

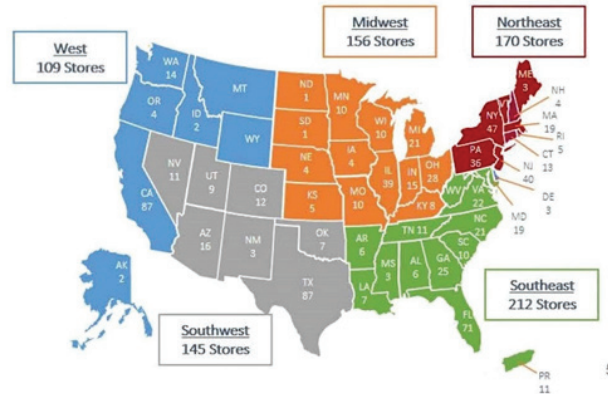


Read Report

from Retail Specialists, LLC

Nov. 22, 2021

National Store Footprint



Burlington has been aggressive with growth this year, opening 100 stores in 2021 compared to 62 stores last year. From 2016 to 2021, the average store size has shrunk from an average of 51,000 sf to 32,000 sf. The new preferred store size is 25,000 sf.

Burlington's rapid expansion has been great news for landlords that got back hundreds of boxes from merchants that either filed Chapter 11 or closed under performing stores.

BURLINGTON BY THE NUMBERS:

- Off-price retailer
- 761 stores in 45 states
- 100 stores opened in 2021
- Store size shrinking to 25,000 sf
- 2020 revenue of 5.8 billion





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While Burlington has been decreasing its store size, it has been gaining higher sales per square foot. In 2015, stores averaged \$153 psf and the new, smaller stores are increasing their sales productivity to over \$225 psf.

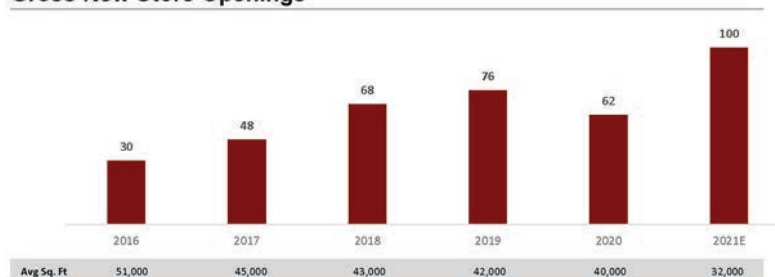
Site Criteria

- Power Centers, freestanding, strip centers, mall point position
- Off-price retail co-tenancy a plus
- 150,000 population and middle income:
 - Urban 3-mile radius
 - Suburban 5-mile radius
 - Rural 10-mile radius

New Store Economics

*The **Growth of New Stores** should also help drive **Operating Margins***

Gross New Store Openings



Optimized Footprint of New Stores

- Smaller Burlington 2.0 footprint stores unlock a larger whitespace opportunity
- Burlington 2.0 strategy drives superior unit economics – higher store productivity and increased operating margins

Rigorous Underwriting Hurdles

- Each store to be 4-wall EBIT accretive to company EBIT in base year (Year 2)
- Each store to be accretive to company ROIC
- On average, new stores outperform hurdles



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Empty spaces from retailers like Stein Mart, Sports Authority, Toys R Us, and Kmart have led the list of locations filled by Burlington this year. The pattern has been to lease better real estate left behind by either a Chapter 11 store or a retailer closing an under performing store.

When AC Moore elected to close most of its stores and sell a portion to Michaels Burlington took four of these locations. Just because one retailer closed doesn't mean that another retailer can't find value in the same real estate.

Stein Mart closing all of its stores was certainly a huge opportunity for Burlington to pick up stores in good shopping centers and close to their preferred store size. We track 11 Stein Marts being leased to Burlington this year and we believe there are additional stores in the works.

