Brixmor Property Group Inc.
Form S-3ASR
November 10, 2014
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As filed with the Securities and Exchange Commission on November 10, 2014

Registration No. 333-

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

Form S-3

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

Brixmor Property Group Inc.

(Exact name of registrant as specified in its charter)

Maryland	**45-2433192**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification Number)**

420 Lexington Avenue

New York, New York 10170

Telephone: (212) 869-3000

(Address, including zip code, and telephone number, including area code, of registrant s principal executive offices)

Steven F. Siegel

Executive Vice President, General Counsel and Secretary

Brixmor Property Group Inc.

420 Lexington Avenue

New York, NY 10170

Telephone: (212) 869-3000

(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

Joshua Ford Bonnie

Edgar J. Lewandowski

Simpson Thacher & Bartlett LLP

425 Lexington Avenue

New York, NY 10017

Telephone: (212) 455-2000

Facsimile: (212) 455-2502

Approximate date of commencement of proposed sale to the public:

From time to time after the effective date of this Registration Statement.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box. ¨

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box. x

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

If this Form is a registration statement pursuant to General Instruction I.D. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box. x

If this Form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.D. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box. ¨

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

Large accelerated filer ¨	Accelerated filer ¨
Non-accelerated filer x (Do not check if a smaller reporting company)	Smaller reporting company ¨

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to Be Registered	Amount to Be Registered (1)	Proposed Maximum Offering Price Per Unit (2)	Proposed Maximum Aggregate Offering Price (2)	Amount of Registration Fee
Common Stock, par value $0.01 per share	1,037,209	$24.28	$25,183,435	$2,927

(1) This Registration Statement registers 1,037,209 shares of common stock of Brixmor Property Group Inc. issuable upon exchange or redemption of an equivalent number of shares of common stock of BPG Subsidiary Inc. and common units of partnership interest in Brixmor Operating Partnership LP. This Registration Statement also relates to such additional shares of common stock of Brixmor Property Group Inc. as may be issued with respect to such shares of common stock by way of a stock dividend, stock split or similar transaction.

(2) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(c) under the Securities Act based upon the average of the high and low per share prices of common stock of Brixmor Property Group Inc. as reported on the NYSE on November 6, 2014.

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The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission (the SEC) is effective. This prospectus is not an offer to sell these securities, and it is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to Completion, dated November 10, 2014

Preliminary Prospectus

1,037,209 Shares

Brixmor Property Group Inc.

Common Stock

Brixmor Property Group Inc. may issue from time to time up to 838,041 shares of common stock to holders of shares of common stock of our majority-owned subsidiary, BPG Subsidiary Inc. (BPG Subsidiary), or BPG Subsidiary Shares, upon an exchange of up to an equal number of BPG Subsidiary Shares. In addition, Brixmor Property Group Inc. may issue from time to time up to 199,168 shares of common stock to holders of common units of partnership interest in our operating partnership, Brixmor Operating Partnership LP, or OP Units, upon redemption of up to an equal number of OP Units. Under the exchange agreement we entered into with the holders of BPG Subsidiary Shares on October 29, 2013, holders of BPG Subsidiary Shares may, from and after November 4, 2014 (subject to the terms of the exchange agreement), exchange their BPG Subsidiary Shares for shares of common stock on a one-for-one basis, subject to customary exchange rate adjustments for stock splits, stock dividends and reclassifications or, at our election, for cash based upon the market value of an equivalent number of shares of common stock. In addition, pursuant to the terms of the Amended and Restated Agreement of Limited Partnership of Brixmor Operating Partnership LP (the Partnership Agreement), holders of OP Units may, from and after November 4, 2014 (subject to the terms of the Partnership Agreement), redeem their OP Units for cash based upon the market value of an equivalent number of shares of common stock or, at our election, exchange their OP Units for shares of common stock on a one-for-one basis, subject to customary conversion rate adjustments for stock splits, stock dividends and reclassifications. Notwithstanding the foregoing, certain investment funds affiliated with The Blackstone Group L.P. (together with The Blackstone Group L.P., Blackstone or our Sponsor) are generally permitted to exchange BPG Subsidiary shares and redeem OP Units at any time. This prospectus does not cover the issuance of shares of common stock in exchange for BPG Subsidiary Shares or upon redemption of OP Units held by Blackstone. Brixmor Property Group Inc. is a public company incorporated under the laws of Maryland, the direct parent company of BPG Subsidiary Inc., a Delaware corporation, and an indirect parent company of Brixmor Operating Partnership LP, a Delaware limited partnership.

We are registering the issuance of our common stock to permit holders of BPG Subsidiary Shares and OP Units who exchange their BPG Subsidiary Shares or redeem their OP Units to sell without restriction in the open market or otherwise any of our shares of common stock that they receive upon such exchange or redemption. However, the registration of our common stock does not necessarily mean that any holders will exchange their BPG Subsidiary Shares or redeem OP Units. We will not receive any cash proceeds from the issuance of any shares of common stock upon an exchange of BPG Subsidiary Shares, but Brixmor Property Group Inc. will acquire the BPG Subsidiary Shares exchanged for shares of common stock that are issued to an exchanging holder. In addition, we will not receive any cash proceeds from the issuance of any shares of common stock upon a redemption of OP Units, but BPG Subsidiary will acquire the OP Units that are redeemed for shares of common stock that are issued to a redeeming holder and will issue to Brixmor Property Group Inc. an equivalent number of additional shares of common stock of BPG Subsidiary.

The common stock is listed on the New York Stock Exchange under the symbol BRX. The last reported sale price of the common stock on November 7, 2014 was $24.01 per share.

Investing in our common stock involves risks. See the risks described under Risk Factors in Item 1A of our most recent Annual Report on Form 10-K and Item 1A of each subsequently filed Quarterly Report on Form 10-Q (which documents are incorporated by reference herein), as well as the other information contained or incorporated by reference in this prospectus or in any prospectus supplement hereto before making a decision to invest in our common stock. See Incorporation by Reference and Where You Can Find More Information in this prospectus.

Neither the Securities and Exchange Commission nor any state securities commission or other regulatory body has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

The date of this prospectus is November 10, 2014

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We have not authorized anyone to provide you with information or to make any representations about anything not contained in this prospectus or the documents incorporated by reference in this prospectus. You must not rely on any unauthorized information or representations. We are offering to sell, and seeking offers to buy, only our shares of common stock covered by this prospectus, and only under circumstances and in jurisdictions where it is lawful to do so. The information contained or incorporated by reference in this prospectus is current only as of its date, regardless of the time and delivery of this prospectus or of any sale of the shares.

You should read carefully the entire prospectus, as well as the documents incorporated by reference in the prospectus, before making an investment decision.

Except where the context requires otherwise, references in this prospectus to Brixmor, we, our, us and the compar refer to Brixmor Property Group Inc., together with its consolidated subsidiaries. References to our common stock refer to the common stock, $0.01 par value per share, of Brixmor Property Group Inc.

