Risk Factors Comparison 2024-02-12 to 2023-02-13 Form: 10-K

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Risks Related to Our Portfolio and Our Business Adverse economic, market, and real estate conditions may adversely affect our financial condition, operating results, and cash flows. Our Portfolio is predominantly comprised of community and neighborhood shopping centers. Our performance is, therefore, subject to risks associated with owning and operating these types of real estate assets. See " Forward- Looking Statements " included elsewhere in this Annual Report on Form 10- K for the factors that could affect our rental income and / or property operating expenses and therefore adversely affect our financial condition, operating results, and cash flows. Recent significant increases in inflation and interest rates could adversely affect us and our tenants. Inflation has significantly increased over the last ~~two~~ **three** years and may continue to be elevated or increase further. The efforts of the Federal Reserve to combat inflation have led to significant increases in interest rates. These increases have resulted in higher operating and incremental borrowing costs for us and our tenants. Although the terms of our leases, the duration of our indebtedness, and our relatively low exposure to floating rate debt have mitigated the direct impact of inflation and interest rate increases, the degree and pace of these changes have had and may continue to have impacts on our business, including as a result of **increased financing costs when we refinance our indebtedness, and** a potential economic recession, which may lead to higher levels of unemployment and decreases in consumer confidence and / or discretionary spending. Public health crises ~~, such as the COVID- 19 pandemic,~~ could materially and adversely affect our financial condition, operating results, and cash flows. A future public health crisis ~~, such as the one experienced during the COVID- 19 pandemic,~~ could have repercussions across domestic and global economies and financial markets. Government responses to such crises, including quarantines, may force our tenants to temporarily close stores, reduce hours, or significantly limit service which may result in significant economic contractions and a dramatic increase in national unemployment. The direct and indirect impacts of these crises could adversely affect our financial condition, operating results, and cash flows. We may be required to make rent or other concessions and / or incur significant capital expenditures to retain existing tenants or attract new tenants. There are numerous shopping venues, including regional malls, outlet malls, other shopping centers, and e- commerce, which compete with our Portfolio in attracting and retaining retailers. As of December 31, ~~2022~~ **2023** , leases are scheduled to expire in our Portfolio on a total of approximately ~~8~~ **9** . ~~6~~ **3** % of leased GLA during ~~2023~~ **2024** . We may not be able to renew or promptly re- lease expiring space and even if we do renew or re- lease such space, future rental rates may be lower than current rates and other terms may not be as favorable. In addition, we may be required to incur significant capital expenditures in order to retain existing tenants or attract new tenants. In these situations, our financial condition, operating results, and cash flows could be adversely impacted. Our active value- enhancing reinvestment program subjects us to risks that could adversely affect our financial condition, operating results, and cash flows. In order to maintain the attractiveness of our Portfolio to retailers and consumers, we actively reinvest in our assets in the form of repositioning and redevelopments projects. In addition to the risks associated with real estate investments in general, as described elsewhere, the risks associated with repositioning and redevelopment projects include: (1) delays or failures in obtaining necessary zoning, occupancy, land use, and other governmental permits; (2) abandonment of projects after expending resources to pursue such opportunities; (3) cost overruns; (4) construction delays; and (5) failure to achieve expected occupancy and / or rent levels within the projected time frame, if at all. If we fail to reinvest in our Portfolio or maintain its attractiveness to retailers and consumers, if our capital improvements are not successful, or if retailers and consumers perceive that shopping at other venues (including e- commerce) is more convenient, cost- effective, or otherwise more compelling, our financial condition, operating results, and cash flows could be adversely impacted. Significant retailer distress across our Portfolio could adversely affect our financial condition, operating results, and cash flows. Our income is substantially comprised of rental income from tenants in our Portfolio. Our income would be adversely affected if a significant number of our tenants failed to make rental payments when due as a result of either operating challenges or disruptions in credit markets that adversely affect the ability of our tenants to obtain financing on favorable terms or at all. If our tenants are unable to meet their rental