or other Persons in respect of reimbursement obligations under letters of credit, surety bonds and other similar instruments guaranteeing payment or other performance of obligations by such Person; (iii) all indebtedness for borrowed money or for the deferred purchase price of property or services secured by any lien on any property owned by such Person, to the extent attributable to such Person’s interest in such property, even though such Person has not assumed or become liable for the payment thereof; and (iv) lease obligations

of such Person that, in accordance with generally accepted accounting principles, should be capitalized.

“*Delaware Courts*” has the meaning set forth in Section 15.9.B hereof.

“*Depreciation*” means, for each Partnership Year or other applicable period, an amount equal to the federal income tax depreciation, amortization or other cost recovery deduction allowable with respect to an asset for such year or other period, except that (i) with respect to any asset the Gross Asset Value of which differs from its adjusted basis for federal income tax purposes and which difference is being eliminated by use of the remedial allocation method pursuant to Regulation Section 1.704-3(d), Depreciation for such year or other period shall be the amount of book basis recovered for such year or other period under the rules prescribed by Regulation Section 1.704-3(d)(2), and (ii) with respect to any other asset the Gross Asset Value of which differs from its adjusted basis for federal income tax purposes at the beginning of such year or other period, Depreciation shall be an amount that bears the same ratio to such beginning Gross Asset Value as the federal income tax depreciation, amortization or other cost recovery deduction for such year or other period bears to such beginning adjusted tax basis; *provided, however*, that if the federal income tax depreciation, amortization or other cost recovery deduction for such year or other period is zero, Depreciation shall be determined with reference to such beginning Gross Asset Value using any reasonable method selected by the General Partner in its sole discretion.

“*Disregarded Entity*” means, with respect to any Person, (i) any “qualified REIT subsidiary” (within the meaning of Code Section 856(i)(2)) of such Person, (ii) any entity treated as a disregarded entity for federal income tax purposes with respect to such Person, or (iii) any grantor trust if the sole owner of the assets of such trust for federal income tax purposes is such Person.

“*Distributed Right*” has the meaning set forth in the definition of “*Parent Share Adjustment Factor*.”

“*DRO*” means a deficit restoration obligation, which for a Limited Partner is the amount such Limited Partner shall be obligated to contribute to the Partnership from time to time as set forth in Section 13.2.C.

“*DRO Amount*” means the amount specified in the DRO Registry with respect to any DRO Limited Partner, as such DRO Registry may be amended from time to time.

“*DRO Limited Partner*” means a Limited Partner who has agreed in writing to be a DRO Limited Partner and has agreed and is obligated to make certain contributions, not in excess of such DRO Limited Partner’s DRO Amount, to the Partnership with respect to any deficit balance in such Limited Partner’s Capital Account upon the occurrence of certain events. A DRO Limited Partner who is obligated to make any such contribution only upon dissolution of the Partnership shall be designated in the DRO Registry as a “Part I DRO Limited Partner” and a DRO Limited Partner who is obligated to make any such contribution to the Partnership either upon dissolution of the Partnership or upon liquidation of such DRO Limited Partner’s Limited Partner Interests shall be designated in the DRO registry as a “Part II DRO Limited Partner.”

“*DRO Registry*” means the DRO Registry maintained by the General Partner in the books and records of the Partnership containing substantially the same information as would be necessary to complete the Form of DRO Registry attached hereto as Exhibit C.

“*ERISA*” means the Employee Retirement Income Security Act of 1974, as amended.

“*Exchange Act*” means the Securities Exchange Act of 1934, as amended, and any successor statute thereto, and the rules and regulations of the SEC promulgated thereunder.

“*Family Members*” means, as to a Person that is an individual, such Person’s spouse, ancestors, descendants (whether by blood or by adoption or step-descendants by marriage, civil union, domestic partnership or equivalent status), brothers and sisters, nieces and nephews and *inter vivos* or testamentary trusts (whether revocable or irrevocable) of which only such Person and his or her spouse, ancestors, descendants (whether by blood or by adoption or step-descendants by marriage, civil union, domestic partnership or equivalent status), brothers and sisters and nieces and nephews are beneficiaries.

“*Flow-Through Partners*” has the meaning set forth in Section 3.4.C hereof.

“*Flow-Through Entity*” has the meaning set forth in Section 3.4.C hereof.

“*Funding Debt*” means any Debt incurred by or on behalf of the General Partner, BPG Subsidiary Inc. or Parent for the purpose of providing funds to the Partnership.

“*General Partner*” means Brixmor OP GP LLC and its successors and assigns as a general partner of the Partnership, in each case, that is admitted from time to time to the Partnership as a general partner pursuant to the Act and this Agreement and is listed as a general partner in the books and records of the Partnership, in such Person’s capacity as a general partner of the Partnership.

“*General Partner Interest*” means the entire Partnership Interest held by a General Partner hereof, which Partnership Interest may be expressed as a number of Partnership Common Units, Partnership Preferred Units or any other Partnership Units.

“*Gross Asset Value*” means, with respect to any asset, the asset’s adjusted basis for federal income tax purposes, except as follows:

(a) The initial Gross Asset Value of any asset contributed by a Partner to the Partnership shall be the gross fair market value of such asset on the date of contribution, as determined by the General Partner and agreed to by the contributing Person.

(b) The Gross Asset Values of all Partnership assets immediately prior to the occurrence of any event described in clauses (i) through (v) below shall be adjusted to equal their respective gross fair market values, as determined by the General Partner using such reasonable method of valuation as it may adopt, as of the following times:

(i) the acquisition of an additional interest in the Partnership (other than in connection with the execution of this Agreement but including, without limitation, acquisitions pursuant to Section 4.2 hereof or contributions or deemed contributions by the General Partner pursuant to Section 4.2 hereof) by a new or existing Partner in exchange for more than a *de minimis* Capital Contribution, if the General Partner

reasonably determines that such adjustment is necessary or appropriate to reflect the relative economic interests of the Partners in the Partnership;

(ii) the distribution by the Partnership to a Partner of more than a *de minimis* amount of Partnership property as consideration for an interest in the Partnership if the General Partner reasonably determines that such adjustment is necessary or appropriate to reflect the relative economic interests of the Partners in the Partnership;

(iii) the liquidation of the Partnership within the meaning of Regulations Section 1.704-1(b)(2)(ii)(g);

(iv) the grant of an interest in the Partnership (other than a *de minimis* interest) as consideration for the provision of services to or for the benefit of the Partnership by an existing Partner acting in a partner capacity, or by a new Partner acting in a partner capacity or in anticipation of becoming a Partner of the Partnership, if the General Partner reasonably determines that such adjustment is necessary or appropriate to reflect the relative economic interests of the Partners in the Partnership; and

(v) at such other times as the General Partner shall reasonably determine necessary or advisable in order to comply with Regulations Sections 1.704-1(b) and 1.704-2.

(c) The Gross Asset Value of any Partnership asset distributed to a Partner shall be the gross fair market value of such asset on the date of distribution, as determined by the distributee and the General Partner; *provided, however*, that if the distributee is the General Partner or if the distributee and the General Partner cannot agree on such a determination, such gross fair market value shall be determined by Appraisal.

(d) The Gross Asset Values of Partnership assets shall be increased (or decreased) to reflect any adjustments to the adjusted basis of such assets pursuant to Code Section 734(b) or Code Section 743(b), but only to the extent that such adjustments are taken into account in determining Capital Accounts pursuant to Regulations Section 1.704-1(b)(2)(iv)(m); *provided, however*, that Gross Asset Values shall not be adjusted pursuant to this subsection (d) to the extent that the General Partner reasonably determines that an adjustment pursuant to subsection (b) above is necessary or appropriate in connection with a transaction that would otherwise result in an adjustment pursuant to this subsection (d).

(e) If the Gross Asset Value of a Partnership asset has been determined or adjusted pursuant to subsection (a), subsection (b) or subsection (d) above, such Gross Asset Value shall thereafter be adjusted by the Depreciation taken into account with respect to such asset for purposes of computing Net Income and Net Losses.

“*Hart-Scott-Rodino Act*” means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.

“*Holder*” means either (a) a Partner or (b) an Assignee owning a Partnership Interest.

“*Incapacity*” or “*Incapacitated*” means: (i) as to any Partner who is an individual, death, total physical disability or entry by a court of competent jurisdiction adjudicating such Partner incompetent to manage his or her person or his or her estate; (ii) as to any Partner that is a corporation or limited liability company, the filing of a certificate of dissolution, or its equivalent, for the corporation or the revocation of its charter; (iii) as to any Partner that is a

partnership, the dissolution and commencement of winding up of the partnership; (iv) as to any Partner that is an estate, the distribution by the fiduciary of the estate's entire interest in the Partnership; (v) as to any trustee of a trust that is a Partner, the termination of the trust (but not the substitution of a new trustee); or (vi) as to any Partner, the bankruptcy of such Partner. For purposes of this definition, bankruptcy of a Partner shall be deemed to have occurred when (a) the Partner commences a voluntary proceeding seeking liquidation, reorganization or other relief of or against such Partner under any bankruptcy, insolvency or other similar law now or hereafter in effect, (b) the Partner is adjudged as bankrupt or insolvent, or a final and non-appealable order for relief under any bankruptcy, insolvency or similar law now or hereafter in effect has been entered against the Partner, (c) the Partner executes and delivers a general assignment for the benefit of the Partner's creditors, (d) the Partner files an answer or other pleading admitting or failing to contest the material allegations of a petition filed against the Partner in any proceeding of the nature described in clause (b) above, (e) the Partner seeks, consents to or acquiesces in the appointment of a trustee, receiver or Liquidator for the Partner or for all or any substantial part of the Partner's properties, (f) any proceeding seeking liquidation, reorganization or other relief under any bankruptcy, insolvency or other similar law now or hereafter in effect has not been dismissed within one hundred twenty (120) days after the commencement thereof, (g) the appointment without the Partner's consent or acquiescence of a trustee, receiver or liquidator has not been vacated or stayed within ninety (90) days of such appointment, or (h) an appointment referred to in clause (g) above is not vacated within ninety (90) days after the expiration of any such stay.

"*Indemnatee*" means (i) any Person made, or threatened to be made, a party to a proceeding by reason of its status as (a) Parent, a Parent Subsidiary Partner or the General Partner or (b) a member, manager or managing member of the General Partner or a Parent Subsidiary Partner or a director or officer of Parent or a Parent Subsidiary Partner or an employee or agent of Parent, a Parent Subsidiary Partner, the General Partner or the Partnership, and (ii) such other Persons (including Affiliates or employees of Parent, a Parent Subsidiary Partner, the General Partner or the Partnership) as the General Partner may designate from time to time (whether before or after the event giving rise to potential liability), in its sole and absolute discretion.

"*IRS*" means the United States Internal Revenue Service.

"*Limited Partner*" means any Person that is admitted from time to time to the Partnership as a limited partner pursuant to the Act and this Agreement and is listed as a limited partner in the books and records of the Partnership, including the Parent Subsidiary Partners, any Substituted Limited Partner or Additional Limited Partner, in such Person's capacity as a limited partner of the Partnership.

"*Limited Partner Interest*" means a Partnership Interest of a Limited Partner in the Partnership representing a fractional part of the Partnership Interests of all Limited Partners and includes any and all benefits to which the holder of such a Partnership Interest may be entitled as provided in this Agreement, together with all obligations of such Person to comply with the terms and provisions of this Agreement. A Limited Partner Interest may be expressed as a number of Partnership Common Units, Partnership Preferred Units or other Partnership Units.

"*Liquidating Event*" has the meaning set forth in Section 13.1 hereof.

"*Liquidator*" has the meaning set forth in Section 13.2.A hereof.

“*Majority in Interest of the Limited Partners*” means Limited Partners holding in the aggregate Percentage Interests that are greater than fifty percent (50%) of the aggregate Percentage Interests of all Limited Partners.

“*Majority in Interest of the Partners*” means Partners holding in the aggregate Percentage Interests that are greater than fifty percent (50%) of the aggregate Percentage Interests of all Partners entitled to Consent to or withhold Consent from a proposed action.

“*Market Price*” has the meaning set forth in the definition of “*Value*.”

“*Net Income*” or “*Net Loss*” means, for each Partnership Year or other applicable period, an amount equal to the Partnership’s taxable income or loss for such year or other applicable period, determined in accordance with Code Section 703(a) (for this purpose, all items of income, gain, loss or deduction required to be stated separately pursuant to Code Section 703(a)(1) shall be included in taxable income or loss), with the following adjustments:

(a) Any income of the Partnership that is exempt from federal income tax and not otherwise taken into account in computing Net Income (or Net Loss) pursuant to this definition of “Net Income” or “Net Loss” shall be added to (or subtracted from, as the case may be) such taxable income (or loss);

(b) Any expenditure of the Partnership described in Code Section 705(a)(2)(B) or treated as a Code Section 705(a)(2)(B) expenditure pursuant to Regulations Section 1.704-1(b)(2)(iv)(i), and not otherwise taken into account in computing Net Income (or Net Loss) pursuant to this definition of “Net Income” or “Net Loss,” shall be subtracted from (or added to, as the case may be) such taxable income (or loss);

(c) In the event the Gross Asset Value of any Partnership asset is adjusted pursuant to subsection (b) or subsection (c) of the definition of “Gross Asset Value,” the amount of such adjustment shall be taken into account as gain or loss from the disposition of such asset for purposes of computing Net Income or Net Loss;

(d) Gain or loss resulting from any disposition of property with respect to which gain or loss is recognized for federal income tax purposes shall be computed by reference to the Gross Asset Value of the property disposed of, notwithstanding that the adjusted tax basis of such property differs from its Gross Asset Value;

(e) In lieu of the depreciation, amortization and other cost recovery deductions that would otherwise be taken into account in computing such taxable income or loss, there shall be taken into account Depreciation for such Partnership Year or other applicable period;

(f) To the extent that an adjustment to the adjusted tax basis of any Partnership asset pursuant to Code Section 734(b) or Code Section 743(b) is required pursuant to Regulations Section 1.704-1(b)(2)(iv)(m)(4) to be taken into account in determining Capital Accounts as a result of a distribution other than in liquidation of a Partner’s interest in the Partnership, the amount of such adjustment shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases the basis of the asset) from the disposition of the asset and shall be taken into account for purposes of computing Net Income or Net Loss; and

(g) Notwithstanding any other provision of this definition of “Net Income” or “Net Loss,” any item that is specially allocated pursuant to Section 6.3 hereof shall not be taken into account in computing Net Income or Net Loss. The amounts of the items of Partnership income, gain, loss or deduction available to be specially allocated pursuant to Section 6.3 hereof shall be determined by applying rules analogous to those set forth in this definition of “Net Income” or “Net Loss.”

“*New Securities*” means (i) any rights, options, warrants or convertible or exchangeable securities having the right to subscribe for or purchase Parent Shares or Preferred Shares, excluding grants under the Stock Incentive Plans, or (ii) any Debt issued by the Parent that provides any of the rights described in clause (i).

“*Nonrecourse Deductions*” has the meaning ascribed to the term “nonrecourse deductions” in Regulations Section 1.704-2(b)(1), and the amount of Nonrecourse Deductions for a Partnership Year shall be determined in accordance with the rules of Regulations Section 1.704-2(c).

“*Nonrecourse Liability*” has the meaning ascribed to the term “nonrecourse liability” in Regulations Sections 1.704-2(b)(3) and 1.752-1(a)(2).

“*Notice of Redemption*” means the Notice of Redemption substantially in the form of Exhibit B attached to this Agreement.

“*Original Partnership Agreement*” means the Agreement of Limited Partnership of the Partnership, dated as of May 23, 2011, by and between the General Partner and BPG Subsidiary Inc.

“*Parent*” means Brixmor Property Group Inc.

“*Parent Charter*” means the certificate of incorporation or charter of Parent, as the same may be amended, restated, modified, supplemented or replaced from time to time.

“*Parent Share*” means a share of common stock of Parent, \$0.01 par value per share.

“*Parent Share Adjustment Factor*” means 1.0; provided, however, that in the event that:

(i) the Parent (a) declares or pays a dividend on its outstanding Parent Shares wholly or partly in Parent Shares or makes a distribution to all holders of its outstanding Parent Shares wholly or partly in Parent Shares, (b) splits or subdivides its outstanding Parent Shares or (c) effects a reverse stock split or otherwise combines its outstanding Parent Shares into a smaller number of Parent Shares, the Parent Share Adjustment Factor shall be adjusted by multiplying the Parent Share Adjustment Factor previously in effect by a fraction, (i) the numerator of which shall be the number of Parent Shares issued and outstanding on the record date for such dividend, distribution, split, subdivision, reverse split or combination (assuming for such purposes that such dividend, distribution, split, subdivision, reverse split or combination has occurred as of such time) and (ii) the denominator of which shall be the actual number of Parent Shares (determined without the above assumption) issued and outstanding on the record date for such dividend, distribution, split, subdivision, reverse split or combination;

(ii) the Parent distributes any rights, options or warrants to all holders of its Parent Shares to subscribe for or to purchase or to otherwise acquire Parent Shares, or other securities or rights convertible into, exchangeable for or exercisable for Parent Shares, at a price per share less than the Value of a Parent Share on the record date for such distribution (other than Parent Shares issuable pursuant to a Qualified DRIP/COPP or as compensation to employees or other service providers) (each a “*Distributed Right*”), then, as of the distribution date of such Distributed Rights or, if later, the date such Distributed Rights become exercisable, the Parent Share Adjustment Factor shall be adjusted by multiplying the Parent Share Adjustment Factor previously in effect by a fraction (a) the numerator of which shall be the number of Parent Shares issued and outstanding on the record date (or, if later, the date such Distributed Rights become exercisable) plus the maximum number of Parent Shares purchasable under such Distributed Rights and (b) the denominator of which shall be the number of Parent Shares issued and outstanding on the record date (or, if later, the date such Distributed Rights become exercisable) plus a fraction (1) the numerator of which is the maximum number of Parent Shares purchasable under such Distributed Rights times the minimum purchase price per Parent Share under such Distributed Rights and (2) the denominator of which is the Value of a Parent Share as of the record date (or, if later, the date such Distributed Rights become exercisable); provided, however, that, if any such Distributed Rights expire or become no longer exercisable, then the Parent Share Adjustment Factor shall be adjusted, effective retroactive to the date of distribution of the Distributed Rights (or if applicable, the later date that the Distributed Rights became exercisable), to reflect a reduced maximum number of Parent Shares or any change in the minimum purchase price for the purposes of the above fraction; and

(iii) Parent shall, by dividend or otherwise, distribute to all holders of Parent Shares evidences of its indebtedness or assets (including securities, but excluding any dividend or distribution referred to in subsection (i) or (ii) above), which evidences of indebtedness or assets relate to assets not received by Parent pursuant to a pro rata distribution by the Partnership, then the Parent Share Adjustment Factor shall be adjusted to equal the amount determined by multiplying the Parent Share Adjustment Factor in effect immediately prior to the close of business as of the record date by a fraction (a) the numerator of which shall be such Value of a Parent Share as of the record date and (b) the denominator of which shall be the Value of a Parent Share as of the record date less the then fair market value (as determined by the General Partner, whose determination shall be conclusive) of the portion of the evidences of indebtedness or assets so distributed applicable to one Parent Share.

Notwithstanding the foregoing, no adjustments to the Parent Share Adjustment Factor will be made for any class or series of Partnership Interests to the extent that the Partnership makes or effects any correlative distribution or payment to all of the Partners holding Partnership Interests of such class or series, or effects any correlative split or reverse split in respect of the Partnership Interests of such class or series. Any adjustments to the Parent Share Adjustment Factor shall become effective immediately after such event, retroactive to the record date, if any, for such event. For illustrative purposes, examples of adjustments to the Parent Share Adjustment Factor are set forth on Exhibit A attached hereto.

“*Parent Share Ownership Limit*” means the restriction or restrictions on the ownership and transfer of stock of Parent imposed under the Parent Charter.

“Parent Shares Amount” means a number of Parent Shares equal to the product of (a) the number of Tendered Units and (b) the Parent Share Adjustment Factor; *provided, however*, that, in the event that Parent issues to all holders of Parent Shares as of a certain record date rights, options, warrants or convertible or exchangeable securities entitling Parent’s stockholders to subscribe for or purchase Parent Shares, or any other securities or property (collectively, the *“Rights”*), with the record date for such Rights issuance falling within the period starting on the date of the Notice of Redemption and ending on the day immediately preceding the Specified Redemption Date, which Rights will not be distributed before the relevant Specified Redemption Date, then the Parent Shares Amount shall also include such Rights that a holder of that number of Parent Shares would be entitled to receive, expressed, where relevant hereunder, in a number of Parent Shares determined by the Parent.

“Parent Subsidiary” means wholly-owned subsidiary of the Parent, other than the General Partner and the Partnership, which as of the date of this Agreement includes, BPG Subsidiary Inc., BPG Sub TRS LLC and BPG Sub LLC.

“Parent Subsidiary Partner” means each of BPG Subsidiary Inc. and BPG Sub LLC.

“Partner” means the General Partner or a Limited Partner, and *“Partners”* means the General Partner and the Limited Partners.

“Partner Nonrecourse Debt Minimum Gain” has the meaning ascribed to the term “partner nonrecourse debt minimum gain” in Regulations Section 1.704-2(i)(2).

“Partner Nonrecourse Debt” has the meaning set forth in Regulations Section 1.704-2(b)(4).

“Partner Nonrecourse Deductions” has the meaning ascribed to the term “partner nonrecourse deductions” in Regulations Section 1.704-2(i)(1), and the amount of Partner Nonrecourse Deductions with respect to a Partner Nonrecourse Debt for a Partnership Year shall be determined in accordance with the rules of Regulations Section 1.704-2(i)(2).

“Partnership” means the limited partnership formed under the Act by the execution of the Original Partnership Agreement and the filing of the Certificate of Limited Partnership with the Secretary of State of the State of Delaware, and continued under the Act and pursuant to this Agreement, and any successor thereto.

“Partnership Common Unit” means a fractional, undivided share of the Partnership Interests of all Partners issued pursuant to Sections 4.1 and 4.2 hereof, but does not include any Partnership Preferred Unit or any other Partnership Unit specified in a Partnership Unit Designation as being other than a Partnership Common Unit.

“Partnership Equivalent Units” has the meaning set forth in Section 4.7.A hereof.

“Partnership Interest” means an ownership interest in the Partnership held by either a Limited Partner or a General Partner and includes any and all benefits to which the holder of such a Partnership Interest may be entitled as provided in this Agreement, together with all obligations of such Person to comply with the terms and provisions of this Agreement. There may be one or more classes or series of Partnership Interests. A Partnership Interest may be

expressed as a number of Partnership Common Units, Partnership Preferred Units or other Partnership Units.

“Partnership Minimum Gain” has the meaning ascribed to the term “partner nonrecourse deductions” in Regulations Section 1.704-2(b)(2), and the amount of Partnership Minimum Gain, as well as any net increase or decrease in Partnership Minimum Gain, for a Partnership Year shall be determined in accordance with the rules of Regulations Section 1.704-2(d).

“Partnership Preferred Unit” means a fractional, undivided share of the Partnership Interests that the General Partner has caused the Partnership to issue pursuant to Section 4.2 hereof that has distribution rights, or rights upon liquidation, winding up and dissolution, that are superior or prior to the Partnership Common Units.

“Partnership Record Date” means the record date established by the General Partner for a distribution pursuant to Section 5.1 hereof, which record date shall generally be the same as the record date established by the Parent for a distribution to its respective stockholders of some or all of its portion of such distribution.

“Partnership Unit” means a Partnership Common Unit, a Partnership Preferred Unit or any other unit of the fractional, undivided share of the Partnership Interests that the General Partner has caused the Partnership to issue pursuant to Section 4.1, Section 4.2 or Section 4.3 hereof; *provided, however*, that Partnership Units comprising a General Partner Interest or a Limited Partner Interest shall have the differences in rights and privileges as specified in this Agreement.

“Partnership Unit Designation” shall have the meaning set forth in Section 4.2.A hereof.

“Partnership Year” means the fiscal year of the Partnership, which shall be the calendar year.

“Percentage Interest” means, with respect to each Partner, the fraction, expressed as a percentage, the numerator of which is the aggregate number of Partnership Units of all classes and series held by such Partner and the denominator of which is the total number of Partnership Units of all classes and series held by all Partners; *provided, however*, that, to the extent applicable in context, the term “Percentage Interest” means, with respect to a Partner, the fraction, expressed as a percentage, the numerator of which is the aggregate number of Partnership Units of a specified class or series (or specified group of classes and/or series) held by such Partner and the denominator of which is the total number of Partnership Units of such specified class or series (or specified group of classes and/or series) held by all Partners.

“Permitted Transfer” has the meaning set forth in Section 11.3.A hereof.

“Person” means an individual or a corporation, partnership, trust, unincorporated organization, association, limited liability company or other entity.

“Pledge” has the meaning set forth in Section 11.3.A hereof.

“Preferred Share” means a share of stock of the Parent of any class or series now or hereafter authorized or reclassified that has dividend rights, or rights upon liquidation, winding up and dissolution, that are superior or prior to the Parent Shares.

“*Properties*” means any assets and property of the Partnership such as, but not limited to, interests in real property and personal property, including, without limitation, fee interests, interests in ground leases, easements and rights of way, interests in limited liability companies, joint ventures or partnerships, interests in mortgages, and Debt instruments as the Partnership may hold from time to time and “*Property*” means any one such asset or property.

“*Qualified DRIP/COPP*” means a dividend reinvestment plan or a cash option purchase plan of the Parent that permits participants to acquire Parent Shares using the proceeds of dividends paid by the Parent or cash of the participant, respectively; provided, however, that if such shares are offered at a discount, such discount must (i) be designed to pass along to the stockholders of the Parent the savings enjoyed by the Parent in connection with the avoidance of stock issuance costs, and (ii) not exceed 5% of the value of a Parent Share as computed under the terms of such plan.

“*Qualified Transferee*” means an “accredited investor” as defined in Rule 501 promulgated under the Securities Act.

“*Qualifying Party*” means (a) a Limited Partner, (b) an Assignee or (c) a Person, including a lending institution as the pledgee of a Pledge, who is the transferee of a Limited Partner Interest in a Permitted Transfer; *provided, however*, that a Qualifying Party shall not include BPG Subsidiary Inc. or BPG Sub LLC.

“*Redemption*” has the meaning set forth in Section 15.1.A hereof.

“*Regulations*” means the income tax regulations under the Code, whether such regulations are in proposed, temporary or final form, as such regulations may be amended from time to time (including corresponding provisions of succeeding regulations).

“*Regulatory Allocations*” has the meaning set forth in Section 6.3.A(viii) hereof.

“*REIT*” means a real estate investment trust qualifying under Code Section 856.

“*REIT Partner*” means (a) the Parent or any Affiliate of the Parent to the extent such person has in place an election to qualify as a REIT and (b) any Disregarded Entity with respect to any such Person.

“*REIT Payment*” has the meaning set forth in Section 15.12 hereof.

“*REIT Requirements*” has the meaning set forth in Section 5.1 hereof.

“*Related Party*” means, with respect to any Person, any other Person to whom ownership of shares of the Parent’s stock by the first such Person would be attributed under Code Section 544 (as modified by Code Section 856(h)(1)(B)) or Code Section 318(a) (as modified by Code Section 856(d)(5)).

