

REGENCY CENTERS CORP  
Form 10-Q  
November 06, 2017

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549  
FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF  
x 1934

For the quarterly period ended September 30, 2017

or

o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF  
o 1934

For the transition period from to

Commission File Number 1-12298 (Regency Centers Corporation)  
Commission File Number 0-24763 (Regency Centers, L.P.)

REGENCY CENTERS CORPORATION  
REGENCY CENTERS, L.P.

(Exact name of registrant as specified in its charter)

FLORIDA (REGENCY CENTERS CORPORATION) 59-3191743

DELAWARE (REGENCY CENTERS, L.P) 59-3429602

(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

One Independent Drive, Suite 114  
Jacksonville, Florida 32202 (904) 598-7000

(Address of principal executive offices) (zip code) (Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Regency Centers Corporation YES x NO o Regency Centers, L.P. YES x NO o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Regency Centers Corporation YES x NO o Regency Centers, L.P. YES x NO o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Regency Centers Corporation:

Large accelerated filer x Accelerated filer o Emerging growth company o

Non-accelerated filer o Smaller reporting company o

Regency Centers, L.P.:

Large accelerated filer o Accelerated filer x Emerging growth company o

Non-accelerated filer o Smaller reporting company o

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the

Edgar Filing: REGENCY CENTERS CORP - Form 10-Q

Exchange Act.

Regency Centers Corporation      YES  NO       Regency Centers, L.P.      YES  NO

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Regency Centers Corporation      YES  NO       Regency Centers, L.P.      YES  NO

The number of shares outstanding of the Regency Centers Corporation's common stock was 170,110,464 as of November 2, 2017.

---

## EXPLANATORY NOTE

This report combines the quarterly reports on Form 10-Q for the quarter ended September 30, 2017, of Regency Centers Corporation and Regency Centers, L.P. Unless stated otherwise or the context otherwise requires, references to “Regency Centers Corporation” or the “Parent Company” mean Regency Centers Corporation and its controlled subsidiaries; and references to “Regency Centers, L.P.” or the “Operating Partnership” mean Regency Centers, L.P. and its controlled subsidiaries. The term “the Company”, “Regency Centers” or “Regency” means the Parent Company and the Operating Partnership, collectively.

The Parent Company is a real estate investment trust (“REIT”) and the general partner of the Operating Partnership. The Operating Partnership's capital includes general and limited common Partnership Units (“Units”). As of September 30, 2017, the Parent Company owned approximately 99.8% of the Units in the Operating Partnership. The remaining limited Units are owned by investors. As the sole general partner of the Operating Partnership, the Parent Company has exclusive control of the Operating Partnership's day-to-day management.

The Company believes combining the quarterly reports on Form 10-Q of the Parent Company and the Operating Partnership into this single report provides the following benefits:

- Enhances investors' understanding of the Parent Company and the Operating Partnership by enabling investors to view the business as a whole in the same manner as management views and operates the business;
  - Eliminates duplicative disclosure and provides a more streamlined and readable presentation; and
  - Creates time and cost efficiencies through the preparation of one combined report instead of two separate reports.
- Management operates the Parent Company and the Operating Partnership as one business. The management of the Parent Company consists of the same individuals as the management of the Operating Partnership. These individuals are officers of the Parent Company and employees of the Operating Partnership.

The Company believes it is important to understand the key differences between the Parent Company and the Operating Partnership in the context of how the Parent Company and the Operating Partnership operate as a consolidated company. The Parent Company is a REIT, whose only material asset is its ownership of partnership interests of the Operating Partnership. As a result, the Parent Company does not conduct business itself, other than acting as the sole general partner of the Operating Partnership, issuing public equity from time to time and guaranteeing certain debt of the Operating Partnership. Except for the \$500 million of unsecured public and private placement debt assumed with the Equity One merger on March 1, 2017, the Parent Company does not have any other indebtedness, but guarantees all of the unsecured debt of the Operating Partnership. The Operating Partnership is also the co-issuer and guarantees the debt of the Parent Company. The Operating Partnership holds all the assets of the Company and retains the ownership interests in the Company's joint ventures. Except for net proceeds from public equity issuances by the Parent Company, which are contributed to the Operating Partnership in exchange for partnership units, the Operating Partnership generates all remaining capital required by the Company's business. These sources include the Operating Partnership's operations, its direct or indirect incurrence of indebtedness, and the issuance of partnership units.

Stockholders' equity, partners' capital, and noncontrolling interests are the main areas of difference between the consolidated financial statements of the Parent Company and those of the Operating Partnership. The Operating Partnership's capital includes general and limited common Partnership Units. The limited partners' units in the Operating Partnership owned by third parties are accounted for in partners' capital in the Operating Partnership's financial statements and outside of stockholders' equity in noncontrolling interests in the Parent Company's financial statements.

In order to highlight the differences between the Parent Company and the Operating Partnership, there are sections in this report that separately discuss the Parent Company and the Operating Partnership, including separate financial statements, controls and procedures sections, and separate Exhibit 31 and 32 certifications. In the sections that combine disclosure for the Parent Company and the Operating Partnership, this report refers to actions or holdings as being actions or holdings of the Company.

As general partner with control of the Operating Partnership, the Parent Company consolidates the Operating Partnership for financial reporting purposes, and the Parent Company does not have assets other than its investment in the Operating Partnership. Although the Parent Company is the issuer of the combined \$500 million of unsecured

public and private notes, the Operating Partnership is a co-issuer and guarantor of these notes. Therefore, while stockholders' equity and partners' capital differ as discussed above, the assets and liabilities of the Parent Company and the Operating Partnership are the same on their respective financial statements.