obligations, renew leases, or enter into new leases with us, our financial condition, operating results, and cash flows could be adversely impacted. In certain circumstances, a tenant may have a right to terminate their lease. For example, a failure by an anchor tenant to occupy their leased premises could potentially trigger lease termination rights or reductions in rent due from certain other tenants in that shopping center. In the event of such lease terminations, we cannot be certain that we will be able to re- lease space on similar or economically advantageous terms. The loss of rental income from a significant number of tenants and difficulty in replacing such tenants could adversely affect our financial condition, operating results, and cash flows. We may be unable to collect outstanding balances and / or future contractual rents due from tenants that file for bankruptcy protection. When a tenant files for bankruptcy protection, we may not be able to collect amounts owed to us by that party prior to the bankruptcy filing. In addition, after filing for bankruptcy protection, a tenant may terminate any or all of its leases with us, which would result in a general unsecured claim against such tenant that would likely be worth less than the full amount owed to us over the remainder of the lease term. In these situations, we cannot be certain that we will be able to re- lease such space on similar or economically advantageous terms, which could adversely affect our financial condition, operating results, and cash flows. Our expenses may remain constant or increase, even if income from our Portfolio decreases. Costs associated with our business, such as common area expenses, utilities, insurance, real estate taxes, and corporate expenses, are relatively inflexible and generally do not decrease due to vacancy, decreasing rental rates, rent collection issues, or other circumstances that may cause our revenues to decrease. In addition, inflation has and could continue to result in higher operating costs. If we are unable to lower our operating costs when revenues decline and / or are unable to fully pass along cost increases to our tenants, our financial condition, operating results, and cash flows could be adversely impacted. Our real estate investments are relatively illiquid and we may not be able to dispose of assets in a timely manner, on favorable terms, or at all. Our ability to dispose of properties on advantageous terms depends on factors beyond our control, including competition from other sellers and the availability of attractive financing for potential buyers, and we cannot predict the various market conditions affecting real estate investments that will exist at any particular time in the future. We may be required to expend funds to correct defects or to make capital improvements before a property can be sold and we cannot be certain that we will have the funds available to make such capital improvements; therefore, we may be unable to sell a property on favorable terms or at all. In addition, the ability to sell assets in our Portfolio may also be restricted by certain covenants in our debt agreements, such as the credit agreement governing our Unsecured Credit Facility. As a result, we may be unable to realize our investment objectives through dispositions, which could adversely affect our financial condition, operating results, and cash flows. Our real estate assets may be subject to impairment charges. We periodically assess whether there are any indicators, including property operating performance, changes in anticipated hold period, and general market conditions, that the carrying value of our real estate assets (including any related intangible assets or liabilities) may be impaired. A property' s value is considered to be impaired only if the estimated aggregate future undiscounted and unleveraged property operating cash flows, taking into account the anticipated probability- weighted hold period, are less than the carrying value of the property. Impairment charges have an immediate direct impact on our earnings. We have taken impairment charges on certain of our assets in the past and there can be no assurance that we will not take additional charges in the future. Any future impairment could have an adverse effect on our operating results in the period in which the charge is recognized. We face competition in pursuing acquisition opportunities, which could increase the cost of such acquisitions and / or limit our ability to grow. To the extent that we are able to complete acquisitions, we may not be able to generate expected returns or successfully integrate such acquisitions into our existing operations. We continue to evaluate the market for potential acquisitions and we may acquire properties when we believe strategic opportunities exist. Our ability to acquire properties on favorable terms and successfully integrate, operate, reposition, or redevelop such properties is subject to several risks. We may be unable to acquire desired properties because of competition from other real estate investors, including from other well- capitalized REITs and institutional investment funds. Even if we are able to acquire desired properties, competition from such investors