“*Restricted Period*” means, as to any Qualifying Party, a twelve-month period ending on the day before the first twelve-month anniversary of such Qualifying Party’s first becoming a Holder of Partnership Common Units; *provided, however*, that the General Partner may, in its sole and absolute discretion, by written agreement with a Qualifying Party, shorten or lengthen the applicable Restricted Period to a period of shorter or longer than twelve (12) months, without the

consent of any other Partner and such written agreement shall govern the Restricted Period with respect to such Qualifying Party notwithstanding Section 14.2 hereof.

“*Rights*” has the meaning set forth in the definition of “*Parent Shares Amount*.”

“*Safe Harbors*” has the meaning set forth in Section 11.3.D hereof.

“*SEC*” means the Securities and Exchange Commission.

“*Securities Act*” means the Securities Act of 1933, as amended, and any successor statute thereto, and the rules and regulations of the SEC promulgated thereunder.

“*Special Redemption*” has the meaning set forth in Section 15.1.A hereof.

“*Specified Redemption Date*” means the tenth (10th) Business Day after the receipt by the General Partner of a Notice of Redemption; *provided, however*, that no Specified Redemption Date shall occur during the Restricted Period, if any, applicable to the Tendering Party (except pursuant to a Special Redemption).

“*Stock Incentive Plans*” means any equity incentive plan now or hereafter adopted by the Partnership, the General Partner or Parent.

“*Subsidiary*” means, with respect to any Person, any corporation or other entity of which a majority of (i) the voting power of the voting equity securities or (ii) the outstanding equity interests is owned, directly or indirectly, by such Person; provided, however, that, with respect to the Partnership, “*Subsidiary*” means solely a partnership or limited liability company (taxed, for federal income tax purposes, as a partnership or as a Disregarded Entity and not as an association or publicly traded partnership taxable as a corporation) of which the Partnership is a member or any “taxable REIT subsidiary” of the Parent in which the Partnership owns shares of stock, unless the ownership of shares of stock of a corporation or other entity (other than a “taxable REIT subsidiary”) will not jeopardize the Parent’s status as a REIT or any Parent Affiliate’s status as a “qualified REIT subsidiary” (within the meaning of Code Section 856(i)(2)), in which event the term “Subsidiary” shall include such corporation or other entity.

“*Substituted Limited Partner*” means a Person who is admitted as a Limited Partner to the Partnership pursuant to Section 11.4 hereof.

“*Surviving Partnership*” has the meaning set forth in Section 11.2.B(ii) hereof.

“*Tax Items*” has the meaning set forth in Section 6.4.A hereof.

“*Tendered Units*” has the meaning set forth in Section 15.1.A hereof.

“*Tendering Party*” has the meaning set forth in Section 15.1.A hereof.

“*Terminating Capital Transaction*” means any sale or other disposition of all or substantially all of the assets of the Partnership or a related series of transactions that, taken together, result in the sale or other disposition of all or substantially all of the assets of the Partnership, in any case, not in the ordinary course of the Partnership’s business.

“*Termination Transaction*” has the meaning set forth in Section 11.2.B hereof.

“*Transfer*” means any sale, assignment, bequest, conveyance, devise, gift (outright or in trust), Pledge, encumbrance, hypothecation, mortgage, exchange, transfer or other disposition or act of alienation, whether voluntary, involuntary or by operation of law; *provided, however*, that when the term is used in Article 11 hereof, except as otherwise expressly provided, “*Transfer*” does not include (a) any Redemption of Partnership Common Units by the Partnership, or acquisition of Tendered Units by the Parent, pursuant to Section 15.1, (b) any pledge, encumbrance, hypothecation or mortgage by the General Partner of all or any portion of its Partnership Interest or (c) any redemption of Partnership Units pursuant to any Partnership Unit Designation. The terms “*Transferred*” and “*Transferring*” have correlative meanings.

“*Valuation Date*” means the date of receipt by the General Partner of a Notice of Redemption pursuant to Section 15.1 herein, or such other date as specified herein, or, if such date is not a Business Day, the immediately preceding Business Day.

“*Value*” means, with respect to a Parent Share, on any Valuation Date, the average of the daily Market Prices for ten (10) consecutive trading days immediately preceding the Valuation Date. The term “*Market Price*” on any date means, the Closing Price for such Parent Shares on such date. The “*Closing Price*” on any date means the last sale price for such Parent Shares, regular way, or, in case no such sale takes place on such day, the average of the closing bid and asked prices, regular way, for such Parent Shares, in either case as reported in the principal consolidated transaction reporting system with respect to securities listed or admitted to trading on the New York Stock Exchange or, if such Parent Shares are not listed or admitted to trading on the New York Stock Exchange, as reported on the principal consolidated transaction reporting system with respect to securities listed on the principal national securities exchange on which such Parent Shares are listed or admitted to trading or, if such Parent Shares are not listed or admitted to trading on any national securities exchange, the last quoted price, or, if not so quoted, the average of the high bid and low asked prices in the over-the-counter market, as reported by the National Association of Securities Dealers, Inc. Automated Quotation System or, if such system is no longer in use, the principal other automated quotation system that may then be in use or, if such Parent Shares are not quoted by any such organization, the average of the closing bid and asked prices as furnished by a professional market maker making a market in such Parent Shares selected by the General Partner or, in the event that no trading price is available for such Parent Shares, the fair market value of the Parent Shares, as determined by the General Partner in its sole discretion. In the event that the Parent Shares Amount includes Rights that a holder of Parent Shares would be entitled to receive, then the Value of such Rights shall be determined by the General Partner on the basis of such quotations and other information as it considers appropriate.

ARTICLE 2

ORGANIZATIONAL MATTERS

Section 2.1 *Formation.*

The Partnership is a limited partnership heretofore formed and continued pursuant to the provisions of the Act and upon the terms and subject to the conditions set forth in this Agreement. The Partners hereby approve, ratify and confirm the amendment and restatement of the Amended Partnership Agreement, and this Agreement shall be effective upon the execution by the General Partner (the “*Effective Time*”). Except as expressly provided herein to the

contrary, the rights and obligations of the Partners and the administration and termination of the Partnership shall be governed by the Act. The Partnership Interest of each Partner shall be personal property for all purposes.

Section 2.2 *Name.*

The name of the Partnership is “Brixmor Operating Partnership LP.” The Partnership’s business may be conducted under any other name or names deemed advisable by the General Partner, including the name of the General Partner or any Affiliate thereof. The words “Limited Partnership,” “LP,” “L.P.,” “Ltd.” or similar words or letters shall be included in the Partnership’s name where necessary for the purposes of complying with the laws of any jurisdiction that so requires. The General Partner in its sole and absolute discretion may change the name of the Partnership at any time and from time to time and shall notify the Partners of such change in the next regular communication to the Partners.

Section 2.3 *Registered Office and Registered Agent; Principal Executive Office.*

The address of the registered office of the Partnership in the State of Delaware is located at c/o Corporation Service Company, 2711 Centerville Road, Suite 400, Wilmington, DE 19808, or such other place as the General Partner may from time to time designate by amendment to the Certificate, and the name and address of the registered agent of the Partnership in the State of Delaware is Corporation Service Company, 2711 Centerville Road, Suite 400, Wilmington, DE 19808, or such other registered agent as the General Partner may from time to time designate by amendment to the Certificate. The principal office of the Partnership is located at 450 Lexington Avenue, 7th Floor, New York, New York 10017, or such other place as the General Partner may from time to time designate by notice to the Limited Partners. The Partnership may maintain offices at such other place or places as the General Partner deems advisable.

Section 2.4 *Power of Attorney.*

A. Each Limited Partner and Assignee hereby irrevocably constitutes and appoints the General Partner, any Liquidator, and authorized officers and attorneys-in-fact of each (the “*Attorney in Fact*”), and each of those acting singly, in each case with full power of substitution, as its true and lawful agent and attorney-in-fact, with full power and authority in its name, place and stead to:

(1) execute, swear to, seal, acknowledge, deliver, file and record in the appropriate public offices: (a) all certificates, documents and other instruments (including, without limitation, this Agreement and the Certificate and all amendments, supplements or restatements thereof) that the Attorney in Fact deems appropriate or necessary to form, qualify or continue the existence or qualification of the Partnership as a limited partnership (or a partnership in which the limited partners have limited liability to the extent provided by applicable law) in the State of Delaware and in all other jurisdictions in which the Partnership may conduct business or own property; (b) all instruments that the Attorney in Fact deems appropriate or necessary to reflect any amendment, change, modification or restatement of this Agreement duly adopted in accordance with its terms; (c) all conveyances and other instruments or documents that the Attorney in Fact deems appropriate or necessary to reflect the dissolution and winding up of the Partnership pursuant to the terms of this Agreement, including, without limitation, a certificate of

cancellation; (d) all conveyances and other instruments or documents that the Attorney in Fact deems appropriate or necessary to reflect the distribution or exchange of assets of the Partnership pursuant to the terms of this Agreement; (e) all instruments relating to the admission, acceptance, withdrawal, removal or substitution of any Partner pursuant to the terms of this Agreement or the Capital Contribution of any Partner; and (f) all certificates, documents and other instruments relating to the determination of the rights, preferences and privileges relating to Partnership Interests; and

(2) execute, swear to, acknowledge and file all ballots, consents, approvals, waivers, certificates and other instruments appropriate or necessary, in the sole and absolute discretion of the Attorney in Fact, to make, evidence, give, confirm or ratify any vote, consent, approval, agreement or other action that is made or given by the Partners hereunder or is consistent with the terms of this Agreement.

Nothing contained herein shall be construed as authorizing the Attorney in Fact to amend this Agreement except in accordance with Section 14.2 hereof or as may be otherwise expressly provided for in this Agreement.

B. The foregoing power of attorney is hereby declared to be irrevocable and a special power coupled with an interest, in recognition of the fact that each of the Limited Partners and Assignees will be relying upon the power of the Attorney in Fact to act as contemplated by this Agreement in any filing or other action by it on behalf of the Partnership, and it shall survive and not be affected by the subsequent Incapacity of any Limited Partner or Assignee and the Transfer of all or any portion of such Person's Partnership Interest and shall extend to such Person's heirs, successors, assigns, transferees and personal representatives. Each such Limited Partner and Assignee hereby agrees to be bound by any representation made by the Attorney in Fact, acting in good faith pursuant to such power of attorney; and, to the fullest extent permitted by law, each such Limited Partner and Assignee hereby waives any and all defenses that may be available to contest, negate or disaffirm the action of the General Partner or the Liquidator, taken in good faith under such power of attorney. Each Limited Partner and Assignee shall execute and deliver to the General Partner or the Liquidator, within fifteen (15) days after receipt of the General Partner's or the Liquidator's request therefor, such further designation, powers of attorney and other instruments as the General Partner or the Liquidator (as the case may be) deems necessary to effectuate this Agreement and the purposes of the Partnership. Notwithstanding anything else set forth in this Section 2.4.B, no Limited Partner shall incur any personal liability for any action of the Attorney in Fact taken under such power of attorney.

Section 2.5 *Term.*

The term of the Partnership shall continue indefinitely unless the Partnership is dissolved sooner pursuant to the provisions of Article 13 hereof or as otherwise provided by law.

Section 2.6 *Partnership Interests Are Securities.*

Each Partnership Interest in the Partnership shall constitute a "security" within the meaning of, and shall be governed by, (i) Article 8 of the Uniform Commercial Code (including Section 8-102(a)(15) thereof) as in effect from time to time in the State of Delaware, and (ii) the corresponding provisions of the Uniform Commercial Code of any other applicable jurisdiction that now or hereafter substantially includes the 1994 revisions to Article 8 thereof as adopted by

the American Law Institute and the National Conference of Commissioners on Uniform State Laws and approved by the American Bar Association on February 14, 1995.

Section 2.7 Admission.

The General Partner has been admitted as the general partner of the Partnership upon its execution of the Original Partnership Agreement and hereby continues as the general partner of the Partnership upon its execution of a counterpart hereof. A Person shall be admitted as a limited partner of the Partnership at the time that (a) this Agreement or a counterpart hereof is executed by or on behalf of such Person and (b) such Person is listed by the General Partner as a limited partner of the Partnership in the books and records of the Partnership.

**ARTICLE 3
PURPOSE**

Section 3.1 Purpose and Business.

The purpose and nature of the Partnership is to conduct any business, enterprise or activity permitted by or under the Act, including, without limitation, (i) to conduct the business of ownership, construction, reconstruction, development, redevelopment, alteration, improvement, maintenance, operation, sale, leasing, transfer, encumbrance, financing, refinancing, conveyance and exchange of the Properties, (ii) to acquire and invest in any securities and/or loans relating to the Properties, (iii) to enter into any partnership, joint venture, business or statutory trust arrangement, limited liability company or other similar arrangement to engage in any business permitted by or under the Act, or to own interests in any entity engaged in any business permitted by or under the Act, (iv) to conduct the business of providing property and asset management and brokerage services, whether directly or through one or more partnerships, joint ventures, Subsidiaries, business trusts, limited liability companies or similar arrangements, and (v) to do anything necessary or incidental to the foregoing.

Section 3.2 Powers.

The Partnership shall be empowered to do any and all acts and things necessary, appropriate, proper, advisable, incidental to or convenient for the furtherance and accomplishment of the purposes and business described herein and for the protection and benefit of the Partnership including, without limitation, full power and authority, directly or through its ownership interest in other entities, to enter into, perform and carry out contracts of any kind, to borrow and lend money and to issue evidence of indebtedness, whether or not secured by mortgage, deed of trust, pledge or other lien, to acquire, own, manage, improve and develop real property and lease, sell, transfer and dispose of real property. However, the Partnership may not, without the General Partner's specific consent, which it may give or withhold in its sole and absolute discretion, take or refrain from taking, any action that, in its judgment, in its sole and absolute discretion (i) could adversely affect Parent's ability to continue to qualify as a REIT, (ii) could subject Parent to any taxes under Sections 857 or 4981 of the Code or any other related or successor provision under the Code, or (iii) could violate any law or regulation of any governmental body or agency having jurisdiction over Parent, Parent's securities or the Partnership.

Section 3.3 Partnership Only for Purposes Specified.

The Partnership shall be a limited partnership formed pursuant to the Act to conduct its business in accordance with this Agreement, and this Agreement shall not be deemed to create a company, venture or partnership between or among the Partners or any other Persons with respect to any activities whatsoever other than the activities within the purposes of the Partnership as specified in Section 3.1 hereof. Except as otherwise provided in this Agreement, no Partner shall have any authority to act for, bind, commit or assume any obligation or responsibility on behalf of the Partnership, its properties or any other Partner. No Partner, in its capacity as a Partner under this Agreement, shall be responsible or liable for any indebtedness or obligation of another Partner, nor shall the Partnership be responsible or liable for any indebtedness or obligation of any Partner, incurred either before or after the execution and delivery of this Agreement by such Partner, except as to those responsibilities, liabilities, indebtedness or obligations incurred pursuant to and as limited by the terms of this Agreement and the Act.

Section 3.4 Representations and Warranties by the Partners.

A. Each Partner that is an individual (including, without limitation, each Additional Limited Partner or Substituted Limited Partner as a condition to becoming an Additional Limited Partner or a Substituted Limited Partner) represents and warrants to, and covenants with, each other Partner that (i) the consummation of the transactions contemplated by this Agreement to be performed by such Partner will not result in a breach or violation of, or a default under, any material agreement by which such Partner or any of such Partner's property is bound, or any statute, regulation, order or other law to which such Partner is subject, (ii) if five percent (5%) or more (by value) of the Partnership's interests are or will be owned by such Partner within the meaning of Code Section 7704(d)(3), such Partner does not, and for so long as it is a Partner will not, own, directly or indirectly, (a) stock of any corporation that is a tenant of (I) Parent or any Disregarded Entity with respect to Parent, (II) the Partnership or (III) any partnership, venture or limited liability company of which Parent, any Disregarded Entity with respect to Parent, or the Partnership is a direct or indirect member or (b) an interest in the assets or net profits of any non-corporate tenant of (I) Parent or any Disregarded Entity with respect to Parent, (II) the Partnership or (III) any partnership, venture, or limited liability company of which Parent, any Disregarded Entity with respect to Parent, or the Partnership is a direct or indirect member, (iii) such Partner has the legal capacity to enter into this Agreement and perform such Partner's obligations hereunder, and (iv) this Agreement is binding upon, and enforceable against, such Partner in accordance with its terms. Notwithstanding the foregoing, a Partner that is an individual shall not be subject to the ownership restrictions set forth in clause (ii) of the immediately preceding sentence to the extent such Partner obtains the written Consent of the General Partner prior to violating any such restrictions. Each Partner that is an individual shall also represent and warrant to the Partnership that such Partner is neither a "foreign person" within the meaning of Code Section 1445(f) nor a foreign partner within the meaning of Code Section 1446(e).

B. Each Partner that is not an individual (including, without limitation, each Additional Limited Partner or Substituted Limited Partner as a condition to becoming an Additional Limited Partner or a Substituted Limited Partner) represents and warrants to, and covenants with, each other Partner that (i) all transactions contemplated by this Agreement to be performed by it have been duly authorized by all necessary action, including, without limitation, that of its general

partner(s), manager(s), committee(s), trustee(s), beneficiaries, directors and/or stockholder(s) (as the case may be) as required, (ii) the consummation of such transactions shall not result in a breach or violation of, or a default under, its partnership or operating agreement, trust agreement, charter or bylaws (as the case may be) any material agreement by which such Partner or any of such Partner's properties or any of its partners, members, beneficiaries, trustees or stockholders (as the case may be) is or are bound, or any statute, regulation, order or other law to which such Partner or any of its partners, members, trustees, beneficiaries or stockholders (as the case may be) is or are subject, (iii) if five percent (5%) or more (by value) of the Partnership's interests are or will be owned by such Partner within the meaning of Code Section 7704(d)(3), such Partner does not, and for so long as it is a Partner will not, own, directly or indirectly, (a) stock of any corporation that is a tenant of (I) Parent or any Disregarded Entity with respect to Parent, (II) the Partnership or (III) any partnership, venture or limited liability company of which Parent, Disregarded Entity with respect to Parent, or the Partnership is a direct or indirect member or (b) an interest in the assets or net profits of any non-corporate tenant of (I) Parent or any Disregarded Entity with respect to Parent, (II) the Partnership or (III) any partnership, venture or limited liability company for which Parent, any Disregarded Entity with respect to Parent, or the Partnership is a direct or indirect member, and (iv) this Agreement is binding upon, and enforceable against, such Partner in accordance with its terms. Notwithstanding the foregoing, a Partner that is not an individual shall not be subject to the ownership restrictions set forth in clause (iii) of the immediately preceding sentence to the extent such Partner obtains the written Consent of the General Partner prior to violating any such restrictions. Each Partner that is not an individual shall also represent and warrant to the Partnership that such Partner is neither a "foreign person" within the meaning of Code Section 1445(f) nor a foreign partner within the meaning of Code Section 1446(e).

C. Each Partner (including, without limitation, each Additional Limited Partner or Substituted Limited Partner as a condition to becoming an Additional Limited Partner or Substituted Limited Partner) represents, warrants and agrees that (i) it is an "accredited investor" as defined in Rule 501 promulgated under the Securities Act, (ii) it has acquired and continues to hold its interest in the Partnership for its own account for investment purposes only and not for the purpose of, or with a view toward, the resale or distribution of all or any part thereof in violation of applicable laws, and not with a view toward selling or otherwise distributing such interest or any part thereof at any particular time or under any predetermined circumstances in violation of applicable laws, (iii) it is a sophisticated investor, able and accustomed to handling sophisticated financial matters for itself, particularly real estate investments, and that it has a sufficiently high net worth that it does not anticipate a need for the funds that it has invested in the Partnership in what it understands to be a highly speculative and illiquid investment, and (iv) without the Consent of the General Partner, it shall not take any action that would cause (a) the Partnership at any time to have more than 100 partners, including as partners those persons ("*Flow-Through Partners*") indirectly owning an interest in the Partnership through an entity treated as a partnership, Disregarded Entity, S corporation or grantor trust (each such entity, a "*Flow-Through Entity*"), but only if substantially all of the value of such person's interest in the Flow-Through Entity is attributable to the Flow-Through Entity's interest (direct or indirect) in the Partnership; or (b) the Partnership Interest initially issued to such Partner or its predecessors to be held by more than two partners, including as partners any Flow-Through Partners.

D. The representations and warranties contained in Sections 3.4.A, 3.4.B and 3.4.C hereof shall survive the execution and delivery of this Agreement by each Partner (and, in the case of an Additional Limited Partner or a Substituted Limited Partner, the admission of such Additional Limited Partner or Substituted Limited Partner as a Limited Partner in the Partnership) and the dissolution, winding up and termination of the Partnership.

E. Each Partner (including, without limitation, each Additional Limited Partner or Substituted Limited Partner as a condition to becoming an Additional Limited Partner or Substituted Limited Partner) hereby acknowledges that no representations as to potential profit, cash flows, funds from operations or yield, if any, in respect of the Partnership, Parent, the Parent Subsidiary Partners or the General Partner have been made by any Partner or any employee or representative or Affiliate of any Partner, and that projections and any other information, including, without limitation, financial and descriptive information and documentation, that may have been in any manner submitted to such Partner shall not constitute any representation or warranty of any kind or nature, express or implied.

F. Notwithstanding the foregoing, the General Partner may, in its sole and absolute discretion, permit the modification of any of the representations and warranties contained in Sections 3.4.A, 3.4.B and 3.4.C above as applicable to any Partner (including, without limitation any Additional Limited Partner or Substituted Limited Partner or any transferee of either), provided that such representations and warranties, as modified, shall be set forth in either (i) a Partnership Unit Designation applicable to the Partnership Units held by such Partner or (ii) a separate writing addressed to the Partnership and the General Partner.

ARTICLE 4

CAPITAL CONTRIBUTIONS

Section 4.1 Capital Contributions of the Partners.

The Partners have heretofore made Capital Contributions to the Partnership. Each Partner owns Partnership Units in the amount set forth for such Partner in the books and records of the Partnership, as the same may be amended or updated from time to time by the General Partner to the extent necessary to reflect accurately sales, exchanges or other Transfers, redemptions, Capital Contributions, the issuance of additional Partnership Units, or similar events having an effect on a Partner's ownership of Partnership Units. Except as provided by law or in Section 4.2, 4.3, or 10.4 hereof, the Partners shall have no obligation or, except with the prior Consent of the General Partner, right to make any additional Capital Contributions or loans to the Partnership.

Section 4.2 Issuances of Additional Partnership Interests.

Subject to the rights of any Holder of any Partnership Interest set forth in a Partnership Unit Designation:

A. *General.* The General Partner is hereby authorized to cause the Partnership to issue additional Partnership Interests for any Partnership purpose, at any time or from time to time, to the Partners (including the General Partner, Parent and the Parent Subsidiary Partners) or to other Persons, and to admit such Persons as Additional Limited Partners, for such consideration and on such terms and conditions as shall be established by the General Partner in its sole and absolute discretion, all without the approval of any Limited Partner or any other Person. Without limiting the foregoing, the General Partner is expressly authorized to cause the Partnership to issue

Partnership Interests (i) upon the conversion, redemption or exchange of any Debt, Partnership Interests, or other securities issued by the Partnership, (ii) for less than fair market value, (iii) for no consideration and (iv) in connection with any merger or consolidation of any other Person into the Partnership. Any additional Partnership Interests may be issued in one or more classes, or one or more series of any of such classes, with such designations, preferences, conversion or other rights, voting powers or rights, restrictions, limitations as to distributions, qualifications or terms or conditions of redemption (including, without limitation, terms that may be senior or otherwise entitled to preference over existing Partnership Interests) as shall be determined by the General Partner, in its sole and absolute discretion and without the approval of any Limited Partner or any other Person, and set forth in a written document thereafter attached to and made an exhibit to this Agreement, which exhibit shall be an amendment to this Agreement and shall be incorporated herein by this reference (each, a “*Partnership Unit Designation*”). Without limiting the generality of the foregoing, the General Partner shall have authority to specify, in its sole and absolute discretion: (a) the allocations of items of Partnership income, gain, loss, deduction and credit to each such class or series of Partnership Interests; (b) the right of each such class or series of Partnership Interests to share (on a *pari passu*, junior or preferred basis) in Partnership distributions; (c) the rights of each such class or series of Partnership Interests upon dissolution and liquidation of the Partnership; (d) the voting rights, if any, of each such class or series of Partnership Interests; and (e) the conversion, redemption or exchange rights applicable to each such class or series of Partnership Interests. Upon the issuance of any additional Partnership Interest, the General Partner shall update the books and records of the Partnership as appropriate to reflect such issuance.

B. Issuances to the General Partner or Parent. No additional Partnership Units shall be issued to the General Partner, Parent or any Parent Subsidiary Partner unless (i) the additional Partnership Units are issued to all Partners holding Partnership Units of a specified class or series in proportion to their respective Percentage Interests in the Partnership Units of such class or series, (ii) (a) the additional Partnership Units are (x) Partnership Common Units issued in connection with an issuance of Parent Shares, or (y) Partnership Equivalent Units (other than Partnership Common Units) issued in connection with an issuance of Preferred Shares, New Securities or other interests in the Parent (other than Parent Shares), with corresponding economic terms, and (b) the General Partner, Parent or the Parent Subsidiary Partner (as the case may be) contributes directly or indirectly to the Partnership the cash proceeds (net of its expenses relating to such issuance) or other consideration received in connection with the issuance of such Parent Shares, Preferred Shares, New Securities or other interests in the Parent, (iii) the additional Partnership Units are issued upon the conversion, redemption or exchange of Debt, Partnership Units or other securities issued by the Partnership or (iv) the additional Partnership Units are issued pursuant to Section 4.3.B, Section 4.3.d, Section 4.4, Section 4.5 or Section 4.7.

C. No Preemptive Rights. Except as specified in Section 4.2.B(i) hereof or as provided in a Partnership Unit Designation, no Person, including, without limitation, any Partner or Assignee, shall have any preemptive, preferential, participation or similar right or rights to subscribe for or acquire any Partnership Interest.

Section 4.3 *Additional Funds and Capital Contributions.*

A. *General.* The General Partner may, at any time and from time to time, determine that the Partnership requires additional funds (“*Additional Funds*”) for the acquisition or development of additional Properties, for the redemption of Partnership Interests or for such other purposes as the General Partner may determine, in its sole and absolute discretion. Additional Funds may be obtained by the Partnership, at the election of the General Partner, in any manner provided in, and in accordance with, the terms of this Section 4.3 without the approval of any Limited Partner or any other Person.

B. *Additional Capital Contributions.* The General Partner, on behalf of the Partnership, may obtain any Additional Funds by accepting Capital Contributions from any Partners or other Persons. In connection with any such Capital Contribution (of cash or property), the General Partner is hereby authorized, in its sole and absolute discretion, to cause the Partnership from time to time to issue additional Partnership Interests (as set forth in Section 4.2 above) in consideration therefor and the Percentage Interests of the General Partner and the Limited Partners shall be adjusted to reflect the issuance of such additional Partnership Interests.

C. *Loans.* The General Partner, in its sole and absolute discretion on behalf of the Partnership, may obtain any Additional Funds by causing the Partnership to incur Debt to any Person (including the General Partner, BPG Subsidiary Inc. or Parent) upon such terms as the General Partner determines appropriate in its sole and absolute discretion, including making such Debt convertible, redeemable or exchangeable for Partnership Units or Parent Shares; *provided, however*, that the Partnership shall not incur any such Debt if any Limited Partner would be personally liable for the repayment of such Debt (unless such Limited Partner otherwise agrees).

