

Brian Finnegan, Chief Executive Officer and the Company's President

Mark Horgan, Executive Vice President and Chief Investment Officer

Steve Gallagher, Executive Vice President, Chief Financial Officer and Treasurer

Stacy Slater, Executive Vice President, Investor Relations, Capital Markets & Corporate Strategy

PRESENTATION

Stacy Slater

Thank you Operator. And thank you all for joining Brixmor's fourth quarter conference call. With me on the call today are Brian Finnegan, CEO and President, and Steve Gallagher, Chief Financial Officer. Mark Horgan, Executive Vice President and Chief Investment Officer, will also be available for Q&A. Before we begin, let me remind everyone that some of our comments today may contain forward-looking statements that are based on certain assumptions and are subject to inherent risks and uncertainties, as described in our SEC filings, and actual future results may differ materially. We assume no obligation to update any forward-looking statements. Also, we will refer today to certain non-GAAP financial measures. Further information regarding our use of these measures and reconciliations of these measures to our GAAP results are available in the earnings release and supplemental disclosure on the investor relations portion of our website. Given the number of participants on the call, we kindly ask that you limit your questions to one per person. If you have additional questions, please re-queue. At this time, it's my pleasure to introduce Brian Finnegan.

Brian Finnegan

Thank you Stacy and good morning everyone. I am thrilled to join you today for my first call as permanent CEO at Brixmor, a company that has been my professional home for more than 21 years. Before touching on our results for the quarter and the year, I will share a few comments on our leadership succession and strategy going forward. First a sincere thank you to Jim Taylor for his extraordinary leadership and mentorship. His impact on Brixmor and our industry is immense, and I was proud to be by his side for the last nine and half years, as we dramatically transformed this portfolio. We wish him the very best in his retirement. I also want to thank the Board for their confidence and the Brixmor team for their support.

I am grateful to step into this role at a moment of real strength for the Company. Our portfolio transformation and disciplined execution position us exceptionally well to accelerate our growth going forward. The fundamentals for open-air, grocery-anchored retail remain favorable. Consumers have been resilient. Thriving tenants are expanding their physical store presence, and new retail supply remains at historic lows. Against this backdrop, the Brixmor operating platform stands out as our low rent basis continues to provide industry leading mark-to-market opportunity, while our future reinvestment and signed but not commenced pipelines provide unmatched visibility on future growth in cash flows.

We do not anticipate any changes to our operating model in the near term outside of a few of our talented leaders taking on more responsibilities. Specifically, congratulations to Stacy Slater on her promotion to Executive Vice President, Capital Markets, Corporate Strategy, and Investor Relations and Matt Ryan, who will expand his role as South Region President to include National Property Operations. Both will join our Executive Committee. More broadly, the operational realignment we implemented 18 months ago, consolidating from four to three regions, continues to pay dividends through greater efficiency, stronger leasing execution, and disciplined capital allocation. We are also leaning in further to technology and analytics. Early initiatives in AI and automation are already yielding positive results in areas such as lease abstraction and summarization, tenant health analyses, and leasing prospecting tools.

Externally, we are going to remain disciplined, but opportunistic. Under Mark's leadership we were net acquirers in four of the last five years, with 2025 being our most active year as a public company at approximately \$420 million of asset value acquired in Houston, Southern California, and Denver. We expect to continue allocating capital toward opportunities where our platform can create outsized value, without having to rely on acquisitions for growth, and mindful our balance in every capital allocation decision we make.

Now let's turn to our results for the quarter and the year, which were exceptional. As Steve will touch on further, same property NOI grew by 4.2% for the year, even as we recaptured 1.5 million square feet of anchor space. FFO for the year was at the high end of our guidance range at \$2.25 per share and up 5.6% year-over-year. We delivered a record leasing year, with \$70 million of new rent executed, small shop occupancy increasing to a new high of 92.2%, and ended the year with largest sequential overall occupancy gain in the Company's history, up 100 basis points to 95.1%. Demand from high quality tenants remains robust as within the over three million square feet of new leases executed last year, we signed eight new grocer leases with strong operators such as Publix, Sprouts, and Big Y and multiple leases with each of the leading retailers in the off-price segment. From a small shop standpoint, we continue to be impressed by the depth and credit quality of the operators in the health and wellness, quick service restaurant, and service segments, as we continue to attract a higher caliber tenant to this portfolio. The strength of our small shop tenancy is also evidenced by the fact that 70% of our small shop rent is derived from multi-unit operators. Our team also continued to capture the mark-to-market upside in the portfolio, with new lease rent growth for the year at 39% and renewal rent growth for the year at 15%, resulting in our third consecutive year of mid-teens renewal growth. We also saw improvement in our retention rate, which at year-end was 87%, a 180 basis point improvement from last year.

