

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
 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.

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 |

1

See accompanying notes to consolidated financial statements.

2

REGENCY CENTERS CORPORATION

Consolidated Statements of Operations

(in thousands, except per share data)

(unaudited)

| | Three months ended September 30, | | Nine months ended 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 September 30, | | Nine months ended 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 Stock | Common Stock | Treasury Stock | Additional Paid In Capital | Accumulated Other Comprehensive Loss | Distributions in Excess of Comprehensive Net Income | Total Stockholders' Equity | Preferred Units | Operating Partnership Units | Noncontrolling Interests Limited Partnership Consolidated Partnerships | Total Noncontrolling Interests | Total Rolling Equity |
|---|--------------------|-----------------|-------------------|----------------------------------|---|---|----------------------------------|--------------------|-----------------------------------|---|--------------------------------------|----------------------------|
| Balance at December 31, 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 comprehensive income (loss) | — | — | — | — | 7,085 | — | 7,085 | — | 14 | — | 14 | 7,099 |
| Deferred compensation plan, net | — | — | 1,147 | 16,696 | — | — | 17,843 | — | — | — | — | 17,843 |
| Amortization of restricted stock issued | — | — | — | 8,087 | — | — | 8,087 | — | — | — | — | 8,087 |
| Common stock redeemed for taxes withheld for stock based compensation, net | — | — | — | (1,752) | — | — | (1,752) | — | — | — | — | (1,752) |
| Common stock issued for dividend reinvestment plan | — | — | — | 821 | — | — | 821 | — | — | — | — | 821 |
| Common stock issued for stock offerings, net of issuance costs | — | 80 | — | 215,289 | — | — | 215,369 | — | — | — | — | 215,36 |
| Contributions from partners | — | — | — | — | — | — | — | — | — | 2,646 | 2,646 | 2,646 |
| Distributions to partners | — | — | — | — | — | — | — | — | — | (865) | (865) | (865) |
| Cash dividends 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 Stock | Common Stock | Treasury Stock | Additional Paid In Capital | Accumulated Other Comprehensive Loss | Distributions in Excess of Comprehensive Net Income | Total Stockholders' Equity | Preferred Units | Exchange Operative Partnership Units | Limited Partners' Interest Consolidated Partnerships | Total Noncontrolling Interests | Total Equity |
|--|--------------------|-----------------|-------------------|----------------------------------|---|---|----------------------------------|--------------------|---|--|--------------------------------------|-----------------|
| Redemption of preferred units | — | — | — | — | — | — | | (48,125) | — | — | (48,125) | (48,125) |
| Issuance of preferred stock, net of issuance costs | 325,000 | — | — | (11,495) | — | — | 313,505 | — | — | — | — | 313,505 |
| Redemption of preferred stock | (275,000) | — | — | 9,277 | — | (9,277) | (275,000) | — | — | — | — | (275,000) |
| Contributions from partners | — | — | — | — | — | — | — | — | — | 3,362 | 3,362 | 3,362 |
| Distributions to partners | — | — | — | — | — | — | — | — | — | (892) | (892) | (892) |
| Cash dividends declared: | | | | | | | | | | | | |
| Preferred stock/unit | — | — | — | — | — | (17,988) | (17,988) | (404) | — | — | (404) | (18,392) |
| Common stock/unit (\$1.3875 per share) | — | — | — | — | — | (123,894) | (123,894) | — | (246) | — | (246) | (124,140) |
| Balance at September 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) |
| Proceeds from sale of real estate investments | 315,235 | 18,348 |
| Issuance of notes receivable | (579) | — |
| Investments in real estate partnerships | (53,587) | (194,560) |
| Distributions received from investments in real estate partnerships | 29,463 | 149,490 |
| Dividends on trading securities held in trust | 130 | 134 |
| Acquisition of trading securities held in trust | (13,635) | (10,356) |
| Proceeds from sale of trading securities held in trust | 13,900 | 9,057 |
| Net cash provided by (used in) investing activities | 115,362 | (155,711) |
| Cash flows from financing activities: | | |
| Net proceeds from common stock issuance | 21,677 | 215,369 |
| Net proceeds from issuance of preferred stock | 313,505 | — |
| Proceeds from sale of treasury stock | 339 | 2,114 |
| Acquisition of treasury stock | (4) | — |
| Redemption of preferred stock and partnership units | (323,125) | — |
| Distributions to limited partners in consolidated partnerships, net | 1,484 | (551) |
| Distributions to exchangeable operating partnership unit holders | (246) | (246) |

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| | | | |
|--|-----------|------------|---|
| Distributions to preferred unit holders | (404 |) (2,794 |) |
| Dividends paid to common stockholders | (123,155 |) (119,170 |) |
| Dividends paid to preferred stockholders | (13,373 |) (14,756 |) |
| Repayment of fixed rate unsecured notes | (192,377 |) (161,691 |) |
| Proceeds from unsecured credit facilities | 535,000 | 385,000 | |
| Repayment of unsecured credit facilities | (510,000 |) (310,000 |) |
| Proceeds from notes payable | — | 1,863 | |
| Repayment of notes payable | — | (15,650 |) |
| Scheduled principal payments | (6,484 |) (3,900 |) |
| Payment of loan costs | (4,305 |) (5,982 |) |
| Net cash used in financing activities | (301,468 |) (30,394 |) |
| Net increase (decrease) in cash and cash equivalents | 9,948 | (3,130 |) |
| Cash and cash equivalents at beginning of the period | 11,402 | 16,889 | |
| Cash and cash equivalents at end of the period | \$ 21,350 | 13,759 | |

REGENCY CENTERS CORPORATION

Consolidated Statements of Cash Flows

For the nine months ended September 30, 2012, and 2011

(in thousands)

(unaudited)

| | 2012 | 2011 |
|--|-----------|--------|
| Supplemental disclosure of cash flow information: | | |
| Cash paid for interest (net of capitalized interest of \$2,477 and \$1,293 in 2012 and 2011, respectively) | \$ 80,742 | 92,103 |
| Supplemental disclosure of non-cash transactions: | | |
| Preferred unit and stock distribution declared and not paid | \$ 4,615 | — |
| Real estate received through distribution in kind | \$ — | 47,512 |
| Mortgage loans assumed through distribution in kind | \$ — | 28,760 |
| Mortgage loans assumed for the acquisition of real estate | \$ 12,810 | 31,186 |
| Real estate contributed for investments in real estate partnerships | \$ 47,500 | — |
| Real estate acquired through elimination of note receivable | \$ 12,585 | — |
| Change in fair value of derivative instruments | \$ (67) | — |
| Common stock issued for dividend reinvestment plan | \$ 740 | 821 |
| Stock-based compensation capitalized | \$ 1,453 | 930 |
| Contributions from limited partners in consolidated partnerships, net | \$ 986 | 2,332 |
| Common stock issued for dividend reinvestment in trust | \$ 439 | 476 |
| Contribution of stock awards into trust | \$ 821 | 1,117 |
| Distribution of stock held in trust | \$ 1,191 | — |
| See accompanying notes to consolidated financial statements. | | |

REGENCY CENTERS, L.P.
Consolidated Balance Sheets
September 30, 2012 and December 31, 2011
(in thousands, except unit 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 Capital | | |
| 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) | | |
| Capital: | | |
| Partners' capital: | | |
| Series D preferred units, par value \$100: 500,000 units issued and outstanding at December 31, 2011 | — | 49,158 |
| Preferred units of general partner, \$0.01 par value per unit, 13,000,000 and 11,000,000 units issued and outstanding at September 30, 2012 and December 31, 2011, respectively, liquidation preference of \$25 per unit | 325,000 | 275,000 |
| | 1,538,715 | 1,604,784 |

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General partner; 90,387,798 and 89,921,858 units outstanding at September 30, 2012 and December 31, 2011, respectively

| | | |
|---|--------------|-----------|
| Limited partners; 177,164 units outstanding at September 30, 2012 and December 31, 2011 | (1,079) | (963) |
| Accumulated other comprehensive loss | (64,378) | (71,429) |
| Total partners' capital | 1,798,258 | 1,856,550 |
| Noncontrolling interests: | | |
| Limited partners' interests in consolidated partnerships | 16,176 | 13,104 |
| Total noncontrolling interests | 16,176 | 13,104 |
| Total capital | 1,814,434 | 1,869,654 |
| Total liabilities and capital | \$ 3,797,974 | 3,987,071 |

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 September 30, | | Nine months ended 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: | | | | |
| Limited partners' interests in consolidated partnerships | (212 |) (154 |) (636 |) (425 |
| Income attributable to noncontrolling interests | (212 |) (154 |) (636 |) (425 |
| Net income attributable to controlling interests | 19,608 | 14,387 | 57,267 | 41,183 |
| Preferred unit distributions | (7,932 |) (5,850 |) (26,636 |) (17,550 |

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| | | | | |
|--|-----------|-------|-----------|--------|
| Net income attributable to common unit holders | \$ 11,676 | 8,537 | \$ 30,631 | 23,633 |
| Income per common unit - basic: | | | | |
| Continuing operations | \$ 0.13 | 0.05 | \$ 0.24 | 0.19 |
| Discontinued operations | — | 0.04 | 0.10 | 0.07 |
| Net income attributable to common unit holders | \$ 0.13 | 0.09 | \$ 0.34 | 0.26 |
| Income per common unit - diluted: | | | | |
| Continuing operations | \$ 0.13 | 0.05 | \$ 0.24 | 0.19 |
| Discontinued operations | — | 0.04 | 0.10 | 0.07 |
| Net income attributable to common unit holders | \$ 0.13 | 0.09 | \$ 0.34 | 0.26 |

See accompanying notes to consolidated financial statements.

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

| | Three months ended September 30, | | Nine months ended 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 | 212 | 154 | 636 | 425 |
| Other comprehensive loss attributable to noncontrolling interests | (9 |) — | (34 |) — |
| Comprehensive income attributable to noncontrolling interests | 203 | 154 | 602 | 425 |
| Comprehensive income attributable to the Partnership | \$ 21,966 | 16,753 | 64,332 | 48,282 |

See accompanying notes to consolidated financial statements.

REGENCY CENTERS, L.P.

Consolidated Statements of Changes in Capital

For the nine months ended September 30, 2012, and 2011

(in thousands)

(unaudited)

| | Preferred Units | General Partner Preferred and Common Units | Limited Partners | Accumulated Other Comprehensive Income (Loss) | Total Partners' Capital | Noncontrolling Interests in Limited Partners' Interest in Consolidated Partnerships | Total Capital |
|--|--------------------|---|---------------------|---|-------------------------------|--|------------------|
| Balance at December 31, 2010 | \$49,158 | 1,766,062 | (762) | (80,885) | 1,733,573 | 10,829 | 1,744,402 |
| Net income | 2,794 | 38,312 | 77 | — | 41,183 | 425 | 41,608 |
| Other comprehensive income (loss) | — | — | 14 | 7,085 | 7,099 | — | 7,099 |
| Deferred compensation plan, net | — | 17,843 | — | — | 17,843 | — | 17,843 |
| Contributions from partners | — | — | — | — | — | 2,646 | 2,646 |
| Distributions to partners | — | (119,988) | (246) | — | (120,234) | (865) | (121,099) |
| Preferred unit distributions | (2,794) | (14,756) | — | — | (17,550) | — | (17,550) |
| Restricted units issued as a result of amortization of restricted stock issued by Parent Company | — | 8,087 | — | — | 8,087 | — | 8,087 |
| Common units issued as a result of common stock issued by Parent Company, net of repurchases | — | 214,438 | — | — | 214,438 | — | 214,438 |
| Balance at September 30, 2011 | \$49,158 | 1,909,998 | (917) | (73,800) | 1,884,439 | 13,035 | 1,897,474 |
| Balance at December 31, 2011 | \$49,158 | 1,879,784 | (963) | (71,429) | 1,856,550 | 13,104 | 1,869,654 |
| Net income | (629) | 57,780 | 116 | — | 57,267 | 636 | 57,903 |
| Other comprehensive income (loss) | — | — | 14 | 7,051 | 7,065 | (34) | 7,031 |
| Deferred compensation plan, net | — | 12 | — | — | 12 | — | 12 |
| Contributions from partners | — | — | — | — | — | 3,362 | 3,362 |
| Distributions to partners | — | (123,893) | (246) | — | (124,139) | (892) | (125,031) |
| Redemption of preferred units | (48,125) | — | — | — | (48,125) | — | (48,125) |
| Preferred unit distributions | (404) | (17,988) | — | — | (18,392) | — | (18,392) |
| Restricted units issued as a result of amortization of restricted stock issued by | — | 8,589 | — | — | 8,589 | — | 8,589 |

| | | | | | | | |
|---|-----|------------|----------|-----------|------------|--------|------------|
| Parent Company | | | | | | | |
| Preferred units issued as a result of preferred stock issued by Parent Company, net of issuance costs | — | 313,505 | — | — | 313,505 | — | 313,505 |
| Preferred stock redemptions | — | (275,000) | — | — | (275,000) | — | (275,000) |
| Common units issued as a result of common stock issued by Parent Company, net of repurchases | — | 20,926 | — | — | 20,926 | — | 20,926 |
| Balance at September 30, 2012 | \$— | 1,863,715 | (1,079) | (64,378) | 1,798,258 | 16,176 | 1,814,434 |

See accompanying notes to consolidated financial statements.

