

REGENCY CENTERS CORP
Form 10-Q
November 05, 2018

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
x 1934

For the quarterly period ended September 30, 2018

or

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

For the transition period from to

Commission File Number 1-12298 (Regency Centers Corporation)

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

REGENCY CENTERS CORPORATION
REGENCY CENTERS, L.P.

(Exact name of registrant as specified in its charter)

FLORIDA (REGENCY CENTERS CORPORATION) 59-3191743

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

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

One Independent Drive, Suite 114

Jacksonville, Florida 32202

(904) 598-7000

(Address of principal executive offices) (zip code)

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

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

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

Regency Centers Corporation:

Large accelerated filer x Accelerated filer o Emerging growth company o

Non-accelerated filer o Smaller reporting company o

Regency Centers, L.P.:

Large accelerated filer o Accelerated filer x Emerging growth company o

Non-accelerated filer o Smaller reporting company o

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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Regency Centers Corporation YES ☐ NO ☐ Regency Centers, L.P. YES ☐ NO ☐
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 common stock was 169,443,126 as of
October 31, 2018.

EXPLANATORY NOTE

This report combines the quarterly reports on Form 10-Q for the quarter ended September 30, 2018, 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”, “Regency Centers” 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, 2018, the Parent Company owned approximately 99.8% of the Units in the Operating Partnership. The remaining limited Units are owned by investors. 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 key 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. Except for the \$500 million of unsecured public and private placement debt assumed with the Equity One merger on March 1, 2017, the Parent Company does not hold any indebtedness, but guarantees all of the unsecured debt of the Operating Partnership. The Operating Partnership is also the co-issuer and guarantees the \$500 million of debt of the Parent Company assumed in the Equity One merger. 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. 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.

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, 2018 and December 31, 2017

(in thousands, except share data)

	2018 (unaudited)	2017
Assets		
Real estate investments at cost:		
Land, building and improvements	\$ 10,854,283	10,578,430
Properties in development	36,707	314,391
	10,890,990	10,892,821
Less: accumulated depreciation	1,474,769	1,339,771
	9,416,221	9,553,050
Investments in real estate partnerships	458,051	386,304
Net real estate investments	9,874,272	9,939,354
Properties held for sale	51,892	—
Cash and cash equivalents	40,365	45,370
Restricted cash	4,121	4,011
Tenant and other receivables, net of uncollectible reserves of \$14,332 and \$12,728 at September 30, 2018 and December 31, 2017, respectively	160,709	170,985
Deferred leasing costs, less accumulated amortization of \$98,829 and \$93,291 at September 30, 2018 and December 31, 2017, respectively	85,292	80,044
Acquired lease intangible assets, less accumulated amortization of \$206,378 and \$148,280 at September 30, 2018 and December 31, 2017, respectively	412,653	478,826
Other assets	427,726	427,127
Total assets	\$ 11,057,030	11,145,717
Liabilities and Equity		
Liabilities:		
Notes payable	\$ 3,008,592	2,971,715
Unsecured credit facilities	708,616	623,262
Accounts payable and other liabilities	236,250	234,272
Acquired lease intangible liabilities, less accumulated amortization of \$84,435 and \$56,550 at September 30, 2018 and December 31, 2017, respectively	507,341	537,401
Tenants' security, escrow deposits and prepaid rent	43,988	46,013
Total liabilities	4,504,787	4,412,663
Commitments and contingencies	—	—
Equity:		
Stockholders' equity:		
Common stock, \$0.01 par value per share, 220,000,000 shares authorized; 169,441,714 and 171,364,908 shares issued at September 30, 2018 and December 31, 2017, respectively	1,694	1,714
Treasury stock at cost, 385,652 and 366,628 shares held at September 30, 2018 and December 31, 2017, respectively	(19,550)	(18,307)
Additional paid in capital	7,756,215	7,873,104
Accumulated other comprehensive income (loss)	14,066	(6,289)
Distributions in excess of net income	(1,240,331)	(1,158,170)
Total stockholders' equity	6,512,094	6,692,052

Noncontrolling interests:

Exchangeable operating partnership units, aggregate redemption value of \$22,628 and \$24,206 at September 30, 2018 and December 31, 2017, respectively	10,726	10,907
Limited partners' interests in consolidated partnerships	29,423	30,095
Total noncontrolling interests	40,149	41,002
Total equity	6,552,243	6,733,054
Total liabilities and equity	\$ 11,057,030	11,145,717
See accompanying notes to consolidated financial statements.		

REGENCY CENTERS CORPORATION

Consolidated Statements of Operations

(in thousands, except per share data)

(unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2018	2017	2018	2017
Revenues:				
Minimum rent	\$204,005	195,393	\$614,224	532,625
Percentage rent	1,224	1,147	6,292	5,509
Recoveries from tenants and other income	66,127	59,554	194,900	162,089
Management, transaction, and other fees	6,954	6,047	20,999	19,353
Total revenues	278,310	262,141	836,415	719,576
Operating expenses:				
Depreciation and amortization	89,183	91,474	266,812	243,757
Operating and maintenance	40,557	38,020	124,924	103,888
General and administrative	17,564	15,199	51,947	49,618
Real estate taxes	35,129	29,315	97,096	79,636
Other operating expenses (note 2)	2,045	3,195	6,476	81,621
Total operating expenses	184,478	177,203	547,255	558,520
Other expense (income):				
Interest expense, net	36,618	34,679	111,477	97,285
Provision for impairment, net of tax	855	—	29,443	—
Early extinguishment of debt	—	—	11,172	12,404
Net investment (income) loss, including unrealized (gains) losses of (\$484) and (\$400), and (\$842) and (\$1,705) for the three and nine months ended September 30, 2018 and 2017, respectively	(923)	(971)	(1,524)	(2,955)
Total other expense (income)	36,550	33,708	150,568	106,734
Income from operations before equity in income of investments in real estate partnerships	57,282	51,230	138,592	54,322
Equity in income of investments in real estate partnerships	10,024	12,221	29,548	33,804
Income from operations	67,306	63,451	168,140	88,126
Gain on sale of real estate, net of tax	3,228	131	4,448	4,913
Net income	70,534	63,582	172,588	93,039
Noncontrolling interests:				
Exchangeable operating partnership units	(147)	(132)	(358)	(217)
Limited partners' interests in consolidated partnerships	(665)	(637)	(2,008)	(1,884)
Income attributable to noncontrolling interests	(812)	(769)	(2,366)	(2,101)
Net income attributable to the Company	69,722	62,813	170,222	90,938
Preferred stock dividends and issuance costs	—	(3,147)	—	(16,128)
Net income attributable to common stockholders	\$69,722	59,666	\$170,222	74,810
Income per common share - basic	\$0.41	0.35	\$1.00	0.48
Income per common share - diluted	\$0.41	0.35	\$1.00	0.48
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,	
	2018	2017	2018	2017
Net income	\$70,534	63,582	\$172,588	93,039
Other comprehensive income (loss):				
Effective portion of change in fair value of derivative instruments:				
Effective portion of change in fair value of derivative instruments	2,717	(39)	16,511	(3,911)
Reclassification adjustment of derivative instruments included in net income	1,148	2,329	4,701	8,054
Unrealized gain (loss) on available-for-sale debt securities	24	8	(51)	51
Other comprehensive income	3,889	2,298	21,161	4,194
Comprehensive income	74,423	65,880	193,749	97,233
Less: comprehensive income attributable to noncontrolling interests:				
Net income attributable to noncontrolling interests	812	769	2,366	2,101
Other comprehensive income (loss) attributable to noncontrolling interests	140	5	818	(11)
Comprehensive income attributable to noncontrolling interests	952	774	3,184	2,090
Comprehensive income attributable to the Company	\$73,471	65,106	\$190,565	95,143
See accompanying notes to consolidated financial statements.				

REGENCY CENTERS CORPORATION

Consolidated Statements of Equity

For the nine months ended September 30, 2018 and 2017

(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	Noncontrolling Interests Exchange Operating Partnership Units	Limited Partners' Interest in Consolidated Partnerships	Total Noncontrolling Interests	Total Rolling Equity
Balance at December 31, 2016	\$325,000	1,045	(17,062)	3,294,923	(18,346)	(994,259)	2,591,301	(1,967)	35,168	33,201	2,624,5
Net income	—	—	—	—	—	90,938	90,938	217	1,884	2,101	93,039
Other comprehensive income (loss)	—	—	—	—	4,205	—	4,205	6	(17)	(11)	4,194
Deferred compensation plan, net	—	—	(986)	977	—	—	(9)	—	—	—	(9
Restricted stock issued, net of amortization	—	2	—	10,918	—	—	10,920	—	—	—	10,920
Common stock redeemed for taxes withheld for stock based compensation, net	—	(1)	—	(18,431)	—	—	(18,432)	—	—	—	(18,432)
Common stock issued under dividend reinvestment plan	—	—	—	908	—	—	908	—	—	—	908
Common stock issued, net of issuance costs	—	654	—	4,470,759	—	—	4,471,413	—	—	—	4,471,413
Restricted stock issued upon Equity	—	1	—	7,950	—	—	7,951	—	—	—	7,951
One merger Redemption of preferred stock	(325,000)	—	—	11,099	—	(11,099)	(325,000)	—	—	—	(325,000)
Contributions from partners	—	—	—	—	—	—	—	13,100	367	13,467	13,467
	—	—	—	—	—	—	—	—	(7,086)	(7,086)	(7,086)

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Distributions to partners												
Cash dividends declared:												
Preferred stock	—	—	—	—	—	(5,029)	(5,029)	—	—	—	(5,029)	
Common stock/unit (\$1.57 per share)	—	—	—	—	—	(233,704)	(233,704)	(450)	—	(450)	(234,154)	
Balance at September 30, 2017	\$—	1,701	(18,048)	7,779,103	(14,141)	(1,153,153)	6,595,462	10,906	30,316	41,222	6,636,000	
Balance at December 31, 2017	\$—	1,714	(18,307)	7,873,104	(6,289)	(1,158,170)	6,692,052	10,907	30,095	41,002	6,733,000	
Adjustment due to change in accounting policy (note 1)	—	—	—	—	12	30,889	30,901	—	2	2	30,903	
Adjusted balance at January 1, 2018	—	1,714	(18,307)	7,873,104	(6,277)	(1,127,281)	6,722,953	10,907	30,097	41,004	6,763,903	
Net income	—	—	—	—	—	170,222	170,222	358	2,008	2,366	172,588	
Other comprehensive income	—	—	—	—	20,343	—	20,343	43	775	818	21,169	
Deferred compensation plan, net	—	—	(1,243)	1,229	—	—	(14)	—	—	—	(14)	
Restricted stock issued, net of amortization	—	1	—	12,307	—	—	12,308	—	—	—	12,308	
Common stock redeemed for taxes withheld for stock based compensation, net	—	—	—	(6,463)	—	—	(6,463)	—	—	—	(6,463)	
Common stock repurchased and retired	—	(21)	—	(124,968)	—	—	(124,989)	—	—	—	(124,990)	
Common stock issued under dividend reinvestment plan	—	—	—	996	—	—	996	—	—	—	996	
Common stock issued, net of issuance costs	—	—	—	10	—	—	10	—	—	—	10	

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Distributions to partners	—	—	—	—	—	—	—	(3,457)	(3,457)	(3,457)
Cash dividends declared:										
Common stock/unit (\$1.665 per share)	—	—	—	—	—	(283,272)	(283,272)	(582)	—	(582) (283,8
Balance at September 30, 2018	\$—	1,694	(19,550)	7,756,215	14,066	(1,240,331)	6,512,094	10,726	29,423	40,149 6,552,2

See accompanying notes to consolidated financial statements.