may significantly increase the price we must pay. In certain circumstances, we may abandon acquisition activities after expending significant resources to pursue such opportunities. Once we acquire new properties, these properties may not yield expected returns for several reasons, including: (1) failure to achieve expected occupancy and / or rent levels within the projected time frame, if at all; (2) inability to successfully integrate new properties into existing operations; and (3) fluctuations in the general economy, including due to the time lag between signing definitive documentation to acquire a new property and the closing of the acquisition. If any of these events occur, our financial condition, operating results, and cash flows could be adversely impacted. We utilize a significant amount of indebtedness in the operation of our business. Required debt service payments and other risks related to our debt financing could adversely affect our financial condition, operating results, and cash flows. As of December 31, ~~2022~~ **2023** , we had approximately $ ~~5~~ **4** . ~~0~~ **9** billion aggregate principal amount of indebtedness outstanding. Our indebtedness could have important consequences to us. For example, it could (1) require us to dedicate a substantial portion of our cash flow to principal and interest payments, reducing the cash flow available to fund our business, pay dividends, including those necessary to maintain our REIT qualification, or use for other purposes; (2) increase our vulnerability to an economic downturn or various competitive pressures, as debt payments are not reduced if the economic performance of any property, or the Portfolio as a whole, deteriorates; and (3) limit our flexibility to respond to changing business and economic conditions. **Since 2022, interest rates have been significantly higher than in recent years, and as a result we could face increased debt service costs when we refinance our indebtedness in the future.** In addition, non- compliance with the terms of our debt agreements could result in the acceleration of a significant amount of indebtedness and could materially impair our ability to borrow unused amounts under existing financing arrangements or to obtain additional financing on favorable terms or at all. Any of these outcomes could adversely affect our financial condition, operating results, and cash flows. Our variable rate indebtedness subjects us to interest rate risk, and an increase in our debt service obligations may adversely affect our financial condition, operating results, and cash flows. ~~During~~ **Since** 2022, interest rates ~~increased~~ **have been** significantly **higher than** ~~and may further increase~~ in ~~the future~~ **recent years** . As of December 31, ~~2022~~ **2023** , $ ~~300~~ **500** . 0 million of borrowings under our Term Loan Facility and $ ~~125~~ **18** . ~~0~~ **5** million of borrowings under our Revolving Facility bear interest at variable rates. In addition, we had $ 1. ~~1~~ **23** billion of available liquidity under our Revolving Facility ~~and a $ 200. 0 million delayed draw available under the Term Loan Facility, both of~~ which would bear interest at variable rates upon borrowing. When interest rates increase, our debt service obligations on the variable rate indebtedness increase even though the amount borrowed remains the same, and our net income and cash flows correspondingly decrease. In order to partially mitigate our exposure to interest rate risk, we have entered into interest rate swap agreements on $ ~~300~~ **500** . 0 million of our variable rate debt, which involve the exchange of variable for fixed rate interest payments. Taking into account our current interest rate swap agreements, a 100 basis point increase in interest rates would result in a $ ~~1~~ **0** . ~~3~~ **2** million increase in annual interest expense. We may be unable to obtain additional capital through the debt and equity markets on favorable terms or at all. As a REIT, we must annually distribute at least 90 % of our REIT taxable income to our stockholders. As a result, we depend on internally generated free cash flow, proceeds from asset sales, and capital raises in the debt and equity markets to fund our business. Our access to external capital depends upon several factors, including general market conditions, our current and potential future earnings, the market' s perception of our growth potential, our liquidity and leverage ratios, and our cash distributions. Additionally, **since 2022,** interest rates have ~~increased~~ **been** significantly **higher than** ~~during 2022 and may increase~~ in ~~the future~~ **recent years** . Increased interest rates negatively affect our ability to efficiently refinance our outstanding debt. Consequently, we cannot provide assurance that we will be able to access the debt and equity capital markets on favorable terms or at all. Our inability to obtain debt or equity capital could result in the disruption of our ability to: (1)