In connection with our November 2013 initial public offering (the IPO), certain investment funds affiliated with The Blackstone Group L.P. (together with such affiliates, Blackstone or our Sponsor) contributed interests in 43 properties (the Acquired Properties) to us in exchange for common units of partnership interest (OP Units) in our operating partnership, Brixmor Operating Partnership LP (our Operating Partnership) having a value equivalent to the value of the Acquired Properties, and we transferred to our Sponsor or otherwise disposed on behalf of our Sponsor interests in 47 properties that were historically held in our portfolio. We refer to these contributions and transfers or disposals as the IPO Property Transfers and to the properties we owned after giving effect to the IPO Property Transfers as our IPO Portfolio.

We refer to our Sponsor, funds affiliated with Centerbridge Partners, L.P. (Centerbridge) and members of our management who own shares of our common stock and shares of the common stock of our majority-owned subsidiary (BPG Subsidiary Shares), BPG Subsidiary Inc. (BPG Subsidiary), and who received OP Units as part of the IPO Property Transfers, as our pre-IPO owners.

We refer to shares of our common stock, BPG Subsidiary Shares and OP Units, collectively, as Brixmor Interests. We use the term Outstanding BPG Subsidiary Shares to refer to the BPG Subsidiary Shares held by

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persons other than Brixmor Property Group Inc. and the term Outstanding OP Units to refer to the OP Units not held by Brixmor Property Group Inc., BPG Subsidiary or its wholly-owned subsidiary. We use the term Outstanding Brixmor Interests to refer, collectively, to the outstanding shares of our common stock, the Outstanding BPG Subsidiary Shares and the Outstanding OP Units.

This prospectus is part of a registration statement that we filed with the Securities and Exchange Commission, or the SEC, using a shelf registration process. Under the shelf registration process, Brixmor Property Group Inc. may issue from time to time up to 838,041 shares of common stock to holders of BPG Subsidiary Shares, upon an exchange of up to an equal number of BPG Subsidiary Shares. In addition, Brixmor Property Group Inc. may issue from time to time up to 199,168 shares of common stock to holders of OP Units, upon redemption of up to an equal number of OP Units. Under the exchange agreement we entered into with the holders of BPG Subsidiary Shares on October 29, 2013, holders of BPG Subsidiary Shares may, from and after November 4, 2014 (subject to the terms of the exchange agreement), exchange their BPG Subsidiary Shares for shares of common stock on a one-for-one basis, subject to customary exchange rate adjustments for stock splits, stock dividends and reclassifications or, at our election, for cash based upon the market value of an equivalent number of shares of common stock. In addition, pursuant to the terms of the Partnership Agreement, holders OP Units may, from and after November 4, 2014 (subject to the terms of the Partnership Agreement), redeem their OP Units for cash based upon the market value of an equivalent number of shares of common stock or, at our election, exchange their OP Units for shares of common stock on a one-for-one basis, subject to customary conversion rate adjustments for stock splits, stock dividends and reclassifications. Notwithstanding the foregoing, Blackstone is generally permitted to exchange BPG Subsidiary Shares and redeem OP Units at any time. This prospectus does not cover the issuance of shares of common stock in exchange for BPG Subsidiary Shares or upon redemption of OP Units held by Blackstone.

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BRIXMOR PROPERTY GROUP INC.

Brixmor is an internally-managed REIT that owns and operates the largest wholly-owned portfolio of grocery-anchored community and neighborhood shopping centers in the United States. Our portfolio is comprised of 522 shopping centers totaling approximately 87 million sq. ft. of gross leasable area. 521 of these shopping centers are 100% owned. Our high quality national portfolio is well diversified by geography, tenancy and retail format, with 70% of our shopping centers anchored by market-leading grocers. Our four largest tenants by annualized base rent are The Kroger Co., The TJX Companies, Inc., Wal-Mart Stores, Inc. and Publix Super Markets, Inc. Our community and neighborhood shopping centers provide a mix of necessity and value-oriented retailers and are primarily located in the top 50 Metropolitan Statistical Areas, surrounded by dense populations in established trade areas. Our company is led by a proven management team that is supported by a fully-integrated, scalable retail real estate operating platform.

Brixmor Property Group Inc. (formerly known as BRE Retail Parent Inc.) was incorporated in Delaware on May 27, 2011 and changed its name to Brixmor Property Group Inc. on June 17, 2013. Effective November 4, 2013, we changed our jurisdiction of incorporation to Maryland. Our principal executive offices are located at 420 Lexington Avenue, New York, New York 10170, and our telephone number is (212) 869-3000.

DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains or incorporates by reference forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 (the Securities Act) and Section 21E of the Securities Exchange Act of 1934 (the Exchange Act), which reflect our current views with respect to, among other things, our operations and financial performance. In some cases, 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 , intend anticipates 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. All statements other than statements of historical fact are forward-looking statements and are based on various underlying assumptions and expectations and are subject to known and unknown risks, uncertainties and assumptions, and may include projections of our future financial performance based on our growth strategies and anticipated trends in Brixmor s business. We believe these factors include, but are not limited to, those described under Risk Factors in Item 1A of our most recent Annual Report on Form 10-K for the fiscal year ended December 31, 2013, filed with the SEC on March 12, 2014, as such factors may be updated from time to time in our periodic filings with the SEC (which documents are incorporated by reference herein), as well as the other information contained or incorporated by reference in this prospectus or in any prospectus supplement hereto. These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included or incorporated by reference in this prospectus or in any prospectus supplement hereto. We undertake no obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments or otherwise.

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USE OF PROCEEDS

We will not receive any cash proceeds from the issuance of any shares of common stock upon an exchange of BPG Subsidiary Shares, but Brixmor Property Group Inc. will acquire the BPG Subsidiary Shares exchanged for shares of common stock that are issued to an exchanging holder. In addition, we will not receive any cash proceeds from the issuance of any shares of common stock upon a redemption of OP Units, but BPG Subsidiary will acquire the OP Units that are redeemed for shares of common stock that are issued to a redeeming holder and will issue to Brixmor Property Group Inc. an equivalent number of additional shares of common stock of BPG Subsidiary.

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EXCHANGE OF BPG SUBSIDIARY INC. SHARES FOR COMMON STOCK

Terms of the Exchange

Subject to the terms of the exchange agreement we entered into with the holders of BPG Subsidiary Shares on October 29, 2013, holders of BPG Subsidiary Shares (other than Brixmor Property Group Inc.) may, from and after November 4, 2014, exchange their BPG Subsidiary Shares for shares of common stock on a one-for-one basis, subject to customary conversion rate adjustments for stock splits, stock dividends and reclassifications or, at our election, for cash based upon the market value of an equivalent number of shares of common stock. Notwithstanding the foregoing, Blackstone is generally permitted to exchange BPG Subsidiary Shares at any time. This prospectus does not cover the issuance of shares of common stock in exchange for BPG Subsidiary Shares held by Blackstone. The exchange agreement provides, however, that no holder of BPG Subsidiary Shares will be entitled to exchange such units for shares of common stock if such exchange would result in any violation of the restrictions on ownership and transfer of our stock set forth in our charter.

