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REG.OQ - Regency Centers Corp to Acquire Urstadt Biddle Properties
in All-Stock Transaction Call

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OVERVIEW:

REG and Urstadt Biddle Properties announced on 05/18/23 that they have agreed to merge in a stock-for-stock transaction.

CORPORATE PARTICIPANTS

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Craig Richard Schmidt *BofA Securities, Research Division - Director*

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Michael William Mueller *JPMorgan Chase & Co, Research Division - Senior Analyst*

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Ronald Kamdem *Morgan Stanley, Research Division - Equity Analyst*

Wesley Keith Golladay *Robert W. Baird & Co. Incorporated, Research Division - Senior Research Analyst*

PRESENTATION

Operator

Greetings and welcome to the Regency Centers and Urstadt Biddle Conference Call. (Operator Instructions) As a reminder, this conference is being recorded.

It is now my pleasure to introduce your host. Christy McElroy, Senior Vice President, Capital Markets. Thank you, Christy, you may begin.

Christy McElroy - Regency Centers Corporation - SVP of Capital Markets

Thank you and good morning, and welcome to the conference call to discuss the merger of Regency Centers and Urstadt Biddle Properties, which was announced this morning.

Joining me on the call today are Lisa Palmer, President and Chief Executive Officer of Regency Centers; Willing Biddle, President and Chief Executive Officer of Urstadt Biddle; and Mike Mas, Chief Financial Officer of Regency Centers.

As a reminder, today's discussion may contain forward-looking statements about the company's views of future business and financial performance including future market conditions.

These are based on management's current beliefs and expectations and are subject to various risks and uncertainties.

It's possible that actual results may differ materially from those suggested by these forward-looking statements we may make.

Factors and risks that could cause actual results to differ materially from these statements may be included in our presentation today and are described in more detail in our filings with the SEC, specifically in our most recent Form 10-K and 10-Q filings.

In our discussion today, we will also reference certain non-GAAP financial measures. Reconciliations to the comparable GAAP financial measures are available and materials posted on our Investor Relations website.

Please note that a presentation with additional details and information related to this transaction has also been posted on our website. Our caution on forward-looking statements also applies to these presentation materials. Given that the transaction has just been announced, we may not be able to answer all questions. More information about the transaction will be included in proxy materials that will be filed with the SEC. Lisa?

Lisa Palmer - Regency Centers Corporation - President, CEO & Non Independent Director

Thank you, Christy. Good morning, everyone. We really appreciate you all joining us this early, especially for those of you that are in earlier time zones than the East Coast. As announced this morning, we're excited that Regency and Urstadt Biddle Properties have agreed to merge in a stock-for-stock transaction.

The Urstadt Biddle portfolio is one that has long been admired by us and we're really thrilled to add these irreplaceable assets, that are in premier suburban trade areas in New York, New Jersey and Connecticut. This exciting transaction presents us with a rare opportunity to add this portfolio with attributes that are highly aligned with Regency.

To grow our footprint and enhance our presence in strong suburban trade areas that are core to our long-term growth strategy.

Trade areas benefiting from positive post-pandemic structural trends including suburban micro migration and hybrid work.

For those of you that may not be as familiar with Urstadt Biddle, the company was founded in 1969 and for over 50 years, the management team has worked carefully to assemble a really high-quality, well-located portfolio of predominantly grocery-anchored, open-air neighborhood and community centers in these premier supply-constrained suburbs of the New York Tri-state area.

The portfolio has approximately 5.3 million square feet of GLA in 77 properties and features a strong demographic profile that is very comparable to our own, including high levels of average household incomes, population densities and college education rates. Our team is really excited to work with their team on a smooth transition and together, we are well positioned to unlock value and enhance merchandising within the combined portfolio, benefiting from increased scale in these markets. While capitalizing on Regency's best-in-class and proven leasing and asset management platform.

Further, this all-stock transaction will be immediately accretive to Regency's core operating earnings including roughly \$9 million of annual cost saving benefits and also really important, the transaction has little impact to our existing balance sheet position with pro forma leverage, including the impact of assumed preferred stock. Our leverage will remain at the low end of our target range of 5 to 5.5x debt-to-EBITDA.