operate, maintain or reinvest in our Portfolio; (2) repay or refinance our indebtedness on or before maturity; (3) acquire new properties; or (4) dispose of some of our assets on favorable terms due to an immediate need for capital. As a result, our financial condition, operating results, and cash flows be adversely impacted. Adverse changes in our credit rating could affect our borrowing ability and the terms of existing or new financing. Our creditworthiness is rated by nationally recognized credit rating agencies. The credit ratings assigned are based on our operating performance, liquidity and leverage ratios, financial condition and prospects, and other factors viewed by the credit rating agencies as relevant to our industry. Our credit rating can affect our ability to access debt capital, as well as the terms of certain existing and potential future debt financings. Since we depend on debt financing to fund our business, an adverse change in our credit rating, including changes in our credit outlook, or even the initiation of a review of our credit rating that could result in an adverse change, could adversely affect our financial condition, operating results, and cash flows. Covenants in our debt agreements could, under certain circumstances, result in an acceleration of our indebtedness. Our debt agreements contain various financial and operating covenants, including, among other things, certain coverage ratios and limitations on our ability to incur secured and unsecured debt. A breach of any of these covenants, if not cured within any applicable cure period, could result in a default and acceleration of certain of our indebtedness. If any of our indebtedness is accelerated prior to maturity, we may not be able to repay or refinance such indebtedness on favorable terms, or at all, which could adversely affect our financial condition, operating results, and cash flows. An uninsured property loss or a loss that exceeds the limits of our insurance policies could result in a loss of our investment or revenue associated with those properties. We carry comprehensive liability, fire, extended coverage, business interruption, and acts of terrorism insurance with policy specifications and insured limits customarily carried for similar properties. There are, however, certain types of losses, such as from hurricanes, tornadoes, floods, earthquakes, terrorism, or wars, where coverages are limited or deductibles may be higher. In addition, tenants generally are required to indemnify and hold us harmless from liabilities resulting from injury to persons or damage to personal or real property on the premises due to activities conducted by tenants or their agents on the properties (including without limitation any environmental contamination), and to obtain liability and property damage insurance policies at the tenant' s expense, kept in full force during the term of the lease. However, tenants may not properly maintain their insurance policies or have the ability to pay the deductibles associated with such policies. Should a loss occur that is uninsured or in an amount exceeding the combined aggregate limits for the policies noted above, or in the event of an insured loss that is subject to a substantial deductible, we could lose all or part of the capital invested in, and anticipated revenue from, one or more properties, which could adversely affect our financial condition, operating results, and cash flows. Environmental conditions that exist at some of the properties in our Portfolio could result in significant unexpected costs. We are subject to federal, state, and local environmental regulations that apply generally to the ownership of, and the operations conducted on, real property. Under various federal, state, and local laws, ordinances, and regulations, we may be or become liable for the costs of removal or remediation of certain hazardous or toxic substances released on or in our properties or disposed of by us or our tenants, as well as certain other potential costs that could relate to hazardous or toxic substances (including governmental fines and injuries to persons and property). Such liability may be imposed whether or not we knew of, or were responsible for, the presence of these hazardous or toxic substances. As is the case with many community and neighborhood shopping centers, many of our properties had or have on- site dry cleaners and / or on- site gas stations, the prior or current use of which could potentially increase our environmental liability exposure. The costs of investigation and removal or remediation of such substances may be substantial, and the presence of such substances, or the failure to properly remediate such substances, may adversely affect our ability to lease such property, to borrow funds using such property as collateral, or to dispose of such property. In addition, certain of our properties may contain asbestos- containing building materials (“" ACBM ”"). Environmental laws require that ACBM be properly managed and maintained, and may impose fines and penalties on building owners or operators for failure to comply with these requirements. The laws also may allow third parties to seek recovery from owners or operators for personal injury associated with exposure to asbestos fibers. Finally, we can provide no assurance that we are aware of all potential environmental liabilities or that the environmental studies performed by us have identified or will identify