REGENCY CENTERS CORP
Form 10-Q
August 02, 2013

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

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

For the quarterly period ended June 30, 2013
or

o 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 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, 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	x	Accelerated filer	o
Non-accelerated filer	o	Smaller reporting company	o

Regency Centers, L.P.:

Large accelerated filer	o	Accelerated filer	x
Non-accelerated filer	o	Smaller reporting company	o

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

The number of shares outstanding of the Regency Centers Corporation’s voting common stock was 92,291,029 as of August 1, 2013.

EXPLANATORY NOTE

This report combines the quarterly reports on Form 10-Q for the quarter ended June 30, 2013 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 June 30, 2013, 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 16% 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.

TABLE OF CONTENTS

PART I - FINANCIAL INFORMATION
Item 1. Financial Statements
REGENCY CENTERS CORPORATION
Consolidated Balance Sheets
June 30, 2013 and December 31, 2012
(in thousands, except share data)

		2013	2012
Assets		(unaudited)	
Real estate investments at cost:			
Land	$	1,193,500	1,215,659
Buildings and improvements		2,502,979	2,502,186
Properties in development		246,990	192,067
		3,943,469	3,909,912
Less: accumulated depreciation		823,601	782,749
		3,119,868	3,127,163
Operating properties held for sale		15,961	—
Investments in real estate partnerships		428,606	442,927
Net real estate investments		3,564,435	3,570,090
Cash and cash equivalents		59,143	22,349
Restricted cash		5,354	6,472
Accounts receivable, net of allowance for doubtful accounts of $3,766 and $3,915 at June 30, 2013 and December 31, 2012, respectively		21,824	26,601
Straight-line rent receivable, net of reserve of $566 and $870 at June 30, 2013 and December 31, 2012, respectively		50,258	49,990
Notes receivable		18,502	23,751
Deferred costs, less accumulated amortization of $72,758 and $69,224 at June 30, 2013 and December 31, 2012, respectively		68,141	69,506
Acquired lease intangible assets, less accumulated amortization of $21,860 and $19,148 at June 30, 2013 and December 31, 2012, respectively		41,331	42,459
Trading securities held in trust, at fair value		24,457	23,429
Other assets		46,458	18,811
Total assets	$	3,899,903	3,853,458
Liabilities and Equity			
Liabilities:			
Notes payable	$	1,767,124	1,771,891
Unsecured credit facilities		125,000	170,000
Accounts payable and other liabilities		131,181	127,185
Acquired lease intangible liabilities, less accumulated accretion of $8,245 and $6,636 at June 30, 2013 and December 31, 2012, respectively		26,337	20,325
Tenants’ security and escrow deposits and prepaid rent		14,229	18,146
Total liabilities		2,063,871	2,107,547
Commitments and contingencies (note 12)			
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 June 30, 2013 and December 31, 2012, with liquidation preferences of $25 per share		325,000	325,000
Common stock $0.01 par value per share,150,000,000 shares authorized; 92,279,321 and 90,394,486 shares issued at June 30, 2013 and December 31, 2012, respectively		923	904

Treasury stock at cost, 365,303 and 335,347 shares held at June 30, 2013 and December 31, 2012, respectively		(16,352)	(14,924)
Additional paid in capital		2,416,632	2,312,310
Accumulated other comprehensive loss		(31,319)	(57,715)
Distributions in excess of net income		(871,266)	(834,810)
Total stockholders' equity		1,823,618	1,730,765
Noncontrolling interests:			
Exchangeable operating partnership units, aggregate redemption value of $9,002 and $8,348 at June 30, 2013 and December 31, 2012, respectively		(1,165)	(1,153)
Limited partners' interests in consolidated partnerships		13,579	16,299
Total noncontrolling interests		12,414	15,146
Total equity		1,836,032	1,745,911
Total liabilities and equity	$	3,899,903	3,853,458

See accompanying notes to consolidated financial statements.

1

REGENCY CENTERS CORPORATION
Consolidated Statements of Operations
(in thousands, except per share data)
(unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2013	2012	2013	2012
Revenues:				
Minimum rent	$ 89,611	90,164	$ 178,333	179,533
Percentage rent	298	398	1,846	1,558
Recoveries from tenants and other income	29,192	29,734	55,877	55,918
Management, transaction, and other fees	6,741	6,469	13,502	13,618
Total revenues	125,842	126,765	249,558	250,627
Operating expenses:				
Depreciation and amortization	31,930	31,737	63,871	63,108
Operating and maintenance	17,982	17,421	35,563	35,572
General and administrative	14,966	14,020	32,942	30,142
Real estate taxes	14,204	13,799	27,883	28,740
Other expenses	1,580	1,111	3,083	2,447
Total operating expenses	80,662	78,088	163,342	160,009
Other expense (income):				
Interest expense, net of interest income of $292 and $377, and $751 and $913 for the three and six months ended June 30, 2013 and 2012, respectively	27,781	28,377	55,613	57,335
Provision for impairment	—	19,008	—	19,008
Net investment loss (income) from deferred compensation plan, including unrealized gains (loss) of $17 and ($499), and $848 and $725 for the three and six months ended June 30, 2013 and 2012, respectively	38	444	(1,034)	(1,084)
Total other expense	27,819	47,829	54,579	75,259
Income before equity in income of investments in real estate partnerships	17,361	848	31,637	15,359
Equity in income of investments in real estate partnerships	6,012	10,804	11,888	13,770
Income from continuing operations before tax	23,373	11,652	43,525	29,129
Income tax benefit of taxable REIT subsidiary	—	(840)	—	(608)
Income from continuing operations	23,373	12,492	43,525	29,737
Discontinued operations, net:				
Operating income (loss)	969	(3,427)	1,951	(2,073)
Gain on sale of operating properties, net	11,410	2,304	11,410	8,605
Income (loss) from discontinued operations	12,379	(1,123)	13,361	6,532
Income before gain (loss) on sale of real estate	35,752	11,369	56,886	36,269
Gain (loss) on sale of real estate	1,717	(21)	1,717	1,814
Net income	37,469	11,348	58,603	38,083
Noncontrolling interests:				
Preferred units	—	—	—	629
Exchangeable operating partnership units	(70)	(23)	(109)	(77)
Limited partners' interests in consolidated partnerships	(270)	(232)	(545)	(424)
(Income) loss attributable to noncontrolling interests	(340)	(255)	(654)	128
Net income attributable to the Company	37,129	11,093	57,949	38,211

Preferred stock dividends	(5,265)	(5,396)	(10,531)	(19,333)
Net income attributable to common stockholders	$ 31,864	5,697	$ 47,418	18,878
Income per common share - basic:				
Continuing operations	$ 0.21	0.07	$ 0.37	0.14
Discontinued operations	0.14	(0.01)	0.15	0.07
Net income attributable to common stockholders	$ 0.35	0.06	$ 0.52	0.21
Income per common share - diluted:				
Continuing operations	$ 0.21	0.07	$ 0.37	0.14
Discontinued operations	0.14	(0.01)	0.15	0.07
Net income attributable to common stockholders	$ 0.35	0.06	$ 0.52	0.21

See accompanying notes to consolidated financial statements.

