

REGENCY CENTERS CORP  
 Form 10-Q  
 November 09, 2012

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 1934  
 OF 1934

For the quarterly period ended September 30, 2012

or  
 TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT  
 OF 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  NO  Regency Centers, L.P. YES  NO

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  NO  Regency Centers, L.P. YES  NO

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

Regency Centers Corporation:

Large accelerated filer  Accelerated filer

Non-accelerated filer  Smaller reporting company

Regency Centers, L.P.:

Large accelerated filer  Accelerated filer

Non-accelerated filer  Smaller reporting company

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 voting common stock was 90,388,236 as of November 8, 2012.

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## EXPLANATORY NOTE

This report combines the quarterly reports on Form 10-Q for the quarter ended September 30, 2012 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” 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, 2012, the Parent Company owned approximately 99.8% of the Units in the Operating Partnership and the remaining limited Units are owned by investors. The Parent Company owns all of the Series 6 and 7 Preferred Units of the Operating Partnership. 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 few 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. The Parent Company does not hold any indebtedness, but guarantees all of the unsecured public debt and approximately 15% of the secured debt of the Operating Partnership. 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, Series 6 and 7 Preferred Units owned by the Parent Company. 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. The Series 6 and 7 Preferred Units owned by the Parent Company are eliminated in consolidation in the accompanying consolidated financial statements of the Parent Company and are classified as preferred units of general partner in the accompanying consolidated financial statements of the Operating Partnership.

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. 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.

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## PART I - FINANCIAL INFORMATION

## Item 1. Financial Statements

## REGENCY CENTERS CORPORATION

## Consolidated Balance Sheets

September 30, 2012 and December 31, 2011

(in thousands, except share data)

|   | 2012         | 2011      |
|---|--------------|-----------|
|   | (unaudited)  |           |
| Assets  |              |           |
| Real estate investments at cost:  |              |           |
| Land  | \$ 1,212,308 | 1,273,606 |
| Buildings and improvements  | 2,398,114    | 2,604,229 |
| Properties in development   | 220,753      | 224,077   |
|   | 3,831,175    | 4,101,912 |
| Less: accumulated depreciation  | 768,301      | 791,619   |
|   | 3,062,874    | 3,310,293 |
| Investments in real estate partnerships   | 450,021      | 386,882   |
| Net real estate investments   | 3,512,895    | 3,697,175 |
| Cash and cash equivalents   | 21,350       | 11,402    |
| Restricted cash   | 6,133        | 6,050     |
| Accounts receivable, net of allowance for doubtful accounts of \$3,759 and \$3,442 at September 30, 2012 and December 31, 2011, respectively  | 28,220       | 37,733    |
| Straight-line rent receivable, net of reserve of \$870 and \$2,075 at September 30, 2012 and December 31, 2011, respectively  | 48,677       | 48,132    |
| Notes receivable  | 23,777       | 35,784    |
| Deferred costs, less accumulated amortization of \$66,477 and \$71,265 at September 30, 2012 and December 31, 2011, respectively  | 68,141       | 70,204    |
| Acquired lease intangible assets, less accumulated amortization of \$17,482 and \$15,588 at September 30, 2012 and December 31, 2011, respectively  | 35,581       | 27,054    |
| Trading securities held in trust, at fair value   | 23,208       | 21,713    |
| Other assets  | 29,992       | 31,824    |
| Total assets  | \$ 3,797,974 | 3,987,071 |
| Liabilities and Equity  |              |           |
| Liabilities:  |              |           |
| Notes payable   | \$ 1,756,412 | 1,942,440 |
| Unsecured credit facilities   | 65,000       | 40,000    |
| Accounts payable and other liabilities  | 129,483      | 101,862   |
| Derivative instruments, at fair value   | 86           | 37        |
| Acquired lease intangible liabilities, less accumulated accretion of \$5,947 and \$4,750 at September 30, 2012 and December 31, 2011, respectively  | 18,506       | 12,662    |
| Tenants' security and escrow deposits and prepaid rent  | 14,053       | 20,416    |
| Total liabilities   | 1,983,540    | 2,117,417 |
| Commitments and contingencies (note 10)   |              |           |
| Equity:   |              |           |
| Stockholders' equity:   |              |           |
| Preferred stock, \$0.01 par value per share, 30,000,000 shares authorized; 13,000,000 and 11,000,000 Series 3-7 shares issued and outstanding at September 30, 2012 and December 31, 2011, respectively, with liquidation preferences of \$25 per share | 325,000      | 275,000   |
| Common stock \$0.01 par value per share, 150,000,000 shares authorized; 90,387,798 and 89,921,858 shares issued at September 30, 2012 and December 31, 2011, respectively   | 904          | 899       |