Our strong and flexible balance sheet and ample levels of free cash flow will support continued future growth, positioning us to still continue allocating capital opportunistically going forward. Post-closing, Regency's portfolio will total over 56 million square feet, will be over 80% grocery anchored with an average center size of just under 120,000 square feet and average base rents close to \$24 per square foot.

The transaction largely maintains our top tenant and tenant category concentrations, which is a testament to the strategic alignment of the existing investment strategy. As I mentioned, the transaction is 100% stock for stock with a fixed exchange ratio.

MAY 18, 2023 / 12:30PM, REG.OQ - Regency Centers Corp to Acquire Urstadt Biddle Properties in All-Stock Transaction Call

Each Urstadt Biddle Class A common and common shareholder will receive 0.347 shares of Regency common stock. This represents an equity consideration of \$20.40 per share or a total of approximately \$800 million as of yesterday's close. Additionally, we expect to assume just over \$300 million of mortgage debt and \$225 million of preferred stock.

Pro forma ownership of the combined company will be 93% current Regency shareholders and 7% parent Urstadt Biddle shareholders. The transaction is expected to be nontaxable to shareholders and expect it to close late in the third quarter or early fourth quarter of this year.

I really want to thank the Regency team and the Urstadt Biddle team for their hard work in getting us to this result today.

And with that, it is my pleasure to turn the call over to Wing, Urstadt Biddle's President and CEO. Wing?

Willing L. Biddle - *Urstadt Biddle Properties Inc. - President, CEO & Director*

Thanks, Lisa, and good morning, everybody. This is a really big day for our family and our fellow shareholders at our Urstadt Biddle Properties.

As Lisa mentioned, Urstadt Biddle has been building a shopping center portfolio in this area for over 50 years, and we're tremendously proud of it.

Our local expertise and the concentration of our assets in suburban trade areas around the New York Tri-State area have allowed us to benefit from strong demographics and constraints on new supply. But our success is also a result of our disciplined and conservative approach to asset and balance sheet management.

So as we consider the next phase for our company, we found Regency to be a company that is a strong management team that shares our values and priorities. Our 2 portfolios of high-quality, well-located shopping centers are highly consistent including attractive demographic profiles, necessity-based merchandising mix and focus on neighborhood and community center formats, mostly with grocery stores in them. While Regency as a company has a large national presence, their teams also have a local mentality and prioritize strong tenant relationships just like Urstadt Biddle does.

We appreciate Regency's focus on operation and cultural excellence, a best-in-class balance sheet and a highly disciplined approach to capital allocation that has allowed it to create shareholder value for many years. As a future Regency shareholder, our family looks forward to benefiting from the scale and the platform benefits that a combination of our 2 companies will provide.

I also believe that this transaction will be a great benefit to our other stakeholders including our employees, our retail tenants and partners and the communities that we serve. I want to thank the Urstadt Biddle organization for all their contributions to shape this company to where it has become today. I believe Regency shares our vision and I'm extremely confident that they're going to be an ideal partner for us.

Lastly, Lisa, it's really been a great pleasure getting to know you and several other of the senior management team at Regency. And I have no doubt that our portfolio will be in great hands under your leadership and the rest of your team. And with that, let me turn it back to you.

Lisa Palmer - *Regency Centers Corporation - President, CEO & Non Independent Director*

Thank you, Wing. Really appreciate that and we and the senior management team feel the same as we've worked with you. And I do want to reiterate our excitement about this opportunity and the appreciation for the work and getting us here today. I do want to let our listeners know that Wing has quite a busy day today, as you can imagine.

So he's only going to be able to be with us for a short time during our Q&A as he has to drop off the line before 9:00 a.m. for an internal commitment. We're really appreciate of that he did take the time today out of this as he just said, a really big day for him for his family and for the company to

MAY 18, 2023 / 12:30PM, REG.OQ - Regency Centers Corp to Acquire Urstadt Biddle Properties in All-Stock Transaction Call

join us this morning and we look forward to working with Wing and the team and look forward to the synergies and future growth opportunities that joining of our 2 great companies will offer to the combined shareholder base. And with that, we will open it up to Q&A. Paul?

