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# EDITED TRANSCRIPT

REG - Regency Centers Corp at Citi Global Property CEO Conference

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## CORPORATE PARTICIPANTS

**Hap Stein** *Regency Centers Corporation - Chairman, CEO*

**Lisa Palmer** *Regency Centers Corporation - President, CFO*

## CONFERENCE CALL PARTICIPANTS

**Christy McElroy** *Citigroup - Analyst*

**Michael Bilerman** *Citigroup - Analyst*

## PRESENTATION

**Christy McElroy** *- Citigroup - Analyst*

Welcome to the 1:35 PM session at Citi's 2017 Global Property CEO Conference. This session is for investing clients only and if media or other individuals are on the line, please disconnect now.

Disclosures are available up here and on the webcast on the disclosures tab.

For those in the room or the webcast, you can sign on to slido.com and enter the code citi17 to submit any questions if you do not want to raise your hand. People can vote on the questions, I'll ask the questions. The room number that we're in is Atlantic 2.

We're pleased to have with us Regency Centers Chairman and CEO Hap Stein, President and CFO Lisa Palmer, Managing Director of Finance Mike Mas.

Welcome. Hap, I'll turn it over to you for some opening remarks and then we can kick off the Q&A.

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**Hap Stein** *- Regency Centers Corporation - Chairman, CEO*

Thank you, Christy. It really has been a very busy year for Regency during the last 12 months, since last year's Citi conference. I, and we as a team, have said many times that Regency's year-in and year-out performance is a direct result of our tried and true strategy of applying our four key assets that continue to distinguish Regency and to continue to create shareholder value.

First, an irreplaceable portfolio of high quality assets that is driving superior NOI growth. In 2016, our NOI growth was 3.5%. That represents the fifth consecutive year of NOI growth in excess of that amount. And our portfolio is 96% leased, and we're at a historically of 93% leased from a shop space standpoint.

Second, Regency has the industry leading, in our view, development and redevelopment driven investment capabilities and is executed by a very experienced and disciplined team that's producing great centers at returns that add meaningfully to our NAV and cash flow per share. Last year we started over $200 million of high quality developments and redevelopments at very attractive returns.

Third, we benefit from a fortress balance sheet that supports our growth on a cost effective basis. Throughout 2016 these two folks and in January this year strengthened our balance sheet even further through the astute use of the capital markets, resulting in not only from our view not only one of the best balance sheets in the sector, but also in all the REIT industry.

Finally a talented, dedicated in deep team, which I believe is the best in the business.

At the bottom line, we achieved for the last three years core FFO growth of almost 8% and our total shareholder return exceeded the peer average. Or not the peer average, the top of the peers for that same period.

And as hopefully you're aware, we announced and on March 1 completed our merger with Equity One. It's a combination that not only adheres to our strategy, but it enhances each of the four strategic attributes and solidifies our position as the premier national owner, operator and developer of community neighbor centers.

So we now own a portfolio that's unequaled of over 400 centers, which is an excellent mix of first class both neighborhood and community shopping centers, anchored by highly productive grocers and retailers. It's located in the country's most attractive markets, which provides us with enhanced brand presence, economies of scale and that contributes to the significant synergies that's in the transaction.

The centers are highly concentrated and affluent and infill trade areas with strong demographics that allows us to attract the leading retailers, producing a better merchandising mix and having strong occupancy and pricing power.

In addition, the transaction enhanced our development and redevelopment opportunities to drive NAV growth. It maintained a very strong balance sheet that will allow us to access multiple sources of capital at the lowest cost. And we've got, as I've indicated, a very experienced team that will harvest value from this best in class portfolio and redevelopment program.

As we've indicated, the portfolio is both accretive, the same property NOI growth and core FFO per share before the accounting impacts tie it into the merger. And it is a compelling transaction that will continue to benefit the shareholders in the future. And we started to realize those benefits by a recent successful 30-year bond offering and inclusion in the S&P 500.

So we are very thrilled, the team is highly energized and we think that Regency is better positioned than ever as we look ahead to 2017 and further into the future.

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## QUESTIONS AND ANSWERS

**Michael Bilerman** - *Citigroup - Analyst*

Good afternoon, Hap.