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

	Three months ended June 30,		Six months ended June 30,	
	2013	2012	2013	2012
Net income	$ 37,469	11,348	$ 58,603	38,083
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	4,733	4,733
Effective portion of change in fair value of derivative instruments:				
Effective portion of change in fair value of derivative instruments	18,332	(26)	21,704	(60)
Less: reclassification adjustment for change in fair value of derivative instruments included in net income	8	7	16	9
Other comprehensive income	20,706	2,347	26,453	4,682
Comprehensive income	58,175	13,695	85,056	42,765
Less: comprehensive income (loss) attributable to noncontrolling interests:				
Net income (loss) attributable to noncontrolling interests	340	255	654	(128)
Other comprehensive income (loss) attributable to noncontrolling interests	43	(6)	57	(16)
Comprehensive income (loss) attributable to noncontrolling interests	383	249	711	(144)
Comprehensive income attributable to the Company	$ 57,792	13,446	$ 84,345	42,909

See accompanying notes to consolidated financial statements.

3

REGENCY CENTERS CORPORATION
Consolidated Statements of Equity
For the six months ended June 30, 2013 and 2012
(in thousands, except per share data)
(unaudited)

	Preferred Stock	Common Stock	Treasury Stock	Additional Paid In Capital	Accumulated Other Comprehensive Loss	Distributions in Excess of Net Income	Total Stockholders' Equity	Noncontrolling Interests: Preferred Units	Noncontrolling Interests: Exchangeable Operating Partnership Units	Noncontrolling Interests: Limited Partners' Interest in Consolidated Partnerships	Noncontrolling Interests: Total Noncontrolling Interests	T… E…
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
Net income	—	—	—	—	—	38,211	38,211	(629)	77	424	(128)	3
Other comprehensive income (loss)	—	—	—	—	4,698	—	4,698	—	9	(25)	(16)	4
Deferred compensation plan, net	—	—	405	(405)	—	—	—	—	—	—	—	—
Amortization of restricted stock issued	—	—	—	5,726	—	—	5,726	—	—	—	—	5
Common stock redeemed for taxes withheld for stock based compensation, net	—	—	—	(1,548)	—	—	(1,548)	—	—	—	—	(
Common stock issued for dividend reinvestment plan	—	—	—	495	—	—	495	—	—	—	—	4
Redemption of preferred units	—	—	—	—	—	—	—	(48,125)	—	—	(48,125)	(4
Issuance of preferred stock, net of issuance costs	250,000	—	—	(8,614)	—	—	241,386	—	—	—	—	2
Redemption of preferred stock	(200,000)	—	—	6,993	—	(6,993)	(200,000)	—	—	—	—	(2
Contributions from partners	—	—	—	—	—	—	—	—	—	3,317	3,317	3
Distributions to partners	—	—	—	—	—	—	—	—	—	(576)	(576)	(5

Cash dividends declared:													
Preferred stock/unit	—	—	—	—	—	(12,340)	(12,340)	(404)	—	—	(404)	(
Common stock/unit ($0.925 per share)	—	—	—	—	—	(82,587)	(82,587)	—	(164)	—	(164)	(8
Balance at June 30, 2012	$ 325,000	899	(14,792)	2,284,464	(66,731)	(726,444)	1,802,396	—	(1,041)	16,244	15,203	1

4

REGENCY CENTERS CORPORATION
Consolidated Statements of Equity
For the six months ended June 30, 2013 and 2012
(in thousands, except per share data)
(unaudited)

								Noncontrolling Interests				
	Preferred Stock	Common Stock	Treasury Stock	Additional Paid In Capital	Accumulated Other Comprehensive Loss	Distributions in Excess of Net Income	Total Stockholders' Equity	Preferred Units	Exchangeable Operating Partnership Units	Limited Partners' Interest in Consolidated Partnerships	Total Noncontrolling Interests	Total Equity
Balance at December 31, 2012	$325,000	904	(14,924)	2,312,310	(57,715)	(834,810)	1,730,765	—	(1,153)	16,299	15,146	1,745,911
Net income	—	—	—	—	—	57,949	57,949	—	109	545	654	58,603
Other comprehensive income	—	—	—	—	26,396	—	26,396	—	50	7	57	26,453
Deferred compensation plan, net	—	—	(1,428)	1,428	—	—	—	—	—	—	—	—
Amortization of restricted stock issued	—	—	—	6,978	—	—	6,978	—	—	—	—	6,978
Common stock redeemed for taxes withheld for stock based compensation, net	—	—	—	(2,921)	—	—	(2,921)	—	—	—	—	(2,921)
Common stock issued for dividend reinvestment plan	—	—	—	578	—	—	578	—	—	—	—	578
Common stock issued for stock offerings, net of issuance costs	—	19	—	98,259	—	—	98,278	—	—	—	—	98,278
Issuance of preferred stock, net of issuance costs	—	—	—	—	—	—	—	—	—	—	—	—
Contributions from partners	—	—	—	—	—	—	—	—	—	39	39	39
Distributions to partners	—	—	—	—	—	—	—	—	—	(3,311)	(3,311)	(3,311)

Cash dividends declared:												
Preferred stock/unit	—	—	—	—	—	(10,531)	(10,531)	—	—	—	—	(10,531)
Common stock/unit ($0.925 per share)	—	—	—	—	—	(83,874)	(83,874)	—	(171)	—	(171)	(84,045)
Balance at June 30, 2013	$325,000	923	(16,352)	2,416,632	(31,319)	(871,266)	1,823,618	—	(1,165)	13,579	12,414	1,836,032

See accompanying notes to consolidated financial statements.