Subject to the more detailed requirements set forth in the exchange agreement, in order to exercise the exchange rights, a holder of BPG Subsidiary Shares must provide a written election of exchange to BPG Subsidiary that such holder desires to exchange a stated number of BPG Subsidiary Shares for an equal number of shares of common stock. This written election of exchange must be executed by such holder of BPG Subsidiary Shares or such holder s authorized attorney, and be delivered to the principal executive offices of BPG Subsidiary no later than 12:00 p.m. (New York City time) on the date of the written election. BPG Subsidiary will deliver or cause to be delivered at the offices of the then-acting registrar and transfer agent of the common stock, or if there is no then-acting registrar and transfer agent of the common stock, at our principal executive offices, the number of shares of common stock deliverable upon the exchange, registered in the name of the relevant exchanging holder, or, at our election, the cash amount (determined in accordance with the exchange agreement). To the extent such holder s shares are uncertificated, BPG Subsidiary will instead cause the then-acting registrar and transfer agent to record the transfer on Brixmor s books. To the extent the common stock is settled through the facilities of The Depository Trust Company, BPG Subsidiary will use its reasonable best efforts to deliver the shares of common stock to the account of the participant of The Depository Trust Company designated by such BPG Subsidiary Share holder.

BPG Subsidiary and each exchanging holder of BPG Subsidiary Shares will bear their own expenses in connection with the consummation of any exchange, whether or not any such exchange is ultimately consummated, except that BPG Subsidiary will bear any transfer taxes, stamp taxes, or duties, or other similar taxes in connection with, or arising by reason of, any exchange; provided, however, that if any shares of common stock are to be delivered in a name other than that of the holder that requested the exchange, then such holder and/or person in whose name such shares are to be delivered will pay BPG Subsidiary the amount of any transfer taxes, stamp taxes, or duties, or other similar taxes in connection with, or arising by reason of, the exchange or will establish to the reasonable satisfaction of BPG Subsidiary that such tax has been paid or is not payable.

Comparison of the Rights, Privileges and Preferences of Ownership of BPG Subsidiary Shares and Common Stock

Generally, the nature of an investment in our common stock is similar in several respects to an investment in BPG Subsidiary Shares. Holders of our common stock and holders of BPG Subsidiary Shares generally receive the same distributions. Common stockholders and holders of BPG Subsidiary Shares generally share in the risks and rewards of ownership in our business conducted through our Operating Partnership. However, there are differences between ownership of BPG Subsidiary Shares and ownership of our common stock, some of which may be material to investors. See Description of Stock, Description of BPG Subsidiary Inc. Capital Stock, Material Provisions of

Maryland Law and of Our Charter and Bylaws and Comparison of Ownership of OP Units, BPG Subsidiary Shares and Common Stock.

Holders of BPG Subsidiary Shares should carefully review the rest of this prospectus and the registration statement of which this prospectus is a part, and the documents we incorporate by reference as exhibits to the

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registration statement of which this prospectus is a part, particularly our charter, our bylaws and BPG Subsidiary s certificate of incorporation and bylaws, for additional important information about us and BPG Subsidiary.

As part of the arrangements with the owners of our business that permitted us to establish our organizational structure and to effect our initial public offering, we entered into the exchange agreement described above with the holders of the BPG Subsidiary Shares to permit them to exchange their BPG Subsidiary Shares, for which there is no public trading market, for shares of our common stock, which are publicly traded.

As of November 7, 2014, the number of holders of BPG Subsidiary Shares was 19, including Brixmor Property Group Inc., which held 245,095,327 BPG Subsidiary Shares, or 83.01% of the total BPG Subsidiary Shares outstanding. If holders of BPG Subsidiary Shares elect to exchange BPG Subsidiary Shares for shares common stock of Brixmor Property Group Inc., the number of BPG Subsidiary Shares held by Brixmor Property Group Inc. will increase by a number that is equal to the number of BPG Subsidiary Shares so exchanged. If all of the holders of BPG Subsidiary Shares elect to exchange all of their BPG Subsidiary Shares for shares of common stock of Brixmor Property Group Inc., Brixmor Property Group Inc. would hold 100% of the outstanding BPG Subsidiary Shares.

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REDEMPTION OF OP UNITS FOR COMMON STOCK

Terms of the Redemption

Pursuant to the terms of the Partnership Agreement, holders of OP Units may, from and after November 4, 2014 (subject to the terms and conditions of the Partnership Agreement), redeem their OP Units for cash based upon the market value of an equivalent number of shares of common stock or, at our election, exchange their OP Units for shares of common stock on a one-for-one basis, subject to customary conversion rate adjustments for stock splits, stock dividends and reclassifications. Notwithstanding the foregoing, Blackstone is generally permitted to redeem OP Units at any time. This prospectus does not cover the issuance of shares of common stock upon redemption of OP Units held by Blackstone. The Partnership Agreement provides, however, that OP Units may not be redeemed for shares of common stock if such redemption would result in any violation of the restrictions on ownership and transfer of our stock set forth in our charter.

Subject to the terms and conditions of the Partnership Agreement, holders of OP Units may require our Operating Partnership to redeem their OP Units by delivering to Brixmor OP GP LLC (the General Partner) and BPG Subsidiary a notice of redemption. Upon receipt of the notice of redemption, the General Partner, in its sole and absolute discretion, subject to the limitations on ownership and transfer of our common stock set forth in our charter and the limitations on ownership and transfer of BPG Subsidiary s common stock set forth in BPG Subsidiary s charter, may require BPG Subsidiary to acquire some or all of the applicable OP Units from the redeeming holder in exchange for shares of our common stock on a one-for-one basis, subject to customary conversion rate adjustments for stock splits, stock dividends and reclassifications.

Once the General Partner receives a notice of redemption from a holder of OP Units, the General Partner will determine whether to require BPG Subsidiary to acquire the holder s OP Units for shares of our common stock. If the General Partner decides to require BPG Subsidiary to acquire the holder s OP Units in exchange for shares of our common stock, the General Partner must give written notice of this election to the holder on or before the close of business on the fifth business day after the General Partner receives the notice of redemption from the holder.

A holder of OP Units will continue to own and be treated as a limited partner with respect to the applicable OP Units for all purposes, until the OP Units are either redeemed for cash or exchanged for shares of our common stock. Unless and until such time as a holder of OP Units receives shares of common stock upon redemption of OP Units, such holder will have no rights as one of our stockholders with respect to the shares issued under this prospectus.

Conditions to the Exchange

We may issue shares of our common stock in exchange for OP Units to a tendering partner only if each of the following conditions is satisfied or waived:

- the exchange would not cause the tendering partner or any other person to violate the ownership limits or the other restrictions on ownership and transfer of BPG Subsidiary s stock set forth in BPG Subsidiary s charter or of our stock set forth in our charter;

- the exchange is for at least 1,000 OP Units, or, if fewer than 1,000 OP Units, all of the OP Units held by the tendering partner;

if the exchange is effected during the period after a record date that we establish for a distribution from our Operating Partnership to its partners and before a record date that we establish for a distribution to our common stockholders of some or all of our portion of such distribution, such tendering partner must pay to BPG Subsidiary on the date of the exchange an amount in cash equal to the portion of the distribution received or receivable from the Operating Partnership in respect of the OP Units exchanged for shares of our common stock, insofar as such distribution relates to the same period for which such tendering party would receive a distribution in respect of such shares; and

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the consummation of any redemption or exchange will be subject to the expiration or termination of any applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.