all material environmental conditions that may exist with respect to any of the properties in our Portfolio; that any previous owner, occupant, or tenant did not create any material environmental condition unknown to us; that our properties will not be affected by tenants or nearby properties or other unrelated third parties; or that changes in environmental laws and regulations will not result in additional environmental liabilities to us. Further information relating to recognition of remediation obligations in accordance with GAAP is discussed under the heading " Environmental matters " in Note 15 – Commitments and Contingencies to our Consolidated Financial Statements in this report. Compliance with the Americans with Disabilities Act, fire, safety, environmental, and other regulations may require us to make expenditures that could adversely affect our financial condition, operating results, and cash flows. All of the properties in our Portfolio are required to comply with the Americans with Disabilities Act (“" ADA ”"). The ADA has separate compliance requirements for " public accommodations " and " commercial facilities, " but generally requires that buildings be made accessible to people with disabilities. Compliance with the ADA requirements may necessitate the removal of access barriers and non- compliance could result in the imposition of fines by the U. S. government, awards of damages to private litigants, or both. We are continually assessing our Portfolio to determine our compliance with the current requirements of the ADA. We are required to comply with the ADA within the common areas of our Portfolio and we may not be able to pass on to our tenants the costs necessary to remediate any common area ADA issues, which could adversely affect our financial condition, operating results, and cash flows. In addition, we are required to operate the properties in compliance with fire, safety, and environmental regulations, building codes, and other regulations, as they may be adopted by governmental bodies and become applicable to our Portfolio. As a result, we may be required to make substantial capital expenditures to comply with, and we may be restricted in our ability to renovate or redevelop properties subject to, those requirements. Further, compliance with new or more stringent laws or regulations or stricter interpretations of existing laws may require us to make additional capital expenditures. For example, various federal, state, and local laws and regulations have been implemented or are under consideration to mitigate the effects of climate change caused by greenhouse gas emissions. Among other things, " green " building codes may seek to reduce emissions through the imposition of standards for design, construction materials, water and energy usage and efficiency, and waste management. These requirements could increase the costs of maintaining or improving the properties in our Portfolio and could also result in increased compliance costs or additional operating restrictions that could adversely impact the businesses of our tenants and their ability to pay rent, which could adversely affect our financial condition, operating results, and cash flows. We and our tenants face risks relating to cybersecurity attacks that could cause the loss of confidential information or other business disruptions. We rely extensively on ~~computer~~ **information technology (" IT")** systems to operate and manage our business and process transactions, and as a result, our business is at risk from, and may be impacted by, cybersecurity attacks. These attacks could include attempts to gain unauthorized access to our data and / or computer systems. Attacks may be undertaken by individuals or may be highly organized attempts by very sophisticated organizations. We employ a variety of measures to prevent, detect, and mitigate these threats ~~, which include password protection, frequent mandatory password change events, multi- factor authentication, mandatory employee trainings, firewall detection systems, frequent backups, a redundant data system for core applications, and annual penetration testing~~ ; however, there is no guarantee that such efforts will be successful in preventing or mitigating a cybersecurity attack. A cybersecurity attack, such as a ransomware attack, could compromise the confidential information, including the personally identifiable information, of our employees, tenants, and vendors, disrupt the proper functioning of our networks, result in misstated financial reports or covenants under various financing agreements, and / or missed reporting deadlines, prevent us from properly monitoring our REIT qualification, result in our inability to maintain the building systems relied upon by our tenants for the efficient use of their leased space, or require significant management attention and resources to remedy any damages that result. A successful attack could also damage our reputation and result in significant remediation costs and potential litigation. Similarly, our tenants rely extensively on ~~computer~~ **IT** systems to process transactions and manage their businesses and thus are also at risk from, and may be impacted by, cybersecurity attacks **, which could impact their ability to pay rent timely or at all** . A cybersecurity attack experienced by us or one of our tenants that results in an interruption in business operations and / or a deterioration in reputation could adversely affect our financial condition, operating results, and cash flows. As of December 31, ~~2022~~ **2023** , we have not had any material incidences involving cybersecurity attacks. **Further information relating to cybersecurity risk management is discussed in Item 1C." Cybersecurity" in this report.