---

## TABLE OF CONTENTS

Form 10-Q  
Report Page

## PART I - FINANCIAL INFORMATION

## Item 1. Financial Statements (Unaudited)

## Regency Centers Corporation:

|   |          |
|---|----------|
| Consolidated Balance Sheets as of September 30, 2017 and December 31, 2016                        | <u>1</u> |
| Consolidated Statements of Operations for the periods ended September 30, 2017 and 2016           | <u>2</u> |
| Consolidated Statements of Comprehensive Income for the periods ended September 30, 2017 and 2016 | <u>3</u> |
| Consolidated Statements of Equity for the periods ended September 30, 2017 and 2016               | <u>4</u> |
| Consolidated Statements of Cash Flows for the periods ended September 30, 2017 and 2016           | <u>5</u> |

## Regency Centers, L.P.:

|   |           |
|---|-----------|
| Consolidated Balance Sheets as of September 30, 2017 and December 31, 2016                        | <u>7</u>  |
| Consolidated Statements of Operations for the periods ended September 30, 2017 and 2016           | <u>8</u>  |
| Consolidated Statements of Comprehensive Income for the periods ended September 30, 2017 and 2016 | <u>9</u>  |
| Consolidated Statements of Capital for the periods ended September 30, 2017 and 2016              | <u>10</u> |
| Consolidated Statements of Cash Flows for the periods ended September 30, 2017 and 2016           | <u>11</u> |
| Notes to Consolidated Financial Statements  | <u>13</u> |

|   |           |
|---|-----------|
| Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations | <u>33</u> |
|---|-----------|

|  |           |
|--|-----------|
| Item 3. Quantitative and Qualitative Disclosures about Market Risk | <u>61</u> |
|--|-----------|

|                                 |           |
|---------------------------------|-----------|
| Item 4. Controls and Procedures | <u>61</u> |
|---------------------------------|-----------|

## PART II - OTHER INFORMATION

|                           |           |
|---------------------------|-----------|
| Item 1. Legal Proceedings | <u>62</u> |
|---------------------------|-----------|

|                       |           |
|-----------------------|-----------|
| Item 1A. Risk Factors | <u>62</u> |
|-----------------------|-----------|

Edgar Filing: REGENCY CENTERS CORP - Form 10-Q

|   |           |
|---|-----------|
| Item 2. Unregistered Sales of Equity Securities and Use of Proceeds | <u>62</u> |
| Item 3. Defaults Upon Senior Securities                             | <u>63</u> |
| Item 4. Mine Safety Disclosures                                     | <u>63</u> |
| Item 5. Other Information   | <u>63</u> |
| Item 6. Exhibits  | <u>63</u> |
| SIGNATURES  | <u>65</u> |

---

## PART I - FINANCIAL INFORMATION

## Item 1. Financial Statements

## REGENCY CENTERS CORPORATION

## Consolidated Balance Sheets

September 30, 2017 and December 31, 2016

(in thousands, except share data)

|   | 2017         | 2016        |
|---|--------------|-------------|
|   | (unaudited)  |             |
| Assets  |              |             |
| Real estate investments at cost:  |              |             |
| Land  | \$4,578,145  | 1,660,424   |
| Buildings and improvements  | 5,834,405    | 3,092,197   |
| Properties in development   | 433,707      | 180,878     |
|   | 10,846,257   | 4,933,499   |
| Less: accumulated depreciation  | 1,281,510    | 1,124,391   |
|   | 9,564,747    | 3,809,108   |
| Properties held for sale  | 27,802       | —           |
| Investments in real estate partnerships   | 380,930      | 296,699     |
| Net real estate investments   | 9,973,479    | 4,105,807   |
| Cash and cash equivalents   | 23,543       | 13,256      |
| Restricted cash   | 7,098        | 4,623       |
| Tenant and other receivables, net of allowance for doubtful accounts and straight-line rent reserves of \$12,279 and \$9,021 at September 30, 2017 and December 31, 2016, respectively                  | 143,153      | 111,722     |
| Deferred leasing costs, less accumulated amortization of \$91,213 and \$83,529 at September 30, 2017 and December 31, 2016, respectively  | 71,826       | 69,000      |
| Acquired lease intangible assets, less accumulated amortization of \$123,662 and \$56,695 at September 30, 2017 and December 31, 2016, respectively   | 508,868      | 118,831     |
| Other assets  | 390,778      | 65,667      |
| Total assets  | \$11,118,745 | 4,488,906   |
| Liabilities and Equity  |              |             |
| Liabilities:  |              |             |
| Notes payable   | \$2,943,986  | 1,363,925   |
| Unsecured credit facilities   | 578,144      | 278,495     |
| Accounts payable and other liabilities  | 276,363      | 138,936     |
| Acquired lease intangible liabilities, less accumulated amortization of \$49,968 and \$23,538 at September 30, 2017 and December 31, 2016, respectively   | 637,217      | 54,180      |
| Tenants' security, escrow deposits and prepaid rent   | 46,351       | 28,868      |
| Total liabilities   | 4,482,061    | 1,864,404   |
| Commitments and contingencies   | —            | —           |
| Equity:   |              |             |
| Stockholders' equity:   |              |             |
| Preferred stock, \$0.01 par value per share, 30,000,000 shares authorized; 13,000,000 Series 6 and 7 shares issued and outstanding at December 31, 2016, with liquidation preferences of \$25 per share | —            | 325,000     |
| Common stock, \$0.01 par value per share, 220,000,000 and 150,000,000 shares authorized; 170,109,043 and 104,497,286 shares issued at September 30, 2017 and December 31, 2016, respectively            | 1,701        | 1,045       |
|   | (18,048      | ) (17,062 ) |

Edgar Filing: REGENCY CENTERS CORP - Form 10-Q

Treasury stock at cost, 362,764 and 347,903 shares held at September 30, 2017 and December 31, 2016, respectively

|   |              |            |
|---|--------------|------------|
| Additional paid in capital  | 7,779,103    | 3,294,923  |
| Accumulated other comprehensive loss  | (14,141 )    | (18,346 )  |
| Distributions in excess of net income   | (1,153,153 ) | (994,259 ) |
| Total stockholders' equity  | 6,595,462    | 2,591,301  |
| Noncontrolling interests:   |              |            |
| Exchangeable operating partnership units, aggregate redemption value of \$21,708 and \$10,630 at September 30, 2017 and December 31, 2016, respectively | 10,906       | (1,967 )   |
| Limited partners' interests in consolidated partnerships  | 30,316       | 35,168     |
| Total noncontrolling interests  | 41,222       | 33,201     |
| Total equity  | 6,636,684    | 2,624,502  |
| Total liabilities and equity  | \$11,118,745 | 4,488,906  |

See accompanying notes to consolidated financial statements.