QUESTIONS AND ANSWERS

Operator

(Operator Instructions). Our first question is from Juan Sanabria with BMO Capital Markets.

Juan Carlos Sanabria - *BMO Capital Markets Equity Research - MD & Senior U.S. Real Estate Analyst*

Just curious if you could talk a little bit about kind of why now in the history of the deal and maybe, Lisa, just your perspective on the implied valuation here and how that's representative of not -- of the current state of the market, given the debt markets today?

Lisa Palmer - *Regency Centers Corporation - President, CEO & Non Independent Director*

Sure. One, I'll start with -- the why now because that we're going to have to wait. As Christy mentioned in her opening, the proxy materials will be filed and you will see the history of the discussions in the transaction.

So we'll put that one aside. With regards to valuation -- the valuation and again, this is a relative trade. So it is a fixed exchange ratio and so we do believe that both companies are trading at a significant discount to NAV.

So the cap rates -- the forward cap rate is in the low 7s, but I don't believe that there's much look through for -- to the private markets, again, because of the relative trade and the fact that Regency is trading at a discount just as Urstadt Biddle is.

Juan Carlos Sanabria - *BMO Capital Markets Equity Research - MD & Senior U.S. Real Estate Analyst*

Okay. And then just curious if you could speak a little bit about the upside you see on the leasing side -- you kind of highlight the small shop delta between the 2 portfolios and the path to get there or the timing in your experience and how we should be thinking about that given the synergy comments about the deal.

Willing L. Biddle - *Urstadt Biddle Properties Inc. - President, CEO & Director*

Lisa, before you answer. I just wanted to say I need to run to my next call and thank you very much and I look forward to working with you. Bye.

Lisa Palmer - *Regency Centers Corporation - President, CEO & Non Independent Director*

Thank you so much, Wing. I appreciate it. With regards to -- we do believe that there's upside in shop occupancy, you have heard Regency speak that we believe that we can hit 93%. So Regency stand-alone has some opportunity and Urstadt Biddle also reach 93% in their history, and we believe that we can get them there as well.

In terms of timing, we're going to have to hold off on that as well, more to come upon closing and at that point in time, we will update guidance to the extent that we can with regards to the future in terms of timing and how we would expect to harvest those opportunities.

Operator

Our next question is from Alexander Goldfarb with Piper Sandler.

Alexander David Goldfarb - Piper Sandler & Co., Research Division - MD & Senior Research Analyst

And quite a surprise this morning as far as going through the e-mail, so I appreciate the excitement. Two questions here, Lisa. First, just going back to Juan's question.

Given this is basically a publicly traded family trust, you have a lot of legacy tax implications. So if we were to compare, I think you guys quoted sort of a low 7s supply cap, how much were the tax considerations affect that, meaning if we want to use this as a read-through for where shopping centers should trade, how much of a discount did this deal have because of the embedded tax issues?

Lisa Palmer - Regency Centers Corporation - President, CEO & Non Independent Director

I'm just going to reiterate what I said before. We believe that this is a fair transaction. We paid market value, Regency's trading at a discount, Urstadt Biddle at a discount. And there is no read-through to private market conditions right now.

Michael J. Mas - Regency Centers Corporation - Executive VP & CFO

This is sorry -- Mike Mas. Let me just also add that on balance, this is a very complementary portfolio to Regency. It's very consistent with our strategies on a go-forward basis. So the tax basis question that you've asked, would be more in consideration of our disposition plans going forward.

We like this portfolio a lot and we like it through the entirety of the portfolio. So we look at this as a long-term hold for the company. And therefore, those low tax basis considerations would be less important.

Alexander David Goldfarb - Piper Sandler & Co., Research Division - MD & Senior Research Analyst

Okay. The second question is on the local planning. As you guys well know, Fairfield, Westchester, Northern Jersey are not for the faint of heart with dealing with the planning, the local zoning committees. In the press release, it says the C-suite is, I guess, leaving as part of the synergies. How much local knowledge from the legacy Urstadt Biddle team will you guys be retaining as far as -- I mean, the communities, as you guys well know, are really tough on approving anything.