Switching to operations, we continued to deploy capital efficiently and leveraged competition for space to reduce our deal costs, with overall capex spend down 14% year-over-year and the lowest since 2021, while maintenance capex spending was at our lowest level since 2016, outside of the pandemic year. In addition, disciplined operating expense spending resulted in a record expense recovery ratio at year-end of 92.3%.

On the reinvestment front, we stabilized \$183 million of projects in 2025 at an attractive 10% incremental yield. This included some of the most impactful projects in the Company's history such as The Davis Collection, where we tore down an obsolescent anchor adjacent to a high performing Trader Joe's grocer and delivered a new Nordstrom Rack, ULTA, J. Crew Factory, Medicino Farms, Urban Plates, and several other exciting tenants across the street from UC Davis. At year-end, we had \$336 million in the active pipeline, including Rockland Plaza which we added to the active pipeline this quarter as we kick-off the redevelopment of this well-located center in the New York metro area with Nordstrom Rack, Ross Dress for Less, Burlington, and new outparcel buildings and several exciting shop tenants. Behind the active pipeline our deep shadow pipeline of projects, including several more with Publix, provides us years of runway for value creating redevelopment in what we already own and control.

Moving to our transaction activity, we acquired two high quality grocery-anchored centers in Denver and Southern California in the fourth quarter. Both have immediate leasing and mark-to-market upside, are accretive to our long-term growth profile, and are in markets that our West Region team has

created significant value in. We also completed \$170 million of dispositions during the quarter where we saw limited ROI going forward, including our last asset in Alabama.

In closing, thanks to the Brixmor team's record performance, we entered 2026 with tremendous momentum in the business. Our properties hosted over 900 million visits last year, and our tenant lineup reflects the strongest underlying credit profile in our Company's history. The portfolio looks the best it ever has, our balance sheet is in the strongest position it has ever been, and our platform is positioned to drive consistent durable growth. I am so energized for what lies ahead and grateful to lead this team as we accelerate our business plan. With that I'll hand the call over to Steve for a deeper review of our financial results and 2026 outlook.

Steve Gallagher

Thanks Brian. The strength and resiliency of our business model were clearly evident in 2025. We executed consistently throughout the year despite the significant amount of space we recaptured, delivered 5.6% FFO growth, achieved 4.2% same property NOI growth, and meaningfully improved our underlying tenant profile. As a result, our portfolio is in the strongest position it has ever been, and we are exceptionally well positioned to capture the continued demand for well-located open-air retail centers.

Fourth quarter same property NOI increased 6.0%, supported by a 360 basis point contribution from base rent growth due to stacking rent commencements from late 2024 and all of 2025. Ancillary and other income contributed an additional 200 basis points, reflecting our team's proactive asset management initiatives to drive revenue across the portfolio. NAREIT FFO was \$0.58 per share in the fourth quarter, benefiting from strong same property NOI performance and elevated lease termination income. As we noted last quarter, we anticipated higher lease termination activity as we proactively recaptured space to unlock value creation opportunities across the portfolio, with the largest of these transactions in the Bay Area. Same property NOI increased 4.2% for the year, despite over 200 basis points of tenant disruption headwinds. Base rent contributed 360 basis points and ancillary and other income added 110 basis points, driven equally by the updated recurring parking agreement at Pointe Orlando discussed on prior calls and asset management initiatives. NAREIT FFO per share was \$2.25, up 5.6% from last year, supported by broad based operation strength across the portfolio.

We commenced a record \$70 million of ABR in 2025. We fully replenished that volume by executing another \$70 million of net new rent, a clear indication of the depth and durability of demand. Our signed but not yet commenced pipeline at year-end totaled \$62 million at an average of \$23 per square foot and includes \$50 million of net new rent. The spread between leased and billed occupancy ended the period at 350 basis points and we anticipate approximately \$43 million of that signed but not commenced ABR to commence ratably throughout 2026.