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REGENCY CENTERS, L.P.

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) |
| Proceeds from sale of real estate investments | 315,235 | 18,348 |
| Issuance of notes receivable | (579) | — |
| Investments in real estate partnerships | (53,587) | (194,560) |
| Distributions received from investments in real estate partnerships | 29,463 | 149,490 |
| Dividends on trading securities held in trust | 130 | 134 |
| Acquisition of trading securities held in trust | (13,635) | (10,356) |
| Proceeds from sale of trading securities held in trust | 13,900 | 9,057 |
| Net cash provided by (used in) investing activities | 115,362 | (155,711) |
| Cash flows from financing activities: | | |
| Net proceeds from common units issued as a result of common stock issued by Parent Company | 21,677 | 215,369 |
| Net proceeds from preferred units issued as a result of preferred stock issued by Parent Company | 313,505 | — |
| Proceeds from sale of treasury stock | 339 | 2,114 |
| Acquisition of treasury stock | (4) | — |
| Redemption of preferred partnership units | (323,125) | — |

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| | | |
|---|------------|------------|
| Distributions to limited partners in consolidated partnerships, net | 1,484 | (551) |
| Distributions to partners | (123,401) | (119,416) |
| Distributions to preferred unit holders | (13,777) | (17,550) |
| Repayment of fixed rate unsecured notes | (192,377) | (161,691) |
| Proceeds from unsecured credit facilities | 535,000 | 385,000 |
| Repayment of unsecured credit facilities | (510,000) | (310,000) |
| Proceeds from notes payable | — | 1,863 |
| Repayment of notes payable | — | (15,650) |
| Scheduled principal payments | (6,484) | (3,900) |
| Payment of loan costs | (4,305) | (5,982) |
| Net cash used in financing activities | (301,468) | (30,394) |
| Net increase (decrease) in cash and cash equivalents | 9,948 | (3,130) |
| Cash and cash equivalents at beginning of the period | 11,402 | 16,889 |
| Cash and cash equivalents at end of the period | \$ 21,350 | 13,759 |

REGENCY CENTERS, L.P.

Consolidated Statements of Cash Flows

For the nine months ended September 30, 2012, and 2011

(in thousands)

(unaudited)

| | 2012 | 2011 |
|--|-----------|--------|
| Supplemental disclosure of cash flow information: | | |
| Cash paid for interest (net of capitalized interest of \$2,477 and \$1,293 in 2012 and 2011, respectively) | \$ 80,742 | 92,103 |
| Supplemental disclosure of non-cash transactions: | | |
| Preferred unit and stock distribution declared and not paid | \$ 4,615 | — |
| Real estate received through distribution in kind | \$ — | 47,512 |
| Mortgage loans assumed through distribution in kind | \$ — | 28,760 |
| Mortgage loans assumed for the acquisition of real estate | \$ 12,810 | 31,186 |
| Real estate contributed for investments in real estate partnerships | \$ 47,500 | — |
| Real estate acquired through elimination of note receivable | \$ 12,585 | — |
| Change in fair value of derivative instruments | \$ (67) | — |
| Common stock issued by Parent Company for dividend reinvestment plan | \$ 740 | 821 |
| Stock-based compensation capitalized | \$ 1,453 | 930 |
| Contributions from limited partners in consolidated partnerships, net | \$ 986 | 2,332 |
| Common stock issued for dividend reinvestment in trust | \$ 439 | 476 |
| Contribution of stock awards into trust | \$ 821 | 1,117 |
| Distribution of stock held in trust | \$ 1,191 | — |
| See accompanying notes to consolidated financial statements. | | |

REGENCY CENTERS CORPORATION AND REGENCY CENTERS, L.P.

Notes to Consolidated Financial Statements

September 30, 2012

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. At September 30, 2012, the Parent Company, the Operating Partnership and their controlled subsidiaries on a consolidated basis ("the Company" or "Regency") directly owned 203 retail shopping centers and held partial interests in an additional 144 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.

Reclassifications

Certain 2011 amounts have been reclassified to conform to current period presentation.

Recently Adopted Accounting Pronouncements

On January 1, 2012, the Company adopted Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") No. 2011-04, "Fair Value Measurement (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure requirements in U.S. GAAP and IFRSs" ("ASU 2011-04"). ASU 2011-04 provides new guidance concerning fair value measurements and disclosure. The new guidance is the result of joint efforts by the FASB and the International Accounting Standards Board ("IASB") to develop a single, converged fair value framework on how to measure fair value and the necessary disclosures concerning fair value measurements. The guidance is applied prospectively. The adoption by the Company resulted in expanded disclosures over fair value measurements, included in note 6.

On January 1, 2012, the Company adopted FASB ASU No. 2011-05, "Comprehensive Income (Topic 220): Presentation of Comprehensive Income" ("ASU 2011-05"). ASU 2011-05 revised guidance over the manner in which entities present comprehensive income in the financial statements. This guidance removes the previous presentation options and provides that entities must report comprehensive income in either a continuous statement of comprehensive income or two separate but consecutive statements. This guidance does not change the items that must be reported in other comprehensive income. The adoption by the Company resulted in a new Statement of Comprehensive Income, presented immediately following the Statements of Operations.

REGENCY CENTERS CORPORATION AND REGENCY CENTERS, L.P.

Notes to Consolidated Financial Statements

September 30, 2012

2. Real Estate Investments

The following table provides a summary of shopping centers acquired during the nine months ended September 30, 2012, including those acquired through our co-investment partnerships (in thousands):

| Date Purchased | Property Name | City/State | Co-investment Partner | Ownership | Purchase Price | Debt Assumed, Net of Premiums (Discounts) | Intangible Assets | Intangible Liabilities |
|----------------|-----------------------------|----------------|---------------------------|-----------|----------------|---|-------------------|------------------------|
| 1/17/2012 | Lake Grove Commons | Lake Grove, NY | GRI - Regency, LLC (GRIR) | 40% | \$ 72,500 | 31,813 | 5,397 | 4,342 |
| 5/31/2012 | Erwin Square | Durham, NC | Chartwell Property Group | 55% | 358 | — | — | — |
| 6/21/2012 | Grand Ridge Plaza | Issaquah, WA | N/A | 100% | 11,761 | 12,810 | 2,274 | 139 |
| 8/31/2012 | Balboa Mesa Shopping Center | San Diego, CA | N/A | 100% | 59,500 | — | 9,881 | 7,099 |
| | | | | | \$ 144,119 | 44,623 | 17,552 | 11,580 |

On July 25, 2012, the Company sold a 15-property portfolio to an affiliate of Blackstone Real Estate Partners VII for total consideration of \$321 million. As a result of entering into this agreement, the Company recognized a net impairment loss of \$1.1 million and \$19.1 million during the three and nine months ended September 30, 2012, respectively. The Company retained a \$47.5 million equity method investment in the entity that owns the portfolio. As of September 30, 2012, this asset group did not meet the definition of discontinued operations, in accordance with FASB ASC Topic 205-20. This investment cannot be redeemed prior to the 12-month anniversary of the closing date. Following the 12-month anniversary, Regency may call for the redemption of its investment in whole or in part. Following the 18-month anniversary, either Regency or Blackstone may initiate the redemption of Regency's investment, in whole or in part. Regency will not provide leasing or management services for the Portfolio after closing.

3. Discontinued Operations

During the nine months ended September 30, 2012, the Company sold 100% of its ownership interest in four operating properties and received net proceeds of \$39.2 million. During the nine months ended September 30, 2011, the Company sold 100% of its ownership interest in three operating properties and received net proceeds of \$16.3 million. The combined operating income and gain on the sale of these properties were reclassified to discontinued operations. The revenues from properties included in discontinued operations were approximately \$1.3 million and \$10.6 million for the nine months ended September 30, 2012 and 2011, respectively. If the property is sold by Regency Realty Group, Inc., a wholly-owned subsidiary of the Operating Partnership, also a Taxable REIT Subsidiary as defined in Section 856(l) of the Internal Revenue Code, the Company allocates income tax expense to discontinued operations and has included such income tax expense in computing income from discontinued operations. During the nine months ended September 30, 2012 and 2011, approximately \$602,000 of income tax expense and \$283,000 of income benefit were allocated to income from discontinued operations, respectively.

REGENCY CENTERS CORPORATION AND REGENCY CENTERS, L.P.
Notes to Consolidated Financial Statements
September 30, 2012

4. Income Taxes

Income tax expense (benefit) is included in either other expenses if the related income is from continuing operations or discontinued operations on the Consolidated Statements of Operations as follows for the three and nine months ended September 30, 2012 and 2011 (in thousands):

| | For the three months ended September 30, | | For the nine months ended September 30, | |
|------------------------------------|---|--------|--|----------|
| | 2012 | 2011 | 2012 | 2011 |
| Income tax expense (benefit) from: | | | | |
| Continuing operations | \$ 490 | 247 | (118 |) (1,350 |
| Discontinued operations | (6 |) (283 |) 602 | (283 |
| Total income tax expense (benefit) | \$ 484 | (36 |) 484 | (1,633 |

REGENCY CENTERS CORPORATION AND REGENCY CENTERS, L.P.

Notes to Consolidated Financial Statements

September 30, 2012

5. Notes Payable and Unsecured Credit Facilities

On September 13, 2012, the Company amended its Line of Credit to increase the borrowing capacity by \$200 million to a total of \$800.0 million. The maturity date was extended by one year, and the Line of Credit will expire in September 2016, subject to one, one-year extension at the Company's option. The amended Line of Credit bears interest at an annual rate of LIBOR plus 117.5 basis points and is subject to adjustment based on the higher of the Company's corporate credit ratings from Moody's and S&P.

On January 15, 2012 the Company repaid the maturing balance of \$192.4 million of 6.75% ten-year unsecured notes. Since December 31, 2011, the Company has borrowed \$25.0 million, net of repayments, on its \$800.0 million Line of Credit, and borrowed \$150 million on its Term Loan, of which it repaid the entire balance on July 20, 2012. As a result of repaying the Term Loan, the Company wrote-off approximately \$852,000 in loan costs. The Company assumed debt, net of premiums, of \$12.8 million in connection with the acquisition of Grand Ridge Plaza on June 21, 2012.

The Company's outstanding debt at September 30, 2012 and December 31, 2011 consists of the following (in thousands):

| | 2012 | 2011 |
|------------------------------|--------------|-----------|
| Notes payable: | | |
| Fixed rate mortgage loans | \$ 446,358 | 439,880 |
| Variable rate mortgage loans | 12,222 | 12,665 |
| Fixed rate unsecured loans | 1,297,832 | 1,489,895 |
| Total notes payable | 1,756,412 | 1,942,440 |
| Unsecured credit facilities | 65,000 | 40,000 |
| Total | \$ 1,821,412 | 1,982,440 |

As of September 30, 2012, 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 |
|--|------------------------------|--------------------------|-------------------------------------|-----------|
| 2012 | \$ 2,022 | — | — | 2,022 |
| 2013 | 7,595 | 16,330 | — | 23,925 |
| 2014 | 7,091 | 27,183 | 150,000 | 184,274 |
| 2015 | 5,618 | 46,485 | 350,000 | 402,103 |
| 2016 | 5,487 | 14,161 | 65,000 | 84,648 |
| Beyond 5 Years | 24,605 | 297,009 | 800,000 | 1,121,614 |
| Unamortized debt (discounts) premiums, net | — | 4,994 | (2,168) | 2,826 |
| Total | \$ 52,418 | 406,162 | 1,362,832 | 1,821,412 |

⁽¹⁾ Includes unsecured public debt and unsecured credit facilities balances outstanding as of September 30, 2012.

The Company believes it was in compliance at September 30, 2012 with the financial and other covenants under its unsecured public debt and unsecured credit facilities.

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Notes to Consolidated Financial Statements
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6. Fair Value Measurements

(a) Fair Value of Financial Instruments

The following provides information about the methods and assumptions used to estimate the fair value of the Company's financial instruments, including their estimated fair values.

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 an interest rate available for notes of the same terms and maturities adjusted for customer specific credit risk. The interest rates range from 7.04% to 8.1% at September 30, 2012, based on the Company's estimates. The fair value of notes receivable was determined primarily using Level 3 inputs of the fair value hierarchy. Based on the estimates made by the Company, the fair value of notes receivable was \$23.7 million and \$35.3 million at September 30, 2012 and December 31, 2011, respectively.

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. The fair value of the trading securities held in trust was \$23.2 million and \$21.7 million at September 30, 2012 and December 31, 2011, respectively. 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.