Comparison of the Rights, Privileges and Preferences of Ownership of OP Units and Common Stock

Generally, the nature of an investment in our common stock is similar in several respects to an investment in OP Units of our Operating Partnership. Holders of our common stock and holders of OP Units generally receive the same distributions. Common stockholders and holders of OP Units generally share in the risks and rewards of ownership in our business conducted through our Operating Partnership. However, there are differences between ownership of OP Units and ownership of our common stock, some of which may be material to investors. See Description of Stock, Description of the Partnership Agreement of Brixmor Operating Partnership LP, Material Provisions of Maryland Law and of Our Charter and Bylaws and Comparison of Ownership of OP Units, BPG Subsidiary Shares and Common Stock.

Holders of OP Units should carefully review the rest of this prospectus and the registration statement of which this prospectus is a part, and the documents we incorporate by reference as exhibits to the registration statement of which this prospectus is a part, particularly our charter, our bylaws and the Partnership Agreement, for additional important information about us.

As of November 7, 2014, the number of holders of OP Units was 19, including BPG Subsidiary and the General Partner, which held an aggregate of 295,277,779 OP Units, or 97.06% of the total OP Units outstanding. If we elect to settle redemptions of OP Units with shares common stock of Brixmor Property Group Inc., the number of OP Units held by BPG Subsidiary will increase by a number that is equal to the number of OP Units so redeemed, and the number of BPG Subsidiary Shares held by Brixmor Property Group Inc. will increase by a number that is equal to the number of OP Units so exchanged. If all Outstanding OP Units were exchanged for shares of our common stock, BPG Subsidiary would directly or indirectly hold 100% of the outstanding OP Units.

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MATERIAL UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

The following summary describes the material United States federal income tax consequences of the exchange of BPG Subsidiary Shares or OP Units for shares of Brixmor Property Group Inc. common stock and the tax consequences of the ownership and disposition of such shares as of the date hereof by United States holders and non-United States holders, each as defined below. Except where noted, this summary deals only with BPG Subsidiary Shares, OP Units or shares of common stock held as capital assets and does not deal with special situations, such as those of dealers in securities or currencies, financial institutions, regulated investment companies, tax-exempt entities (except as described in Taxation of Tax-Exempt Holders of Our Common Stock below), insurance companies, persons holding common stock as a part of a hedging, integrated, conversion or constructive sale transaction or a straddle, traders in securities that elect to use a mark-to-market method of accounting for their securities holdings, persons liable for alternative minimum tax, investors in pass-through entities or United States holders of common stock whose functional currency is not the United States dollar. Furthermore, the discussion below is based upon the provisions of the Internal Revenue Code (the Code) and regulations, rulings and judicial decisions thereunder as of the date hereof, and such authorities may be repealed, revoked or modified, possibly with retroactive effect, so as to result in United States federal income tax consequences different from those discussed below. No assurance can be given that the Internal Revenue Service (the IRS) would not assert, or that a court would not sustain, a position contrary to any of the tax consequences described below. The summary is also based upon the assumption that we and our subsidiaries and affiliated entities will operate in accordance with our and their applicable organizational documents.

The United States federal income tax treatment of holders of our common stock depends in some instances on determinations of fact and interpretations of complex provisions of United States federal income tax law for which no clear precedent or authority may be available. In addition, the tax consequences to any particular stockholder of holding our common stock will depend on the stockholder s particular tax circumstances. You are urged to consult your own tax advisors concerning the United States federal income tax consequences in light of your particular situation as well as consequences arising under the laws of any other taxing jurisdiction.

Our Taxation as a REIT

We elected to be taxed as a REIT under the Code commencing with our taxable year ended December 31, 2011. We believe that we have been organized and have operated and will continue to operate in such a manner as to qualify for taxation as a REIT under the applicable provisions of the Code. Substantially all of our assets consist of the common stock of BPG Subsidiary, an entity that has elected to be taxed as a REIT commencing with its taxable year ended December 31, 2007. As described further below, our ability to qualify for taxation as a REIT depends on BPG Subsidiary qualifying for taxation as a REIT by satisfying the requirements under the applicable provisions of the Code.

In connection with the filing of this prospectus, Simpson Thacher & Bartlett LLP has rendered an opinion that, commencing with our initial taxable year ended December 31, 2011, we have been organized in conformity with the requirements for qualification as a REIT under the Code, and our actual and proposed method of operation has enabled and will enable us to meet the requirements for qualification and taxation as a REIT under the Code. Investors should be aware that the opinion of Simpson Thacher & Bartlett LLP is based upon customary assumptions, is conditioned upon certain representations made by us as to factual matters, including representations regarding the nature of our assets, income, organizational documents, stockholder ownership, and the present and future conduct of our business and is not binding upon the IRS or any court. We have not received, and do not intend to seek, any rulings from the IRS regarding our status as a REIT or our satisfaction of the REIT requirements. The IRS may challenge our status a REIT, and a court could sustain any such challenge. In addition, the opinion of Simpson

Thacher & Bartlett LLP is based on existing federal income tax law governing qualification as a REIT, which is subject to change either prospectively or retroactively. Moreover, our qualification and taxation as a REIT depends upon our ability to meet on a continuing basis, through actual

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annual operating results, certain qualification tests set forth in the United States federal tax laws. Those qualification tests involve the percentage of income that we earn from specified sources, the percentage of our assets that falls within specified categories, the diversity of the ownership of our shares, and the percentage of our taxable income that we distribute. Simpson Thacher & Bartlett LLP will not review our compliance with those tests on a continuing basis. Accordingly, no assurance can be given that our actual results of operations for any particular taxable year will satisfy such requirements. For a discussion of the tax consequences of our failure to qualify as a REIT, see Failure to Qualify.

The sections of the Code and the corresponding regulations that govern the United States federal income tax treatment of a REIT and its stockholders are highly technical and complex. The following discussion is qualified in its entirety by the applicable Code provisions, rules and regulations promulgated thereunder, and administrative interpretations thereof.

Taxation of REITs in General

As indicated above, our qualification and taxation as a REIT depends upon our ability to meet, on a continuing basis, various qualification requirements imposed upon REITs by the Code. The material qualification requirements are summarized below under Requirements for Qualification as a REIT. While we intend to operate so that we qualify as a REIT, no assurance can be given that the IRS will not challenge our qualification, or that we will be able to operate in accordance with the REIT requirements in the future. See Failure to Qualify.

Provided that we qualify as a REIT, generally we will be entitled to a deduction for dividends that we pay and therefore will not be subject to United States federal corporate income tax on our net taxable income that is currently distributed to our stockholders. This treatment substantially eliminates the double taxation at the corporate and stockholder levels that generally results from an investment in a C corporation. A C corporation is a corporation that generally is required to pay tax at the corporate level. Double taxation means taxation once at the corporate level when income is earned and once again at the stockholder level when the income is distributed. In general, the income that we generate is taxed only at the stockholder level upon a distribution of dividends to our stockholders.

If we qualify as a REIT, we will nonetheless be subject to United States federal tax in the following circumstances:

- We will pay United States federal income tax on our taxable income, including net capital gain, that we do not distribute to stockholders during, or within a specified time after, the calendar year in which the income is earned.

- Under some circumstances, we may be subject to the alternative minimum tax due to our undistributed items of tax preference and alternative minimum tax adjustments.

- If we have net income from prohibited transactions, which are, in general, sales or other dispositions of property held primarily for sale to customers in the ordinary course of business, other than foreclosure property, such income will be subject to a 100% tax.