REGENCY CENTERS CORPORATION

Consolidated Statements of Cash Flows

For the nine months ended September 30, 2018 and 2017

(in thousands)

(unaudited)

	2018	2017
Cash flows from operating activities:		
Net income	\$ 172,588	93,039
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	266,812	243,757
Amortization of deferred loan costs and debt premiums	7,599	7,144
(Accretion) and amortization of above and below market lease intangibles, net	(26,031)	(18,784)
Stock-based compensation, net of capitalization	10,012	16,836
Equity in income of investments in real estate partnerships	(29,548)	(33,804)
Gain on sale of real estate, net of tax	(4,448)	(4,913)
Provision for impairment, net of tax	29,443	—
Early extinguishment of debt	11,172	12,404
Distribution of earnings from operations of investments in real estate partnerships	40,366	40,817
Loss on derivative instruments	—	51
Deferred compensation expense	1,475	2,885
Realized and unrealized gain on investments	(1,524)	(2,878)
Changes in assets and liabilities:		
Tenant and other receivables, net	(13,326)	(11,327)
Deferred leasing costs	(6,259)	(10,294)
Other assets	(6,565)	8,075
Accounts payable and other liabilities	15,100	4,908
Tenants' security, escrow deposits and prepaid rent	(2,111)	(2,490)
Net cash provided by operating activities	464,755	345,426
Cash flows from investing activities:		
Acquisition of operating real estate	(85,766)	(2,109)
Advance deposits paid on acquisition of operating real estate	(150)	(350)
Acquisition of Equity One, net of cash and restricted cash acquired of \$74,507	—	(646,790)
Real estate development and capital improvements	(174,145)	(240,827)
Proceeds from sale of real estate investments	151,142	13,323
Proceeds from (issuance of) notes receivable	15,648	(3,460)
Investments in real estate partnerships	(58,372)	(12,296)
Distributions received from investments in real estate partnerships	5,488	36,603
Dividends on investment securities	281	200
Acquisition of investment securities	(16,946)	(14,011)
Proceeds from sale of investment securities	15,639	11,974
Net cash used in investing activities	(147,181)	(857,743)
Cash flows from financing activities:		
Repurchase of common shares in conjunction with equity award plans	(6,772)	(19,251)
Common shares repurchased through share repurchase program	(124,989)	—
Proceeds from sale of treasury stock	99	100
Redemption of preferred stock and partnership units	—	(325,000)
Distributions to limited partners in consolidated partnerships, net	(3,457)	(7,031)
Distributions to exchangeable operating partnership unit holders	(582)	(450)
Dividends paid to common stockholders	(282,276)	(232,796)

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Dividends paid to preferred stockholders	—	(5,029)
Repayment of fixed rate unsecured notes	(150,000)	—
Proceeds from issuance of fixed rate unsecured notes, net	299,511	953,115
Proceeds from unsecured credit facilities	455,000	950,000
Repayment of unsecured credit facilities	(370,000)	(650,000)
Proceeds from notes payable	1,740	126,999
Repayment of notes payable	(113,037)	(232,839)
Scheduled principal payments	(7,767)	(7,452)
Payment of loan costs	(9,448)	(12,868)
Early redemption costs	(10,491)	(12,419)
Net cash (used in) provided by financing activities	(322,469)	525,079
Net (decrease) increase in cash and cash equivalents and restricted cash	(4,895)	12,762
Cash and cash equivalents and restricted cash at beginning of the period	49,381	17,879
Cash and cash equivalents and restricted cash at end of the period	\$44,486	30,641

REGENCY CENTERS CORPORATION

Consolidated Statements of Cash Flows

For the nine months ended September 30, 2018, and 2017

(in thousands)

(unaudited)

	2018	2017
Supplemental disclosure of cash flow information:		
Cash paid for interest (net of capitalized interest of \$5,820 and \$5,778 in 2018 and 2017, respectively)	\$104,210	73,273
Cash paid (received) for income taxes, net	\$4,771	(670)
Supplemental disclosure of non-cash transactions:		
Exchangeable operating partnership units issued for acquisition of real estate	\$—	13,100
Mortgage loans assumed for the acquisition of real estate	\$9,700	—
Common stock issued under dividend reinvestment plan	\$996	908
Stock-based compensation capitalized	\$2,606	2,459
Contributions from limited partners in consolidated partnerships, net	\$—	311
Common stock issued for dividend reinvestment in trust	\$627	557
Contribution of stock awards into trust	\$1,244	1,372
Distribution of stock held in trust	\$524	677
Change in fair value of debt securities available-for-sale	\$5	51
Equity One Merger:		
Notes payable assumed in Equity One merger, at fair value	\$—	757,399
Common stock exchanged for Equity One shares	\$—	4,471,808
See accompanying notes to consolidated financial statements.		

REGENCY CENTERS, L.P.

Consolidated Balance Sheets

September 30, 2018 and December 31, 2017

(in thousands, except unit data)

	2018	2017
	(unaudited)	
Assets		
Real estate investments at cost:		
Land, building and improvements	\$10,854,283	10,578,430
Properties in development	36,707	314,391
	10,890,990	10,892,821
Less: accumulated depreciation	1,474,769	1,339,771
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Acquired lease intangible assets, less accumulated amortization of \$206,378 and \$148,280 at September 30, 2018 and December 31, 2017, respectively	412,653	478,826
Other assets	427,726	427,127
Total assets	\$11,057,030	11,145,717
Liabilities and Capital		
Liabilities:		
Notes payable	\$3,008,592	2,971,715
Unsecured credit facilities	708,616	623,262
Accounts payable and other liabilities	236,250	234,272
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Tenants' security, escrow deposits and prepaid rent	43,988	46,013
Total liabilities	4,504,787	4,412,663
Commitments and contingencies	—	—
Capital:		
Partners' capital:		
General partner; 169,441,714 and 171,364,908 units outstanding at September 30, 2018 and December 31, 2017, respectively	6,498,028	6,698,341
Limited partners; 349,902 units outstanding at September 30, 2018 and December 31, 2017	10,726	10,907
Accumulated other comprehensive income (loss)	14,066	(6,289)
Total partners' capital	6,522,820	6,702,959
Noncontrolling interest: Limited partners' interests in consolidated partnerships	29,423	30,095
Total capital	6,552,243	6,733,054
Total liabilities and capital	\$11,057,030	11,145,717
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,	
	2018	2017	2018	2017
Revenues:				
Minimum rent	\$204,005	195,393	\$614,224	532,625
Percentage rent	1,224	1,147	6,292	5,509
Recoveries from tenants and other income	66,127	59,554	194,900	162,089
Management, transaction, and other fees	6,954	6,047	20,999	19,353
Total revenues	278,310	262,141	836,415	719,576
Operating expenses:				
Depreciation and amortization	89,183	91,474	266,812	243,757
Operating and maintenance	40,557	38,020	124,924	103,888
General and administrative	17,564	15,199	51,947	49,618
Real estate taxes	35,129	29,315	97,096	79,636
Other operating expenses (note 2)	2,045	3,195	6,476	81,621
Total operating expenses	184,478	177,203	547,255	558,520
Other expense (income):				
Interest expense, net	36,618	34,679	111,477	97,285
Provision for impairment, net of tax	855	—	29,443	—
Early extinguishment of debt	—	—	11,172	12,404
Net investment (income) loss, including unrealized (gains) losses of (\$484) and (\$400), and (\$842) and (\$1,705) for the three and nine months ended September 30, 2018 and 2017, respectively	(923)	(971)	(1,524)	(2,955)
Total other expense (income)	36,550	33,708	150,568	106,734
Income from operations before equity in income of investments in real estate partnerships	57,282	51,230	138,592	54,322
Equity in income of investments in real estate partnerships	10,024	12,221	29,548	33,804
Income from operations	67,306	63,451	168,140	88,126
Gain on sale of real estate, net of tax	3,228	131	4,448	4,913
Net income	70,534	63,582	172,588	93,039
Limited partners' interests in consolidated partnerships	(665)	(637)	(2,008)	(1,884)
Net income attributable to the Partnership	69,869	62,945	170,580	91,155
Preferred unit distributions and issuance costs	—	(3,147)	—	(16,128)
Net income attributable to common unit holders	\$69,869	59,798	\$170,580	75,027
Income per common unit - basic	\$0.41	0.35	\$1.00	0.48
Income per common unit - diluted	\$0.41	0.35	\$1.00	0.48
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,	
	2018	2017	2018	2017
Net income	\$70,534	63,582	\$172,588	93,039
Other comprehensive income (loss):				
Effective portion of change in fair value of derivative instruments:				
Effective portion of change in fair value of derivative instruments	2,717	(39)	16,511	(3,911)
Reclassification adjustment of derivative instruments included in net income	1,148	2,329	4,701	8,054
Unrealized gain (loss) on available-for-sale debt securities	24	8	(51)	51
Other comprehensive income	3,889	2,298	21,161	4,194
Comprehensive income	74,423	65,880	193,749	97,233
Less: comprehensive income (loss) attributable to noncontrolling interests:				
Net income attributable to noncontrolling interests	665	637	2,008	1,884
Other comprehensive income (loss) attributable to noncontrolling interests	132	—	775	(17)
Comprehensive income attributable to noncontrolling interests	797	637	2,783	1,867
Comprehensive income attributable to the Partnership	\$73,626	65,243	\$190,966	95,366
See accompanying notes to consolidated financial statements.				

REGENCY CENTERS, L.P.