1

---



## REGENCY CENTERS CORPORATION

## Consolidated Statements of Operations

(in thousands, except per share data)

(unaudited)

|   | Three months<br>ended September<br>30, |           | Nine months ended<br>September 30, |           |
|---|--|-----------|------------------------------------|-----------|
|   | 2017                                   | 2016      | 2017                               | 2016      |
| Revenues:   |  |           |                                    |           |
| Minimum rent  | \$195,393                              | 111,886   | \$532,625                          | 329,506   |
| Percentage rent   | 1,147                                  | 495       | 5,509                              | 2,651     |
| Recoveries from tenants and other income  | 59,554                                 | 34,532    | 162,089                            | 103,894   |
| Management, transaction, and other fees   | 6,047                                  | 5,855     | 19,353                             | 18,759    |
| Total revenues  | 262,141                                | 152,768   | 719,576                            | 454,810   |
| Operating expenses:   |  |           |                                    |           |
| Depreciation and amortization   | 91,474                                 | 40,705    | 243,757                            | 119,721   |
| Operating and maintenance   | 38,020                                 | 23,373    | 103,888                            | 69,767    |
| General and administrative  | 15,199                                 | 16,046    | 49,618                             | 48,695    |
| Real estate taxes   | 29,315                                 | 17,058    | 79,636                             | 49,697    |
| Other operating expenses (note 2)   | 3,195                                  | 1,046     | 81,621                             | 5,795     |
| Total operating expenses  | 177,203                                | 98,228    | 558,520                            | 293,675   |
| Other expense (income):   |  |           |                                    |           |
| Interest expense, net   | 34,679                                 | 21,945    | 97,285                             | 70,489    |
| Provision for impairment  | —                                      | —         | —                                  | 1,666     |
| Early extinguishment of debt  | —                                      | 13,943    | 12,404                             | 13,943    |
| Net investment (income) loss, including unrealized (gains) losses of (\$842) and (\$383), and (\$1,705) and (\$888) for the three and nine months ended September 30, 2017 and 2016, respectively | (971 )                                 | (821 )    | (2,955 )                           | (1,268 )  |
| Loss on derivative instruments  | —                                      | 40,586    | —                                  | 40,586    |
| Total other expense (income)  | 33,708                                 | 75,653    | 106,734                            | 125,416   |
| Income from operations before equity in income of investments in real estate partnerships   | 51,230                                 | (21,113 ) | 54,322                             | 35,719    |
| Equity in income of investments in real estate partnerships   | 12,221                                 | 22,647    | 33,804                             | 46,618    |
| Income from operations  | 63,451                                 | 1,534     | 88,126                             | 82,337    |
| Gain on sale of real estate, net of tax   | 131                                    | 9,580     | 4,913                              | 22,997    |
| Net income  | 63,582                                 | 11,114    | 93,039                             | 105,334   |
| Noncontrolling interests:   |  |           |                                    |           |
| Exchangeable operating partnership units  | (132 )                                 | (16 )     | (217 )                             | (165 )    |
| Limited partners' interests in consolidated partnerships  | (637 )                                 | (527 )    | (1,884 )                           | (1,380 )  |
| Income attributable to noncontrolling interests   | (769 )                                 | (543 )    | (2,101 )                           | (1,545 )  |
| Net income attributable to the Company  | 62,813                                 | 10,571    | 90,938                             | 103,789   |
| Preferred stock dividends and issuance costs  | (3,147 )                               | (5,266 )  | (16,128 )                          | (15,797 ) |
| Net income attributable to common stockholders  | \$59,666                               | 5,305     | \$74,810                           | 87,992    |
| Income per common share - basic   | \$0.35                                 | 0.05      | \$0.48                             | 0.88      |
| Income per common share - diluted   | \$0.35                                 | 0.05      | \$0.48                             | 0.88      |

See accompanying notes to consolidated financial statements.



REGENCY CENTERS CORPORATION  
 Consolidated Statements of Comprehensive Income  
 (in thousands)  
 (unaudited)

|  | Three months<br>ended<br>September 30, |        | Nine months<br>ended September<br>30, |           |
|--|--|--------|---------------------------------------|-----------|
|  | 2017                                   | 2016   | 2017                                  | 2016      |
| Net income   | \$63,582                               | 11,114 | \$93,039                              | 105,334   |
| Other comprehensive income:  |  |        |                                       |           |
| Effective portion of change in fair value of derivative instruments:         |  |        |                                       |           |
| Effective portion of change in fair value of derivative instruments          | (39 )                                  | 1,294  | (3,911 )                              | (25,338 ) |
| Reclassification adjustment of derivative instruments included in net income | 2,329                                  | 43,111 | 8,054                                 | 48,063    |
| Unrealized gain on available-for-sale securities                             | 8                                      | 53     | 51                                    | 90        |
| Other comprehensive income   | 2,298                                  | 44,458 | 4,194                                 | 22,815    |
| Comprehensive income   | 65,880                                 | 55,572 | 97,233                                | 128,149   |
| Less: comprehensive income (loss) attributable to noncontrolling interests:  |  |        |                                       |           |
| Net income attributable to noncontrolling interests                          | 769                                    | 543    | 2,101                                 | 1,545     |
| Other comprehensive income (loss) attributable to noncontrolling interests   | 5                                      | 158    | (11 )                                 | (139 )    |
| Comprehensive income attributable to noncontrolling interests                | 774                                    | 701    | 2,090                                 | 1,406     |
| Comprehensive income attributable to the Company                             | \$65,106                               | 54,871 | \$95,143                              | 126,743   |
| See accompanying notes to consolidated financial statements.                 |  |        |                                       |           |