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 2.3% to 3.5% at September 30, 2012, 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 including those loans assumed in distribution-in-kind liquidations. The fair value of the notes payable was determined using Level 2 inputs of the fair value hierarchy. Based on the estimates used by the Company, the fair value of notes payable was \$2.01 billion and \$2.09 billion at September 30, 2012 and December 31, 2011, respectively.

Unsecured Credit Facilities

The fair value of the Company's credit facilities is estimated based on the interest rates currently offered to the Company by the Company's bankers, which is estimated to be 1.6% at September 30, 2012. The fair value of the credit facilities was determined using Level 2 inputs of the fair value hierarchy. Based on the estimates used by the Company, the fair value of the credit facilities was \$64.8 million and \$40.0 million at September 30, 2012 and December 31, 2011, respectively.

Derivative Financial Instruments

The valuation of these instruments 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.

Changes in these credit valuation adjustments are not expected to result in a significant change in the valuation of the Company's derivatives.

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Notes to Consolidated Financial Statements

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(b) Fair Value Measurements

Internally developed fair value measurements, including the unobservable inputs, are evaluated for reasonableness based on current transactions and experience in the real estate and capital markets. 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.

The following are fair value measurements recorded on a recurring basis at September 30, 2012 and December 31, 2011, respectively (in thousands):

| | | Fair Value Measurements as of September 30, 2012 | | | |
|----------------------------------|----|--|--|---|--|
| | | Balance | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| Assets | | | | | |
| Trading securities held in trust | \$ | 23,208 | 23,208 | — | — |
| Total | \$ | 23,208 | 23,208 | — | — |
| Liabilities: | | | | | |
| Interest rate derivatives | \$ | (86) | — | (88) | 2 |
| | | Fair Value Measurements as of December 31, 2011 | | | |
| | | Balance | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| Assets | | | | | |
| Trading securities held in trust | | 21,713 | 21,713 | — | — |
| Total | \$ | 21,713 | 21,713 | — | — |
| Liabilities: | | | | | |
| Interest rate derivatives | \$ | (37) | — | (38) | 1 |

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Notes to Consolidated Financial Statements

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There were no fair value measurements recorded on a nonrecurring basis as of September 30, 2012. The following are fair value measurements recorded on a nonrecurring basis as of December 31, 2011 (in thousands):

| Assets | Fair Value Measurements as of December 31, 2011 | | | | Total Gains (Losses) ⁽¹⁾ |
|--|---|--|---|--|--|
| | Balance | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | |
| Long-lived assets held and used | | | | | |
| Operating and development properties | \$ 5,520 | — | — | 5,520 | (11,843) |
| Investment in real estate partnerships | 1,893 | — | — | 1,893 | (4,580) |
| Total | \$ 7,413 | — | — | 7,413 | (16,423) |

(1) Excludes impairments for properties sold during the year ended December 31, 2011.

Long-lived assets held and used are comprised primarily of real estate. The Company recognized a \$16.4 million impairment loss related to one operating property and the Company's investment in a real estate partnership during the year ended December 31, 2011. This operating property exhibited weak operating fundamentals, including low economic occupancy for an extended period of time, which led to the impairment. As a result, the Company estimated the fair value of the property and recorded an impairment loss.

Fair value for those assets 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 market transactions as well as 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, 2011:

| | 2011 | | | |
|---------------------|------|--------|--|---|
| | Low | High | | |
| Yield rates | 7.5 | % 9.0 | | % |
| Rental growth rates | 2.0 | % 3.0 | | % |
| Discount rates | 8.5 | % 10.0 | | % |
| Terminal cap rates | 8.0 | % 9.5 | | % |

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.

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 September 30, 2012

7. Equity and Capital

Preferred Stock of the Parent Company

Issuances:

On February 16, 2012, the Parent Company issued 10 million shares of 6.625% Series 6 Cumulative Redeemable Preferred Stock with a liquidation preference of \$25 per share resulting in proceeds of \$241.4 million, net of issuance costs, which were subsequently contributed to the Operating Partnership to redeem similar preferred unit interests as further discussed below.

On August 23, 2012, the Parent Company issued 3 million shares of 6.00% Series 7 Cumulative Redeemable Preferred Stock with a liquidation preference of \$25 per share resulting in proceeds of \$72.1 million, net of issuance costs, which were subsequently used to redeem the Company's Series 5 Cumulative Redeemable Preferred Stock as further discussed below.

Redemptions:

On March 31, 2012, the Parent Company redeemed all issued and outstanding shares of its Series 3 and Series 4 Cumulative Redeemable Preferred Stock and on September 13, 2012, the Parent Company redeemed all issued and outstanding shares of its Series 5 Cumulative Redeemable Preferred Stock. These redemptions resulted in a reduction to net income available to common stockholders through non-cash charges of \$7.0 million and \$2.3 million, respectively, related to original issuance costs, which are included within the following financial statement line items:

| Parent Company | Financial Statement Line Item |
|---|---|
| Consolidated Statements of Operations | Preferred stock dividends |
| Consolidated Statements of Changes in Equity | Redemption of preferred stock |
| Operating Partnership | |
| Consolidated Statements of Operations | Preferred unit distributions |
| Consolidated Statements of Changes in Capital | Preferred units issued as a result of preferred stock issued by Parent Company, net of redemptions and issuance costs |

Common Stock of the Parent Company

Issuances:

On August 10, 2012, the Parent Company entered into an at the market ("ATM") equity distribution agreement in which we may from time to time offer and sell up to \$150 million of our common stock. The net proceeds are expected to fund potential acquisition opportunities, fund our development or redevelopment activities, repay amounts outstanding under our revolving credit facility and/or for general corporate purposes. During the three months ended September 30, 2012, 442,786 shares were issued at a weighted average price per share of \$49.70 for proceeds of \$21.7 million, net of commissions of approximately \$331,000. As of September 30, 2012, we had the capacity to issue \$128 million in common stock under our ATM equity program.

Preferred Units of the Operating Partnership

Issuances:

Series 6 and Series 7 preferred unit interests were issued to the Parent Company in relation to the Parent Company's issuance of 6.625% Series 6 Cumulative Redeemable Preferred Stock and 6.00% Series 7 Cumulative Redeemable Preferred Stock as discussed above.

Redemptions:

On February 9, 2012, the Operating Partnership purchased all of its issued and outstanding Series D Preferred Units at 3.75% discount to par, resulting in an increase to net income available to common stockholders of approximately

REGENCY CENTERS CORPORATION AND REGENCY CENTERS, L.P.

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\$1.0 million, related to the discount offset by the original issuance costs, and is included in preferred unit loss attributable to noncontrolling interests in the parent company's consolidated statements of operations and in preferred unit distributions in the operating partnership's consolidated statement of operations.

The Series 3, 4 and 5 preferred unit interests owned by the Parent Company, as general partner, were redeemed in conjunction with the Parent Company's redemption of its Series 3, Series 4, and Series 5 Cumulative Redeemable Preferred Stock as discussed above.

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.

Accumulated Other Comprehensive Loss

The following table presents changes in the balances of each component of accumulated other comprehensive loss for the nine months ended September 30, 2012 (in thousands):

| | Loss on Settlement of Derivative Instruments | Fair Value of Derivative Instruments | Accumulated Other Comprehensive Income (Loss) |
|--|--|--|---|
| Beginning balance at December 31, 2011 | \$ (71,438 |) 9 | (71,429) |
| Current period other comprehensive income (loss) | 7,085 | (34 |) 7,051 |
| Ending balance at September 30, 2012 | \$ (64,353 |) (25 |) (64,378) |

8. Non-Qualified Deferred Compensation Plan

The Company maintains a non-qualified deferred compensation plan ("NQDCP") which allows select employees and directors to defer part or all of their salary, cash bonus, and restricted stock awards. All contributions into the participants' accounts are fully vested upon contribution to the NQDCP and are deposited into a Rabbi trust. The participants' deferred compensation liability is included within accounts payable and other liabilities in the accompanying Consolidated Balance Sheets and was \$22.6 million and \$21.1 million at September 30, 2012 and December 31, 2011, respectively.

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Notes to Consolidated Financial Statements

September 30, 2012

9. Earnings per Share and Unit

Parent Company Earnings per Share

The following summarizes the calculation of basic and diluted earnings per share for the periods ended September 30, 2012 and 2011, respectively (in thousands except per share data):

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|-------------------------------------|--------|------------------------------------|--------|
| | 2012 | 2011 | 2012 | 2011 |
| Numerator: | | | | |
| Income from continuing operations | \$ 19,784 | 11,097 | \$ 48,770 | 35,138 |
| Discontinued operations | 36 | 3,444 | 9,133 | 6,470 |
| Net income | 19,820 | 14,541 | 57,903 | 41,608 |
| Less: Preferred stock dividends | 7,932 | 4,919 | 27,265 | 14,756 |
| Less: Noncontrolling interests | 251 | 1,112 | 123 | 3,296 |
| Net income attributable to common stockholders | 11,637 | 8,510 | 30,515 | 23,556 |
| Less: Dividends paid on unvested restricted stock | 175 | 187 | 526 | 560 |
| Net income attributable to common stockholders - basic | 11,462 | 8,323 | 29,989 | 22,996 |
| Add: Dividends paid on Treasury Method restricted stock | 31 | 5 | 61 | 33 |
| Net income for common stockholders - diluted | \$ 11,493 | 8,328 | \$ 30,050 | 23,029 |
| Denominator: | | | | |
| Weighted average common shares outstanding for basic EPS | 89,594 | 89,506 | 89,491 | 87,245 |
| Incremental shares to be issued under unvested restricted stock | 68 | 11 | 44 | 24 |
| Incremental shares under Forward Equity Offering | — | — | — | 565 |
| Weighted average common shares outstanding for diluted EPS | 89,662 | 89,517 | 89,535 | 87,834 |
| 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 |

Income allocated to noncontrolling interests of the Operating Partnership has been excluded from the numerator and exchangeable Operating Partnership units have been omitted from the denominator for the purpose of computing diluted earnings per share since the effect of including these amounts in the numerator and denominator would have no impact. Weighted average exchangeable Operating Partnership units outstanding for the three and nine months ended September 30, 2012 and 2011 were 177,164.

REGENCY CENTERS CORPORATION AND REGENCY CENTERS, L.P.

Notes to Consolidated Financial Statements

September 30, 2012

Operating Partnership Earnings per Unit

The following summarizes the calculation of basic and diluted earnings per unit for the periods ended September 30, 2012 and 2011, respectively (in thousands except per unit data):

| | Three months ended September 30, | | Nine months ended September 30, | |
|--|-------------------------------------|--------|------------------------------------|--------|
| | 2012 | 2011 | 2012 | 2011 |
| Numerator: | | | | |
| Income from continuing operations | \$ 19,784 | 11,097 | \$ 48,770 | 35,138 |
| Discontinued operations | 36 | 3,444 | 9,133 | 6,470 |
| Net income | 19,820 | 14,541 | 57,903 | 41,608 |
| Less: Preferred unit distributions | 7,932 | 5,850 | 26,636 | 17,550 |
| Less: Noncontrolling interests | 212 | 154 | 636 | 425 |
| Net income attributable to common unit holders | 11,676 | 8,537 | 30,631 | 23,633 |
| Less: Dividends paid on unvested restricted units | 175 | 187 | 526 | 560 |
| Net income attributable to common unit holders - basic | 11,501 | 8,350 | 30,105 | 23,073 |
| Add: Dividends paid on Treasury Method restricted units | 31 | 5 | 61 | 33 |
| Net income for common unit holders - diluted | \$ 11,532 | 8,355 | \$ 30,166 | 23,106 |
| Denominator: | | | | |
| Weighted average common units outstanding for basic EPU | 89,771 | 89,683 | 89,668 | 87,422 |
| Incremental units to be issued under unvested restricted stock | 68 | 11 | 44 | 24 |
| Incremental units under Forward Equity Offering | — | — | — | 565 |
| Weighted average common units outstanding for diluted EPU | 89,839 | 89,694 | 89,712 | 88,011 |
| Income per common unit – basic | | | | |
| Continuing operations | \$ 0.13 | 0.05 | \$ 0.24 | 0.19 |
| Discontinued operations | — | 0.04 | 0.10 | 0.07 |
| Net income attributable to common unit holders | \$ 0.13 | 0.09 | \$ 0.34 | 0.26 |
| Income per common unit – diluted | | | | |
| Continuing operations | \$ 0.13 | 0.05 | \$ 0.24 | 0.19 |
| Discontinued operations | — | 0.04 | 0.10 | 0.07 |
| Net income attributable to common unit holders | \$ 0.13 | 0.09 | \$ 0.34 | 0.26 |

REGENCY CENTERS CORPORATION AND REGENCY CENTERS, L.P.