5

REGENCY CENTERS CORPORATION
Consolidated Statements of Cash Flows
For the six months ended June 30, 2013 and 2012
(in thousands)
(unaudited)

	2013	2012
Cash flows from operating activities:		
Net income	$ 58,603	38,083
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	65,170	66,062
Amortization of deferred loan cost and debt premium	6,175	6,461
Accretion of above and below market lease intangibles, net	(1,042)	(437)
Stock-based compensation, net of capitalization	6,159	4,903
Equity in income of investments in real estate partnerships	(11,888)	(13,770)
Net gain on sale of properties	(13,127)	(10,419)
Provision for impairment	—	23,508
Distribution of earnings from operations of investments in real estate partnerships	24,376	17,580
Loss on derivative instruments	(9)	(13)
Deferred compensation expense	1,051	1,073
Realized and unrealized gains on trading securities held in trust	(1,051)	(1,083)
Changes in assets and liabilities:		
Restricted cash	1,118	(25)
Accounts receivable	(328)	(3,084)
Straight-line rent receivables, net	(2,612)	(3,365)
Deferred leasing costs	(4,212)	(6,146)
Other assets	(3,175)	(2,227)
Accounts payable and other liabilities	(17,286)	(6,393)
Tenants’ security and escrow deposits and prepaid rent	(3,846)	563
Net cash provided by operating activities	104,076	111,271
Cash flows from investing activities:		
Acquisition of operating real estate	(26,676)	(586)
Development of real estate, including acquisition of land	(78,951)	(79,755)
Proceeds from sale of real estate investments	84,699	48,927
Collection (issuance) of notes receivable	6,025	(666)
Investments in real estate partnerships	(8,060)	(53,587)
Distributions received from investments in real estate partnerships	11,457	12,495
Dividends on trading securities held in trust	70	77
Acquisition of securities	(15,679)	(11,120)
Proceeds from sale of securities	10,632	11,385
Net cash used in investing activities	(16,483)	(72,830)
Cash flows from financing activities:		
Net proceeds from common stock issuance	98,278	—
Net proceeds from issuance of preferred stock	—	241,386
Proceeds from sale of treasury stock	34	339
Acquisition of treasury stock	—	(4)
Redemption of preferred stock and partnership units	—	(248,125)
Distributions (to) from limited partners in consolidated partnerships, net	(3,272)	1,801
Distributions to exchangeable operating partnership unit holders	(171)	(164)
Distributions to preferred unit holders	—	(404)

Dividends paid to common stockholders	(83,296)	(82,093)
Dividends paid to preferred stockholders	(5,265)	(6,943)
Proceeds from unsecured credit facilities	77,000	450,000
Repayment of unsecured credit facilities	(122,000)	(185,000)
Proceeds from notes payable	8,250	—
Repayment of notes payable	(16,349)	(192,375)
Scheduled principal payments	(3,893)	(3,513)
Payment of loan costs	(115)	(1,718)
Net cash used in financing activities	(50,799)	(26,813)
Net increase in cash and cash equivalents	36,794	11,628
Cash and cash equivalents at beginning of the period	22,349	11,402
Cash and cash equivalents at end of the period	$ 59,143	23,030

REGENCY CENTERS CORPORATION
Consolidated Statements of Cash Flows
For the six months ended June 30, 2013, and 2012
(in thousands)
(unaudited)

	2013	2012
Supplemental disclosure of cash flow information:		
Cash paid for interest (net of capitalized interest of $2,305 and $1,246 in 2013 and 2012, respectively)	$ 54,670	61,901
Supplemental disclosure of non-cash transactions:		
Preferred unit and stock distribution declared and not paid	$ 5,266	5,397
Real estate received through distribution in kind	$ 7,576	—
Mortgage loans assumed through distribution in kind	$ 7,500	—
Mortgage loans assumed for the acquisition of real estate	$ —	11,710
Real estate acquired through elimination of note receivable	$ —	12,585
Change in fair value of derivative instruments	$ 21,720	(49)
Common stock issued for dividend reinvestment plan	$ 578	495
Stock-based compensation capitalized	$ 948	960
Contributions from limited partners in consolidated partnerships, net	$ —	940
Common stock issued for dividend reinvestment in trust	$ 320	287
Contribution of stock awards into trust	$ 1,504	806
Distribution of stock held in trust	$ 201	1,191

See accompanying notes to consolidated financial statements.

7

REGENCY CENTERS, L.P.
Consolidated Balance Sheets
June 30, 2013 and December 31, 2012
(in thousands, except unit data)

		2013	2012
Assets		(unaudited)	
Real estate investments at cost:			
Land	$	1,193,500	1,215,659
Buildings and improvements		2,502,979	2,502,186
Properties in development		246,990	192,067
		3,943,469	3,909,912
Less: accumulated depreciation		823,601	782,749
		3,119,868	3,127,163
Operating properties held for sale		15,961	—
Investments in real estate partnerships		428,606	442,927
Net real estate investments		3,564,435	3,570,090
Cash and cash equivalents		59,143	22,349
Restricted cash		5,354	6,472
Accounts receivable, net of allowance for doubtful accounts of $3,766 and $3,915 at June 30, 2013 and December 31, 2012, respectively		21,824	26,601
Straight-line rent receivable, net of reserve of $566 and $870 at June 30, 2013 and December 31, 2012, respectively		50,258	49,990
Notes receivable		18,502	23,751
Deferred costs, less accumulated amortization of $72,758 and $69,224 at June 30, 2013 and December 31, 2012, respectively		68,141	69,506
Acquired lease intangible assets, less accumulated amortization of $21,860 and $19,148 at June 30, 2013 and December 31, 2012, respectively		41,331	42,459
Trading securities held in trust, at fair value		24,457	23,429
Other assets		46,458	18,811
Total assets	$	3,899,903	3,853,458
Liabilities and Capital			
Liabilities:			
Notes payable	$	1,767,124	1,771,891
Unsecured credit facilities		125,000	170,000
Accounts payable and other liabilities		131,181	127,185
Acquired lease intangible liabilities, less accumulated accretion of $8,245 and $6,636 at June 30, 2013 and December 31, 2012, respectively		26,337	20,325
Tenants' security and escrow deposits and prepaid rent		14,229	18,146
Total liabilities		2,063,871	2,107,547
Commitments and contingencies (note 12)			
Capital:			
Partners' capital:			
Preferred units of general partner, $0.01 par value per unit, 13,000,000 units issued and outstanding at June 30, 2013 and December 31, 2012, liquidation preference of $25 per unit		325,000	325,000
General partner; 92,279,321 and 90,394,486 units outstanding at June 30, 2013 and December 31, 2012, respectively		1,529,937	1,463,480
Limited partners; 177,164 units outstanding at June 30, 2013 and December 31, 2012		(1,165)	(1,153)

Accumulated other comprehensive loss	(31,319)	(57,715)
Total partners’ capital	1,822,453	1,729,612
Noncontrolling interests:		
Limited partners’ interests in consolidated partnerships	13,579	16,299
Total noncontrolling interests	13,579	16,299
Total capital	1,836,032	1,745,911
Total liabilities and capital	$ 3,899,903	3,853,458

See accompanying notes to consolidated financial statements.

