



Urban Edge Properties

Second Quarter 2026 Earnings Conference Call

August 6, 2026

C O R P O R A T E P A R T I C I P A N T S

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P R E S E N T A T I O N

Areeba Ahmed

Good evening and welcome to Urban Edge Properties' Second Quarter 2026 Earnings Conference Call.

Joining me today are Jeff Olson, Chairman and Chief Executive Officer; Jeff Mooallem, Chief Operating Officer; Mark Langer, Chief Financial Officer; Heather Ohlberg, General Counsel; Scott Auster, EVP and Head of Leasing; and Andrea Drazin, Chief Accounting Officer.

Please note today's discussion may contain forward-looking statements about the Company's views of future events and financial performance which are subject to numerous assumptions, risks, and uncertainties, and which the Company does not undertake to update. Our actual results, financial condition, and business may differ. Please refer to our filings with the SEC, which are also available on our website, for more information about the Company.

In our discussion today, we will refer to certain non-GAAP financial measures. Reconciliations of these measures to GAAP results are available in our earnings release and our supplemental disclosure package.

At this time, it is my pleasure to introduce our Chairman and Chief Executive Officer, Jeff Olson.

Jeffrey Olson

Thank you, Areeba, and good evening everyone.

We had a great second quarter, with results that exceeded our internal expectations. We reported record FFO as Adjusted of \$0.40 per share, a 10% increase over the second quarter of last year and 7% year-to-date. Same-property NOI, including redevelopment, grew 3.2% for the quarter and 3% year-to-date.

Demand for high-quality space across our markets remains strong, and there continues to be limited availability of quality vacancies in our trade areas. Traffic across our centers is up 3% in the second quarter versus the prior year, underscoring the strength of our value and necessity-oriented merchandise mix.

Traffic increases were particularly noticeable at properties where we have upgraded our tenancy, including Bergen, Woodbridge, Hudson Mall and Totowa.

Our signed-but-not-open pipeline represents \$22 million of future annual gross rent, or approximately 7% of current NOI, and remains a meaningful and highly visible contributor to future earnings growth.

We are most excited about the improvements we are making at Bruckner Commons in the Bronx with the addition of BJ's Wholesale Club, Ross, Chick-Fil-A and Chipotle. These tenants are all under construction with rent commencement dates beginning throughout 2027 and totaling over \$8 million in annual rent.

We continued to execute our capital recycling strategy, focused on improving both asset quality and long-term growth. In July, we acquired The Shops at West Falls Church, an 85,000 square foot Safeway-anchored center in Falls Church, Virginia, for \$40 million. The center sits in a densely populated and affluent submarket of Washington, D.C., with average annual household income of approximately \$200,000 within a three-mile radius, and offers visible growth through lease-up, contractual annual rent increases, and mark-to-market opportunities.

We also purchased a ground lease position at Shopper's World in Framingham, MA for \$10.5 million. The cap rate on these two purchases averaged 6% and should generate an unleveraged IRR of 9%.

We are also under contract to sell Briarcliff Commons, a Kohl's-anchored center in New Jersey, for \$60.5 million, which we expect to close this month.

The market for acquisitions remains highly competitive. We're seeing significant capital, both institutional and private, chasing retail, which has compressed cap rates across the sector. However, given the fragmented nature of the market, we are still finding a handful of deals that meet our return thresholds. We expect to fund some of that activity by selling lower-growth, high-credit stabilized assets from our existing portfolio.

Based on our strong first-half results, we raised our full-year FFO as Adjusted guidance by \$0.02 per share at the midpoint to a new range of \$1.50 to \$1.54 per share, implying 6% growth over 2025.

There are several factors that differentiate Urban Edge from our peers. Our portfolio is concentrated in the D.C. to Boston corridor, the most densely populated, supply constrained region of the country. We own 100% interest in nearly all our properties, financed with 31 individual, non-recourse mortgages, with our remaining 44 assets unencumbered. On top of that, we have a differentiated redevelopment platform with an active pipeline of \$155 million, expected to yield 12%, and our signed but not open pipeline will grow our NOI by 7%.