Notes to Consolidated Financial Statements

September 30, 2012

10. Commitments and Contingencies

The Company is involved in litigation on a number of matters and is subject to certain claims which arise in the normal course of business, none of which, in the opinion of management, is expected to have a material adverse effect on the Company's consolidated financial position, results of operations, or liquidity. The Company is also subject to numerous environmental laws and regulations as they apply to real estate pertaining to chemicals used by the dry cleaning industry, the existence of asbestos in older shopping centers, and underground petroleum storage tanks. The Company believes that the ultimate disposition of currently known environmental matters will not have a material effect on its financial position, liquidity, or operations; however, it can give no assurance that existing environmental studies with respect to the shopping centers have revealed all potential environmental liabilities; that any previous owner, occupant or tenant did not create any material environmental condition not known to it; that the current environmental condition of the shopping centers will not be affected by tenants and occupants, by the condition of nearby properties, or by unrelated third parties; or that changes in applicable environmental laws and regulations or their interpretation will not result in additional environmental liability to the Company.

The Company has the right to issue letters of credit under the Line up to an amount not to exceed \$80.0 million which reduces the credit availability under the Line. The Company also has stand alone letters of credit with other banks. These letters of credit are primarily issued as collateral to facilitate the construction of development projects. As of September 30, 2012 and December 31, 2011, the Company had \$20.8 million and \$17.4 million letters of credit outstanding, respectively.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Forward-Looking Statements

In addition to historical information, the following information contains forward-looking statements as defined under federal securities laws. These forward-looking statements include statements about anticipated changes in our revenues, the size of our development program, earnings per share and unit, returns and portfolio value, and expectations about our liquidity. These statements are based on current expectations, estimates and projections about the real estate industry and markets in which the Parent Company and the Operating Partnership, collectively "Regency" or the "Company", operate, and management's beliefs and assumptions. Forward-looking statements are not guarantees of future performance and involve certain known and unknown risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such statements. Such risks and uncertainties include, but are not limited to, changes in national and local economic conditions; financial difficulties of tenants; competitive market conditions, including timing and pricing of acquisitions and sales of properties and out-parcels; changes in leasing activity and market rents; timing of development starts; meeting development schedules; our inability to exercise voting control over the co-investment partnerships through which we own or develop many of our properties; consequences of any armed conflict or terrorist attack against the United States; and the ability to obtain governmental approvals. For additional information, see "Risk Factors" included in our Annual Report on Form 10-K for the year ended December 31, 2011. The following discussion should be read in conjunction with the accompanying Consolidated Financial Statements and Notes thereto of Regency Centers Corporation and Regency Centers, L.P. appearing elsewhere herein. We do not undertake any obligation to release publicly any revisions to such forward-looking statements to reflect events or uncertainties after the date hereof or to reflect the occurrence of uncertain events.

Overview of Our Strategy

Regency Centers Corporation began its operations as a REIT in 1993 and is the managing general partner in Regency Centers, L.P. We are focused on achieving total shareholder returns in excess of REIT shopping center averages, and sustaining growth in our net asset value and our earnings over an extended period of time. We work to achieve these goals through owning, operating, and investing in a high-quality portfolio of primarily grocery-anchored shopping centers that are leased by market-dominant grocers, category-leading anchors, retailers, and restaurants located in areas with above average household incomes and population densities. All of our operating, investing, and financing activities are performed through the Operating Partnership, its wholly-owned subsidiaries, and through its investments in real estate partnerships with third parties (also referred to as "co-investment partnerships" or "joint ventures"). The Parent Company currently owns approximately 99.8% of the outstanding common partnership units of the Operating Partnership.

At September 30, 2012, we directly owned 203 shopping centers (the "Consolidated Properties") located in 24 states representing 22.3 million square feet of gross leasable area ("GLA"). Through co-investment partnerships, we own partial ownership interests in 144 shopping centers (the "Unconsolidated Properties") located in 24 states and the District of Columbia representing 17.8 million square feet of GLA.

We earn revenues and generate cash flow by leasing space in our shopping centers to grocery stores, major retail anchors, side-shop retailers, and restaurants, including ground leasing or selling building pads ("out-parcels") to these same types of tenants. Historically, we have experienced growth in revenues by increasing occupancy and rental rates in our existing shopping centers and by acquiring and developing new shopping centers. Increasing occupancy in our shopping centers to pre-recessionary levels of approximately 95% and achieving positive rental rate growth are key objectives of our strategic plan. At September 30, 2012, the consolidated operating shopping centers were 94.0% leased, as compared to 92.6% at September 30, 2011.

We monitor the operating performance and rent collections of all tenants in our shopping centers, especially those tenants operating retail formats that are experiencing significant changes in competition, business practice, and store

closings in other locations. We also evaluate consumer preferences, shopping behaviors, and demographics to anticipate both challenges and opportunities in the changing retail industry that may affect our tenants. We grow our shopping center portfolio through acquisitions of operating centers and new shopping center development. We will continue to use our development capabilities, market presence, and anchor relationships to invest in value-added opportunities sourced from land owners and joint venture partners, the redevelopment of existing centers, and the development of land. Development is customer driven, meaning we generally have an executed lease from the anchor before we start construction. Developments serve the growth needs of our anchors and retailers, resulting in modern shopping centers with long-term anchor leases that produce attractive returns on our invested capital. This development process typically requires two to four years once construction has commenced, but can vary subject to the size and complexity of the project. We

fund our acquisition and development activity from various capital sources including capital recycling, equity offerings, and new debt. Capital recycling involves identifying non-strategic assets from our real estate portfolio, selling those in the open market, and reinvesting the sale proceeds into new higher quality developments and acquisitions that will generate sustainable revenue growth and attractive returns.

Co-investment partnerships provide us with an additional capital source for shopping center acquisitions, as well as the opportunity to earn fees for asset management, property management, and other investing and financing services. As asset manager, we are engaged by our partners to apply similar operating, investment and capital strategies to the portfolios owned by the co-investment partnerships as those applied to the portfolio that we wholly-own. Co-investment partnerships grow their shopping center investments through acquisitions from third parties or direct purchases from us. Although selling properties to co-investment partnerships reduces our direct ownership interest, it provides a source of capital that further strengthens our balance sheet while we continue to share, to the extent of our ownership interest, in the risks and rewards of shopping centers that meet our high quality standards and long-term investment strategy.

Shopping Center Portfolio

The following table summarizes general information related to the Consolidated Properties in our shopping center portfolio:

| | September 30, 2012 | December 31, 2011 | |
|--------------------------------------|-----------------------|----------------------|---|
| Number of Properties | 203 | 217 | |
| Properties in Development | 7 | 7 | |
| Gross Leasable Area | 22,301,302 | 23,750,107 | |
| % Leased – Operating and Development | 93.2 | % 92.2 | % |
| % Leased – Operating | 94.0 | % 93.1 | % |

The following table summarizes general information related to the Unconsolidated Properties owned in co-investment partnerships in our shopping center portfolio:

| | September 30, 2012 | December 31, 2011 | |
|--------------------------------------|-----------------------|----------------------|---|
| Number of Properties | 144 | 147 | |
| Properties in Development | — | — | |
| Gross Leasable Area | 17,811,502 | 18,398,810 | |
| % Leased – Operating and Development | 95.1 | % 94.8 | % |
| % Leased – Operating | 95.1 | % 94.8 | % |

We seek to reduce our operating and leasing risks through geographic diversification, avoiding dependence on any single property, market, or tenant, and through owning a portion of our shopping centers through co-investment partnerships.

The following table summarizes leasing activity for the year-to-date period ended September 30, 2012, including Regency's pro-rata share of activity within the portfolio of our co-investment partnerships:

| | Leasing Transactions | GLA (in thousands) | Base Rent / SF | Tenant Improvements / SF | Leasing Commissions / SF |
|------------|-------------------------|-----------------------|----------------|--------------------------------|--------------------------------|
| New leases | 516 | 1,709 | \$18.86 | \$3.30 | \$7.01 |
| Renewals | 828 | 2,329 | \$18.01 | \$0.35 | \$2.09 |
| Total | 1,344 | 4,038 | \$18.37 | \$1.60 | \$4.17 |

The following table summarizes our four largest tenants, each of which is a grocery tenant, occupying our shopping centers at September 30, 2012:

| Grocery Anchor | Number of Stores ⁽¹⁾ | Percentage of Company-owned GLA ⁽²⁾ | Percentage of Annualized Base Rent ⁽²⁾ |
|----------------|---------------------------------|--|---|
| Publix | 54 | 6.9% | 4.4% |
| Kroger | 46 | 6.8% | 4.1% |
| Safeway | 52 | 5.5% | 3.4% |
| Supervalu | 26 | 2.7% | 2.2% |

⁽¹⁾ Includes stores owned by grocery anchors that are attached to our centers.

⁽²⁾ Includes Regency's pro-rata share of Unconsolidated Properties and excludes those owned by anchors.

Although base rent is supported by long-term lease contracts, tenants who file bankruptcy have the legal right to reject any or all of their leases and close related stores. In the event that a tenant with a significant number of leases in our shopping centers files bankruptcy and cancels its leases, we could experience a significant reduction in our revenues. We monitor industry trends and sales data to help us identify declines in retail categories or tenants who might be experiencing financial difficulties as a result of slowing sales, lack of credit, changes in retail formats or increased competition. As a result of our findings, we may reduce new leasing, suspend leasing, or curtail the allowance for the construction of leasehold improvements within a certain retail category or to a specific retailer. We monitor the financial condition of our tenants. We communicate often with those tenants who have announced store closings or filed bankruptcy. We are not currently aware of the pending bankruptcy or announced store closings of any tenants in our shopping centers that would individually cause a material reduction in our revenues, and no tenant represents more than 5% of our annual base rent on a pro-rata basis.

Liquidity and Capital Resources

Our Parent Company has no capital commitments other than its guarantees of the commitments of our Operating Partnership. The Parent Company will from time to time access the capital markets for the purpose of issuing new equity and will simultaneously contribute all of the offering proceeds to the Operating Partnership in exchange for additional partnership units. All debt is issued by our Operating Partnership or by our co-investment partnerships. Accordingly, the discussion below regarding liquidity and capital resources is that of the Company as well as our pro-rata share of the co-investment partnerships. The following table summarizes net cash flows related to operating, investing, and financing activities of the Company for the nine months ended September 30, 2012, and 2011 (in thousands):

| | 2012 | 2011 | Change |
|--|------------|------------|-------------|
| Net cash provided by operating activities | \$ 196,054 | 182,975 | 13,079 |
| Net cash provided by (used in) investing activities | 115,362 | (155,711) |) 271,073 |
| Net cash used in financing activities | (301,468) |) (30,394) |) (271,074) |
| Net increase (decrease) in cash and cash equivalents | \$ 9,948 | (3,130) |) 13,078 |

Net cash provided by operating activities increased by \$13.1 million due primarily to increased rental payments from higher occupancy.

Net cash provided by investing activities increased by \$271.1 million. Significant investing activity during the nine months ended September 30, 2012 included:

- Contributing \$14.2 million to a co-investment partnership for our ownership interest in Lake Grove Commons, a shopping center acquired in January 2012;
- Receiving proceeds of \$315.2 million from the sale of real estate, of which \$273.5 million came from the sale of a 15-property portfolio, of which Regency retained an investment in the real estate partnership;
- Contributing \$37.6 million to a co-investment partnership to repay maturing debt; and
- Contributing \$1.7 million to a new co-investment partnership for the acquisition of land.

The following table summarizes our capital expenditures associated with the development of real estate, including land acquisitions, for the nine months ended September 30, 2012 and 2011, respectively (in thousands):

| | 2012 | 2011 | Change |
|--|------------|--------|---------|
| Capital expenditures: | | | |
| Acquisition of land for development / redevelopment | \$ 27,100 | 2,277 | 24,823 |
| Development costs | 35,147 | 13,421 | 21,726 |
| Redevelopment costs | 10,015 | 6,510 | 3,505 |
| Tenant allowances | 7,905 | 9,594 | (1,689) |
| Capitalized interest | 2,477 | 1,293 | 1,184 |
| Capitalized salaries | 8,245 | 2,081 | 6,164 |
| Building improvements and other | 26,661 | 22,019 | 4,642 |
| Development of real estate including acquisition of land | \$ 117,550 | 57,195 | 60,355 |

During the nine months ended September 30, 2012, we acquired five land parcels for \$27.1 million, compared to one land parcel acquired for \$2.3 million during the nine months ended September 30, 2011. Development costs, redevelopment costs, capitalized interest, and capitalized salaries increased due to increased development activity over the prior year. Our development program is increasing, and since September 30, 2011, we have added six new development starts and five redevelopment starts, compared to three new development starts and two redevelopment starts for the nine months ended September 30, 2011. The increase in building improvements and other capital expenditures is due to normal ongoing capitalizable improvements to our existing centers.

As noted above, as part of our strategy, we will continue to invest in the redevelopment of existing centers and the development of land. Since developments are customer driven, we would expect our capital expenditure activity to fluctuate with retailer demand and changes in economic conditions.