The tailwinds created by the stacking of 2025 commencements, contributions from redevelopment, and embedded rent bumps, combined with the signed but not yet commenced pipeline, provide strong visibility into our 2026 outlook. We're guiding to 4.5% to 5.5% same property NOI growth, driven by more than 450 basis points of expected base rent contribution. We also expect net expense reimbursements will contribute to growth as we expect average billed occupancy to increase over last year. Our continued transformation across the portfolio has meaningfully enhanced the credit quality of our tenant base, which is now the strongest we've seen. As a result, we expect revenues deemed uncollectible of 75 to 100 basis points of total revenues. In terms of cadence, we expect base rent growth to accelerate throughout the year as we commence the significant rent embedded in the SNO pipeline. Our FFO guidance reflects the strength of our same property NOI trajectory. For 2026, we are introducing NAREIT FFO guidance of \$2.33 to \$2.37 per share, representing 4.4% growth at the midpoint, even while absorbing a \$0.03 headwind from lower lease termination income as we return to historical levels and a \$0.03 headwind from higher interest expense.

Capital deployment across the portfolio remains highly efficient, with leasing and maintenance capital expenditures down approximately \$26 million year over year. Strong competition for space continues to push net effective rents to a record \$23.66, and our payback periods now average two years, the most attractive levels we've seen in nearly a decade. We have steadily reduced maintenance capital expenditures over several years, while enhancing the overall quality and appearance of our centers. We ended the period with \$1.6 billion of available liquidity, including \$360 million in cash raised in our September 2025 4.85% issuance, which prefunded our June 2026 \$600 million, 4.125% maturity. Debt to EBITDA is 5.4x leaving our balance sheet well positioned to support our business plan.

Our performance continues to highlight the durability of our fundamentals and the attractiveness of our strategy, supported by FFO growth of 4% plus since 2022, a 4.4% dividend yield, and a dividend growing at a 6% CAGR over the same period. I want to thank our team for their ongoing dedication and execution, which remains a key driver of our performance.

QUESTION AND ANSWER

Michael Goldsmith – UBS

You're guiding for bad debt this year 75 to 100 basis points. As you entered last year, you guided to 75 to 110 basis points. I think you called out an upgraded portfolio quality or upgraded tenants. Can you provide a little bit more detail there and how much does this new guidance range reflect just line of sight into tenant bankruptcies?

Brian Finnegan

As both of us touched on, we're really encouraged by the tenant health trends in the portfolio, and when we sat here a year ago, we said that on the other side of these recaptures, you would see improvement in what was already the strongest underlying tenancy that we had. So, if you think about our low drugstore exposure, if you look at our low theater exposure, the quality and strength of our small shop tenancy, as I mentioned 70% of our small shops are from multi-tenant operators. All the work that we've done to the portfolio has just allowed us to attract a much stronger tenancy. So, that's reflected in terms of the guidance going forward and how we're thinking about our expectations for bad debt.

Steve Gallagher

I think Brian hit on the macro trends. Just when you look at that guide, our previous historical run rate of 75 to 110 basis points is really bringing in that top end down 10 basis points. And I think importantly as we went through the budgeting process, space by space, as we always have done, there's not a lot of disruption in the future that we're seeing. So, we feel really comfortable where we are within our guidance range.

Todd Thomas - KeyBanc

I wanted to ask about the acquisition environment, and thoughts on investments and capital recycling activity going forward. Brian, you touched on this in your prepared remarks, and maybe Mark can weigh in as well, but just wanted to get your thoughts on the pipeline heading into 2026 in terms of volume and pricing. And then, second part, Steve, in the guidance reconciliation, looks like there is \$0.01 of growth related to transactions. Can you just speak to that, whether that's based on 2025 activity, or if there's something implied from the forecast as a result of that?

Brian Finnegan

I touched on this briefly at the start, we just have been very encouraged by what we've been seeing on the transaction front. What's interesting is 40% of the volume that Mark has done since he's been here has happened in the last five quarters, because in a very competitive environment, we found opportunities to put the platform to work. That's really what we saw last year and what we expect to see going forward. But, Mark, why don't you touch on more of the overall environment?

Mark Horgan

I think you're right, as far as the pipeline goes, it continues to grow. And one of the things that's really paying dividends for us is some of the direct marketing we're doing to some of the private ownership groups. So, expect us, as we think about that pipeline, to remain opportunistic. As Brian highlighted in his opening remarks, we do think that external growth today is a great lever for us to drive additional value beyond the growth in our base portfolio. However, I would highlight that the first dollar of free cash flow is going to go to redevelopment, given the great returns and yields we see in that part of our business.