- If we elect to treat property that we acquire in connection with a foreclosure of a mortgage loan or from certain leasehold terminations as foreclosure property, we may thereby avoid (a) the 100% tax on gain from

a resale of that property (if the sale would otherwise constitute a prohibited transaction) and (b) the inclusion of any income from such property not qualifying for purposes of the REIT gross income tests discussed below, but the income from the sale or operation of the property may be subject to United States corporate income tax at the highest applicable rate (currently 35%).

If due to reasonable cause and not willful neglect we fail to satisfy either the 75% gross income test or the 95% gross income test discussed below, but nonetheless maintain our qualification as a REIT

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because other requirements are met, we will be subject to a 100% tax on the greater of the amount by which we fail the 75% gross income test or the 95% gross income test, multiplied in either case by a fraction intended to reflect our profitability.

If we fail to satisfy the asset tests (other than a de minimis failure of the 5% asset test or the 10% vote or value test, as described below under Asset Tests), as long as the failure was due to reasonable cause and not to willful neglect, we dispose of the assets or otherwise comply with such asset tests within six months after the last day of the quarter in which we identify such failure and we file a schedule with the IRS describing the assets that caused such failure, we will pay a tax equal to the greater of $50,000 or the net income from the nonqualifying assets during the period in which we failed to satisfy such asset tests multiplied by the highest corporate tax rate (currently 35%).

If we fail to satisfy one or more requirements for REIT qualification, other than the gross income tests and the asset tests, and the failure was due to reasonable cause and not to willful neglect, we will be required to pay a penalty of $50,000 for each such failure.

We may be required to pay monetary penalties to the IRS in certain circumstances, including if we fail to meet recordkeeping requirements intended to monitor our compliance with rules relating to the composition of a REIT s stockholders, as described below in Requirements for Qualification as a REIT.

If we fail to distribute during each calendar year at least the sum of:

85% of our ordinary income for such calendar year;

95% of our capital gain net income for such calendar year; and

any undistributed taxable income from prior taxable years,

we will pay a 4% nondeductible excise tax on the excess of the required distribution over the amount we actually distributed, plus any retained amounts on which income tax has been paid at the corporate level.

We may elect to retain and pay income tax on our net long-term capital gain. In that case, a United States stockholder would include its proportionate share of our undistributed long-term capital gain (to the extent we make a timely designation of such gain to the stockholder) in its income, and would receive a credit or a refund for its proportionate share of the tax we paid.

We will be subject to a 100% excise tax on amounts received by us from a taxable REIT subsidiary (or on certain expenses deducted by a taxable REIT subsidiary) if certain arrangements between us and a taxable REIT subsidiary of ours, as further described below, are not comparable to similar arrangements among

unrelated parties.

If we acquire any assets from a non-REIT C corporation in a carry-over basis transaction, we could be liable for specified tax liabilities inherited from that non-REIT C corporation with respect to that corporation s built-in gain in its assets. Built-in gain is the amount by which an asset s fair market value exceeds its adjusted tax basis at the time we acquire the asset. Applicable Treasury regulations, however, allow us to avoid the recognition of gain and the imposition of corporate level tax with respect to a built-in gain asset acquired in a carry-over basis transaction from a non-REIT C corporation unless and until we dispose of that built-in gain asset during the 10-year period following its acquisition, at which time we would recognize, and would be subject to tax at the highest regular corporate rate on, the built-in gain.

In addition, notwithstanding our status as a REIT, we may also have to pay certain state and local income taxes, because not all states and localities treat REITs in the same manner that they are treated for United States federal income tax purposes. Moreover, as further described below, any domestic taxable REIT subsidiary in which we own an interest will be subject to United States federal corporate income tax on its net income.

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Requirements for Qualification as a REIT. The Code defines a REIT as a corporation, trust or association:

(1) that is managed by one or more trustees or directors;

(2) the beneficial ownership of which is evidenced by transferable shares, or by transferable certificates of beneficial interest;

(3) that would be taxable as a domestic corporation, but for its election to be subject to tax as a REIT;

(4) that is neither a financial institution nor an insurance company subject to certain provisions of the Code;

(5) the beneficial ownership of which is held by 100 or more persons;

(6) of which not more than 50% in value of the outstanding shares are owned, directly or indirectly, by five or fewer individuals (as defined in the Code to include certain entities) after applying certain attribution rules;

(7) that makes an election to be a REIT for the current taxable year or has made such an election for a previous taxable year, which has not been terminated or revoked; and

(8) that meets other tests, described below, regarding the nature of its income and assets.

Conditions (1) through (4), inclusive, must be met during the entire taxable year. Condition (5) must be met during at least 335 days of a taxable year of 12 months, or during a proportionate part of a taxable year of less than 12 months other than the first taxable year for which an election to become a REIT is made. Condition (6) must be met during the last half of each taxable year, but neither conditions (5) nor (6) apply to the first taxable year for which an election to become a REIT is made. We believe that we have maintained and will maintain sufficient diversity of ownership to allow us to continue to satisfy conditions (5) and (6) above. In addition, our charter contains restrictions regarding the transfer of our stock that are intended to assist us in continuing to satisfy the share ownership requirements described in (5) and (6) above. The provisions of our charter restricting the ownership and transfer of our stock are described in Description of Stock Restrictions on Ownership and Transfer. These restrictions, however, may not ensure that we will be able to satisfy these share ownership requirements. If we fail to satisfy these share ownership requirements, we will fail to qualify as a REIT.

If we comply with regulatory rules pursuant to which we are required to send annual letters to holders of our stock requesting information regarding the actual ownership of our stock (as discussed below), and we do not know, or exercising reasonable diligence would not have known, whether we failed to meet requirement (6) above, we will be treated as having met the requirement.

To monitor compliance with the share ownership requirements, we generally are required to maintain records regarding the actual ownership of our shares. To do so, we must demand written statements each year from the record holders of significant percentages of our stock pursuant to which the record holders must disclose the actual owners of the shares (i.e., the persons required to include our dividends in their gross income). We must maintain a list of those persons failing or refusing to comply with this demand as part of our records. We could be subject to monetary penalties if we fail to comply with these record-keeping requirements. If you fail or refuse to comply with the demands, you will be required by United States Treasury regulations to submit a statement with your tax return disclosing your actual ownership of our shares and other information. In addition, we must satisfy all relevant filing and other administrative requirements established by the IRS to elect and maintain REIT status, use a calendar year for federal income tax purposes, and comply with the record keeping requirements of the Code and regulations

promulgated thereunder.

Ownership of Partnership Interests. In the case of a REIT that is a partner in an entity that is treated as a partnership for United States federal income tax purposes, Treasury regulations provide that the REIT is deemed to own its proportionate share of the partnership s assets and to earn its proportionate share of the partnership s gross income based on its pro rata share of capital interests in the partnership for purposes of the asset and gross

income tests applicable to REITs, as described below. However, solely for purposes of the 10% value test, described below (see Asset Tests), the determination of a REIT s interest in partnership assets will be based on the REIT s proportionate interest in any securities issued by the partnership, excluding for these purposes, certain excluded securities as described in the Code. In addition, the assets and gross income of the partnership generally are deemed to retain the same character in the hands of the REIT. Thus, our proportionate share of the assets and items of income of partnerships in which we own an equity interest is treated as assets and items of income of our company for purposes of applying the REIT requirements described below. Consequently, to the extent that we directly or indirectly hold a preferred or other equity interest in a partnership, the partnership s assets and operations may affect our ability to qualify as a REIT, even though we may have no control or only limited influence over the partnership.