** The direct and indirect impact on us and our tenants from severe weather, flooding, and other effects of climate change, and the economic and reputational impacts of the transition to non- carbon based energy, could adversely affect our financial condition, operating results, and cash flows. Our properties have been and may in the future be adversely impacted by flooding, wildfires, high winds and other effects of severe weather conditions that may be caused or exacerbated by climate change. These events ~~can~~ **have resulted in and may in the future** result in property closures, property damage, and delays in value- enhancing reinvestment stabilizations, and may adversely impact the operations of our tenants. Even if these events do not directly impact our properties, they have impacted and may continue to impact us and our tenants through increases in insurance, energy or other costs. In addition, the ongoing transition to non- carbon based energy presents certain risks for us and our tenants, including risks related to high energy costs and energy shortages, among other things. Changes in laws or regulations, including federal, state, or local laws, relating to climate change could result in increased capital expenditures to improve the energy efficiency of our properties. Risks Related to Our Organization and Structure BPG' s board of directors may change significant corporate policies without stockholder approval. BPG' s investment, financing, and dividend policies and our policies with respect to all other business activities, including strategy and operations, will be determined by BPG' s board of directors. These policies may be amended or revised at any time and from time to time at the discretion of BPG' s board of directors without a vote of our stockholders. BPG' s charter also provides that BPG' s board of directors may revoke or otherwise terminate our REIT election without the approval of BPG' s stockholders if it determines that it is no longer in BPG' s best interests to continue to qualify as a REIT. In addition, BPG' s board of directors may change BPG' s policies with respect to conflicts of interest, provided that such changes are consistent with applicable legal requirements. A change in any of these policies could have an adverse effect on our financial condition, operating results, and cash flows. BPG' s board of directors may approve the issuance of stock, including preferred stock, with terms that may discourage a third party from acquiring us. BPG' s charter permits its board of directors to authorize the issuance of stock in one or more classes or series. Our board of directors may also classify or reclassify any unissued stock and establish the preferences, conversion and other rights, voting powers, restrictions, limitations as to dividends and other distributions, qualifications, and terms and conditions of redemption of any such stock, which rights may be superior to those of our common stock. Thus, BPG' s board of directors could authorize the issuance of shares of a class or series of stock with terms and conditions that could have the effect of discouraging an unsolicited acquisition of us or a change of our control in which holders of some or a majority of BPG' s outstanding common stock may receive a premium for their shares over the then- current market price of our common stock. The rights of BPG and BPG' s stockholders to take action against BPG' s directors and officers are limited. BPG' s charter eliminates the liability of BPG' s directors and officers to us and BPG' s stockholders for money damages to the maximum extent permitted under Maryland law. Under Maryland law and BPG' s charter, BPG' s directors and officers do not have any liability to BPG or BPG' s stockholders for money damages other than liability resulting from: • the actual receipt of an improper benefit or profit in money, property, or services; or • active and deliberate dishonesty by the director or officer that was established by a final judgment and is material to the cause of action adjudicated. BPG' s charter authorizes, and BPG' s bylaws require, BPG to indemnify each of BPG' s directors and officers who is made a party to or witness in a proceeding by reason of his or her service in those capacities (or in a similar capacity at another entity at the request of BPG), to the maximum extent permitted under Maryland law, from and against any claim or liability to which such person may become subject by reason of his or her status as a present or former director or officer of BPG. In addition, BPG may be obligated to pay or reimburse the expenses incurred by BPG' s present and former directors and officers without requiring a preliminary determination