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

	Three months ended June 30,		Six months ended June 30,	
	2013	2012	2013	2012
Revenues:				
Minimum rent	$ 89,611	90,164	$ 178,333	179,533
Percentage rent	298	398	1,846	1,558
Recoveries from tenants and other income	29,192	29,734	55,877	55,918
Management, transaction, and other fees	6,741	6,469	13,502	13,618
Total revenues	125,842	126,765	249,558	250,627
Operating expenses:				
Depreciation and amortization	31,930	31,737	63,871	63,108
Operating and maintenance	17,982	17,421	35,563	35,572
General and administrative	14,966	14,020	32,942	30,142
Real estate taxes	14,204	13,799	27,883	28,740
Other expenses	1,580	1,111	3,083	2,447
Total operating expenses	80,662	78,088	163,342	160,009
Other expense (income):				
Interest expense, net of interest income of $292 and $377, and $751 and $913 for the three and six months ended June 30, 2013 and 2012, respectively	27,781	28,377	55,613	57,335
Provision for impairment	—	19,008	—	19,008
Net investment loss (income) from deferred compensation plan, including unrealized gains (loss) of $17 and ($499), and $848 and $725 for the three and six months ended June 30, 2013 and 2012, respectively	38	444	(1,034)	(1,084)
Total other expense	27,819	47,829	54,579	75,259
Income before equity in income of investments in real estate partnerships	17,361	848	31,637	15,359
Equity in income of investments in real estate partnerships	6,012	10,804	11,888	13,770
Income from continuing operations before tax	23,373	11,652	43,525	29,129
Income tax benefit of taxable REIT subsidiary	—	(840)	—	(608)
Income from continuing operations	23,373	12,492	43,525	29,737
Discontinued operations, net:				
Operating income (loss)	969	(3,427)	1,951	(2,073)
Gain on sale of operating properties, net	11,410	2,304	11,410	8,605
Income (loss) from discontinued operations	12,379	(1,123)	13,361	6,532
Income before gain (loss) on sale of real estate	35,752	11,369	56,886	36,269
Gain (loss) on sale of real estate	1,717	(21)	1,717	1,814
Net income	37,469	11,348	58,603	38,083
Noncontrolling interests:				
Limited partners’ interests in consolidated partnerships	(270)	(232)	(545)	(424)
Income attributable to noncontrolling interests	(270)	(232)	(545)	(424)
Net income attributable to the Partnership	37,199	11,116	58,058	37,659
Preferred unit distributions	(5,265)	(5,396)	(10,531)	(18,704)
Net income attributable to common unit holders	$ 31,934	5,720	$ 47,527	18,955

Income per common unit - basic:				
Continuing operations	$ 0.21	0.07	$ 0.37	0.14
Discontinued operations	0.14	(0.01)	0.15	0.07
Net income attributable to common unit holders	$ 0.35	0.06	$ 0.52	0.21
Income per common unit - diluted:				
Continuing operations	$ 0.21	0.07	$ 0.37	0.14
Discontinued operations	0.14	(0.01)	0.15	0.07
Net income attributable to common unit holders	$ 0.35	0.06	$ 0.52	0.21

See accompanying notes to consolidated financial statements.

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

	Three months ended June 30,		Six months ended June 30,	
	2013	2012	2013	2012
Net income	$ 37,469	11,348	$ 58,603	38,083
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	4,733	4,733
Effective portion of change in fair value of derivative instruments:				
Effective portion of change in fair value of derivative instruments	18,332	(26)	21,704	(60)
Less: reclassification adjustment for change in fair value of derivative instruments included in net income	8	7	16	9
Other comprehensive income	20,706	2,347	26,453	4,682
Comprehensive income	58,175	13,695	85,056	42,765
Less: comprehensive income (loss) attributable to noncontrolling interests:				
Net income attributable to noncontrolling interests	270	232	545	424
Other comprehensive income (loss) attributable to noncontrolling interests	4	(10)	7	(25)
Comprehensive income attributable to noncontrolling interests	274	222	552	399
Comprehensive income attributable to the Partnership	$ 57,901	13,473	$ 84,504	42,366

See accompanying notes to consolidated financial statements.

REGENCY CENTERS, L.P.
Consolidated Statements of Capital
For the six months ended June 30, 2013 and 2012
(in thousands)
(unaudited)

	Preferred Units	General Partner Preferred and Common Units	Limited Partners	Accumulated Other Comprehensive Loss	Total Partners' Capital	Noncontrolling Interests in Limited Partners' Interest in Consolidated Partnerships	Total Capital
Balance at December 31, 2011	$49,158	1,879,784	(963)	(71,429)	1,856,550	13,104	1,869,654
Net income	(629)	38,211	77	—	37,659	424	38,083
Other comprehensive income (loss)	—	—	9	4,698	4,707	(25)	4,682
Contributions from partners	—	—	—	—	—	3,317	3,317
Distributions to partners	—	(82,587)	(164)	—	(82,751)	(576)	(83,327)
Redemption of preferred units	(48,125)	(200,000)	—	—	(248,125)	—	(248,125)
Preferred unit distributions	(404)	(12,340)	—	—	(12,744)	—	(12,744)
Restricted units issued as a result of amortization of restricted stock issued by Parent Company	—	5,726	—	—	5,726	—	5,726
Preferred units issued as a result of preferred stock issued by Parent Company, net of issuance costs	—	241,386	—	—	241,386	—	241,386
Common units issued as a result of common stock issued by Parent Company, net of repurchases	—	(1,053)	—	—	(1,053)	—	(1,053)
Balance at June 30, 2012	—	1,869,127	(1,041)	(66,731)	1,801,355	16,244	1,817,599
Balance at December 31, 2012	—	1,788,480	(1,153)	(57,715)	1,729,612	16,299	1,745,911
Net income	—	57,949	109	—	58,058	545	58,603
Other comprehensive income	—	—	50	26,396	26,446	7	26,453
Contributions from partners	—	—	—	—	—	39	39
Distributions to partners	—	(83,874)	(171)	—	(84,045)	(3,311)	(87,356)
Preferred unit distributions	—	(10,531)	—	—	(10,531)	—	(10,531)
Restricted units issued as a result of amortization of restricted stock issued by Parent Company	—	6,978	—	—	6,978	—	6,978
Common units issued as a result of common stock issued by Parent Company, net of repurchases	—	95,935	—	—	95,935	—	95,935
Balance at June 30, 2013	$—	1,854,937	(1,165)	(31,319)	1,822,453	13,579	1,836,032

See accompanying notes to consolidated financial statements.