Net cash used in financing activities increased by \$271.1 million. Significant financing activities during the nine months ended September 30, 2012 include:

- The Operating Partnership borrowed on our unsecured credit facilities to repay the maturing balance of \$192.4 million of 6.75% ten-year unsecured notes;

- On February 9, 2012, the Operating Partnership purchased all of its issued and outstanding Series D Preferred Units, at a 3.75% discount to par, for net redemption cost of \$48.1 million;

- On February 16, 2012, the Parent Company issued 10 million shares of 6.625% Series 6 Cumulative Redeemable Preferred Shares with a liquidation preference of \$25 per share, resulting in proceeds of \$241.4 million, net of issuance costs;

- On March 31, 2012, the Parent Company redeemed all issued and outstanding shares of Series 3 and Series 4 Cumulative Redeemable Preferred Shares for \$200 million;

- On August 14, 2012, the Parent Company issued 3 million shares of 6.00% Series 7 Cumulative Redeemable Preferred Shares with a liquidation preference of \$25 per share, resulting in proceeds of \$72.1 million, net of issuance costs;

- On September 13, 2012, the Parent Company redeemed all issued and outstanding shares of 6.70% Series 5 Cumulative Redeemable Preferred Shares for \$75 million;

- During the third quarter of 2012, the Parent Company issued 442,786 shares of common stock through our ATM program resulting in proceeds of \$21.7 million; and

- During the third quarter of 2012, the Operating Partnership repaid \$150 million on the Term Loan.

On September 30, 2012, our cash balance was \$21.4 million. However, our cash balance is not the only indicator of our liquidity. We have an \$800 million Line of Credit which matures in September 2016 which had an outstanding balance of \$65 million at September 30, 2012 and remaining available borrowings of \$735 million. We have \$100 million remaining available under the Term Loan which matures in December 2016. As of September 30, 2012, we had the capacity to issue \$128 million in common stock under our ATM equity program.

We operate our business such that we expect net cash provided by operating activities will provide the necessary funds to pay our scheduled mortgage loan principal payments, capital expenditures necessary to maintain our shopping centers, and distributions to our share and unit holders. The following table summarizes scheduled mortgage loan principal payments, capital expenditures necessary to maintain our shopping centers, and distributions to our share and unit holders for the nine months ended September 30, 2012 and 2011 (in thousands):

| | 2012 | 2011 |
|---|------------|---------|
| Cash flow from operations | \$ 196,054 | 182,975 |
| Scheduled principal payments | \$ 6,484 | 3,900 |
| Capital expenditures to maintain shopping centers | 13,525 | 7,820 |
| Dividend distributions to share and unit holders | 137,178 | 136,966 |
| Total | \$ 157,187 | 148,686 |

Our dividend distribution policy is set by our Board of Directors who monitor our financial position. Our Board of Directors recently declared our quarterly dividend of \$0.4625 per share, payable on November 28, 2012. Our dividend has remained unchanged since May 2009 and future dividends will be declared at the discretion of our Board of Directors and will be subject to capital requirements and availability. We plan to continue paying an aggregate amount of distributions to our stock and unit holders that, at a minimum, meet the requirements to continue qualifying as a REIT for Federal income tax purposes.

We endeavor to maintain a high percentage of unencumbered assets. At September 30, 2012, 77.5% of our real estate assets were unencumbered. Such assets allow us to access the secured and unsecured debt markets and to maintain significant availability on our \$800 million unsecured line of credit (the "Line"). Our coverage ratio, including our pro-rata share of our partnerships, was 2.4 times for the nine months ended September 30, 2012 as compared to 2.3 times for the year ended December 31, 2011. We define our coverage ratio as earnings before interest, taxes, depreciation and amortization ("EBITDA")

divided by the sum of the gross interest and scheduled mortgage principal paid to our lenders plus dividends paid to our preferred stockholders.

In 2012, we borrowed \$150 million on the Term Loan and, in combination with proceeds drawn on the Line, repaid \$192.4 million unsecured debt which matured on January 15, 2012. In July 2012, we repaid the \$150 million borrowed on the Term Loan and certain amounts drawn on the Line. We have also contributed \$37.6 million to our co-investment partnership for repayment of debt. At September 30, 2012, our joint ventures had \$31.5 million of scheduled secured mortgage loans and credit lines maturing through 2013. Through 2013 we estimate that we will require approximately \$153.5 million to repay \$16.3 million of maturing debt (excluding scheduled principal payments), \$135.8 million to complete in-process developments and redevelopments, and \$1.4 million to fund our pro-rata share of estimated capital contributions to our co-investment partnerships for repayment of debt. To meet our cash requirements, we plan to use funds from operations and from our existing unsecured credit facilities, proceeds from capital recycling, and when the capital markets are favorable, issue long term fixed rate debt and common equity.

At September 30, 2012, we had seven development projects that were either under construction or in lease up, compared to nine development projects at December 31, 2011. The following table details our development projects as of September 30, 2012 (in thousands, except cost per square foot):

| Property Name | Development Start Date | Anchor Opens | Estimated Net Development Costs After Partner Participation ⁽¹⁾ | Estimated Net Costs to Complete ⁽¹⁾ | Company Owned GLA | Cost per square foot of GLA ⁽¹⁾ |
|--------------------------|------------------------|--------------|--|--|-------------------|--|
| East Washington Place | Q4-11 | 7/1/2013 | \$ 60,863 | \$ 46,732 | 203 | \$ 300 |
| South Bay Village | Q1-12 | 9/1/2012 | 28,614 | 4,747 | 107 | 267 |
| Kent Place | Q1-11 | 10/1/2012 | 9,119 | 964 | 48 | 190 |
| Shops at Erwin Mill | Q2-12 | 2/1/2014 | 14,384 | 7,092 | 90 | 160 |
| Northgate Marketplace | Q4-11 | 10/1/2012 | 19,440 | 2,049 | 81 | 240 |
| Southpark at Cinco Ranch | Q1-12 | 11/1/2012 | 31,557 | 12,604 | 243 | 130 |
| Grand Ridge Plaza | Q2-12 | 6/1/2013 | 77,721 | 54,294 | 326 | 238 |
| Total | | | \$ 241,698 | \$ 128,482 | 1,098 | \$ 220 ⁽²⁾ |

⁽¹⁾ Amount represents costs, including leasing costs, net of tenant reimbursements.

⁽²⁾ Amount represents a weighted average

The following table details our developments completed during 2012 (in thousands, except cost per square foot):

| Property Name | Completion Date | Net Development Costs ⁽¹⁾ | Company Owned GLA | Cost per square foot of GLA ⁽¹⁾ |
|----------------------------------|-----------------|--------------------------------------|-------------------|--|
| Centerplace of Greeley III Ph II | Q2-12 | \$ 2,110 | 25 | 84 |
| Nocatee Town Center | Q3-12 | 14,304 | 70 | 204 |
| Suncoast Crossing Ph II | Q3-12 | 7,253 | 9 | 806 |
| Village at Lee Airpark | Q2-12 | 24,107 | 88 | 274 |
| Harris Crossing | Q3-12 | 8,407 | 65 | 129 |
| Market at Colonnade | Q3-12 | 15,270 | 58 | 263 |

⁽¹⁾ Amount represents costs, includes leasing costs, net of tenant reimbursements.

We plan to continue developing projects for long-term investment purposes and have a staff of employees who directly support our development program. Internal costs attributable to these development activities are capitalized as part of each development project. During the nine months ended September 30, 2012, we capitalized \$2.5 million of interest expense and \$8.2 million of internal costs for salaries and related benefits for development and redevelopment activity. Changes in the level of development activity could adversely impact results of operations by reducing the amount of internal costs capitalizable to development projects. A 10% reduction in development activity without a corresponding decrease in indirect project costs would result in an additional charge of approximately \$859,000 to earnings.

Investments in Real Estate Partnerships

At September 30, 2012 and December 31, 2011, we had investments in real estate partnerships of \$450 million and \$386.9 million, respectively. The following table is a summary of unconsolidated combined assets and liabilities of these co-investment partnerships and our pro-rata share at September 30, 2012 and December 31, 2011 (dollars in thousands):

| | 2012 | 2011 |
|---|--------------|-----------|
| Number of Co-investment Partnerships | 18 | 16 |
| Regency's Ownership | 20%-50% | 20%-50% |
| Number of Properties | 144 | 147 |
| Combined Assets ⁽³⁾ | \$ 3,423,999 | 3,501,775 |
| Combined Liabilities ⁽³⁾ | \$ 1,894,506 | 1,992,213 |
| Combined Equity ⁽³⁾ | \$ 1,529,493 | 1,509,562 |
| Regency's Share of ⁽¹⁾⁽²⁾⁽³⁾ : | | |
| Assets | \$ 1,143,957 | 1,160,954 |
| Liabilities | \$ 617,928 | 648,533 |

⁽¹⁾ Pro-rata financial information is not, and is not intended to be, a presentation in accordance with GAAP. However, management believes that providing such information is useful to investors in assessing the impact of its investments in real estate partnership activities on the operations of Regency, which includes such items on a single line presentation under the equity method in its consolidated financial statements.

⁽²⁾ The difference between Regency's share of the net assets of the co-investment partnerships and the Company's investments in real estate partnerships per the accompanying Consolidated Balance Sheets relates primarily to differences in inside/outside basis.

⁽³⁾ Excludes the assets and liabilities of BRE Throne, LLC ("BRET") as Regency does not provide either leasing or property management services to the portfolio of properties sold to BRET.

Investments in real estate partnerships are primarily composed of co-investment partnerships in which we currently invest with six co-investment partners and a closed-end real estate fund ("Regency Retail Partners" or the "Fund"), as further summarized below. In addition to earning our pro-rata share of net income or loss in each of these co-investment partnerships, we receive recurring market-based fees for asset management, property management, and leasing as well as fees for investment and financing services, which were \$19.4 million and \$20.8 million for the nine months ended September 30, 2012 and 2011, respectively, including \$5 million of non-recurring transaction fees from our co-investment partnerships in 2011.

Our investments in real estate partnerships as of September 30, 2012 and December 31, 2011 consist of the following (in thousands):

| | Ownership | 2012 | 2011 |
|---|--------------------|------------|---------|
| GRI - Regency, LLC (GRIR) | 40.00% | \$ 282,682 | 262,018 |
| Columbia Regency Retail Partners, LLC (Columbia I) | 20.00% | 17,416 | 20,335 |
| Columbia Regency Partners II, LLC (Columbia II) | 20.00% | 8,952 | 9,686 |
| Cameron Village, LLC (Cameron) | 30.00% | 16,717 | 17,110 |
| RegCal, LLC (RegCal) | 25.00% | 17,540 | 18,128 |
| Regency Retail Partners, LP (the Fund) | 20.00% | 15,637 | 16,430 |
| US Regency Retail I, LLC (USAA) | 20.01% | 2,428 | 3,093 |
| BRE Throne Holdings, LLC (BRET) | 47.80% | 48,429 | — |
| Other investments in real estate partnerships | 24.95% - 50.00% | 40,220 | 40,082 |
| Total | | \$ 450,021 | 386,882 |
| Notes Payable - Investments in Real Estate Partnerships | | | |

At September 30, 2012, our investments in real estate partnerships, excluding BRET, had notes payable of \$1.8 billion maturing through 2028, of which 99.3% had weighted average fixed interest rates of 5.6%, and the remaining notes payable had a variable interest rate based on LIBOR plus 300 basis points, with a floor of 4.0%. These loans are all non-recourse and our pro-rata share was \$578.5 million.

As of September 30, 2012, scheduled principal payments and maturities on notes payable held by our investments in real estate partnerships, excluding BRET, were as follows (in thousands):

| Scheduled Principal Payments and Maturities by Year: | Scheduled Principal Payments ⁽¹⁾ | Mortgage Loan Maturities ⁽¹⁾ | Unsecured Maturities ⁽¹⁾ | Total ⁽¹⁾ | Regency's Pro-Rata Share ⁽¹⁾ |
|--|---|---|-------------------------------------|----------------------|---|
| 2012 | \$ 4,344 | 5,601 | 1,500 | 11,445 | 3,201 |
| 2013 | 19,215 | 24,373 | — | 43,588 | 15,957 |
| 2014 | 21,325 | 65,733 | — | 87,058 | 27,433 |
| 2015 | 21,895 | 130,796 | — | 152,691 | 49,619 |
| 2016 | 19,139 | 329,757 | — | 348,896 | 105,638 |
| Beyond 5 Years | 95,476 | 1,034,288 | — | 1,129,764 | 376,868 |
| Unamortized debt premiums, net | — | 1,283 | — | 1,283 | (175) |
| Total | \$ 181,394 | 1,591,831 | 1,500 | 1,774,725 | 578,541 |

⁽¹⁾ Excludes BRET.

Maturities through 2012 will be repaid through capital contributions.