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**Hap Stein** - *Regency Centers Corporation - Chairman, CEO*

Good afternoon, Michael.

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**Michael Bilerman** - *Citigroup - Analyst*

So Hap, what do you think differentiates Regency from your shopping center peers that will lead to outperformance in the stock over the next year?

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**Hap Stein** - *Regency Centers Corporation - Chairman, CEO*

Thanks for asking that question because as I indicated earlier, it really is an unequaled combination of an irreplaceable portfolio of high quality assets that will drive NOI growth at or near the top of the peer group from NOI growth perspective.

Secondly, it's an industry leading development and redevelopment capabilities that'll allow us to further grow cash flow and NAV.

Thirdly, a fortress balance sheet that is one of the strongest in the full REIT industry that allows us to access capital at the lowest possible cost.

And finally, Regency's talented deep and experienced team.

**Christy McElroy** - *Citigroup - Analyst*

Maybe we can start off with some questions on the Equity One dealt to the extent that you can answer them. How much integration risk do you see? And how long does it take to integrate these systems and sort of weed out the G&A?

**Hap Stein** - *Regency Centers Corporation - Chairman, CEO*

We believe that the synergies we've talked about, $27 million are starting to be realized now, but will be fully realized by the end of 2017 and on a full-year run rate in 2018.

The team has been fully focused on the integration of the portfolio, we're very familiar with the assets. And although I don't want to underestimate the work, the blood, sweat and tears that have been involved in it, we feel very, very good about the integration of the portfolio, integration of the systems, et cetera. Is there anything you want to add, Lisa?

**Lisa Palmer** - *Regency Centers Corporation - President, CFO*

The only thing I would add is agree that you don't want to underestimate taking on 115 new properties. But we aren't expanding into any unknown business lines or markets and we have one of the best teams already in place with local presence. So yes, we're adding to that presence in a few markets and we're going to add some of the Equity One team members to our team. But that really helps minimize the integration risk, because there's nothing new. There are new properties, but it's the same -- we know how to operate neighborhood and community shopping centers.

**Christy McElroy** - *Citigroup - Analyst*

What are you doing with the New York and Florida offices?

**Lisa Palmer** - *Regency Centers Corporation - President, CFO*

New York, we don't have any intentions of keeping a New York office, so we're going to sublease that space. And for Florida, we actually are --

**Christy McElroy** - *Citigroup - Analyst*

To DDR?

**Lisa Palmer** - *Regency Centers Corporation - President, CFO*

We actually already have a Palm Beach office, so when you combine that with the Boca, Equity One and the Miami Gardens essentially Equity One, we're going to combine and have one large office.

So we're adding approximately 65 new positions as a result of the merger and a little less than 40 of those will be coming over from Equity One and the majority of them are from here. I say here, South Florida.

**Christy McElroy** - *Citigroup - Analyst*

And so just to clarify on the G&A front, so when talking about the $27 million savings, you should be effectively back to legacy Regency G&A by 2018. Effectively, with some inflationary growth.

**Lisa Palmer** - *Regency Centers Corporation - President, CFO*

If you take our net G&A and then Equity One's adjusted net G&A, and I say adjusted from the $12 million, but would be allocated to property management because we do not account for things on an apples to apples basis. And then net down the $27 million, that actually gets you to an increase of about $1 million to $2 million of G&A.

**Christy McElroy** - *Citigroup - Analyst*

And the 3% to 3.8% (inaudible) NOI growth forecast, does that include redevelopment?

**Hap Stein** - *Regency Centers Corporation - Chairman, CEO*

Yes.

**Christy McElroy** - *Citigroup - Analyst*

It does, okay. What's the impact from redevelopment?

**Lisa Palmer** - *Regency Centers Corporation - President, CFO*

Approximately 100 basis points.

**Christy McElroy** - *Citigroup - Analyst*

Okay. And what do you see as the combined Company development and redevelopment pace on a go forward basis?

**Hap Stein** - *Regency Centers Corporation - Chairman, CEO*

We've been averaging about $200 million a year in development and I think that we ought to see an increase of $50 million to $100 million on an annual basis over the years to come.