Consolidated Statements of Capital

For the nine months ended September 30, 2018 and 2017

(in thousands)

(unaudited)

	General Partner Preferred and Common Units	Limited Partners	Accumulated Other Comprehensive Loss	Total Partners' Capital	Noncontrolling Interests in Limited Partners Interest in Consolidated Partnerships	Total Capital
Balance at December 31, 2016	\$2,609,647	(1,967)	(18,346)	2,589,334	35,168	2,624,502
Net income	90,938	217	—	91,155	1,884	93,039
Other comprehensive loss	—	6	4,205	4,211	(17)	4,194
Deferred compensation plan, net	(9)	—	—	(9)	—	(9)
Contributions from partners	—	13,100	—	13,100	367	13,467
Distributions to partners	(233,704)	(450)	—	(234,154)	(7,086)	(241,240)
Preferred unit distributions	(5,029)	—	—	(5,029)	—	(5,029)
Restricted units issued as a result of amortization of restricted stock issued by Parent Company	10,920	—	—	10,920	—	10,920
Redemption of preferred stock	(325,000)	—	—	(325,000)	—	(325,000)
Common units issued as a result of common stock issued by Parent Company, net of repurchases	4,453,889	—	—	4,453,889	—	4,453,889
Restricted units issued as a result of restricted stock issued by Parent Company upon Equity One merger	7,951	—	—	7,951	—	7,951
Balance at September 30, 2017	6,609,603	10,906	(14,141)	6,606,368	30,316	6,636,684
Balance at December 31, 2017	6,698,341	10,907	(6,289)	6,702,959	30,095	6,733,054
Adjustment due to change in accounting policy (note 1)	30,889	—	12	30,901	2	30,903
Adjusted balance at January 1, 2018	6,729,230	10,907	(6,277)	6,733,860	30,097	6,763,957
Net income	170,222	358	—	170,580	2,008	172,588
Other comprehensive income	—	43	20,343	20,386	775	21,161
Deferred compensation plan, net	(14)	—	—	(14)	—	(14)
Distributions to partners	(283,272)	(582)	—	(283,854)	(3,457)	(287,311)
Restricted units issued as a result of restricted stock issued by Parent Company, net of amortization	12,308	—	—	12,308	—	12,308
Common units repurchased and retired as a result of common stock repurchased and retired by Parent Company	(124,989)	—	—	(124,989)	—	(124,989)
Common units redeemed as a result of common stock redeemed by Parent Company, net of issuances	(5,457)	—	—	(5,457)	—	(5,457)
Balance at September 30, 2018	\$6,498,028	10,726	14,066	6,522,820	29,423	6,552,243

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, 2018 and 2017

(in thousands)

(unaudited)

	2018	2017
Cash flows from operating activities:		
Net income	\$ 172,588	93,039
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	266,812	243,757
Amortization of deferred loan costs and debt premiums	7,599	7,144
(Accretion) and amortization of above and below market lease intangibles, net	(26,031)	(18,784)
Stock-based compensation, net of capitalization	10,012	16,836
Equity in income of investments in real estate partnerships	(29,548)	(33,804)
Gain on sale of real estate, net of tax	(4,448)	(4,913)
Provision for impairment, net of tax	29,443	—
Early extinguishment of debt	11,172	12,404
Distribution of earnings from operations of investments in real estate partnerships	40,366	40,817
Loss on derivative instruments	—	51
Deferred compensation expense	1,475	2,885
Realized and unrealized gain on investments	(1,524)	(2,878)
Changes in assets and liabilities:		
Tenant and other receivables, net	(13,326)	(11,327)
Deferred leasing costs	(6,259)	(10,294)
Other assets	(6,565)	8,075
Accounts payable and other liabilities	15,100	4,908
Tenants' security, escrow deposits and prepaid rent	(2,111)	(2,490)
Net cash provided by operating activities	464,755	345,426
Cash flows from investing activities:		
Acquisition of operating real estate	(85,766)	(2,109)
Advance deposits paid on acquisition of operating real estate	(150)	(350)
Acquisition of Equity One, net of cash and restricted cash acquired of \$74,507	—	(646,790)
Real estate development and capital improvements	(174,145)	(240,827)
Proceeds from sale of real estate investments	151,142	13,323
Proceeds from (issuance of) notes receivable	15,648	(3,460)
Investments in real estate partnerships	(58,372)	(12,296)
Distributions received from investments in real estate partnerships	5,488	36,603
Dividends on investment securities	281	200
Acquisition of investment securities	(16,946)	(14,011)
Proceeds from sale of investment securities	15,639	11,974
Net cash used in investing activities	(147,181)	(857,743)
Cash flows from financing activities:		
Repurchase of common shares in conjunction with equity award plans	(6,772)	(19,251)
Common units repurchased through share repurchase program	(124,989)	—
Proceeds from sale of treasury stock	99	100
Redemption of preferred partnership units	—	(325,000)
Distributions to limited partners in consolidated partnerships, net	(3,457)	(7,031)
Distributions to partners	(282,858)	(233,246)
Distributions to preferred unit holders	—	(5,029)

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Repayment of fixed rate unsecured notes	(150,000)	—
Proceeds from issuance of fixed rate unsecured notes, net	299,511	953,115
Proceeds from unsecured credit facilities	455,000	950,000
Repayment of unsecured credit facilities	(370,000)	(650,000)
Proceeds from notes payable	1,740	126,999
Repayment of notes payable	(113,037)	(232,839)
Scheduled principal payments	(7,767)	(7,452)
Payment of loan costs	(9,448)	(12,868)
Early redemption costs	(10,491)	(12,419)
Net cash (used in) provided by financing activities	(322,469)	525,079
Net (decrease) increase in cash and cash equivalents and restricted cash	(4,895)	12,762
Cash and cash equivalents and restricted cash at beginning of the period	49,381	17,879
Cash and cash equivalents and restricted cash at end of the period	\$44,486	30,641

REGENCY CENTERS, L.P.

Consolidated Statements of Cash Flows

For the nine months ended September 30, 2018, and 2017

(in thousands)

(unaudited)

	2018	2017
Supplemental disclosure of cash flow information:		
Cash paid for interest (net of capitalized interest of \$5,820 and \$5,778 in 2018 and 2017, respectively)	\$104,210	73,273
Cash paid (received) for income taxes, net	\$4,771	(670)
Supplemental disclosure of non-cash transactions:		
Limited partner units issued in exchange for acquisition of real estate	\$—	13,100
Mortgage loans assumed for the acquisition of real estate	\$9,700	—
Common stock issued by Parent Company for dividend reinvestment plan	\$996	908
Stock-based compensation capitalized	\$2,606	2,459
Contributions from limited partners in consolidated partnerships, net	\$—	311
Common stock issued for dividend reinvestment in trust	\$627	557
Contribution of stock awards into trust	\$1,244	1,372
Distribution of stock held in trust	\$524	677
Change in fair value of debt securities available-for-sale	\$5	51
Equity One Merger:		
Notes payable assumed in Equity One merger, at fair value	\$—	757,399
General partner units issued to Parent Company for common stock exchanged for Equity One shares	\$—	4,471,808
See accompanying notes to consolidated financial statements.		

REGENCY CENTERS CORPORATION AND REGENCY CENTERS, L.P.

Notes to Unaudited Consolidated Financial Statements

September 30, 2018

1. Organization and Significant Accounting Policies

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 primarily engages in the ownership, management, leasing, acquisition, and development and redevelopment of shopping centers through the Operating Partnership, and has no other assets other than through its investment in the Operating Partnership, and its only liabilities are the unsecured notes assumed from the merger with Equity One, Inc. ("Equity One"), which are co-issued and guaranteed by the Operating Partnership. The Parent Company guarantees all of the unsecured debt of the Operating Partnership.

As of September 30, 2018, the Parent Company, the Operating Partnership, and their controlled subsidiaries on a consolidated basis owned 306 properties and held partial interests in an additional 120 properties through unconsolidated investments in real estate partnerships (also referred to as "joint ventures" or "investment partnerships").

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

Consolidation

The Company consolidates properties that are wholly owned and properties where it owns less than 100%, but which it controls. Control is determined using an evaluation based on accounting standards related to the consolidation of voting interest entities and variable interest entities ("VIEs"). For joint ventures that are determined to be a VIE, the Company consolidates the entity where it is deemed to be the primary beneficiary. Determination of the primary beneficiary is based on whether an entity has (1) the power to direct the activities of the VIE that most significantly impact the entity's economic performance, and (2) the obligation to absorb losses of the entity that could potentially be significant to the VIE or the right to receive benefits from the entity that could potentially be significant to the VIE. The Company's determination of the primary beneficiary considers all relationships between it and the VIE, including management agreements and other contractual arrangements.

Ownership of the Operating Partnership

The Operating Partnership's capital includes general and limited common Partnership Units. As of September 30, 2018, the Parent Company owned approximately 99.8% of the outstanding common Partnership Units of the Operating Partnership with the remaining limited common Partnership Units held by third parties ("Exchangeable operating partnership units" or "EOP units"). The EOP units are exchangeable for one share of common stock of the Parent Company and the unit holder cannot require redemption in cash or other assets. The Parent Company classifies EOP units as permanent equity in the accompanying Consolidated Balance Sheets and Consolidated Statements of Equity and Comprehensive Income. The Parent Company serves as general partner of the Operating Partnership. The EOP unit holders have limited rights over the Operating Partnership such that they do not have the power to direct the activities of the Operating Partnership. As such, the Operating Partnership is considered a VIE, and the Parent Company, which consolidates it, is the primary beneficiary. The Parent Company's only investment is the Operating Partnership. Net income and distributions of the Operating Partnership are allocable to the general and limited common Partnership Units in accordance with their ownership percentages.

Real Estate Partnerships

As of September 30, 2018, Regency had a partial ownership interest in 131 properties through partnerships, of which 11 are consolidated. Regency's partners include institutional investors, other real estate developers and/or operators, and individual parties who had a role in Regency sourcing transactions for development and investment (the "Partners" or "limited partners"). Regency has a variable interest in these entities through its equity interests. As managing member, Regency maintains the books and records and typically provides leasing and property management to the partnerships. The partners' level of involvement varies from protective decisions (debt, bankruptcy, selling

primary asset(s) of the business) to involvement in approving leases, operating budgets, and capital budgets.

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REGENCY CENTERS CORPORATION AND REGENCY CENTERS, L.P.

Notes to Unaudited Consolidated Financial Statements

September 30, 2018

Those partnerships for which the Partners only have protective rights are considered VIEs under ASC 810, Consolidation. Regency is the primary beneficiary of these VIEs as Regency has power over these partnerships and they operate primarily for the benefit of Regency. As such, Regency consolidates these entities and reports the limited partners' interest as noncontrolling interests.

The majority of the operations of the VIEs are funded with cash flows generated by the properties, or in the case of developments, with capital contributions or third party construction loans. Regency does not provide financial support to the VIEs.

Those partnerships for which the partners are involved in the day to day decisions and do not have any other aspects that would cause them to be considered VIEs, are evaluated for consolidation using the voting interest model.

Those partnerships in which Regency has a controlling financial interest are consolidated; and the limited partners' ownership interest and share of net income is recorded as noncontrolling interest.

Those partnerships in which Regency does not have a controlling financial interest are accounted for using the equity method, and its ownership interest is recognized through single-line presentation as Investments in real estate partnerships in the Consolidated Balance Sheets, and Equity in income of investments in real estate partnerships in the Consolidated Statements of Operations. Cash distributions of earnings from operations from investments in real estate partnerships are presented in cash flows provided by operating activities in the accompanying Consolidated Statements of Cash Flows. Cash distributions from the sale of a property or loan proceeds received from the placement of debt on a property included in investments in real estate partnerships are presented in cash flows provided by investing activities in the accompanying Consolidated Statements of Cash Flows. Distributed proceeds from debt refinancing and real estate sales in excess of Regency's carrying value of its investment has resulted in a negative investment balance for one partnership, which is recorded within accounts payable and other liabilities in the Consolidated Balance Sheets.

The net difference in the carrying amount of investments in real estate partnerships and the underlying equity in net assets is accreted to income and recorded in equity in income of investments in real estate partnerships in the accompanying Consolidated Statements of Operations over the expected useful lives of the properties and other intangible assets, which range from 10 to 40 years.

The assets of these partnerships are restricted to the use of the partnerships and cannot be used by general creditors of the Company. And similarly, the obligations of the partnerships can only be settled by the assets of these partnerships. The major classes of assets, liabilities, and non-controlling equity interests held by the Company's consolidated VIEs, exclusive of the Operating Partnership as a whole, are as follows:

(in thousands)	September 30, December 31,	
	2018	2017
Assets		
Net real estate investments	\$ 163,283	172,736
Cash and cash equivalents	4,635	4,993
Liabilities		
Notes payable	18,403	16,551
Equity		
Limited partners' interests in consolidated partnerships	17,263	17,572

REGENCY CENTERS CORPORATION AND REGENCY CENTERS, L.P.