## REGENCY CENTERS CORPORATION

## Consolidated Statements of Equity

For the nine months ended September 30, 2017 and 2016

(in thousands, except per share data)

(unaudited)

|   | Preferred<br>Stock | Common<br>Stock | Treasury<br>Stock | Additional<br>Paid In<br>Capital | Accumulated<br>Other<br>Comprehensive<br>Loss | Distributions<br>in Excess<br>of<br>Comprehensive<br>Net Income | Total<br>Stockholders'<br>Equity | Exchange<br>Operating<br>Partnership<br>Units | Noncontrolling<br>Interests<br>Limited<br>Partnerships | Total<br>Noncontrolling<br>Interests | Total<br>Rolling<br>Equity |
|---|--------------------|-----------------|-------------------|----------------------------------|---|---|----------------------------------|---|--|--------------------------------------|----------------------------|
| Balance at<br>December 31,<br>2015  | \$325,000          | 972             | (19,658)          | 2,742,508                        | (58,693)                                      | (936,020 )  | 2,054,109                        | (1,975 )                                      | 30,486   | 28,511                               | 2,082,6                    |
| Net income  | —                  | —               | —                 | —                                | —   | 103,789   | 103,789                          | 165   | 1,380  | 1,545                                | 105,33                     |
| Other<br>comprehensive<br>loss  | —                  | —               | —                 | —                                | 22,954  | —   | 22,954                           | 33  | (172 )   | (139 )                               | 22,815                     |
| Deferred<br>compensation<br>plan, net   | —                  | —               | 2,776             | (2,776 )                         | —   | —   | —                                | —   | —  | —                                    | —                          |
| Restricted<br>stock issued,<br>net of<br>amortization                                     | —                  | 2               | —                 | 9,965                            | —   | —   | 9,967                            | —   | —  | —                                    | 9,967                      |
| Common stock<br>redeemed for<br>taxes withheld<br>for stock based<br>compensation,<br>net | —                  | —               | —                 | (7,835 )                         | —   | —   | (7,835 )                         | —   | —  | —                                    | (7,835)                    |
| Common stock<br>issued under<br>dividend<br>reinvestment<br>plan                          | —                  | —               | —                 | 804                              | —   | —   | 804                              | —   | —  | —                                    | 804                        |
| Common stock<br>issued, net of<br>issuance costs  | —                  | 71              | —                 | 549,474                          | —   | —   | 549,545                          | —   | —  | —                                    | 549,54                     |
| Contributions<br>from partners  | —                  | —               | —                 | —                                | —   | —   | —                                | —   | 8,675  | 8,675                                | 8,675                      |
| Distributions to<br>partners  | —                  | —               | —                 | (538 )                           | —   | —   | (538 )                           | —   | (5,224 )   | (5,224 )                             | (5,762)                    |
| Cash dividends<br>declared:   |                    |                 |                   |                                  |   |   |                                  |   |  |                                      |                            |
| Preferred stock   | —                  | —               | —                 | —                                | —   | (15,797 )   | (15,797 )                        | —   | —  | —                                    | (15,79                     |
| Common<br>stock/unit  | —                  | —               | —                 | —                                | —   | (149,853 )  | (149,853 )                       | (229 )  | —  | (229 )                               | (150,0                     |

Edgar Filing: REGENCY CENTERS CORP - Form 10-Q

(\$1.50 per share)

Balance at September 30, 2016

Balance at December 31, 2016

Net income  
Other comprehensive income

Deferred compensation plan, net

Restricted stock issued, net of amortization

Common stock redeemed for taxes withheld for stock based compensation, net

Common stock issued under dividend reinvestment plan

Common stock issued, net of issuance costs

Restricted stock issued upon Equity

One merger Redemption of preferred stock

Contributions from partners

Distributions to partners

Cash dividends declared:

Preferred stock

Common stock/unit (\$1.57 per share)

|            |       |          |           |          |            |            |          |          |          |         |
|------------|-------|----------|-----------|----------|------------|------------|----------|----------|----------|---------|
| \$325,000  | 1,045 | (16,882) | 3,291,602 | (35,739) | (997,881 ) | 2,567,145  | (2,006 ) | 35,145   | 33,139   | 2,600,2 |
| \$325,000  | 1,045 | (17,062) | 3,294,923 | (18,346) | (994,259 ) | 2,591,301  | (1,967 ) | 35,168   | 33,201   | 2,624,5 |
| —          | —     | —        | —         | —        | 90,938     | 90,938     | 217      | 1,884    | 2,101    | 93,039  |
| —          | —     | —        | —         | 4,205    | —          | 4,205      | 6        | (17 )    | (11 )    | 4,194   |
| —          | —     | (986 )   | 977       | —        | —          | (9 )       | —        | —        | —        | (9      |
| —          | 2     | —        | 10,918    | —        | —          | 10,920     | —        | —        | —        | 10,920  |
| —          | (1 )  | —        | (18,431 ) | —        | —          | (18,432 )  | —        | —        | —        | (18,43  |
| —          | —     | —        | 908       | —        | —          | 908        | —        | —        | —        | 908     |
| —          | 654   | —        | 4,470,759 | —        | —          | 4,471,413  | —        | —        | —        | 4,471,4 |
| —          | 1     | —        | 7,950     | —        | —          | 7,951      | —        | —        | —        | 7,951   |
| (325,000 ) | —     | —        | 11,099    | —        | (11,099 )  | (325,000 ) | —        | —        | —        | (325,00 |
| —          | —     | —        | —         | —        | —          | —          | 13,100   | 367      | 13,467   | 13,467  |
| —          | —     | —        | —         | —        | —          | —          | —        | (7,086 ) | (7,086 ) | (7,086  |
| —          | —     | —        | —         | —        | (5,029 )   | (5,029 )   | —        | —        | —        | (5,029  |
| —          | —     | —        | —         | —        | (233,704 ) | (233,704 ) | (450 )   | —        | (450 )   | (234,1  |

Balance at

September 30, \$— 1,701 (18,048) 7,779,103 (14,141) (1,153,153) 6,595,462 10,906 30,316 41,222 6,636,000  
2017

See accompanying notes to consolidated financial statements.