**Michael Bilerman** - *Citigroup - Analyst*

And you said there were 60 new positions being opened, 40 of which were --

**Lisa Palmer** - *Regency Centers Corporation - President, CFO*

A little less than 40 --

**Michael Bilerman** - *Citigroup - Analyst*

-- were coming over from Equity One.

**Lisa Palmer** - *Regency Centers Corporation - President, CFO*

Correct.

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**Michael Bilerman** - *Citigroup - Analyst*

And what type of roles are those in?

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**Lisa Palmer** - *Regency Centers Corporation - President, CFO*

Mostly property management and leasing with some construction, some legal. And the positions that are not being filled by their team members are essentially because all of their accounting was here in Miami and we're going to consolidate that back into Jacksonville. We offered them relocation, but unfortunately only had one taker.

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**Michael Bilerman** - *Citigroup - Analyst*

Other than sort of accounting of where they put property management in their G&A relative to you putting it up in NOI, I guess is there anything of the way the Company operated from a leasing perspective that's different?

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**Hap Stein** - *Regency Centers Corporation - Chairman, CEO*

I think the Company was very, very well run. But having said that, I think you can't underestimate the ability of Regency having a larger platform today and with the post merger having an even larger platform in all these key markets, and I think that that will enter some benefit from that.

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**Michael Bilerman** - *Citigroup - Analyst*

Do you view this as a portfolio acquisition or as a true Company merger?

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**Hap Stein** - *Regency Centers Corporation - Chairman, CEO*

The answer to your question is yes. I think the key thing is to look at the Company on a post merger basis. Over 400 grade assets, very strong balance sheet and a very strong development pipeline and capabilities.

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**Lisa Palmer** - *Regency Centers Corporation - President, CFO*

And I would add though, I don't think that you achieve the success that Regency has achieved by debating that (inaudible). And we understand that we are merging with another very successful company that may have done some things better than Regency, and we're the first to say we want to learn from that and adopt it. So our team is well aware of that's our approach and it should be our approach.

And again, that's how we get better. The only way you continue your success is to get better everyday. And if you don't learn from the opportunities that you have to learn, then that's not going to happen.

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**Hap Stein** - *Regency Centers Corporation - Chairman, CEO*

And we've also added we feel like we have a very, very strong Board before the merger, we've added three exceptionally talented and very wise individuals to the Board, so feel really good about that.

**Michael Bilerman** - *Citigroup - Analyst*

What has been in the pre integration, pre merger work, and the due diligence and since close, what are those things that have come about, saying you know what? There are these things that Equity One does and how they approach their business that will make Regency better. Arguably you're the bigger of the two companies, which have a much bigger impact. So I don't know if there's any sort of early things that you've been able to uncover.

**Hap Stein** - *Regency Centers Corporation - Chairman, CEO*

I think one of the obvious things is that we've had kind of a dual investment strategy, a focus on both the affluent suburbs and dense infill locations. Equity One's portfolio obviously had more of an emphasis on the dense infill locations and I think that's very additive to the overall -- the combined portfolio on a go forward basis.

**Michael Bilerman** - *Citigroup - Analyst*

You've always had a strategy of trimming that bottom 5%, 10% every year, even though the portfolio gets better of just constantly recycling. How much recycling do you envision, (A) bringing the Equity One portfolio in, which probably pushes some of your assets further down the list and what dispositions they would need to do from that portfolio?

**Hap Stein** - *Regency Centers Corporation - Chairman, CEO*

Our view is that our recent pace has been 1% to 2% of our assets footings a year. And we would see to continue that on a go-forward basis of 1% to 2% a year of the combined portfolio and we're going to be agnostic as far as what assets should be sold. It's a combined portfolio.

What's interesting is that if it -- at the higher end of that, that would be 10% of the portfolio and we'll reinvest that capital --

**Lisa Palmer** - *Regency Centers Corporation - President, CFO*

-- over five years.

**Hap Stein** - *Regency Centers Corporation - Chairman, CEO*

-- over a five year period and primarily into developments.

**Christy McElroy** - *Citigroup - Analyst*

The Barney Street retail store is non-core to you. Is that something that you would sell?

**Hap Stein** - *Regency Centers Corporation - Chairman, CEO*

We're going to look at kind of an asset by asset basis as far as what makes sense to sell based upon the growth rate, based upon the prospects for reinvestment, et cetera.