Notes to Unaudited Consolidated Financial Statements

September 30, 2018

Revenues and Tenant and Other Receivables

On January 1, 2018, the Company adopted the new accounting guidance for revenue recognition (Topic 606 Revenue from Contracts with Customers, "Topic 606"), as discussed further in the section below, Recent Accounting Pronouncements. Upon adoption of the new standard, certain of the Company's significant accounting policies subject to Topic 606 have been updated.

The Company adopted Topic 606 using a modified retrospective approach and applied the transition practical expedients allowed by the standard. Additionally, the Company applied the practical expedient related to the remaining performance obligations, because all of its performance obligations are satisfied at a point in time, are part of a contract that has an original expected duration of one year or less, or are considered to be a series of performance obligations where variable consideration is allocated entirely to a wholly unsatisfied distinct day of service that forms part of the series, such that the Company does not need to estimate variable consideration to recognize revenue. Subsequent to the adoption of Topic 606, the Company recognizes revenue when or as control of the promised services are transferred to its customers, in an amount that reflects the consideration the Company expects to be entitled to in exchange for those services. The following is a description of the Company's revenue from contracts with customers which is in the scope of Topic 606.

Property and Asset Management Services

The Company is engaged under agreements with its joint venture partnerships, which are generally perpetual in nature and cancellable through unanimous partner approval, absent an event of default. Under these agreements, the Company is to provide asset management, property management, and leasing services for the joint ventures' shopping centers. The fees are market-based, generally calculated as a percentage of either revenues earned or the estimated values of the properties managed or the proceeds received, and are recognized over the monthly or quarterly periods as services are rendered. Property management and asset management services represent a series of distinct daily services. Accordingly, the Company satisfies its performance obligation as service is rendered each day and the variability associated with that compensation is resolved each day. Amounts due from the partnerships for such services are paid during the month following the monthly or quarterly service periods.

Several of the Company's partnership agreements provide for incentive payments, generally referred to as "promotes" or "earnouts," to Regency for appreciation in property values in Regency's capacity as manager. The terms of these promotes are based on appreciation in real estate value over designated time intervals. The Company evaluates its expected promote payout at each reporting period, which generally does not result in revenue recognition until the measurement period has completed, when the amount can be reasonably determined and the amount is not probable of significant reversal. The Company did not recognize any promote revenue during the nine months ended September 30, 2018 or 2017.

Leasing Services

Leasing service fees are based on a percentage of the total rent due under the lease. The leasing service is considered performed upon successful execution of an acceptable tenant lease for the joint ventures' shopping centers, at which time revenue is recognized. Payment of the first half of the fee is generally due upon lease execution and the second half is generally due upon tenant opening or rent payments commencing.

Transaction Services

The Company also receives transaction fees, as contractually agreed upon with each joint venture, which include acquisition fees, disposition fees, and financing service fees. Control of these services is generally transferred at the time the related transaction closes, which is the point in time when the Company recognizes the related fee revenue. Any unpaid amounts related to transaction-based fees are included in Accounts receivable.

REGENCY CENTERS CORPORATION AND REGENCY CENTERS, L.P.

Notes to Unaudited Consolidated Financial Statements

September 30, 2018

All income from contracts with the Company's real estate partnerships is included within Management, transaction and other fees on the Consolidated Statements of Operations, as follows:

		Three months ended		Nine months ended	
		September 30,		September 30,	
(in thousands)	Timing of satisfaction of performance obligations	2018	2017	2018	2017
Property management services	Over time	\$3,588	3,446	\$11,008	10,452
Asset management services	Over time	1,840	1,762	5,347	5,314
Leasing services	Point in time	969	669	2,726	2,285
Other transaction fees	Point in time	557	170	1,918	1,302
Total management, transaction, and other fees		\$6,954	6,047	\$20,999	19,353

The accounts receivable for management services, which are included within Tenant and other receivables in the accompanying Consolidated Balance Sheets, are \$10.1 million and \$8.7 million, as of September 30, 2018 and December 31, 2017, respectively.

Real Estate Sales

On January 1, 2018, the Company adopted the new accounting guidance for sales of nonfinancial assets ("Subtopic 610-20"), as discussed further in the section below, Recent Accounting Pronouncements. Upon adoption of the new standard, the Company's accounting policy for real estate sales subject to Subtopic 610-20 has been updated. The Company now derecognizes real estate and recognizes a gain or loss on sales of real estate when a contract exists and control of the property has transferred to the buyer. Control of the property, including controlling financial interest, is generally considered to transfer upon closing through transfer of the legal title and possession of the property. Any retained non-controlling interest is measured at fair value. This change in accounting policy resulted in the recognition, through opening retained earnings on January 1, 2018, of \$30.9 million of previously deferred gains from property sales to the Company's Investments in real estate partnerships.

Goodwill

Goodwill represents the excess of the purchase price consideration for the Equity One merger over the fair value of the assets acquired and liabilities assumed, which amount reflects expected synergies from combining Regency's and Equity One's operations and the deferred tax liability at one of the acquired taxable REIT subsidiaries. The Company accounts for goodwill in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 350, Intangibles - Goodwill and Other, and allocates its goodwill to its reporting units, which have been determined to be at the individual property level. The Company performs an impairment evaluation of its goodwill at least annually, in November of each year, or more frequently as triggers occur.

The goodwill impairment evaluation may be completed through a qualitative or quantitative approach. Under a qualitative approach, the impairment review for goodwill consists of an assessment of whether it is more-likely-than-not that the reporting unit's fair value is less than its carrying value, including goodwill. If a qualitative approach indicates it is more likely-than-not that the estimated carrying value of a reporting unit (including goodwill) exceeds its fair value, or if the Company chooses to bypass the qualitative approach for any reporting unit, the Company will perform the quantitative approach described below.

The quantitative approach consists of estimating the fair value of each reporting unit using discounted projected future cash flows and comparing those estimated fair values with the carrying values, which include the allocated goodwill. If the estimated fair value is less than the carrying value, the Company would then recognize a goodwill impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value, not to exceed the total amount of goodwill allocated to that reporting unit.

REGENCY CENTERS CORPORATION AND REGENCY CENTERS, L.P.

Notes to Unaudited Consolidated Financial Statements

September 30, 2018

Recent Accounting Pronouncements

The following table provides a brief description of recent accounting pronouncements and expected impact on our financial statements:

Standard	Description	Date of adoption	Effect on the financial statements or other significant matters
Recently adopted:			
Accounting Standards Update ("ASU") 2017-12, August 2017, Targeted Improvements to Accounting for Hedging Activities	This ASU provides updated guidance to better align a company's financial reporting for hedging activities with the economic objectives of those activities. The adoption method requires the Company to recognize the cumulative effect of initially applying the ASU as an adjustment to accumulated other comprehensive income with a corresponding adjustment to the opening balance of retained earnings as of the beginning of the fiscal year that an entity adopts the update.	January 2018	The Company adopted this ASU using a modified retrospective transition method, which resulted in an immaterial adjustment to opening retained earnings and accumulated other comprehensive income for previously recognized hedge ineffectiveness from off-market hedges.
ASU 2016-01, January 2016, Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities	This ASU amends the guidance to classify equity securities with readily-determinable fair values into different categories and requires equity securities to be measured at fair value with changes in the fair value recognized through net income. Equity investments accounted for under the equity method are not included in the scope of this amendment.	January 2018	The Company's adoption of this standard did not have a significant impact on its results of operations, financial condition or cash flows as the company has an insignificant amount of equity securities within the scope of this standard. The adoption resulted in reduced disclosure requirements around methodology and significant assumptions used in fair value measurements.
ASU 2016-15, August 2016, Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments	This ASU makes eight targeted changes to how cash receipts and cash payments are presented and classified in the statement of cash flows.	January 2018	The adoption of this ASU did not result in a change to the Company's Consolidated Statements of Cash Flows.
ASU 2016-18, November 2016, Statement of Cash Flows (Topic 230): Restricted Cash	This ASU requires entities to show the changes in the total of cash, cash equivalents, restricted cash, and restricted cash equivalents in the statement of cash flows. The amendments in this ASU are	January 2018	The adoption of this ASU resulted in a change to the classification and presentation of changes in restricted cash on its cash flow statement, which was not material.

applied using a retrospective transition method to each period presented.

There was no change to the Company's financial condition or results of operations as a result of adopting this ASU.

Upon adoption, and for the nine months ended September 30, 2017, net cash provided by operating activities increased by \$1.6 million and net cash used in investing activities decreased by \$1.0 million, with a corresponding increase in cash and cash equivalents and restricted cash within the Consolidated Statements of Cash Flows.

REGENCY CENTERS CORPORATION AND REGENCY CENTERS, L.P.

Notes to Unaudited Consolidated Financial Statements

September 30, 2018

Standard	Description	Date of adoption	Effect on the financial statements or other significant matters
ASU 2017-05, February 2017, Clarifying the Scope of Asset Derecognition Guidance and Accounting for Partial Sales of Nonfinancial Assets (Subtopic 610-20)	<p>ASU 2017-05 clarifies that ASC 610-20 applies to all nonfinancial assets (including real estate) for which the counterparty is not a customer and requires an entity to derecognize a nonfinancial asset in a partial sale transaction when it ceases to have a controlling financial interest in the asset and has transferred control of the asset. Once an entity transfers control of the nonfinancial asset, the entity is required to measure any non-controlling interest it receives or retains at fair value.</p> <p>Under the current guidance, a partial sale is recognized and carryover basis is used for the retained interest resulting in only partial gain recognition by the entity, however, the new guidance eliminates the use of carryover basis and generally requires the full gain be recognized.</p>	January 2018	<p>Sales of real estate assets are now accounted for under Subtopic 610-20, which provides for revenue recognition based on transfer of control.</p> <p>For normal arms length property sales to unrelated parties, where Regency has no retained interest in the property, the Company will continue to recognize the full gain or loss upon transfer of control. For property sales in which Regency retains a noncontrolling interest in the property, fair value recognition for the retained noncontrolling interest is now required, which will result in full gain recognition upon loss of control.</p> <p>The Company applied the modified retrospective adoption method, and on January 1, 2018, recognized through opening retained earnings \$30.9 million of previously deferred gains from property sales to entities in which Regency had continuing involvement, resulting in a corresponding increase to the value of the Company's investment in those partnerships.</p>