Full Potential Benchmarks

*Based on off-price peer benchmarks, **Burlington** still has a lot of opportunity to drive performance and achieve its "Full Potential"*

Burlington

	FY15	FY16	FY17¹	FY18	FY19
Sales per Sq. Ft. (selling)	\$ 153	\$ 165	\$ 178	\$ 201	\$ 224
Adjusted EBIT margin	6.6%	7.6%	8.5%	9.0%	9.2%
Comp Growth	2%	5%	3%	3%	3%
Unit count	567	592	629	675	727

Peer 1

Sales per Sq. Ft. (selling)	\$ 400	\$ 416	\$ 421	\$ 455	\$ 476
Adjusted EBIT margin*	14.3%	14.1%	13.3%	13.5%	13.5%
Comp Growth	4%	5%	1%	7%	5%
Unit count	2,163	2,221	2,285	2,343	2,403

Peer 2

Sales per Sq. Ft. (selling)	\$ 383	\$ 395	\$ 409	\$ 422	\$ 432
Adjusted EBIT margin	13.6%	14.0%	14.5%	13.6%	13.4%
Comp Growth	4%	4%	4%	4%	3%
Unit count	1,446	1,533	1,622	1,717	1,805

Source: Company filings.

Adjusted EBIT is a non-GAAP measure. Please see the Appendix for the reconciliation to its most comparable GAAP measure.

*Reported segment operating margin.

¹Sales per Sq. Ft. (selling) excludes 53rd week.



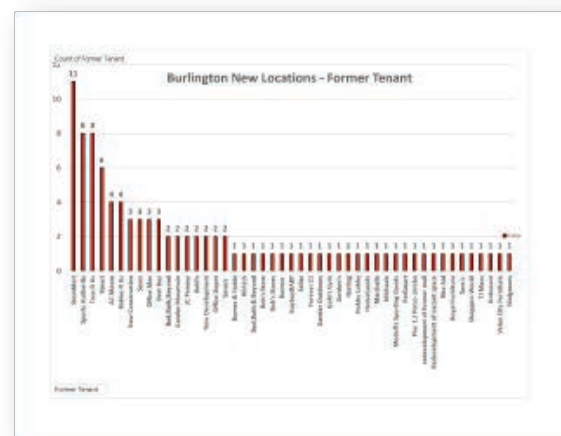
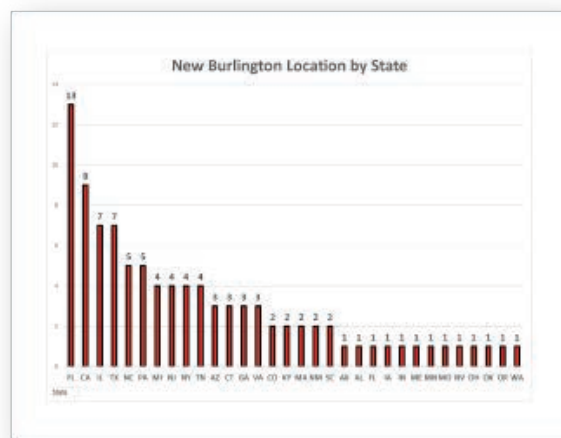
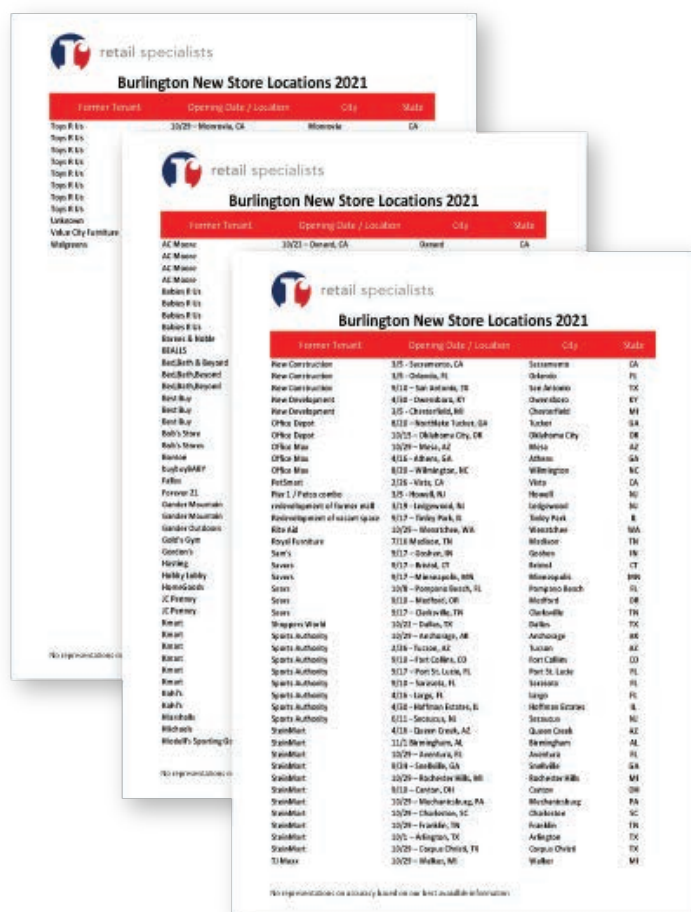
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This list (*on the following pages*) shows the locations of most of Burlington's new stores in 2021 and outlines who the former merchant was.