Finally, our capital recycling program is having a meaningful impact on our portfolio quality and growth rate. Over the past three years, we have acquired approximately \$700 million of high-quality shopping centers at a 7% cap rate and have sold approximately \$500 million of non-core property at a 5.2% cap rate. Collectively, these differentiating factors give us multiple levers for durable, visible growth.

Lastly, our condolences to Jim Taylor's family, colleagues and friends. He was my favorite advisor as a banker over 20 years ago and a formidable competitor as CEO of Brixmor. Rest in peace, Jim.

I will now turn it over to our Chief Operating Officer, Jeff Mooallem.

Jeffrey Mooallem

Thanks, Jeff, and good evening everyone.

The demand for high quality retail space in 2026 has allowed us to become more strategic in our leasing. In both our anchor and our shop leasing, we ask our team to be selective, identify the best long-term tenants for each asset, and push hard on both the initial rent and capital and the ongoing economics like rent increases and option terms. We are seeing the results of those efforts.

In the second quarter we executed 26 leases—13 new and 13 renewal—for a total of 199,000 square feet. New leases generated a same-space cash spread of 13%, with renewals and option exercises generating a same-space cash spread of 10%. The new lease spread was lower than in the first quarter as this metric fluctuates quarter to quarter based on our size. New lease spreads year-to-date are nearly 30%. Based on leases in our pipeline, we are confident cash spreads on new leases will exceed 20% for the year, which would be the fifth consecutive year we attained that level.

Same-property leased occupancy ended the quarter at 96.3%, a decrease of 10 basis points versus the prior quarter and down 40 basis points from 2Q25. The decrease was mostly the result of the unexpected Wren Kitchens bankruptcy, which occupied two locations within our portfolio. We were able to collect a meaningful settlement on those leases and expect Wren's departure to allow for an improved merchandising mix at healthy spreads over what Wren was paying. More to come later this year on those efforts.

Shop occupancy in the quarter declined 70 basis points sequentially to 91.7%, in large part due to the greater emphasis we are placing on tenant quality. About half of the decrease in shop occupancy was tied to a handful of recapture opportunities where we did not wish to renew or retain the existing tenant.

Replacing weaker shop tenants almost always results in stronger assets in the long run. Over the balance of the year, we expect to backfill shop space at average rents in the \$45 a square foot range, a mark-to-market of approximately 20%, and push shop occupancy back to over 93%.

On the development front, we stabilized one project at Hudson Mall in Jersey City, New Jersey, with the opening of a new Burlington store in May. Coupled with the addition of HomeGoods, which is under construction and scheduled to open later this year, this marks the beginning of our reinvention of Hudson Mall, a development we are really excited about and will be talking about more in subsequent quarters. We also activated a new anchor project at Ledgewood Commons and a new multitenant outparcel at Woodmore Towne Centre.

In the last 12 months, we've invested \$33 million dollars in completed projects that are now generating an average yield of 25%.

Our active development pipeline, comprised exclusively of projects emanating from signed leases, now stands at \$155 million with approximately \$67 million remaining to fund, and remains on track to generate an approximate 12% yield. But even more exciting is our shadow pipeline, projects we have not activated yet but expect to be meaningful contributors to NOI in future years. These include additional multi-tenant pad developments and new stores for some of our most important anchor tenants.

With the current environment of rising rents and virtually no new supply, redevelopments are penciling out stronger than they have in many years and the capital demanded from landlords to move forward with new stores is, on average, lower than at any time I recall in the last 15 years.

It is indeed a good time to be on this side of the table, and we are using that leverage to make the best deals we can.

With that, I'll turn it over to our CFO, Mark Langer.

Mark Langer

Thank you Jeff, and good evening everyone.

We were pleased to deliver another strong quarter, marked by solid earnings, progress on capital recycling and continued confidence in our ability to grow occupancy at attractive rents.

FFO as Adjusted was \$0.40 per share, an increase of approximately 10% over the second quarter of last year. Same-property NOI, including redevelopment, increased 3.2% compared to the second quarter of 2025. NOI growth in the quarter exceeded our expectations and was driven by higher percentage rents, higher net recovery revenue, collections on prior period reserves, and lower real estate taxes. FFO as Adjusted also benefited from some one-time items including lease termination income received from Wren Kitchens of approximately \$0.02 per share and a penny a share from accelerated amortization of non-cash revenue and the receipt of a multiyear real estate tax refund that each contributed about \$500,000.