11

REGENCY CENTERS, L.P.
Consolidated Statements of Cash Flows
For the six months ended June 30, 2013, and 2012
(in thousands)
(unaudited)

	2013	2012
Cash flows from operating activities:		
Net income	$ 58,603	38,083
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	65,170	66,062
Amortization of deferred loan cost and debt premium	6,175	6,461
Accretion of above and below market lease intangibles, net	(1,042)	(437)
Stock-based compensation, net of capitalization	6,159	4,903
Equity in income of investments in real estate partnerships	(11,888)	(13,770)
Net gain on sale of properties	(13,127)	(10,419)
Provision for impairment	—	23,508
Distribution of earnings from operations of investments in real estate partnerships	24,376	17,580
Loss on derivative instruments	(9)	(13)
Deferred compensation expense	1,051	1,073
Realized and unrealized gains on trading securities held in trust	(1,051)	(1,083)
Changes in assets and liabilities:		
Restricted cash	1,118	(25)
Accounts receivable	(328)	(3,084)
Straight-line rent receivables, net	(2,612)	(3,365)
Deferred leasing costs	(4,212)	(6,146)
Other assets	(3,175)	(2,227)
Accounts payable and other liabilities	(17,286)	(6,393)
Tenants’ security and escrow deposits and prepaid rent	(3,846)	563
Net cash provided by operating activities	104,076	111,271
Cash flows from investing activities:		
Acquisition of operating real estate	(26,676)	(586)
Development of real estate, including acquisition of land	(78,951)	(79,755)
Proceeds from sale of real estate investments	84,699	48,927
Collection (issuance) of notes receivable	6,025	(666)
Investments in real estate partnerships	(8,060)	(53,587)
Distributions received from investments in real estate partnerships	11,457	12,495
Dividends on trading securities held in trust	70	77
Acquisition of securities	(15,679)	(11,120)
Proceeds from sale of securities	10,632	11,385
Net cash used in investing activities	(16,483)	(72,830)
Cash flows from financing activities:		
Net proceeds from common units issued as a result of common stock issued by Parent Company	98,278	—
Net proceeds from preferred units issued as a result of preferred stock issued by Parent Company	—	241,386
Proceeds from sale of treasury stock	34	339
Acquisition of treasury stock	—	(4)
Redemption of preferred partnership units	—	(248,125)
Distributions (to) from limited partners in consolidated partnerships, net	(3,272)	1,801

Distributions to partners	(83,467)	(82,257)
Distributions to preferred unit holders	(5,265)	(7,347)
Proceeds from unsecured credit facilities	77,000	450,000
Repayment of unsecured credit facilities	(122,000)	(185,000)
Proceeds from notes payable	8,250	—
Repayment of notes payable	(16,349)	(192,375)
Scheduled principal payments	(3,893)	(3,513)
Payment of loan costs	(115)	(1,718)
Net cash used in financing activities	(50,799)	(26,813)
Net increase in cash and cash equivalents	36,794	11,628
Cash and cash equivalents at beginning of the period	22,349	11,402
Cash and cash equivalents at end of the period	$ 59,143	23,030

REGENCY CENTERS, L.P.
Consolidated Statements of Cash Flows
For the six months ended June 30, 2013, and 2012
(in thousands)
(unaudited)

	2013	2012
Supplemental disclosure of cash flow information:		
Cash paid for interest (net of capitalized interest of $2,305 and $1,246 in 2013 and 2012, respectively)	$ 54,670	61,901
Supplemental disclosure of non-cash transactions:		
Preferred unit and stock distribution declared and not paid	$ 5,266	5,397
Real estate received through distribution in kind	$ 7,576	—
Mortgage loans assumed through distribution in kind	$ 7,500	—
Mortgage loans assumed for the acquisition of real estate	$ —	11,710
Real estate acquired through elimination of note receivable	$ —	12,585
Change in fair value of derivative instruments	$ 21,720	(49)
Common stock issued for dividend reinvestment plan	$ 578	495
Stock-based compensation capitalized	$ 948	960
Contributions from limited partners in consolidated partnerships, net	$ —	940
Common stock issued for dividend reinvestment in trust	$ 320	287
Contribution of stock awards into trust	$ 1,504	806
Distribution of stock held in trust	$ 201	1,191

See accompanying notes to consolidated financial statements.

REGENCY CENTERS CORPORATION AND REGENCY CENTERS, L.P.
Notes to Consolidated Financial Statements
June 30, 2013

1. Organization and Principles of Consolidation
General
Regency Centers Corporation (the “Parent Company”) began its operations as a Real Estate Investment Trust (“REIT”) in 1993 and is the general partner of Regency Centers, L.P. (the “Operating Partnership”). The Parent Company currently owns approximately 99.8% of the outstanding common Partnership Units of the Operating Partnership. The Parent Company engages in the ownership, management, leasing, acquisition, and development of retail shopping centers through the Operating Partnership, and has no other assets or liabilities other than through its investment in the Operating Partnership. As of June 30, 2013, the Parent Company, the Operating Partnership and their controlled subsidiaries on a consolidated basis (the "Company” or “Regency”) directly owned 204 retail shopping centers and held partial interests in an additional 139 retail shopping centers through investments in real estate partnerships (also referred to as "joint ventures" or "co-investment partnerships").

The financial statements reflect all adjustments which are, in the opinion of management, necessary to a fair statement of the results for the interim period presented. These adjustments are considered to be of a normal recurring nature.

Recently Adopted Accounting Pronouncements

On January 1, 2013, the Company adopted Financial Accounting Standards Board ("FASB") Accounting Standards Update (“ASU”) No. 2011-11, Disclosures about Offsetting Assets and Liabilities ("ASU 2011-11") and ASU No. 2013-01, Clarifying the Scope of Disclosures about Offsetting Assets and Liabilities. These new standards retain the existing offsetting models under U.S. GAAP but require new disclosure requirements for derivatives, including bifurcated embedded derivatives, repurchase and reverse repurchase agreements, and securities lending transactions that are either offset in the Consolidated Balance Sheets or subject to an enforceable master netting arrangement or similar agreement. Retrospective application is required. While the Company does have master netting agreements, it does not have multiple derivatives with the same counterparties subject to a single master netting agreement to offset, therefore no additional disclosures are necessary.

2. Real Estate Investments

The following table details the shopping center acquired during the six months ended June 30, 2013 (in thousands). There were no shopping centers acquired through our co-investment partnerships during the six months ended June 30, 2013.

Date Purchased	Property Name	City/State	Co-investment Partner	Ownership	Purchase Price	Debt Assumed, Net of Premiums	Intangible Assets	Intangible Liabilities
5/30/2013	Preston Oaks	Dallas, TX	N/A	100%	$27,000	$—	$3,396	$7,597

In addition, on March 20, 2013, the Company entered into a liquidation agreement with Macquarie Countrywide (US) No. 2, LLC ("CQR") to redeem its 24.95% interest through dissolution of the Macquarie CountryWide-Regency III, LLC (MCWR III) co-investment partnership through a distribution-in-kind ("DIK"). The assets of the partnership were distributed as 100% ownership interests to CQR and Regency after a selection process, as provided for by the agreement. Regency selected one asset, Hilltop Village, which was recorded at the carrying value of the Company's equity investment in MCWR III, net of deferred gain, on the date of dissolution of $7.6 million, including a $7.5 million mortgage assumed.