From an overall market perspective, we're certainly seeing cap rate compression across basically all asset types in open-air retail today, and that's been driven by an increasing amount of private capital and pension capital being directed towards our space given the great returns that Brixmor and the peers have been delivering in the space. A lot of that capital that's coming in is directed towards smaller grocery-anchored deals and unanchored strips, and that's driving cap rates in that piece of the business down into the 5s in certain high demand markets like the southeast and California. We continue to see smaller bid lists for larger deals like at Chino, which we bought last year, that really have an operating nature of the business, which fits well for the Brixmor platform.

Steve Gallagher

And on the guidance front, that walkdown is really sort of a grossed up approach just to help people understand the components, not necessarily from capital allocation. Mark has touched on this in previous calls, I think you'd expect it to be sort of neutral in the initial year. And then, I think importantly, the growth profile of those assets we're acquiring are going to grow more than those assets that we're selling.

Haendel St. Juste – Mizuho

I wanted to go back to the guide for a bit. I was hoping you could expound on some of the assumptions, particularly as it relates to the upper end of the same store NOI guide seems a little conservative relative to what you put last year. You mentioned 450 basis points of base rent growth, I think, there's a lower tenant credit risk backdrop, you have lower occupancy, so just curious if you could maybe give some more color on the pathway or what's embedded at the upper end.

Steve Gallagher

To get to the upper end, especially within the same property NOI, it's kind of the same as every year. It's the team continuing, and you saw it in 2025, the team continued to execute on getting that SNO pipeline commenced as early as possible, and then continue to backfill that pipeline as we move throughout the year. I think as far as the guide, you just look at, we've talked a lot about the compounding of those rent commencements and you're seeing that come through, but there is a small portion of 2025 income associated with some of those names that we talked about, that we did recognize income in 2025 that you have to hurdle as we head into 2026.

Brian Finnegan

And I think Steve hit it, but you can really see the drivers in that walkdown, and it's pretty much exactly those components and same property NOI. So, it's hitting our dates. What can we pull in potentially from 2027? How much are we continuing to drive rent growth? We feel really comfortable with the range, and really pleased with how the team has been executing, and feel like we're in a good spot as we head into the year.

Michael Griffin – Evercore ISI

Brian, I know it's been a little over a month since you've been in the permanent CEO role, and I realize that Brixmor has a solid history of blocking and tackling, executing on operations, kind of making the main thing the main thing, but as you kind of get into the top job, are there any things, whether it's initiatives, how you're looking at the portfolio or platform maybe differently, that you want to kind of be able to put your mark on the Company as you kind of take over in the top role?

Brian Finnegan

I'd answer it in a few ways. First, our strategy of reinvesting and aggressively operating our assets is not going to change. If anything, it's accelerating from here for all the work that we've done. Meaning that we still have occupancy upside, we still have the ability to drive rents, and with the quality of tenants

that we've attracted, we're going to continue to improve our assets going forward. That's going to continue to be the focus. We touched on transactions a bit earlier. I'm very encouraged by what we're seeing there. We're going to remain very disciplined. We don't need acquisitions to grow. But it has been an awesome opportunity for us with Mark partnering with our regional teams in markets that we know really well, where we have an idea of how we can drive outsized value in a very competitive environment. And I think the third thing is, and I touched on it, we've always been big on technology here, and focused on how we can make more data-driven decisions, and really focused on that across the organization. And we challenge leaders across the organization to really look at their business. Look at ways to improve that through technology. And I mentioned a few of the early wins that we're seeing in lease abstraction, in leasing legal in terms of efficiency with our legal spend. We've been doing some work around tenant health analyses, and the leasing team, particularly a lot of our junior members, in terms of how they're deploying AI and automation. Really more AI in terms of their leasing prospecting tools, so continue to lean in there. But overall, we're in a really good position as a team. I feel really grateful for how the Company has grown during the time that I, and a number of us in this room, have been here, and it's really kind of taking that and all the work that we've done to the portfolio and really turbocharging the business plan going forward.

Craig Mailman - Citigroup

I kind of want to hit on the SNO pipeline. I'm going to try to frame this in a way that's not too confusing, but just as you guys have talked about being a little bit more aggressive, maybe taking back space which is driving some lease term fees, which would imply some opportunistic moves there that maybe are more accretive than bad debt coming down. The SNO pipeline has continued increasing as the lease rate has increased. I'm just kind of curious though, the growth profile of the composition of the SNO pipeline, with the ability to intentionally kind of replace tenants, remerchandise, have lower tenant credit, is the next batch of kind of additions to the SNO pipeline just more accretive to FFO than AFFO as you guys can kind of throttle capex? Or am I reading too much into this? Like, I'm just trying to get a sense of the potential to kind of inflect higher here even on the growth, particularly as FFO drops to the AFFO line.