This is truly good news for landlords looking to fill vacancies.



Burlington New Store
Locations 2021

Former Tenant	Opening Date / Location	City	State
AC Moore	10/22 – Oxnard, CA	Oxnard	CA
AC Moore	10/22 – Hickory, NC	Hickory	NC
AC Moore	10/29 – Wyomissing, PA	Wyomissing	PA
AC Moore	9/3 – Lynchburg, VA	Lynchburg	VA
Babies R Us	3/5 - Van Nuys, CA	Van Nuys	CA
Babies R Us	9/10 – Kissimmee, FL	Kissimmee	FL
Babies R Us	10/29 – Peabody, MA	Peabody	MA
Babies R Us	4/30 - South Portland, ME	South Portland	ME
Barnes & Noble	10/1 – Kingston, NY	Kingston	NY
BEALLS	9/24 – San Antonio, TX	San Antonio	TX
Bed,Bath & Beyond	3/5 - Hialeah, FL	Hialeah	FL
Bed,Bath,Beyond	9/17 – Tampa, FL	Tampa	FL
Bed,Bath,Beyond	10/22 – Schenectady, NY	Schenectady	NY
Best Buy	10/29 – Concord, NC	Concord	NC
Best Buy	9/3 – Murfreesboro, TN	Murfreesboro	TN
Best Buy	9/17 – Fairfax, VA	Fairfax	VA
Bob's Store	6/4 - Patchogue, NY	Patchogue	NY
Bob's Stores	10/1 – Raynham, MA	Raynham	MA
Bonton	3/5 - Brick, NJ	Brick	NJ
buybuyBABY	3/5 - Durham, NC	Durham	NC
Fallas	3/19 - Fontana, CA	Fontana	CA
Forever 21	7/9 Chico, CA	Chico	CA
Gander Mountain	3/5 - Tampa, FL	Tampa	FL
Gander Mountain	5/7 - Champaign, IL	Champaign	IL
Gander Outdoors	9/10 – Monroe, NC	Monroe	NC
Gold's Gym	10/29 – Sebring, FL	Sebring	FL
Gordon's	10/22 – Albuquerque, NM	Albuquerque	NM

Burlington New Store
Locations 2021

Former Tenant	Opening Date / Location	City	State
Hasting	3/19 - San Angelo, TX	San Angelo	TX
Hobby Lobby	9/3 – Santa Fe, NM	Santa Fe	NM
HomeGoods	9/10 – Las Vegas, NV	Las Vegas	NV
JC Penney	6/4 - Lodi, CA	Lodi	CA
JC Penney	4/16 - Clive, IA	Clive	IA
Kmart	2/26 - Cudahy, CA	Cudahy	CA
Kmart	9/24 – Naples, FL	Naples	FL
Kmart	4/30 - Venice, FL	Venice	FL
Kmart	11/1 Farmingville, NY	Farmingville	NY
Kmart	10/29 – Collier Township, PA	Collier Township	PA
Kmart	7/16 Sumter, SC	Sumter	SC
Kohl's	10/29 – Niles, IL	Niles	IL
Marshalls	9/24 – Waukegan, IL	Waukegan	IL
Michaels	5/28 - Feasterville, PA	Feasterville	PA
Modell's Sporting Goods	10/29 – Philadelphia, PA	Philadelphia	PA
New Construction	3/5 - Sacramento, CA	Sacramento	CA
New Construction	3/5 - Orlando, FL	Orlando	FL
New Construction	9/10 – San Antonio, TX	San Antonio	TX
New Development	4/30 - Owensboro, KY	Owensboro	KY
New Development	3/5 - Chesterfield, MI	Chesterfield	MI
Office Depot	8/20 – Northlake Tucker, GA	Tucker	GA
Office Depot	10/15 – Oklahoma City, OK	Oklahoma City	OK
Office Max	10/29 – Mesa, AZ	Mesa	AZ
Office Max	4/16 - Athens, GA	Athens	GA
Office Max	8/20 – Wilmington, NC	Wilmington	NC