4

---

## REGENCY CENTERS CORPORATION

## Consolidated Statements of Cash Flows

For the nine months ended September 30, 2017 and 2016

(in thousands)

(unaudited)

|   | 2017      | 2016      |
|---|-----------|-----------|
| Cash flows from operating activities:   |           |           |
| Net income  | \$93,039  | 105,334   |
| Adjustments to reconcile net income to net cash provided by operating activities:   |           |           |
| Depreciation and amortization   | 243,757   | 119,721   |
| Amortization of deferred loan cost and debt premium                                 | 7,144     | 7,242     |
| (Accretion) and amortization of above and below market lease intangibles, net       | (18,784 ) | (2,296 )  |
| Stock-based compensation, net of capitalization                                     | 16,836    | 7,554     |
| Equity in income of investments in real estate partnerships                         | (33,804 ) | (46,618 ) |
| Gain on sale of real estate, net of tax   | (4,913 )  | (22,997 ) |
| Provision for impairment  | —         | 1,666     |
| Early extinguishment of debt  | 12,404    | 13,943    |
| Distribution of earnings from operations of investments in real estate partnerships | 40,817    | 39,765    |
| Loss on derivative instruments  | 51        | —         |
| Deferred compensation expense   | 2,885     | 1,249     |
| Realized and unrealized (gain) loss on investments                                  | (2,878 )  | (1,268 )  |
| Changes in assets and liabilities:  |           |           |
| Restricted cash   | (1,569 )  | (84 )     |
| Accounts receivable, net  | 2,574     | 3,715     |
| Straight-line rent receivables, net   | (13,901 ) | (4,894 )  |
| Deferred leasing costs  | (10,294 ) | (7,841 )  |
| Other assets  | 8,075     | (59 )     |
| Accounts payable and other liabilities  | 4,908     | 12,607    |
| Tenants' security, escrow deposits and prepaid rent                                 | (2,490 )  | (1,406 )  |
| Net cash provided by operating activities   | 343,857   | 225,333   |
| Cash flows from investing activities:   |           |           |
| Acquisition of operating real estate  | (2,109 )  | (333,220) |
| Advance deposits paid on acquisition of operating real estate                       | (350 )    | 1,250     |
| Acquisition of Equity One, net of cash acquired of \$72,534                         | (648,763) | —         |
| Real estate development and capital improvements                                    | (241,834) | (146,773) |
| Proceeds from sale of real estate investments                                       | 15,397    | 83,675    |
| Issuance of notes receivable  | (3,460 )  | —         |
| Investments in real estate partnerships   | (12,296 ) | (13,127 ) |
| Distributions received from investments in real estate partnerships                 | 36,603    | 52,536    |
| Dividends on investment securities  | 200       | 189       |
| Acquisition of securities   | (14,011 ) | (53,290 ) |
| Proceeds from sale of securities  | 11,974    | 54,176    |
| Net cash used in investing activities   | (858,649) | (354,584) |
| Cash flows from financing activities:   |           |           |
| Net proceeds from common stock issuance   | —         | 549,545   |
| Repurchase of common shares in conjunction with equity award plans                  | (19,251 ) | (8,013 )  |
| Proceeds from sale of treasury stock  | 100       | 957       |
| Redemption of preferred stock and partnership units                                 | (325,000) | —         |
| Distributions to limited partners in consolidated partnerships, net                 | (7,031 )  | (3,126 )  |

Edgar Filing: REGENCY CENTERS CORP - Form 10-Q

|  |           |           |
|--|-----------|-----------|
| Distributions to exchangeable operating partnership unit holders | (450 )    | (229 )    |
| Dividends paid to common stockholders                            | (232,796) | (149,049) |
| Dividends paid to preferred stockholders                         | (5,029 )  | (15,797 ) |
| Repayment of fixed rate unsecured notes                          | —         | (300,000) |
| Proceeds from issuance of fixed rate unsecured notes, net        | 953,115   | —         |
| Proceeds from unsecured credit facilities                        | 950,000   | 395,000   |
| Repayment of unsecured credit facilities                         | (650,000) | (295,000) |
| Proceeds from notes payable                                      | 126,999   | 20,223    |
| Repayment of notes payable                                       | (232,839) | (41,584 ) |
| Scheduled principal payments                                     | (7,452 )  | (4,462 )  |
| Payment of loan costs  | (12,868 ) | (1,954 )  |
| Early redemption costs   | (12,419 ) | (13,214 ) |
| Net cash provided by financing activities                        | 525,079   | 133,297   |
| Net increase in cash and cash equivalents                        | 10,287    | 4,046     |
| Cash and cash equivalents at beginning of the period             | 13,256    | 36,856    |
| Cash and cash equivalents at end of the period                   | \$23,543  | 40,902    |



## REGENCY CENTERS CORPORATION

## Consolidated Statements of Cash Flows

For the nine months ended September 30, 2017, and 2016

(in thousands)