But obviously, that's key to Urstadt's growth over time. They've been successful in developing and redeveloping their centers. So how much of that local knowledge will be retaining? And how much have you guys picked up through your local acquisitions, whether in Fairfield or Richfield, et cetera?

Lisa Palmer - Regency Centers Corporation - President, CEO & Non Independent Director

Yes. I appreciate the question, Alex, and I do -- I acknowledge that you don't formally cover us, so perhaps you're not as familiar with Regency. We already have a pretty strong presence in that area and in that market. And I can feel my Westport and my New York team like listening to this question and getting, puffing their chests out. So we feel really good about the team we have. We will need to add people. This is a large portfolio that we're adding and we will and do expect that we will add some from the Urstadt Biddle's team. But I feel really good about our ability to execute on this portfolio.

Operator

Our next question is from Floris Van Dijkum with Compass Point.

Floris Gerbrand Hendrik Van Dijkum - *Compass Point Research & Trading, LLC, Research Division - MD & Senior Research Analyst*

Congrats, Lisa. I know that some of your competitors are probably looking enviously at you right now. And it gives you some significant scale in the Tri-state area. Pricing obviously mid-cap, as you said it's not really indicative of where the private market is. These assets probably would have been mid 5s about 18 months ago.

So from that basis, it looks pretty attractive. Urstadt has some exposure to cannabis tenants. I know that's not something that you guys have done in the -- I know financing for that can be tricky. How do you look on operational issues like that?

And could that bring a new push into your portfolio that with some pretty high presumably sales densities and traffic counts?

Lisa Palmer - *Regency Centers Corporation - President, CEO & Non Independent Director*

Floris, thank you for the question. I appreciate the kind words. We do believe that, again, I want to reiterate what Mike said. And I think that you do know this because I know that you live in the area. These -- the quality of this portfolio is really consistent with what we own and we like that.

And we do believe that we will have the opportunity to apply our national leasing, asset management platform, our scale, our relationship with our tenants to even elevate what is already a great portfolio to higher levels. Does that mean that we're going to do more with cannabis tenants?

I don't know the answer to that today. But we do like the portfolio and are really excited about adding it to the Regency portfolio.

Operator

Our next is from Wes Golladay with Baird.

Wesley Keith Golladay - *Robert W. Baird & Co. Incorporated, Research Division - Senior Research Analyst*

Congratulations on the deal. Can you give us a little color on the voting structure? Will it be a combined vote for both classes that need to get over 50%?

Lisa Palmer - *Regency Centers Corporation - President, CEO & Non Independent Director*

There will be more in the materials, but the family -- so the -- as you know, there are 2 classes of shares and the family did enter into a voting agreement to vote for this transaction with the signing of the agreement.

Wesley Keith Golladay - *Robert W. Baird & Co. Incorporated, Research Division - Senior Research Analyst*

Okay. And then that low 7s cap rate you cited, is that a fully loaded mark-to-market on everything? And any intentions to take out the preferred. Yes, that's it.

Michael J. Mas - Regency Centers Corporation - Executive VP & CFO

More to come on all the details you've asked with respect to guidance, but just know that we're thinking about this from a cash NOI perspective. It is -- and that would include -- that would be the color I would offer on the implied cap rate that Lisa mentioned.

It would also be inclusive of our view of property management fees as well. The second part of his question -- preferred. On the preferred, I view that as a feature, not a concern.

We were very -- again, given the public-to-public nature of the transaction, and our ability to assume the preferred equity, I think, again, was a feature. We love the low cost just over 6% long-term capital there with the option at the -- towards the end of next year with both tranches being fully redeemable at our option. So again, a feature of the deal was the preferred structure.

Wesley Keith Golladay - Robert W. Baird & Co. Incorporated, Research Division - Senior Research Analyst

Can I squeeze one more in on the Bed Bath & Beyond, you happen to have the basis on those assets for the per square foot. Is that a good mark-to-market opportunity for you?

