

ASSET UNDERWRITING / BORROWER FIELD GUIDE

Retail underwriting guide

Test base rent, recoveries, percentage rent and anchor or tenant disruption.

Retail underwriting should connect the rent roll to the conditions that allow tenants to keep paying that rent. An anchor closure, sales decline or delayed opening can affect several leases at once. The financing package should show which rents are fixed, which are contingent, and which costs return to the landlord when occupancy changes.

Separate the revenue streams

Model base rent, percentage rent, reimbursements and other income separately. Support percentage rent with the actual lease formula and reported sales periods rather than assuming a recurring percentage of total sales. Show concessions, arrears and settlement payments distinctly. Security deposits and prepaid rent should not become recurring income merely because they appear in bank deposits.

Trace contractual contagion

Read co-tenancy, go-dark, exclusivity, termination and operating provisions in complete leases and amendments. An anchor event can create different responses for different tenants; do not apply one generic haircut to the entire center. Use counsel to identify the actual trigger and remedy, then model the resulting rent and cost changes. Brixmor's issuer disclosure illustrates these risks but does not interpret the subject leases.

Budget the path to opening

Distinguish delivery of landlord work, tenant possession, permit readiness, store opening and rent commencement. Improvements and commissions may be due before the new tenant pays rent, while a loan holdback may reimburse only after later evidence. Build a dated ledger for those events. A projected stabilized rent roll is incomplete until the capital and operating carry needed to reach it are funded.

Use this guide with the matching Excel model. Illustrative assumptions are editable; no lender approval, market quote or universal threshold is represented.

FIELD GUIDE / 02

What the lender needs to understand

Preparation questions and evidence to resolve them. Actual requests and acceptance standards depend on the lender and transaction.

01 / Which lease changes when an anchor closes?

Tenant-by-tenant clause register with counsel-confirmed triggers and remedies.

02 / How much percentage rent is repeatable?

Lease formula, sales certifications and a multiyear payment bridge.

03 / Are recoveries collectible after vacancy changes?

Expense-recovery clauses, caps and current reconciliation statements.

04 / What evidence starts rent?

Delivery conditions, acceptance, permits and commencement documentation.

05 / Who funds leasing work before reimbursement?

Contractor and commission obligations, draw conditions and verified bridge liquidity.

06 / Can the center carry a prolonged vacancy?

Monthly lost-rent, returned-expense and re-leasing cash scenario.

Turn the request list into an evidence ledger

For each material question, record the document and date, the responsible owner, the unresolved fact, the party who can accept it, and the financing consequence if it remains unresolved. A file delivered to a lender is not necessarily an accepted answer.

Evidence state: requested / received / reconciled / accepted / still conditional. Preserve the lender response and avoid treating an unanswered question as approval.

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Document checklist: cash flow and collateral

Use a consistent cutoff date. Mark missing items, conflicts and explanations rather than simply counting files.

Cash flow and operations

Document / evidence request	Received / open
Current tenant roll with base, percentage and recovery income separated.	[] _____
Complete leases and amendments, including co-tenancy and operating clauses.	[] _____
Tenant sales reports and percentage-rent calculations where applicable.	[] _____
Collections, arrears, abatements and settlement history by tenant.	[] _____
CAM reconciliations showing landlord share, caps and exclusions.	[] _____
Operating expenses supported by taxes, insurance, utilities and service contracts.	[] _____

Property and collateral

Document / evidence request	Received / open
Site plan, rentable areas, parking, access and shared-maintenance obligations.	[] _____
Title, reciprocal easement and other recorded operating agreements.	[] _____
Condition assessment with roof, paving, signage and building-system costs.	[] _____
Use restrictions, exclusivities and permissions for proposed replacement tenants.	[] _____
Environmental reports and open remediation or monitoring conditions.	[] _____
Tenant-work schedules with landlord delivery and opening dependencies.	[] _____

Reconciliation note

The schedules should agree with the source documents or identify the exact reason for a difference. Keep the source amount, the adjustment and the lender-accepted amount visible as separate fields.

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Document checklist: sponsor and closing

Confirm who provides the money, when it is available and what evidence permits the transaction to fund.

Sponsor and execution

Document / evidence request	Received / open
Sponsor retail leasing and repositioning track record with comparable centers.	☐ _____
Ownership, borrowing authority and guarantor documentation.	☐ _____
Liquidity evidence net of committed improvements and other project obligations.	☐ _____
Leasing and management agreements with scope, fees and termination terms.	☐ _____
Tenant concentration and related-tenant exposure analysis.	☐ _____
Equity authorization for both the base plan and the downside lease-up period.	☐ _____

Closing and funding

Document / evidence request	Received / open
Estoppels and requested assignment, consent or nondisturbance documents.	☐ _____
Signed improvement and commission obligations tied to payment dates.	☐ _____
Holdback release tests identifying acceptable completion and occupancy evidence.	☐ _____
Insurance and tax escrow requirements included in uses.	☐ _____
Payoff and collateral-release requirements for existing debt.	☐ _____
Closing-to-opening cash schedule with responsibility for every unfunded item.	☐ _____

Before committing the next dollar

- ☐ Resolve clause triggers before finalizing the rent-loss scenario.
- ☐ Reconcile landlord work, tenant work and lender-eligible work without duplicate costs.
- ☐ Establish the temporary funding source before agreeing to a delivery date.