Brian Finnegan

I think I understand what you're asking. So basically, at this point, if you think about the nature of that SNO pipeline, what I'd say is a few things. So, the highest rents that we've ever had, right, they're some of the strongest tenants that we've ever had, and as Steve touched on, we're doing it more efficiently with less capex because of the environment and the competition for space, because of the fact that a lot of these retailers have taken on more construction work themselves, and have been much more accommodating in terms of accepting existing conditions. So yes, those factors would lead us to, again, attracting stronger tenants at higher rents, and doing it more efficiently going forward. What I would say is we've already been doing that, and you can expect us to continue to do that because of the position that we've put the portfolio in, and the environment that you're seeing our tenants are thriving in this environment, our centers are driving a significant amount of traffic. So, we feel really good about the nature of that pipeline going forward.

Juan Sanabria – BMO

Just hoping to talk a little bit about the term fees in the fourth quarter, and it looks like there's kind of a change in the pace of non-cash rents that were kind of noted in guidance or a line item in guidance. Hope you can give a little bit more color on the driver of the term fees and the expectations into 2026, and what impact, if at all, that had on the non-cash revenues, as we think about sharpening our model for 2026.

Brian Finnegan

I'll let Steve hit on the non-cash, but let me just touch on term fees. And if you take a step back, without term fees, the core business would have grown in line with where we grew same property NOI at over 4% despite the fact that we took back 1.5 million square feet of anchor space during the year, and it would grow even more in 2026. We had a very unique opportunity in the fourth quarter, in a center that we own in the East Bay Area, where we controlled the whole site, taking back the Kohl's and the Party City. And we have tremendous optionality. We could do a retail plan today as we have LOIs for all that space, or alternatively, there may be an opportunity for us to get the land rezoned for residential. Because of that timing, it was very opportunistic for us to take what is an outsized term fee. The amount of that probably wouldn't have been there if we had waited until we got the property rezoned. So, the team did a fantastic job in terms of the timing of execution. In a normal course year, this portfolio has been generating, call it, \$4 million to \$6 million of term fees. It's a mix from tenants that have left, where we've done settlements, and others in an environment where there is a significant amount of demand that we can accretively backfill space. So, expect us to continue to be opportunistic there. What you're seeing in that walkdown is specific to that large term fee that we took in the fourth quarter, and it was a very, very unique situation.

Steve Gallagher

The non-cash, and we talked about it on previous calls, is really an acceleration of 141 associated with some of the bankruptcies that we encountered throughout the year. So, that was more focused on those tenants and not something that we expect to recur going forward.

Viktor Fediv – Scotiabank

In terms of external growth, the Q4 acquisitions seem to fit the traditional grocery-anchored mold. Are you seeing better risk-adjusted returns in these core grocery assets right now compared to the value-add lifestyle opportunities you discussed earlier in 2025?

Mark Horgan

I think if you look at what we've been buying over the years, our focus is actually pretty simple. We're trying to find assets within our footprint where we can really drive outsized ROIC opportunities. So, if you think back to 2024, we bought an asset in Tampa called Britton Plaza, which was a classic opportunistic deal where we purchased the land very attractively. We have a big redevelopment opportunity there that we're working on, getting into the pipeline as quickly as we can. As we moved into 2025, if you look at the range of assets we bought, we did buy a lifestyle center in Houston, we bought a traditional grocery-anchored deal in Denver, and we bought Chino at the end of the year, which is on the west coast in LA. All those assets have great opportunities for the Brixmor platform to apply our platform to drive higher yields going in, drive longer-term growth, and that's what we're really focused on, not necessarily the asset type. We're looking for growth that occurs in our footprint and where we can apply our platform. That may be in a lifestyle

center with great growth opportunities like LaCenterra, or it could be a great redevelopment opportunity like Britton.

Caitlin Burrows – Goldman Sachs

Maybe another question on the SNO pipeline. So it's off its highs as economic occupancy has gone up, which is great. But I guess looking forward, when you consider leasing demand and the amount of vacancy that you do have, what is your view on the SNO pipeline replenishing itself kind of as we go forward?