Michael J. Mas - Regency Centers Corporation - Executive VP & CFO

I would suggest that just like in our own portfolio, we are excited about the opportunity to release Bed Bath & Beyond locations and Wing if he were on would have said the same, and we have really good demand. They have really good demand for that space today.

Lisa Palmer - Regency Centers Corporation - President, CEO & Non Independent Director

And that one did naturally expire.

Operator

Our next question is from Ronald Kamdem with Morgan Stanley.

Ronald Kamdem - Morgan Stanley, Research Division - Equity Analyst

I just want to go back to sort of the upside beyond the \$9 million of G&A synergies. So if I'm understanding correctly, your view is there's a scenario of getting the shop leasing to 92, even 93. That's one. And then maybe can you just comment on the mark-to-market opportunity in the portfolio. What the opportunity is there, too.

Lisa Palmer - Regency Centers Corporation - President, CEO & Non Independent Director

Yes. Just bigger picture, higher level. I would reiterate that we think this is really consistent with the portfolio that we own.

And so in that regard, we think it's really consistent. The future NOI growth is going to be really consistent with Regency's. And as you know, we've been able to increase occupancy and increase commenced occupancy coming out of the pandemic and expect the same here. And with regards to again, the timing and how we're going to be able to harvest that, more to come.

Ronald Kamdem - Morgan Stanley, Research Division - Equity Analyst

Got it. And then just a follow-up, just any quick on the mark-to-market for the portfolio, is there like a click? Is it 10%, 15%? Any color there?

Michael J. Mas - Regency Centers Corporation - Executive VP & CFO

Nothing. Ronald I'm sorry, more to comment closing. As Lisa mentioned and as you would expect from Regency, transparency is a key tenant of ours.

At closing, we will have a full -- a more fulsome suite of guidance for the balance of this year and hopefully an outlook into the years to come.

Ronald Kamdem - Morgan Stanley, Research Division - Equity Analyst

Okay. No worries. If I could just sneak one more in. So the centers are a lot smaller than Regency's. I see 70,000 here versus sort of what the portfolio that you guys are operating. Can you maybe talk about, is that an opportunity? Do you think about merchandising differently? Just trying to get a sense of the difference in size here what that means.

Lisa Palmer - Regency Centers Corporation - President, CEO & Non Independent Director

No. I mean, again, it's really consistent. Yes, smaller size, but primarily grocery anchored. And there -- and you've heard us say this too, we are not afraid to shop space. We like shop space and they do have shop space. And we are really excited about applying our tenant relationships and our platform that does exist in that market to really elevating the merchandising and beyond what a great job they've already done.

Operator

Our next question is from Michael Goldsmith with UBS.

Michael Goldsmith - UBS Investment Bank, Research Division - Associate Director and Associate Analyst

Congratulations to all involved. My first question is on -- you talked a little bit about the diversification that this provides to the portfolio. Is that a reflection of that you wanted to get more into the New York Tri-State area or a reflection that you want to diversify away from the Sunbelt or the West? Is there anything kind of specific from a regional perspective that you're trying to accomplish with this deal?

Lisa Palmer - Regency Centers Corporation - President, CEO & Non Independent Director

Not necessarily. I appreciate the question, Michael. It's not necessarily one of an objective. When we think about our company and I think you know this about us. Our strategy is one of national breadth with the local expertise. We like all the markets. We operate in most of the major markets across the U.S. and we like all the markets that we operate in. But we are a trade area focused company. And the quality and demographic attributes of these properties are in trade areas that we like.

That comment is simply of the fact that it does reduce on the margin, our concentration in California and concentration in Florida and increases in New York. So from that fact, it actually enhances the diversification across the U.S.

Michael Goldsmith - UBS Investment Bank, Research Division - Associate Director and Associate Analyst

Got it. And as a follow-up, I guess the question is, like is scale more important now than it has been in the past just given rise inflation has pushed some of the G&A costs higher and just general cost inflation and so with your relation.

So just being able to spread those fixed costs across a wider base becomes more important in the current environment than maybe it has been in the past?