Turning to our balance sheet and liquidity position, we remain in excellent shape, with total liquidity of approximately \$960 million, including \$82 million of cash on hand. We ended the quarter with \$55 million drawn on our credit facility and no amount drawn on either of the 5-year or 7-year delayed draw term loans. Our net debt to Adjusted EBITDA was 5.5x in the second quarter, positioning us well to capitalize on future growth opportunities.

Looking ahead to the remainder of 2026, we are increasing our FFO as Adjusted guidance by \$0.02 per share at the midpoint to a new range of \$1.50 to \$1.54 per share, and projecting same-property NOI growth, including redevelopment, to be in the range of 3.25% to 3.75%, reflecting a 25 basis point increase to the low end of the range.

Bad debt came in better than expected in the quarter, at approximately 40 basis points of gross rents, which benefited from collections on accounts reserved in the first quarter for tenants on a cash basis. It is worth noting that the multi-location franchise operator in Puerto Rico that contributed to elevated levels of uncollected rents in the first quarter paid all rents due in the second quarter and is also current on payment plan obligations on past due rents.

Given current tenant trends and the lack of expected significant bankruptcies for the rest of the year, our updated assumption for credit losses in Q3 and Q4 is 60 to 75 basis points of gross rent.

Our \$22 million SNO pipeline continues to be a key growth driver. As shown in our supplement, we expect this pipeline to generate \$1.7 million in new rents in the remainder of this year with the majority of that coming online in the fourth quarter, which represents about \$7.7 million on an annualized basis.

Our acquisition guidance of \$95 million reflects activity completed to date and disposition activity of \$60.5 million remains unchanged, reflecting the expected closing of Briarcliff Commons later this month.

In closing, we are encouraged by the continued strength of our leasing pipeline and the lack of new supply in our markets which should enable us to achieve attractive rent growth as tenants fight for a decreasing level of available space in high-quality locations.

With that, I'll turn the call to the operator for Q&A.

Operator

Thank you. At this time if you would like to ask a question, please press star, one on your keypad. To leave the queue at any time, press star, two. Once again, that is star, one to ask a question.

Our first question will come from Michael Goldsmith with UBS. Please go ahead.

Michael Goldsmith

Good afternoon. Thanks a lot for taking my question.

Mark, on the guidance it sounds like you've benefited a little bit from termination fees of \$0.02 and then a penny from accelerated amortization and then you also took the same-property NOI guidance, but presumably the collective impact of all of that was more than the \$0.02 increase in the guidance. Can you just walk through the moving pieces there and if I'm missing anything?

Mark Langer

Yes. Michael, the \$0.03 one-timers that I highlight versus the \$0.02 increase in guide, part of that as you said was termination income, so on a full-year basis some of that income was already baked into our plan in the form of rent and so it's not truly incremental. Likewise, some of the beat this quarter that I highlighted in the timing of percentage rent elevated the second quarter but normally would have come in later in the year, so that kind of reconciles the \$0.03 one-timer versus the \$0.02 bump.

Michael Goldsmith

Got it. Thanks for that, Mark.

Just on the capital recycling, you were an acquirer of a center this quarter. Can you talk a little bit about what cap rates are looking like for the type of centers that you're looking at, and then also compared to the disposition? Just trying to get a sense of the magnitude of accretion from the capital recycling as the market sits today. Thanks.

Jeffrey Olson

Hi Michael. I mean it is all over the board, but generally cap rates are in the 5% to 7% range. The key is what is the NOI growth and how much capital? They're pricing out unleveraged IRRs in the 7% to 9% range, and as far as our own capital recycling, generally what we're doing is we're looking to sell our lower-growth assets but those assets that have high credit that can sell at pretty low cap rates and redeploy that capital into higher growth assets.

So, in principle, we're looking to sell like 1% to 2% growth assets and redeploying that into 3% to 4% growth assets at cap rates that are generally on par with what we're selling.