Disregarded Subsidiaries. If a REIT owns a corporate subsidiary that is a qualified REIT subsidiary, the separate existence of that subsidiary is disregarded for United States federal income tax purposes. Generally, a qualified REIT subsidiary is a corporation, other than a taxable REIT subsidiary, all of the stock of which is owned directly or indirectly by the REIT. Other entities that are wholly-owned by us, including single member limited liability companies that have not elected to be taxed as corporations for United States federal income tax purposes, are also generally disregarded as separate entities for United States federal income tax purposes, including for purposes of the REIT income and asset tests. All assets, liabilities and items of income, deduction and credit of qualified REIT subsidiaries and disregarded subsidiaries will be treated as assets, liabilities and items of income, deduction and credit of the REIT itself. A qualified REIT subsidiary of ours is not subject to United States federal corporate income taxation, although it may be subject to state and local taxation in some states.

In the event that a qualified REIT subsidiary or a disregarded subsidiary ceases to be wholly-owned by us (for example, if any equity interest in the subsidiary is acquired by a person other than us or another disregarded subsidiary of us), the subsidiary s separate existence would no longer be disregarded for United States federal income tax purposes. Instead, it would have multiple owners and would be treated as either a partnership or a taxable corporation. Such an event could, depending on the circumstances, adversely affect our ability to satisfy the various asset and gross income tests applicable to REITs, including the requirement that REITs generally may not own, directly or indirectly, more than 10% of the value or voting power of the outstanding securities of another corporation. See Asset Tests and Income Tests.

Taxable REIT Subsidiaries. A taxable REIT subsidiary is an entity that is taxable as a corporation in which we directly or indirectly own stock and that elects with us to be treated as a taxable REIT subsidiary. The separate existence of a taxable REIT subsidiary is not ignored for United States federal income tax purposes. Accordingly, a taxable REIT subsidiary generally is subject to corporate income tax on its earnings, which may reduce the cash flow that we and our subsidiaries generate in the aggregate, and may reduce our ability to make distributions to our stockholders. In addition, if a taxable REIT subsidiary owns, directly or indirectly, securities representing 35% or more of the vote or value of a subsidiary corporation, that subsidiary will also be treated as a taxable REIT subsidiary. However, an entity will not qualify as a taxable REIT subsidiary if it directly or indirectly operates or manages a lodging or health care facility or, generally, provides to another person, under a franchise, license or otherwise, rights to any brand name under which any lodging facility or health care facility is operated. We generally may not own more than 10%, as measured by voting power or value, of the securities of a corporation that is not a qualified REIT subsidiary, unless we and such corporation elect to treat such corporation as a taxable REIT subsidiary. Overall, no more than 25% of the value of a REIT s assets may consist of stock or securities of one or more taxable REIT subsidiaries.

Income earned by a taxable REIT subsidiary is not attributable to the REIT. Rather, the stock issued by a taxable REIT subsidiary to us is an asset in our hands, and we treat dividends paid to us from such taxable REIT subsidiary, if any, as income. This income can affect our income and asset tests calculations, as described below. As a result, income that might not be qualifying income for purposes of the income tests applicable to REITs could be earned by a

taxable REIT subsidiary without affecting our status as a REIT. For example, we may use

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taxable REIT subsidiaries to perform services or conduct activities that give rise to certain categories of income such as management fees, or to conduct activities that, if conducted by us directly, would be treated in our hands as prohibited transactions.

Several provisions of the Code regarding the arrangements between a REIT and its taxable REIT subsidiaries ensure that a taxable REIT subsidiary will be subject to an appropriate level of United States federal income taxation. For example, a taxable REIT subsidiary is limited in its ability to deduct interest payments made to affiliated REITs. In addition, we would be obligated to pay a 100% penalty tax on some payments that we receive from, or on certain expenses deducted by, a taxable REIT subsidiary if the IRS were to assert successfully that the economic arrangements between us and a taxable REIT subsidiary are not comparable to similar arrangements among unrelated parties.

Income Tests

To qualify as a REIT, we must satisfy two gross income requirements, each of which is applied on an annual basis. First, at least 75% of our gross income, excluding gross income from prohibited transactions and certain hedging and foreign currency transactions, for each taxable year generally must be derived directly or indirectly from:

- Rents from real property;
- Interest on debt secured by mortgages on real property or on interests in real property;
- Dividends or other distributions on, and gain from the sale of, stock in other REITs;
- Gain from the sale of real property or mortgage loans;
- Abatements and refunds of taxes on real property;
- Income and gain derived from foreclosure property (as described below);
- Amounts (other than amounts the determination of which depends in whole or in part on the income or profits of any person) received or accrued as consideration for entering into agreements (i) to make loans secured by mortgages on real property or on interests in real property or (ii) to purchase or lease real property (including interests in real property and interests in mortgages on real property); and
- Interest or dividend income from investments in stock or debt instruments attributable to the temporary investment of new capital during the one-year period following our receipt of new capital that we raise through equity offerings or public offerings of debt obligations with at least a five-year term.

Second, at least 95% of our gross income, excluding gross income from prohibited transactions and certain hedging transactions, for each taxable year must be derived from sources that qualify for purposes of the 75% test, and from (i) dividends, (ii) interest and (iii) gain from the sale or disposition of stock or securities, which need not have any relation to real property.

If we fail to satisfy one or both of the 75% and 95% gross income tests for any taxable year, we may nevertheless qualify as a REIT for that year if we are entitled to relief under the Code. These relief provisions generally will be available if our failure to meet the tests is due to reasonable cause and not due to willful neglect, and we attach a schedule of the sources of our income to our United States federal income tax return. It is not possible, however, to state whether in all circumstances we would be entitled to the benefit of these relief provisions. For example, if we fail to satisfy the gross income tests because nonqualifying income that we intentionally recognize exceeds the limits on nonqualifying income, the IRS could conclude that the failure to satisfy the tests was not due to reasonable cause. If these relief provisions are inapplicable to a particular set of circumstances, we will fail to qualify as a REIT. Even if these relief provisions apply, a penalty tax would be imposed based on the amount of nonqualifying income. See Our Taxation as a REIT.

Gross income from our sale of property that we hold primarily for sale to customers in the ordinary course of business is excluded from both the numerator and the denominator in both gross income tests. In addition,

income and gain from hedging transactions that we enter into to hedge indebtedness incurred or to be incurred to acquire or carry real estate assets and that are clearly and timely identified as such will be excluded from both the numerator and the denominator for purposes of both gross income tests. In addition, certain foreign currency gains will be excluded from gross income for purposes of one or both of the gross income tests. We will monitor the amount of our non-qualifying income, and we will manage our portfolio to comply at all times with the gross income tests. The following paragraphs discuss some of the specific applications of the gross income tests to us.

