

REGENCY CENTERS CORP  
Form 10-Q  
August 06, 2015

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  
x OF 1934

For the quarterly period ended June 30, 2015

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 94,156,976 as of July 31, 2015.

---

## EXPLANATORY NOTE

This report combines the quarterly reports on Form 10-Q for the quarter ended June 30, 2015 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, 2015, 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, and 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

Form 10-Q  
Report Page

## PART I - FINANCIAL INFORMATION

## Item 1. Financial Statements

## Regency Centers Corporation:

Consolidated Balance Sheets as of June 30, 2015 and December 31, 2014	<u>1</u>
Consolidated Statements of Operations for the periods ended June 30, 2015 and 2014	<u>2</u>
Consolidated Statements of Comprehensive Income for the periods ended June 30, 2015 and 2014	<u>3</u>
Consolidated Statements of Equity for the periods ended June 30, 2015 and 2014	<u>4</u>
Consolidated Statements of Cash Flows for the periods ended June 30, 2015 and 2014	<u>6</u>

## Regency Centers, L.P.:

Consolidated Balance Sheets as of June 30, 2015 and December 31, 2014	<u>8</u>
Consolidated Statements of Operations for the periods ended June 30, 2015 and 2014	<u>9</u>
Consolidated Statements of Comprehensive Income for the periods ended June 30, 2015 and 2014	<u>10</u>
Consolidated Statements of Capital for the periods ended June 30, 2015 and 2014	<u>11</u>
Consolidated Statements of Cash Flows for the periods ended June 30, 2015 and 2014	<u>12</u>
Notes to Consolidated Financial Statements	<u>14</u>

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	<u>26</u>
---	-----------

Item 3. Quantitative and Qualitative Disclosures about Market Risk	<u>51</u>
--	-----------

Item 4. Controls and Procedures	<u>51</u>
---------------------------------	-----------

## PART II - OTHER INFORMATION

Item 1. Legal Proceedings	<u>52</u>
---------------------------	-----------

Item 1A. Risk Factors	<u>52</u>
-----------------------	-----------

Edgar Filing: REGENCY CENTERS CORP - Form 10-Q

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	<u>52</u>
Item 3. Defaults Upon Senior Securities	<u>52</u>
Item 4. Mine Safety Disclosures	<u>52</u>
Item 5. Other Information	<u>52</u>
Item 6. Exhibits	<u>53</u>
SIGNATURES	<u>54</u>

---

## PART I - FINANCIAL INFORMATION

## Item 1. Financial Statements

## REGENCY CENTERS CORPORATION

## Consolidated Balance Sheets

June 30, 2015 and December 31, 2014

(in thousands, except share data)

	2015	2014
	(unaudited)	
Assets		
Real estate investments at cost:		
Land	\$ 1,405,931	1,380,211
Buildings and improvements	2,817,680	2,790,137
Properties in development	216,408	239,538
	4,440,019	4,409,886
Less: accumulated depreciation	990,744	933,708
	3,449,275	3,476,178
Operating properties held for sale	29,017	—
Investments in real estate partnerships	309,544	333,167
Net real estate investments	3,787,836	3,809,345
Cash and cash equivalents	27,114	113,776
Restricted cash	6,726	8,013
Accounts receivable, net of allowance for doubtful accounts of \$5,066 and \$4,523 at June 30, 2015 and December 31, 2014, respectively	25,506	30,999
Straight-line rent receivable, net of reserve of \$767 and \$652 at June 30, 2015 and December 31, 2014, respectively	59,168	55,768
Notes receivable	12,281	12,132
Deferred costs, less accumulated amortization of \$82,561 and \$81,822 at June 30, 2015 and December 31, 2014, respectively	74,978	71,502
Acquired lease intangible assets, less accumulated amortization of \$41,058 and \$36,112 at June 30, 2015 and December 31, 2014, respectively	46,737	52,365
Trading securities held in trust, at fair value	29,530	28,134
Other assets	28,392	15,136
Total assets	\$ 4,098,268	4,197,170
Liabilities and Equity		
Liabilities:		
Notes payable	\$ 1,868,700	1,946,357
Unsecured credit facilities	120,000	75,000
Accounts payable and other liabilities	142,415	181,197
Acquired lease intangible liabilities, less accumulated accretion of \$15,718 and \$13,993 at June 30, 2015 and December 31, 2014, respectively	30,125	32,143
Tenants' security and escrow deposits and prepaid rent	27,161	25,991
Total liabilities	2,188,401	2,260,688
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, 2015 and December 31, 2014, with liquidation preferences of \$25 per share	325,000	325,000
	943	941

Edgar Filing: REGENCY CENTERS CORP - Form 10-Q

Common stock, \$0.01 par value per share, 150,000,000 shares authorized; 94,347,602 and 94,108,061 shares issued at June 30, 2015 and December 31, 2014, respectively