14

REGENCY CENTERS CORPORATION AND REGENCY CENTERS, L.P.
Notes to Consolidated Financial Statements
June 30, 2013

3. Discontinued Operations

Dispositions

The following table provides a summary of shopping centers disposed of during the three and six months ended June 30, 2013 and 2012 (in thousands):

	Three months ended June 30,		Six months ended June 30,	
	2013	2012	2013	2012
Net proceeds	$ 82,634	17,600	$ 82,634	39,200
Gain on sale of properties	$ 11,410	2,304	$ 11,410	8,605
Number of properties sold	4	2	4	4
Percent interest sold	100%	100%	100%	100%

The following table provides a summary of revenues and expenses from properties included in discontinued operations for three and six months ended June 30, 2013 and 2012 (in thousands):

	Three months ended June 30,		Six months ended June 30,	
	2013	2012	2013	2012
Revenues	$ 1,584	3,295	$ 3,976	7,137
Operating expenses	615	2,173	2,025	4,723
Provision for impairment	—	4,500	—	4,500
Income tax benefit [1]	—	49	—	(13)
Operating income from discontinued operations	$ 969	(3,427)	$ 1,951	(2,073)

[1] The operating income and gain on sales of properties included in discontinued operations are reported net of income taxes, if the property is sold by Regency Realty Group, Inc., a wholly owned subsidiary of the Operating Partnership, which is a Taxable REIT subsidiary as defined by in Section 856(1) of the Internal Revenue Code.

4. Income Taxes

Income tax expense (benefit) is separately presented on the face of the Consolidated Statement of Operations, if the related income is from continuing operations, or is included in operating income from discontinued operations, if from discontinued operations. There was no income tax expense (benefit) for the three and six months ended June 30, 2013. Income tax expense (benefit) was as follows for the three and six months ended June 30, 2013 and 2012 (in thousands):

	Three months ended June 30,		Six months ended June 30,	
Income tax expense (benefit) from:	2013	2012	2013	2012
Continuing operations	$ —	(840)	$ —	(608)
Discontinued operations	—	671	—	608
Total income tax expense	$ —	(169)	$ —	—

REGENCY CENTERS CORPORATION AND REGENCY CENTERS, L.P.
Notes to Consolidated Financial Statements
June 30, 2013

5. Notes Payable and Unsecured Credit Facilities

The Company’s debt outstanding as of June 30, 2013 and December 31, 2012 consists of the following (in thousands):

		2013	2012
Notes payable:			
Fixed rate mortgage loans	$	457,071	461,914
Variable rate mortgage loans		11,909	12,041
Fixed rate unsecured loans		1,298,144	1,297,936
Total notes payable		1,767,124	1,771,891
Unsecured credit facilities			
Line		25,000	70,000
Term Loan		100,000	100,000
Total unsecured credit facilities		125,000	170,000
Total debt outstanding	$	1,892,124	1,941,891

Fixed rate mortgage loans decreased $4.8 million primarily due to the following:

- The Company paid off the $16.3 million maturing balance of 7.1% secured borrowings on May 1, 2013.
- On March 4, 2013, the Company entered into an interest only mortgage for $8.3 million on a recently completed development property at a fixed rate of 3.3%, maturing on April 1, 2020.
- The Company assumed debt of $7.5 million with the DIK of Hilltop Village on March 20, 2013, which is interest only with a fixed rate of 5.57% and matures on April 6, 2016.

Further, since December 31, 2012, the Company has repaid $45.0 million, net of borrowings, on its $800.0 million Line of Credit (the "Line").

As of June 30, 2013, scheduled principal payments and maturities on notes payable were as follows (in thousands):

Scheduled Principal Payments and Maturities by Year:		Scheduled Principal Payments	Mortgage Loan Maturities	Unsecured Maturities [1]		Total
2013	$	3,877	—	—		3,877
2014		7,383	26,853	150,000		184,236
2015		5,747	62,435	350,000		418,182
2016		5,487	21,661	125,000		152,148
2017		4,584	84,593	400,000		489,177
Beyond 5 Years		20,021	220,993	400,000		641,014
Unamortized debt (discounts) premiums, net		—	5,346	(1,856	)	3,490
Total	$	47,099	421,881	1,423,144		1,892,124

[1] Includes unsecured public debt and unsecured credit facilities.

The Company believes it was in compliance as of June 30, 2013 with the financial and other covenants under its unsecured public debt and unsecured credit facilities.

REGENCY CENTERS CORPORATION AND REGENCY CENTERS, L.P.
Notes to Consolidated Financial Statements
June 30, 2013

6. Derivative Financial Instruments

The following table summarizes the terms and fair values of the Company's derivative financial instruments, as well as their classification on the Consolidated Balance Sheets, as of June 30, 2013 and December 31, 2012 (in thousands):

							Fair Value	
Effective Date	Maturity Date	Early Termination Date [1]	Counterparty	Notional Amount	Bank Pays Variable Rate of	Regency Pays Fixed Rate of	2013	2012
Assets:								
4/15/14	4/15/24	10/15/14	JPMorgan Chase Bank, N.A.	$ 75,000	3 Month LIBOR	2.087%	$ 6,210	1,022
4/15/14	4/15/24	10/15/14	Bank of America, N.A.	50,000	3 Month LIBOR	2.088%	4,130	672
8/1/15	8/1/25	2/1/16	US Bank National Association	75,000	3 Month LIBOR	2.479%	6,760	1,131
8/1/15	8/1/25	2/1/16	Royal Bank of Canada	50,000	3 Month LIBOR	2.479%	4,419	729
8/1/15	8/1/25	2/1/16	PNC Bank, N.A.	50,000	3 Month LIBOR	2.479%	4,492	753
Other Assets							$ 26,011	4,307
Liabilities:								
10/1/11	9/1/14	N/A	PNC Bank, N.A.	$ 9,000	1 Month LIBOR	0.760%	$ (51)	(76)
Accounts payable and other liabilities							$ (51)	(76)

[1] Represents the date specified in the agreement for either optional or mandatory early termination which will result in cash settlement.

These derivative financial instruments are all interest rate swaps, which are designated and qualify as cash flow hedges. The Company does not use derivatives for trading or speculative purposes and currently does not have any derivatives that are not designated as hedges. The Company has master netting agreements, however the Company does not have multiple derivatives subject to a single master netting agreement with the same counterparties, therefore none are offset in the accompanying Consolidated Balance Sheet.