D. *Issuance of Securities by the Parent.* The Parent shall not issue any additional Parent Shares, Capital Shares or New Securities unless the Parent contributes the cash proceeds or other consideration received from the issuance of such additional Parent Shares, Capital Shares or New Securities (as the case may be) and from the exercise of the rights contained in any such additional Capital Shares or New Securities directly or indirectly to the Partnership in exchange for (x) in the case of an issuance of Parent Shares, Partnership Common Units, or (y) in the case of an issuance of Capital Shares or New Securities, Partnership Equivalent Units; *provided, however*, that notwithstanding the foregoing, the Parent may issue Parent Shares, Capital Shares or New Securities (a) pursuant to Section 4.4, Section 4.5 or Section 4.7 hereof, (b) pursuant to a dividend or distribution (including any stock split) of Parent Shares, Capital Shares or New Securities to all of the holders of Parent Shares, Capital Shares or New Securities (as the case may be), (c) upon a conversion, redemption or exchange of Capital Shares, (d) upon a conversion, redemption, exchange or exercise of New Securities, or (e) in connection with an acquisition of Partnership Interests or a property or other asset to be owned, directly or indirectly, by the Parent. In the event of any issuance of additional Parent Shares, Capital Shares or New Securities by the Parent, and the contribution to the Partnership, directly or indirectly, by the Parent, of the cash proceeds or other consideration received from such issuance (or property acquired with such proceeds), if any, if the cash proceeds actually received by the Parent are less than the gross proceeds of such issuance as a result of any expenses paid or incurred in connection with such issuance, then the Parent shall be deemed to have made a Capital Contribution to the Partnership in the amount equal to the sum of the cash proceeds of

such issuance plus the amount of such expenses paid by the Parent (which discount and expense shall be treated as an expense for the benefit of the Partnership for purposes of Section 7.4). In the event that the Parent issues any additional Parent Shares, Capital Shares or New Securities and contributes, directly or indirectly, the cash proceeds or other consideration received from the issuance thereof to the Partnership, the Partnership is expressly authorized to issue a number of Partnership Common Units or Partnership Equivalent Units to the Parent equal to the number of Parent Shares, Capital Shares or New Securities so issued, divided by the Parent Share Adjustment Factor then in effect, in accordance with this Section 4.3.D without any further act, approval or vote of any Partner or any other Persons.

Section 4.4 *Stock Incentive Plans and Equity Plans.*

A. *Stock Incentive Plans.* Nothing in this Agreement shall be construed or applied to preclude or restrain the General Partner, Parent or any Parent Subsidiary Partner from adopting, modifying or terminating stock incentive plans for the benefit of employees, directors or other business associates of the General Partner, Parent, any Parent Subsidiary Partner, the Partnership or any of their Affiliates. Parent may implement such plans (such as the grant or exercise of options to acquire Parent Shares, or the issuance of restricted or unrestricted Parent Shares) and any actions taken under such plans, whether taken with respect to or by an employee or other service provider of Parent, any Parent Subsidiary Partner, the Partnership or its Subsidiaries, in a manner reasonably determined by Parent, which may be set forth in plan implementation guidelines that Parent may adopt or amend from time to time. The Partners acknowledge and agree that, in the event that any such plan or implementation guideline is adopted, modified or terminated by the General Partner, Parent or any Parent Subsidiary Partner, amendments to this Agreement may become necessary or advisable and that any such amendments requested by the General Partner, Parent or any Parent Subsidiary Partner shall not require any Consent or approval by the Limited Partners or any other Person.

B. *Issuance of Partnership Units, Parent Shares and New Securities.* The Partnership is expressly authorized to issue Partnership Units and the Parent is expressly authorized to issue Parent Shares, Capital Shares or New Securities as contemplated by this Section 4.4 or any plan or plan implementation guidelines referred to in paragraph A above without any further act, approval or vote of any Partner or any other Persons.

Section 4.5 *Dividend Reinvestment Plan, Cash Option Purchase Plan, Stock Incentive Plan or Other Plan.*

Except as may otherwise be provided in this Article 4, all amounts received or deemed received by the Parent in respect of any dividend reinvestment plan, cash option purchase plan, stock incentive or other stock or subscription plan or agreement, either (a) shall be utilized by the Parent to effect purchases of Parent Shares, or (b) if the Parent elects instead to issue new Parent Shares with respect to such amounts, shall be contributed by the Parent to the Partnership in exchange for additional Partnership Common Units. Upon such contribution, the Partnership will issue to the Parent a number of Partnership Common Units equal to the quotient of (i) the new Parent Shares so issued, divided by (ii) the Parent Share Adjustment Factor then in effect. The Partnership is expressly authorized to issue Partnership Common Units as contemplated by this Section 4.5 without any further act, approval or vote of any Partner or any other Persons.

Section 4.6 *No Interest; No Return.*

No Partner shall be entitled to interest on its Capital Contribution or on such Partner's Capital Account. Except as provided herein or by law, no Partner shall have any right to demand or receive the return of its Capital Contribution from the Partnership.

Section 4.7 *Conversion or Redemption of Parent Shares and Capital Shares.*

A. *Conversion of Capital Shares.* If, at any time, any of the Capital Shares are converted into Parent Shares, in whole or in part, then a number of Partnership Units directly or indirectly held by the Parent with preferences, conversion and other rights (other than redemption and voting rights), restrictions (other than restrictions on transfer), rights and limitations as to dividends and other distributions and qualifications that are substantially the same as the preferences, conversion and other rights (other than redemption and voting rights), restrictions (other than restrictions on transfer), rights and limitations as to dividends and other distributions and qualifications of such Capital Shares ("*Partnership Equivalent Units*") (for the avoidance of doubt, Partnership Equivalent Units need not have voting rights, redemption rights or restrictions on transfer that are substantially equivalent to such Capital Shares) equal to the number of Capital Shares so converted shall automatically be converted into a number of Partnership Common Units equal to the quotient of (i) the number of Parent Shares issued upon such conversion divided by (ii) the Parent Share Adjustment Factor then in effect, and the Percentage Interests of the General Partner and the Limited Partners shall be adjusted to reflect such conversion.

B. *Redemption of Capital Shares or Parent Shares.* Except as otherwise provided in Section 7.4.C., if, at any time, any Capital Shares are redeemed or otherwise repurchased (whether by exercise of a put or call, automatically or by means of another arrangement) by the Parent for cash, immediately prior to such redemption or repurchase of Capital Shares, an equal number of the corresponding Partnership Equivalent Units held by the Parent shall automatically be redeemed by the Partnership upon the same terms and for the same price per Partnership Equivalent Unit as such Capital Shares are redeemed or repurchased. If, at any time, any Parent Shares are forfeited or redeemed or otherwise repurchased or reacquired by the Parent, immediately prior to such forfeiture, redemption, reacquisition or repurchase of Parent Shares, a number of Partnership Common Units held by the Parent equal to the quotient of (i) the Parent Shares so forfeited, redeemed, reacquired or repurchased, divided by (ii) the Parent Share Adjustment Factor then in effect, shall automatically be redeemed by the Partnership, such redemption to be upon the same terms and for the same price per Partnership Common Unit (after giving effect to application of the Parent Share Adjustment Factor) as such Parent Shares are redeemed, repurchased or otherwise reacquired, or, in the case of a forfeiture of Parent Shares, shall automatically be forfeited by the Parent for no consideration.

Section 4.8 *Other Contribution Provisions.*

In the event that any Partner is admitted to the Partnership and is given a Capital Account in exchange for services rendered to the Partnership, such transaction shall be treated by the Partnership and the affected Partner as if the Partnership had compensated such Partner in cash and such Partner had contributed the cash that the Partner would have received to the capital of the Partnership. In addition, with the Consent of the General Partner, one or more Partners may enter into contribution agreements with the Partnership which have the effect of providing a

guarantee of certain obligations of the Partnership (and/or a wholly-owned Subsidiary of the Partnership).

ARTICLE 5 DISTRIBUTIONS

Section 5.1 Requirement and Characterization of Distributions.

Subject to the rights of any Holder of any Partnership Interest set forth in a Partnership Unit Designation, the General Partner may cause the Partnership to distribute such amounts, at such times, as the General Partner may, in its sole and absolute discretion, determine to the Holders as of any Partnership Record Date: (i) first, with respect to any Partnership Units that are entitled to any preference in distribution, in accordance with the rights of Holders of such class(es) of Partnership Units (and, within each such class, among the Holders of each such class, pro rata in proportion to their respective Percentage Interests of such class on such Partnership Record Date); and (ii) second, with respect to any Partnership Units that are not entitled to any preference in distribution, in accordance with the rights of Holders of such class(es) of Partnership Units, as applicable (and, within each such class, among the Holders of each such class, pro rata in proportion to their respective Percentage Interests of such class on such Partnership Record Date). Distributions payable with respect to any Partnership Units, other than any Partnership Units issued to the General Partner, Parent or any Parent Subsidiary Partner in connection with the issuance of Parent Shares by the Parent, that were not outstanding during the entire quarterly period in respect of which any distribution is made shall be prorated based on the portion of the period that such Partnership Units were outstanding. The General Partner shall make such reasonable efforts, as determined by it in its sole and absolute discretion and consistent with the Parent's qualification as a REIT, to cause the Partnership to distribute sufficient amounts to enable the Parent, for so long as the Parent has determined to qualify as a REIT, to pay stockholder dividends that will (a) satisfy the requirements for qualifying as a REIT under the Code and Regulations (the "*REIT Requirements*") and (b) except to the extent otherwise determined by the Parent, eliminate any federal income or excise tax liability of the Parent.

Section 5.2 Distributions in Kind.

Except as expressly provided herein, no right is given to any Holder to demand and receive property other than cash as provided in this Agreement. The General Partner may determine, in its sole and absolute discretion, to cause the Partnership to make a distribution in kind of Partnership assets to the Holders, and such assets shall be distributed in such a fashion as to ensure that the fair market value is distributed and allocated in accordance with Articles 5, 6 and 13 hereof; provided, however, that the General Partner shall not make a distribution in kind to any Holder unless the Holder has been given 90 days prior written notice of such distribution.

Section 5.3 Amounts Withheld.

All amounts withheld pursuant to the Code or any provisions of any state, local or non-United States tax law and Section 10.4 hereof with respect to any allocation, payment or distribution to any Holder shall be treated as amounts paid or distributed to such Holder pursuant to Section 5.1 hereof for all purposes under this Agreement.

Section 5.4 Distributions upon Liquidation.

Notwithstanding the other provisions of this Article 5, net proceeds from a Terminating Capital Transaction, and any other amounts distributed after the occurrence of a Liquidating Event, shall be distributed to the Holders in accordance with Section 13.2 hereof.

Section 5.5 Distributions to Reflect Additional Partnership Units.

In the event that the Partnership issues additional Partnership Units pursuant to the provisions of Article 4 hereof, subject to the rights of any Holder of any Partnership Interest set forth in a Partnership Unit Designation, the General Partner is hereby authorized to amend this Agreement as it determines, in its sole and absolute discretion, is necessary or desirable to reflect the issuance of such additional Partnership Units, including, without limitation, making preferential distributions to Holders of certain classes of Partnership Units, all without the consent of any Partner or any other Person.

Section 5.6 Restricted Distributions.

Notwithstanding any provision to the contrary contained in this Agreement, neither the Partnership nor the General Partner, on behalf of the Partnership, shall be required to make a distribution to any Holder if such distribution would violate the Act or other applicable law.

**ARTICLE 6
ALLOCATIONS**

Section 6.1 Timing and Amount of Allocations of Net Income and Net Loss.

Net Income and Net Loss of the Partnership shall be determined and allocated with respect to each Partnership Year as of the end of each such year, provided that the General Partner may, in its sole and absolute discretion, allocate Net Income and Net Loss for a shorter period as of the end of such period (and, for purposes of this Article 6, references to the term “Partnership Year” may include such shorter periods). Except as otherwise provided in this Article 6, and subject to Section 11.6.C hereof, an allocation to a Holder of a share of Net Income or Net Loss shall be treated as an allocation of the same share of each item of income, gain, loss or deduction that is taken into account in computing Net Income or Net Loss.

Section 6.2 General Allocations

Except as otherwise provided in this Article 6 and Section 11.6.C hereof, Net Income and Net Loss for any Partnership Year shall be allocated to each of the Holders as follows:

- A. Net Income. Net Income shall be allocated:
- (1) first, to the General Partner to the extent that Net Loss previously allocated to the General Partner pursuant to Section 6.2.B(6) exceeds Net Income previously allocated to the General Partner pursuant to this clause (1);
 - (2) second, to each DRO Partner until the cumulative Net Income allocated to such DRO Partner under this clause (2) equals the cumulative Net Loss allocated to such DRO Partner under Section 6.2.B(5) (and among the DRO Partners, pro rata in

proportion to their respective percentages of the cumulative Net Loss allocated to all DRO Partners pursuant to Section 6.2.B(5) hereof as reasonably determined by the General Partner);

- (3) third, to the General Partner until the cumulative Net Income allocated under this clause (3) equals the cumulative Net Loss allocated to the General Partner under Section 6.2.B(4);
- (4) fourth, to the holders of any Partnership Interests that are entitled to any preference upon liquidation until the cumulative Net Income allocated under this clause (4) equals the cumulative Net Loss allocated to such Partners under Section 6.2.B(3);
- (5) fifth, to the holders of any Partnership Interests that are entitled to any preference in distribution in accordance with the rights of any other class of Partnership Interests until each such Partnership Interest has been allocated, on a cumulative basis pursuant to this clause (5), Net Income equal to the amount of distributions payable that are attributable to the preference of such class of Partnership Interests, whether or not paid (and, within such class, pro rata in proportion to the respective Percentage Interests as of the last day of the period for which such allocation is being made as reasonably determined by the General Partner);
- (6) sixth, to the holders of any Partnership Interests that are not entitled to any preference upon liquidation until the cumulative Net Income allocated under this clause (6) equals the cumulative Net Loss allocated to such Partners under Section 6.2.B(2); and
- (7) finally, with respect to Partnership Interests that are not entitled to any preference in distribution or with respect to which distributions are not limited to any preference in distribution, pro rata to each such class in accordance with the terms of such class (and, within such class, pro rata in proportion to the respective Percentage Interests as of the last day of the period for which such allocation is being made as reasonably determined by the General Partner).

B. Net Loss. Net Loss shall be allocated:

- (1) first, to the holders of Partnership Interests that are not entitled to any preference in distribution or with respect to which distributions are not limited to any preference in distribution, in proportion to, and to the extent that, their share of the Net Income previously allocated pursuant to Section 6.1.A(7) exceeds, on a cumulative basis, the sum of (a) distributions with respect to such Partnership Interests pursuant to clause (ii) of Section 5.1 and (b) Net Loss allocated under this clause (1);
- (2) second, with respect to classes of Partnership Interests that are not entitled to any preference in distribution upon liquidation, pro rata to each such class in accordance with the terms of such class (and, within such class, pro rata in proportion to the respective Percentage Interests as of the last day of the period for which such allocation is being made as reasonably determined by the General Partner);

provided, however, that Net Loss shall not be allocated to any Partner pursuant to this Section 6.1.B(2) to the extent that such allocation would cause such Partner to have an Adjusted Capital Account Deficit (or increase any existing Adjusted Capital Account Deficit) (determined in each case (i) by not including in the Partners' Adjusted Capital Accounts any amount that a Partner is obligated to contribute to the Partnership with respect to any deficit in its Capital Account pursuant to Section 13.2 and (ii) in the case of a Partner who also holds classes of Partnership Interests that are entitled to any preferences in distribution upon liquidation, by subtracting from such Partners' Adjusted Capital Account the amount of such preferred distribution to be made upon liquidation) at the end of such taxable year (or portion thereof);

- (3) third, with respect to classes of Partnership Interests that are entitled to any preference in distribution upon liquidation, in reverse order of the priorities of each such class (and within each such class, pro rata in proportion to their respective Percentage Interests as of the last day of the period for which such allocation is being made as reasonably determined by the General Partner); provided, however, that Net Loss shall not be allocated to any Partner pursuant to this Section 6.1.B(3) to the extent that such allocation would cause such Partner to have an Adjusted Capital Account Deficit (or increase any existing Adjusted Capital Account Deficit) (determined in each case by not including in the Partners' Adjusted Capital Accounts any amount that a Partner is obligated to contribute to the Partnership with respect to any deficit in its Capital Account pursuant to Section 13.2) at the end of such taxable year (or portion thereof);
- (4) fourth, to the General Partner in an amount equal to the excess of (a) the amount of the Partnership's Recourse Liabilities over (b) the Aggregate DRO Amount;
- (5) fifth, to and among the DRO Partners, in proportion to their respective DRO Amounts as reasonably determined by the General Partner, until such time as the DRO Partners as a group have been allocated cumulative Net Loss pursuant to this clause (5) equal to the Aggregate DRO Amount; and
- (6) thereafter, to the General Partner.

Section 6.3 *Regulatory Allocation Provisions.*

Notwithstanding the foregoing provisions of this Article 6:

A. Regulatory Allocations.

(i) *Minimum Gain Chargeback.* Except as otherwise provided in Regulations Section 1.704-2(f), notwithstanding the provisions of Section 6.2 hereof, or any other provision of this Article 6, if there is a net decrease in Partnership Minimum Gain during any Partnership Year, each Holder shall be specially allocated items of Partnership income and gain for such year (and, if necessary, subsequent years) in an amount equal to such Holder's share of the net decrease in Partnership Minimum Gain, as determined under Regulations Section 1.704-2(g). Allocations pursuant to the previous sentence shall be

made in proportion to the respective amounts required to be allocated to each Holder pursuant thereto. The items to be allocated shall be determined in accordance with Regulations Sections 1.704-2(f)(6) and 1.704-2(j)(2). This Section 6.3.A(i) is intended to qualify as a “minimum gain chargeback” within the meaning of Regulations Section 1.704-2(f) and shall be interpreted consistently therewith.

(ii) *Partner Nonrecourse Debt Minimum Gain Chargeback*. Except as otherwise provided in Regulations Section 1.704-2(i)(4) or in Section 6.3.A(i) hereof, if there is a net decrease in Partner Nonrecourse Minimum Gain attributable to a Partner Nonrecourse Debt during any Partnership Year, each Holder who has a share of the Partner Nonrecourse Minimum Gain attributable to such Partner Nonrecourse Debt, determined in accordance with Regulations Section 1.704-2(i)(5), shall be specially allocated items of Partnership income and gain for such year (and, if necessary, subsequent years) in an amount equal to such Holder’s share of the net decrease in Partner Nonrecourse Minimum Gain attributable to such Partner Nonrecourse Debt, determined in accordance with Regulations Section 1.704-2(i)(4). Allocations pursuant to the previous sentence shall be made in proportion to the respective amounts required to be allocated to each Holder pursuant thereto. The items to be so allocated shall be determined in accordance with Regulations Sections 1.704-2(i)(4) and 1.704-2(j)(2). This Section 6.3.A(ii) is intended to qualify as a “chargeback of partner nonrecourse debt minimum gain” within the meaning of Regulations Section 1.704-2(i)(4) and shall be interpreted consistently therewith.

(iii) *Nonrecourse Deductions and Partner Nonrecourse Deductions*. Any Nonrecourse Deductions for any Partnership Year shall be specially allocated to the Holders in accordance with their respective Percentage Interests. Any Partner Nonrecourse Deductions for any Partnership Year shall be specially allocated to the Holder(s) who bears the economic risk of loss with respect to the Partner Nonrecourse Debt to which such Partner Nonrecourse Deductions are attributable, in accordance with Regulations Section 1.704-2(i).

(iv) *Qualified Income Offset*. If any Holder unexpectedly receives an adjustment, allocation or distribution described in Regulations Section 1.704-1(b)(2)(ii)(d)(4), (5) or (6), items of Partnership income and gain shall be specially allocated, in accordance with Regulations

Section 1.704-1(b)(2)(ii)(d), to such Holder in an amount and manner sufficient to eliminate, to the extent required by such Regulations, the Adjusted Capital Account Deficit of such Holder as quickly as possible, provided that an allocation pursuant to this Section 6.3.A(iv) shall be made if and only to the extent that such Holder would have an Adjusted Capital Account Deficit after all other allocations provided in this Article 6 have been tentatively made as if this Section 6.3.A(iv) were not in the Agreement. It is intended that this Section 6.3.A(iv) qualify and be construed as a “qualified income offset” within the meaning of Regulations Section 1.704-1(b)(2)(ii)(d) and shall be interpreted consistently therewith.

(v) *Gross Income Allocation*. In the event that any Holder has a deficit Capital Account at the end of any Partnership Year that is in excess of the sum of (1) the amount (if any) that such Holder is obligated to restore to the Partnership upon complete liquidation of such Holder’s Partnership Interest (including, the Holder’s interest in outstanding

Partnership Preferred Units and other Partnership Units) and (2) the amount that such Holder is deemed to be obligated to restore pursuant to Regulations Section 1.704-1(b)(2)(ii)(c) or the penultimate sentences of Regulations Sections 1.704-2(g)(1) and 1.704-2(i)(5), each such Holder shall be specially allocated items of Partnership income and gain in the amount of such excess to eliminate such deficit as quickly as possible, provided that an allocation pursuant to this Section 6.3.A(v) shall be made if and only to the extent that such Holder would have a deficit Capital Account in excess of such sum after all other allocations provided in this Article 6 have been tentatively made as if this Section 6.3.A(v) and Section 6.3.A(iv) hereof were not in the Agreement.

(vi) *Limitation on Allocation of Net Loss.* To the extent that any allocation of Net Loss would cause or increase an Adjusted Capital Account Deficit as to any Holder, such allocation of Net Loss shall be reallocated (x) first, among the other Holders of Partnership Common Units in accordance with their respective Percentage Interests with respect to Partnership Common Units and (y) thereafter, among the Holders of other classes of Partnership Units as determined by the General Partner, subject to the limitations of this Section 6.3.A(vi).

(vii) *Section 754 Adjustment.* To the extent that an adjustment to the adjusted tax basis of any Partnership asset pursuant to Code Section 734(b) or Code Section 743(b) is required, pursuant to Regulations Section 1.704-1(b)(2)(iv)(m)(2) or Regulations Section 1.704-1(b)(2)(iv)(m)(4), to be taken into account in determining Capital Accounts as the result of a distribution to a Holder in complete liquidation of its interest in the Partnership, the amount of such adjustment to the Capital Accounts shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis), and such gain or loss shall be specially allocated to the Holders in accordance with their respective Percentage Interests in the event that Regulations Section 1.704-1(b)(2)(iv)(m)(2) applies, or to the Holder(s) to whom such distribution was made in the event that Regulations Section 1.704-1(b)(2)(iv)(m)(4) applies.

(viii) *Curative Allocations.* The allocations set forth in Sections 6.3.A(i), (ii), (iii), (iv), (v), (vi) and (vii) hereof (the “*Regulatory Allocations*”) are intended to comply with certain regulatory requirements, including the requirements of Regulations Sections 1.704-1(b) and 1.704-2. Notwithstanding the provisions of Sections 6.1 and 6.2 hereof, the Regulatory Allocations shall be taken into account in allocating other items of income, gain, loss and deduction among the Holders so that to the extent possible without violating the requirements giving rise to the Regulatory Allocations, the net amount of such allocations of other items and the Regulatory Allocations to each Holder shall be equal to the net amount that would have been allocated to each such Holder if the Regulatory Allocations had not occurred.

B. *Allocation of Excess Nonrecourse Liabilities.* For purposes of determining a Holder’s proportional share of the “excess nonrecourse liabilities” of the Partnership within the meaning of Regulations Section 1.752-3(a)(3), each Holder’s respective interest in Partnership profits shall be equal to such Holder’s Percentage Interest with respect to Partnership Common Units, except as otherwise determined by the General Partner.

Section 6.4 Tax Allocations.

A. In General. Except as otherwise provided in this Section 6.4, for income tax purposes under the Code and the Regulations, each Partnership item of income, gain, loss and deduction (collectively, “*Tax Items*”) shall be allocated among the Holders in the same manner as its correlative item of “book” income, gain, loss or deduction is allocated pursuant to Sections 6.2 and 6.3 hereof.

B. Section 704(c) Allocations. Notwithstanding Section 6.4.A hereof, Tax Items with respect to Property that is contributed to the Partnership with an initial Gross Asset Value that varies from its basis in the hands of the contributing Partner immediately preceding the date of contribution shall be allocated among the Holders for income tax purposes pursuant to Regulations promulgated under Code Section 704(c) so as to take into account such variation. The Partnership shall account for such variation under any method approved under Code Section 704(c) and the applicable Regulations as chosen by the General Partner. In the event that the Gross Asset Value of any Partnership asset is adjusted pursuant to subsection (b) of the definition of “Gross Asset Value” (provided in Article 1 hereof), subsequent allocations of Tax Items with respect to such asset shall take account of the variation, if any, between the adjusted basis of such asset and its Gross Asset Value in a manner consistent with Code Section 704(c) and the applicable Regulations and using the method chosen by the General Partner. Allocations pursuant to this Section 6.4.B are solely for purposes of federal, state and local income taxes and shall not affect, or in any way be taken into account in computing, any Partner’s Capital Account or share of Net Income, Net Loss, or any other items or distributions pursuant to any provision of this Agreement.

ARTICLE 7

MANAGEMENT AND OPERATIONS OF BUSINESS

Section 7.1 Management.