**Michael Bilerman** - *Citigroup - Analyst*

I'm surprised you're not bringing the percentage higher than what you had historically done. Why not sell more? Do you just feel like all the assets -- you don't feel like getting down to a smaller size, that there's an element to make the portfolio even better?

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**Hap Stein** - *Regency Centers Corporation - Chairman, CEO*

I think that the strategy of selling 1% to 2% a year is a strategy that makes sense not only from an ability to redeploy capital and manage tax issues involved while at the same time maintaining a very reasonably healthy growth rate in earnings per share.

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**Christy McElroy** - *Citigroup - Analyst*

Maybe we can talk a little bit about what's going on in the stock market right now in terms of the strip center REITs and kind of the freefall, for lack of a better word. So I mean there's been a lot of media, there's investor perception about what's going on in the -- not only the fall-out in terms of the box junior anchor category, but also on the demand side of the equation, which I think there's not really a lot of clarity on. And even your peers over the last couple of days have been saying sort of mixed things, especially on the demand side. So kind of maybe give a little clarity on what you guys are seeing, maybe help to stop that freefall a little bit?

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**Hap Stein** - *Regency Centers Corporation - Chairman, CEO*

To date we have not experienced any, so to speak, change in trends from either on the small shop side or from -- we had no exposure to the recent electronics firm that's filed for bankruptcy. But so from our perspective, we're very mindful of the disrupters that are out there, whether that be the economy, whether that be consolidation, whether it be competition, whether that be technology, commerce, et cetera. And obviously technology and e-commerce may be accelerating a good bit of the store rationalization.

We're for sure not going to be -- we don't think that we're going to be immune to those trends, but we still also have a very strong conviction that owning great shopping centers anchored by productive anchors in the affluent suburbs and in dense infill locations are where retailers are going to want to continue to service, connect and sell to their customers in the neighborhoods and communities.

We feel that our shopping centers are conveniently located to service those customers and we also feel that when store rationalization occurs, that we're going to have -- and where you still have a viable retailer, we're going to have one of those locations that's going to be a must keep.

Secondly, when a retailer does close, as we've experienced and we've navigated these issues before in the grocery space, in the big box space, et cetera, it's going to be bad news is good news from a merchandising upgrade and from a rent standpoint.

And thirdly, I think it's also important to note the nature of the business. That, for example, in Jacksonville, Florida, there is one A-plus mall and there's two B centers, B regional malls. There are -- Publix has 35 or 40 grocery stores in the market. So because there may be a Macy's box or a Dillard's box that may be available in a B mall, first of all most of our centers are not located near regional malls, but those that are located new A malls, but they're still going to be plenty of locations that are in neighborhoods and communities where grocery stores and where strong, secondary anchors and discounters, like T.J.Maxx are going to want to be located.

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**Christy McElroy** - *Citigroup - Analyst*

Do you think that -- I mean Sports Authority was obviously a headwind for last year. Do you think that all of the retailers that they're talking about closing stores and filing could add up to another Sports Authority or potentially exceed that? Or is this just basically a normal year?

And what do you have built in to your same store guidance for (multiple speakers)?

**Hap Stein** - *Regency Centers Corporation - Chairman, CEO*

I'd say that we build into our same store guidance a normal amount of retailer move outs, et cetera. I mean I think if Sears were to file bankruptcy that might be another matter.

But let me just say, what's interesting to note is that we ended the year in 2016 and I think Equity One end of the year in 2016, our growth rate was 3.5%, theirs was well above that. So we exceeded the guidance that we'd given, as did Equity One, in spite of the headwinds from Sports Authority.

**Christy McElroy** - *Citigroup - Analyst*

And I think your point about sort of the malls taking some strip center tenants is important, because one of the differences you've seen in the sessions here is that the mall guys are saying we are taking some of these box tenants. The strip center guys are saying we're not seeing it, like we haven't lost any tenants to malls. But your point is that the strip center market is so fragmented and diverse and huge, that it doesn't necessarily impact the strip center REITs, what the mall guys are doing.

**Hap Stein** - *Regency Centers Corporation - Chairman, CEO*

I can say it any better than that, Christy.