(unaudited)

|  | 2017          | 2016    |
|--|---------------|---------|
| Supplemental disclosure of cash flow information:  |               |         |
| Cash paid for interest (net of capitalized interest of \$5,778 and \$2,622 in 2017 and 2016, respectively) | \$73,273      | 54,904  |
| Cash received for income tax refunds, net of payments  | \$670         | —       |
| Supplemental disclosure of non-cash transactions:  |               |         |
| Exchangeable operating partnership units issued for acquisition of real estate                             | \$13,100      | —       |
| Common stock issued under dividend reinvestment plan   | \$908         | 804     |
| Stock-based compensation capitalized   | \$2,459       | 2,561   |
| Contributions from limited partners in consolidated partnerships, net                                      | \$311         | 8,674   |
| Common stock issued for dividend reinvestment in trust   | \$557         | 556     |
| Contribution of stock awards into trust  | \$1,372       | 1,513   |
| Distribution of stock held in trust  | \$677         | 4,096   |
| Change in fair value of securities available-for-sale  | \$51          | 90      |
| Equity One Merger:   |               |         |
| Notes payable assumed in Equity One merger, at fair value  | \$757,399     | —       |
| Common stock exchanged for Equity One shares   | \$(4,471,808) | —       |
| Deconsolidation of previously consolidated partnership:  |               |         |
| Real estate, net   | \$—           | 14,075  |
| Investments in real estate partnerships  | \$—           | (3,355) |
| Notes payable  | \$—           | (9,415) |
| Other assets and liabilities   | \$—           | 640     |
| Limited partners' interest in consolidated partnerships  | \$—           | (2,099) |
| See accompanying notes to consolidated financial statements.   |               |         |

## REGENCY CENTERS, L.P.

## Consolidated Balance Sheets

September 30, 2017 and December 31, 2016

(in thousands, except unit data)

|  | 2017          | 2016      |
|--|---------------|-----------|
|  | (unaudited)   |           |
| Assets   |               |           |
| Real estate investments at cost:   |               |           |
| Land   | \$4,578,145   | 1,660,424 |
| Buildings and improvements   | 5,834,405     | 3,092,197 |
| Properties in development  | 433,707       | 180,878   |
|  | 10,846,257    | 4,933,499 |
| Less: accumulated depreciation   | 1,281,510     | 1,124,391 |
|  | 9,564,747     | 3,809,108 |
| Properties held for sale   | 27,802        | —         |
| Investments in real estate partnerships  | 380,930       | 296,699   |
| Net real estate investments  | 9,973,479     | 4,105,807 |
| Cash and cash equivalents  | 23,543        | 13,256    |
| Restricted cash  | 7,098         | 4,623     |
| Tenant and other receivables, net of allowance for doubtful accounts and straight-line rent reserves of \$12,279 and \$9,021 at September 30, 2017 and December 31, 2016, respectively | 143,153       | 111,722   |
| Deferred leasing costs, less accumulated amortization of \$91,213 and \$83,529 at September 30, 2017 and December 31, 2016, respectively   | 71,826        | 69,000    |
| Acquired lease intangible assets, less accumulated amortization of \$123,662 and \$56,695 at September 30, 2017 and December 31, 2016, respectively                                    | 508,868       | 118,831   |
| Trading securities held in trust   | —             | —         |
| Other assets   | 390,778       | 65,667    |
| Total assets   | \$ 11,118,745 | 4,488,906 |
| Liabilities and Capital  |               |           |
| Liabilities:   |               |           |
| Notes payable  | \$2,943,986   | 1,363,925 |
| Unsecured credit facilities  | 578,144       | 278,495   |
| Accounts payable and other liabilities   | 276,363       | 138,936   |
| Acquired lease intangible liabilities, less accumulated amortization of \$49,968 and \$23,538 at September 30, 2017 and December 31, 2016, respectively                                | 637,217       | 54,180    |
| Tenants' security, escrow deposits and prepaid rent  | 46,351        | 28,868    |
| Total liabilities  | 4,482,061     | 1,864,404 |
| Commitments and contingencies  | —             | —         |
| Capital:   |               |           |
| Partners' capital:   |               |           |
| Preferred units of general partner, \$0.01 par value per unit, 13,000,000 units issued and outstanding at December 31, 2016, liquidation preference of \$25 per unit                   | —             | 325,000   |
| General partner; 170,109,043 and 104,497,286 units outstanding at September 30, 2017 and December 31, 2016, respectively   | 6,609,603     | 2,284,647 |
| Limited partners; 349,902 and 154,170 units outstanding at September 30, 2017 and December 31, 2016, respectively  | 10,906        | (1,967 )  |
| Accumulated other comprehensive loss   | (14,141 )     | (18,346 ) |
| Total partners' capital  | 6,606,368     | 2,589,334 |
| Noncontrolling interests:  |               |           |
| Limited partners' interests in consolidated partnerships   | 30,316        | 35,168    |

|  |              |           |
|--|--------------|-----------|
| Total noncontrolling interests                               | 30,316       | 35,168    |
| Total capital  | 6,636,684    | 2,624,502 |
| Total liabilities and capital                                | \$11,118,745 | 4,488,906 |
| See accompanying notes to consolidated financial statements. |              |           |

7

---

REGENCY CENTERS, L.P.  
Consolidated Statements of Operations  
(in thousands, except per unit data)  
(unaudited)