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Standard	Description	Date of adoption	Effect on the financial statements or other significant matters
Revenue from Contracts with Customers (Topic 606) and related updates:	In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers ("Topic 606"). The objective of Topic 606 is to establish a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. It supersedes most of the existing revenue guidance, including industry-specific guidance. The core principal of this new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.	January 2018	The Company utilized the modified retrospective method of adoption, applying the standard to only 2018, and not restating prior periods presented in future financial statements.
ASU 2014-09, May 2014, Revenue from Contracts with Customers (Topic 606)	In applying Topic 606, companies will perform a five-step analysis of transactions to determine when and how revenue is recognized.		The majority of the Company's revenue originates from lease contracts and will be subject to Topic 842 to be adopted in January 2019.
ASU 2016-08, March 2016, Revenue from Contracts with Customers (Topic 606): Principal versus Agent Considerations	Topic 606 applies to all contracts with customers except those that are within the scope of other topics in the FASB's accounting standards codification. As a result, Topic 606 does not apply to revenue from lease contracts. The Company's lease contracts will be subject to Topic 842, in January 2019.		Beyond revenue from lease contracts, the Company's primary revenue stream subject to Topic 606 is Management, transaction, and other fees from the Company's real estate partnerships, primarily in the form of property management services, asset management services, and leasing services. The Company evaluated all partnership service relationships and did not identify any changes in the timing or amount of revenue recognition from these revenue streams.
ASU 2016-10, April 2016, Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing			
ASU 2016-12, May 2016, Revenue from Contracts with Customers (Topic 606): Narrow-Scope Improvements and Practical Expedients			The adoption of Topic 606 resulted in additional disclosures to enable users of financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.
ASU 2016-19, December 2016, Technical Corrections and Improvements			
ASU 2016-20,			

December 2016,
Technical
Corrections and
Improvements to
Topic 606 Revenue
from Contracts With
Customers

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Standard	Description	Date of adoption	Effect on the financial statements or other significant matters
Not yet adopted:			
Leases (Topic 842) and related updates:	Topic 842 amends the existing accounting standards for lease accounting, including requiring lessees to recognize most leases on their balance sheets. It also makes targeted changes to lessor accounting.		
ASU 2016-02, February 2016, Leases (Topic 842)			
ASU 2018-10, July 2018: Codification Improvements to Topic 842, Leases	The provisions of these ASUs are effective as of January 1, 2019, with early adoption permitted. Topic 842 provides a modified retrospective transition approach for all leases existing at, or entered into after, the date of initial application, with an option to use certain transition relief or an additional transition method, allowing for initial application at the date of adoption and a cumulative-effect adjustment to opening retained earnings.	January 2019	The Company continues to evaluate the impact this standard will have on its financial statements and related disclosures. Based on adoption and implementation efforts to date, management has identified expected changes from the new standard from its perspective as both a lessee and a lessor, as noted below:
ASU 2018-11, July 2018, Leases (Topic 842): Targeted Improvements			
	<p>Lessee Accounting:</p> <p>The new standard establishes a right-of-use model ("ROU") that requires a lessee to recognize a ROU asset and lease liability on the balance sheet for all leases with a term longer than 12 months. Leases will be classified as finance or operating, with classification affecting the pattern and classification of expense recognition in the income statement.</p> <p>An entity may choose to use either (1) its effective date or (2) the beginning of the earliest comparable period presented in the financial statements as its date of initial application.</p> <p>The new standard provides a number of optional practical expedients in transition. The Company expects to elect</p>		<p>The Company has ground lease agreements in which the Company is the lessee for land beneath all or a portion of the buildings at certain consolidated shopping centers. The Company also has office leases for its headquarters and field offices.</p> <p>Based on current estimates, which include interest rate assumptions subject to change, the Company anticipates recognizing operating lease liabilities for its ground and office leases, with a corresponding ROU asset, of less than 5% of total assets. For these existing operating leases, the Company will continue to recognize a single lease expense for its existing ground and office operating leases, currently included in Operating and maintenance expenses and General and administrative expenses, respectively, in the Consolidated Statements of Operations.</p>

the “package of practical expedients”, which allows the Company not to reassess under the new standard prior conclusions about lease identification, lease classification, and initial direct costs.

The new standard will also provide significant new disclosures about the Company’s leasing activities.

Future ground leases entered into or acquired subsequent to the adoption date may be classified as operating or finance leases, based on specific classification criteria. Finance leases would result in a slightly accelerated impact to earnings, using the effective interest method, and different classification of the expense.

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Standard	Description	Date of adoption	Effect on the financial statements or other significant matters
Topic 842, Leases (continued)	<p>Lessor Accounting</p> <p>Topic 842 requires lessors to classify leases as a sales-type, direct financing, or operating lease. A lease is a sales-type lease if any one of five criteria are met, each of which indicate that the lease, in effect, transfers control of the underlying asset to the lessee. If none of those five criteria are met, but two additional criteria are met, indicating that the lessor has transferred substantially all the risks and benefits of the underlying asset to the lessee and a third party, the lease is a direct financing lease. All leases that are not sales-type or direct financing leases are operating leases.</p> <p>The new standard also includes a change to the treatment of internal leasing costs and legal costs, which can no longer be capitalized. Only incremental costs of a lease that would not have been incurred if the lease had not been obtained may be deferred as initial direct costs.</p> <p>Additionally, the new standard requires lessors to allocate the consideration in a contract between the lease component (right to use an underlying asset) and non-lease component (transfer of a good or service that is not a lease). However, lessors are provided with a practical expedient, elected by class of underlying asset, to account for lease and non-lease components of a contract as a single lease component if certain criteria are met. Lessors that make these elections will be required to provide additional disclosures.</p>		<p>The Company's existing leases will continue to be classified as operating leases. Leases entered into after the effective date of the new standard may be classified as operating or sales-type leases, based on specific classification criteria. Operating leases will continue to have a similar pattern of recognition as under current GAAP. Sales-type lease accounting, however, will result in the recognition of selling-profit at lease commencement, with interest income recognized over the life of the lease. Capitalization of indirect internal leasing costs and legal costs will no longer be permitted upon the adoption of this standard, which will result in an increase in Total operating expenses in the Consolidated Statements of Operations in the period of adoption and prospectively.</p> <p>Previous capitalization of internal leasing costs was \$4.9 million and \$10.4 million during the nine months ended September 30, 2018 and the year ended December 31, 2017, respectively.</p> <p>Previous capitalization of legal costs was \$1.2 million during both the nine months ended September 30, 2018 and the year ended December 31, 2017, including our pro rata share recognized through Equity in income of investments in real estate partnerships.</p> <p>The terms of the Company's leases generally provide that the Company is entitled to receive reimbursements from tenants for operating expenses such as real estate taxes, insurance and common area maintenance ("CAM"), in addition to the base rental payments for use of the underlying asset (e.g. unit of the shopping center). Under the new standard, CAM is considered a non-lease component of a lease contract, which would be accounted for under Topic 606. However, the Company expects to apply the practical expedient to account for its lease and non-lease components as a single, combined operating lease component. While the timing of recognition should remain the same, the Company expects to no longer present Minimum rent and Recoveries from tenants separately in our</p>

Consolidated Statements of Operations beginning
January 1, 2019.

The Company will continue its evaluation of the
accounting standard, additional impacts of adoption,
and changes in presentation and disclosure
requirements.

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Standard	Description	Date of adoption	Effect on the financial statements or other significant matters
ASU 2018-15, August 2018, Intangibles - Goodwill and Other - Internal-Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract	The amendments in this ASU align the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software (and hosting arrangements that include an internal-use software license). The ASU provides further clarification of the appropriate presentation of capitalized costs, the period over which to recognize the expense, the presentation within the Statements of Operations and Statements of Cash Flows, and the disclosure requirements.	January 2020	The Company is currently evaluating the accounting standard, but does not expect the adoption to have a material impact on its financial position, results of operations, or cash flows.
	Early adoption of the standard is permitted.		
ASU 2016-13, June 2016, Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments	This ASU replaces the incurred loss impairment methodology in current GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. This ASU also applies to how the Company determines its allowance for doubtful accounts on tenant receivables.	January 2020	The Company is evaluating the alternative methods of adoption and the impact it will have on its financial statements and related disclosures.
ASU 2018-13, August 2018, Fair Value Measurements (Topic 820): Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement	This ASU modifies the disclosure requirements for fair value measurements within the scope of Topic 820, Fair Value Measurement, including the removal and modification of certain existing disclosures, and the addition of new disclosures.	January 2020	The Company is currently evaluating the impact of adopting this new accounting standard, which is expected to only impact fair value measurement disclosures and therefore should have no impact on the Company's financial position, results of operations, or cash flows.

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2. Real Estate Investments

The following table details the components of Land, building and improvements in the Consolidated Balance Sheets:

(in thousands)	September 30, 2018	December 31, 2017
Land	\$4,215,399	4,235,032
Land improvements	626,787	556,140
Buildings	5,126,219	4,999,378
Building and tenant improvements	885,878	787,880
Total Land, building and improvements	\$10,854,283	10,578,430

Acquisitions

The following table details the shopping centers acquired or land acquired or leased for development:

(in thousands)	Nine months ended September 30, 2018							
Date Purchased	Property Name	City/State	Property Type	Ownership	Purchase Price	Debt Assumed, Net of Premiums	Intangible Assets	Intangible Liabilities
1/2/18	Ballard Blocks I	Seattle, WA	Operating	49.9%	\$54,500	—	3,668	2,350
1/2/18	Ballard Blocks II	Seattle, WA	Development	49.9%	4,000	—	—	—
1/5/18	The District at Metuchen	Metuchen, NJ	Operating	20%	33,830	—	3,147	1,905
1/10/18	Hewlett Crossing I & II	Hewlett, NY	Operating	100%	30,900	9,700	3,114	1,868
4/3/2018	Rivertowns Square	Dobbs Ferry, NY	Operating	100%	68,933	—	4,993	5,554
5/18/2018	Crossroads Commons II	Boulder, CO	Operating	20%	10,500	—	447	769
9/7/2018	Ridgewood Shopping Center	Raleigh, NC	Operating	20%	45,800	10,233	3,372	2,278
Total property acquisitions					\$248,463	19,933	18,741	14,724

(in thousands) Nine months ended September 30, 2017

Date Purchased	Property Name	City/State	Property Type	Ownership	Purchase Price	Debt Assumed, Net of Premiums	Intangible Assets	Intangible Liabilities
3/6/17	The Field at Commonwealth	Chantilly, VA	Development	100%	\$9,500	—	—	—
3/8/17	Pinecrest Place ⁽¹⁾	Miami, FL	Development	100%	—	—	—	—
4/13/17	Mellody Farm ⁽²⁾	Chicago, IL	Development	100%	26,200	—	—	—
6/28/17	Concord outparcel ⁽³⁾	Miami, FL	Operating	100%	350	—	—	—
7/20/17	Aventura Square outparcel ⁽⁴⁾	Miami, FL	Operating	100%	1,750	—	90	9
Total property acquisitions					\$37,800	—	90	9

- (1) The Company leased 10.67 acres for a ground up development.
- (2) The Operating Partnership issued 195,732 partnership units valued at \$13.1 million as partial consideration for the purchase.
- (3) The Company purchased a 0.67 acre vacant outparcel adjacent to the Company's existing operating Concord Shopping Plaza.
- (4) The Company purchased a 0.06 acre outparcel improved with a leased building adjacent to the Company's existing operating Aventura Square shopping center.

Equity One Merger

General

On March 1, 2017, Regency completed its merger with Equity One, a NYSE listed shopping center company, whereby Equity One merged with and into Regency, with Regency continuing as the surviving public company. Under the terms of the Merger Agreement, each Equity One stockholder received 0.45 of a newly issued share of Regency

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common stock for each share of Equity One common stock owned immediately prior to the effective time of the merger resulting in approximately 65.5 million Regency common shares being issued to effect the merger.