**Christy McElroy** - *Citigroup - Analyst*

I just wanted to get that point across.

**Hap Stein** - *Regency Centers Corporation - Chairman, CEO*

Thank you.

**Christy McElroy** - *Citigroup - Analyst*

Michael, did you have something?

**Michael Bilerman** - *Citigroup - Analyst*

Go ahead.

**Christy McElroy** - *Citigroup - Analyst*

Do we have any questions from the audience? Maybe you can talk about -- I mean shop space, we talked about junior anchor shop space still seems pretty healthy.

**Hap Stein** - *Regency Centers Corporation - Chairman, CEO*

Yes, I mean we're 93% leased. It's at a historically high level or bad debt expense is at a historically low level. Is it possible that that might tick back up to historic norms? Very possible. But I think we feel very, very good about healthy tenant demand, the health of the tenant center or shopping centers. Obviously it's important that the country not go into recession, et cetera, but we think we're even better positioned today than we were in 2007 and 2008, given the quality of the portfolio and the quality of the balance sheet.

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**Christy McElroy** - *Citigroup - Analyst*

How do you think about your exposure to restaurants today, versus 5 and 10 years ago and the little bit added tenant risk that comes with that?

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**Hap Stein** - *Regency Centers Corporation - Chairman, CEO*

10 years ago we had 25% of our space of our rental income going to grocery stores, 20% to restaurants, 20% to service providers and those percentages are about the same today.

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**Christy McElroy** - *Citigroup - Analyst*

Okay. Maybe talk about the grocery space. So there's -- that has been perceived to be the safe haven, grocers. There's been a lot of grocer expansion, so it's become competitive in a lot of markets. You have e-com pressure a little bit starting up. I asked you on the call about the meal prep services. You have Amazon Fresh, that's entering this space. Is it still the safe haven? What are your thoughts sort of looking forward? Not what it is today, but looking forward about the risk that could be inherent in the grocery space?

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**Hap Stein** - *Regency Centers Corporation - Chairman, CEO*

It's obviously a very, very competitive industry, it always has been. There's been consolidation, there's been fallout. I think Regency has demonstrated out ability to navigate those issues that have occurred, the challenges in the past.

But when you think about Kroger, Publix are exceptionally good operators. And I think that they're using technology to their advantage. Kroger's announced a program of home delivery to go in conjunction with their order online and pickup at the grocery store. These are very good operators. I think Safeway -- Albertson Safeway is doing a better job than they were several years ago.

And even though Whole Foods is under pressure with all the competition from the traditionals and others from the organic space, but we're having shopping centers where Whole Foods was generating $1,100 a square foot and they're now generating $1,000 a square foot. So it's a very, very good company.

So we feel -- it's going to be a challenging industry for our grocery partners, but we feel very good about their ability to navigate that industry and our ability to, whether it's through culling the portfolio. We announced within the last week a new development that's going to be anchored by Wegmans. An exceptionally strong grocery store chain.

So all in all, I'm mindful of the challenges they face and that we may face, but we feel very good about the portfolio and the ability of the better operators and those with high sales per square foot and high sales to perform and thrive.

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**Christy McElroy** - *Citigroup - Analyst*

So that the field of commonwealth that you talked about, the -- which I think you just announced this morning, right? How closely are you watching the DC market in terms of grocery expansion, because that has been one of the markets where you've seen a lot of new openings.

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**Hap Stein** - *Regency Centers Corporation - Chairman, CEO*

That's a very competitive market. We obviously have our eye on that, but at the same time, Wegmans is performing extremely well there.

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**Christy McElroy** - *Citigroup - Analyst*

Any questions from the audience?

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**Michael Bilerman** - *Citigroup - Analyst*

Going back to the asset disposition that we were talking about before, do you have an interest in potentially raising proceeds by joint venturing any assets and leveraging that capital to grow and fund development and further acquisitions?

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**Hap Stein** - *Regency Centers Corporation - Chairman, CEO*

I think the development and redevelopments are the best use of the Company's capital. A lot of our joint venture partners right now, the assets that they want to own in partnership are the same assets that we wanted in long term. And that's been our strategy for a long period of time. And the assets that we probably want to sell would not be of interest to our current partners. And we really don't have -- we don't currently have an interest in expanding the number of joint venture partners that we have from an institutional standpoint.