Michael Goldsmith

Got it. Thank you very much. Good luck in the back half.

Jeffrey Olson

Great. Thank you.

Operator

Thank you. Once again that is star, one to ask a question.

Our next question will come from Michael Griffin with Evercore ISI. Please go ahead.

Michael Griffin

Great, thanks. Maybe for Jeff Mooallem, I think you talked about new lease spreads maybe being at 20% on a full-year basis. I know it was closer to 30% in the first half and then about 13% in the second quarter. Does that kind of imply we sort of stay in this mid-teens-ish releasing spread area? And then if you could expand more, it seems like there's really a lot of demand on the small shop side of things too. Are you able to get tenants open quicker and paying rent quicker and so that's going to help lift that small shop occupancy into the back half?

Jeffrey Mooallem

Yes. Hey Michael, thanks for the question.

Look, in terms of spread, we've messaged this before. It's hard to look at any one quarter given our size. We are an outlier on the high end in the first quarter, a little bit of an outlier at the lower end in the second quarter, but as you said, blended for the first half of the year we're around 30%. We're very confident we'll be over 20% for the year. We actually—if you look at our pipeline right now it should exceed that pretty comfortably.

We feel very good about the spreads and again, I'll say it's not just the number but it's the quality. When I look at the tenants that we vacated in the second quarter and the pipeline list of tenants who we hope are coming into those spaces, pretty much every one of the tenants that we vacated was a one- or two-off single local tenant and we're replacing them with names like Kappa and Starbucks and Mathnasium and Rally House, really good names. So if we're going to be able to achieve that quality spread and achieve much better tenancy, we'll take that downtime all day long.

As far as getting people open faster, that is rallying cry number one around here. We're doing everything in our power. I would tell you it's gotten a lot better because tenants have become a lot more flexible with this increased demand and limited supply for space, tenants are having to do things they did not want to do in the past like take existing HVAC systems or going under one permit without the landlord having to do work

first, and those things can really press the time to RCD. But it's still a struggle wherever we go to get permits and get people open.

Michael Griffin

Thanks, Jeff. Certainly appreciate the context there.

Maybe just one other one for Olson, just as you look at the external growth opportunity set, particularly as it relates to potential acquisitions. Clearly the bread and butter is along the Northeast corridor. But if there is this increased competition—and maybe it is a conversation held in other markets nationally—could we see you guys maybe looking at opportunities in, I don't know, Florida, North Carolina, places like that if the opportunity presented itself? Or are you guys kind of going to stick to your knitting in terms of just the existing geographic footprint of the company?

Jeffrey Olson

I do think the most natural extension for us is to go south, so yes, I think the Southeast is a market that we've been actively looking in. It is super competitive, for sure. But we are hoping at some point that we'll be able to go into that market.

Michael Griffin

Great. That's it for me. Thanks for the time.

Jeffrey Olson

Thank you.

Operator

Thank you. Our next question will come from Daniel Purpura with Green Street. Please go ahead.

Daniel Purpura

Hello. Good afternoon. I think it's another question on the transaction market. You mentioned in your prepared remarks that cap rates have compressed generally across the sector. I know you gave the range of—I think you said about 5% to 7% in your markets, but could you share if you've observed any compression in the cap rate spread between large community centers or power centers and the typical grocery-anchored center as well?

Jeffrey Mooallem

Hey Daniel, it's Jeff Mooallem. The short answer is yes. Everything is compressed, so let's start with that. From when we were really able to buy a lot of stuff in late '23 and into all of '24 and some of '25, cap rates are down overall. And as more buyers enter the field and search for yield, they're looking at assets that maybe they wouldn't have looked at a year or two ago. So a power center asset where there might have been 5 to 10 names on the bid sheet now might have north of 10 and institutional names that previously might have turned their nose up at power.

We're seeing more competition on pretty much everything, which is making us double-down on our efforts to look for things off-market. And when we do find assets that we really like, we dig in hard and we make sure the sellers know what our reputation is as a buyer so we can get to the top of the list.