The following table provides the components that made up the total purchase price for the Equity One merger:

(in thousands, except stock price)	Purchase Price
Shares of common stock issued for merger	65,379
Closing stock price on March 1, 2017	\$68.40
Value of common stock issued for merger	\$4,471,808
Other cash payments	721,297
Total purchase price	\$5,193,105

As part of the merger, Regency acquired 121 properties, including 8 properties held through co-investment partnerships. The consolidated net assets and results of operations of Equity One are included in the consolidated financial statements from the closing date, March 1, 2017.

Final Purchase Price Allocation of Merger

The Equity One merger has been accounted for using the acquisition method of accounting in accordance with ASC 805, Business Combinations, which requires, among other things, that the assets acquired and liabilities assumed be recognized at their acquisition date fair values, and allows a measurement period, not to exceed one year from the acquisition date, to finalize the acquisition date fair values.

The acquired assets and assumed liabilities of an acquired operating property generally include, but are not limited to: land, buildings and improvements, identified tangible and intangible assets and liabilities associated with in-place leases, including tenant improvements, leasing costs, value of above-market and below-market leases, and value of acquired in-place leases. This methodology requires estimating an “as-if vacant” fair value of the physical property, which includes land, building, and improvements and also determining the estimated fair value of identifiable intangible assets and liabilities, considering the following categories: (i) value of in-place leases, and (ii) above and below-market value of in-place leases, and deferred taxes related to the book tax difference created through purchase accounting. The excess of the purchase price consideration over the fair value of assets acquired and liabilities assumed results in goodwill in the business combination, which reflects expected synergies from combining Regency's and Equity One's operations and the deferred tax liability at one of the acquired taxable REIT subsidiaries. The goodwill is not deductible for tax purposes.

The fair value of the acquired operating properties is based on a valuation prepared by Regency with assistance of a third party valuation specialist. The third party used stabilized Net Operating Income (“NOI”) and market specific capitalization and discount rates as the primary inputs in determining the fair value of the real estate assets.

Management reviewed the inputs used by the third party specialist as well as the allocation of the purchase price to ensure reasonableness and that the procedures were performed in accordance with management's policy. Management and the third party valuation specialist have prepared their fair value estimates for each of the operating properties acquired, and completed the purchase price allocation during the measurement period.

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The following table summarizes the final purchase price allocation based on the Company's valuation, including estimates and assumptions of the acquisition date fair value of the tangible and intangible assets acquired and liabilities assumed:

(in thousands)	Final Purchase Price Allocation
Land	\$2,865,053
Building and improvements	2,619,163
Properties in development	68,744
Properties held for sale	19,600
Investments in unconsolidated real estate partnerships	99,666
Real estate assets	5,672,226
Cash, accounts receivable and other assets	112,909
Intangible assets	458,877
Goodwill	332,384
Total assets acquired	6,576,396
Notes payable	757,399
Accounts payable, accrued expenses, and other liabilities	122,217
Lease intangible liabilities	503,675
Total liabilities assumed	1,383,291
Total purchase price	\$5,193,105

The following table details the weighted average amortization and net accretion periods, in years, of the major classes of intangible assets and intangible liabilities arising from the Equity One merger:

(in years)	Weighted Average Amortization / Accretion Period
Assets:	
In-place leases	10.8
Above-market leases	7.8
Below-market ground leases	55.3
Liabilities:	
Below-market leases	24.9

Pro forma Information

The following unaudited pro forma financial data includes the incremental revenues, operating expenses, depreciation and amortization, and costs of the Equity One acquisition as if it had occurred on January 1, 2016:

	Three months ended September 30, 2017	Nine months ended September 30, 2017
(in thousands, except per share data)		
Total revenues	\$ 262,708	\$ 788,345
Income from operations ⁽¹⁾	63,537	190,112
Net income attributable to common stockholders ⁽¹⁾	59,621	171,795
Income per common share - basic	0.35	1.01
Income per common share - diluted	0.35	1.01

⁽¹⁾ The pro forma earnings for the three and nine months ended September 30, 2017, were adjusted to exclude \$1.2 million and \$98.5 million of merger

costs, respectively, as if they had occurred in 2016.

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The pro forma financial data is not necessarily indicative of what the actual results of operations would have been assuming the transaction had been completed as set forth above, nor does it purport to represent the results of operations for future periods.

3. Property Dispositions

Dispositions

The following table provides a summary of consolidated shopping centers and land parcels disposed of during the periods set forth below:

	Three months ended September 30,		Nine months ended September 30,	
(in thousands, except number sold data)	2018	2017	2018	2017
Net proceeds from sale of real estate investments	\$108,634	167	\$151,142	15,397
Gain on sale of real estate, net of tax	\$3,228	131	\$4,448	4,913
Provision for impairment of real estate sold	\$855	—	\$29,443	—
Number of operating properties sold	3	—	7	1
Number of land parcels sold	3	—	6	7
Percent interest sold	100	% —	% 100	% 100

At September 30, 2018, the Company also had three properties classified as Properties held for sale on the Consolidated Balance Sheets, which have sold or are expected to sell subsequent to September 30, 2018.

4. Other Assets

The following table represents the components of Other assets in the accompanying Consolidated Balance Sheets:

(in thousands)	September 30, December 31,	
	2018	2017
Goodwill	\$ 318,710	331,884
Investments	44,014	41,636
Prepaid and other	24,093	30,332
Derivative assets	26,802	14,515
Furniture, fixtures, and equipment, net	6,715	6,123
Deferred financing costs, net	7,392	2,637
Total other assets	\$ 427,726	427,127

The following table presents the goodwill balances and activity during the year to date periods ended:

(in thousands)	September 30, 2018	December 31, 2017
Beginning of year balance	\$ 331,884	—
Goodwill resulting from Equity One merger	500	331,884
Goodwill allocated to Gain on sale of real estate	(2,525)) —
Goodwill allocated to Provision for impairment	(9,220)) —
Goodwill allocated to properties held for sale	(1,929)) —
End of period balance	\$ 318,710	331,884

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During the nine months ended September 30, 2018, the Company recognized a \$29.4 million provision for impairment, net of tax, on five operating properties that sold during the year, including \$9.2 million of goodwill. As the Company identifies properties ("reporting units") that no longer meet its investment criteria, it will evaluate the property for potential sale. A decision to sell a reporting unit results in the need to evaluate its goodwill for recoverability and may result in impairment. If events occur that trigger an impairment evaluation at multiple reporting units, a goodwill impairment may or may not be significant.

5. Notes Payable and Unsecured Credit Facilities

The Company's outstanding debt consisted of the following:

(in thousands)	Weighted Average Contractual Rate	Weighted Average Effective Rate	September 30, 2018	December 31, 2017
Notes payable:				
Fixed rate mortgage loans	4.8%	4.3%	\$ 406,072	520,193
Variable rate mortgage loans	3.3%	3.6%	127,796	(1) 125,866
Fixed rate unsecured public and private debt	4.0%	4.4%	2,474,724	2,325,656
Total notes payable			3,008,592	2,971,715
Unsecured credit facilities:				
Line of Credit (the "Line") (2)	2.9%	3.1%	145,000	60,000
Term loans	2.4%	2.5%	563,616	563,262
Total unsecured credit facilities			708,616	623,262
Total debt outstanding			\$ 3,717,208	3,594,977

(1) Includes five mortgages whose interest rates vary on LIBOR based formulas. Three of these variable rate loans have interest rate swaps in place to fix the interest rates at a range of 2.8% to 4.1%.

(2) Weighted average effective and contractual rate for the Line is calculated based on a fully drawn Line balance.

Significant financing activity during 2018 includes:

On March 9, 2018, the Company received proceeds from issuing \$300.0 million of 4.125% senior unsecured public notes, which priced at 99.837% and mature in March 2028. \$60.0 million of the proceeds were used to repay our Line and \$163.2 million was used to early redeem, on April 2, 2018, the \$150.0 million 6% senior unsecured public notes originally due June 2020, including accrued and unpaid interest through the redemption date and a make-whole amount. The remainder of the proceeds were used to repay 2018 mortgage maturities and for general corporate purposes.

On March 26, 2018, the Company amended and restated its unsecured revolving credit facility (the "Line"). The amendment and restatement increases the size of the Line to \$1.25 billion from \$1.0 billion and extends the maturity date to March 23, 2022, with options to extend the maturity for two additional six-month periods. Borrowings will bear interest at an annual rate of LIBOR plus 87.5 basis points, subject to the Company's credit ratings, compared to a rate of 92.5 basis points under its previous facility. An annual facility fee of 15 basis points, subject to the Company's credit ratings, applies to the Line.

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Notes to Unaudited Consolidated Financial Statements

September 30, 2018

As of September 30, 2018, scheduled principal payments and maturities on notes payable and unsecured credit facilities were as follows:

Scheduled Principal Payments and Maturities by Year:	September 30, 2018			Total
	Scheduled Principal Payments	Mortgage Loan Maturities	Unsecured Maturities ⁽¹⁾	
2018	\$2,196	—	—	2,196
2019	9,519	13,216	—	22,735
2020	11,287	78,580	300,000	389,867
2021	11,600	77,060	250,000	338,660
2022	11,799	5,848	710,000	727,647
Beyond 5 Years	37,056	269,217	1,950,000	2,256,273
Unamortized debt premium/(discount) and issuance costs	—	6,490	(26,660)	(20,170)
Total	\$83,457	450,411	3,183,340	3,717,208

⁽¹⁾ Includes unsecured public and private debt and unsecured credit facilities.

The Company has \$13.2 million of mortgage loans maturing through 2019, which it currently intends to repay if wholly owned, or refinance if held within a consolidated real estate investment partnership. The Company has sufficient capacity on its Line to repay this maturing debt, all of which is in the form of non-recourse mortgage loans. The Company was in compliance as of September 30, 2018 with the financial and other covenants under its unsecured public and private placement debt and unsecured credit facilities.

6. Derivative Financial Instruments

The Company may use derivative financial instruments, including interest rate swaps, caps, options, floors, and other interest rate derivative contracts, to hedge all or a portion of the interest rate risk associated with its borrowings. The principal objective of such arrangements is to minimize the risks and/or costs associated with the Company's operating and financial structure as well as to hedge specific anticipated transactions. The Company does not intend to utilize derivatives for speculative or other purposes other than interest rate risk management. The use of derivative financial instruments carries certain risks, including the risk that the counterparties to these contractual arrangements are not able to perform under the agreements. To mitigate this risk, the Company only enters into derivative financial instruments with counterparties with high credit ratings and with major financial institutions with which the Company and its affiliates may also have other financial relationships. The Company does not anticipate that any of the counterparties will fail to meet their obligations.

The Company's objectives in using interest rate derivatives are to add stability to interest expense and to manage its exposure to interest rate movements. To accomplish this objective, the Company primarily uses interest rate swaps as part of its interest rate risk management strategy. Interest rate swaps designated as cash flow hedges involve the receipt of variable-rate amounts from a counterparty in exchange for the Company making fixed-rate payments over the life of the agreements without exchange of the underlying notional amount.