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**Michael Bilerman** - *Citigroup - Analyst*

Is there anything from a market perspective that you could create? You think about the holdings that you have up in Connecticut, combined with Equity One's holdings in Connecticut created a pretty dominant presence? I mean would you ever entertain a market based joint venture?

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**Hap Stein** - *Regency Centers Corporation - Chairman, CEO*

Those are good assets with good NOI growth prospects and so why would we sell 100%, 50% or 25%?

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**Michael Bilerman** - *Citigroup - Analyst*

I was just asking a question. (laughter)

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**Christy McElroy** - *Citigroup - Analyst*

What are you seeing on the acquisition side? Has any dislocation and whether it's the financing markets or the retail environment, I mean created any more opportunity to buy?

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**Hap Stein** - *Regency Centers Corporation - Chairman, CEO*

Your turn.

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**Lisa Palmer** - *Regency Centers Corporation - President, CFO*

For the types of centers that we'd like to acquire, we really haven't seen any change yet. There remains a lot of capital pursuing the same really high quality opportunities. So still sub 5 cap rates in the better markets for the best properties.

I don't know what it will take for cap rates to move up. My partner here thinks it's a tenure of 3% plus, but we're certainly not seeing any change yet.

And then from the disposition front, Michael or Christy, one of you said it earlier today, we do talk about selling 1% to 2% of the lower tier, slower growth part of our portfolio, but the reality is the neighborhood and community shopping center sector is so fragmented, the low quality, low growth in our portfolio isn't necessarily low quality to everybody. So there's still a fair amount of demand for those assets as well.

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**Christy McElroy** - *Citigroup - Analyst*

On the redevelopment side, so Equity One had had some pretty big projects in the pipeline. You had the one in Bethesda. You had the one in San Francisco Potrero. All the stuff that they had in the pipeline, do you have the same views on the value creation potential inherent need to these projects? And do you intend to pursue them in the same way that they expected?

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**Hap Stein** - *Regency Centers Corporation - Chairman, CEO*

Well all I'll say is that the projects they identified for redevelopment have a meaningful amount of inherent value. We're still in the process of assessing what makes sense and it will end up being some combination of marking below market rents to market, intense asset management, retail redevelopment and maybe some amount of densification.

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**Lisa Palmer** - *Regency Centers Corporation - President, CFO*

The only thing that I would add, so the projects that are already in process were a very key focus in our integration planning so that we wouldn't lose any momentum on those projects with under construction, Serramonte being one. Westwood not necessarily under construction yet, but much further along in terms of the process with the entitlements and working with the city. And so again, we were really close on that, working with them from an integration planning standpoint.

And then the others that are a little bit further out are the ones where we're going to take a step back, as we should, and reevaluate and approach these as Regency would approach them. Mac Chandler's using the word reimagine, which I love.

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**Michael Bilerman** - *Citigroup - Analyst*

Do you think that your deal with Equity One jump starts other M&A within your space?

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**Hap Stein** - *Regency Centers Corporation - Chairman, CEO*

I have no idea. What do you think?

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**Michael Bilerman** - *Citigroup - Analyst*

I don't know, I think it potentially could. Would you want to participate in further M&A?

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**Hap Stein** - *Regency Centers Corporation - Chairman, CEO*

I think we set a very high bar with the Equity One transaction as far as a transaction that's accretive to our NOI growth rate, that's accretive to our core FFO growth rate and also maintains a very strong balance sheet.

And our team would need at least a good bit of time to absorb that. So we're not -- from our standpoint, we were happy before, we're happy today. We think we've got a lot to do from a growing NOI, integrating the portfolio and absorbing and growing our development program. So that'll keep the team busy, engaged and excited for the foreseeable future.

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**Michael Bilerman** - *Citigroup - Analyst*

There was a question that came across on Slido that reads as follows. "It feels like you've top ticked the market in terms of the Equity One valuation." Granted you used your stock, so it was an exchange. That was my editorial on that.

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**Hap Stein** - *Regency Centers Corporation - Chairman, CEO*

Thank you. Took the words right out of my mouth.