Lisa Palmer - *Regency Centers Corporation - President, CEO & Non Independent Director*

We have believed for quite some time now that scale is important. I believe that was a big benefit of our merger with Equity One. And I think maybe on the margin, it has become more important for many of the reasons that you stated. But the ability to increase our free cash flow so that we can reinvest back into our business, back into our development, redevelopment platform.

The scale benefits we actually underestimate it with Equity One from a tenant relationship side. And I think that we've really benefit from the fruits of that, and this will only push that a little bit further and allow us to apply this to this portfolio. So we do believe that scale is important.

Operator

Our next question is from Craig Schmidt with Bank of America.

Craig Richard Schmidt - *BofA Securities, Research Division - Director*

Of the 77 properties, are all of them shopping centers? And when I look towards the supplemental, the last quarter at Urstadt -- I don't quite get that high of a number. Where are we getting the 77 number?

Michael J. Mas - *Regency Centers Corporation - Executive VP & CFO*

The 77 property count, Craig?

Craig Richard Schmidt - *BofA Securities, Research Division - Director*

Yes.

Michael J. Mas - *Regency Centers Corporation - Executive VP & CFO*

There are 77 properties -- rather the property count. It is a largely retail portfolio, Craig. It's less than 5% coming from non-retail income streams. That would include a little bit of a part of multifamily, a little bit of office, a little bit of self-storage, but it's a de minimis component of the portfolio. But this is largely a retail open-air shopping center portfolio, largely and consistently with Regency grocery-anchored.

Craig Richard Schmidt - *BofA Securities, Research Division - Director*

Okay. Great. And then maybe you could talk about the operation efficiencies beyond G&A. What are some of the things that you can achieve efficiencies out of the box?

Lisa Palmer - *Regency Centers Corporation - President, CEO & Non Independent Director*

I'll just again say, they have done a nice job. So from an operating expense, they've managed their portfolio really well. I don't know that we anticipate much with regards to that from a margin standpoint.

And again, more to come upon closing in terms of guidance of how we expect to be able to harvest future growth by applying our expertise, our scale to this portfolio.

Operator

Our next question is from Linda Tsai with Jefferies.

Linda Tsai - *Jefferies LLC, Research Division - VP, Research Analyst, Retail REITs*

Congratulations. How much overlap is there in the Urstadt Biddle portfolio with Regency's? And then would you expect to kind of do more capital recycling in other areas of the country following this transaction?

Lisa Palmer - *Regency Centers Corporation - President, CEO & Non Independent Director*

I'll take the overlap and I'll let Mike handle the capital recycling. If you were to look at Regency's existing portfolio, we are more concentrated, if you will, in the -- around -- our offices in Westport and it's Westport, North in the Connecticut and then also out on Long Island. What Urstadt Biddle will actually add to that, enhance the Connecticut and the metro New York but also add more to New Jersey than what we have today.

Michael J. Mas - *Regency Centers Corporation - Executive VP & CFO*

With respect to recycling, Linda, I go back to the comments I made earlier, the consistency of this portfolio and it's -- how it adds to Regency is -- will not change how we think about, recycling going forward. And you're very in tune with our strategy, which is to continue to opportunistically sell when we think the portfolio needs to maybe even manage risk or lower growth assets, but that won't -- what we see in this portfolio is not changing any of that strategy at Regency.

More to come on guidance when we close, but I don't anticipate us changing our disposition guidance in any way. And nothing about this portfolio would take us off of that expectation from a recycling standpoint.

Operator

Our next question is from Michael Gorman with BTIG.

Michael Patrick Gorman - *BTIG, LLC, Research Division - MD & REIT Analyst*

Maybe just quickly, there's obviously been a lot of conversation about operational efficiencies and overlap and things like that. Lisa, when the Equity One transaction happened. I think it was pretty explicit that there were additional kind of value-add opportunities.

Is there anything as you were looking over the Urstadt portfolio that kind of stands out as something that could immediately go into the development, redevelopment pipeline from Regency's perspective?