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The following table summarizes the terms and fair values of the Company's derivative financial instruments, as well as their classification on the Consolidated Balance Sheets:

(in thousands)						Fair Value	
Effective Date	Maturity Date	Notional Amount	Counterparty Pays Variable Rate of	Regency Pays Fixed Rate of		Assets (Liabilities) ⁽¹⁾	
						September 30, 2018	December 31, 2017
4/3/17	12/2/20	\$ 300,000	1 Month LIBOR with Floor	1.824%		\$6,410	1,804
8/1/16	1/5/22	265,000	1 Month LIBOR with Floor	1.053%		15,286	10,744
4/7/16	4/1/23	20,000	1 Month LIBOR	1.303%		1,310	801
12/1/16	11/1/23	33,000	1 Month LIBOR	1.490%		2,151	1,166
6/2/17	6/2/27	37,500	1 Month LIBOR with Floor	2.366%		1,645	(177)
						\$26,802	14,338

⁽¹⁾ Derivatives in an asset position are included within Other assets in the accompanying Consolidated Balance Sheets, while those in a liability position are included within Accounts payable and other liabilities.

These derivative financial instruments are all interest rate swaps, which are designated and qualify as cash flow hedges. The Company does not use derivatives for trading or speculative purposes and, as of September 30, 2018, does not have any derivatives that are not designated as hedges. The Company has master netting agreements; however, the Company does not have multiple derivatives subject to a single master netting agreement with the same counterparties. Therefore, none are offset in the accompanying Consolidated Balance Sheets.

The changes in the fair value of derivatives designated and qualifying as cash flow hedges is recorded in accumulated other comprehensive income (loss) ("AOCI") and subsequently reclassified into earnings in the period that the hedged forecasted transaction affects earnings.

The following table represents the effect of the derivative financial instruments on the accompanying consolidated financial statements:

Location and Amount of Gain (Loss) Recognized in OCI on Derivative			Location and Amount of Gain (Loss) Reclassified from AOCI into Income			Total Interest Expense presented in the Consolidated Statements of Operations in which the effects of cash flow hedges are recorded					
Three months ended September 30,			Three months ended September 30,			Three months ended September 30,					
(in thousands) 2018 2017			2018 2017			2018 2017					
Interest rate swaps			\$2,717	(39))	Interest expense	\$(1,148)	(2,329)	Interest expense, net	\$36,618	34,679

swaps on the Company's ten year fixed rate unsecured loans.

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Notes to Unaudited Consolidated Financial Statements

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7. Fair Value Measurements

(a) Disclosure of Fair Value of Financial Instruments

All financial instruments of the Company are reflected in the accompanying Consolidated Balance Sheets at amounts which, in management's estimation, reasonably approximate their fair values, except for the following:

(in thousands)	September 30, 2018		December 31, 2017	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets:				
Notes receivable	\$—	—	\$15,803	15,660
Financial liabilities:				
Notes payable	\$3,008,592	2,952,604	\$2,971,715	3,058,044
Unsecured credit facilities	\$708,616	710,000	\$623,262	625,000

The above fair values represent management's estimate of the amounts that would be received from selling those assets or that would be paid to transfer those liabilities in an orderly transaction between market participants as of September 30, 2018 and December 31, 2017, respectively. These fair value measurements maximize the use of observable inputs. However, in situations where there is little, if any, market activity for the asset or liability at the measurement date, the fair value measurement reflects the Company's own judgments about the assumptions that market participants would use in pricing the asset or liability.

The Company develops its judgments based on the best information available at the measurement date, including expected cash flows, appropriate risk-adjusted discount rates, and available observable and unobservable inputs. Service providers involved in fair value measurements are evaluated for competency and qualifications on an ongoing basis. As considerable judgment is often necessary to estimate the fair value of these financial instruments, the fair values presented above are not necessarily indicative of amounts that will be realized upon disposition of the financial instruments.

(b) Fair Value Measurements

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

Securities

The Company has investments in marketable securities that are included within other assets on the accompanying Consolidated Balance Sheets. The fair value of the securities was determined using quoted prices in active markets, which are considered Level 1 inputs of the fair value hierarchy. Changes in the value of securities are recorded within Net investment (income) loss in the accompanying Consolidated Statements of Operations.

Available-for-Sale Debt Securities

Available-for-sale debt securities consist of investments in certificates of deposit and corporate bonds, and are recorded at fair value using matrix pricing methods to estimate fair value, which are considered Level 2 inputs of the fair value hierarchy. Unrealized gains or losses on these debt securities are recognized through other comprehensive income.

Interest Rate Derivatives

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

Although the Company has determined that the majority of the inputs used to value its derivatives fall within Level 2 of the fair value hierarchy, the credit valuation adjustments associated with its derivatives utilize

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

The following tables present the placement in the fair value hierarchy of assets and liabilities that are measured at fair value on a recurring basis:

Fair Value Measurements as of September 30, 2018

(in thousands)	Balance	Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs
		(Level 1)	(Level 2)	(Level 3)
Assets:				
Securities	\$36,027	36,027	—	—
Available-for-sale debt securities	7,987	—	7,987	—
Interest rate derivatives	26,802	—	26,802	—
Total	\$70,816	36,027	34,789	—

Fair Value Measurements as of December 31, 2017

(in thousands)	Balance	Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs
		(Level 1)	(Level 2)	(Level 3)
Assets:				
Securities	\$31,662	31,662	—	—
Available-for-sale debt securities	9,974	—	9,974	—
Interest rate derivatives	14,515	—	14,515	—
Total	\$56,151	31,662	24,489	—

Liabilities:

Interest rate derivatives \$(177) — (177) —

There were no assets measured at fair value on a nonrecurring basis as of September 30, 2018 or December 31, 2017.

8. Equity and Capital

Common Stock of the Parent Company

At the Market ("ATM") Program

Under the Parent Company's ATM equity offering program, the Parent Company may sell up to \$500 million of common stock at prices determined by the market at the time of sale. There were no shares issued under the ATM equity program during the nine months ended September 30, 2018 or 2017. As of September 30, 2018, all \$500 million of common stock remained available for issuance under this ATM equity program.

Share Repurchase Program

On February 7, 2018, the Company's Board authorized a common share repurchase program under which the Company may repurchase, from time to time, up to \$250 million worth of shares of its outstanding common stock through open market purchases and/or in privately negotiated transactions. Any shares purchased will be retired. The program is scheduled to expire on February 6, 2020. The timing and actual number of shares repurchased

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Notes to Unaudited Consolidated Financial Statements

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under the program depend upon marketplace conditions and other factors. The program remains subject to the discretion of the Board. As of September 30, 2018, the Company had repurchased 2,145,209 shares for \$125.0 million at an average price of \$58.24 per share.

Subsequent Event - Transfer of Listing

On October 25, 2018, the Company's Board approved the transfer of the Company's common stock from listing on the New York Stock Exchange ("NYSE") to The NASDAQ Global Select Market ("NASDAQ"). The Company expects the last day of trading on the NYSE to be November 12, 2018. The Company's common stock has been approved for listing on NASDAQ, is expected to commence trading on November 13, 2018, and will continue to trade under the stock symbol "REG".

Common Units of the Operating Partnership

Common units of the operating partnership are issued or redeemed and retired for each of the shares of Parent Company common stock issued or repurchased and retired, as described above.

Accumulated Other Comprehensive Loss ("AOCI")

The following tables present changes in the balances of each component of AOCI:

(in thousands)	Controlling Interests			Noncontrolling Interests			Total
	Cash Flow Hedges	Unrealized gain (loss) on Available-For-Sale Debt Securities	AOCI	Cash Flow Hedges	Unrealized gain (loss) on Available-For-Sale Debt Securities	AOCI	
Balance as of December 31, 2016	\$(18,327)	(19)	(18,346)	(301)	—	(301)	(18,647)
Other comprehensive income before reclassifications	(3,768)	51	(3,717)	(143)	—	(143)	(3,860)
Amounts reclassified from AOCI ⁽¹⁾	7,922	—	7,922	132	—	132	8,054
Current period other comprehensive income, net	4,154	51	4,205	(11)	—	(11)	4,194
Balance as of September 30, 2017	\$(14,173)	32	(14,141)	(312)	—	(312)	(14,453)

⁽¹⁾ Amounts reclassified from AOCI into income are presented within Interest expense, net in the Consolidated Statement of Operations.

(in thousands)	Controlling Interests			Noncontrolling Interests			Total
	Cash Flow Hedges	Unrealized gain (loss) on Available-For-Sale Debt Securities	AOCI	Cash Flow Hedges	Unrealized gain (loss) on Available-For-Sale Debt Securities	AOCI	
Balance as of December 31, 2017	\$(6,262)	(27)	(6,289)	(112)	—	(112)	(6,401)
Opening adjustment due to change in accounting policy ⁽²⁾	12	—	12	2	—	2	14
Adjusted balance as of January 1, 2018	(6,250)	(27)	(6,277)	(110)	—	(110)	(6,387)
Other comprehensive income before reclassifications	15,731	(51)	15,680	780	—	780	16,460
Amounts reclassified from AOCI ⁽¹⁾	4,663	—	4,663	38	—	38	4,701
	20,394	(51)	20,343	818	—	818	21,161

Current period other comprehensive income,
net

Balance as of September 30, 2018	\$14,144	(78)	14,066	708	—	708	14,774
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(1) Amounts reclassified from AOCI into income are presented within Interest expense, net in the Consolidated Statement of Operations.

(2) Upon adoption of ASU 2017-12, the Company recognized the immaterial adjustment to opening retained earnings and AOCI for previously recognized hedge ineffectiveness from off-market hedges, as further discussed in note 1.

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Notes to Unaudited Consolidated Financial Statements

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9. Stock-Based Compensation

During nine months ended September 30, 2018, the Company granted 259,356 shares of restricted stock with a weighted-average grant-date fair value of \$63.50 per share. The Company records stock-based compensation expense within general and administrative expenses in the accompanying Consolidated Statements of Operations.

10. Non-Qualified Deferred Compensation Plan ("NQDCP")

The Company maintains a NQDCP which allows select employees and directors to defer part or all of their cash bonus, director fees, and vested restricted stock awards. All contributions into the participants' accounts are fully vested upon contribution to the NQDCP and are deposited in a Rabbi trust.

The following table reflects the balances of the assets and deferred compensation liabilities of the Rabbi trust and related participant account obligations in the accompanying Consolidated Balance Sheets, excluding Regency stock:

(in thousands)	September 30, 2018	December 31, 2017
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Assets:

Equity securities ⁽¹⁾	\$ 33,907	31,662
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Liabilities:

Accounts payable and other liabilities	\$ 33,716	31,383
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⁽¹⁾ Included within Other assets in the accompanying Consolidated Balance Sheets.

11. Earnings per Share and Unit

Parent Company Earnings per Share

The following summarizes the calculation of basic and diluted earnings per share:

(in thousands, except per share data)	Three months ended September 30,		Nine months ended September 30,	
	2018	2017	2018	2017
Numerator:				
Income from operations attributable to common stockholders - basic	\$69,722	59,666	\$170,222	74,810
Income from operations attributable to common stockholders - diluted	\$69,722	59,666	\$170,222	74,810
Denominator:				
Weighted average common shares outstanding for basic EPS	169,438	170,105	169,847	155,881
Weighted average common shares outstanding for diluted EPS ⁽¹⁾	169,839	170,466	170,166	156,190
Income per common share – basic	\$0.41	0.35	\$1.00	0.48
Income per common share – diluted	\$0.41	0.35	\$1.00	0.48

⁽¹⁾ Includes the dilutive impact of unvested restricted stock and shares issuable under the forward equity offering, that were fully settled on December 14, 2017, using the treasury stock method.