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|   |              |            |
|---|--------------|------------|
| Treasury stock at cost, 331,754 and 338,714 shares held at September 30, 2012 and December 31, 2011, respectively                                     | (14,756 )    | (15,197 )  |
| Additional paid in capital  | 2,308,681    | 2,281,817  |
| Accumulated other comprehensive loss  | (64,378 )    | (71,429 )  |
| Distributions in excess of net income   | (756,114 )   | (662,735 ) |
| Total stockholders' equity  | 1,799,337    | 1,808,355  |
| Noncontrolling interests:   |              |            |
| Series D preferred units, aggregate redemption value of \$50,000 at December 31, 2011   | —            | 49,158     |
| Exchangeable operating partnership units, aggregate redemption value of \$8,633 and \$6,665 at September 30, 2012 and December 31, 2011, respectively | (1,079 )     | (963 )     |
| Limited partners' interests in consolidated partnerships  | 16,176       | 13,104     |
| Total noncontrolling interests  | 15,097       | 61,299     |
| Total equity  | 1,814,434    | 1,869,654  |
| Total liabilities and equity  | \$ 3,797,974 | 3,987,071  |

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See accompanying notes to consolidated financial statements.

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## REGENCY CENTERS CORPORATION

## Consolidated Statements of Operations

(in thousands, except per share data)

(unaudited)

|  | Three months ended<br>September 30, |          | Nine months ended<br>September 30, |          |   |
|--|-------------------------------------|----------|------------------------------------|----------|---|
|  | 2012                                | 2011     | 2012                               | 2011     |   |
| Revenues:  |                                     |          |                                    |          |   |
| Minimum rent   | \$ 88,003                           | 87,974   | \$ 272,590                         | 261,702  |   |
| Percentage rent  | 378                                 | 430      | 1,935                              | 1,487    |   |
| Recoveries from tenants and other income   | 25,191                              | 27,676   | 81,933                             | 81,170   |   |
| Management, transaction, and other fees  | 6,441                               | 6,940    | 20,060                             | 26,993   |   |
| Total revenues   | 120,013                             | 123,020  | 376,518                            | 371,352  |   |
| Operating expenses:  |                                     |          |                                    |          |   |
| Depreciation and amortization  | 30,155                              | 32,497   | 95,866                             | 98,047   |   |
| Operating and maintenance  | 16,389                              | 17,693   | 52,702                             | 53,833   |   |
| General and administrative   | 15,641                              | 11,671   | 45,783                             | 43,801   |   |
| Real estate taxes  | 13,306                              | 13,181   | 42,628                             | 41,137   |   |
| Other expenses   | 1,660                               | 2,194    | 3,516                              | 4,130    |   |
| Total operating expenses   | 77,151                              | 77,236   | 240,495                            | 240,948  |   |
| Other expense (income):  |                                     |          |                                    |          |   |
| Interest expense, net of interest income of \$379 and \$613, and \$1,291 and \$1,802 for the three and nine months ended September 30, 2012 and 2011, respectively   | 27,462                              | 30,867   | 84,796                             | 92,297   |   |
| Gain on sale of real estate  | (228                                | ) —      | (2,041                             | ) —      |   |
| Provision for impairment   | 1,147                               | 6,362    | 24,655                             | 6,362    |   |
| Early extinguishment of debt   | 852                                 | —        | 852                                | —        |   |
| Net investment (income) loss from deferred compensation plan, including unrealized (gains) losses of \$(618) and \$2,313 and \$(1,343) and \$1,582 for the three and nine months ended September 30, 2012 and 2011, respectively | (752                                | ) 2,283  | (1,836                             | ) 1,395  |   |
| Total other expense (income)   | 28,481                              | 39,512   | 106,426                            | 100,054  |   |
| Income before equity in income of investments in real estate partnerships  | 14,381                              | 6,272    | 29,597                             | 30,350   |   |
| Equity in income of investments in real estate partnerships  | 5,403                               | 4,825    | 19,173                             | 4,788    |   |
| Income from continuing operations  | 19,784                              | 11,097   | 48,770                             | 35,138   |   |
| Discontinued operations, net:  |                                     |          |                                    |          |   |
| Operating income   | 36                                  | 1,123    | 528                                | 4,149    |   |
| Gain on sale of operating properties, net  | —                                   | 2,321    | 8,605                              | 2,321    |   |
| Income from discontinued operations  | 36                                  | 3,444    | 9,133                              | 6,470    |   |
| Net income   | 19,820                              | 14,541   | 57,903                             | 41,608   |   |
| Noncontrolling interests:  |                                     |          |                                    |          |   |
| Preferred units  | —                                   | (931     | ) 629                              | (2,794   | ) |
| Exchangeable operating partnership units   | (39                                 | ) (27    | ) (116                             | ) (77    | ) |
| Limited partners' interests in consolidated partnerships   | (212                                | ) (154   | ) (636                             | ) (425   | ) |
| Income attributable to noncontrolling interests  | (251                                | ) (1,112 | ) (123                             | ) (3,296 | ) |