A. Except as otherwise expressly provided in this Agreement, including any Partnership Unit Designation, all management powers over the business and affairs of the Partnership are and shall be exclusively vested in the General Partner, and no Limited Partner, in its capacity as a Limited Partner, shall have any right to participate in or exercise control or management power over the business and affairs of the Partnership (provided, however, that each of BPG Subsidiary Inc. and Parent, in their respective capacities as the direct and indirect sole member of the General Partner and not in their capacities as limited partners of the Partnership, may have the power to direct the actions of the General Partner with respect to the Partnership). No General Partner may be removed by the Partners, with or without cause, except with the Consent of the General Partner, which it may give or withhold in its sole and absolute discretion. In addition to the powers now or hereafter granted a general partner of a limited partnership under applicable law or that are granted to the General Partner under any other provision of this Agreement, the General Partner, subject to the other provisions hereof including, without limitation, Section 3.2 and Section 7.3, and the rights of any Holder of any Partnership Interest set forth in a Partnership Unit Designation, shall have full and exclusive power and authority, in its sole and absolute discretion, without the consent or approval of any Limited Partner, to do or authorize all things deemed necessary or desirable by it to conduct the business and affairs of the Partnership and the General Partner, to exercise or direct the exercise of all of the powers of the Partnership under the Act and this Agreement and to effectuate the purposes of the Partnership including, without limitation:

(1) the making of any expenditures, the lending or borrowing of money or selling of assets (including, without limitation, making prepayments on loans and borrowing money to permit the Partnership to make distributions to the Holders in such amounts as will permit Parent (so long as Parent qualifies as a REIT) (a) to prevent the imposition of any federal income tax on Parent (including, for this purpose, any excise tax pursuant to Code Section 4981), (b) to make distributions to its stockholders and (c) payments to any taxing authority sufficient to permit Parent to maintain REIT status or otherwise to satisfy the REIT Requirements), the assumption or guarantee of, or other contracting for, indebtedness and other liabilities, the issuance of evidences of indebtedness (including the securing of same by deed to secure debt, mortgage, deed of trust or other lien or encumbrance on the Partnership's assets) and the incurring of any obligations that the General Partner deems necessary for the conduct of the activities of the Partnership;

(2) the making of tax, regulatory and other filings, or rendering of periodic or other reports to governmental or other agencies having jurisdiction over the business or assets of the Partnership;

(3) the taking of any and all acts necessary or prudent to ensure that the Partnership will not be classified as a "publicly traded partnership" under Code Section 7704;

(4) the acquisition, sale, transfer, exchange or other disposition of any, all or substantially all of the assets (including the goodwill) of the Partnership (including, but not limited to, the exercise or grant of any conversion, option, privilege or subscription right or any other right available in connection with any assets at any time held by the Partnership) or the merger, consolidation, reorganization or other combination of the Partnership with or into another entity;

(5) the mortgage, pledge, encumbrance or hypothecation of any assets of the Partnership, the assignment of any assets of the Partnership in trust for creditors or on the promise of the assignee to pay the debts of the Partnership, the use of the assets of the Partnership (including, without limitation, cash on hand) for any purpose consistent with the terms of this Agreement and on any terms that the General Partner sees fit, including, without limitation, the financing of the operations and activities of the General Partner, the Partnership or any of the Partnership's Subsidiaries, the lending of funds to other Persons (including, without limitation, the General Partner and/or the Partnership's Subsidiaries) and the repayment of obligations of the Partnership, its Subsidiaries and any other Person in which the Partnership has an equity investment, and the making of capital contributions to and equity investments in the Partnership's Subsidiaries;

(6) the management, operation, leasing, landscaping, repair, alteration, demolition, replacement or improvement of any Property;

(7) the negotiation, execution and performance of any contracts, including leases (including ground leases), easements, management agreements, rights of way and other property-related agreements, conveyances or other instruments that the General Partner considers useful or necessary to the conduct of the Partnership's operations or the implementation of the General Partner's powers under this Agreement, including contracting with contractors, developers, consultants, governmental authorities, accountants, legal counsel, other professional advisors and other agents and the payment of their expenses and compensation, as applicable, out of the Partnership's assets;

(8) the distribution of Partnership cash or other Partnership assets in accordance with this Agreement, the holding, management, investment and reinvestment of cash and other assets of the Partnership, and the collection and receipt of revenues, rents and income of the Partnership;

(9) the selection and dismissal of employees of the Partnership (if any) or the General Partner (if any) (including, without limitation, employees having titles or offices such as “president,” “vice president,” “secretary” and “treasurer”), and agents, outside attorneys, accountants, consultants and contractors of the Partnership or the General Partner and the determination of their compensation and other terms of employment or hiring;

(10) the maintenance of such insurance (including, without limitation, directors and officers insurance) for the benefit of the Partnership and the Partners as the General Partner deems necessary or appropriate;

(11) the formation of, or acquisition of an interest in, and the contribution of property to, any further limited or general partnerships, limited liability companies, joint ventures or other relationships that it deems desirable (including, without limitation, the acquisition of interests in, and the contributions of property to, any Subsidiary and any other Person in which the General Partner has an equity investment from time to time); *provided, however*, that, as long as the Parent has determined to continue to qualify as a REIT, the Partnership will not engage in any such formation, acquisition or contribution that would cause the Parent to fail to qualify as a REIT;

(12) the control of any matters affecting the rights and obligations of the Partnership, including the settlement, compromise, submission to arbitration or any other form of dispute resolution, or abandonment, of any claim, cause of action, liability, debt or damages, due or owing to or from the Partnership, the commencement or defense of suits, legal proceedings, administrative proceedings, arbitrations or other forms of dispute resolution, and the representation of the Partnership in all suits or legal proceedings, administrative proceedings, arbitrations or other forms of dispute resolution, the incurring of legal expense, and the indemnification of any Person against liabilities and contingencies to the extent permitted by law;

(13) the undertaking of any action in connection with the Partnership’s direct or indirect investment in any Subsidiary or any other Person (including, without limitation, the contribution or loan of funds by the Partnership to such Persons);

(14) the determination of the fair market value of any Partnership property distributed in kind using such reasonable method of valuation as the General Partner may adopt; *provided, however*, that such methods are otherwise consistent with the requirements of this Agreement;

(15) the enforcement of any rights against any Partner pursuant to representations, warranties, covenants and indemnities relating to such Partner’s contribution of property or assets to the Partnership;

(16) the exercise, directly or indirectly, through any attorney-in-fact acting under a general or limited power of attorney, of any right, including the right to vote, appurtenant to any asset or investment held by the Partnership;

(17) the exercise of any of the powers of the General Partner enumerated in this Agreement on behalf of or in connection with any Subsidiary of the Partnership or any other Person in which the Partnership has a direct or indirect interest, or jointly with any such Subsidiary or other Person;

(18) the exercise of any of the powers of the General Partner enumerated in this Agreement on behalf of any Person in which the Partnership does not have an interest, pursuant to contractual or other arrangements with such Person;

(19) the making, execution and delivery of any and all deeds, leases, notes, deeds to secure debt, mortgages, deeds of trust, security agreements, conveyances, contracts, guarantees, warranties, indemnities, waivers, releases, confessions of judgment or any other legal instruments or agreements in writing necessary or appropriate in the judgment of the General Partner for the accomplishment of any of the powers of the General Partner enumerated in this Agreement;

(20) the issuance of additional Partnership Units in connection with Capital Contributions by Additional Limited Partners and additional Capital Contributions by Partners pursuant to Article 4 hereof;

(21) an election to dissolve the Partnership pursuant to Section 13.1.B hereof;

(22) the distribution of cash to acquire Partnership Common Units held by a Limited Partner in connection with a Redemption under Section 15.1 hereof;

(23) an election to require the Parent to acquire Tendered Units in exchange for Parent Shares;

(24) any update to the books and records of the Partnership to reflect accurately at all times the Capital Contributions and Percentage Interests of the Partners as the same are adjusted from time to time to the extent necessary to reflect redemptions, Capital Contributions, the issuance of Partnership Units, the admission of any Additional Limited Partner or any Substituted Limited Partner or otherwise, which update, notwithstanding anything in this Agreement to the contrary, shall not be deemed an amendment to this Agreement, as long as the matter or event being reflected in the books and records of the Partnership otherwise is authorized by this Agreement; and

(25) the registration of any class of securities of the Partnership under the Securities Act or the Exchange Act, and the listing of any debt securities of the Partnership on any exchange.

B. Each of the Limited Partners agrees that, except as provided in Section 7.3 hereof and subject to the rights of any Holder of any Partnership Interest set forth in a Partnership Unit Designation, the General Partner, in its sole and absolute discretion, is authorized to execute, deliver and perform the above-mentioned agreements and transactions on behalf of the Partnership, and otherwise to exercise any power of the General Partner under this Agreement and the Act, without any further act, approval or vote of the Partners or any other Persons, notwithstanding any other provision of the Act or any applicable law, rule or regulation, and, for so long as BPG Subsidiary Inc. is the sole member of the General Partner and in the absence of any specific corporate action on the part of BPG Subsidiary Inc., or any specific limited liability company action of the General Partner, to the contrary, the taking of any such action or the execution of any such document or writing by an officer of BPG Subsidiary Inc., in the name and

on behalf of BPG Subsidiary Inc., in BPG Subsidiary Inc.'s capacity as the sole member of the General Partner, in the General Partner's capacity as the general partner of the Partnership, shall conclusively evidence (1) the approval thereof by the General Partner, in its capacity as the general partner of the Partnership, (2) the General Partner's determination that such action, document or writing is necessary or desirable to conduct the business and affairs of the Partnership, exercise the powers of the Partnership under this Agreement and the Act or effectuate the purposes of the Partnership, or any other determination by the General Partner required by this Agreement in connection with the taking of such action or execution of such document or writing, (3) the authority of such officer with respect thereto, and (4) the authorization of such document or writing under this Agreement.

C. At all times from and after the date hereof, the General Partner may cause the Partnership to obtain and maintain (i) casualty, liability and other insurance on the Properties and (ii) liability insurance for the Indemnitees hereunder.

D. At all times from and after the date hereof, the General Partner may cause the Partnership to establish and maintain working capital and other reserves in such amounts as the General Partner, in its sole and absolute discretion, deems appropriate and reasonable from time to time.

E. In exercising its authority under this Agreement, the General Partner may, but shall be under no obligation to (except as otherwise provided by this Agreement with respect to the qualification of Parent as a REIT), take into account the tax consequences to any Partner of any action taken (or not taken) by it. None of the General Partner, Parent, any Parent Subsidiary Partner or the Partnership shall have liability to a Limited Partner under any circumstances as a result of any income tax liability incurred by such Limited Partner as a result of an action (or inaction) by the General Partner pursuant to its authority under this Agreement.

F. The determination as to any matter relating to the business and affairs of the Partnership, including the following matters, made by or at the direction of the General Partner consistent with this Agreement and the Act, shall be final and conclusive and shall be binding upon the Partnership and every Limited Partner and shall not constitute a breach of this Agreement, of any agreement contemplated herein or therein, or of any duty hereunder or otherwise existing at law, in equity or otherwise, including any fiduciary duty: the amount of assets at any time available for distribution or the redemption of Partnership Common Units; the amount and timing of any distribution; the amount, purpose, time of creation, increase or decrease, alteration or cancellation of any reserves or charges and the propriety thereof (whether or not any obligation or liability for which such reserves or charges shall have been created shall have been paid or discharged); the amount of any Partner's Capital Account, Adjusted Capital Account or Adjusted Capital Account Deficit; the amount of Net Income, Net Loss or Depreciation for any period; the Gross Asset Value of any Partnership asset; the Value of any Parent Share; the amount of the Parent Share Adjustment Factor at any time; any election, or failure to elect, to require the Parent to acquire Tendered Units in exchange for Parent Shares; whether any acquisition of Tendered Units in exchange for Parent Shares would or might cause any Person to violate the Parent Shares Ownership Limit; the Parent Shares Amount at any time; any interpretation of this Agreement or the terms, preferences, conversion or other rights, voting powers or rights, restrictions, limitations as to dividends or distributions, qualifications or terms or conditions of redemption of any class or series of Partnership Interest; the fair value, or any sale, bid or asked price to be applied in determining the fair value, of any asset owned or held by the Partnership or

of any Partnership Interest; the number of authorized or outstanding Units of any class or series; any matter relating to the acquisition, holding and disposition of any assets by the Partnership; or any other matter relating to the business and affairs of the Partnership or required or permitted by applicable law, this Agreement or otherwise to be determined by the General Partner.

Section 7.2 Certificate of Limited Partnership.

To the extent that such action is determined by the General Partner to be reasonable and necessary or appropriate, the General Partner shall file amendments to and restatements of the Certificate and do all the things to maintain the Partnership as a limited partnership (or a partnership in which the limited partners have limited liability) under the laws of the State of Delaware and each other state, the District of Columbia or any other jurisdiction, in which the Partnership may elect to do business or own property. The General Partner shall not be required, before or after filing, to deliver or mail a copy of the Certificate or any amendment thereto to any Limited Partner. The General Partner shall use all reasonable efforts to cause to be filed such other certificates or documents as may be reasonable and necessary or appropriate for the formation, continuation, qualification and operation of a limited partnership (or a partnership in which the limited partners have limited liability to the extent provided by applicable law) in the State of Delaware and any other state, or the District of Columbia or other jurisdiction, in which the Partnership may elect to do business or own property.

Section 7.3 Restrictions on General Partner's Authority.

A. The General Partner may not take any action in contravention of an express prohibition or limitation of this Agreement without the Consent of the Limited Partners, and may not, without limitation perform any act that would subject a Limited Partner to liability as a general partner in any jurisdiction in which the Partnership is formed or does business except as provided herein or under the Act.

B. Except as provided in Section 7.3.C hereof, the General Partner shall not, without the prior Consent of the Limited Partners, amend, modify or terminate this Agreement.

C. Notwithstanding Section 7.3.B and 14.2 hereof but subject to the rights of any Holder of any Partnership Interest set forth in a Partnership Unit Designation, the General Partner shall have the power, without the consent of any Limited Partner or other Person, to amend this Agreement as may be required to facilitate or implement any of the following purposes:

(1) to add to the obligations of the General Partner or surrender any right or power granted to the General Partner or any Affiliate of the General Partner for the benefit of the Limited Partners;

(2) to reflect the admission, substitution or withdrawal of Partners, a Transfer or any other redemption, conversion or purchase of any Partnership Interest, the termination of the Partnership in accordance with this Agreement and to update the books and records of the Partnership in connection with such admission, substitution, withdrawal, Transfer, adjustment or other event, including, without limitation, the admission of Parent or any wholly-owned subsidiary of Parent as a Partner upon a merger or consolidation of any Parent Subsidiary Partner with and into Parent or such wholly-owned subsidiary of Parent, with Parent or such wholly-owned subsidiary of Parent continuing as the surviving

corporation, or any Transfer by any Parent Subsidiary Partner of its interest in the Partnership to Parent or any wholly-owned subsidiary of Parent;

(3) to reflect a change that is of an inconsequential nature or does not adversely affect the Limited Partners in any material respect, or to cure any ambiguity, correct or supplement any provision in this Agreement not inconsistent with law or with other provisions, or make other changes with respect to matters arising under this Agreement that will not be inconsistent with law or with the provisions of this Agreement;

(4) to set forth or amend the designations, preferences, conversion or other rights, voting powers, restrictions, limitations as to distributions, qualifications or terms or conditions of redemption of the Holders of any additional Partnership Interests issued pursuant to Article 4, including as contemplated by Section 4.2.A and Section 5.5;

(5) to satisfy any requirements, conditions or guidelines contained in any order, directive, opinion, ruling or regulation of a federal or state agency or contained in federal or state law;

(6)(a) to reflect such changes as are reasonably necessary for Parent to maintain its status as a REIT or to satisfy the REIT Requirements, or (b) to reflect the Transfer of all or any part of a Partnership Interest among any Parent Subsidiary Partner and any Disregarded Entity with respect to any Parent Subsidiary Partner;

(7) to modify either or both of the manner in which items of Net Income or Net Loss are allocated pursuant to Article 6 or the manner in which Capital Accounts are adjusted, computed, or maintained (but in each case only to the extent otherwise provided in this Agreement and as may be permitted under applicable law);

(8) to reflect the issuance of additional Partnership Interests in accordance with Section 4.2;

(9) to reflect any modification to this Agreement permitted by Section 4.4.A or any other provision of this Agreement that authorizes the General Partner to make amendments without the consent of any other Person;

(10) to reflect any modification to this Agreement as is necessary or desirable (as determined by the General Partner in its sole and absolute discretion) in connection with any merger or consolidation of any Parent Subsidiary Partner with and into Parent or any wholly-owned subsidiary of Parent, or any Transfer by any Parent Subsidiary Partner of its interest in the Partnership to Parent or any wholly-owned subsidiary of Parent;

(11) to reflect any modification to this Agreement as is necessary or desirable (as determined by the General Partner in its sole and absolute discretion), including, without limitation, to the definition of "Parent Share Adjustment Factor" to reflect the direct ownership of assets by the General Partner or any Parent Subsidiary Partner, as applicable, as contemplated by Section 7.5; and

(12) to reflect any other modification to this Agreement as is reasonably necessary for the business or operations of the Partnership which does not violate Section 7.3.D.

D. Notwithstanding Sections 7.3.B, 7.3.C and 14.2 hereof, this Agreement shall not be amended, and no action may be taken by the General Partner, without the Consent of each Partner materially adversely affected thereby, if such amendment or action would (i) convert a

Limited Partner Interest in the Partnership into a General Partner Interest (except any Limited Partner Interest held by the General Partner), (ii) adversely modify the limited liability of a Limited Partner, (iii) alter the rights of any Partner to receive the distributions to which such Partner is entitled pursuant to Article 5 or Section 13.2.A(4) hereof, or alter the allocations specified in Article 6 hereof (except, in any case, as permitted pursuant to Sections 4.2, 4.4, 4.5, 5.5, 7.3.C and Article 6 hereof), (iv) alter or modify the Redemption rights, Cash Amount or Parent Shares Amount as set forth in Section 15.1 hereof, or amend or modify any related definitions, (v) subject to Section 7.9.D, remove, alter or amend the powers and restrictions related to REIT Requirements or permitting the Parent to avoid paying tax under Code Sections 857 or 4981 contained in Sections 3.2, 7.1 and 7.3, or (vi) amend this Section 7.3.D. Any such amendment or action consented to by any Partner shall be effective as to that Partner, notwithstanding the absence of such consent by any other Partner. Further, no amendment may alter the restrictions on the General Partner's powers expressly set forth elsewhere in this Agreement (including, without limitation, this Section 7.3) without the Consent specified therein.

Section 7.4 Reimbursement of the General Partner, Parent and Parent Subsidiaries.

A. Neither the General Partner nor Parent nor any Parent Subsidiary Partner shall be compensated for its services as general partner or limited partner of the Partnership except as provided in this Agreement (including the provisions of Articles 5 and 6 hereof regarding distributions, payments and allocations to which any of such Persons be entitled in its capacity as the General Partner or a Partner, as applicable).

B. Subject to Sections 7.4.D and 15.12 hereof, the Partnership shall be responsible for and shall pay all expenses relating to the Partnership's, the General Partner's, any Parent Subsidiary's and Parent's organization and the ownership of each of their assets and operations. The General Partner is hereby authorized to cause the Partnership to pay compensation for accounting, administrative, legal, technical, management and other services rendered to the Partnership. The Partnership shall be liable for, and shall reimburse the General Partner, any Parent Subsidiary or Parent, as applicable, on a monthly basis, or such other basis as the General Partner may determine in its sole and absolute discretion, for all sums expended in connection with the Partnership's business, including, without limitation, (i) expenses relating to the ownership of interests in and management and operation of the Partnership, (ii) compensation of officers and employees, including, without limitation, payments under future compensation plans of Parent, any Parent Subsidiary, the General Partner or the Partnership that may provide for stock units, or phantom stock, pursuant to which employees, officers or directors of Parent, any Parent Subsidiary, the General Partner and the Partnership will receive payments based upon dividends on or the value of Parent Shares, (iii) director fees and expenses of Parent, any Parent Subsidiary and their respective Affiliates, (iv) any expenses (other than the purchase price) incurred by Parent or any Parent Subsidiary in connection with the redemption or other repurchase of Parent Shares or Capital Shares, and (v) all costs and expenses of Parent of being a public company, including, without limitation, costs of filings with the SEC, reports and other distributions to its stockholders; *provided, however*, that the amount of any reimbursement shall be reduced by any interest earned by the General Partner, any Parent Subsidiary or Parent with respect to bank accounts or other instruments or accounts held by it on behalf of the Partnership. The Partners acknowledge that all such expenses of the General Partner, each Parent Subsidiary and Parent are deemed to be for the benefit of the Partnership. Such reimbursements shall be in addition to any

reimbursement of the General Partner, each Parent Subsidiary and Parent as a result of indemnification pursuant to Section 7.7 hereof.

C. If the Parent shall elect to purchase from its stockholders Parent Shares or Capital Shares for the purpose of delivering such Parent Shares or Capital Shares to satisfy an obligation under any dividend reinvestment program adopted by the Parent, any employee stock purchase plan adopted by the Parent or any similar obligation or arrangement undertaken by the Parent in the future, in lieu of the treatment specified in Section 4.7.B., the purchase price paid by the Parent for such Parent Shares or Capital Shares shall be considered expenses of the Partnership and shall be advanced to the Parent or reimbursed to the Parent, subject to the condition that: (1) if such Parent Shares subsequently are sold by the Parent, the Parent shall pay or cause to be paid to the Partnership any proceeds received by the Parent for such Parent Shares (which sales proceeds shall include the amount of dividends reinvested under any dividend reinvestment or similar program); and (2) if such Parent Shares are not retransferred by the Parent within 30 days after the purchase thereof, or the Parent otherwise determines not to retransfer such Parent Shares, the Partnership shall redeem from the Parent a number of Partnership Common Units determined in accordance with Section 4.7.B, as adjusted, to the extent the General Partner determines is necessary or advisable in its sole and absolute discretion, (x) pursuant to Section 7.5 (in the event the Parent acquires material assets, other than on behalf of the Partnership) and (y) for stock dividends and distributions, stock splits and subdivisions, reverse stock splits and combinations, distributions of rights, warrants or options, and distributions of evidences of indebtedness or assets relating to assets not received by the Parent pursuant to a pro rata distribution by the Partnership (in which case such advancement or reimbursement of expenses shall be treated as having been made as a distribution in redemption of such number of Partnership Units held by the Parent).

D. To the extent practicable, Partnership expenses shall be billed directly to and paid by the Partnership and, subject to Section 15.12 hereof, if and to the extent any reimbursements to the General Partner, any Parent Subsidiary or any of its Affiliates by the Partnership pursuant to this Section 7.4 constitute gross income to such Person (as opposed to the repayment of advances made by such Person on behalf of the Partnership), such amounts shall be treated as “guaranteed payments” within the meaning of Code Section 707(c) and shall not be treated as distributions for purposes of computing the Partners’ Capital Accounts.

Section 7.5 Outside Activities of Parent

Parent shall not directly or indirectly enter into or conduct any business, other than in connection with, (a) the ownership, acquisition and disposition of Partnership Interests, (b) the management of the business and affairs of the Partnership and its affiliates, (c) the offering, sale or issuance of stock, bonds, securities or other interests, (d) financing or refinancing of any type related to the Partnership or its assets or activities, and (e) such activities as are incidental thereto; provided, however, that Parent may, in its sole and absolute discretion, from time to time hold or acquire assets directly or indirectly in its own name or otherwise other than through the Partnership so long as Parent takes commercially reasonable measures to ensure that the economic benefits and burdens of such Property are otherwise vested in the Partnership, through assignment, mortgage loan or otherwise or, if it is not commercially reasonable to vest such economic interests in the Partnership, Parent shall make such amendments to this Agreement as

Parent determines are necessary or desirable, including, without limitation, the definition of “Parent Share Adjustment Factor,” to reflect such activities and the direct or indirect ownership of assets by Parent. Nothing contained herein shall be deemed to prohibit any or all of Parent, the General Partner, the Parent Subsidiaries and all Disregarded Entities with respect to Parent, taken as a group, from executing guarantees of Partnership debt. Unless otherwise determined by the General Partner in its sole and absolute discretion, Parent shall not own any assets or take title to assets (other than temporarily in connection with an acquisition prior to contributing such assets to the Partnership) other than (i) as permitted by the proviso in the first sentence of this paragraph, (ii) interest in Disregarded Entities with respect to Parent (including the Parent Subsidiaries), (iii) Partnership Interests as the General Partner or a Limited Partner and other interests, rights, options, warrants or convertible or exchangeable securities of the Partnership, (iv) debt of the Partnership or any subsidiary of the Partnership, (v) a minority interest in any Subsidiary of the Partnership that Parent holds directly or indirectly to maintain such Subsidiary’s status as a partnership for federal income tax purposes or otherwise, (vi) cash held for payment of administrative expenses or pending distribution to security holders of Parent or any wholly owned Subsidiary thereof or pending contribution to the Partnership; (vii) such cash and cash equivalents, bank accounts or similar instruments or accounts as Parent deems reasonably necessary, taking into account Section 7.1.D hereof and the requirements necessary for the Parent to qualify as a REIT and for Parent and the General Partner to carry out their respective responsibilities contemplated under this Agreement; and (viii) other tangible and intangible assets that, taken as a whole, are de minimis in relation to the net assets of the Partnership and its Subsidiaries. Any Limited Partner Interests acquired by the General Partner, shall be automatically converted into a General Partner Interest comprised of an identical number of Partnership Units with the same terms as the class or series so acquired. Any Affiliates of the General Partner may acquire Limited Partner Interests and shall, except as expressly provided in this Agreement, be entitled to exercise all rights of a Limited Partner relating to such Limited Partner Interests.

Section 7.6 *Transactions with Affiliates.*

A. The Partnership may lend or contribute funds to, and borrow funds from, Persons in which the Partnership has an equity investment and Persons who own equity or other interests in the Partnership (including the General Partner, Parent or any Parent Subsidiary Partner), and such Persons may borrow funds from, and lend or contribute funds to, the Partnership, on terms and conditions established in the sole and absolute discretion of the General Partner. The foregoing authority shall not create any right or benefit in favor of any Person.

B. The Partnership may transfer assets to joint ventures, limited liability companies, partnerships, corporations, business trusts, statutory trusts or other business entities in which it is or thereby becomes a participant upon such terms and subject to such conditions consistent with this Agreement and applicable law.

C. The General Partner, Parent, the Parent Subsidiary Partners and their respective Affiliates may sell, transfer or convey any property to, or purchase any property from, the Partnership, directly or indirectly, on terms and conditions established by the General Partner in its sole and absolute discretion.

D. The General Partner, Parent and the Parent Subsidiary Partners in their respective sole and absolute discretion and without the approval of the Partners or any of them or any other Persons, may propose and adopt (on behalf of the Partnership) employee benefit plans funded by the Partnership for the benefit of directors, officers, employees or agents of Parent, any Parent Subsidiary Partner, the General Partner, the Partnership, Subsidiaries of the Partnership or any Affiliate of any of them in respect of services performed, directly or indirectly, for the benefit of Parent, the General Partner, any Parent Subsidiary Partner, the Partnership or any of the Partnership's Subsidiaries.

Section 7.7 *Indemnification.*

A. To the fullest extent permitted by applicable law, the Partnership shall indemnify each Indemnatee from and against any and all losses, claims, damages, liabilities, joint or several, expenses (including, without limitation, reasonable attorney's fees and other legal fees and expenses), judgments, fines, settlements and other amounts arising from any and all claims, demands, actions, suits or proceedings, civil, criminal, administrative or investigative, whether by or in the right of the Partnership or otherwise that relate to the operations of the Partnership ("Actions") as set forth in this Agreement in which such Indemnatee may be involved, or is threatened to be involved, as a party or otherwise; *provided, however*, that the Partnership shall not indemnify an Indemnatee (i) if the act or omission of the Indemnatee was material to the matter giving rise to the Action and either was committed in bad faith or was the result of active and deliberate dishonesty; (ii) in the case of any criminal proceeding, if the Indemnatee had reasonable cause to believe that the act or omission was unlawful; or (iii) for any loss resulting from any transaction for which such Indemnatee actually received an improper personal benefit in money, property or services in violation or breach of any provision of this Agreement; and *provided, further*, that no payments pursuant to this Agreement shall be made by the Partnership (x) to indemnify or advance expenses to any Indemnatee with respect to any Action initiated or brought voluntarily by such Indemnatee (and not by way of defense) unless (I) approved or authorized by the General Partner or (II) incurred to establish or enforce such Indemnatee's right to indemnification under this Agreement or (y) to indemnify an Indemnatee in connection with one or more claims or Actions involving such Indemnatee if such Indemnatee is found liable to the Partnership with respect to such claim or Action. If Indemnatee is entitled to indemnification hereunder with respect to one or more but less than all claims, issues or matters in any Action, the Partnership shall provide indemnification hereunder in connection with each such claim, issue or matter, allocated on a reasonable and proportionate basis.

Without limitation, the foregoing indemnity shall extend to any liability of any Indemnatee, pursuant to a loan guaranty or otherwise, for any indebtedness of the Partnership or any Subsidiary of the Partnership (including, without limitation, any indebtedness which the Partnership or any Subsidiary of the Partnership has assumed or taken subject to), and the General Partner is hereby authorized and empowered, in its sole and absolute discretion on behalf of the Partnership, to enter into one or more indemnity agreements consistent with the provisions of this Section 7.7 in favor of any Indemnatee having or potentially having liability for any such indebtedness. It is the intention of this Section 7.7.A that the Partnership indemnify each Indemnatee to the fullest extent permitted by law and this Agreement. The termination of any proceeding by judgment, order or settlement does not create a presumption that the Indemnatee did not meet the requisite standard of conduct set forth in this Section 7.7.A. The

termination of any proceeding by conviction of an Indemnatee or upon a plea of *nolo contendere* or its equivalent by an Indemnatee, or an entry of an order of probation against an Indemnatee prior to judgment, does not create a presumption that such Indemnatee acted in a manner contrary to that specified in this Section 7.7.A with respect to the subject matter of such proceeding. Any indemnification pursuant to this Section 7.7 shall be made only out of the assets of the Partnership, and neither the General Partner nor any other Holder shall have any obligation to pay or otherwise satisfy such indemnification obligation or to contribute to the capital of the Partnership or otherwise provide funds to enable the Partnership to fund its obligations under this Section 7.7.