Lisa Palmer - *Regency Centers Corporation - President, CEO & Non Independent Director*

I appreciate the question, Michael. This, again, is about the quality of the portfolio and the value. The fact that we are able to do a full stock for stock relative value on an accretive basis. And I think you've heard me say often, and I'll say I love to repeat it. We will look at -- when we look at it, whether it's a single asset, whether it's a portfolio of properties or in this case, a great company, it's got to check the boxes.

It must be accretive to earnings. And that that's -- this is -- as we said, will be immediately accretive to earnings, which is a really important box. Especially when we're adding great properties that are just like ours -- and then again, equal to accretive to quality and growth, which we've been talking about a lot here. So it does check that boxes plus, it doesn't change our leverage in any significant fashion.

MAY 18, 2023 / 12:30PM, REG.OQ - Regency Centers Corp to Acquire Urstadt Biddle Properties in All-Stock Transaction Call

So this is -- while Equity One was a lot about increasing our scale, as I just talked about and adding a pipeline of larger redevelopment opportunities, this is really about the opportunity to add a portfolio of high quality, hard to replicate, open-air shopping centers at an accretive value.

Operator

(Operator Instructions). Our next question is from R.J. Milligan with Raymond James.

Richard Jon Milligan - Raymond James & Associates, Inc., Research Division - Director & Research Analyst

Sorry about that, Lisa. Congratulations. And I'm sorry, I jumped on a little bit late, but did you quantify the expected accretion in year 1 of the transaction?

Lisa Palmer - Regency Centers Corporation - President, CEO & Non Independent Director

We will provide more information upon closing.

Richard Jon Milligan - Raymond James & Associates, Inc., Research Division - Director & Research Analyst

Okay. And then is there a difference in the CapEx requirements for the Urstadt portfolio relative to how Regency typically runs in terms of -- are there any older properties that need to be redeveloped or retented? And how do you think about the impact of the AFFO per share growth over the next several years?

Michael J. Mas - Regency Centers Corporation - Executive VP & CFO

R.J., good question. More to come from a detailed perspective at closing, but I think it is fair to say we've spoken a little bit about today about the lease-up opportunity within the portfolio and with leasing comes leasing capital. And that -- so we would plan for a touch more leasing capital as we stabilize the portfolio to the levels that we talked about today, especially in the shopping area at 93%, targeted high end. However, given the relative size of the portfolio, I don't anticipate you would see a material change or a difference to the overall Regency performance.

Operator

Our next question is from Mike Mueller with JPMorgan.

Michael William Mueller - JPMorgan Chase & Co, Research Division - Senior Analyst

Just have a quick one. It looks like they have a handful of unconsolidated JVs. What's the general nature of those that they tend to be smaller one-off transactions that, I don't know, eventually may end up being wholly owned at some point?

Michael J. Mas - Regency Centers Corporation - Executive VP & CFO

Smaller single asset joint ventures with each of them with -- as with Regency, all of them come with a history and a story. So much more to come on whether that turns into an opportunity or an ongoing relationship.

Operator

Our next question is from Anthony Powell with Barclays.

Anthony Franklin Powell - *Barclays Bank PLC, Research Division - Research Analyst*

Question on the grocery anchors. I think you'll be more regional, I guess, supermarket, Is there an opportunity to maybe upscale specialty grocery over the time?

Lisa Palmer - *Regency Centers Corporation - President, CEO & Non Independent Director*

I appreciate the question. Just like in Regency, the most important thing is how productive and -- whether how productive they are in their market. And again, I just -- I know I sound like a broken record, but I just want to reiterate that we really like the portfolio and the quality of the portfolio, and that includes the quality of the anchors that are in the shopping centers.

Operator

There are no further questions at this time. I'd like to hand the floor back over to Lisa Palmer for any closing comments.

Lisa Palmer - *Regency Centers Corporation - President, CEO & Non Independent Director*

Thanks, Paul. And I do want to thank everyone again. Really appreciate you hopping on the call on short notice early in the morning. And we do look forward. I imagine we'll see some of you out in Vegas next week, and then many more of you just a couple of weeks later at NAREIT. We appreciate it. Thank you.

Operator

This concludes today's conference. You may disconnect your lines at this time. Thank you for your participation.

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