But if you're trying to buy assets today just by hoping that you can make offers on a bunch of things and nobody else will show up at the table, it's not working that way right now. There is a lot of activity on pretty much everything that gets marketed.

Daniel Purpura

Got it. Thank you. Then on the anchor side, could you elaborate on what types of anchors generally pay the highest net effective rents? Is it from a category perspective or is it more name driven more than category driven?

Jeffrey Mooallem

It's all across the board. I mean, we are seeing real rent growth coming from everything from the big boxes, which I would say like sort of the home improvement, the large format stores like the Targets and the Walmart, the Warehouse Clubs, and the large format grocers like Wegmans. All of those folks have stepped up and are paying bigger rent. That's sort of one category of anchors.

Then you go to the discount group, the TJ Maxx concepts, the Ross concepts, Burlington, competition is really rampant in that sector right now and as you know, competition drives prices. So our ability to command better rents is just a function of three tenants for two spaces, and we hope that continues.

But I'd even tell you that even going to the other stuff, let's call it more of the health and beauty or the smaller format anchors, J.Crews, Old Navies, Ulta's, Skechers are all trying to get into centers and are having trouble finding great locations and they're having to pay more rent to do it.

So I wouldn't organize it by either category or by size. I'd say that anchor tenants have woken up to what today's market rent realities are and they're stepping up.

Daniel Purpura

Got it. Thank you.

Operator

Thank you. Once again, to ask a question please press star one on your telephone keypad.

Our next question will come from Ronald Kamdem with Morgan Stanley. Please go ahead.

Caroline

Hi, this is Caroline on for Ron. Thank you for taking my question.

I know you just talked a little bit about the more anchor tenants, so I was wondering if you could just speak a little bit more holistically and what you're seeing in terms of tenant health just so far and how it's trending. I know you mentioned it's been a little bit better than expected. Are there any names that we need to look out for or categories that are doing better or worse than last year?

Jeffrey Mooallem

Hey Caroline, it's Jeff Mooallem. Thanks for the question.

The shop tenant categories that we are sort of leaning into heavily right now, a lot of it is around fitness, around medical, and around new kinds of concepts that have recently discovered the success they can have in these neighborhood and community-based locations. So we are constantly talking to some of these great fitness concepts and some of the newer sort of pseudo-medical stuff that's out there. Veterinary

practices have come out in a big way. Urgent care are still doing deals, and certainly all the different boutique fitness concepts that we all know are active.

Food QSRs continues to be looking and in a lot of places, they're a desired small-shop tenant. But we are also being a little bit more cautious there and making sure we don't sort of over-food any of our properties.

Those continue to be the big drivers, but even in things like apparel and service and other types of small shop uses there's been a little bit of a pickup and we hope it'll continue.

Caroline

Very helpful. Then in terms of occupancy, I know you saw some changes that you spoke on in terms of shop. Just going forward, how do you think about total portfolio occupancy and also shop occupancy kind of as like a natural level going forward?

Jeffrey Mooallem

We've messaged, Caroline, 93% to 94% shop occupancy and despite a little bit of a dip in 2Q, we're still on point with that message.

When we look at our active pipeline, there's a lot of shop space that should be coming online in the third and fourth quarter. And we have a fair amount of the shop space that we have is temporary lease because it is mall space in Puerto Rico and Bergen. So if you look at our occupancy purely as a math equation of numerator and denominator, it doesn't necessarily tell the whole story. A lot of our shop vacancy is not the shop vacancy that is ever going to get to 99, 100. I think we'd be very happy to hit 93.5, 94 this year and we have a roadmap to get there on the shop side.

On the anchor side, we mentioned the Wren Kitchens. Bankruptcy gave us a couple of boxes back. We expect to get those leased up this year and we should be back to around 97, 98, and a blended 97% occupancy by the end of the year is our goal. Right. Great.

Operator

Great, thank you. At this time, there are no further questions. I'd like to turn the call back over to Jeff Olson for any additional or closing remarks.

Jeffrey Olson

Great. We appreciate everyone's interest in UE and look forward to seeing you soon.

Operator

Thank you, ladies and gentlemen. This brings us to the end of today's meeting. We appreciate your time and participation, and you may now disconnect.