B. To the fullest extent permitted by law, expenses incurred by an Indemnatee who is a party to a proceeding or otherwise subject to or the focus of or is involved in any Action shall be paid or reimbursed by the Partnership as incurred by the Indemnatee in advance of the final disposition of the Action upon receipt by the Partnership of (i) a written affirmation by the Indemnatee of the Indemnatee's good faith belief that the standard of conduct necessary for indemnification by the Partnership as authorized in Section 7.7.A has been met, and (ii) a written undertaking by or on behalf of the Indemnatee to repay the amount if it shall ultimately be determined that the standard of conduct has not been met.

C. The indemnification provided by this Section 7.7 shall be in addition to any other rights to which an Indemnatee or any other Person may be entitled under any agreement, pursuant to any Consent of the Partners, as a matter of law or otherwise, and shall continue as to an Indemnatee who has ceased to serve in such capacity and shall inure to the benefit of the heirs, successors, assigns and administrators of the Indemnatee unless otherwise provided in a written agreement with such Indemnatee or in the writing pursuant to which such Indemnatee is indemnified.

D. The Partnership may, but shall not be obligated to, purchase and maintain insurance, on behalf of any of the Indemnitees and such other Persons as the General Partner shall determine, against any liability that may be asserted against or expenses that may be incurred by such Person in connection with the Partnership's activities, regardless of whether the Partnership would have the power to indemnify such Person against such liability under the provisions of this Agreement.

E. Any liabilities which an Indemnatee incurs as a result of acting on behalf of the Partnership, the General Partner, Parent or any Parent Subsidiary Partner (whether as a fiduciary or otherwise) in connection with the operation, administration or maintenance of an employee benefit plan or any related trust or funding mechanism (whether such liabilities are in the form of excise taxes assessed by the IRS, penalties assessed by the U.S. Department of Labor, restitutions to such a plan or trust or other funding mechanism or to a participant or beneficiary of such plan, trust or other funding mechanism, or otherwise) shall be treated as liabilities or judgments or fines under this Section 7.7, unless such liabilities arise as a result of (i) an act or omission of such Indemnatee that was material to the matter giving rise to the Action and either was committed in bad faith or was the result of active and deliberate dishonesty; (ii) in the case of any criminal proceeding, an act or omission that such Indemnatee had reasonable cause to believe was unlawful, or (iii) any transaction in which such Indemnatee actually received an improper personal benefit in violation or breach of any provision of this Agreement.

F. In no event may an Indemnitee subject any of the Holders to personal liability by reason of the indemnification provisions set forth in this Agreement.

G. An Indemnitee shall not be denied indemnification in whole or in part under this Section 7.7 because the Indemnitee had an interest (including a conflicted interest) in the transaction with respect to which the indemnification applies if the transaction was otherwise permitted by the terms of this Agreement.

H. The provisions of this Section 7.7 are for the benefit of the Indemnitees, their heirs, successors, assigns and administrators and shall not be deemed to create any rights for the benefit of any other Persons. Any amendment, modification or repeal of this Section 7.7 or any provision hereof shall be prospective only and shall not in any way affect the limitations on the Partnership's liability to any Indemnitee under this Section 7.7 as in effect immediately prior to such amendment, modification or repeal with respect to claims arising from or relating to matters occurring, in whole or in part, prior to such amendment, modification or repeal, regardless of when such claims may arise or be asserted.

I. It is the intent of the parties that any amounts paid by the Partnership to Parent, the General Partner or any Parent Subsidiary Partner pursuant to this Section 7.7 shall be treated as "guaranteed payments" within the meaning of Code Section 707(c) and shall not be treated as distributions for purposes of computing the Partners' Capital Accounts.

Section 7.8 Liability of the General Partner and its Affiliates.

A. To the fullest extent permitted by law: (i) Each of the General Partner, BPG Subsidiary Inc., as the sole member of the General Partner, Parent, as sole stockholder of BPG Subsidiary Inc., and their respective officers, directors, members and managers, and any other Indemnitee, is acting for the benefit of not only the Partnership and the Partners, but also Parent's stockholders, collectively; (ii) in the event of a conflict between the interests of the Partnership or any Partner, on the one hand, and the separate interests of Parent or its stockholders, on the other hand, the General Partner, BPG Subsidiary Inc., as the sole member of the General Partner, Parent, as the sole stockholder of BPG Subsidiary Inc., and their respective officers, directors, members and managers, and any other Indemnitees, are under no obligation and have no duty (fiduciary or otherwise) not to give priority to the separate interests of Parent or the stockholders of Parent, and may give priority to the separate interests of Parent or the stockholders of Parent, in a manner that is adverse to the Partnership and its Partners, and any action or failure to act on the part of the General Partner, BPG Subsidiary Inc., Parent, or their respective officers and directors, or any other Indemnitees, that gives priority to the separate interests of Parent or the stockholders of Parent, does not violate any duty hereunder or otherwise owed by the General Partner, BPG Subsidiary Inc., as the sole member of the General Partner, Parent, as sole stockholder of BPG Subsidiary Inc., or their respective officers, directors, members or managers, or any other Indemnitees, to the Partnership and/or the Partners or any other Person bound by this Agreement; and (iii) none of the General Partner, Parent, any Parent Subsidiary Partner or their respective officers, directors, members or managers, or any other Indemnitee, shall be liable to the Partnership or to any Partner or any other Person bound by this Agreement for monetary damages for losses sustained, liabilities incurred or benefits not derived by the Partnership or any Partner in connection with such decisions, except for liability for acts of the General Partner committed in bad faith or resulting from the active and deliberate dishonesty of the General

Partner. In furtherance and not in limitation of the foregoing, to the fullest extent permitted by law and notwithstanding any other provision of this Agreement or any other agreement contemplated herein or applicable provisions of law or equity or otherwise, whenever a conflict arises between the interests of Parent or the stockholders of Parent, on one hand, and any Limited Partner, on the other hand, the General Partner will endeavor in good faith to resolve the conflict in a manner not adverse to Parent or the stockholders of Parent or any Limited Partner; provided, however, that for so long as Parent owns a direct or indirect controlling interest in the Partnership any conflict that cannot be resolved in a manner not adverse to Parent or the stockholders of Parent and any Limited Partner shall be resolved in favor of Parent or the stockholders of Parent, as the case may be, and any action taken by the General Partner or any other Indemnatee in connection with any such conflict of interests shall not constitute a breach of this Agreement or any duty at law, in equity or otherwise. Any benefit received by any Indemnatee as a result of any transaction that does not violate this Section 7.8A shall not be deemed to be an “improper” personal benefit for purposes of Section 7.7, Section 7.8 and Section 8.1.

B. Subject to its obligations and duties as General Partner set forth in this Agreement and applicable law, the General Partner may exercise any of the powers granted to it by this Agreement and perform any of the duties imposed upon it hereunder either directly or by or through its employees or agents (subject to the supervision and control of the General Partner). The General Partner shall not be liable to the Partnership or any Partner for any misconduct or negligence on the part of any such employee or agent appointed by it in good faith. The General Partner may consult with legal counsel, accountants, appraisers, management consultants, investment bankers and other consultants and advisers selected by it, and any act taken or omitted to be taken in reliance upon the opinion of such Persons as to matters that the General Partner believes to be within such Person’s professional or expert competence shall be conclusively presumed to have been taken or omitted to be taken in good faith and shall not constitute a breach of any duty (including any fiduciary duty) or obligation arising at law or in equity or under this Agreement.

C. Any obligation or liability whatsoever of the General Partner or the Partnership which may arise at any time under this Agreement or any other instrument, transaction, or undertaking contemplated hereby shall be satisfied, if at all, out of the assets of the General Partner or the Partnership only. To the fullest extent permitted by law, no such obligation or liability shall be personally binding upon, nor shall resort for the enforcement thereof be had to, any of the General Partner’s members, managers or agents, or the directors, officers, stockholders, employees or agents of the General Partner’s members or managers, including BPG Subsidiary Inc. and Parent, regardless of whether such obligation or liability is in the nature of contract, tort or otherwise. Notwithstanding anything to the contrary set forth in this Agreement, none of the members, managers or agents of the General Partner, and none of the directors, officers, stockholders, employees or agents of the General Partner’s members or managers, including BPG Subsidiary Inc. and Parent, or any other Indemnatee, shall be liable or accountable in damages or otherwise to the Partnership, any Partners, or any other Person bound by this Agreement for losses sustained, liabilities incurred or benefits not derived as a result of errors in judgment or mistakes of fact or law or of any act or omission, except for any such losses sustained, liabilities incurred or benefits not derived as a result of (i) an act or omission on the part of such Person that was committed in bad faith or was the result of active and deliberate dishonesty; (ii) in the case of any criminal proceeding, an act or omission on the part of such

Person that such Person had reasonable cause to believe was unlawful; or (iii) for any loss resulting from any transaction for which such Person actually received an improper personal benefit in money, property or services in violation or breach of any provision of this Agreement.

D. Any amendment, modification or repeal of this Section 7.8 or any provision hereof shall be prospective only and shall not in any way affect the limitations on the liability of the General Partner or the members, managers or agents of the General Partner, Parent, any Parent Subsidiary Partner or the directors, officers, stockholders, employees or agents of Parent or any Parent Subsidiary Partner, or the Indemnitees, to the Partnership, the Partners or any other Person bound by this Agreement under this Section 7.8 as in effect immediately prior to such amendment, modification or repeal with respect to claims arising from or relating to matters occurring, in whole or in part, prior to such amendment, modification or repeal, regardless of when such claims may arise or be asserted.

E. Notwithstanding anything herein to the contrary, except for liabilities resulting from (i) an act or omission on the part of such Partner that was committed in bad faith or was the result of active and deliberate dishonesty; (ii) in the case of any criminal proceeding, an act or omission on the part of such Partner that such Partner had reasonable cause to believe was unlawful; or (iii) any transaction for which such Partner actually received an improper personal benefit in money, property or services in violation or breach of any provision of this Agreement, or pursuant to any express indemnities given to the Partnership by any Partner pursuant to any other written instrument to the fullest extent permitted by law, no Partner shall have any personal liability whatsoever, to the Partnership or to the other Partners or to any other Person bound by this Agreement, including any damages arising out of the breach of any such Partner's fiduciary duties as such duties may have been modified by this Agreement. Without limitation of the foregoing, no property or assets of such Partner, other than its interest in the Partnership, shall be subject to levy, execution or other enforcement procedures for the satisfaction of any judgment (or other judicial process) in favor of any other Partner(s) or any other Person bound by this Agreement and arising out of, or in connection with, this Agreement. This Agreement is executed by the officers of BGP Subsidiary Inc., in the name and on behalf of BGP Subsidiary Inc., in its capacity as managing member of the General Partner, solely as officers of BGP Subsidiary Inc., and not in their own individual capacities.

F. To the extent that, at law or in equity, the General Partner or BGP Subsidiary Inc., as the sole member of the General Partner or in its capacity as a Limited Partner, or Parent, or any other Indemnatee, has duties (including fiduciary duties) and liabilities relating thereto to the Partnership or the Limited Partners, none of the General Partner, BGP Subsidiary Inc., as the sole member of the General Partner or in its capacity as a Limited Partner, or Parent, or any other Indemnatee, shall be liable to the Partnership or to any Partner for its good faith reliance on the provisions of this Agreement. Notwithstanding anything to the contrary set forth in this Agreement or any otherwise applicable provision of law or in equity, neither the General Partner nor any other Indemnatee shall have any fiduciary duties, or, to the fullest extent permitted by law, except to the extent expressly provided in this Agreement, other duties, obligations or liabilities, to the Partnership, any Limited Partner or any other Person who has acquired an interest in a Partnership Interest, and, to the fullest extent permitted by law, the General Partner and the other Indemnitees shall only be subject to any contractual standards imposed and existing under this Agreement.

G. To the fullest extent permitted by law and notwithstanding any other provision of this Agreement or any other agreement contemplated herein or applicable provisions of law or equity or otherwise, whenever in this Agreement any Person is permitted or required to make a decision (i) in its “sole and absolute discretion,” “sole discretion”, “discretion”, “at its election” or under a grant of similar authority or latitude, such Person shall be entitled to consider only such interests and factors as it desires, including its own interests, shall have no duty or obligation to give any consideration to any interest or factors affecting the Partnership, the Partners, or any other Person bound by this Agreement, and shall be entitled to act in a manner adverse to the interests of the Partnership, the Partners or any other Person bound by this Agreement, or (ii) in its “good faith” or under another expressed standard, such Person shall act under such express standard and shall not be subject to any other or different standards imposed by this Agreement or any other agreement contemplated herein or by relevant provisions of law or in equity or otherwise. If any question should arise with respect to the operation of the Partnership, which is not otherwise specifically provided for in this Agreement or the Act, or with respect to the interpretation of this Agreement, the General Partner is hereby authorized to make a final determination with respect to any such question and to interpret this Agreement in such a manner as it shall deem, in its sole discretion, to be fair and equitable, and its determination and interpretations so made shall be final and binding on all parties and shall not constitute a breach of this Agreement, of any agreement contemplated herein or therein, or of any duty existing at law, in equity or otherwise, including any fiduciary duty.

H. To the fullest extent permitted by applicable law, no Indemnitee shall be liable to the Partnership, any Partner or any other Person bound by this Agreement for any loss, damage or claim incurred by reason of any act or omission performed or omitted by such Indemnitee in good faith on behalf of the Partnership and in a manner reasonably believed to be within the scope of the authority conferred on such Indemnitee by this Agreement, except that an Indemnitee shall be liable for any such loss, damage or claim incurred if (i) such act or omission was committed in bad faith or was the result of active and deliberate dishonesty; (ii) in the case of any criminal proceeding, if such Indemnitee had reasonable cause to believe that such act or omission was unlawful; or (iii) such loss, damage or claim incurred resulted from any transaction for which such Indemnitee actually received an improper personal benefit in money, property or services in violation or breach of any provision of this Agreement.

I. Notwithstanding anything to the contrary in this agreement, it is understood and/or agreed that the term “good faith” as used in this agreement shall, in each case, mean “subjective good faith” as understood and interpreted under Delaware law; provided, however, that for the avoidance of doubt, any resolution of a conflict of interest between Parent or the interests of stockholders of Parent, on the one hand, and the Partnership or any Limited Partner on the other hand, in a manner favorable to Parent or the interests of the stockholders of Parent shall not be deemed a violation of such “subjective good faith” standard.

Section 7.9 Other Matters Concerning the General Partner and BPG Subsidiary Inc.

A. The General Partner may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, bond, debenture or other paper or document believed by it in good faith to be genuine and to have been signed or presented by the proper party or parties.

B. The General Partner shall have the right, in respect of any of its powers or obligations hereunder, to act through any duly authorized agents or a duly appointed attorney or attorneys-in-fact (including, without limitation, BGP Subsidiary Inc.). Each such agent or attorney shall, to the extent authorized by the General Partner, have full power and authority to do and perform all and every act and duty that is permitted or required to be done by the General Partner hereunder.

C. Notwithstanding any other provision of this Agreement or the Act, any action of the General Partner on behalf of the Partnership or any decision of the General Partner to refrain from acting on behalf of the Partnership, undertaken in the good faith belief that such action or omission is necessary or advisable in order (i) to protect the ability of Parent to continue to qualify as a REIT, (ii) for Parent otherwise to satisfy the REIT Requirements, (iii) for Parent to avoid incurring any taxes under Code Section 857 or Code Section 4981, or (iv) for any Parent Affiliate to continue to qualify as a “qualified REIT subsidiary” (within the meaning of Code Section 856(i)(2)), is expressly authorized under this Agreement and is deemed approved by all of the Limited Partners and each other Person bound by this Agreement and shall not constitute a breach of this Agreement, of any agreement contemplated herein or therein, or of any duty existing at law, in equity or otherwise, including any fiduciary duty.

D. To the extent Parent, BPG Subsidiary Inc., or their respective officers or directors or any other Indemnitee, take any action in the name or on behalf of the General Partner, in the General Partner’s capacity as the sole general partner of the Partnership, Parent, BPG Subsidiary Inc. and their respective officers and directors or any other Indemnitee, shall be entitled to the same protection as the General Partner and its members, managers and agents.

Section 7.10 Title to Partnership Assets.

Title to Partnership assets, whether real, personal or mixed and whether tangible or intangible, shall be deemed to be owned by the Partnership as an entity, and no Partner, individually or collectively with other Partners or Persons, shall have any ownership interest in such Partnership assets or any portion thereof. Title to any or all of the Partnership assets may be held in the name of the Partnership, the General Partner, or one or more nominees, as the General Partner may determine, including Affiliates of the General Partner. The General Partner hereby declares and warrants that any Partnership assets for which legal title is held in the name of the General Partner, or any nominee or Affiliate of the General Partner shall be held by the General Partner or such nominee or Affiliate for the use and benefit of the Partnership in accordance with the provisions of this Agreement. All Partnership assets shall be recorded as the property of the Partnership in its books and records, irrespective of the name in which legal title to such Partnership assets is held.

Section 7.11 Reliance by Third Parties.

Notwithstanding anything to the contrary in this Agreement, any Person dealing with the Partnership shall be entitled to assume that the General Partner has full power and authority, without the consent or approval of any other Partner or Person, to encumber, sell or otherwise use in any manner any and all assets of the Partnership and to enter into any contracts on behalf of the Partnership, and take any and all actions on behalf of the Partnership, and such Person shall be entitled to deal with the General Partner as if it were the Partnership’s sole party in interest, both legally and beneficially. To the fullest extent permitted by law, each Limited Partner and each other Person bound by this Agreement hereby waives any and all claims,

defenses or other remedies that may be available to such Person to contest, negate or disaffirm any action of the General Partner in connection with any such dealing. In no event shall any Person dealing with the General Partner or its representatives be obligated to ascertain that the terms of this Agreement have been complied with or to inquire into the necessity or expediency of any act or action of the General Partner or its representatives. Each and every certificate, document or other instrument executed on behalf of the Partnership by the General Partner or its representatives shall be conclusive evidence in favor of any and every Person relying thereon or claiming thereunder that (i) at the time of the execution and delivery of such certificate, document or instrument, this Agreement was in full force and effect, (ii) the Person executing and delivering such certificate, document or instrument was duly authorized and empowered to do so for and on behalf of the Partnership and (iii) such certificate, document or instrument was duly executed and delivered in accordance with the terms and provisions of this Agreement and is binding upon the Partnership.

ARTICLE 8

RIGHTS AND OBLIGATIONS OF LIMITED PARTNERS

Section 8.1 Limitation of Liability.

No Limited Partner, including any Parent Subsidiary Partner, acting in its capacity as such, shall have any liability under this Agreement except for liability resulting from (i) an act or omission on the part of such Limited Partner that was committed in bad faith or was the result of active and deliberate dishonesty; (ii) in the case of any criminal proceeding, an act or omission that such Limited Partner had reasonable cause to believe was unlawful; or (iii) any transaction for which such Limited Partner actually received an improper personal benefit in money, property or services in violation or breach of any provision of this Agreement, or as expressly provided in this Agreement (including, without limitation, Section 10.4 hereof) or under the Act.

Section 8.2 Management of Business.

No Limited Partner or Assignee (other than the General Partner, any of its Affiliates or any member, manager, employee, partner or agent of the General Partner or the Partnership, in their capacity as such, including any Parent Subsidiary Partner, in its capacity as the sole member of the General Partner) shall take part in the operations, management or control (within the meaning of the Act) of the Partnership's business, transact any business in the Partnership's name or have the power to sign documents for or otherwise bind the Partnership. The transaction of any such business by the General Partner, or any member, manager or agent of the General Partner, in their capacity as such, shall not affect, impair or eliminate the limitations on the liability of the Limited Partners or Assignees under this Agreement.

Section 8.3 Outside Activities of Limited Partners.

To the fullest extent permitted by law and notwithstanding any other provision of this Agreement or any other agreement contemplated herein or applicable provisions of law or equity or otherwise, subject to any agreements entered into pursuant to Section 7.6 hereof and any other agreements entered into by a Limited Partner or any of its Affiliates with the General Partner, the Partnership or a Subsidiary (including, without limitation, any employment agreement), any Limited Partner (including any Parent Subsidiary Partner) and any Assignee, officer, director, employee, agent, trustee, Affiliate, member or stockholder of any Limited Partner shall be

entitled to and may have business interests and engage in business activities in addition to those relating to the Partnership, including business interests and activities that are in direct or indirect competition with the Partnership or that are enhanced by the activities of the Partnership. To the fullest extent permitted by law and notwithstanding any other provision of this Agreement or any other agreement contemplated herein or applicable provisions of law or equity or otherwise, neither the Partnership nor any Partner shall have any rights by virtue of this Agreement in any business ventures of any Limited Partner or Assignee. Subject to such agreements, none of the Limited Partners nor any other Person shall have any rights by virtue of this Agreement or the partnership relationship established hereby in any business ventures of any other Person (other than the General Partner or any Parent Subsidiary Partner, to the extent expressly provided herein), and such Person shall have no obligation pursuant to this Agreement, subject to Section 7.6 hereof and any other agreements entered into by a Limited Partner or its Affiliates with the General Partner, the Partnership or a Subsidiary, to offer any interest in any such business ventures to the Partnership, any Limited Partner, or any such other Person, even if such opportunity is of a character that, if presented to the Partnership, any Limited Partner or such other Person, could be taken by such Person. Notwithstanding any other provision of this Agreement, or any other agreement contemplated herein or applicable provisions of law or equity or otherwise, to the fullest extent permitted by law, including without limitation Section 7.1.A and Section 7.6, one or more Affiliates of BPG Subsidiary Inc. may own membership interests or similar equity interests in one or more Subsidiaries, provided that the aggregate amount of such interests owned by the Affiliates of BPG Subsidiary Inc. in any one Subsidiary shall not exceed 5% of such Subsidiary's outstanding membership or similar equity interests.

Section 8.4 Return of Capital.

Except pursuant to the rights of Redemption set forth in Section 15.1 hereof or in any Partnership Unit Designation, no Limited Partner shall be entitled to the withdrawal or return of its Capital Contribution, except to the extent of distributions made pursuant to this Agreement or upon termination of the Partnership as provided herein. Except to the extent provided in Article 5 and Article 6 hereof or otherwise expressly provided in this Agreement or in any Partnership Unit Designation, no Limited Partner or Assignee shall have priority over any other Limited Partner or Assignee either as to the return of Capital Contributions or as to profits, losses or distributions.

Section 8.5 Rights of Limited Partners Relating to the Partnership.

A. The Partnership shall notify any Limited Partner that is a Qualifying Party, on request, of the then current Parent Share Adjustment Factor and any change made to the Parent Share Adjustment Factor shall be set forth in any quarterly report required by Section 9.3.B hereof immediately following the date any such change becomes effective.

B. Notwithstanding any other provision of this Section 8.5, the General Partner may keep confidential from the Limited Partners (or any of them), for such period of time as the General Partner determines in its sole and absolute discretion to be reasonable, any information that (i) the General Partner believes to be in the nature of trade secrets or other information the disclosure of which the General Partner in good faith believes is not in the best interests of the

Partnership or the General Partner or (ii) the Partnership or the General Partner is required by law or by agreement to keep confidential.

C. Upon written request by any Limited Partner, the General Partner shall cause the ownership of Partnership Interests by such Limited Partner to be evidenced by a certificate in such form as the General Partner may determine with respect to any class of Partnership Interests issued from time to time under this Agreement. Any officer of the General Partner may direct a new certificate or certificates to be issued in place of any certificate or certificates theretofore issued by the Partnership alleged to have been lost, destroyed, stolen or mutilated, upon the making of an affidavit of that fact by the person claiming the certificate to be lost, destroyed, stolen or mutilated. Unless otherwise determined by an officer of the General Partner, the owner of such lost, destroyed, stolen or mutilated certificate or certificates, or his or her legal representative, shall be required, as a condition precedent to the issuance of a new certificate or certificates, to give the Partnership a bond in such sum as the General Partner may direct as indemnity against any claim that may be made against the Partnership.

Section 8.6 Partnership Right to Call Limited Partner Interests.

Notwithstanding any other provision of this Agreement, on and after the date on which the aggregate Percentage Interests of the Limited Partners (other than a Parent Subsidiary Partner or any Limited Partner that is an affiliate of the Parent) are less than one percent (1%), the Partnership shall have the right, but not the obligation, from time to time and at any time to redeem any and all outstanding Limited Partner Interests (other than a Parent Subsidiary Partner or any Limited Partner that is an affiliate of the Parent) by treating any such Limited Partner as a Tendering Party who has delivered a Notice of Redemption pursuant to Section 15.1 hereof for the amount of Partnership Common Units to be specified by the General Partner, in its sole and absolute discretion, by notice to such Limited Partner that the Partnership has elected to exercise its rights under this Section 8.6. Such notice given by the General Partner to a Limited Partner pursuant to this Section 8.6 shall be treated as if it were a Notice of Redemption delivered to the General Partner by such Limited Partner. For purposes of this Section 8.6, (a) any Limited Partner (whether or not otherwise a Qualifying Party) may, in the General Partner's sole and absolute discretion, be treated as a Qualifying Party that is a Tendering Party and (b) the provisions of Sections 15.1.F(2) and 15.1.F(3) hereof shall not apply, but the remainder of Section 15.1 hereof shall apply, mutatis mutandis.

ARTICLE 9 BOOKS, RECORDS, ACCOUNTING AND REPORTS

Section 9.1 Records and Accounting.

A. The General Partner shall keep or cause to be kept at the principal place of business of the Partnership those records and documents, if any, required to be maintained by the Act and any other books and records deemed by the General Partner to be appropriate with respect to the Partnership's business, including, without limitation, all books and records necessary to provide to the Limited Partners any information, lists and copies of documents required to be provided pursuant to Section 9.3 or Article 13 hereof. Any records maintained by or on behalf of the Partnership in the regular course of its business may be kept on any information storage device,

provided that the records so maintained are convertible into clearly legible written form within a reasonable period of time.

B. The books of the Partnership shall be maintained, for financial and tax reporting purposes, on an accrual basis in accordance with generally accepted accounting principles, or on such other basis as the General Partner determines to be necessary or appropriate. To the extent permitted by sound accounting practices and principles, the Partnership and the General Partner may operate with integrated or consolidated accounting records, operations and principles.

Section 9.2 *Partnership Year.*

For purposes of this Agreement, “Partnership Year” means the fiscal year of the Partnership, which shall be the same as the tax year of the Partnership. The tax year shall be the calendar year unless otherwise required by the Code.

Section 9.3 *Reports.*

A. As soon as practicable, but in no event later than one hundred five (105) days after the close of each Partnership Year, the General Partner shall cause to be mailed to each Limited Partner of record as of the close of the Partnership Year, financial statements of the Partnership, or Parent if such statements are prepared solely on a consolidated basis with Parent for such Partnership Year, presented in accordance with generally accepted accounting principles, such statements to be audited by a nationally recognized firm of independent public accountants selected by the General Partner.