Recent Accounting Pronouncements

See note 1 to Consolidated Financial Statements.

Results from Operations

Comparison of the three months ended September 30, 2012 to 2011:

Our revenues decreased by \$3 million or 2.4% to \$120 million in the three months ended September 30, 2012, as compared to the three months ended September 30, 2011, as summarized in the following table (in thousands):

| | 2012 | 2011 | Change | |
|--|------------|---------|---------|---|
| Minimum rent | \$ 88,003 | 87,974 | 29 | |
| Percentage rent | 378 | 430 | (52) |) |
| Recoveries from tenants and other income | 25,191 | 27,676 | (2,485) |) |
| Management, transaction, and other fees | 6,441 | 6,940 | (499) |) |
| Total revenues | \$ 120,013 | 123,020 | (3,007) |) |

On July 25, 2012, we sold a 15-property portfolio for total consideration of \$273.5 million, net of a \$47.5 million retained investment in the acquiring real estate partnership. As of September 30, 2012, this asset group did not meet the definition of discontinued operations, in accordance with FASB ASC Topic 205-20, Presentation of Financial Statements - Discontinued Operations, based on our continuing involvement. As a result of this sale, minimum rent decreased \$5.6 million in the three months ended September 30, 2012, as compared to the three months ended September 30, 2011. This decrease was offset by an increase in minimum rent due to increased average occupancy levels at our consolidated operating centers from 92.6% leased at September 30, 2011 to 94.0% leased at September 30, 2012, combined with a 210 basis points increase in average base rent per square foot (psf) from \$16.53 psf for the three months ended September 30, 2011 to \$16.87 psf for the three months ended September 30, 2012. Minimum rent also increased \$1.4 million due to the acquisition of four operating properties since September 30, 2011.

Recoveries from tenants represent their pro-rata share of the operating, maintenance, and real estate tax expenses that we incur to operate our shopping centers, as well as other income, which for the three months ended September 30, 2011, included miscellaneous income of \$1.9 million from the return of premiums from our insurance company for the June 2010 to June 2011 policy year, net of expected losses. This return was \$3.4 million in 2012, but was received in the second quarter of 2012. The remaining decrease was primarily a result of the 15-property portfolio sale and a decline in operating and maintenance expense as discussed below.

We earn fees, at market-based rates, for asset management, disposition, property management, leasing, acquisition, and financing services that we provide to our co-investment partnerships and third parties as follows (in thousands):

| | 2012 | 2011 | Change | |
|------------------------------------|----------|-------|--------|---|
| Asset management fees | \$ 1,637 | 1,683 | (46) |) |
| Property management fees | 3,518 | 3,667 | (149) |) |
| Leasing commissions and other fees | 1,286 | 1,590 | (304) |) |
| | \$ 6,441 | 6,940 | (499) |) |

Our operating expenses increased by \$0.1 million or 0.1% to \$77.2 million in the three months ended September 30, 2012, as compared to the three months ended September 30, 2011, as summarized in the following table (in thousands):

| | 2012 | 2011 | Change | |
|-------------------------------|-----------|--------|---------|---|
| Depreciation and amortization | \$ 30,155 | 32,497 | (2,342) |) |
| Operating and maintenance | 16,389 | 17,693 | (1,304) |) |
| General and administrative | 15,641 | 11,671 | 3,970 | |
| Real estate taxes | 13,306 | 13,181 | 125 | |
| Other expenses | 1,660 | 2,194 | (534) |) |
| Total operating expenses | \$ 77,151 | 77,236 | (85) |) |

Depreciation and amortization expense and operating and maintenance expense decreased \$2.3 million and \$1.3 million, respectively, for the three months ended September 30, 2012, as compared to the three months ended September 30, 2011, primarily due to the 15-property portfolio sale offset by increases in operating expenses from the acquisition of four operating properties since September 30, 2011. General and administrative expenses increased primarily due to a \$3 million

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increase in nonqualified deferred compensation plan expense, related to the change in plan liabilities from September 30, 2011 to September 30, 2012. The related change in deferred compensation plan assets of \$3 million are included in net investment income, below.

The following table presents the components of other expense (income) (in thousands):

| | 2012 | 2011 | Change | |
|--|-----------|---------|---------|---|
| Interest expense, net | \$ 27,462 | 30,867 | (3,405 |) |
| Gain on sale of real estate | (228 |) — | (228 |) |
| Provision for impairment | 1,147 | 6,362 | (5,215 |) |
| Early extinguishment of debt | 852 | — | 852 | |
| Net investment (income) loss from deferred compensation plan | (752 |) 2,283 | (3,035 |) |
| | \$ 28,481 | 39,512 | (11,031 |) |

During the the three months ended September 30, 2012, we sold one out-parcel and received net proceeds of approximately \$674,000 and recognized a gain of approximately \$228,000, whereas during the three months ended September 30, 2011, we had no out-parcel sales.

During the three months ended September 30, 2012, we recognized a \$1.1 million provision for impairment as a result of the 15-property portfolio sale. During the three months ended September 30, 2011, we recognized a \$6.4 million impairment related to a single operating property, which exhibited economic declines in the shopping center's trade area coupled with significant competition from nearby shopping centers.

On July 20, 2012, we repaid the entire \$150 million outstanding balance on our Term Loan. As a result of this early extinguishment of debt, we wrote-off approximately \$852,000 in loan costs.

The deferred compensation plan is designed such that changes in investment results are mirrored by the changes in participant obligations, which are recorded within general and administrative expenses. As such, there is minimal impact to operating results from the plan. This increase in net investment loss from deferred compensation plan related to the change in plan assets from September 30, 2011 to September 30, 2012 and is consistent with the change in plan liabilities.

The following table presents the change in interest expense (in thousands):

| | 2012 | 2011 | Change | |
|---|-----------|--------|--------|---|
| Interest on notes payable | \$ 25,811 | 29,054 | (3,243 |) |
| Interest on unsecured credit facilities | 887 | 396 | 491 | |
| Capitalized interest | (1,231 |) (336 |) (895 |) |
| Hedge interest | 2,374 | 2,367 | 7 | |
| Interest income | (379 |) (614 |) 235 | |
| | \$ 27,462 | 30,867 | (3,405 |) |

Interest expense on notes payable decreased and interest on unsecured credit facilities increased during the three months ended September 30, 2012, as compared to the three months ended September 30, 2011, as a result of the repayment of \$192.4 million of 6.75% unsecured debt in January 2012 using proceeds from our Term Loan and \$800 million Line of Credit at lower interest rates. Additional interest was capitalized during 2012 due to increased development activity.

Our equity in income of investments in real estate partnerships changed by approximately \$0.6 million during the three months ended September 30, 2012, as compared to the three months ended September 30, 2011 as follows (in thousands):

| | Ownership | 2012 | 2011 | Change |
|--|-----------|------------|-------|---------|
| GRI - Regency, LLC (GRIR) | 40.00 | % \$ 2,819 | 2,209 | 610 |
| Macquarie CountryWide-Regency-DESCO, LLC (MCWR-DESCO) ⁽¹⁾ | — | — | 43 | (43) |
| Columbia Regency Retail Partners, LLC (Columbia I) | 20.00 | % 607 | 2,004 | (1,397) |
| Columbia Regency Partners II, LLC (Columbia II) | 20.00 | % 99 | 48 | 51 |
| Cameron Village, LLC (Cameron) | 30.00 | % 131 | 90 | 41 |
| RegCal, LLC (RegCal) | 25.00 | % 181 | 40 | 141 |
| Regency Retail Partners, LP (the Fund) | 20.00 | % 97 | 99 | (2) |
| US Regency Retail I, LLC (USAA) | 20.01 | % 83 | (45) | 128 |
| BRE Throne Holdings, LLC (BRET) | 47.80 | % 929 | — | 929 |
| Other investments in real estate partnerships | 50.00 | % 457 | 337 | 120 |
| Total | | \$ 5,403 | 4,825 | 578 |

⁽¹⁾ At December 31, 2010, our ownership interest in MCWR-DESCO was 16.35%. The liquidation of MCWR-DESCO was complete effective May 4, 2011.

The increase in our equity in income in investments in real estate partnerships for the three months ended September 30, 2012, as compared to the three months ended September 30, 2011, is primarily due to the new ownership joint venture interest retained as part of the 15-property portfolio sale. This increase is offset by a decline in our equity in income from the Columbia I partnership related to \$1.7 million of income recognized during the three months ended September 30, 2011 for our pro-rata share of the net gain on extinguishment of debt for one disposed operating property.

Income from discontinued operations was approximately \$36,000 for the three months ended September 30, 2012, compared to \$3.4 million for the three months September 30, 2011, which included \$2.3 million in gains, net of taxes, from the sale of three operating properties for net proceeds of \$16.3 million and the operations, including impairment, of the shopping centers sold.

Preferred stock dividends increased \$3 million during the three months ended September 30, 2012, from \$4.9 million during the three months ended September 30, 2011 to \$7.9 million during the three months ended September 30, 2012. The increase is attributable to the \$2.3 million non-cash charge for the deemed distribution recognized upon redemption of the Series 5 Preferred Stock during the three months ended September 30, 2012, as well as the impact of additional dividends on the Series 6 Preferred Stock issued in February 2012 and Series 7 Preferred Stock issued in September 2012.

Related to our Parent Company's results, our net income attributable to common stockholders for the three months ended September 30, 2012 was \$11.6 million, an increase of \$3.1 million as compared to net income of \$8.5 million for the three months ended September 30, 2011. The higher net income primarily resulted from the decrease in other expense from 2011 to 2012, as discussed above. Our diluted net income per share was \$0.13 for the three months ended September 30, 2012 as compared to diluted net income per share of \$0.09 for the three months ended September 30, 2011.

Related to our Operating Partnership results, our net income attributable to common unit holders for the three months ended September 30, 2012 was \$11.7 million, an increase of \$3.1 million as compared to net income of \$8.5 million for the three months ended September 30, 2011 for the same reasons stated above. Our diluted net income per unit was \$0.13 for the three months ended September 30, 2012 as compared to net income per unit of \$0.09 for the three months ended September 30, 2011.

Comparison of the nine months ended September 30, 2012 to 2011:

Our revenues increased by \$5.2 million or 1.4% to \$376.5 million in the nine months ended September 30, 2012, as compared to the nine months ended September 30, 2011, as summarized in the following table (in thousands):

| | 2012 | 2011 | Change |
|--|------------|---------|---------|
| Minimum rent | \$ 272,590 | 261,702 | 10,888 |
| Percentage rent | 1,935 | 1,487 | 448 |
| Recoveries from tenants and other income | 81,933 | 81,170 | 763 |
| Management, transaction, and other fees | 20,060 | 26,993 | (6,933) |
| Total revenues | \$ 376,518 | 371,352 | 5,166 |

Minimum rent increased \$10.9 million for the nine months ended September 30, 2012 compared to the nine months ended September 30, 2011 despite a \$5.2 million decrease attributable to the 15-property portfolio sale. This increase in minimum rent is due to increased average occupancy levels at our consolidated operating centers from 92.6% leased at September 30, 2011 to 94.0% leased at September 30, 2012, combined with an 137 basis point increase in average base rent psf from \$16.56 psf for the nine months ended September 30, 2011 to \$16.79 psf for the nine months ended September 30, 2012. Minimum rent also increased \$3.1 million due to the acquisition of four operating properties since September 30, 2011.

As noted above, recoveries from tenants represent their pro-rata share of the operating, maintenance, and real estate tax expenses that we incur to operate our shopping centers, as well as other income, which for the nine months ended September 30, 2012 and September 30, 2011 included miscellaneous income of \$3.4 million and \$1.9 million, respectively, from the return of premiums from our insurance company, net of expected losses. This increase was offset by declines resulting from the 15-property portfolio sale.

We earn fees, at market-based rates, for asset management, disposition, property management, leasing, acquisition, and financing services that we provide to our co-investment partnerships and third parties as follows (in thousands):

| | 2012 | 2011 | Change |
|------------------------------------|-----------|--------|---------|
| Asset management fees | \$ 4,889 | 5,089 | (200) |
| Property management fees | 10,665 | 11,339 | (674) |
| Transaction fees | — | 5,000 | (5,000) |
| Leasing commissions and other fees | 4,506 | 5,565 | (1,059) |
| | \$ 20,060 | 26,993 | (6,933) |

The decrease in transaction fees was due to the \$5 million disposition fee and approximately \$625,000 consulting fees we received as a result of the DESCO DIK liquidation during the nine months ended September 30, 2011. Asset management fees, property management fees, and leasing commissions and other fees primarily decreased due to the sale of seven properties held by our co-investment partnerships since September 30, 2011.