of their ultimate entitlement to indemnification. As a result, BPG and BPG' s stockholders may have more limited rights to recover money damages from BPG' s directors and officers than might otherwise exist absent these provisions in BPG' s charter and bylaws or that might exist with other companies, which could limit the recourse of stockholders. BPG' s charter contains a provision that expressly permits BPG' s non- employee directors to compete with us. BPG' s charter provides that, to the maximum extent permitted under Maryland law, BPG renounces any interest or expectancy that BPG has in, or any right to be offered an opportunity to participate in, any business opportunities that are from time to time presented to or developed by BPG' s directors or their affiliates, other than to those directors who are employed by BPG or BPG' s subsidiaries, unless the business opportunity is expressly offered or made known to such person in his or her capacity as a director. Non- employee directors or any of their affiliates will not have any duty to communicate or offer such transaction or business opportunity to us or to refrain from engaging, directly or indirectly, in the same or similar business activities or lines of business in which we or our affiliates engage or propose to engage. These provisions may deprive us of opportunities which we may have otherwise wanted to pursue. BPG' s charter provides that, to the maximum extent permitted under Maryland law, each of BPG' s non- employee directors, and any of their affiliates, may: • acquire, hold, and dispose of shares of BPG' s stock or OP Units for his or her own account or for the account of others, and exercise all of the rights of a stockholder of Brixmor Property Group Inc. or a limited partner of our Operating Partnership, to the same extent and in the same manner as if he, she, or they were not BPG' s director or stockholder; and • in his, her, or their personal capacity or in his, her, or their capacity as a director, officer, trustee, stockholder, partner, member, equity owner, manager, advisor, or employee of any other person, have business interests and engage, directly or indirectly, in business activities that are similar to ours or compete with us, that involve a business opportunity that we could seize and develop or that include the acquisition, syndication, holding, management, development, operation, or disposition of interests in mortgages, real property, or persons engaged in the real estate business. Risks Related to our REIT Status and Certain Other Tax Items If BPG does not maintain its qualification as a REIT, it will be subject to tax as a regular corporation and could face a substantial tax liability. BPG intends to continue to operate so as to qualify as a REIT under the Internal Revenue Code of 1986, as amended (the “" Code ”"). However, qualification as a REIT involves the application of highly technical and complex Code provisions for which only a limited number of judicial or administrative interpretations exist. Notwithstanding the availability of cure provisions in the Code, BPG could fail to meet various compliance requirements, which could jeopardize its REIT status. Furthermore, new tax legislation, administrative guidance, or court decisions, in each instance potentially with retroactive effect, could make it more difficult or impossible for BPG to qualify as a REIT. If BPG fails to qualify as a REIT in any taxable year and BPG is not entitled to relief under applicable statutory provisions: • BPG would be taxed as a non- REIT “ C ” corporation, which under current laws, among other things, means being unable to deduct dividends paid to stockholders in computing taxable income and being subject to U. S. federal income tax on its taxable income at regular corporate income tax rates, which would reduce BPG' s cash flows and funds available for distribution to stockholders; and • BPG would be disqualified from taxation as a REIT for the four taxable years following the year in which it failed to qualify as a REIT. The Internal Revenue Service (“" IRS ”"), the U. S. Treasury Department, and Congress frequently review U. S. federal income tax legislation, regulations, and other guidance. BPG cannot predict whether, when, or to what extent new U. S. federal tax laws, regulations, interpretations, or rulings will be adopted. Any legislative action may prospectively or retroactively modify BPG' s tax treatment and, therefore, may adversely affect taxation of BPG or BPG' s stockholders. Stockholders should consult with their tax advisors with respect to the status of legislative, regulatory, or administrative developments and proposals and their potential effect on an investment in BPG' s stock. Complying with REIT requirements may force BPG to liquidate or restructure investments or forgo otherwise attractive investment opportunities, and / or may discourage BPG from disposing of certain assets. In order to qualify as a REIT, BPG must satisfy various requirements relating to the types of assets it holds and the nature of its income. In order to satisfy these technical requirements, BPG may be required to liquidate from its portfolio, or contribute to a taxable REIT subsidiary, otherwise attractive investments