The Company has $150.0 million of unsecured long-term debt that matures in 2014 and $350.0 million of unsecured long-term debt that matures in 2015. In order to mitigate the risk of interest rates rising before new unsecured borrowings are obtained, the Company entered into five forward-starting interest rate swaps during December 2012, for the same ten year periods expected for the future borrowings. These swaps total $300.0 million of notional value, as shown above. The Company will settle these swaps upon the early termination date, which is expected to coincide with the date new unsecured borrowings are obtained, and will begin amortizing the gain or loss realized from the swap settlement over the ten year period expected for the new borrowings; resulting in a modified effective interest rate on those borrowings.

The effective portion of changes in the fair value of derivatives designated and qualifying as cash flow hedges is recorded in accumulated other comprehensive income (loss) and subsequently reclassified into earnings in the period that the hedged forecasted transaction affects earnings. The ineffective portion of the change in fair value of the derivatives is recognized directly in earnings as a gain or loss on derivative instruments.

REGENCY CENTERS CORPORATION AND REGENCY CENTERS, L.P.
Notes to Consolidated Financial Statements
June 30, 2013

The following tables represents the effect of the derivative financial instruments on the accompanying consolidated financial statements for the three and six months ended June 30, 2013 and 2012 (in thousands):

Derivatives in FASB ASC Topic 815 Cash Flow Hedging Relationships:	Amount of Gain (Loss) Recognized in OCI on Derivative (Effective Portion)		Location of Gain (Loss) Reclassified from Accumulated OCI into Income (Effective Portion)	Amount of Gain (Loss) Reclassified from Accumulated OCI into Income (Effective Portion)		Location of Gain or (Loss) Recognized in Income on Derivative (Ineffective Portion and Amount Excluded from Effectiveness Testing)	Amount of Gain or (Loss) Recognized in Income on Derivative (Ineffective Portion and Amount Excluded from Effectiveness Testing)	
	Three months ended June 30,			Three months ended June 30,			Three months ended June 30,	
	2013	2012		2013	2012		2013	2012
Interest rate swaps	$ 18,332	(26)	Interest expense	$ (2,366)	(2,366)	Other expenses	$ —	—

Derivatives in FASB ASC Topic 815 Cash Flow Hedging Relationships:	Amount of Gain (Loss) Recognized in OCI on Derivative (Effective Portion)		Location of Gain (Loss) Reclassified from Accumulated OCI into Income (Effective Portion)	Amount of Gain (Loss) Reclassified from Accumulated OCI into Income (Effective Portion)		Location of Gain or (Loss) Recognized in Income on Derivative (Ineffective Portion and Amount Excluded from Effectiveness Testing)	Amount of Gain or (Loss) Recognized in Income on Derivative (Ineffective Portion and Amount Excluded from Effectiveness Testing)	
	Six months ended June 30,			Six months ended June 30,			Six months ended June 30,	
	2013	2012		2013	2012		2013	2012
Interest rate swaps	$ 21,704	(60)	Interest expense	$ (4,732)	(4,729)	Other expenses	$ —	(3)

As of June 30, 2013, the Company expects $9.8 million of deferred losses (gains) on derivative instruments accumulated in other comprehensive income to be reclassified into earnings during the next 12 months, of which $9.3 million is related to previously settled swaps.

7. Fair Value Measurements

(a) Disclosure of Fair Value of Financial Instruments

All financial instruments of the Company are reflected in the accompanying Consolidated Balance Sheets at amounts which, in management's estimation, reasonably approximate their fair values, except for the following as of June 30, 2013 and December 31, 2012 (in thousands):

	2013		2012	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets:				
Notes receivable	$ 18,502	18,153	$ 23,751	23,677
Financial liabilities:				
Notes payable	$ 1,767,124	1,924,578	$ 1,771,891	2,000,000
Unsecured credit facilities	$ 125,000	125,240	$ 170,000	170,200

The table above reflects carrying amounts in the accompanying Consolidated Balance Sheets under the indicated captions. The above fair values represent the amounts that would be received to sell those assets or that would be paid to transfer those liabilities in an orderly transaction between market participants as of June 30, 2013 and December 31, 2012. These fair value measurements maximize the use of observable inputs. However, in situations where there is little, if any, market activity for the asset or liability at the measurement date, the fair value measurement reflects the Company's own judgments about the assumptions that market participants would use in pricing the asset or liability.

The Company develops its judgments based on the best information available at the measurement date, including expected cash flows, appropriately risk-adjusted discount rates, and available observable and unobservable inputs. Service providers involved in fair value measurements are evaluated for competency and qualifications on an ongoing basis. The Company's valuation policies and procedures are determined by its Finance Group, which reports to the Chief Financial Officer, and the results of significant fair value measurements are discussed with the Audit Committee of the Board of Directors on a quarterly basis. As considerable judgment is often necessary to estimate the fair value of these financial instruments, the fair values presented above are not necessarily indicative of amounts that will be realized upon disposition of the financial instruments.

The following methods and assumptions were used to estimate the fair value of these financial instruments:

Notes Receivable

The fair value of the Company's notes receivable is estimated by calculating the present value of future contractual cash flows discounted at interest rates available for notes of the same terms and maturities, adjusted for counter-party specific credit risk. The interest rates range from 7.1% to 7.7% as of June 30, 2013, based on the Company's estimates. The fair value of notes receivable was determined primarily using Level 3 inputs of the fair value hierarchy, which considered counter-party credit risk and loan to value ratio on the underlying property securing the note receivable.

Notes Payable

The fair value of the Company's notes payable is estimated by discounting future cash flows of each instrument at rates that reflect the current market rates available to the Company for debt of the same terms and maturities. These rates range from 2.7% to 3.7% as of June 30, 2013, based on the Company's estimates. Fixed rate loans assumed in connection with real estate acquisitions are recorded in the accompanying consolidated financial statements at fair value at the time the property is acquired. The fair value of the notes payable was determined using Level 2 inputs of the fair value hierarchy.

Unsecured Credit Facilities

The fair value of the Company's unsecured credit facilities is estimated based on the interest rates currently offered to the Company by financial institutions, which is estimated to be 1.6% as of June 30, 2013. The fair value of the credit facilities was determined using Level 2 inputs of the fair value hierarchy.

(b) Fair Value Measurements

The following financial instruments are measured at fair value on a recurring basis:

Trading Securities Held in Trust

The Company has investments in marketable securities that are classified as trading securities held in trust on the accompanying Consolidated Balance Sheets. The fair value of the trading securities held in trust was determined using quoted prices in active markets, considered Level 1 inputs of the fair value hierarchy. Changes in the value of trading securities are recorded within net investment (income) loss from deferred compensation plan in the accompanying Consolidated Statements of Operations.