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**Michael Bilerman** - *Citigroup - Analyst*

"The deal is barely accretive and the retail space is challenging." Again I'm reading this question. "What will this deal do for your five-year FFO and NAV growth rate?"

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**Hap Stein** - *Regency Centers Corporation - Chairman, CEO*

I think that we've already raised guidance from an NOI standpoint. And NOI growth is the number one driver of NAV. And we've raised guidance by almost 100 basis points. And I think we've also indicated that over the next couple of years beyond that, it will also be accretive to our NOI growth rate. So I think that's a nice boost to NAV and more to come from the standpoint of core funds from operations, but we said it will be accretive to core funds from operations.

And also, I think that you can't -- one of the other things that obviously we've always said at Regency bigger is better, but better is best. And I think we're already starting to see some of the benefits that we didn't kind of plan on from a size standpoint. Not only S&P inclusion, but our ability to do a 30-year bond offering, number one, in and of itself, but at the pricing they were able to. So I think that's -- our shareholders are starting to see the benefits of the transaction.

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**Michael Bilerman** - *Citigroup - Analyst*

How quickly can you get over the NAV dilution from the stock for stock merger? Obviously the exchange ratio was done at a modestly higher number than where street NAVs were for the respective companies. So now, granted you may think your NAV is dramatically higher than where the street is or you potentially thought that Equity One's NAV was much higher.

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**Hap Stein** - *Regency Centers Corporation - Chairman, CEO*

I think you're probably using your numbers. The transaction was slightly dilutive from an NAV standpoint before synergies and slightly accretive after synergies.

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**Christy McElroy** - *Citigroup - Analyst*

Maybe really quick thoughts on tax reform implications for REITs, just given some of the changes that are being proposed. And also border adjustment and taxability -- border adjustability.

**Hap Stein** - *Regency Centers Corporation - Chairman, CEO*

It was broader in the lunch session.

**Christy McElroy** - *Citigroup - Analyst*

Maybe I should just call it BAT. The BAT tax impact on retailers. Clearly I need caffeine.

**Hap Stein** - *Regency Centers Corporation - Chairman, CEO*

Number one, at this point in time, who knows what the prospects of that getting passed is? And then I've read commentary that says with the increase in the dollar that there won't be any -- the impact will be de minimis. I've already -- obviously there's some retailers that feel like the impact would be negative.

But at this point in time, I see no reason to change our strategy at all and I think our strategy, and this could be a potential disruptor, will not only allow the Company to withstand any disruptors that are out there, but also to thrive in the future.

**Christy McElroy** - *Citigroup - Analyst*

So part of it is they're proposing doing away with like kind exchanges, which is 1031 exchanges. I mean that's a big part of what's the culture inherent in commercial real estate and something that REITs use a lot. What would the potentially be the impact of that?

**Hap Stein** - *Regency Centers Corporation - Chairman, CEO*

Yes, but then at the same time they're talking about immediate write-off of investments in new development. So until you get a better understanding of something that's got a real good chance of being passed, I think there are other things to worry about and stay awake at night for.

**Christy McElroy** - *Citigroup - Analyst*

Great.

**Michael Bilerman** - *Citigroup - Analyst*

Rapid fire. Same store NOI growth for the shopping center sector in 2018.

**Hap Stein** - *Regency Centers Corporation - Chairman, CEO*

2.5%.

**Michael Bilerman** - *Citigroup - Analyst*

How much higher or lower do you expect private market shopping center cap rates to be in 12 months?

**Hap Stein** - *Regency Centers Corporation - Chairman, CEO*

Slightly higher.

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**Michael Bilerman** - *Citigroup - Analyst*

What is that, like 25 basis points?

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**Hap Stein** - *Regency Centers Corporation - Chairman, CEO*

25 basis points.

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**Michael Bilerman** - *Citigroup - Analyst*

Rank the best real estate decisions to make today: buy, build, sell.

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**Hap Stein** - *Regency Centers Corporation - Chairman, CEO*

Develop, sell, buy.

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**Michael Bilerman** - *Citigroup - Analyst*

Great. Thank you.

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**Christy McElroy** - *Citigroup - Analyst*

Thank you.

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