B. If and to the extent that the Parent mails quarterly reports to Parent’s stockholders, as soon as practicable, but in no event later than sixty (60) days after the close of each calendar quarter (except the last calendar quarter of each year), the General Partner shall cause to be mailed to each Limited Partner of record as of the last day of the calendar quarter, a report containing unaudited financial statements of the Partnership for such calendar quarter, or of Parent if such statements are prepared solely on a consolidated basis with Parent and such other information as may be required by applicable law or regulation or as the General Partner determines to be appropriate.

C. The General Partner shall have satisfied its obligations under Section 9.3.A and Section 9.3.B by posting or making available the reports required by this Section 9.3 on the website maintained from time to time by the Partnership or Parent, provided that such reports are able to be printed or downloaded from such website.

D. At the request of any Limited Partner, for any purpose reasonably related to such Limited Partner’s interest in the Partnership, the General Partner shall, subject to Section 17-305(b) of the Act, provide access to the books, records and workpapers upon which the reports required by this Section 9.3 are based, to the extent required by the Act.

ARTICLE 10 TAX MATTERS

Section 10.1 *Preparation of Tax Returns.*

The General Partner shall arrange for the preparation and timely filing of all returns with respect to Partnership income, gains, deductions, losses and other items required of the Partnership for federal and state income tax purposes and shall use all reasonable efforts to furnish, within ninety (90) days of the close of each taxable year, the tax information reasonably required by Limited Partners for federal and state income tax and any other tax reporting purposes. The Limited Partners shall promptly provide the General Partner with such information relating to the Contributed Properties as is readily available to the Limited Partners, including tax basis and other relevant information, as may be reasonably requested by the General Partner from time to time.

Section 10.2 *Tax Elections.*

Except as otherwise provided herein, the General Partner shall, in its sole and absolute discretion, determine whether to make any available election pursuant to the Code, including, but not limited to, the election under Code Section 754. The General Partner shall have the right to seek to revoke any such election (including, without limitation, any election under Code Section 754) upon the General Partner's determination in its sole and absolute discretion that such revocation is in the best interests of the Partners.

Section 10.3 *Tax Partner.*

A. The General Partner shall be the "tax partner" of the Partnership for federal, state and local income tax administrative or judicial proceedings (such administrative proceedings being referred to as a "tax audit" and such judicial proceedings being referred to as a "judicial review") and shall be the "partnership representative" pursuant to Section 6223(a) of the Code (with the changes to Subchapter C of Chapter 63 of the Code as made by the Bipartisan Budget Act of 2015 referred to as the "2015 Budget Act Partnership Audit Rules"). The General Partner is authorized to conduct all tax audits and judicial reviews for the Partnership.

B. The tax partner is authorized, but not required:

- (1) To elect out of the 2015 Budget Act Partnership Audit Rules, if available;
- (2) to enter into any settlement with the IRS with respect to any tax audit or judicial review for the adjustment of Partnership items required to be taken into account by a Partner or the Partnership for income tax purposes, and in the settlement agreement the tax partner may expressly state that such agreement shall bind the Partnership and all Partners;
- (3) to seek judicial review of any adjustment assessed by the IRS or any other tax authority, including the filing of a petition for readjustment with the Tax Court or the filing of a complaint for refund with the United States Claims Court or the District Court of the United States for the district in which the Partnership's principal place of business is located;
- (4) to intervene in any action brought by any other Partner for judicial review of a final adjustment;

(5) to file a request for an administrative adjustment with the IRS or other tax authority at any time and, if any part of such request is not allowed by the IRS or other tax authority, to file an appropriate pleading (petition or complaint) for judicial review with respect to such request;

(6) to enter into an agreement with the IRS or other tax authority to extend the period for assessing any tax which is attributable to any item required to be taken into account by a Partner for tax purposes, or an item affected by such item;

(7) to take any other action on behalf of the Partners or the Partnership in connection with any tax audit or judicial review proceeding, to the extent permitted by applicable law or regulations including, without limitation, the following acts:

(a) electing to have the alternative method for the underpayment of taxes set forth in Section 6226 of the Code apply to the Partnership and its current or former Partners; and

(b) for Partnership level assessments under Section 6225 of the Code, determining apportionment of responsibility for payment among the current or former Partners, setting aside reserves from Available Cash of the Partnership, withholding of distributions of Available Cash to the Partners, and requiring current or former Partners to make cash payments to the Partnership for their share of the Partnership level assessments; and

(8) to take any other action required or permitted by the Code and Regulations in connection with its role as tax partner.

The taking of any action and the incurring of any expense by the tax partner in connection with any such audit proceeding referred to in clause (7) above, except to the extent required by law, is a matter in the sole and absolute discretion of the tax partner and the provisions relating to indemnification of the General Partner set forth in Section 7.7 hereof shall be fully applicable to the tax partner in its capacity as such.

C. With respect to any audit, examination or investigation (including any judicial or administrative proceeding) of the Partnership by any taxing authority, each Partner shall provide such information as the tax partner may reasonably request to reduce the amount of any resulting tax required to be paid by the Partnership. Each Partner shall file all tax returns with respect to such Partner's distributive share of any item of the Partnership's income, gain, loss, deduction or credit in a manner consistent with the Partnership's tax treatment of such item, and no Partner shall, without the consent of the tax partner, (i) file a request for administrative adjustment of Partnership items, (ii) file a petition with respect to any Partnership item or other tax matters involving the Partnership, or (iii) enter into a settlement agreement with any taxing authority with respect to any Partnership items.

D. The tax partner shall receive no compensation for its services. All third party costs and expenses incurred by the tax matters partner in performing its duties as such (including legal and accounting fees and expenses) shall be borne by the Partnership. Nothing herein shall be construed to restrict the Partnership from engaging an accounting firm and/or law firm to assist

the tax matters partner in discharging its duties hereunder, so long as the compensation paid by the Partnership for such services is reasonable.

E. In the event that the Partnership shall be subject to an audit for a taxable year that is conducted under the provisions of the Code in effect for a period prior to the year the 2015 Budget Act Partnership Audit Rules became effective with respect to the Partnership, the provisions of Section 10.3 of the Amended Partnership Agreement shall govern the conduct of the tax partner with respect to such audit, as if set forth in this Agreement.

F. The provisions contained in this Section 10.3 shall survive the termination of the Partnership and the withdrawal of any Partner.

Section 10.4 *Withholding*.

Each Holder hereby authorizes the Partnership to withhold from or pay on behalf of or with respect to such Holder any amount of federal, state, local or foreign taxes that the General Partner determines, in its sole and absolute discretion, the Partnership is required to withhold or pay with respect to any amount distributable or allocable to such Holder pursuant to this Agreement, including, without limitation, any taxes required to be withheld or paid by the Partnership pursuant to Code Section 1441, Code Section 1442, Code Section 1445 or Code Section 1446, plus any costs or expenses incurred by the General Partner or the Partnership reasonably related to such withholding or payment (a “*Tax Advance*”). Any amount withheld with respect to a Holder pursuant to this Section 10.4 shall be treated as paid or distributed, as applicable, to such Holder for all purposes under this Agreement. Any amount paid on behalf of or with respect to a Holder, in excess of any such withheld amount, shall constitute a loan by the Partnership to such Holder, which loan shall be repaid by such Holder within thirty (30) days after the affected Holder receives written notice from the General Partner that such payment must be made, provided that the Holder shall not be required to repay such deemed loan if either (i) the Partnership withholds such payment from a distribution that would otherwise be made to the Holder or (ii) the General Partner determines, in its sole and absolute discretion, that such payment may be satisfied out of the funds of the Partnership that would, but for such payment, be distributed to the Holder. Any amounts payable by a Holder hereunder shall bear interest at the base rate on corporate loans at large United States money center commercial banks, as published from time to time in the Wall Street Journal (but not higher than the maximum lawful rate) from the date such amount is due (i.e., thirty (30) days after the Holder receives written notice of such amount) until such amount is paid in full. Each Holder hereby agrees to indemnify and hold harmless the Partnership and the General Partner and each other Partner from and against any liability, claim or expense with respect to any Tax Advance withheld or required to be withheld on behalf of or with respect to such Partner. In the event the Partnership is liquidated and a liability or claim is asserted against, or expense borne by, the General Partner or any Holder for any Tax Advance, the Partnership shall have the right to be reimbursed from the Holder on whose behalf such withholding or tax payment was made or required to be made.

Section 10.5 *Organizational Expenses*.

The General Partner may cause the Partnership to elect to deduct expenses, if any, incurred by it in organizing the Partnership ratably over a 180-month period as provided in Section 709 of the Code.

Section 10.6 *Treatment of Partnership as Disregarded Entity.*

Notwithstanding anything to the contrary in this Agreement, if the Partnership is treated as a Disregarded Entity with respect to Parent during any period, then the other provisions of this Agreement shall be applied (or not applied) in a manner consistent with such treatment with respect to such period, as determined by the General Partner in its sole and absolute discretion. In the event of any conflict between this Section 10.6 and any other provision of this Agreement, this Section 10.6 shall control.

ARTICLE 11
PARTNER TRANSFERS AND WITHDRAWALS

Section 11.1 *Transfer.*

A. To the fullest extent permitted by law, no part of the interest of a Partner shall be subject to the claims of any creditor, to any spouse for alimony or support, or to legal process, and may not be voluntarily or involuntarily alienated or encumbered except as may be specifically provided for in this Agreement.

B. No Partnership Interest shall be Transferred, in whole or in part, except in accordance with the terms and conditions set forth in this Article 11. To the fullest extent permitted by law, any Transfer or purported Transfer of a Partnership Interest not made in accordance with this Article 11 shall be null and void *ab initio*.

C. No Transfer of any Partnership Interest may be made to a lender to the Partnership or any Person who is related (within the meaning of Section 1.752-4(b) of the Regulations) to any lender to the Partnership whose loan constitutes a Nonrecourse Liability, without the Consent of the General Partner; *provided, however*, that, as a condition to such Consent, the lender may be required to enter into an arrangement with the Partnership and the General Partner to redeem or exchange for the Parent Shares Amount any Partnership Units in which a security interest is held by such lender simultaneously with the time at which such lender would be deemed to be a partner in the Partnership for purposes of allocating liabilities to such lender under Section 752 of the Code (provided that, for purpose of calculating the Parent Shares Amount in this Section 11.1.C, “*Tendered Units*” shall mean all such Partnership Units in which a security interest is held by such lender).

Section 11.2 *Transfer of Parent’s and General Partner’s Partnership Interests.*

A. Subject to the rights of any Holder of any Partnership Interest set forth in a Partnership Unit Designation, neither the General Partner nor Parent may Transfer all or any portion of its directly or indirectly held Partnership Interests (in each case whether by sale, disposition, statutory merger or consolidation, liquidation or otherwise), without the Consent of the Limited Partners (but may do so with the Consent of the Limited Partners), except (i) in connection with a transaction permitted under Section 11.2.B, (ii) in connection with any merger (including a triangular merger), consolidation or other combination with or into another Person following the consummation of which the equity holders of the surviving entity are substantially identical to the shareholders of Parent, or (iii) to any Person that is, at the time of such transfer, an Affiliate of Parent that is controlled by the Parent, including any Qualified REIT Subsidiary. It is a condition to any Transfer of a Partnership Interest of a General Partner otherwise permitted

hereunder that: (i) coincident with such Transfer, the transferee is admitted as a General Partner pursuant to Section 12.1 hereof; (ii) the transferee assumes, by operation of law or express agreement, all of the obligations of the transferor General Partner under this Agreement with respect to such Transferred Partnership Interest; and (iii) the transferee has executed such instruments as may be necessary to effectuate such admission and to confirm the agreement of such transferee to be bound by all the terms and provisions of this Agreement with respect to the Partnership Interest so acquired and the admission of such transferee as a General Partner.

B. Subject to the rights of any Holder of any Partnership Interest set forth in a Partnership Unit Designation, either or both of Parent and the General Partner may, without the consent of any Limited Partner or other Person, Transfer any or all of its directly or indirectly held Partnership Interests in connection with (a) a merger, consolidation or other combination of Parent with or into another entity, (b) a sale of all or substantially all of Parent's assets or (c) a reclassification, recapitalization or change of any outstanding equity interests of Parent (each, a "*Termination Transaction*") if:

(i) in connection with such Termination Transaction, all of the Limited Partners will receive, or will have the right to elect to receive, for each Partnership Common Unit an amount of cash, securities or other property equal to the product of the Parent Share Adjustment Factor and the greatest amount of cash, securities or other property paid to a holder of one Parent Share in consideration of one Parent Share pursuant to the terms of such Termination Transaction; provided, that if, in connection with such Termination Transaction, a purchase, tender or exchange offer shall have been made to and accepted by the holders of the outstanding Parent Shares in the percentage required for the approval of mergers under the organizational documents of Parent, each holder of Partnership Common Units shall receive, or shall have the right to elect to receive, the greatest amount of cash, securities or other property which such holder of Partnership Common Units would have received had it exercised its right to Redemption pursuant to Article 15 hereof and received Parent Shares in exchange for its Partnership Common Units immediately prior to the expiration of such purchase, tender or exchange offer and had thereupon accepted such purchase, tender or exchange offer and then such Termination Transaction were consummated; or

(ii) all of the following conditions are met: (w) substantially all of the assets directly or indirectly owned by the surviving entity are owned directly or indirectly by the Partnership or another limited partnership or limited liability company which is the survivor of a merger, consolidation or combination of assets with the Partnership (in each case, the "*Surviving Partnership*"); (x) the Limited Partners that held Partnership Common Units immediately prior to the consummation of such Termination Transaction own a percentage interest of the Surviving Partnership based on the relative fair market value of the net assets of the Partnership and the other net assets of the Surviving Partnership immediately prior to the consummation of such transaction; (y) the rights, preferences and privileges in the Surviving Partnership of such Limited Partners are at least as favorable as those in effect with respect to the Partnership Common Units immediately prior to the consummation of such transaction and as those applicable to any other limited partners or non-managing members of the Surviving Partnership; and (z) the rights of such Limited Partners include at least one of the following: (a) the right to

redeem their interests in the Surviving Partnership for the consideration available to such persons pursuant to Section 11.2.B(i) or (b) the right to redeem their interests in the Surviving Partnership for cash on terms substantially equivalent to those in effect with respect to their Partnership Common Units immediately prior to the consummation of such transaction, or, if the ultimate controlling person of the Surviving Partnership has publicly traded common equity securities, such common equity securities, with an exchange ratio based on the determination of relative fair market value of such securities and the Parent Shares.

C. Notwithstanding the other provisions of this Article 11 (other than Section 11.6.D hereof), the General Partner may Transfer all of its Partnership Interests at any time to any Person that is, at the time of such Transfer an Affiliate of the General Partner, including any “qualified REIT subsidiary” (within the meaning of Code Section 856(i)(2)), without the Consent of any Limited Partners. The provisions of Section 11.2.B, 11.3, 11.4.A and 11.5 hereof shall not apply to any Transfer permitted by this Section 11.2.C.

D. Except in connection with Transfers permitted in this Article 11 and as otherwise provided in Section 12.1 in connection with the Transfer of the General Partner’s entire Partnership Interest, the General Partner may not voluntarily withdraw as a general partner of the Partnership without the Consent of the Limited Partners.

Section 11.3 *Limited Partners’ Rights to Transfer.*

A. *General.* Except as provided in Section 11.1.C hereof, no Limited Partner shall Transfer all or any portion of its Partnership Interest to any transferee without the Consent of the General Partner, which may be given or withheld in its sole and absolute discretion; *provided, however*, that any Limited Partner may, at any time, without the consent or approval of the General Partner, (i) Transfer all or part of its Partnership Interest to any Family Member (including a Transfer by a Family Member that is an inter vivos or testamentary trust (whether revocable or irrevocable) to a Family Member that is a beneficiary of such trust), any Charity, any Controlled Entity or any Affiliate, or (ii) pledge (a “*Pledge*”) all or any portion of its Partnership Interest to a lending institution as collateral or security for a bona fide loan or other extension of credit, and Transfer such pledged Partnership Interest to such lending institution in connection with the exercise of remedies under such loan or extension of credit (any Transfer or Pledge permitted by this proviso is hereinafter referred to as a “*Permitted Transfer*”). In addition, it is expressly understood and agreed that, to the extent the General Partner has the right to consent to any Transfer pursuant to this Section 11.3.A, the General Partner will not consent to any proposed Transfer of all or any portion of any Partnership Interest pursuant to this Section 11.3.A unless such Transfer satisfies each of the following conditions:

(1) *Parent Right of First Refusal.* The transferor Limited Partner (or the Partner’s estate in the event of the Partner’s death) shall give written notice of the proposed Transfer to the General Partner and the Parent, which notice shall state (i) the identity and address of the proposed transferee and (ii) the amount and type of consideration proposed to be received for the Transferred Partnership Interests. The Parent shall have ten (10) Business Days upon which to give the transferor Limited Partner notice of its election to acquire the Partnership Interests on the terms set forth in such notice. If it so elects, it shall purchase the Partnership Interests on such terms within ten (10) Business Days after giving notice of such election; *provided, however*, that in the event that the proposed terms involve a

purchase for cash, the Parent may at its election deliver in lieu of all or any portion of such cash a note from the Parent payable to the transferor Limited Partner at a date as soon as reasonably practicable, but in no event later than one hundred eighty (180) days after such purchase, and bearing interest at an annual rate equal to the total dividends declared with respect to one (1) Parent Share for the four (4) preceding fiscal quarters of the Parent, divided by the Value of one Parent Share as of the closing of such purchase; and *provided, further*, that such closing may be deferred to the extent necessary to effect compliance with the Hart-Scott-Rodino Act, if applicable, and any other applicable requirements of law. If it does not so elect, and the General Partner otherwise consents to the proposed Transfer, the transferor Limited Partner may Transfer such Partnership Interests to a third party, on terms no more favorable to the transferee than the proposed terms, subject to the other conditions of this Section 11.3.

(2) *Qualified Transferee*. Any Transfer of a Partnership Interest shall be made only to a single Qualified Transferee; *provided, however*, that, for such purposes, all Qualified Transferees that are Affiliates, or that comprise investment accounts or funds managed by a single Qualified Transferee and its Affiliates, shall be considered together to be a single Qualified Transferee; and *provided, further*, that each Transfer meeting the minimum Transfer restriction of Section 11.3.A(4) hereof may be to a separate Qualified Transferee.

(3) *Opinion of Counsel*. The transferor Limited Partner shall deliver or cause to be delivered to the General Partner an opinion of counsel reasonably satisfactory to it to the effect that the proposed Transfer may be effected without registration under the Securities Act and will not otherwise violate the registration provisions of the Securities Act and the regulations promulgated thereunder or violate any state securities laws or regulations applicable to the Partnership or the Partnership Interests Transferred; *provided, however*, that the General Partner may, in its sole and absolute discretion, waive this condition upon the request of the transferor Limited Partner. If, in the opinion of such counsel, such Transfer would require the filing of a registration statement under the Securities Act or would otherwise violate any federal or state securities laws or regulations applicable to the Partnership or the Transferred Partnership Interests, the General Partner may prohibit any Transfer otherwise permitted under this Section 11.3 by a Limited Partner of Partnership Interests.

(4) *Minimum Transfer Restriction*. Any Transferring Partner must Transfer not less than the lesser of (i) five hundred (500) Partnership Units or (ii) all of the remaining Partnership Units owned by such Transferring Partner, without, in each case, the Consent of the General Partner; *provided, however*, that, for purposes of determining compliance with the foregoing restriction, all Partnership Units owned by Affiliates of a Limited Partner shall be considered to be owned by such Limited Partner.

(5) *Exception for Permitted Transfers*. The conditions of Sections 11.3.A(1) through 11.3.A(4) hereof shall not apply in the case of a Permitted Transfer.

It is a condition to any Transfer permitted hereunder that the transferee assumes by operation of law or express agreement all of the obligations of the transferor Limited Partner under this Agreement with respect to such Transferred Partnership Interest, and no such Transfer (other than pursuant to a statutory merger or consolidation wherein all obligations and liabilities of the transferor Partner are assumed by a successor corporation by operation of law) shall

relieve the transferor Partner of its obligations under this Agreement without the Consent of the General Partner. Notwithstanding the foregoing, any transferee of any Transferred Partnership Interest shall be subject to any restrictions on ownership and transfer of stock of the Parent contained in the Parent Charter that may limit or restrict such transferee's ability to exercise its Redemption rights, including, without limitation, the Parent Share Ownership Limit. Any transferee, whether or not admitted as a Substituted Limited Partner, shall take subject to the obligations of the transferor hereunder. Unless admitted as a Substituted Limited Partner, no transferee, whether by a voluntary Transfer, by operation of law or otherwise, shall have any rights hereunder, other than the rights of an Assignee as provided in Section 11.5 hereof.

B. *Incapacity.* If a Limited Partner is subject to Incapacity, the executor, administrator, trustee, committee, guardian, conservator or receiver of such Limited Partner's estate shall have all the rights of a Limited Partner, but not more rights than those enjoyed by other Limited Partners, for the purpose of settling or managing the estate, and such power as the Incapacitated Limited Partner possessed to Transfer all or any part of its interest in the Partnership. The Incapacity of a Limited Partner, in and of itself, shall not dissolve or terminate the Partnership.

C. *Adverse Tax Consequences.* Notwithstanding anything to the contrary in this Agreement, the General Partner shall have the authority (but shall not be required) to take any steps it determines are necessary or appropriate in its sole and absolute discretion to prevent the Partnership from being taxable as a corporation for federal income tax purposes. In furtherance of the foregoing, except with the Consent of the General Partner, no Transfer by a Limited Partner of its Partnership Interests (including any Redemption, any other acquisition of Partnership Units by the Parent or the General Partner or any acquisition of Partnership Units by the Partnership) may be made to or by any Person if such Transfer could (i) result in the Partnership being treated as an association taxable as a corporation; (ii) result in a termination of the Partnership for tax purposes; (iii) be treated as effectuated through an "established securities market" or a "secondary market (or the substantial equivalent thereof)" within the meaning of Code Section 7704 and the Regulations promulgated thereunder, (iv) result in the Partnership being unable to qualify for one or more of the "safe harbors" set forth in Regulations Section 1.7704-1 (or such other guidance subsequently published by the IRS setting forth safe harbors under which interests will not be treated as "readily tradable on a secondary market (or the substantial equivalent thereof)" within the meaning of Section 7704 of the Code) (the "*Safe Harbors*") or (v) in the General Partner's judgment in its sole and absolute discretion, adversely affect the ability of the Parent to continue to qualify as a REIT or subject the Parent to any additional taxes under Code Section 857 or Code Section 4981.

Section 11.4 *Admission of Substituted Limited Partners.*

A. No Limited Partner shall have the right to substitute a transferee (including any transferees pursuant to Transfers permitted by Section 11.3 hereof) as a Limited Partner in its place. A transferee of a Limited Partner Interest may be admitted as a Substituted Limited Partner only with the Consent of the General Partner, which may be given or withheld in its sole and absolute discretion. The failure or refusal by the General Partner to permit a transferee of any such interests to become a Substituted Limited Partner shall not give rise to any cause of action against the Partnership or the General Partner. Subject to the foregoing, an Assignee shall not be admitted as a Substituted Limited Partner until and unless it furnishes to the General Partner (i) evidence of acceptance, in form and substance satisfactory to the General Partner, of all the

terms, conditions and applicable obligations of this Agreement, (ii) a counterpart signature page to this Agreement executed by such Assignee and (iii) such other documents and instruments as may be required or advisable, in the sole and absolute discretion of the General Partner, to effect such Assignee's admission as a Substituted Limited Partner.

B. Concurrently with, and as evidence of, the admission of a Substituted Limited Partner, the General Partner shall update the books and records of the Partnership to reflect the name, address and number and class and/or series of Partnership Units of such Substituted Limited Partner and to eliminate or adjust, if necessary, the name, address and number of Partnership Units of the predecessor of such Substituted Limited Partner.

C. A transferee who has been admitted as a Substituted Limited Partner in accordance with this Article 11 shall have all the rights and powers and be subject to all the restrictions and liabilities of a Limited Partner under this Agreement.

Section 11.5 *Assignees.*

If the General Partner does not Consent to the admission of any permitted transferee under Section 11.3 hereof as a Substituted Limited Partner, as described in Section 11.4 hereof, or in the event that any Partnership Interest is deemed to have been Transferred notwithstanding the restrictions set forth in this Article 11, such transferee shall be considered an Assignee for purposes of this Agreement. An Assignee shall be entitled to all the rights of an assignee of a limited partnership interest under the Act, including the right to receive distributions from the Partnership and the share of Net Income, Net Losses and other items of income, gain, loss, deduction and credit of the Partnership attributable to the Partnership Interest assigned to such transferee and the rights to Transfer the Partnership Interest provided in this Article 11, but shall not be deemed to be a holder of a Partnership Interest for any other purpose under this Agreement (other than as expressly provided in Section 15.1 hereof with respect to a Qualifying Party that becomes a Tendering Party), and shall not be entitled to effect a Consent or vote with respect to such Partnership Interest on any matter presented to the Partners for approval (such right to Consent or vote, to the extent provided in this Agreement or under the Act, fully remaining with the transferor Limited Partner). In the event that any such transferee desires to make a further Transfer of any such Partnership Interest, such transferee shall be subject to all the provisions of this Article 11 to the same extent and in the same manner as any Limited Partner desiring to make a Transfer of a Limited Partner Interest.

Section 11.6 *General Provisions.*

A. No Limited Partner may withdraw from the Partnership other than as a result of: (i) a permitted Transfer of all of such Limited Partner's Partnership Units in accordance with this Article 11 with respect to which the transferee becomes a Substituted Limited Partner; (ii) pursuant to a redemption (or acquisition by the Parent) of all of its Partnership Units pursuant to a Redemption under Section 15.1 hereof and/or pursuant to any Partnership Unit Designation or (iii) the acquisition by the General Partner or the Partner of all of such Limited Partner's Partnership Interest, whether or not pursuant to Section 15.1.B hereof.

B. Any Limited Partner who shall Transfer all of its Partnership Units in a Transfer (i) permitted pursuant to this Article 11 where such transferee was admitted as a Substituted Limited Partner, (ii) pursuant to the exercise of its rights to effect a redemption of all of its

Partnership Units pursuant to a Redemption under Section 15.1 hereof and/or pursuant to any Partnership Unit Designation or (iii) to the Parent, whether or not pursuant to Section 15.1..B hereof, shall cease to be a Limited Partner.

C. If any Partnership Unit is Transferred in compliance with the provisions of this Article 11, or is redeemed by the Partnership, or acquired by the Parent directly or indirectly pursuant to Section 15.1 hereof, on any day other than the first day of a Partnership Year, then Net Income, Net Losses, each item thereof and all other items of income, gain, loss, deduction and credit attributable to such Partnership Unit for such Partnership Year shall be allocated to the transferor Partner or the Tendering Party (as the case may be) and, in the case of a Transfer other than a Redemption, to the transferee Partner, by taking into account their varying interests during the Partnership Year in accordance with Code Section 706(d), using the “interim closing of the books” method or another permissible method selected by the General Partner in its sole and absolute discretion. Solely for purposes of making such allocations, unless the General Partner decides in its sole and absolute discretion to use another method permitted under the Code, each of such items for the calendar month in which a Transfer occurs shall be allocated to the transferee Partner and none of such items for the calendar month in which a Transfer or a Redemption occurs shall be allocated to the transferor Partner, or the Tendering Party (as the case may be) if such Transfer occurs on or before the fifteenth (15th) day of the month, otherwise such items shall be allocated to the transferor. All distributions of funds attributable to such Partnership Unit with respect to which the Partnership Record Date is before the date of such Transfer, assignment or Redemption shall be made to the transferor Partner or the Tendering Party (as the case may be) and, in the case of a Transfer other than a Redemption, all distributions of funds thereafter attributable to such Partnership Unit shall be made to the transferee Partner.