Brian Finnegan

We remain very encouraged with the demand environment. That SNO pipeline has been fairly sticky at around \$60 million, even though we've been commencing anywhere from \$15 to \$22 million a quarter because we've been replenishing it. So, the conversations we're having with retailers, retailers that are thriving and continuing to drive traffic to their stores, they're looking to open store count in an environment where there's not a lot of space., So we feel pretty confident in terms of our ability to continue to replenish that. I mentioned occupancy upside. We're still 50 basis points below the prior peak from a lease occupancy perspective, and that was by no means a cap on the portfolio because the portfolio is in a much better position today. So, really feel very encouraged about what we're seeing from an overall demand environment as we move into the year to replenish the pipeline.

Samir Khanal – Bank of America

Steve, just curious on the other revenue ancillary income component. What's assumed as part of guidance this year? I know last quarter you talked about the parking agreements, that benefited some of this quarter. How should we think about that sort of line item of other revenue as we think about 2026?

Steve Gallagher

I think the things we were trying to highlight in the script is really the focus of the entire organization and maximizing revenue across our properties. We have a very, very strong ancillary team in-house. Their main focus is driving that type of income. So, one example of that was the Pointe Orlando garage, which is a recurring item. I tried to break that out a little separately, so you all could see that contribution from that. But in that other bucket, even though some of that revenue was more focused on the boxes we got back in the year, there are always those opportunities across the portfolio. So, it's not a line item we necessarily give guidance on, but I don't think it'll meaningfully move the range one way or the other as we continue to just find additional opportunities across the portfolio to maximize income.

Brian Finnegan

I would just add, Steve hit on it, but this is a team of operators. And so, as we look to create value in our assets and find income opportunities to drive revenue, we're seeing higher rents in terms of electric car charging stations. We're seeing higher rents in terms of our solar. We're seeing very interesting uses in terms of that temp in-line space. So, from that perspective, the specialty team has done a great job. And as part of the realignment a few years ago, we partnered that more with the operating platform. So, there's a lot of collaboration with our property management teams, with our leasing teams in the region. They're working side by side, and so you'll really see that come through. Steve did point out some large one-time items, not really one time, but larger items that contributed, but the nature of that is going to be recurring. So, we feel really good about the trends in the specialty business going forward, but more importantly, how our team is working together to drive value.

Cooper Clark – Wells Fargo

I know we touched on the acquisition side earlier. Curious if you could comment on the disposition pipeline as it stands today, in terms of volumes and how we should think about the disposition cadence throughout the year given some of the strength in market pricing and opportunity to reinvest accretively with your redevelopment pipeline. Also, curious on the depths of bidder pools, and what buyers you're seeing most aggressively pursue deals.

Mark Horgan

For the dispos, what's really interesting about the dispo market is really the demand that we're seeing in the market today. And so last year, the dispos we sold were blending to a low seven cap rate. And the market is really allowing us to exit assets at better than expected cap rates for assets where we see lower growth and would really be the bottom of our portfolio in terms of value creation from our perspective. And what's important from our perspective is that we remain very confident in our ability to sell these lower growth assets and recycle that capital into higher growth opportunities like a Chino, like a Broomfield, where we're really seeing dispos underwrite, and we think the buyers are underwriting IRRs in that mid-7 to 8% range. And we're really buying assets from our perspective where IRRs are generally blending in that high 9% to 10% range. So, we remain really convicted in that part of the trade we're making. As far as bid lists, it's really dependent on size. So, one of the things you've seen is a lot of money raised to try to buy open-air grocery-anchored centers. I think a lot of that capital was focused on one quality of assets. They've seen cap rate compressed, and they've had to go after a slightly lower demographic, a slightly lower growth performance, and that's really allowing us to drive cap rates on what we're selling at the bottom part of our portfolio. In terms of who those are, it's pension funds, it's high-net-worth, you're seeing groups come back out of the woodwork. So, it's a really healthy market today, and as I mentioned earlier, the biggest difference is really size. So, when you're selling a \$5 million asset, that pool is very large. When you get up to a Chino, which was \$140 million, or \$138 million, that bid list was actually quite small and really allowed us to find a great opportunity to drive higher IRRs, given the demand there. So, we remain really convicted about our ability to sell again lower IRR and buy IRR, and we're really excited about that opportunity.