Dividends. We may directly or indirectly receive distributions from taxable REIT subsidiaries or other corporations that are not REITs or qualified REIT subsidiaries. These distributions generally are treated as dividend income to the extent of earnings and profits of the distributing corporation. Our dividend income from stock in any corporation (other than any REIT) and from any taxable REIT subsidiary will be qualifying income for purposes of the 95% gross income test, but not the 75% gross income test. Dividends that we receive from any REITs in which we own stock and our gain on the sale of the stock in those REITs will be qualifying income for purposes of both gross income tests. However, if a REIT in which we own stock fails to qualify as a REIT in any year, our income from such REIT would be qualifying income for purposes of the 95% gross income test, but not the 75% gross income test.

Interest. The term interest, as defined for purposes of both gross income tests, generally excludes any amount that is based in whole or in part on the income or profits of any person, however, it generally includes the following: (i) an amount that is received or accrued based on a fixed percentage or percentages of receipts or sales, and (ii) an amount that is based on the income or profits of a debtor, as long as the debtor derives substantially all of its income from the real property securing the debt by leasing substantially all of its interest in the property, and only to the extent that the amounts received by the debtor would be qualifying rents from real property if received directly by a REIT.

Interest on debt secured by mortgages on real property or on interests in real property, including, for this purpose, prepayment penalties, loan assumption fees and late payment charges that are not compensation for services, generally is qualifying income for purposes of the 75% gross income test. However, if the highest principal amount of a loan outstanding during a taxable year exceeds the fair market value of the real property securing the loan as of the date we agreed to originate or acquire the loan, a portion of the interest income from such loan will not be qualifying income for purposes of the 75% gross income test but will be qualifying income for purposes of the 95% gross income test. The portion of the interest income that will not be qualifying income for purposes of the 75% gross income test will be equal to the portion of the principal amount of the loan that is not secured by real property that is, the amount by which the loan exceeds the value of the real estate that is security for the loan.

Hedging Transactions. We and our subsidiaries may enter into hedging transactions with respect to one or more of our assets or liabilities. Hedging transactions could take a variety of forms, including interest rate swap agreements, interest rate cap agreements, options, futures contracts, forward rate agreements or similar financial instruments. Except to the extent provided by Treasury regulations, any income from a hedging transaction we enter into (1) in the normal course of our business primarily to manage risk of interest rate or price changes or currency fluctuations with respect to borrowings made or to be made, or ordinary obligations incurred or to be incurred, to acquire or carry real estate assets, which is clearly identified as a hedge along with the risk that it hedges within prescribed time periods specified in Treasury Regulations, or (2) primarily to manage risk of currency fluctuations with respect to any item of income or gain that would be qualifying income under the 75% or 95% income tests which is clearly identified as a hedge along with the risk that it hedges within prescribed time periods, will be excluded from gross income for purposes of both the 75% or 95% gross income tests. To the extent that we enter into other types of hedging transactions, the income from those transactions is likely to be treated as non-qualifying income for purposes of both of the 75% and 95% gross income tests. Moreover, to the extent that a position in a hedging transaction has positive value at any particular point in time, it may be treated as an asset that does not qualify for purposes of the asset tests described below. We intend to structure any hedging transactions in a manner that does not jeopardize our

qualification as a REIT. No assurance can be

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given, however, that our hedging activities will not give rise to income or assets that do not qualify for purposes of the REIT tests, or that our hedging will not adversely affect our ability to satisfy the REIT qualification requirements.

We may conduct some or all of our hedging activities through a taxable REIT subsidiary or other corporate entity, the income of which may be subject to United States federal income tax, rather than by participating in the arrangements directly or through pass-through subsidiaries.

Fee Income. Any fee income that we earn will generally not be qualifying income for purposes of either gross income test. Any fees earned by a taxable REIT subsidiary will not be included for purposes of the gross income tests.

Rents from Real Property. Rents we receive will qualify as rents from real property in satisfying the gross income requirements for a REIT described above only if several conditions described below are met. These conditions relate to the identity of the tenant, the computation of the rent payable, and the nature of the property leased. First, the amount of rent must not be based in whole or in part on the income or profits of any person. However, an amount received or accrued generally will not be excluded from rents from real property solely by reason of being based on a fixed percentage or percentages of receipts or sales. Second, rents we receive from a related party tenant will not qualify as rents from real property in satisfying the gross income tests unless the tenant is a taxable REIT subsidiary, at least 90% of the property is leased to unrelated tenants, the rent paid by the taxable REIT subsidiary is substantially comparable to the rent paid by the unrelated tenants for comparable space and the rent is not attributable to an increase in rent due to a modification of a lease with a controlled taxable REIT subsidiary (i.e., a taxable REIT subsidiary in which we own directly or indirectly more than 50% of the voting power or value of the stock). A tenant is a related party tenant if the REIT, or an actual or constructive owner of 10% or more of the REIT, actually or constructively owns 10% or more of the tenant. Whether rents paid by a taxable REIT subsidiary are substantially comparable to rents paid by other tenants is determined at the time the lease with the taxable REIT subsidiary is entered into, extended, or modified, if such modification increases the rents due under such lease. Third, if rent attributable to personal property leased in connection with a lease of real property is greater than 15% of the total rent received under the lease, then the portion of rent attributable to the personal property will not qualify as rents from real property. Finally, for rents to qualify as rents from real property for purposes of the gross income tests, we are only allowed to provide services that are both usually or customarily rendered in connection with the rental of real property and not otherwise considered rendered to the occupant of the property. Examples of these permitted services include the provision of light, heat, or other utilities, trash removal and general maintenance of common areas. We may, however, render services to our tenants through an independent contractor who is adequately compensated and from whom we do not derive revenue. We may also own a taxable REIT subsidiary which provides non-customary services to tenants without tainting our rental income from the related properties.

Even if a REIT furnishes or renders services that are non-customary with respect to a property, if the greater of (i) the amounts received or accrued, directly or indirectly, or deemed received by the REIT with respect to such services, or (ii) 150% of our direct cost in furnishing or rendering the services during a taxable year is not more than 1% of all amounts received or accrued, directly or indirectly by the REIT with respect to the property during the same taxable year, then only the amounts with respect to such non-customary services are not treated as rent for purposes of the REIT gross income tests.

We intend to cause any services that are not usually or customarily rendered, or that are for the benefit of a particular tenant in connection with the rental of real property, to be provided through a taxable REIT subsidiary or through an independent contractor who is adequately compensated and from which we do not derive revenue. However, no assurance can be given that the IRS will concur with our determination as to whether a particular service is usual or customary, or otherwise in this regard.

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Prohibited Transactions Tax. A REIT will incur a 100% tax on the net income derived from any sale or other disposition of property, other than foreclosure property, that the REIT holds as primarily for sale to customers in the ordinary course of a trade or business. Whether a REIT holds an asset as primarily for sale to customers in the ordinary course of a trade or business depends, however, on the facts and circumstances in effect from time to time, including those related to a particular asset. Nevertheless, we intend to conduct our operations so that no asset that we own (or are treated as owning) will be treated as, or as having been, held for sale to customers, and that a sale of any such asset will not be treated as having been in the ordinary course of our business. We cannot assure you that we will comply with certain safe harbor provisions or that we will avoid owning property that may be characterized as property that we hold primarily for sale to customers in the ordinary course of a trade or business. The 100% tax will not apply to gains from the sale of property that is held through a taxable REIT subsidiary or other taxable corporation, although such income will be subject to tax in the hands of such corporation at regular corporate income tax rates. We intend to structure our activities to avoid prohibited transaction characterization.