D. In addition to any other restrictions on Transfer herein contained, in no event may any Transfer of a Partnership Interest by any Partner (including any Redemption, any acquisition of Partnership Units by the Parent or any other acquisition of Partnership Units by the Partnership) be made: (i) to any person or entity who lacks the legal right, power or capacity to own a Partnership Interest; (ii) in violation of applicable law; (iii) except with the Consent of the General Partner, which may be given or withheld in its sole and absolute discretion, of any component portion of a Partnership Interest, such as the Capital Account, or rights to distributions, separate and apart from all other components of a Partnership Interest; (iv) in the event that such Transfer could cause any of Parent or any Parent Affiliate to cease to comply with the REIT Requirements or to cease to qualify as a “qualified REIT subsidiary” (within the meaning of Code Section 856(i)(2)); (v) except with the Consent of the General Partner, which may be given or withheld in its sole and absolute discretion, if such Transfer could, based on the advice of counsel to the Partnership or the General Partner, cause a termination of the Partnership for tax purposes (except as a result of the Redemption of all Partnership Common Units held by all Limited Partners); (v) if such Transfer could, based on the advice of legal counsel to the Partnership or the General Partner, cause the Partnership to cease to be classified as a partnership for federal income tax purposes (except as a result of the Redemption (or acquisition by the Parent) of all Partnership Common Units held by all Limited Partners (other than the Parent Subsidiary Partners)); (vi) if such Transfer would cause the Partnership to become, with respect to any employee benefit plan subject to Title I of ERISA, a “party-in-interest” (as defined in ERISA Section 3(14)) or a “disqualified person” (as defined in Code

Section 4975(c)); (vii) if such Transfer could, based on the advice of legal counsel to the Partnership or the General Partner, cause any portion of the assets of the Partnership to constitute assets of any employee benefit plan pursuant to Department of Labor Regulations Section 2510.3-101; (viii) if such Transfer requires the registration of such Partnership Interest pursuant to any applicable federal or state securities laws (including, without limitation, the Securities Act or the Securities Exchange Act of 1934, as amended) or other non-U.S. securities laws (including Canadian provincial or territorial securities laws) or would constitute a non-exempt distribution pursuant to applicable provincial or state securities laws; (ix) except with the Consent of the General Partner, if such Transfer could (1) be treated as effectuated through an “established securities market” or a “secondary market” (or the substantial equivalent thereof) within the meaning of Section 7704 of the Code and the Regulations promulgated thereunder, (2) cause the Partnership to become a “publicly traded partnership,” as such term is defined in Sections 469(k)(2) or 7704(b) of the Code, (3) could be in violation of Section 3.4.C(iii), or (4) could cause the Partnership to fail one or more of the Safe Harbors; (x) if such Transfer causes the Partnership to become a reporting company under the Exchange Act; or (xi) if such Transfer subjects the Partnership to regulation under the Investment Company Act of 1940, the Investment Advisors Act of 1940 or ERISA, each as amended. The General Partner shall, in its sole and absolute discretion, be permitted to take all action necessary to prevent the Partnership from being classified as a “publicly traded partnership” under Code Section 7704.

E. Transfers pursuant to this Article 11 may only be made on the first day of a fiscal quarter of the Partnership, unless the General Partner, in its sole and absolute discretion, otherwise Consents.

ARTICLE 12
ADMISSION OF PARTNERS

Section 12.1 Admission of Successor General Partner.

A successor to all of the General Partner's General Partner Interest pursuant to a Transfer permitted by Section 11.2 hereof who is proposed to be admitted as a successor General Partner shall be admitted to the Partnership as the General Partner, effective immediately upon such Transfer. Upon any such Transfer and the admission of any such transferee as a successor General Partner in accordance with this Section 12.1, the transferor General Partner shall be relieved of its obligations under this Agreement and shall cease to be a general partner of the Partnership without any separate Consent of the Limited Partners or the consent or approval of any other Partners. Any such successor General Partner shall carry on the business and affairs of the Partnership without dissolution. In each case, the admission shall be subject to the successor General Partner executing and delivering to the Partnership an acceptance of all of the terms and conditions of this Agreement and such other documents or instruments as may be required to effect the admission of such Person as a General Partner. Upon any such Transfer, the transferee shall become the successor General Partner for all purposes herein, and shall be vested with the powers and rights of the transferor General Partner, and shall be liable for all obligations and responsible for all duties of the General Partner. Concurrently with, and as evidence of, the admission of a successor General Partner, the General Partner shall update the books and records of the Partnership to reflect the name, address and number and classes and/or series of Partnership Units of such successor General Partner.

Section 12.2 Admission of Additional Limited Partners.

A. A Person (other than an existing Partner) who makes a Capital Contribution to the Partnership in exchange for Partnership Interests and in accordance with this Agreement shall be admitted to the Partnership as an Additional Limited Partner only upon furnishing to the General Partner (i) evidence of acceptance, in form and substance satisfactory to the General Partner, of all of the terms and conditions of this Agreement, including, without limitation, the power of attorney granted in Section 2.4 hereof, (ii) a counterpart signature page to this Agreement executed by such Person and (iii) such other documents or instruments as may be required in the sole and absolute discretion of the General Partner in order to effect such Person's admission as an Additional Limited Partner. Concurrently with, and as evidence of, the admission of an Additional Limited Partner, the General Partner shall update the books and records of the Partnership to reflect the name, address and number and classes and/or series of Partnership Interests of such Additional Limited Partner.

B. Notwithstanding anything to the contrary in this Section 12.2, no Person shall be admitted as an Additional Limited Partner without the Consent of the General Partner, which may be given or withheld in its sole and absolute discretion. The admission of any Person as an Additional Limited Partner shall become effective on the date upon which the name of such Person is recorded on the books and records of the Partnership, following the Consent of the General Partner to such admission and the satisfaction of all the conditions set forth in Section 12.2.A.

C. If any Additional Limited Partner is admitted to the Partnership on any day other than the first day of a Partnership Year, then Net Income, Net Losses, each item thereof and all other

items of income, gain, loss, deduction and credit allocable among Holders for such Partnership Year shall be allocated among such Additional Limited Partner and all other Holders by taking into account their varying interests during the Partnership Year in accordance with Code Section 706(d), using the “interim closing of the books” method or another permissible method selected by the General Partner, in its sole and absolute discretion. Solely for purposes of making such allocations, each of such items for the calendar month in which an admission of any Additional Limited Partner occurs shall be allocated among all the Holders including such Additional Limited Partner, in accordance with the principles described in Section 11.6.C hereof. All distributions of funds with respect to which the Partnership Record Date is before the date of such admission shall be made solely to Partners and Assignees other than the Additional Limited Partner, and all distributions of funds thereafter shall be made to all the Partners and Assignees including such Additional Limited Partner.

D. Any Additional Limited Partner admitted to the Partnership that is an Affiliate of Parent shall be deemed to be a “Parent Affiliate” hereunder and shall be reflected as such on the books and records of the Partnership.

Section 12.3 Amendment of Agreement and Certificate of Limited Partnership.

For the admission to the Partnership of any Partner, the General Partner shall take all steps necessary and appropriate under the Act to update the records of the Partnership and, if necessary, to prepare as soon as practical an amendment of this Agreement (and to update the books and records of the Partnership) and, if required by law, shall prepare and file an amendment to the Certificate and may for this purpose exercise the power of attorney granted pursuant to Section 2.4 hereof.

Section 12.4 Limit on Number of Partners.

Unless otherwise permitted by the General Partner in its sole and absolute discretion, no Person shall be admitted to the Partnership as an Additional Limited Partner if the effect of such admission would be to cause the Partnership to have a number of Partners that would cause the Partnership to become a reporting company under the Exchange Act.

Section 12.5 Admission.

A Person shall be admitted to the Partnership as a limited partner of the Partnership or a general partner of the Partnership only upon strict compliance, and not upon substantial compliance, with the requirements set forth in this Agreement for admission to the Partnership as a Limited Partner or a General Partner.

ARTICLE 13 DISSOLUTION, LIQUIDATION AND TERMINATION

Section 13.1 Dissolution.

The Partnership shall not be dissolved by the admission of Substituted Limited Partners or Additional Limited Partners or by the admission of a successor General Partner in accordance with the terms of this Agreement. Upon the withdrawal of the General Partner, any successor General Partner is hereby authorized to and shall, continue the business and affairs of the

Partnership without dissolution. However, the Partnership shall dissolve, and its affairs shall be wound up, upon the first to occur of any of the following (each a “Liquidating Event”):

A. an event of withdrawal, as defined in Section 17-402 of the Act (including, without limitation, bankruptcy), or the withdrawal in violation of this Agreement, of the last remaining General Partner unless, within ninety (90) days after the withdrawal, a Majority in Interest of the Partners remaining agree in writing, in their sole and absolute discretion, to continue the business of the Partnership and to the appointment, effective as of the date of such withdrawal, of a successor General Partner;

B. an election to dissolve the Partnership made by the General Partner in its sole and absolute discretion, with or without the Consent of the Limited Partners;

C. entry of a decree of judicial dissolution of the Partnership pursuant to the provisions of the Act; and

D. at any time that there are no limited partners of the Partnership unless the business of the Partnership is continued in accordance with the Act.

Section 13.2 *Winding Up.*

A. Upon the occurrence of a Liquidating Event, the Partnership shall continue solely for the purposes of winding up its affairs in an orderly manner, liquidating its assets and satisfying the claims of its creditors and the Holders. After the occurrence of a Liquidating Event, no Holder shall take any action that is inconsistent with, or not necessary to or appropriate for, the winding up of the Partnership’s business and affairs. The General Partner (or, in the event that there is no remaining General Partner or the General Partner has dissolved, become bankrupt within the meaning of the Act or ceased to operate, any Person elected by a Majority in Interest of the Partners (the General Partner or such other Person being referred to herein as the “*Liquidator*”)) shall be responsible for overseeing the winding up and termination of the Partnership and shall take full account of the Partnership’s liabilities and property, and the Partnership property shall be liquidated as promptly as is consistent with obtaining the fair value thereof, and the proceeds therefrom shall be applied and distributed in the following order:

(1) First, to the satisfaction of all of the Partnership’s debts and liabilities to creditors other than the Holders (whether by payment or the making of reasonable provision for payment thereof);

(2) Second, to the satisfaction of all of the Partnership’s debts and liabilities to the General Partner, Parent and each Parent Subsidiary (whether by payment or the making of reasonable provision for payment thereof), including, but not limited to, amounts due as reimbursements under Section 7.4 hereof;

(3) Third, to the satisfaction of all of the Partnership’s debts and liabilities to the other Holders (whether by payment or the making of reasonable provision for payment thereof); and

(4) Fourth, to the Partners in accordance with their positive Capital Account balances, determined after taking into account all Capital Account adjustments for all prior periods and the Partnership taxable year during which the liquidation occurs (other than those made as a result of the liquidating distribution set forth in this Section 13.2.A(4)); provided, that if distributions pursuant to this clause (4) would result in the Partners

receiving cumulative distributions from the Partnership that differ from the distributions that would be required under Article 5, then the proceeds from liquidation shall be made in the manner prescribed in Article 5.

The General Partner shall not receive any additional compensation for any services performed pursuant to this Article 13 other than reimbursement of its expenses as set forth in Section 7.4.

B. Notwithstanding the provisions of Section 13.2.A hereof that require liquidation of the assets of the Partnership, but subject to the order of priorities set forth therein, if prior to the termination of the Partnership, the Liquidator determines that an immediate sale of part or all of the Partnership's assets would be impractical or would cause undue loss to the Holders, the Liquidator may, in its sole and absolute discretion, defer for a reasonable time the liquidation of any assets except those necessary to satisfy liabilities of the Partnership (including to those Holders as creditors) and/or distribute to the Holders, in lieu of cash, as tenants in common and in accordance with the provisions of Section 13.2.A hereof, undivided interests in such Partnership assets as the Liquidator deems not suitable for liquidation. Any such distributions in kind shall be made only if, in the subjective good faith judgment of the Liquidator, such distributions in kind are in the best interest of the Holders, and shall be subject to such conditions relating to the disposition and management of such properties as the Liquidator deems reasonable and equitable and to any agreements governing the operation of such properties at such time. The Liquidator shall determine the fair market value of any property distributed in kind using such reasonable method of valuation as it may adopt.

C. If any Holder has a deficit balance in its Capital Account (after giving effect to all contributions, distributions and allocations for all taxable years, including the year during which such liquidation occurs), such Holder shall have no obligation to make any contribution to the capital of the Partnership with respect to such deficit, and such deficit shall not be considered a debt owed to the Partnership or to any other Person for any purpose whatsoever, except as otherwise set forth in this Section 13.2.C, or as otherwise expressly agreed in writing by the affected Holder and the Partnership after the date hereof. Notwithstanding the foregoing, (i) if the General Partner has a deficit balance in its Capital Account (after giving effect to all contributions, distributions, and allocations for all Fiscal Years or portions thereof, including the year during which such liquidation occurs), the General Partner shall contribute to the capital of the Partnership the amount necessary to restore such deficit balance to zero in compliance with Regulations Section 1.704-1(b)(2)(ii)(b)(3); (ii) if a DRO Partner has a deficit balance in its Capital Account (after giving effect to all contributions, distributions, and allocations for all Fiscal Years or portions thereof, including the year during which such liquidation occurs), such DRO Partner shall be obligated to make a contribution to the Partnership with respect to any such deficit balance in such DRO Partner's Capital Account upon a liquidation of the Partnership in an amount equal to the lesser of such deficit balance or such DRO Partner's DRO Amount; and (iii) the first sentence of this Section 13.2.C shall not apply with respect to any other Holder to the extent, but only to such extent, that such Holder previously has agreed in writing, with the consent of the General Partner, to undertake an express obligation to restore all or any portion of a deficit that may exist in its Capital Account upon a liquidation of the Partnership. No Holder shall have any right to become a DRO Partner, to increase its DRO Amount, or otherwise agree to restore any portion of any deficit that may exist in its Capital Account without the express

written consent of the General Partner, in its sole and absolute discretion. Any contribution required of a Partner under this Section 13.2.C shall be made on or before the later of (i) the end of the Fiscal Year in which the interest is liquidated or (ii) the ninetieth (90th) day following the date of such liquidation. The proceeds of any contribution to the Partnership made by a DRO Partner with respect to a deficit in such DRO Partner's Capital Account balance shall be treated as a Capital Contribution by such DRO Partner and the proceeds thereof shall be treated as assets of the Partnership to be applied as set forth in Section 13.2.A.

D. If a DRO Partner's interest in the Partnership is "liquidated" within the meaning of Regulations Section 1.704-1(b)(2)(ii)(g) (other than in connection with a liquidation of the Partnership) which term shall include a redemption by the Partnership of such DRO Partner's interest upon exercise of the Redemption Right, and such DRO Partner is designated on Exhibit C as a Part II DRO Partner, such DRO Partner shall be required to contribute cash to the Partnership equal to the lesser of (i) the amount required to increase its Capital Account balance as of such date to zero, or (ii) such DRO Partner's DRO Amount. For this purpose, (i) the DRO Partner's deficit Capital Account balance shall be determined by taking into account all contributions, distributions, and allocations for the portion of the Fiscal Year ending on the date of the liquidation or redemption, and (ii) solely for purposes of determining such DRO Partner's Capital Account balance, the General Partner shall re-determine the Gross Asset Value of the Partnership's assets on such date based upon the principles set forth in this Agreement, and shall take into account the DRO Partner's allocable share of any Unrealized Gain or Unrealized Loss resulting from such redetermination in determining the balance of its Capital Account. The amount of any payment required hereunder shall be due and payable within the time period specified in the second to last sentence of Section 13.2.C.

E. After the death of a DRO Partner who is an individual, the executor of the estate of such DRO Partner may elect to reduce (or eliminate) the DRO Amount of such DRO Partner. Such elections may be made by such executor by delivering to the General Partner within two hundred and seventy (270) days of the death of such Limited Partner, a written notice setting forth the maximum deficit balance in its Capital Account that such executor agrees to restore under this Section 13.2, if any. If such executor does not make a timely election pursuant to this Section 13.2 (whether or not the balance in the applicable Capital Account is negative at such time), then the DRO Partner's estate (and the beneficiaries thereof who receive distributions of Partnership Interests therefrom) shall be deemed a DRO Partner with a DRO Amount in the same amount as the deceased DRO Partner. Any DRO Partner which itself is a partnership for U.S. federal income tax purposes may likewise elect, after the date of its partner's death to reduce (or eliminate) its DRO Amount by delivering a similar notice to the General Partner within the time period specified above, and in the absence of any such notice the DRO Amount of such DRO Partner shall not be reduced to reflect the death of any of its partners.

F. In the sole and absolute discretion of the Liquidator, a pro rata portion of the distributions that would otherwise be applied and distributed in the order of priority set forth in Section 13.2A may be:

(1) distributed to a trust established for the Partnership for the purpose of liquidating Partnership assets, collecting amounts owed to the Partnership, and paying any contingent, conditional or unmatured liabilities or obligations of the Partnership or of the General Partner arising out of or in connection with the Partnership and/or Partnership activities.

The assets of any such trust shall be applied and distributed, from time to time, in the sole and absolute discretion of the Liquidator, in the same proportions and amounts as would otherwise have been applied and distributed as set forth in Section 13.2A; or

(2) withheld or escrowed to provide a reasonable reserve for Partnership liabilities (contingent, conditional or unmatured) and to reflect the unrealized portion of any installment obligations owed to the Partnership, provided that such withheld or escrowed amounts shall be applied and distributed in the manner and order of priority set forth in Section 13.2.A hereof as soon as practicable.

Section 13.3 Deemed Contribution and Distribution.

Notwithstanding any other provision of this Article 13, in the event that the Partnership is liquidated within the meaning of Regulations Section 1.704-1(b)(2)(ii)(g), but no Liquidating Event has occurred, the Partnership's Property shall not be liquidated, the Partnership's liabilities shall not be paid or discharged and the Partnership's affairs shall not be wound up. Instead, for federal income tax purposes the Partnership shall be deemed to have contributed all of its assets and liabilities to a new partnership in exchange for an interest in the new partnership; and immediately thereafter, distributed Partnership Units to the Partners in the new partnership in accordance with their respective Capital Accounts in liquidation of the Partnership, and the new partnership is deemed to continue the business of the Partnership. Nothing in this Section 13.3 shall be deemed to have constituted a Transfer to an Assignee as a Substituted Limited Partner without compliance with the provisions of Section 11.4 or Section 13.3 hereof.

Section 13.4 Rights of Holders.

Except as otherwise provided in this Agreement and subject to the rights of any Holder of any Partnership Interest set forth in a Partnership Unit Designation, (a) each Holder shall look solely to the assets of the Partnership for the return of its Capital Contribution, (b) no Holder shall have the right or power to demand or receive property other than cash from the Partnership and (c) no Holder shall have priority over any other Holder as to the return of its Capital Contributions, distributions or allocations.

Section 13.5 Notice of Dissolution.

In the event that a Liquidating Event occurs, the General Partner shall, within thirty (30) days thereafter, provide written notice thereof to each Holder and, in the General Partner's sole and absolute discretion or as required by the Act, to all other parties with whom the Partnership regularly conducts business (as determined in the sole and absolute discretion of the General Partner), and the General Partner may publish notice thereof in a newspaper of general circulation in each place in which the Partnership regularly conducts business (as determined in the sole and absolute discretion of the General Partner).

Section 13.6 Cancellation of Certificate of Limited Partnership.

Upon the completion of the winding up of the Partnership, the Certificate shall be canceled in the manner required by the Act.

Section 13.7 Reasonable Time for Winding-Up.

A reasonable time shall be allowed for the orderly winding-up of the business and affairs of the Partnership and the liquidation of its assets pursuant to Section 13.2 hereof, in order to minimize any losses otherwise attendant upon such winding-up, and the provisions of this Agreement shall remain in effect between and among the Partners during the period of winding up; provided, however, reasonable efforts shall be made to complete such winding-up within twenty-four (24) months after the adoption of a plan of liquidation of the General Partner, as provided in Section 562(b)(1)(B) of the Code, if necessary, in the sole and absolute discretion of the General Partner.

ARTICLE 14

PROCEDURES FOR ACTIONS AND CONSENTS OF PARTNERS; AMENDMENTS; MEETINGS

Section 14.1 Procedures for Actions and Consents of Partners.

The actions requiring Consent of any Partner or Partners pursuant to this Agreement, including Section 7.3 hereof, or otherwise pursuant to applicable law, are subject to the procedures set forth in this Article 14.

Section 14.2 Amendments.

Amendments to this Agreement may be proposed by the General Partner or by Limited Partners holding twenty-five percent (25%) or more of the Partnership Interests held by Limited Partners and shall be approved by the Consent of the General Partner and, except as set forth in Section 7.3.C and subject to Section 7.3.D and the rights of any Holder of any Partnership Interest set forth in a Partnership Unit Designation, shall be approved by the Consent of the Limited Partners. Following such proposal, the General Partner shall submit to the Partners entitled to vote thereon any proposed amendment that, pursuant to the terms of this Agreement, requires the consent, approval or vote of such Partners. The General Partner shall seek the consent, approval or vote of the Partners entitled to vote thereon on any such proposed amendment in accordance with Section 14.3 hereof. Notwithstanding any provision of this Agreement otherwise to the contrary, the General Partner may, without the consent or approval of any other Partner or any other Person, amend this Agreement and the Certificate to effect the creation or establishment of a series of the Partnership pursuant to Section 17-218 of the Act and/or to terminate such series, including pursuant to the First Amendment to the Agreement, to be dated on or about the date hereof (the “*First Amendment*”) and to reflect the termination of such series and the First Amendment in connection therewith.

Section 14.3 Actions and Consents of the Partners.

A. Meetings of the Partners may be called only by the General Partner to transact any business that the General Partner determines. The call shall state the nature of the business to be transacted. Notice of any such meeting shall be given to all Partners entitled to act at the meeting not less than seven (7) days or more than sixty (60) days prior to the date of such meeting. Partners may vote in person or by proxy at such meeting. Unless approval by a different number or proportion of the Partners is required by this Agreement, the Consent of the General Partner and the Consent of the Limited Partners shall be required to approve such proposal at a meeting of the Partners. Whenever the Consent of Partners is permitted or required under this Agreement,

such Consent may be given at a meeting of Partners or in accordance with the procedure prescribed in Section 14.3.B hereof.

B. Any action requiring the Consent of any Partner or group of Partners pursuant to this Agreement or that is required or permitted to be taken at a meeting of the Partners may be taken without a meeting if a Consent in writing or by electronic transmission (as defined in Section 17-405(d) of the Act) setting forth the action so taken or consented to is given by Partners whose Consent would be sufficient to approve such action at a meeting of the Partners. Such Consent may be in one instrument or in several instruments, and shall have the same force and effect as the affirmative vote of such Partners at a meeting of the Partners. Such Consent shall be filed with the General Partner. An action so taken shall be deemed to have been taken at a meeting held on the effective date so certified. For purposes of obtaining a Consent in writing or by electronic transmission, the General Partner may require a response within a reasonable specified time, but not less than fifteen (15) days, and failure to respond in such time period shall constitute a Consent that is consistent with the General Partner's recommendation with respect to the proposal; *provided, however*, that an action shall become effective at such time as requisite Consents are received even if prior to such specified time.

C. Each Partner entitled to act at a meeting of the Partners may authorize any Person or Persons to act for it by proxy on all matters in which a Partner is entitled to participate, including waiving notice of any meeting, or voting or participating at a meeting. Each proxy must be signed by the Partner or its attorney-in-fact. No proxy shall be valid after the expiration of eleven (11) months from the date thereof unless otherwise provided in the proxy (or there is receipt of a proxy authorizing a later date). Every proxy shall be revocable at the pleasure of the Partner executing it, such revocation to be effective upon the Partnership's receipt of written notice of such revocation from the Partner executing such proxy, unless such proxy states that it is irrevocable and is coupled with an interest.

D. The General Partner may set, in advance, a record date for the purpose of determining the Partners (i) entitled to Consent to any action, (ii) entitled to receive notice of any meeting of the Partners or (iii) in order to make a determination of Partners for any other proper purpose. Such date, in any case, shall not be prior to the close of business on the day the record date is fixed and shall be not more than ninety (90) days and, in the case of a meeting of the Partners, not less than five (5) days, before the date on which the meeting is to be held. If no record date is fixed, the record date for the determination of Partners entitled to notice of a meeting of the Partners shall be at the close of business on the day on which the notice of the meeting is sent, and the record date for any other determination of Partners shall be the effective date of such Partner action, distribution or other event. When a determination of the Partners entitled to Consent at any meeting of the Partners has been made as provided in this section, such determination shall apply to any adjournment thereof.

E. Each meeting of Partners shall be conducted by the General Partner or such other Person as the General Partner may appoint pursuant to such rules for the conduct of the meeting as the General Partner or such other Person deems appropriate in its sole and absolute discretion. Without limitation, meetings of Partners may be conducted in the same manner as meetings of Parent's stockholders and may be held at the same time as, and as part of, the meetings of Parent's stockholders.

ARTICLE 15
GENERAL PROVISIONS

Section 15.1 Redemption Rights of Qualifying Parties.

A. Subject to any applicable Restricted Period, a Qualifying Party shall have the right (subject to the terms and conditions set forth herein) to require the Partnership to redeem all or a portion of the Partnership Common Units held by such Tendering Party (Partnership Common Units that have in fact been tendered for redemption being hereafter referred to as “*Tendered Units*”) in exchange (a “*Redemption*”) for the Cash Amount payable on the Specified Redemption Date. The Partnership may, in the General Partner’s sole and absolute discretion, redeem Tendered Units at the request of the Holder thereof prior to the end of the applicable Restricted Period (subject to the terms and conditions set forth herein) (a “*Special Redemption*”); *provided, however*, that the General Partner first receives a legal opinion to the same effect as the legal opinion described in Section 15.1.G(4) of this Agreement. Any Redemption shall be exercised pursuant to a Notice of Redemption delivered to the General Partner and the Parent by the Qualifying Party when exercising the Redemption right (the “*Tendering Party*”). The Partnership’s obligation to effect a Redemption, however, shall not arise or be binding against the Partnership until the earlier of (i) the date the General Partner, on behalf of the Partnership, notifies the Tendering Party that the Partnership has declined to require the Parent to acquire some or all of the Tendered Units under Section 15.1.B hereof following receipt of a Notice of Redemption and (ii) the Business Day following the Cut-Off Date. In the event of a Redemption, the Cash Amount shall be delivered as a certified or bank check payable to the Tendering Party or, in the General Partner’s sole and absolute discretion, in immediately available funds, in each case, on or before the tenth (10th) Business Day following the date on which the General Partner receives a Notice of Redemption from the Tendering Party.

