

REGENCY CENTERS CORP  
 Form 10-Q  
 November 08, 2011

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

For the quarterly period ended September 30, 2011  
 or

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

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

REGENCY CENTERS CORPORATION  
 REGENCY CENTERS, L.P.

(Exact name of registrant as specified in its charter)

FLORIDA (REGENCY CENTERS CORPORATION) 59-3191743

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

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

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months, 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.

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 89,914,839 as of November 4, 2011.

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## EXPLANATORY NOTE

This report combines the quarterly reports on Form 10-Q for the quarter ended September 30, 2011 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, 2011, 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 3, 4 and 5 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 members as the management of the Operating Partnership. These members 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 13% 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 3, 4, and 5 Preferred Units owned by the Parent Company, and Series D Preferred Units owned by institutional investors. The Series D preferred units and 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 3, 4, and 5 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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## Item 1. Financial Statements

## REGENCY CENTERS CORPORATION

## Consolidated Balance Sheets

September 30, 2011 and December 31, 2010

(in thousands, except share data)

	2011	2010
	(unaudited)	
Assets		
Real estate investments at cost:		
Land	\$ 1,167,152	1,093,700
Buildings and improvements	2,462,234	2,284,522
Properties in development	521,945	610,932
	4,151,331	3,989,154
Less: accumulated depreciation	769,829	700,878
	3,381,502	3,288,276
Investments in real estate partnerships	425,460	428,592
Net real estate investments	3,806,962	3,716,868
Cash and cash equivalents	21,195	22,460
Accounts receivable, net of allowance for doubtful accounts of \$3,862 and \$4,819 at September 30, 2011 and December 31, 2010, respectively	29,243	36,600
Straight-line rent receivable, net of allowance of \$2,087 and \$1,396 at September 30, 2011 and December 31, 2010, respectively	48,327	45,241
Notes receivable	35,931	35,931
Deferred costs, less accumulated amortization of \$68,656 and \$69,158 at September 30, 2011 and December 31, 2010, respectively	70,006	63,165
Acquired lease intangible assets, less accumulated amortization of \$14,562 and \$13,996 at September 30, 2011 and December 31, 2010, respectively	26,855	18,219
Trading securities held in trust, at fair value	20,683	20,891
Other assets	36,419	35,164
Total assets	\$ 4,095,621	3,994,539
Liabilities and Equity		
Liabilities:		
Notes payable	\$ 1,965,340	2,084,469
Unsecured line of credit	85,000	10,000
Accounts payable and other liabilities	114,873	138,196
Acquired lease intangible liabilities, less accumulated accretion of \$4,399 and \$11,010 at September 30, 2011 and December 31, 2010, respectively	13,694	6,682
Tenants' security and escrow deposits and prepaid rent	19,240	10,790
Total liabilities	2,198,147	2,250,137
Commitments and contingencies		
Equity:		
Stockholders' equity:		
Preferred stock, \$.01 par value per share, 30,000,000 shares authorized; 11,000,000 Series 3-5 shares issued and outstanding at September 30, 2011 and December 31, 2010 with liquidation preferences of \$25 per share	275,000	275,000
Common stock \$.01 par value per share, 150,000,000 shares authorized; 89,913,234 and 81,886,872 shares issued at September 30, 2011 and December 31, 2010, respectively	899	819
Treasury stock at cost, 334,188 and 347,482 shares held at September 30, 2011 and December 31, 2010, respectively	(15,028 )	(16,175 )

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Additional paid in capital	2,278,753	2,039,612
Accumulated other comprehensive loss	(73,800 )	(80,885 )
Distributions in excess of net income	(629,626 )	(533,194 )
Total stockholders' equity	1,836,198	1,685,177
Noncontrolling interests:		
Series D preferred units, aggregate redemption value of \$50,000 at September 30, 2011 and December 31, 2010	49,158	49,158
Exchangeable operating partnership units, aggregate redemption value of \$6,259 and \$7,483 at September 30, 2011 and December 31, 2010, respectively	(917 )	(762 )
Limited partners' interests in consolidated partnerships	13,035	10,829
Total noncontrolling interests	61,276	59,225
Total equity	1,897,474	1,744,402
Total liabilities and equity	\$ 4,095,621	3,994,539
See accompanying notes to consolidated financial statements.		

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## REGENCY CENTERS CORPORATION

## Consolidated Statements of Operations

(in thousands, except per share data)

(unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2011	2010	2011	2010
Revenues:				
Minimum rent	\$ 90,129	86,486	\$ 268,169	257,389
Percentage rent	430	400	1,488	1,023
Recoveries from tenants and other income	28,248	27,383	83,040	83,150
Management, transaction, and other fees	6,940	6,524	26,993	22,974
Total revenues	125,747	120,793	379,690	364,536
Operating expenses:				
Depreciation and amortization	33,166	30,181	100,006	92,324
Operating and maintenance	18,101	17,147	55,106	51,521
General and administrative	11,671	17,761	43,801	45,734
Real estate taxes	13,533	13,788	42,163	42,267
Provision for doubtful accounts	326	248	2,534	2,634
Other expenses (income)	1,901	2,380	1,737	4,071
Total operating expenses	78,698	81,505	245,347	238,551
Other expense (income):				
Interest expense, net of interest income	30,867	32,209	92,297	91,972
Gain on sale of properties in development	—	(479 )	—	(1,044 )
Provision for impairment	6,362	—	6,362	—
Loss (income) from deferred compensation plan	2,283	(1,398 )	1,395	(1,026 )
Gain on derivative instruments	—	(2,341 )	—	(1,419 )
Total other expense (income)	39,512	27,991	100,054	88,483
Income before equity in income (loss) of investments in real estate partnerships	7,537	11,297	34,289	37,502
Equity in income (loss) of investments in real estate partnerships	4,825	2,102	4,788	(8 )
Income from continuing operations	12,362	13,399	39,077	37,494
Discontinued operations, net:				
Operating (loss) income	(142 )	470	210	756
Gain on sale of operating properties and properties in development	2,321	4	2,321	6,767
Income from discontinued operations	2,179	474	2,531	7,523
Net income	14,541	13,873	41,608	45,017
Noncontrolling interests:				
Preferred units	(931 )	(931 )	(2,794 )	(2,794 )
Exchangeable operating partnership units	(27 )	(34 )	(77 )	(155 )
Limited partners' interests in consolidated partnerships	(154 )	(95 )	(425 )	(271 )
Net income attributable to noncontrolling interests	(1,112 )	(1,060 )	(3,296 )	(3,220 )
Net income attributable to controlling interests	13,429	12,813	38,312	41,797
Preferred stock dividends	(4,919 )	(4,919 )	(14,756 )	(14,756 )
Net income attributable to common stockholders	\$ 8,510	7,894	\$ 23,556	27,041
Income per common share - basic:				
Continuing operations	\$ 0.07	0.09	\$ 0.23	0.24

Discontinued operations	0.02	0.01	0.03	0.09
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