Our operating expenses increased by approximately \$453,000 or 0.2% to \$240.5 million in the nine months ended September 30, 2012, as compared to the nine months ended September 30, 2011, as summarized in the following table (in thousands):

| | 2012 | 2011 | Change |
|-------------------------------|------------|---------|---------|
| Depreciation and amortization | \$ 95,866 | 98,047 | (2,181) |
| Operating and maintenance | 52,702 | 53,833 | (1,131) |
| General and administrative | 45,783 | 43,801 | 1,982 |
| Real estate taxes | 42,628 | 41,137 | 1,491 |
| Other expenses | 3,516 | 4,130 | (614) |
| Total operating expenses | \$ 240,495 | 240,948 | (453) |

Depreciation and amortization expense and operating and maintenance expense decreased \$2.2 million and \$1.1 million, respectively, for the nine months ended September 30, 2012, as compared to the nine months ended September 30, 2011, due primarily to the 15-property portfolio sale offset by increases in operating expenses from the acquisition of four operating properties since September 30, 2011. General and administrative expenses increased \$2 million primarily due to a

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\$2.1 million increase in nonqualified deferred compensation plan expense, related to the change in plan liabilities over the prior year.

The following table presents the components of other expense (income) (in thousands):

| | 2012 | 2011 | Change | |
|--|------------|---------|--------|---|
| Interest expense, net | \$ 84,796 | 92,297 | (7,501 |) |
| Gain on sale of real estate | (2,041 |) — | (2,041 |) |
| Provision for impairment | 24,655 | 6,362 | 18,293 | |
| Early extinguishment of debt | 852 | — | 852 | |
| Net investment (income) loss from deferred compensation plan | (1,836 |) 1,395 | (3,231 |) |
| | \$ 106,426 | 100,054 | 6,372 | |

During the the nine months ended September 30, 2012, we sold six out-parcels and received net proceeds of \$10.4 million and recognized a gain of \$2 million, whereas during the nine months ended September 30, 2011, we sold four out-parcels for net proceeds of \$2.1 million and recognized no gain.

As discussed above, on July 25, 2012, we sold a 15-property portfolio for total consideration of \$273.5 million, net of a \$47.5 million retained investment in the acquiring real estate partnership. As a result of this sale, we recognized a net impairment loss of \$19.1 million during the nine months ended September 30, 2012. Additional impairment of \$5.5 million was recognized related to an operating property and three land parcels, of which two land parcels were sold during the the second quarter of 2012. The operating property exhibited weak operating fundamentals, including low economic occupancy for an extended period of time, which led to the impairment. During the nine months ended September 30, 2011, a \$6.4 million provision for impairment was recognized related to a single operating property, which exhibited economic declines in the shopping center's trade area coupled with significant competition from nearby shopping centers.

On July 20, 2012, we repaid the entire \$150 million outstanding balance on our Term Loan. As a result of this early extinguishment of debt, we wrote-off approximately \$852,000 in loan costs.

The \$3.2 million increase in net investment income from deferred compensation plan related to the change in the fair value of plan assets from September 30, 2011 to September 30, 2012 and is consistent with the change in plan liabilities.

The following table presents the change in interest expense (in thousands):

| | 2012 | 2011 | Change | |
|---|-----------|----------|----------|---|
| Interest on notes payable | \$ 77,854 | 87,123 | (9,269 |) |
| Interest on unsecured credit facilities | 3,594 | 1,169 | 2,425 | |
| Capitalized interest | (2,477 |) (1,293 |) (1,184 |) |
| Hedge interest | 7,117 | 7,100 | 17 | |
| Interest income | (1,291 |) (1,802 |) 511 | |
| | \$ 84,797 | 92,297 | (7,500 |) |

Interest on notes payable decreased and interest on unsecured credit facilities increased during the nine months ended September 30, 2012, as compared to the nine months ended September 30, 2011, as a result of the repayment of \$192.4 million of 6.75% unsecured debt in January 2012 using proceeds from our Term Loan and \$800 million Line of Credit at lower interest rates. Additional interest was capitalized during 2012 due to increased development activity.

Our equity in income (loss) of investments in real estate partnerships changed by approximately \$14.4 million during the nine months ended September 30, 2012, as compared to the nine months ended September 30, 2011 as follows (in thousands):

| | Ownership | 2012 | 2011 | Change |
|--|-----------|------------|--------|---------|
| GRI - Regency, LLC (GRIR) | 40.00 | % \$ 7,090 | 4,950 | 2,140 |
| Macquarie CountryWide-Regency-DESCO, LLC (MCWR-DESCO) ⁽¹⁾ | — | — | (316 |) 316 |
| Columbia Regency Retail Partners, LLC (Columbia I) | 20.00 | % 8,191 | 2,488 | 5,703 |
| Columbia Regency Partners II, LLC (Columbia II) | 20.00 | % 264 | 161 | 103 |
| Cameron Village, LLC (Cameron) | 30.00 | % 494 | 280 | 214 |
| RegCal, LLC (RegCal) | 25.00 | % 362 | 301 | 61 |
| Regency Retail Partners, LP (the Fund) | 20.00 | % 285 | 174 | 111 |
| US Regency Retail I, LLC (USAA) | 20.01 | % 237 | 209 | 28 |
| BRE Throne Holdings, LLC (BRET) | 47.80 | % 929 | — | 929 |
| Other investments in real estate partnerships | 50.00 | % 1,321 | (3,459 |) 4,780 |
| Total | | \$ 19,173 | 4,788 | 14,385 |

⁽¹⁾ At December 31, 2010, our ownership interest in MCWR-DESCO was 16.35%. The liquidation of MCWR-DESCO was complete effective May 4, 2011.

The increase in our equity in income (loss) in investments in real estate partnerships for the nine months ended September 30, 2012, as compared to the nine months ended September 30, 2011, is primarily due to the recognition of our pro-rata share of the \$34.5 million gain on sale of an investment in the Columbia I partnership during the three months ended June 30, 2012, our the new ownership joint venture interest retained as part of the portfolio sale during the three months ended September 30, 2012, and a \$4.6 million impairment recognized on one investment in a real estate partnership during the three months ended March 31, 2011. This increase is offset by a decline in our equity in income from the Columbia I partnership related to \$1.7 million of income recognized in the three months ended September 30, 2011 for our pro-rata share of the net gain on extinguishment of debt for one disposed operating property.

Income from discontinued operations was \$9.1 million for the nine months ended September 30, 2012 and includes \$8.6 million in gains, net of taxes, from the sale of four operating properties for net proceeds of \$39.2 million and the operations of the shopping centers sold. Income from discontinued operations was \$6.5 million for the nine months ended September 30, 2011 and includes \$2.3 million in gains, net of taxes, from the sale of three operating properties for net proceeds of \$16.3 million and the operations, including impairment, of the shopping centers sold.

A loss was attributable to noncontrolling interests of our preferred unit investors during the nine months ended September 30, 2012 related to writing off the original preferred unit issuance costs of approximately \$842,000 upon their redemption in February 2012, offset by the redemption discount of \$1.9 million.

Preferred stock dividends increased \$12.5 million during the nine months ended September 30, 2012, from \$14.8 million during the nine months ended September 30, 2011 to \$27.3 million during the nine months ended September 30, 2012. The increase is attributable to the \$7 million and \$2.3 million non-cash charges for the deemed distribution recognized upon redemption of the Series 3 and 4 Preferred Stock and Series 5 Preferred Stock, respectively, during the nine months ended September 30, 2012, as well as the impact of additional dividends on the Series 6 Preferred Stock issued in February 2012 and Series 7 Preferred Stock issued in September 2012.

Related to our Parent Company's results, our net income attributable to common stockholders for the nine months ended September 30, 2012 was \$30.5 million, an increase of \$7 million as compared to net income of \$23.6 million for the nine months ended September 30, 2011. The higher net income primarily resulted from the decrease in other expense from 2011 to 2012, as discussed above. Our diluted net income per share was \$0.34 for the nine months ended September 30, 2012 as compared to diluted net income per share of \$0.26 for the nine months ended September 30, 2011.

Related to our Operating Partnership results, our net income attributable to common unit holders for the nine months ended September 30, 2012 was \$30.6 million, an increase of \$7 million as compared to net income of \$23.6 million

for the nine months ended September 30, 2011 for the same reasons stated above. Our diluted net income per unit was \$0.34 for the nine months ended September 30, 2012 as compared to net income per unit of \$0.26 for the nine months ended September 30, 2011.

Supplemental Earnings Information

We use certain non-GAAP performance measures, in addition to the required GAAP presentations, as we believe these measures are beneficial to us in improving the understanding of the Company's operational results among the investing public. We believe such measures make comparisons of other REITs' operating results to the Company's more meaningful. We continually evaluate the usefulness, relevance, and calculation of our reported non-GAAP performance measures, to determine how best to provide relevant information to the public, and thus such reported measures could change.

The following are our definitions of Same Property Net Operating Income ("NOI"), Funds from Operations ("FFO"), and Core FFO, which we believe to be beneficial non-GAAP performance measures used in understanding our operational results:

Same Property NOI includes only the net operating income of properties that have been owned for the entire current and prior year reporting periods and excludes properties under development and pending stabilization or those acquired or sold during the periods. As such, Same Property NOI assists in eliminating disparities in net income due to the development, acquisition or disposition of properties during the particular period presented, and thus provides a more consistent performance measure for the comparison of the Company's properties.

NOI is calculated as total property revenues (minimum rent, percentage rents, and recoveries from tenants and other income) less direct property operating expenses (operating and maintenance and real estate taxes) from the properties owned by the Company, and excludes corporate-level income (including management, transaction, and other fees), for the entirety of the periods presented.

FFO is a commonly used measure of REIT performance, which the National Association of Real Estate Investment Trusts ("NAREIT") defines as net income, computed in accordance with GAAP, excluding gains and losses from sales of depreciable property, excluding operating real estate impairments, plus depreciation and amortization, and after adjustments for unconsolidated partnerships and joint ventures. We compute FFO for all periods presented in accordance with NAREIT's definition. Many companies use different depreciable lives and methods, and real estate values historically fluctuate with market conditions. Since FFO excludes depreciation and amortization and gains and losses from depreciable property dispositions, and impairments, it can provide a performance measure that, when compared year over year, reflects the impact on operations from trends in occupancy rates, rental rates, operating costs, acquisition and development activities, and financing costs. This provides a perspective of our financial performance not immediately apparent from net income determined in accordance with GAAP. Thus, FFO is a supplemental non-GAAP financial measure of our operating performance, which does not represent cash generated from operating activities in accordance with GAAP and therefore, should not be considered an alternative for net income as a measure of liquidity.

Core FFO represents FFO as defined above, excluding, but not limited to, transaction income or expense, gains or losses from the early extinguishment of debt, development and outparcel gains or losses and other non-core items.

The Company's reconciliation of property revenues and property expenses to Same Property NOI for the periods ended September 30, 2012 to 2011 is as follows (in thousands):

| | Three months ended September 30, | | | 2011 | | |
|--|----------------------------------|----------------------|---------|------------------|----------------------|---------|
| | 2012 Same Property | Other ⁽¹⁾ | Total | Same Property | Other ⁽¹⁾ | Total |
| Income from continuing operations | \$ 54,205 | (34,421) | 19,784 | 37,770 | (26,673) | 11,097 |
| Less: | | | | | | |
| Management, transaction, and other fees | — | 6,441 | 6,441 | — | 6,940 | 6,940 |
| Other ⁽²⁾ | 1,258 | 448 | 1,706 | 1,728 | 177 | 1,905 |
| Plus: | | | | | | |
| Depreciation and amortization | 26,078 | 4,077 | 30,155 | 26,264 | 6,233 | 32,497 |
| General and administrative | — | 15,641 | 15,641 | — | 11,671 | 11,671 |
| Other operating expense, excluding provision for doubtful accounts | — | 872 | 872 | 257 | 1,643 | 1,900 |
| Other expense (income) | 6,758 | 21,723 | 28,481 | 13,542 | 25,970 | 39,512 |
| Equity in income (loss) of investments in real estate excluded from NOI ⁽³⁾ | 11,341 | 5,666 | 17,007 | 17,136 | 355 | 17,491 |
| NOI from properties sold | — | 19 | 19 | — | 2,251 | 2,251 |
| NOI | \$ 97,124 | 6,688 | 103,812 | 93,241 | 14,333 | 107,574 |

| | Nine months ended September 30, | | | 2011 | | |
|--|---------------------------------|----------------------|---------|------------------|----------------------|---------|
| | 2012 Same Property | Other ⁽¹⁾ | Total | Same Property | Other ⁽¹⁾ | Total |
| Income from continuing operations | \$ 142,773 | (94,003) | 48,770 | 121,966 | (86,828) | 35,138 |
| Less: | | | | | | |
| Management, transaction, and other fees | — | 20,060 | 20,060 | — | 26,993 | 26,993 |
| Other ⁽²⁾ | 4,483 | 708 | 5,191 | 3,984 | 875 | 4,859 |
| Plus: | | | | | | |
| Depreciation and amortization | 77,690 | 18,176 | 95,866 | 79,483 | 18,564 | 98,047 |
| General and administrative | — | 45,783 | 45,783 | — | 43,801 | 43,801 |
| Other operating expense, excluding provision for doubtful accounts | 4 | 1,511 | 1,515 | 335 | 1,403 | 1,738 |
| Other expense (income) | 26,487 | 79,939 | 106,426 | 27,697 | 72,357 | 100,054 |
| Equity in income (loss) of investments in real estate excluded from NOI ⁽³⁾ | 46,254 | 2,814 | 49,068 | 52,411 | 9,945 | 62,356 |
| NOI from properties sold | — | 977 | 977 | — | 6,814 | 6,814 |
| NOI | \$ 288,725 | 34,429 | 323,154 | 277,908 | 38,188 | 316,096 |

⁽¹⁾ Includes revenues and expenses attributable to non-same property, development, and corporate activities.