B. Notwithstanding the provisions of Section 15.1.A hereof, on or before the close of business on the Cut-Off Date, the Partnership may, in the General Partner’s sole and absolute discretion, elect to require the Parent to acquire some or all (such percentage being referred to as the “*Applicable Percentage*”) of the Tendered Units from the Tendering Party in exchange for Parent Shares. If the Partnership elects to require the Parent to acquire some or all of the Tendered Units pursuant to this Section 15.1.B, the Partnership shall give written notice thereof to the Tendering Party on or before the close of business on the Cut-Off Date. If the Partnership elects to require the Parent to acquire any of the Tendered Units for Parent Shares, the Parent shall deliver such Parent Shares to the Tendering Party pursuant to the terms of this Section 15.1.B, in which case (1) the Parent shall assume directly the obligation with respect thereto and shall satisfy the Tendering Party’s exercise of its Redemption right with respect to such Tendered Units and (2) such transaction shall be treated, for federal income tax purposes, as a transfer by the Tendering Party of such Tendered Units to the Parent in exchange for the Parent Shares Amount. If the Partnership so elects, on the Specified Redemption Date, the Tendering Party shall sell such number of the Tendered Units to the Parent in exchange for a number of Parent Shares equal to the product of the Parent Shares Amount and the Applicable Percentage. The Tendering Party shall submit (i) such information, certification or affidavit as the Parent may reasonably require in connection with the application of the Parent Share Ownership Limit to any such acquisition and (ii) such written representations, investment letters, legal opinions or other instruments necessary, in the Parent’s view, to effect compliance with the Securities Act. In the event of an election by the Partnership to require the Parent to purchase the Tendered Units

pursuant to this Section 15.1.B, the Tendering Party shall no longer have the right to cause the Partnership to effect a Redemption of such Tendered Units and, upon notice to the Tendering Party by the Partnership given on or before the close of business on the Cut-Off Date that the Partnership has elected to require the Parent to acquire some or all of the Tendered Units pursuant to this Section 15.1.B, the obligation of the Partnership to effect a Redemption of the Tendered Units as to which the General Partner's notice relates shall not accrue or arise. A number of Parent Shares equal to the product of the Applicable Percentage and the Parent Shares Amount, if applicable, shall be delivered by the Parent as duly authorized, validly issued, fully paid and non-assessable Parent Shares and, if applicable, Rights, free of any pledge, lien, encumbrance or restriction, other than the Parent Share Ownership Limit, the Securities Act and relevant state securities or "blue sky" laws. Neither any Tendering Party whose Tendered Units are acquired by the Parent pursuant to this Section 15.1.B, any Partner, any Assignee nor any other interested Person shall have any right to require or cause Parent to register, qualify or list any Parent Shares owned or held by such Person, whether or not such Parent Shares are issued pursuant to this Section 15.1.B, with the SEC, with any state securities commissioner, department or agency, under the Securities Act or the Exchange Act or with any stock exchange; *provided, however*, that this limitation shall not be in derogation of any registration or similar rights granted pursuant to any other written agreement between Parent and any such Person. Notwithstanding any delay in such delivery, the Tendering Party shall be deemed the owner of such Parent Shares and Rights for all purposes, including, without limitation, rights to vote or consent, receive dividends, and exercise rights, as of the Specified Redemption Date. Parent Shares delivered upon an acquisition of the Tendered Units by the Parent pursuant to this Section 15.1.B may contain such legends regarding restrictions under the Securities Act and applicable state securities laws as the Parent in good faith determines to be necessary or advisable in order to ensure compliance with such laws.

C. Notwithstanding the provisions of Section 15.1.A and 15.1.B hereof, the Tendering Parties shall have no rights under this Agreement that would otherwise be prohibited by the Parent Charter and shall have no rights to require the Partnership to redeem Tendered Units or require the Parent to acquire Tendered Units if such a redemption or the acquisition of such Tendered Units by the Parent pursuant to Section 15.1.B hereof would cause any Person to violate the Parent Share Ownership Limit. To the extent that any attempted Redemption or acquisition of the Tendered Units by the Parent pursuant to Section 15.1.B hereof would be in violation of this Section 15.1.C, to the fullest extent permitted by law, it shall be null and void *ab initio*, and the Tendering Party shall not acquire any rights or economic interests in Parent Shares otherwise deliverable by the Parent under Section 15.1.B hereof or cash otherwise payable under Section 15.1.A hereof.

D. If the Partnership does not elect to require the Parent to acquire the Tendered Units pursuant to Section 15.1.B hereof:

(1) The Partnership may, in the sole and absolute discretion of the General Partner, elect to raise funds for the payment of the Cash Amount either (a) by requiring that the Parent contribute to the Partnership funds from the proceeds of a sale by the Parent of Parent Shares sufficient to purchase the Tendered Units or (b) from any other sources (including, but not limited to, the sale of any Property and the incurrence of additional Debt) available to the Partnership. The Parent shall make a Capital Contribution of any

such amounts to the Partnership in exchange for additional Partnership Units, and the Partnership is hereby authorized from time to time to issue such additional Partnership Units in consideration therefor without any further act, approval or vote of any Partner or other Persons. Any such contribution shall entitle the Parent to an equitable Percentage Interest adjustment.

(2) If the Cash Amount is not paid on or before the Specified Redemption Date, interest shall accrue with respect to the Cash Amount from the day after the Specified Redemption Date to and including the date on which the Cash Amount is paid at a rate equal to the base rate on corporate loans at large United States money center commercial banks, as published from time to time in the Wall Street Journal (but not higher than the maximum lawful rate).

E. Notwithstanding the provisions of Section 15.1.B hereof, the Parent shall not acquire any Tendered Units in exchange for Parent Shares if such exchange would be prohibited under the Parent Charter or result in any violation of the Parent Share Ownership Limit.

F. Notwithstanding anything herein to the contrary (but subject to Section 15.1.C hereof), with respect to any Redemption (or any tender of Partnership Common Units for Redemption if the Tendered Units are acquired by the Parent pursuant to Section 15.1.B hereof) pursuant to this Section 15.1:

(1) All Partnership Common Units acquired by the Parent pursuant to Section 15.1.B hereof shall, without further action required, continue to be a Limited Partner's Partnership Interest comprised of the same number of Partnership Common Units.

(2) Subject to the Parent Share Ownership Limit, no Tendering Party may effect a Redemption for less than one thousand (1,000) Partnership Common Units or, if such Tendering Party holds (as a Limited Partner or, economically, as an Assignee) less than one thousand (1,000) Partnership Common Units, all of the Partnership Common Units held by such Tendering Party, without, in each case, the Consent of the General Partner, which may be given or withheld in its sole and absolute discretion.

(3) If (i) a Tendering Party surrenders its Tendered Units during the period after the Partnership Record Date with respect to a distribution and before the record date established by Parent for a distribution to its stockholders of some or all of its portion of such Partnership distribution, and (ii) the Partnership elects to require the Parent to acquire any of such Tendered Units in exchange for Parent Shares pursuant to Section 15.1.B, such Tendering Party shall pay to the Parent on the Specified Redemption Date an amount in cash equal to the portion of the Partnership distribution in respect of the Tendered Units exchanged for Parent Shares, insofar as such distribution relates to the same period for which such Tendering Party would receive a distribution in respect of such Parent Shares.

(4) The consummation of such Redemption (or an acquisition of Tendered Units by the Parent pursuant to Section 15.1.B hereof, as the case may be) shall be subject to the expiration or termination of the applicable waiting period, if any, under the Hart-Scott-Rodino Act.

(5) The Tendering Party shall continue to own (subject, in the case of an Assignee, to the provisions of Section 11.5 hereof) all Partnership Common Units subject to any Redemption, and be treated as a Limited Partner or an Assignee, as applicable, with

respect to such Partnership Common Units for all purposes of this Agreement, until such Partnership Common Units are either paid for by the Partnership pursuant to Section 15.1.A hereof or transferred to the Parent and paid for, by the delivery of the Parent Shares, pursuant to Section 15.1.B hereof on the Specified Redemption Date. Until a Specified Redemption Date and an acquisition of the Tendered Units by the Parent pursuant to Section 15.1.B hereof, the Tendering Party shall have no rights as a stockholder of Parent with respect to the Parent Shares deliverable in connection with such acquisition.

G. In connection with an exercise of Redemption rights pursuant to this Section 15.1, except as otherwise Consented to by the General Partner, in its sole and absolute discretion, the Tendering Party shall submit the following to the General Partner, in addition to the Notice of Redemption:

(1) A written affidavit, dated the same date as the Notice of Redemption, (a) disclosing the actual and constructive ownership, as determined for purposes of Code Sections 856(a)(6) and 856(h), of Parent Shares by (i) such Tendering Party and (ii) to the best of their knowledge any Related Party and (b) representing that, after giving effect to the Redemption or an acquisition of the Tendered Units by the Parent pursuant to Section 15.1.B hereof, neither the Tendering Party nor to the best of their knowledge any Related Party will own Parent Shares in violation of the Parent Share Ownership Limit;

(2) A written representation that neither the Tendering Party nor to the best of their knowledge any Related Party has any intention to acquire any additional Parent Shares prior to the closing of the Redemption or an acquisition of the Tendered Units by the Parent pursuant to Section 15.1.B hereof on the Specified Redemption Date;

(3) An undertaking to certify, at and as a condition to the closing of (i) the Redemption or (ii) the acquisition of the Tendered Units by the Parent pursuant to Section 15.1.B hereof on the Specified Redemption Date, that either (a) the actual and constructive ownership of Parent Shares by the Tendering Party and to the best of their knowledge any Related Party remain unchanged from that disclosed in the affidavit required by Section 15.1.G(1) or (b) that after giving effect to the Redemption or an acquisition of the Tendered Units by the Parent pursuant to Section 15.1.B hereof, neither the Tendering Party nor to the best of their knowledge any Related Party shall own Parent Shares in violation of the Parent Share Ownership Limit; and

(4) In connection with any Special Redemption, the Parent shall have the right to receive an opinion of counsel reasonably satisfactory to it to the effect that the proposed Special Redemption will not cause Parent, the Partnership, the General Partner or any Parent Subsidiary Partner to violate any federal or state securities laws or regulations applicable to the Special Redemption, the issuance and sale of the Tendered Units to the Tendering Party or the issuance and sale of Parent Shares to the Tendering Party pursuant to the Section 15.1.B of this Agreement.

Section 15.2 Addresses and Notice.

Any notice, demand, request or report required or permitted to be given or made to a Partner or Assignee under this Agreement shall be in writing and shall be deemed given or made when delivered in person or when sent by first class United States mail or by other means of written or

electronic communication (including by telecopy, facsimile, electronic mail or commercial courier service) to the Partner, or Assignee at the address set forth in the books and records of the partnership or such other address of which the Partner shall notify the General Partner in accordance with this Section 15.2.

Section 15.3 *Titles and Captions.*

All article or section titles or captions in this Agreement are for convenience only. They shall not be deemed part of this Agreement and in no way define, limit, extend or describe the scope or intent of any provisions hereof. Except as specifically provided otherwise, references to “Articles” or “Sections” are to Articles and Sections of this Agreement.

Section 15.4 *Pronouns and Plurals.*

Whenever the context may require, any pronouns used in this Agreement shall include the corresponding masculine, feminine or neuter forms, and the singular form of nouns, pronouns and verbs shall include the plural and vice versa.

Section 15.5 *Further Action.*

The parties shall execute and deliver all documents, provide all information and take or refrain from taking action as may be necessary or appropriate to achieve the purposes of this Agreement.

Section 15.6 *Binding Effect.*

This Agreement shall be binding upon and inure to the benefit of the parties hereto and their heirs, executors, administrators, successors, legal representatives and permitted assigns.

Section 15.7 *Waiver.*

A. To the fullest extent permitted by law, no failure by any party to insist upon the strict performance of any covenant, duty, agreement or condition of this Agreement or to exercise any right or remedy consequent upon a breach thereof shall constitute waiver of any such breach or any other covenant, duty, agreement or condition.

B. The restrictions, conditions and other limitations on the rights and benefits of the Limited Partners contained in this Agreement, and the duties, covenants and other requirements of performance or notice by the Limited Partners, are for the benefit of the Partnership and, except for an obligation to pay money to the Partnership, may be waived or relinquished by the General Partner, in its sole and absolute discretion, on behalf of the Partnership in one or more instances from time to time and at any time; *provided, however*, that any such waiver or relinquishment may not be made if it would have the effect of (i) creating liability for any other Limited Partner, (ii) causing the Partnership to cease to qualify as a limited partnership, (iii) reducing the amount of cash otherwise distributable to the Limited Partners (other than any such reduction that affects all of the Limited Partners holding the same class or series of Partnership Units on a uniform or pro rata basis, if approved by a Majority in Interest of the Limited Partners holding such class or series of Partnership Units), (iv) resulting in the classification of the Partnership as an association or publicly traded partnership taxable as a corporation for federal income tax purposes or (v) violating the Securities Act, the Exchange Act or any state “blue sky” or other securities laws;

and *provided, further*, that any waiver relating to compliance with the Parent Share Ownership Limit or other restrictions in the Parent Charter shall be made and shall be effective only as provided in the Parent Charter.

Section 15.8 *Counterparts.*

This Agreement may be executed in counterparts, all of which together shall constitute one agreement binding on all the parties hereto, notwithstanding that all such parties are not signatories to the original or the same counterpart. Each party shall become bound by this Agreement immediately upon affixing its signature hereto.

Section 15.9 *Applicable Law; Consent to Jurisdiction; Waiver of Jury Trial.*

A. This Agreement shall be construed and enforced in accordance with and governed by the laws of the State of Delaware, without regard to the principles of conflicts of law. In the event of a conflict between any provision of this Agreement and any non-mandatory provision of the Act, the provisions of this Agreement shall control and take precedence.

B. Each Partner hereby (i) submits to the exclusive jurisdiction of any state or federal court sitting in the State of Delaware (collectively, the “*Delaware Courts*”), with respect to any dispute arising out of this Agreement or any transaction contemplated hereby to the extent such courts would have subject matter jurisdiction with respect to such dispute, (ii) to the fullest extent permitted by law, irrevocably waives, and agrees not to assert by way of motion, defense, or otherwise, in any such action, any claim that it is not subject personally to the jurisdiction of any of the Delaware Courts, that its property is exempt or immune from attachment or execution, that the action is brought in an inconvenient forum, or that the venue of the action is improper, (iii) to the fullest extent permitted by law, agrees that notice or the service of process in any action, suit or proceeding arising out of or relating to this Agreement or the transactions contemplated hereby shall be properly served or delivered if delivered to such Partner at such Partner’s last known address as set forth in the Partnership’s books and records, and (iv) to the fullest extent permitted by law, irrevocably waives any and all right to trial by jury in any legal proceeding arising out of or related to this Agreement or the transactions contemplated hereby.

Section 15.10 *Entire Agreement.*

This Agreement contains all of the understandings and agreements between and among the Partners with respect to the subject matter of this Agreement and the rights, interests and obligations of the Partners with respect to the Partnership. Notwithstanding anything to the contrary in this Agreement, the Partners hereby acknowledge and agree that the General Partner, on its own behalf and/or on behalf of the Partnership, without the approval of any Limited Partner, may enter into side letters or similar written agreements with Limited Partners that are not Affiliates of the General Partner, executed contemporaneously with the admission of such Limited Partner to the Partnership, which have the effect of establishing rights under, or altering or supplementing, the terms hereof, as negotiated with such Limited Partner and which the General Partner in its sole discretion deems necessary, desirable or appropriate. The parties hereto agree that any terms, conditions or provisions contained in such side letters or similar written agreements with a Limited Partner shall govern with respect to such Limited Partner notwithstanding the provisions of this Agreement, including Section 7.3 and 14.2.

Section 15.11 *Invalidity of Provisions.*

If any provision of this Agreement is or becomes invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not be affected thereby.

Section 15.12 *Limitation to Preserve REIT Status.*

Notwithstanding anything else in this Agreement, to the extent that the amount to be paid, credited, distributed or reimbursed by the Partnership to any REIT Partner or its officers, directors, employees or agents, whether as a reimbursement, fee, expense or indemnity (a “*REIT Payment*”), would constitute gross income to the REIT Partner for purposes of Code Section 856(c)(2) or Code Section 856(c)(3), then, notwithstanding any other provision of this Agreement, the amount of such REIT Payments, as selected by the General Partner in its sole and absolute discretion from among items of potential distribution, reimbursement, fees, expenses and indemnities, shall be reduced for any Partnership Year so that the REIT Payments, as so reduced, for or with respect to such REIT Partner shall not exceed the lesser of:

(i) an amount equal to the excess, if any, of (a) four and nine-tenths percent (4.9%) of the REIT Partner’s total gross income (but excluding the amount of any REIT Payments and amounts excluded from gross income pursuant to Section 856(c)(5)(G) of the Code) for the Partnership Year that is described in subsections (A) through (I) of Code Section 856(c)(2) over (b) the amount of gross income (within the meaning of Code Section 856(c)(2)) derived by the REIT Partner from sources other than those described in subsections (A) through (I) of Code Section 856(c)(2) (but not including the amount of any REIT Payments and amounts excluded from gross income pursuant to Section 856(c)(5)(G) of the Code); or

(ii) an amount equal to the excess, if any, of (a) twenty-four percent (24%) of the REIT Partner’s total gross income (but excluding the amount of any REIT Payments and amounts excluded from gross income pursuant to Section 856(c)(5)(G) of the Code) for the Partnership Year that is described in subsections (A) through (I) of Code Section 856(c)(3) over (b) the amount of gross income (within the meaning of Code Section 856(c)(3)) derived by the REIT Partner from sources other than those described in subsections (A) through (I) of Code Section 856(c)(3) (but not including the amount of any REIT Payments and amounts excluded from gross income pursuant to Section 856(c)(5)(G) of the Code);

provided, however, that REIT Payments in excess of the amounts set forth in clauses (i) and (ii) above may be made if the General Partner, as a condition precedent, obtains an opinion of tax counsel that the receipt of such excess amounts should not adversely affect the REIT Partner’s ability to qualify as a REIT. To the extent that REIT Payments may not be made in a Partnership Year as a consequence of the limitations set forth in this Section 15.12, such REIT Payments shall carry over and shall be treated as arising in the following Partnership Year if such carry over does not adversely affect the REIT Partner’s ability to qualify as a REIT, provided, however, that any such REIT Payment shall not be carried over more than three Partnership Years, and any such remaining payments shall no longer be due and payable. The purpose of the limitations contained in this Section 15.12 is to prevent any REIT Partner from failing to qualify as a REIT under the Code by reason of such REIT Partner’s share of items, including

distributions, reimbursements, fees, expenses or indemnities, receivable directly or indirectly from the Partnership, and this Section 15.12 shall be interpreted and applied to effectuate such purpose.

Section 15.13 No Partition.

No Partner nor any successor-in-interest to a Partner shall have the right while this Agreement remains in effect to have any property of the Partnership partitioned, or to file a complaint or institute any proceeding at law or in equity to have such property of the Partnership partitioned, and each Partner, on behalf of itself and its successors and assigns hereby waives any such right. It is the intention of the Partners that the rights of the parties hereto and their successors-in-interest to Partnership property, as among themselves, shall be governed by the terms of this Agreement, and that the rights of the Partners and their respective successors-in-interest shall be subject to the limitations and restrictions as set forth in this Agreement.

Section 15.14 No Third-Party Rights Created Hereby.

The provisions of this Agreement are solely for the purpose of defining the interests of the Holders, inter se; and no other person, firm or entity (i.e., a party who is not a signatory hereto or a permitted successor to such signatory hereto) shall have any right, power, title or interest by way of subrogation or otherwise, in and to the rights, powers, title and provisions of this Agreement; provided, that Indemnitees are intended third-party beneficiaries of Section 7.7. No creditor or other third party having dealings with the Partnership shall have the right to enforce the right or obligation of any Partner to make Capital Contributions or loans to the Partnership or to pursue any other right or remedy hereunder or at law or in equity. None of the rights or obligations of the Partners herein set forth to make Capital Contributions or loans to the Partnership shall be deemed an asset of the Partnership for any purpose by any creditor or other third party, nor may any such rights or obligations be sold, transferred or assigned by the Partnership or pledged or encumbered by the Partnership to secure any debt or other obligation of the Partnership or any of the Partners.

Section 15.15 No Rights as Stockholders.

Nothing contained in this Agreement shall be construed as conferring upon the Holders of Partnership Interests any rights whatsoever as stockholders of Parent, including without limitation any right to receive dividends or other distributions made to stockholders of Parent or to vote or to consent or receive notice as stockholders in respect of any meeting of stockholders for the election of directors of Parent or any other matter.

[Remainder of Page Left Blank Intentionally]

IN WITNESS WHEREOF, this Agreement has been executed as of the date first written above.

GENERAL PARTNER:

BRIXMOR OP GP LLC,
a Delaware limited liability company,

By: /s/ Steven F. Siegel
Name: Steven F. Siegel
Title: Executive Vice President,
General Counsel and
Secretary

LIMITED PARTNERS:

BPG SUBSIDIARY INC.,
a Delaware corporation,

By: /s/ Steven F. Siegel
Name: Steven F. Siegel
Title: Executive Vice President,
General Counsel and
Secretary

BPG SUB LLC,
a Delaware limited liability company,

By: /s/ Steven F. Siegel
Name: Steven F. Siegel
Title: Executive Vice President,
General Counsel and
Secretary

EXHIBIT A

EXAMPLES REGARDING PARENT SHARE ADJUSTMENT FACTOR

For purposes of the following examples, it is assumed that (a) the Parent Share Adjustment Factor in effect on _____ is 1.0 and (b) on _____ (the “Partnership Record Date” for purposes of these examples), prior to the events described in the examples, there are 100 Parent Shares issued and outstanding.

Example 1

On the Partnership Record Date, the Parent declares a dividend on its outstanding Parent Shares in Parent Shares. The amount of the dividend is one Parent Share paid in respect of each Parent Share owned. Pursuant to Paragraph (i) of the definition of “Parent Share Adjustment Factor,” the Parent Share Adjustment Factor shall be adjusted on the Partnership Record Date, effective immediately after the stock dividend is declared, as follows:

$$1.0 * 200/100 = 2.0$$

Accordingly, the Parent Share Adjustment Factor after the stock dividend is declared is 2.0.

Example 2

On the Partnership Record Date, the Parent distributes options to purchase Parent Shares to all holders of its Parent Shares. The amount of the distribution is one option to acquire one Parent Share in respect of each Parent Share owned. The strike price is \$4.00 a share. The Value of a Parent Share on the Partnership Record Date is \$5.00 per share. Pursuant to Paragraph (ii) of the definition of “Parent Share Adjustment Factor,” the Parent Share Adjustment Factor shall be adjusted on the Partnership Record Date, effective immediately after the options are distributed, as follows:

$$1.0 * (100 + 100)/(100 + [100 * \$4.00/\$5.00]) = 1.1111$$

Accordingly, the Parent Share Adjustment Factor after the options are distributed is 1.1111. If the options expire or become no longer exercisable, then the retroactive adjustment specified in Paragraph (ii) of the definition of “Parent Share Adjustment Factor” shall apply.

Example 3

On the Partnership Record Date, Parent distributes assets to all holders of Parent Shares. The amount of the distribution is one asset with a fair market value (as determined by the General Partner) of \$1.00 in respect of each Parent Share owned. It is also assumed that the assets do not relate to assets received by Parent pursuant to a pro rata distribution by the Partnership. The Value of a Parent Share on the Partnership Record Date is \$5.00 a share. Pursuant to Paragraph (iii) of the definition of “Parent Share Adjustment Factor,” the Parent Share Adjustment Factor shall be adjusted on the Partnership Record Date, effective immediately after the assets are distributed, as follows:

$$1.0 * \$5.00/(\$5.00 - \$1.00) = 1.25$$

Accordingly, the Parent Share Adjustment Factor after the assets are distributed is 1.25.

EXHIBIT B
NOTICE OF REDEMPTION

To: []
[]
[]

The undersigned Limited Partner or Assignee hereby irrevocably tenders for Redemption Partnership Common Units in Brixmor Operating Partnership LP in accordance with the terms of the Second Amended and Restated Agreement of Limited Partnership of Brixmor Operating Partnership LP, dated as of [] as amended (the “*Agreement*”), and the Redemption rights referred to therein. The undersigned Limited Partner or Assignee:

(a) undertakes (i) to surrender such Partnership Common Units and any certificate therefor at the closing of the Redemption and (ii) to furnish to the General Partner, prior to the Specified Redemption Date, the documentation, instruments and information required under Section 15.1.G of the Agreement;

(b) directs that the certified check representing the Cash Amount, or the Parent Shares, as applicable, deliverable upon the closing of such Redemption be delivered to the address specified below;

(c) represents, warrants, certifies and agrees that:

(i) the undersigned Limited Partner or Assignee is a Qualifying Party,

(ii) the undersigned Limited Partner or Assignee has, and at the closing of the Redemption will have, good, marketable and unencumbered title to such Partnership Common Units, free and clear of the rights or interests of any other person or entity,

(iii) the undersigned Limited Partner or Assignee has, and at the closing of the Redemption will have, the full right, power and authority to tender and surrender such Partnership Common Units as provided herein, and

(iv) the undersigned Limited Partner or Assignee has obtained the consent or approval of all persons and entities, if any, having the right to consent to or approve such tender and surrender; and

(d) acknowledges that the undersigned will continue to own such Partnership Common Units until and unless such redemption transaction closes.

All capitalized terms used herein and not otherwise defined shall have the same meaning ascribed to them respectively in the Agreement

Dated: _____ Name of Limited Partner or Assignee:

(Signature of Limited Partner or Assignee)

(Street Address

(City) (State) (Zip Code)

Signature Medallion Guaranteed by:

Issue Check Payable to:

Please insert social security
or identifying number:

EXHIBIT C
FORM OF DRO REGISTRY

PART I DRO UNITHOLDERS

DRO AMOUNT

PART II DRO UNITHOLDERS

**CERTIFICATION OF PERIODIC REPORT UNDER SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002**

I, James M. Taylor, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the period ended September 30, 2019 of Brixmor Property Group Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 28, 2019

/s/ James M. Taylor
Chief Executive Officer and President
(Principal Executive Officer)

**CERTIFICATION OF PERIODIC REPORT UNDER SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002**

I, Angela Aman, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the period ended September 30, 2019 of Brixmor Property Group Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 28, 2019

/s/ Angela Aman
Chief Financial Officer
(Principal Financial Officer)

**CERTIFICATION OF PERIODIC REPORT UNDER SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002**

I, James M. Taylor, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the period ended September 30, 2019 of Brixmor Operating Partnership LP;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 28, 2019

/s/ James M. Taylor

Chief Executive Officer and President
(Principal Executive Officer)

**CERTIFICATION OF PERIODIC REPORT UNDER SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002**

I, Angela Aman, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the period ended September 30, 2019 of Brixmor Operating Partnership LP;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 28, 2019

/s/ Angela Aman
Chief Financial Officer
(Principal Financial Officer)

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Brixmor Property Group Inc. (the "Company") on Form 10-Q for the period ended September 30, 2019 filed with the Securities and Exchange Commission on the date hereof (the "Report"), pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officers of the Company hereby certify, to such officers' knowledge, that:

- The Report fully complies with the requirements of Section 13(a) or 15(d), as applicable of the Securities Exchange Act of 1934, as amended; and
- The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company for the periods presented therein.

Date: October 28, 2019

/s/ James M. Taylor

Chief Executive Officer and President
(Principal Executive Officer)

/s/ Angela Aman

Chief Financial Officer
(Principal Financial Officer)

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Brixmor Operating Partnership LP (the "Operating Partnership") on Form 10-Q for the period ended September 30, 2019 filed with the Securities and Exchange Commission on the date hereof (the "Report"), pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officers of the Operating Partnership hereby certify, to such officers' knowledge, that:

- The Report fully complies with the requirements of Section 13(a) or 15(d), as applicable of the Securities Exchange Act of 1934, as amended; and
- The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Operating Partnership for the periods presented therein.

Date: October 28, 2019

/s/ James M. Taylor

Chief Executive Officer and President
(Principal Executive Officer)

/s/ Angela Aman

Chief Financial Officer
(Principal Financial Officer)