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Use the model and reconcile the result

retail-underwriting-model.xlsx | Summary, Assumptions, Lease Schedule, Operations, Debt and Funding, Review

- 1. Use Assumptions!D5 for Base (1) or Downside (2), and the labeled scenario input rows. Enter source data in Lease Schedule!D10:L12; preserve formula cells and an untouched workbook copy.
- 2. Use the Lease Schedule for tenant cohorts and inspect the separate percentage-rent and hypothetical co-tenancy adjustments. The workbook does not determine whether a lease remedy is legally triggered.
- 3. Reconcile Operations to Summary. Apply the entered lender adjustment separately to the modeled cash flow. Sizing uses amortizing debt service, while first-year payments reflect the entered interest-only period.
- 4. In Assumptions, replace illustrative value, LTV, DSCR, debt yield, rate, amortization and requested ceiling with the intended scenario. Review capacities in Debt and Funding. The smallest modeled capacity does not establish eligibility or approval.
- 5. Closing equity includes the entered opening cash and restricted reserves. Additional operating cash need is measured after that opening cash, so do not add it twice. Inspect monthly cash and remaining principal at maturity.
- 6. Read Review for model conventions and limitations. Save each scenario with its supporting evidence and date; actual lender definitions, legal rights and professional findings control the transaction.

Worked example: editable teaching assumptions

Illustrative Base / Downside inputs: Property value \$6,000,000 / \$5,200,000; Annual note rate 6.50% / 8.00%; Maximum LTV 65.00% / 60.00%; Minimum sizing DSCR 1.25 / 1.3; Minimum debt yield 9.00% / 10.00%; Amortization after IO (years) 25 / 25; Initial interest-only months 6 / 6.

Illustrative result	Base	Downside
Modeled revenue / contribution	\$1,262,833	\$867,023
NCF after reserve	\$674,948	\$227,342
NCF used for sizing	\$674,948	\$202,342
Modeled loan	\$3,900,000	\$1,680,532
Binding sizing constraint	LTV	DSCR
First-year debt service	\$284,748	\$145,045
Required closing equity	\$2,000,000	\$4,219,468
Equity left / (closing gap)	\$500,000	-\$1,719,468
Additional operating cash need	\$242,300	\$247,703
Equity left / (combined gap)	\$257,700	-\$1,967,172
Principal at modeled maturity	\$3,574,328	\$1,566,127

Base NCF used for sizing is \$674,948. The modeled loan is \$3,900,000, with LTV binding. Closing uses of \$5,900,000 less that loan require \$2,000,000 of equity. Available equity is \$2,500,000; the signed combined surplus/gap is \$257,700 after any additional operating cash need. Downside changes the loan to \$1,680,532 and the combined result to -\$1,967,172.

Dollar results rounded to the nearest dollar; the workbook retains precision. Signed funding surplus is negative for a shortage. A positive funding surplus remains subject to actual source availability.

FIELD GUIDE / 06

Review the risks and the evidence

- A contractual co-tenancy remedy is not necessarily triggered by the simple fact of physical vacancy.
 - Percentage rent should not be counted again inside another sales-based revenue assumption.
 - A reimbursement deposit does not fund work that must be paid before the deposit can be released.
 - Replacing one tenant may require consent or resolve an exclusivity issue before the projected use is feasible.
 - Lower first-year TI and leasing-commission spending caused by delayed occupancy is not a cost saving.
- Obligations scheduled after month 12 fall outside this forecast and require separate funding analysis.

Sources and applicability

These references support the stated asset and risk context. The questions and document lists are preparation tools, not a statement that every lender requires or accepts the same package. Actual contracts, applicable rules and the chosen lender determine the transaction requirements.

1. Brixmor - 2025 Form 10-K | Item 1A, tenant obligations and anchor occupancy risk | Checked 2026-10-21

Issuer-specific risk disclosure, not an interpretation of subject leases.

<https://www.sec.gov/Archives/edgar/data/1630031/000158106826000007/brx-20251231.htm>

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Education and analysis do not establish a financing offer, appraisal, legal opinion or program eligibility. Confirm the current source, actual contract terms and professional advice relevant to the transaction.