⁽²⁾ Includes straight-line rental income, net of reserves, above and below market rent amortization, banking charges, and other fees.

⁽³⁾ Excludes non-operating related expenses.

The Company's reconciliation of net income available to common shareholders to FFO and Core FFO for the periods ended September 30, 2012 to 2011 is as follows (in thousands, except share information):

| | Three months ended September 30, | | Nine months ended September 30, | |
|--|-------------------------------------|----------|------------------------------------|----------|
| | 2012 | 2011 | 2012 | 2011 |
| Reconciliation of Net income to Funds from Operations | | | | |
| Net income attributable to common stockholders | \$ 11,637 | 8,510 | \$ 30,515 | 23,556 |
| Adjustments to reconcile to Funds from Operations: | | | | |
| Depreciation and amortization - consolidated real estate | 25,362 | 28,337 | 81,611 | 85,199 |
| Depreciation and amortization - unconsolidated partnerships | 10,639 | 10,793 | 32,516 | 33,023 |
| Consolidated JV partners' share of depreciation | (184) | (177) | (548) | (559) |
| Provision for impairment ⁽¹⁾ | 1,146 | 6,699 | 23,655 | 11,279 |
| Amortization of leasing commissions and intangibles | 3,777 | 3,987 | 11,817 | 12,324 |
| Gain on sale of operating properties, net of tax ⁽¹⁾ | (451) | (2,212) | (16,529) | (2,237) |
| Loss from deferred compensation plan, net | — | 64 | — | 1,120 |
| Noncontrolling interest of exchangeable partnership units | 39 | 27 | 116 | 77 |
| Funds From Operations | \$ 51,965 | 56,028 | \$ 163,153 | 163,782 |
| Reconciliation of FFO to Core FFO | | | | |
| Funds from operations | \$ 51,965 | 56,028 | \$ 163,153 | 163,782 |
| Adjustments to reconcile to Core Funds from Operations: | | | | |
| Development and outparcel loss (gain), net of dead deal costs and tax ⁽¹⁾ | 449 | 613 | (773) | (731) |
| Provision for impairment ⁽¹⁾ | 1 | — | 1,000 | — |
| Provision for hedge ineffectiveness ⁽¹⁾ | 9 | — | 20 | — |
| Loss (gain) on early debt extinguishment ⁽¹⁾ | 852 | (1,738) | 856 | (1,740) |
| Original preferred stock issuance costs expensed | 2,283 | — | 10,119 | — |
| Gain on redemption of preferred units | — | — | (1,875) | — |
| One-time additional preferred dividend | — | — | 1,750 | — |
| Transaction fees and promotes | — | — | — | (5,000) |
| Core Funds From Operations | \$ 55,559 | 54,903 | \$ 174,250 | 156,311 |

⁽¹⁾ Includes Regency's pro-rata share of unconsolidated co-investment partnerships.

Environmental Matters

We are subject to numerous environmental laws and regulations as they apply to our shopping centers pertaining to chemicals used by the dry cleaning industry, the existence of asbestos in older shopping centers, and underground petroleum storage tanks. We believe that the tenants who currently operate dry cleaning plants or gas stations do so in accordance with current laws and regulations. Generally, we use all legal means to cause tenants to remove dry cleaning plants from our shopping centers or convert them to non-chlorinated solvent systems. Where available, we have applied and been accepted into state-sponsored environmental programs. We have a blanket environmental insurance policy for third-party liabilities and remediation costs on shopping centers that currently have no known environmental contamination. We have also placed environmental insurance, where possible, on specific properties with known contamination, in order to mitigate our environmental risk. We monitor the shopping centers containing environmental issues and in certain cases voluntarily remediate the sites. We also have legal obligations to remediate certain sites and we are in the process of doing so. We believe that the ultimate disposition of currently known environmental matters will not have a material effect on our financial position, liquidity, or results of operations;

however, we can give no assurance that existing environmental studies on our shopping centers have revealed all potential environmental liabilities; that any previous owner, occupant or tenant did not create any material environmental condition not known to us; that the current environmental condition of the shopping centers will not be affected by tenants and occupants, by the condition of nearby properties, or by unrelated third parties; or that changes in applicable environmental laws and regulations or their interpretation will not result in additional environmental liability to us.

Inflation/Deflation

Inflation has been historically low and has had a minimal impact on the operating performance of our shopping centers; however, inflation may become a greater concern in the future. Substantially all of our long-term leases contain provisions designed to mitigate the adverse impact of inflation. Most of our leases require tenants to pay their pro-rata share of operating expenses, including common-area maintenance, real estate taxes, insurance and utilities, thereby reducing our exposure to increases in costs and operating expenses resulting from inflation. In addition, many of our leases are for terms of less than ten years, which permits us to seek increased rents upon re-rental at market rates. However, during deflationary periods or periods of economic weakness, minimum rents and percentage rents will decline as the supply of available retail space exceeds demand and consumer spending declines. Occupancy declines resulting from a weak economic period will also likely result in lower recovery rates of our operating expenses.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

There have been no material changes from the quantitative and qualitative disclosures about market risk disclosed in item 7A of Part II of our Form 10-K for the year ended December 31, 2011.

Item 4. Controls and Procedures

Controls and Procedures (Regency Centers Corporation)

Under the supervision and with the participation of the Parent Company's management, including its chief executive officer and chief financial officer, the Parent Company conducted an evaluation of its disclosure controls and procedures, as such term is defined under Rule 13a-15(e) and 15d-15(e) promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Based on this evaluation, the Parent Company's chief executive officer and chief financial officer concluded that its disclosure controls and procedures were effective as of the end of the period covered by this quarterly report on Form 10-Q to ensure information required to be disclosed in the reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported, within the time period specified in the SEC's rules and forms. These disclosure controls and procedures include controls and procedures designed to ensure that information required to be disclosed by the Parent Company in the reports it files or submits is accumulated and communicated to management, including its chief executive officer and chief financial officer, as appropriate, to allow timely decisions regarding required disclosure.

There have been no changes in our internal controls over financial reporting identified in connection with this evaluation that occurred during the third quarter of 2012 and that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

Controls and Procedures (Regency Centers, L.P.)

Under the supervision and with the participation of the Operating Partnership's management, including the chief executive officer and chief financial officer of its general partner, the Operating Partnership conducted an evaluation of its disclosure controls and procedures, as such term is defined under Rule 13a-15(e) and 15d-15(e) promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Based on this evaluation, the chief executive officer and chief financial officer of its general partner concluded that its disclosure controls and procedures were effective as of the end of the period covered by this quarterly report on Form 10-Q to ensure information required to be disclosed in the reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported, within the time period specified in the SEC's rules and forms. These disclosure controls and procedures include controls and procedures designed to ensure that information required to be disclosed by the Operating Partnership in the reports it files or submits is accumulated and communicated to management, including the chief executive officer and chief financial officer of its general partner, as appropriate, to allow timely decisions regarding

required disclosure.

There have been no changes in our internal controls over financial reporting identified in connection with this evaluation that occurred during the third quarter of 2012 and that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

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PART II - OTHER INFORMATION

Item 1. Legal Proceedings

We are a party to various legal proceedings which arise in the ordinary course of our business. We are not currently involved in any litigation nor to our knowledge, is any litigation threatened against us, the outcome of which would, in our judgment based on information currently available to us, have a material adverse effect on our financial position or results of operations.

Item 1A. Risk Factors

There have been no material changes from the risk factors disclosed in item 1A. of Part I of our Form 10-K for the year ended December 31, 2011.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

There were no unregistered sales of equity securities during the quarter ended September 30, 2012.

The following table represents information with respect to purchases by the Parent Company of its common stock during the monthly periods ended September 30, 2012.

| Period | Total number of shares purchased ⁽¹⁾ | Average price paid per share | Total number of shares purchased as part of publicly announced plans or programs | Maximum number or approximate dollar value of shares that may yet be purchased under the plans or programs |
|--|---|------------------------------|--|--|
| July 1 through July 31, 2012 | — | — | — | — |
| August 1 through August 31, 2012 | 782 | 49.00 | — | — |
| September 1 through September 30, 2012 | — | — | — | — |

(1) Represents shares delivered in payment of withholding taxes in connection with options exercised and restricted stock vesting by participants under Regency's Long-Term Omnibus Plan.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

None.

Item 5. Other Information

None.

Item 6. Exhibits

In reviewing any agreements included as exhibits to this report, please remember they are included to provide you with information regarding their terms and are not intended to provide any other factual or disclosure information about the Company, its subsidiaries or other parties to the agreements. Each agreement contains representations and warranties by each of the parties to the applicable agreement. These representations and warranties have been made solely for the benefit of the other parties to the applicable agreement and:

- should not in all instances be treated as categorical statements of fact, but rather as a way of allocating the risk to one of the parties if those statements prove to be inaccurate;
- have been qualified by disclosures that were made to the other party in connection with the negotiation of the applicable agreement, which disclosures are not necessarily reflected in the agreement;
- may apply standards of materiality in a way that is different from what may be viewed as material to you or other investors; and
- were made only as of the date of the applicable agreement or such other date or dates as may be specified in the agreement and are subject to more recent developments.

Accordingly, these representations and warranties may not describe the actual state of affairs as of the date they were made or at any other time. We acknowledge that, notwithstanding the inclusion of the foregoing cautionary statements, we are responsible for considering whether additional specific disclosures of material information regarding material contractual provisions are required to make the statements in this report not misleading. Additional information about the Company may be found elsewhere in this report and the Company's other public files, which are available without charge through the SEC's website at <http://www.sec.gov>.

Unless otherwise indicated below, the Commission file number to the exhibit is No. 001-12298.

Ex # Description

10. Material Contracts

10.1 First Amendment to Third Amended and Restated Credit Agreement dated as of September 13, 2012 by and among Regency Centers, L.P., the Borrower, Regency Centers Corporation, the Parent, each of the Lenders party hereto, and Wells Fargo Bank, National Association.

10.2 Equity Distribution Agreement among the Company, the Operating Partnership and Wells Fargo Securities, LLC dated August 10, 2012 (incorporated by reference from Form 8-K filed August 10, 2012).

31. Rule 13a-14(a)/15d-14(a) Certifications.

31.1 Rule 13a-14 Certification of Chief Executive Officer for Regency Centers Corporation.

31.2 Rule 13a-14 Certification of Chief Financial Officer for Regency Centers Corporation.

31.3 Rule 13a-14 Certification of Chief Executive Officer for Regency Centers, L.P.

31.4 Rule 13a-14 Certification of Chief Financial Officer for Regency Centers, L.P.

32. Section 1350 Certifications.

32.1* 18 U.S.C. § 1350 Certification of Chief Executive Officer for Regency Centers Corporation.

32.2* 18 U.S.C. § 1350 Certification of Chief Financial Officer for Regency Centers Corporation.

32.3* 18 U.S.C. § 1350 Certification of Chief Executive Officer for Regency Centers, L.P.

32.4* 18 U.S.C. § 1350 Certification of Chief Financial Officer for Regency Centers, L.P.

101. Interactive Data Files

101.INS XBRL Instance Document

101.SCH XBRL Taxonomy Extension Schema Document
101.CAL XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF XBRL Taxonomy Definition Linkbase Document
101.LAB XBRL Taxonomy Extension Label Linkbase Document
101.PRE XBRL Taxonomy Extension Presentation Linkbase Document

*Furnished, not filed.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

November 9, 2012

REGENCY CENTERS CORPORATION

By: /s/ Bruce M. Johnson
Bruce M. Johnson, Executive Vice President, Chief
Financial Officer (Principal Financial Officer), and
Director

By: /s/ J. Christian Leavitt
J. Christian Leavitt, Senior Vice President and Treasurer
(Principal Accounting Officer)

November 9, 2012

REGENCY CENTERS, L.P.

By: Regency Centers Corporation, General Partner

By: /s/ Bruce M. Johnson
Bruce M. Johnson, Executive Vice President, Chief
Financial Officer (Principal Financial Officer), and
Director

By: /s/ J. Christian Leavitt
J. Christian Leavitt, Senior Vice President and Treasurer
(Principal Accounting Officer)