Connor Mitchell – Piper Sandler

Just going back to the bad debt outlook for this year and just kind of thinking about the watchlist. You mentioned that you've had limited exposure to pharmacies or theaters, but just wondering if you could kind of put some context around the general watchlist and what you're seeing within your portfolio, whether that's maybe a majority of the watch list or higher up on the watch list are kind of one-off situations where there's upcoming debt maturities and it's more of a balance sheet issue and that's the worry or if more of those tenants, retailers are kind of more within like a theme or a service type kind of group together?

Brian Finnegan

It's something that we are always watching. This team historically has been very proactive in terms of addressing things ahead of potential credit events. Many of you on the call today have screened watchlists across our peer set, and if you look at where ours is today, we screen very favorably in terms of those categories that I mentioned. The other thing that we feel very confident about is, a few years ago we put very stringent underwriting standards in place, the most stringent the Company has ever had, with our finance team and our leasing teams in terms of underwriting small shop tenancy, and what we saw there was, who was taking space was multi-unit operators that had much stronger credit profiles than we had seen historically. It's why we have so many multi-unit operators in that space. So, we still have a tenant health call with our team. Steve and I review it on a monthly basis. Our teams are reviewing it daily, and the trends we see are very positive. We're not seeing an uptick in delinquencies. We're not seeing an uptick in move-outs. Normal course move-outs for the portfolio last year, if you take away the bankruptcies, were again historic lows for the portfolio. Retention rates up, renewal growth in the mid-teens. So, I think all those trends give you visibility into the health of the portfolio. There's always a handful of names that we're watching, it just tends to be very low for us at this point.

Michael Mueller – JP Morgan

Can you talk a little bit more about using tech and AI to evaluate tenant health? And has it changed your watchlist in any material way as a result of the approach?

Brian Finnegan

You all on the phone have the names you may be watching or the categories that I mentioned, but it's really where can we start to get some early signals, right. It's not just, hey, well, the tenant got a default this month, or the tenant was a little bit late. Can we start to see where that payment date goes from the third date to the fifth date? It's things like that we've started to roll out, we're seeing some pretty interesting trends so we can at least start to have a conversation with people ahead of time. I think that's just one example of how we're using all the data that we have across the entire platform to just make more informed data-driven decisions. So, it's something that was a big focus of ours as part of the realignment to get consistency in the types of dashboards that we're using to measure our improvement in certain operating metrics as we go throughout the year. So, that's just one aspect of it, and I think as we continue to deploy things throughout the year, we'll continue to share some of the benefits, but I'm really pleased at how the team has adopted this mindset, and how we're pushing things forward really across the platform.

Linda Tsai – Jefferies

The improved retention rate of 87%, I guess that helps support the record low capex down 14% year-over-year. How sustainable do you view lower capex spend, if you had to look out a few years?

Brian Finnegan

We certainly see it at this run rate, Linda. It's a great question, in terms of where we are. So, I'll kind of break it down a few ways. We still plan, and we think it's a great use of capital for accretive reinvestment. I think where we have seen the declines is on the leasing side, where competition for space and improvement in the portfolio has allowed us to reduce capex in those deals while still growing rents significantly. I also think, again, retailers, and you're seeing it, you saw it last year in the auctions, have been much more willing to take on existing space and be much more flexible in terms of those buildouts, so that's driving it as well. The deferred maintenance overhang of this portfolio is behind us from a maintenance capex perspective. This is now three years running of maintenance capex lowest for the portfolio, the lowest since 2016, outside of the pandemic year, and we have been very intentional. You're thinking now it's more roofs and parking lots, but even within that, the fact that we're doing portfolio wide roofing bids, the fact that our property managers are working with our redevelopment teams in terms of some of the things that we may need to improve in those reinvestments to avoid future capex going forward. And then, you just look at it on the expense side as well from a recovery rate, all the work that we've done in cleaning up our CAM clauses has allowed us to get paid back for the operating expense investment that we've been making in our assets. So, you put that all together, in addition to the environment, it's leading to lower capex, and we feel like we're in a good position right now as we go forward.

Paulina Rojas Schmidt – Green Street

My question is about dispositions. I find it interesting that some of the assets that you have sold had low occupancy. Westchester Square, Springdale, and a few others sold earlier in the year, not too many but some, which would suggest that, perhaps, those assets had remaining upside. So, my question is, did these centers have anything in common that made it more compelling to pursue a sale, rather than driving additional occupancy internally, particularly, given the good leasing momentum?