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|  |           |         |           |          |
|--|-----------|---------|-----------|----------|
| Net income attributable to controlling interests | 19,569    | 13,429  | 57,780    | 38,312   |
| Preferred stock dividends                        | (7,932)   | (4,919) | (27,265)  | (14,756) |
| Net income attributable to common stockholders   | \$ 11,637 | 8,510   | \$ 30,515 | 23,556   |
| Income per common share - basic:                 |           |         |           |          |
| Continuing operations                            | \$ 0.13   | 0.05    | \$ 0.24   | 0.19     |
| Discontinued operations                          | —         | 0.04    | 0.10      | 0.07     |
| Net income attributable to common stockholders   | \$ 0.13   | 0.09    | \$ 0.34   | 0.26     |
| Income per common share - diluted:               |           |         |           |          |
| Continuing operations                            | \$ 0.13   | 0.05    | \$ 0.24   | 0.19     |
| Discontinued operations                          | —         | 0.04    | 0.10      | 0.07     |
| Net income attributable to common stockholders   | \$ 0.13   | 0.09    | \$ 0.34   | 0.26     |

See accompanying notes to consolidated financial statements.

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

|   | Three months ended<br>September 30, |        | Nine months ended<br>September 30, |        |
|---|-------------------------------------|--------|------------------------------------|--------|
|   | 2012                                | 2011   | 2012                               | 2011   |
| Net income  | \$ 19,820                           | 14,541 | 57,903                             | 41,608 |
| Other comprehensive income (loss):  |                                     |        |                                    |        |
| Loss on settlement of derivative instruments:   |                                     |        |                                    |        |
| Amortization of loss on settlement of derivative instruments recognized in net income                       | 2,366                               | 2,366  | 7,099                              | 7,099  |
| Effective portion of change in fair value of derivative instruments:  |                                     |        |                                    |        |
| Effective portion of change in fair value of derivative instruments   | (25                                 | ) —    | (85                                | ) —    |
| Less: reclassification adjustment for change in fair value of derivative instruments included in net income | 8                                   | —      | 17                                 | —      |
| Other comprehensive income  | 2,349                               | 2,366  | 7,031                              | 7,099  |
| Comprehensive income  | 22,169                              | 16,907 | 64,934                             | 48,707 |
| Less: comprehensive income (loss) attributable to noncontrolling interests:                                 |                                     |        |                                    |        |
| Net income attributable to noncontrolling interests   | 251                                 | 1,112  | 123                                | 3,296  |
| Other comprehensive (loss) income attributable to noncontrolling interests                                  | (4                                  | ) 4    | (20                                | ) 14   |
| Comprehensive income attributable to noncontrolling interests   | 247                                 | 1,116  | 103                                | 3,310  |
| Comprehensive income attributable to the Company  | \$ 21,922                           | 15,791 | 64,831                             | 45,397 |

See accompanying notes to consolidated financial statements.