in order to maintain its qualification as a REIT. These actions could reduce BPG' s income and amounts available for distribution to its stockholders. In addition, the REIT provisions of the Code impose a 100 % tax on income from “ prohibited transactions. ” Prohibited transactions generally include sales of assets, other than foreclosure property, that constitute inventory or other property held for sale to customers in the ordinary course of business. Although BPG does not intend to hold any properties that would be characterized as held for sale to customers in the ordinary course of business, unless a sale or disposition qualifies under certain statutory safe harbors, such characterization is a factual determination and no guarantee can be given that the IRS would agree with BPG' s characterization of its properties or that BPG will be able to make use of the otherwise available safe harbors. The resulting 100 % tax could affect BPG' s decisions to sell certain properties if it believes such sales could be treated as prohibited transactions. However, BPG would not be subject to this tax if it were to sell such assets through a taxable REIT subsidiary, instead incurring tax on the asset sale at regular corporate tax rates. BPG' s charter does not permit any person to own more than 9. 8 % of BPG' s outstanding common stock or of BPG' s outstanding stock of all classes or series, and attempts to acquire BPG' s common stock or BPG' s stock of all classes or series in excess of these limits would not be effective without an exemption from these limits by BPG' s board of directors. For BPG to qualify as a REIT under the Code, not more than 50 % of the value of BPG' s outstanding stock may be owned directly or indirectly by five or fewer individuals (including certain entities treated as individuals for this purpose) during the last half of a taxable year. For the purpose of assisting BPG' s qualification as a REIT for U. S. federal income tax purposes, among other purposes, BPG' s charter prohibits beneficial or constructive ownership by any individual of more than a certain percentage, currently 9. 8 %, in value or by number of shares, whichever is more restrictive, of the outstanding shares of BPG' s common stock or 9. 8 % in value of the outstanding shares of BPG' s capital stock, which BPG refers to as the “ ownership limit. ” The constructive ownership rules under the Code and BPG' s charter are complex and may cause shares of the outstanding common stock owned by a group of related individuals to be deemed to be constructively owned by one individual. As a result, the acquisition of less than 9. 8 % of BPG' s outstanding common stock or BPG' s capital stock by an individual could cause the individual to own constructively in excess of 9. 8 % of BPG' s outstanding common stock or BPG' s capital stock, respectively, and thus violate the ownership limit. Any attempt to own or transfer shares of BPG' s stock in excess of the ownership limit without an exemption from BPG' s board of directors will result either in the shares in excess of the limit being transferred by operation of the charter to a charitable trust or the original transfer being void, and the individual who attempted to acquire such excess shares will not have any rights in such excess shares. In addition, there can be no assurance that BPG' s board of directors, as permitted in the charter, will not decrease this ownership limit in the future. The ownership limit may have the effect of precluding a change in control of BPG by a third party, even if such change in control would be in the best interests of BPG' s stockholders or would result in BPG' s stockholders receiving a premium for their shares over the then- current market price of BPG' s common stock, and even if such change in control would not reasonably jeopardize BPG' s REIT status. BPG may choose to make distributions in BPG' s own stock, in which case stockholders may be required to pay income taxes without receiving any cash dividends. In connection with BPG' s qualification as a REIT, BPG is required to annually distribute to its stockholders at least 90 % of its REIT taxable income, determined without regard to the deduction for dividends paid and excluding net capital gains. Although it does not currently intend to do so, in order to satisfy this requirement, BPG is permitted, subject to certain conditions and limitations, to make distributions that are in whole or in part payable in shares of BPG' s stock. Taxable stockholders receiving such distributions will be required to include a portion, if not all, of such distributions as ordinary dividend income. As a result, stockholders may be required to pay income taxes with respect to such distributions in excess of the cash portion of the distribution received and may be required to sell shares received in such distribution or may be required to sell other stock or assets owned by them, at a time that may be disadvantageous, in order to satisfy any tax imposed on such distribution. In addition, if a significant number of BPG' s stockholders elect to sell shares of BPG' s stock in order to pay taxes owed on dividend income, such sales may put downward pressure on the market price of BPG' s stock. **14**