Brian Finnegan

I think you've seen a mix there historically, Paulina, of several centers too that we had during the year that were close to 100% occupied. I think we are focused on ROI. And so, yes there was some vacancy, but we just answered a question about capex, are we going to put those dollars to work accretively? And you've seen us do that across the portfolio, but in assets where we don't see the ability to do that accretively. We say to ourselves, hey, how does the hold decision compare to the sale decision? Are we better off recycling the capital somewhere else? And as Mark spent some time going through, we're seeing some great bids for assets. So, we can take that capital and deploy it elsewhere where we can get a more accretive return. So, that's really it. If you look at occupancy impact from dispositions was a very, very small percentage during the year. That wasn't the motivating factor there. They were in markets where we don't have a huge presence in those two assets in particular, but more importantly, we just didn't see the ROI and the investment that we would have to make to drive that occupancy forward at those centers.

Omotayo Okusanya – Deutsche

Just a question around, again, fundamentals in the strip side just kind of seem very strong across the board. And I'm just curious, as you kind of think about the industry as a whole and yourself and all your peers, are we setting up for a year where it's, kind of, rising tide lifts all boats? Or fundamentally, do you

think we're still going to see differences across all the key platforms? And in this kind of environment, what really are the key things in your mind that would lead to greater success versus another operator in this space?

Brian Finnegan

There's no doubt the environment is strong. I think we're as well positioned as anybody in terms of all the things that we've been talking about on this call relative to the low rent basis, the occupancy upside, the visibility on the strength of the redevelopment pipeline. We haven't spent a ton of time on this today, but in what we already own and control, you think about the projects that we've got with Publix, the one that we just launched this quarter in metro New York, the one that Mark bought last year in South Tampa, Plano Texas. We're going to be opening up our first large format Target in Dallas in a couple of weeks. We're very excited about the nature of that pipeline going forward, and I think if you look at the ability to grow, and the ability to do that incrementally and accretively, I think we stand apart. So, yes, the environment is strong, our retailers are performing, but I think the position that we've put the portfolio in really allows us to capitalize on that going forward.

Caitlin Burrows – Goldman Sachs

You guys mentioned earlier how the balance sheet's at net debt to EBITDA of 5.4x, how are you thinking of that, and where you want to be? Is lower better, or are you in the right range, or would you be okay going higher?

Steve Gallagher

I think Brian mentioned in his remarks. We continue to be very disciplined with the balance sheet. I think where we are in the mid-5s based on the amount of growth that we see coming, we feel very well-positioned here, but obviously we'll keep an eye on it as we move through the year, but I think we're pretty comfortable here in the mid-5s.

Paulina Rojas Schmidt – Green Street

I wanted to follow up on your comments about the improved tenant quality. I think you mentioned that roughly 75%, I think you said, of the small shop tenants are multi-unit operators. Can you share with some historical context on that metric, so we can better compare and contrast the improvement over time?

Brian Finnegan

I think it's certainly up from where it was, we can get you the exact number. I think one of the things that we've seen there, Paulina, because we've seen a reduction just in kind of that true one off local tenancy is down to 17% of our ABR. One of the reasons that we wanted to highlight it is because as we were digging through, and this came up as part of some of the data work that we've been doing across the portfolio, was we were really not surprised by it because we're seeing it come through in our leasing committee, but it really kind of reassured the thoughts that we had about the trajectory of the portfolio, and the fact that we did have more established small shop tenants, in particular, that were successful, right. And it tied to everything else we've been talking about relative to the strong payment trends, relative to the record small shop rents that we've been able to achieve. And then, if you just think of the overall quality of tenants that we're adding to the portfolio, you look at those higher quality QSRs. There is a focus on health and wellness, and whether it's the strong regional operators like NAYA and honeygrow, or the CAVA's, Tatte Bakeries that we're attracting to the portfolio. And then, you look at some higher-end tenants like Sephora, Warby Parker that we just added our first locations too. We opened a Capital Grille last year in a grocery-anchored shopping center in suburban Philadelphia. So, these are names that maybe seven, eight years ago, we would not have been attracting to the portfolio, and I think it speaks to all the work that the team has done on the reinvestment front. The fact that consumers in the markets in which we own shopping centers are just demanding more from those markets, in terms of the quality of restaurants and the quality of services, and so it gives us the opportunity to provide that. So overall, I think you can see it come through in the types of tenants that, the names of the tenants who we're signing, and then just the strength of that tenancy coming through and the rest of the operating metrics.

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