## REGENCY CENTERS CORPORATION

## Consolidated Statements of Changes in Equity

For the nine months ended September 30, 2012 and 2011

(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 | Preferred<br>Units | Operating<br>Partnership<br>Units | Noncontrolling<br>Interests<br>Limited<br>Partnership<br>Consolidated<br>Partnerships | Total<br>Noncontrolling<br>Interests | Total<br>Rolling<br>Equity |
|---|--------------------|-----------------|-------------------|----------------------------------|---|---|----------------------------------|--------------------|-----------------------------------|---|--------------------------------------|----------------------------|
| Balance at<br>December 31,<br>2010  | \$275,000          | 819             | (16,175)          | 2,039,612                        | (80,885)                                      | (533,194)   | 1,685,177                        | 49,158             | (762)                             | 10,829  | 59,225                               | 1,744,4                    |
| Net income  | —                  | —               | —                 | —                                | —   | 38,312  | 38,312                           | 2,794              | 77                                | 425   | 3,296                                | 41,608                     |
| Other<br>comprehensive<br>income (loss)   | —                  | —               | —                 | —                                | 7,085   | —   | 7,085                            | —                  | 14                                | —   | 14                                   | 7,099                      |
| Deferred<br>compensation<br>plan, net   | —                  | —               | 1,147             | 16,696                           | —   | —   | 17,843                           | —                  | —                                 | —   | —                                    | 17,843                     |
| Amortization<br>of restricted<br>stock issued   | —                  | —               | —                 | 8,087                            | —   | —   | 8,087                            | —                  | —                                 | —   | —                                    | 8,087                      |
| Common stock<br>redeemed for<br>taxes withheld<br>for stock based<br>compensation,<br>net | —                  | —               | —                 | (1,752)                          | —   | —   | (1,752)                          | —                  | —                                 | —   | —                                    | (1,752)                    |
| Common stock<br>issued for<br>dividend<br>reinvestment<br>plan                            | —                  | —               | —                 | 821                              | —   | —   | 821                              | —                  | —                                 | —   | —                                    | 821                        |
| Common stock<br>issued for stock<br>offerings, net<br>of issuance<br>costs                | —                  | 80              | —                 | 215,289                          | —   | —   | 215,369                          | —                  | —                                 | —   | —                                    | 215,36                     |
| Contributions<br>from partners  | —                  | —               | —                 | —                                | —   | —   | —                                | —                  | —                                 | 2,646   | 2,646                                | 2,646                      |
| Distributions to<br>partners  | —                  | —               | —                 | —                                | —   | —   | —                                | —                  | —                                 | (865)   | (865)                                | (865)                      |
| Cash dividends<br>declared:   |                    |                 |                   |                                  |   |   |                                  |                    |                                   |   |                                      |                            |

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|  |           |     |          |           |          |            |            |          |        |        |          |            |
|--|-----------|-----|----------|-----------|----------|------------|------------|----------|--------|--------|----------|------------|
| Preferred stock/unit   | —         | —   | —        | —         | —        | (14,756 )  | (14,756 )  | (2,794 ) | —      | —      | (2,794 ) | (17,550 )  |
| Common stock/unit (\$1.3875 per share)                                     | —         | —   | —        | —         | —        | (119,988 ) | (119,988 ) | —        | (246 ) | —      | (246 )   | (120,234 ) |
| Balance at September 30, 2011  | \$275,000 | 899 | (15,028) | 2,278,753 | (73,800) | (629,626)  | 1,836,198  | 49,158   | (917)  | 13,035 | 61,276   | 1,897,421  |
| Balance at December 31, 2011   | \$275,000 | 899 | (15,197) | 2,281,817 | (71,429) | (662,735)  | 1,808,355  | 49,158   | (963)  | 13,104 | 61,299   | 1,869,421  |
| Net income   | —         | —   | —        | —         | —        | 57,780     | 57,780     | (629 )   | 116    | 636    | 123      | 57,903     |
| Other comprehensive income (loss)  | —         | —   | —        | —         | 7,051    | —          | 7,051      | —        | 14     | (34 )  | (20 )    | 7,031      |
| Deferred compensation plan, net  | —         | —   | 441      | (429 )    | —        | —          | 12         | —        | —      | —      | —        | 12         |
| Amortization of restricted stock issued                                    | —         | —   | —        | 8,589     | —        | —          | 8,589      | —        | —      | —      | —        | 8,589      |
| Common stock redeemed for taxes withheld for stock based compensation, net | —         | —   | —        | (1,490 )  | —        | —          | (1,490 )   | —        | —      | —      | —        | (1,490 )   |
| Common stock issued for dividend reinvestment plan                         | —         | —   | —        | 740       | —        | —          | 740        | —        | —      | —      | —        | 740        |
| Common stock issued for stock offerings, net of issuance costs             | —         | 5   | —        | 21,672    | —        | —          | 21,677     | —        | —      | —      | —        | 21,677     |