|   | Three months<br>ended September<br>30, |           | Nine months ended<br>September 30, |           |
|---|--|-----------|------------------------------------|-----------|
|   | 2017                                   | 2016      | 2017                               | 2016      |
| Revenues:   |  |           |                                    |           |
| Minimum rent  | \$ 195,393                             | 111,886   | \$ 532,625                         | 329,506   |
| Percentage rent   | 1,147                                  | 495       | 5,509                              | 2,651     |
| Recoveries from tenants and other income  | 59,554                                 | 34,532    | 162,089                            | 103,894   |
| Management, transaction, and other fees   | 6,047                                  | 5,855     | 19,353                             | 18,759    |
| Total revenues  | 262,141                                | 152,768   | 719,576                            | 454,810   |
| Operating expenses:   |  |           |                                    |           |
| Depreciation and amortization   | 91,474                                 | 40,705    | 243,757                            | 119,721   |
| Operating and maintenance   | 38,020                                 | 23,373    | 103,888                            | 69,767    |
| General and administrative  | 15,199                                 | 16,046    | 49,618                             | 48,695    |
| Real estate taxes   | 29,315                                 | 17,058    | 79,636                             | 49,697    |
| Other operating expenses (note 2)   | 3,195                                  | 1,046     | 81,621                             | 5,795     |
| Total operating expenses  | 177,203                                | 98,228    | 558,520                            | 293,675   |
| Other expense (income):   |  |           |                                    |           |
| Interest expense, net   | 34,679                                 | 21,945    | 97,285                             | 70,489    |
| Provision for impairment  | —                                      | —         | —                                  | 1,666     |
| Early extinguishment of debt  | —                                      | 13,943    | 12,404                             | 13,943    |
| Net investment (income) loss, including unrealized (gains) losses of (\$842) and (\$383), and (\$1,705) and (\$888) for the three and nine months ended September 30, 2017 and 2016, respectively | (971 )                                 | (821 )    | (2,955 )                           | (1,268 )  |
| Loss on derivative instruments  | —                                      | 40,586    | —                                  | 40,586    |
| Total other expense (income)  | 33,708                                 | 75,653    | 106,734                            | 125,416   |
| Income from operations before equity in income of investments in real estate partnerships   | 51,230                                 | (21,113 ) | 54,322                             | 35,719    |
| Equity in income of investments in real estate partnerships   | 12,221                                 | 22,647    | 33,804                             | 46,618    |
| Income from operations  | 63,451                                 | 1,534     | 88,126                             | 82,337    |
| Gain on sale of real estate, net of tax   | 131                                    | 9,580     | 4,913                              | 22,997    |
| Net income  | 63,582                                 | 11,114    | 93,039                             | 105,334   |
| Limited partners' interests in consolidated partnerships  | (637 )                                 | (527 )    | (1,884 )                           | (1,380 )  |
| Net income attributable to the Partnership  | 62,945                                 | 10,587    | 91,155                             | 103,954   |
| Preferred unit distributions and issuance costs   | (3,147 )                               | (5,266 )  | (16,128 )                          | (15,797 ) |
| Net income attributable to common unit holders  | \$ 59,798                              | 5,321     | \$ 75,027                          | 88,157    |
| Income per common unit - basic  | \$ 0.35                                | 0.05      | \$ 0.48                            | 0.88      |
| Income per common unit - diluted  | \$ 0.35                                | 0.05      | \$ 0.48                            | 0.88      |

See accompanying notes to consolidated financial statements.

REGENCY CENTERS, L.P.  
Consolidated Statements of Comprehensive Income  
(in thousands)  
(unaudited)

|  | Three months<br>ended<br>September 30, |        | Nine months<br>ended September<br>30, |           |
|--|--|--------|---------------------------------------|-----------|
|  | 2017                                   | 2016   | 2017                                  | 2016      |
| Net income   | \$63,582                               | 11,114 | \$93,039                              | 105,334   |
| Other comprehensive income:  |  |        |                                       |           |
| Effective portion of change in fair value of derivative instruments:         |  |        |                                       |           |
| Effective portion of change in fair value of derivative instruments          | (39 )                                  | 1,294  | (3,911 )                              | (25,338 ) |
| Reclassification adjustment of derivative instruments included in net income | 2,329                                  | 43,111 | 8,054                                 | 48,063    |
| Unrealized gain on available-for-sale securities                             | 8                                      | 53     | 51                                    | 90        |
| Other comprehensive income   | 2,298                                  | 44,458 | 4,194                                 | 22,815    |
| Comprehensive income   | 65,880                                 | 55,572 | 97,233                                | 128,149   |
| Less: comprehensive income (loss) attributable to noncontrolling interests:  |  |        |                                       |           |
| Net income attributable to noncontrolling interests                          | 637                                    | 527    | 1,884                                 | 1,380     |
| Other comprehensive income (loss) attributable to noncontrolling interests   | —                                      | 91     | (17 )                                 | (172 )    |
| Comprehensive income attributable to noncontrolling interests                | 637                                    | 618    | 1,867                                 | 1,208     |
| Comprehensive income attributable to the Partnership                         | \$65,243                               | 54,954 | \$95,366                              | 126,941   |
| See accompanying notes to consolidated financial statements.                 |  |        |                                       |           |

## REGENCY CENTERS, L.P.

## Consolidated Statements of Capital

For the nine months ended September 30, 2017 and 2016

(in thousands)

(unaudited)