Burlington New Store
Locations 2021

Former Tenant	Opening Date / Location	City	State
PetSmart	2/26 - Vista, CA	Vista	CA
Pier 1 / Petco combo	3/5 - Howell, NJ	Howell	NJ
redevelopment of former mall	3/19 - Ledgewood, NJ	Ledgewood	NJ
Redevelopment of vacant space	9/17 – Tinley Park, IL	Tinley Park	IL
Rite Aid	10/29 – Wenatchee, WA	Wenatchee	WA
Royal Furniture	7/16 Madison, TN	Madison	TN
Sam's	9/17 – Goshen, IN	Goshen	IN
Savers	9/17 – Bristol, CT	Bristol	CT
Savers	9/17 – Minneapolis, MN	Minneapolis	MN
Sears	10/8 – Pompano Beach, FL	Pompano Beach	FL
Sears	9/10 – Medford, OR	Medford	OR
Sears	9/17 – Clarksville, TN	Clarksville	TN
Shoppers World	10/22 – Dallas, TX	Dallas	TX
Sports Authority	10/29 – Anchorage, AK	Anchorage	AK
Sports Authority	2/26 - Tucson, AZ	Tucson	AZ
Sports Authority	9/10 – Fort Collins, CO	Fort Collins	CO
Sports Authority	9/17 – Port St. Lucie, FL	Port St. Lucie	FL
Sports Authority	9/10 – Sarasota, FL	Sarasota	FL
Sports Authority	4/16 - Largo, FL	Largo	FL
Sports Authority	4/30 - Hoffman Estates, IL	Hoffman Estates	IL
Sports Authority	6/11 - Secaucus, NJ	Secaucus	NJ
SteinMart	4/16 - Queen Creek, AZ	Queen Creek	AZ
SteinMart	11/1 Birmingham, AL	Birmingham	AL

Burlington New Store
Locations 2021

Former Tenant	Opening Date / Location	City	State
SteinMart	10/29 – Aventura, FL	Aventura	FL
SteinMart	9/24 – Snellville, GA	Snellville	GA
SteinMart	10/29 – Rochester Hills, MI	Rochester Hills	MI
SteinMart	9/10 – Canton, OH	Canton	OH
SteinMart	10/29 – Mechanicsburg, PA	Mechanicsburg	PA
SteinMart	10/29 – Charleston, SC	Charleston	SC
SteinMart	10/29 – Franklin, TN	Franklin	TN
SteinMart	10/1 – Arlington, TX	Arlington	TX
SteinMart	10/29 – Corpus Christi, TX	Corpus Christi	TX
The Roomplace	10/29 – Vernon Hills, IL	Vernon Hills	IL
TJ Maxx	10/29 – Walker, MI	Walker	MI
Toys R Us	10/29 – Monrovia, CA	Monrovia	CA
Toys R Us	5/14 - Newington, CT	Newington	CT
Toys R Us	3/19 - Doral, FL	Doral	FL
Toys R Us	5/21 - Peoria, IL	Peoria	IL
Toys R Us	10/29 – Lexington, KY	Lexington	KY
Toys R Us	9/17 – Ferguson, MO	Ferguson	MO
Toys R Us	4/9 - Texarkana, TX	Texarkana	TX
Toys R Us	10/1 – Newport News, VA	Newport News	VA
Unknown	5/28 - Colorado Springs, CO	Colorado Springs	CO
Value City Furniture	10/29 – Kalamazoo, MI	Kalamazoo	MI
Walgreens	10/15 – Enfield, CT	Enfield	CT