Foreclosure Property. Foreclosure property is any real property, including interests in real property, and any personal property incident to such real property:

- That is acquired by a REIT as the result of the REIT having bid in such property at foreclosure, or having otherwise reduced such property to ownership or possession by agreement or process of law, after there was a default or default was imminent on a lease of such property or on indebtedness that such property secured;
- For which the related loan was acquired by the REIT at a time when the default was not imminent or anticipated; and
- For which the REIT makes a proper election to treat the property as foreclosure property.

However, a REIT will not be considered to have foreclosed on a property where the REIT takes control of the property as a mortgagee-in-possession and cannot receive any profit or sustain any loss except as a creditor of the mortgagor.

Property generally ceases to be foreclosure property at the end of the third taxable year following the taxable year in which the REIT acquired the property, or longer if an extension is granted by the Secretary of the Treasury. This grace period terminates and foreclosure property ceases to be foreclosure property on the first day:

- On which a lease is entered into for the property that, by its terms, will give rise to income that does not qualify for purposes of the 75% gross income test, or any amount is received or accrued, directly or indirectly, pursuant to a lease entered into on or after such day that will give rise to income that does not qualify for purposes of the 75% gross income test;
- On which any construction takes place on the property, other than completion of a building or any other improvement, if more than 10% of the construction was completed before default became imminent; or

Which is more than 90 days after the day on which the REIT acquired the property and the property is used in a trade or business that is conducted by the REIT, other than through an independent contractor from whom the REIT itself does not derive or receive any income.

We will be subject to tax at the maximum corporate rate on any income from foreclosure property, including gain from the disposition of the foreclosure property, other than income that otherwise would be qualifying income for purposes of the 75% gross income test, less expenses directly connected with the production of that income. However, income from foreclosure property, including gain from the sale of foreclosure property held for sale in the ordinary course of a trade or business, will qualify for purposes of the 75% and 95% gross income tests. Any gain from the sale of property for which a foreclosure property election has been made will not be subject to the 100% tax on gains from prohibited transactions described above, even if the property would otherwise constitute inventory or dealer property.

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Asset Tests

At the close of each quarter of our taxable year, we must satisfy the following tests relating to the nature of our assets.

At least 75% of the value of our total assets must be represented by the following:

interests in real property, including leaseholds and options to acquire real property and leaseholds;

interests in mortgages on real property;

stock in other REITs;

cash and cash items;

CUSIP NO. 268158102

Item 2(d). Title of Class of Securities:

Common Stock, par value $0.001 per share (the “Common Stock”)

Item 2(e). CUSIP Number:

268158102

Item 3. If This Statement is Filed Pursuant to Rule 13d-1(b), or 13d-2(b) or (c), Check Whether the Person Filing is a:

/x/ Not applicable.

(a)/ / Broker or dealer registered under Section 15 of the Exchange Act.

(b)/ / Bank as defined in Section 3(a)(6) of the Exchange Act.

(c)

/ / Insurance company as defined in Section 3(a)(19) of the Exchange Act.

(d) / / Investment company registered under Section 8 of the Investment Company Act.

(e) / / An investment adviser in accordance with Rule 13d-1(b)(1)(ii)(E).

(f) / / An employee benefit plan or endowment fund in accordance with Rule 13d-1(b)(1)(ii)(F).

(g) / / A parent holding company or control person in accordance with Rule 13d-1(b)(1)(ii)(G).

(h) / / A savings association as defined in Section 3(b) of the Federal Deposit Insurance Act.

(i) / / A church plan that is excluded from the definition of an investment company under Section 3(c)(14) of the Investment Company Act.

(j) / / Group, in accordance with Rule 13d-1(b)(1)(ii)(J).

(k) / / Group, in accordance with Rule 240.13d-1(b)(1)(ii)(K). If filing as a non-U.S. institution in accordance with Rule 240.13d-1(b)(1)(ii)(J), please specify the type of institution: ____

Item 4. Ownership

(a) Amount beneficially owned:

As of the date hereof, the Reporting Persons no longer beneficially own any securities of the Issuer.

(b) Percent of class:

Not Applicable.

CUSIP NO. 268158102

(c) Number of shares as to which such person has:

(i) Sole power to vote or to direct the vote

See Cover Pages Items 5-9.

(ii) Shared power to vote or to direct the vote

See Cover Pages Items 5-9.

(iii) Sole power to dispose or to direct the disposition of

See Cover Pages Items 5-9.

(iv) Shared power to dispose or to direct the disposition of

See Cover Pages Items 5-9.

Item 5. Ownership of Five Percent or Less of a Class.

If this statement is being filed to report the fact that as of the date hereof the reporting person has ceased to be the beneficial owner of more than five percent of the class of securities, check the following [X].

Item 6. Ownership of More than Five Percent on Behalf of Another Person.

Pursuant to the operating agreement of BVLLC, Partners is authorized, among other things, to invest the contributed capital of Samana Capital, L.P., the majority member of BVLLC, in the shares of Common Stock and other securities of the Issuer and to vote, exercise or convert and dispose of each security, and is entitled to receive fees based on assets under management and, subject

to certain exceptions, allocations based on realized and unrealized gains on such assets.

Item 7. Identification and Classification of the Subsidiary That Acquired the Security Being Reported on by the Parent Holding Company or Control Person.

Not Applicable.

Item 8. Identification and Classification of Members of the Group.

See Exhibit 99.1 to the Schedule 13G filed with the Securities and Exchange Commission on June 5, 2009.

Item 9. Notice of Dissolution of Group.

Not Applicable.

Item 10. Certifications.

By signing below each of the undersigned certifies that, to the best of its knowledge and belief, the securities referred to above were not acquired and are not held for the purpose of or with the effect of changing or influencing the control of the issuer of the securities and were not acquired and are not held in connection with or as a participant in any transaction having that purpose or effect.

CUSIP NO. 268158102

SIGNATURE

After reasonable inquiry and to the best of his knowledge and belief, each of the undersigned certifies that the information set forth in this statement is true, complete and correct.

Dated: February 11, 2011

BIOTECHNOLOGY VALUE FUND, L.P.		BIOTECHNOLOGY INVESTMENT 10, L.L.C.	
By:	BVF Partners L.P., its general partner	By:	BVF Partners L.P., its investment manager
By:	BVF Inc., its general partner	By:	BVF Inc., its general partner
By:	/s/ Mark N. Lampert Mark N. Lampert President	By:	/s/ Mark N. Lampert Mark N. Lampert President
BIOTECHNOLOGY VALUE FUND II, L.P.		BVF PARTNERS L.P.	
By:	BVF Partners L.P., its general partner	By:	BVF Inc., its general partner
By:	BVF Inc., its general partner	By:	/s/ Mark N. Lampert Mark N. Lampert

By: /s/ Mark N. Lampert
Mark N. Lampert
President

BVF INC.

By: /s/ Mark N. Lampert
Mark N. Lampert
President

BVF INVESTMENTS, L.L.C.

By: BVF Partners L.P., its manager

By: BVF Inc., its general partner

By: /s/ Mark N. Lampert
Mark N. Lampert
President

/s/ Mark N. Lampert
MARK N. LAMPERT