|   | General Partner<br>Preferred and<br>Common<br>Units | Limited<br>Partners | Accumulated<br>Other<br>Comprehensive<br>Loss | Total<br>Partners'<br>Capital | Noncontrolling<br>Interests in<br>Limited Partners<br>Interest in<br>Consolidated<br>Partnerships | Total<br>Capital |
|---|---|---------------------|---|-------------------------------|---|------------------|
| Balance at December 31, 2015  | \$2,112,802   | (1,975 )            | (58,693 )                                     | 2,052,134                     | 30,486  | 2,082,620        |
| Net income  | 103,789   | 165                 | —   | 103,954                       | 1,380   | 105,334          |
| Other comprehensive loss  | —   | 33                  | 22,954  | 22,987                        | (172 )  | 22,815           |
| Contributions from partners   | —   | —                   | —   | —                             | 8,675   | 8,675            |
| Distributions to partners   | (150,391 )  | (229 )              | —   | (150,620 )                    | (5,224 )  | (155,844 )       |
| Preferred unit distributions  | (15,797 )   | —                   | —   | (15,797 )                     | —   | (15,797 )        |
| Restricted units issued as a result of<br>amortization of restricted stock issued<br>by Parent Company        | 9,967   | —                   | —   | 9,967                         | —   | 9,967            |
| Common units redeemed as a result of<br>common stock redeemed by Parent<br>Company, net of issuances          | 542,514   | —                   | —   | 542,514                       | —   | 542,514          |
| Balance at September 30, 2016   | 2,602,884   | (2,006 )            | (35,739 )                                     | 2,565,139                     | 35,145  | 2,600,284        |
| Balance at December 31, 2016  | 2,609,647   | (1,967 )            | (18,346 )                                     | 2,589,334                     | 35,168  | 2,624,502        |
| Net income  | 90,938  | 217                 | —   | 91,155                        | 1,884   | 93,039           |
| Other comprehensive income  | —   | 6                   | 4,205   | 4,211                         | (17 )   | 4,194            |
| Deferred compensation plan, net   | (9 )  | —                   | —   | (9 )                          | —   | (9 )             |
| Contributions from partners   | —   | 13,100              | —   | 13,100                        | 367   | 13,467           |
| Distributions to partners   | (233,704 )  | (450 )              | —   | (234,154 )                    | (7,086 )  | (241,240 )       |
| Preferred unit distributions  | (5,029 )  | —                   | —   | (5,029 )                      | —   | (5,029 )         |
| Restricted units issued as a result of<br>restricted stock issued by Parent<br>Company, net of amortization   | 10,920  | —                   | —   | 10,920                        | —   | 10,920           |
| Preferred stock redemptions   | (325,000 )  | —                   | —   | (325,000 )                    | —   | (325,000 )       |
| Common units issued as a result of<br>common stock issued by Parent<br>Company, net of repurchases            | 4,453,889   | —                   | —   | 4,453,889                     | —   | 4,453,889        |
| Restricted units issued as a result of<br>restricted stock issued by Parent<br>Company upon Equity One merger | 7,951   | —                   | —   | 7,951                         | —   | 7,951            |
| Balance at September 30, 2017   | \$6,609,603   | 10,906              | (14,141 )                                     | 6,606,368                     | 30,316  | 6,636,684        |

See accompanying notes to consolidated financial statements.

## REGENCY CENTERS, L.P.

## Consolidated Statements of Cash Flows

For the nine months ended September 30, 2017 and 2016

(in thousands)

(unaudited)

|  | 2017       | 2016      |
|--|------------|-----------|
| Cash flows from operating activities:  |            |           |
| Net income   | \$93,039   | 105,334   |
| Adjustments to reconcile net income to net cash provided by operating activities:          |            |           |
| Depreciation and amortization  | 243,757    | 119,721   |
| Amortization of deferred loan cost and debt premium  | 7,144      | 7,242     |
| (Accretion) and amortization of above and below market lease intangibles, net              | (18,784 )  | (2,296 )  |
| Stock-based compensation, net of capitalization  | 16,836     | 7,554     |
| Equity in income of investments in real estate partnerships                                | (33,804 )  | (46,618 ) |
| Gain on sale of real estate, net of tax  | (4,913 )   | (22,997 ) |
| Provision for impairment   | —          | 1,666     |
| Early extinguishment of debt   | 12,404     | 13,943    |
| Distribution of earnings from operations of investments in real estate partnerships        | 40,817     | 39,765    |
| Loss on derivative instruments   | 51         | —         |
| Deferred compensation expense  | 2,885      | 1,249     |
| Realized and unrealized (gain) loss on investments   | (2,878 )   | (1,268 )  |
| Changes in assets and liabilities:   |            |           |
| Restricted cash  | (1,569 )   | (84 )     |
| Accounts receivable, net   | 2,574      | 3,715     |
| Straight-line rent receivables, net  | (13,901 )  | (4,894 )  |
| Deferred leasing costs   | (10,294 )  | (7,841 )  |
| Other assets   | 8,075      | (59 )     |
| Accounts payable and other liabilities   | 4,908      | 12,607    |
| Tenants' security, escrow deposits and prepaid rent  | (2,490 )   | (1,406 )  |
| Net cash provided by operating activities  | 343,857    | 225,333   |
| Cash flows from investing activities:  |            |           |
| Acquisition of operating real estate   | (2,109 )   | (333,220) |
| Advance deposits paid on acquisition of operating real estate                              | (350 )     | 1,250     |
| Acquisition of Equity One, net of cash acquired of \$72,534                                | (648,763 ) | —         |
| Real estate development and capital improvements   | (241,834 ) | (146,773) |
| Proceeds from sale of real estate investments  | 15,397     | 83,675    |
| Issuance of notes receivable   | (3,460 )   | —         |
| Investments in real estate partnerships  | (12,296 )  | (13,127 ) |
| Distributions received from investments in real estate partnerships                        | 36,603     | 52,536    |
| Dividends on investment securities   | 200        | 189       |
| Acquisition of securities  | (14,011 )  | (53,290 ) |
| Proceeds from sale of securities   | 11,974     | 54,176    |
| Net cash used in investing activities  | (858,649)  | (354,584) |
| Cash flows from financing activities:  |            |           |
| Net proceeds from common units issued as a result of common stock issued by Parent Company | —          | 549,545   |
| Repurchase of common shares in conjunction with equity award plans                         | (19,251 )  | (8,013 )  |
| Proceeds from sale of treasury stock   | 100        | 957       |
| Redemption of preferred partnership units  | (325,000)  | —         |

Edgar Filing: REGENCY CENTERS CORP - Form 10-Q

|  |           |           |
|--|-----------|-----------|
| Distributions (to) from limited partners in consolidated partnerships, net | (7,031 )  | (3,126 )  |
| Distributions to partners  | (233,246) | (149,278) |
| Distributions to preferred unit holders                                    | (5,029 )  | (15,797 ) |
| Repayment of fixed rate unsecured notes                                    | —         | (300,000) |
| Proceeds from issuance of fixed rate unsecured notes, net                  | 953,115   | —         |
| Proceeds from unsecured credit facilities                                  | 950,000   | 395,000   |
| Repayment of unsecured credit facilities                                   | (650,000) | (295,000) |
| Proceeds from notes payable  | 126,999   | 20,223    |
| Repayment of notes payable   | (232,839) | (41,584 ) |
| Scheduled principal payments   |           |           |