Interest Rate Derivatives

The fair value of the Company's interest rate derivatives is determined using widely accepted valuation techniques including discounted cash flow analysis on the expected cash flows of each derivative. This analysis reflects the contractual terms of the derivatives, including the period to maturity, and uses observable market-based inputs, including interest rate curves and implied volatilities. The Company incorporates credit valuation adjustments to appropriately reflect both its own nonperformance risk and the respective counterparty's nonperformance risk in the fair value measurements.

Although the Company has determined that the majority of the inputs used to value its derivatives fall within Level 2 of the fair value hierarchy, the credit valuation adjustments associated with its derivatives utilize Level 3 inputs, such as estimates of current credit spreads, to evaluate the likelihood of default by the Company and its counterparties. The Company has assessed the significance of the impact of the credit valuation adjustments on the overall valuation of its derivative positions and has determined that the credit valuation adjustments on the overall valuation adjustments are not significant to the overall valuation of its interest rate swaps. As a result, the Company determined that its interest rate swaps valuation in its entirety is classified in Level 2 of the fair value hierarchy.

REGENCY CENTERS CORPORATION AND REGENCY CENTERS, L.P.
Notes to Consolidated Financial Statements
June 30, 2013

The following table presents the placement in the fair value hierarchy of assets and liabilities that are measured at fair value on a recurring basis as of June 30, 2013 and December 31, 2012 (in thousands):

	Fair Value Measurements as of June 30, 2013			
Assets	Balance	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Trading securities held in trust	$ 24,457	24,457	—	—
Interest rate derivatives	26,011	—	26,011	—
Total	$ 50,468	24,457	26,011	—
Liabilities				
Interest rate derivatives	$ (51)	—	(51)	—

	Fair Value Measurements as of December 31, 2012			
Assets	Balance	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Trading securities held in trust	$ 23,429	23,429	—	—
Interest rate derivatives	4,307	—	4,307	—
Total	$ 27,736	23,429	4,307	—
Liabilities				
Interest rate derivatives	$ (76)	—	(76)	—

There were no fair value measurements recorded on a nonrecurring basis as of June 30, 2013. The following table presents fair value measurements that were measured at fair value on a nonrecurring basis as of December 31, 2012 (in thousands):

	Fair Value Measurements as of December 31, 2012				
Assets	Balance	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Gains (Losses) [1]
Long-lived assets held and used					
Operating and development properties	$ 49,673	—	—	49,673	(54,500)

[1] Excludes impairments for properties sold during the year ended December 31, 2012.

Long-lived assets held and used are comprised primarily of real estate. The Company recognized a $54.5 million impairment loss related to two operating properties during the year ended December 31, 2012. The majority of this impairment, $50.0 million, related to one operating property, which the Company determined was more likely than not to be sold before the end of its previously estimated hold period, which led to the impairment during the fourth quarter of 2012. The Company subsequently sold this property in May of 2013. The other operating property exhibited weak operating fundamentals, including low economic occupancy for an extended period of time, which led to a $4.5 million impairment during the second quarter of 2012. The Company subsequently sold this property in June of 2013.

REGENCY CENTERS CORPORATION AND REGENCY CENTERS, L.P.
Notes to Consolidated Financial Statements
June 30, 2013

Fair value for the long-lived assets held and used measured using Level 3 inputs was determined through the use of an income approach. The income approach estimates an income stream for a property (typically 10 years) and discounts this income plus a reversion (presumed sale) into a present value at a risk adjusted rate. Yield rates and growth assumptions utilized in this approach are derived from property specific information, market transactions, and other financial and industry data. The terminal cap rate and discount rate are significant inputs to this valuation. The following are ranges of key inputs used in determining the fair value of real estate measured using Level 3 inputs as of December 31, 2012:

	2012			
	Low		High	
Overall cap rates	8.3	%	8.5	%
Rental growth rates	(8.3	)%	2.5	%
Discount rates	10.5	%	10.5	%
Terminal cap rates	8.8	%	8.8	%

Changes in these inputs could result in a significant change in the valuation of the real estate and a change in the impairment loss recognized during the period.

8. Equity and Capital

Common Stock of the Parent Company

Issuances:

On August 10, 2012, the Parent Company entered into at the market ("ATM") equity distribution agreements in which we may from time to time offer and sell up to $150.0 million of our common stock. The net proceeds are expected to fund potential acquisition opportunities, fund development or redevelopment activities, repay amounts outstanding under our revolving credit facility and/or for general corporate purposes. As of June 30, 2013, $28.2 million in common stock remained available for issuance under its ATM equity program. During the three and six months ended June 30, 2013, the following shares were issued under the ATM equity program (in thousands, except share data):

		Three months ended June 30, 2013		Six months ended June 30, 2013
Shares issued		873		1,869
Weighted average price per share	$	54.22	$	53.37
Total proceeds	$	47,377	$	99,774
Commissions	$	709	$	1,496

Common Units of the Operating Partnership

Issuances:
Common units were issued to the Parent Company in relation to the Parent Company's issuance of common stock, as discussed above.

REGENCY CENTERS CORPORATION AND REGENCY CENTERS, L.P.
Notes to Consolidated Financial Statements
June 30, 2013

Accumulated Other Comprehensive Loss

The following table presents changes in the balances of each component of accumulated other comprehensive loss for the six months ended June 30, 2013 (in thousands):

	Loss on Settlement of Derivative Instruments	Fair Value of Derivative Instruments	Accumulated Other Comprehensive Income (Loss)
Beginning balance at December 31, 2012	$ (61,991)	4,276	(57,715)
Net gain on cash flow derivative instruments	—	21,664	21,664
Amounts reclassified from other comprehensive income	4,724	8	4,732
Current period other comprehensive income, net	4,724	21,672	26,396
Ending balance at June 30, 2013	$ (57,267)	25,948	(31,319)

The following represents amounts reclassified out of accumulated other comprehensive loss into earnings during the three and six months ended June 30, 2013 and 2012, respectively:

Details about Accumulated Other Comprehensive Loss Components	Amount Reclassified from Accumulated Other Comprehensive Loss				Affected Line Item in the Statement of Operations
	Three months ended June 30,		Six months ended June 30,		
	2013	2012	2013	2012	
Gains / (Losses) on cash flow hedges					
Interest rate derivative contracts	$ (2,366)	(2,366)	$ (4,732)	(4,729)	Interest expense

9. Stock-Based Compensation

The Company recorded stock-based compensation in general and administrative expenses in the accompanying Consolidated Statements of Operations, the components of which are further described below for the three and six months ended June 30, 2013 and 2012 (in thousands):

	Three months ended June 30,		Six months ended June 30,	
	2013	2012	2013	2012
Restricted stock	$ 3,622	2,863	$ 6,978	5,726
Directors' fees paid in common stock	70	75	129	137
Capitalized stock-based compensation	(557)	(482)	(948)	(960)
Total	$ 3,135	2,456	$ 6,159	4,903