REGENCY CENTERS CORPORATION

Consolidated Statements of Changes in Equity

For the nine months ended September 30, 2012 and 2011

(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 | Preferred<br>Units | Exchange<br>Operative<br>Partnership<br>Units | Public<br>Partners'<br>Interest<br>Consolidated<br>Partnerships | Total<br>Noncontrolling<br>Interests | Total<br>Equity |
|--|--------------------|-----------------|-------------------|----------------------------------|---|---|----------------------------------|--------------------|---|---|--------------------------------------|-----------------|
| Redemption<br>of preferred<br>units                            | —                  | —               | —                 | —                                | —   | —   |                                  | (48,125)           | —   | —   | (48,125)                             | (48,125)        |
| Issuance of<br>preferred<br>stock, net of<br>issuance<br>costs | 325,000            | —               | —                 | (11,495)                         | —   | —   | 313,505                          | —                  | —   | —   | —                                    | 313,505         |
| Redemption<br>of preferred<br>stock                            | (275,000)          | —               | —                 | 9,277                            | —   | (9,277)   | (275,000)                        | —                  | —   | —   | —                                    | (275,000)       |
| Contributions<br>from partners                                 | —                  | —               | —                 | —                                | —   | —   | —                                | —                  | —   | 3,362   | 3,362                                | 3,362           |
| Distributions<br>to partners                                   | —                  | —               | —                 | —                                | —   | —   | —                                | —                  | —   | (892)   | (892)                                | (892)           |
| Cash<br>dividends<br>declared:                                 |                    |                 |                   |                                  |   |   |                                  |                    |   |   |                                      |                 |
| Preferred<br>stock/unit  | —                  | —               | —                 | —                                | —   | (17,988)  | (17,988)                         | (404)              | —   | —   | (404)                                | (18,392)        |
| Common<br>stock/unit<br>(\$1.3875 per<br>share)                | —                  | —               | —                 | —                                | —   | (123,894)   | (123,894)                        | —                  | (246)   | —   | (246)                                | (124,140)       |
| Balance at<br>September<br>30, 2012                            | \$325,000          | 904             | (14,756)          | 2,308,681                        | (64,378)                                      | (756,114)   | 1,799,337                        | —                  | (1,079)                                       | 16,176  | 15,097                               | 1,814,437       |

See accompanying notes to consolidated financial statements.

## REGENCY CENTERS CORPORATION

## Consolidated Statements of Cash Flows

For the nine months ended September 30, 2012 and 2011

(in thousands)

(unaudited)

|   | 2012      | 2011        |
|---|-----------|-------------|
| Cash flows from operating activities:   |           |             |
| Net income  | \$ 57,903 | 41,608      |
| Adjustments to reconcile net income to net cash provided by operating activities:   |           |             |
| Depreciation and amortization   | 96,217    | 100,518     |
| Amortization of deferred loan cost and debt premium                                 | 9,619     | 9,205       |
| Accretion of above and below market lease intangibles, net                          | (667      | ) (704 )    |
| Stock-based compensation, net of capitalization                                     | 7,332     | 7,363       |
| Equity in income of investments in real estate partnerships                         | (19,173   | ) (4,788 )  |
| Net gain on sale of properties  | (10,646   | ) (2,321 )  |
| Provision for impairment  | 24,655    | 6,699       |
| Early extinguishment of debt  | 852       | —           |
| Distribution of earnings from operations of investments in real estate partnerships | 28,550    | 34,557      |
| Gain on derivative instruments  | (17       | ) —         |
| Deferred compensation expense (income)  | 1,840     | (3,204 )    |
| Realized and unrealized (gains) losses on trading securities held in trust          | (1,878    | ) 1,373     |
| Changes in assets and liabilities:  |           |             |
| Restricted cash   | (83       | ) (1,865 )  |
| Accounts receivable   | 5,040     | 5,524       |
| Straight-line rent receivables, net   | (4,656    | ) (3,257 )  |
| Deferred leasing costs  | (8,869    | ) (6,588 )  |
| Other assets  | (2,140    | ) (4,741 )  |
| Accounts payable and other liabilities  | 17,734    | (4,893 )    |
| Tenants' security and escrow deposits and prepaid rent                              | (5,559    | ) 8,489     |
| Net cash provided by operating activities   | 196,054   | 182,975     |
| Cash flows from investing activities:   |           |             |
| Acquisition of operating real estate  | (58,015   | ) (70,629 ) |
| Development of real estate including acquisition of land                            | (117,550  | ) (57,195   |