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 be anti-dilutive. Weighted average exchangeable Operating Partnership units outstanding for both the three and nine months ended September 30, 2018 were 349,902, and were 349,902 and 276,503, respectively, during the same periods in 2017.

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Notes to Unaudited Consolidated Financial Statements

September 30, 2018

Operating Partnership Earnings per Unit

The following summarizes the calculation of basic and diluted earnings per unit:

	Three months ended September 30, 2018		Nine months ended September 30, 2017	
(in thousands, except per share data)				
Numerator:				
Income from operations attributable to common unit holders - basic	\$69,869	59,798	\$170,580	75,027
Income from operations attributable to common unit holders - diluted	\$69,869	59,798	\$170,580	75,027
Denominator:				
Weighted average common units outstanding for basic EPU	169,788	170,455	170,197	156,158
Weighted average common units outstanding for diluted EPU ⁽¹⁾	170,189	170,816	170,516	156,467
Income per common unit – basic	\$0.41	0.35	\$1.00	0.48
Income per common unit – diluted	\$0.41	0.35	\$1.00	0.48

⁽¹⁾ Includes the dilutive impact of unvested restricted stock and shares issuable under the forward equity offering, that were fully settled on December 14, 2017, using the treasury stock method.

12. Commitments and Contingencies

Litigation

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. Legal fees are expensed as incurred.

Environmental

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. The Company can give no assurance that existing environmental studies with respect to the shopping centers have revealed all potential environmental contaminants or 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.

Letters of Credit

The Company has the right to issue letters of credit under the Line up to an amount not to exceed \$50.0 million, which reduces the credit availability under the Line. These letters of credit are primarily issued as collateral on behalf of its captive insurance program and to facilitate the construction of development projects. As of September 30, 2018 and December 31, 2017, the Company had \$9.4 million in letters of credit outstanding.

Purchase Commitments

The Company enters into purchase and sale agreements to buy or sell real estate assets in the normal course of business, which generally provide limited recourse if either party ends the contract. At September 30, 2018, the Company has a contractual commitment to purchase up to a 100% ownership interest in an operating property valued at \$205 million by November 2019, at the option of the seller. The Company currently expects the seller to require the Company to purchase a 30% interest in such property by November 2019 for approximately \$61.5 million.

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 and redevelopment 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 Company operates, 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 building pads ("out-parcels"), changes in leasing activity and market rents, timing of development starts, meeting development schedules, natural disasters in geographic areas in which we operate, cost of environmental remediation, our inability to exercise voting control over the co-investment partnerships through which we own many of our properties, and technology disruptions. For additional information, see "Risk Factors" included in our Annual Report on Form 10-K for the year ended December 31, 2017. 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.

Defined Terms

We use certain non-GAAP performance measures, in addition to the required GAAP presentation, as we believe these measures improve the understanding of the Company's operational results. We manage our entire real estate portfolio without regard to ownership structure, although certain decisions impacting properties owned through partnerships require partner approval. Therefore, we believe presenting our pro-rata share of certain operating metrics regardless of ownership structure, along with other non-GAAP measures, makes comparisons of other REITs' operating results to the Company's more meaningful. We continually evaluate the usefulness, relevance, limitations, 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 terms, as defined, are commonly used by management and the investing public to understand and evaluate our operational results:

Same Property is a Retail Operating Property that was owned and operated for the entirety of both calendar year periods being compared. This term excludes all developments and Non-Same Properties.

For purposes of evaluating same property NOI on a comparative basis, and in light of the merger with Equity One on March 1, 2017, we are considering properties acquired through the Equity One merger as Same Property if those properties would have met that criteria from Equity One's ownership of the properties. See Supplemental Earnings Information, later in this document, for further discussion and use of Equity One information for pro-rata same property NOI, as adjusted.

A **Non-Same Property** is a property acquired, sold, or a Development Completion during either calendar year period being compared. Non-retail properties and corporate activities, including the captive insurance program, are part of Non-Same Property.

A **Retail Operating Property** is any retail property not termed a Property in Development. A retail property is any property where the majority of the income is generated from retail uses.

Property In Development includes properties in various stages of development and redevelopment including active pre-development activities. The Properties in development line item of the Consolidated Balance Sheets includes development and redevelopment costs incurred but not yet placed in service. Development and redevelopment costs incurred for assets that have been placed in service are included in Land, building and improvements in the

Consolidated Balance Sheets.

Development Completion is a property in development that is deemed complete upon the earliest of: (i) 90% of total estimated net development costs have been incurred and percent leased equals or exceeds 95%, or (ii) the property features at least two years of anchor operations, or (iii) three years have passed since the start of construction. Once deemed complete, the property is termed a Retail Operating Property the following calendar year. For GAAP purposes, however, the costs incurred for development properties are transferred and begin depreciating when they are

placed in service and are therefore included in Land, buildings and improvements in the Consolidated Balance Sheets, regardless of the completion thresholds described above.

Pro-Rata information includes 100% of our consolidated properties plus our economic share (based on our ownership interest) in our unconsolidated real estate investment partnerships.

The pro-rata information is prepared on a basis consistent with the comparable consolidated amounts and is intended to more accurately reflect our proportionate economic interest in the operating results of properties in our portfolio.

We do not control the unconsolidated investment partnerships, and the pro-rata presentations of the assets and liabilities, and revenues and expenses do not represent our legal claim to such items. The partners are entitled to profit or loss allocations and distributions of cash flows according to the operating agreements, which provide for such allocations according to their invested capital. Our share of invested capital establishes the ownership interests we use to prepare our pro-rata share.

The presentation of pro-rata information has limitations which include, but are not limited to, the following:

The amounts shown on the individual line items were derived by applying our overall economic ownership interest percentage determined when applying the equity method of accounting or allocating noncontrolling interests, and do not necessarily represent our legal claim to the assets and liabilities, or the revenues and expenses; and

Other companies in our industry may calculate their pro-rata interest differently, limiting the comparability of pro-rata information.

Because of these limitations, the pro-rata financial information should not be considered independently or as a substitute for our financial statements as reported under GAAP. We compensate for these limitations by relying primarily on our GAAP financial statements, using the pro-rata information as a supplement.

Operating EBITDAre (previously Adjusted EBITDA) begins with the National Association of Real Estate Investment Trusts ("NAREIT") EBITDAre and excludes certain non-cash components of earnings derived from above and below market rent amortization and straight-line rents. NAREIT EBITDAre is a measure of REIT performance, which NAREIT defines as net income, computed in accordance with GAAP, excluding interest expense, income tax expense, depreciation and amortization, gains and losses from sales of depreciable property, operating real estate impairments, and adjustments to reflect the Company's share of unconsolidated partnerships and joint ventures. The NAREIT EBITDAre performance measure was adopted for reporting periods beginning after December 31, 2017.

Fixed Charge Coverage Ratio is defined as Operating EBITDAre divided by the sum of the gross interest and scheduled mortgage principal paid to our lenders plus dividends paid to our preferred stockholders.

Net Operating Income ("NOI") is the sum of base rent, percentage rent, and recoveries from tenants and other income, less operating and maintenance, real estate taxes, ground rent, and provision for doubtful accounts. NOI excludes straight-line rental income and expense, above and below market rent and ground rent amortization, tenant lease inducement amortization, and other fees. The Company also provides disclosure of NOI excluding termination fees, which excludes both termination fee income and expenses.

NAREIT Funds from Operations ("NAREIT FFO") is a commonly used measure of REIT performance, which NAREIT defines as net income, computed in accordance with GAAP, excluding gains and losses from sales of depreciable property, net of tax, excluding operating real estate impairments, plus depreciation and amortization, and after adjustments for unconsolidated partnerships and joint ventures. We compute NAREIT 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 NAREIT FFO excludes depreciation and amortization and gains and losses from depreciable property dispositions, and impairments, it provides 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, NAREIT 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 a substitute measure of cash flows from operations. The Company provides a reconciliation of Net Income (Loss) Attributable to Common Stockholders to NAREIT FFO.

Overview of Our Strategy

Regency Centers Corporation began its operations as a publicly-traded REIT in 1993, and, as of September 30, 2018, had full or partial ownership interests in 426 retail properties primarily anchored by market leading grocery stores. Our properties are principally located in affluent and infill trade areas of the United States, and contain 53.6 million square feet ("SF") of gross leasable area ("GLA"). All of our operating, investing, and financing activities are performed through our Operating Partnership, Regency Centers, L.P., our wholly-owned subsidiaries, and through our co-investment partnerships.

As of September 30, 2018, the Parent Company owns approximately 99.8% of the outstanding common partnership units of the Operating Partnership.

Our mission is to be the preeminent national shopping center owner, operator and developer. Our strategy is to: Own and manage an unequaled portfolio of high-quality neighborhood and community shopping centers anchored by market leading grocers and located in affluent suburban and near urban trade areas in the country's most desirable metro areas. We expect this combination will produce highly desirable and attractive centers with best-in-class retailers. These centers should command higher rental and occupancy rates resulting in excellent prospects to grow NOI;

• Maintain an industry leading and disciplined development and redevelopment platform to deliver exceptional retail centers at higher margins as compared to acquisitions;

• Support our business activities with a strong balance sheet; and

- Engage a talented, dedicated team of employees, who are guided by Regency's strong values and culture, which is aligned with shareholder interests.

Executing on our Strategy

During the nine months ended September 30, 2018:

We had Net income attributable to common stockholders of \$170.2 million as compared to \$74.8 million, net of \$75.6 million of merger costs, during the nine months ended September 30, 2017.

We sustained superior same property NOI growth:

• We achieved pro-rata same property NOI growth, as adjusted, excluding termination fees, of 3.8%.

• We executed 1,341 leasing transactions representing 4.3 million pro-rata SF of new and renewal leasing, with trailing twelve month rent spreads of 7.4% on comparable retail operating property spaces.

• At September 30, 2018, our total property portfolio was 95.4% leased, while our same property portfolio was 95.9% leased.

We developed and redeveloped high quality shopping centers at attractive returns on investment:

• We started one new development representing a total pro-rata project investment of \$32.2 million upon completion, with a projected return on investment of 6.3%.

- Including the one new development project, a total of 22 properties were in the process of development or redevelopment, representing a pro-rata investment upon completion of \$354.4 million.

• We completed two new developments representing a total pro-rata project investment of \$110.9 million with a return on investment of 7.0%.

We maintained a conservative balance sheet providing financial flexibility to cost effectively fund investment opportunities and debt maturities:

On March 9, 2018, the Company received proceeds from \$300.0 million of 4.125% senior unsecured public notes, which priced at 99.837% and mature in March 2028. \$60 million of the proceeds were used to repay our Line and \$163.2 million was used, in April, to early redeem our \$150.0 million 6.0% senior unsecured public notes originally due June 2020, including accrued and unpaid interest through the redemption date and a make-whole amount. We used the remainder of the proceeds to repay 2018 mortgage maturities and for general corporate purposes.

On March 26, 2018, we amended and restated our unsecured revolving credit facility (the "Line"). The amendment and restatement increases the size of the Line to \$1.25 billion from \$1.0 billion and extends the maturity date to March 23, 2022, with options to extend maturity for two additional six-month periods. Borrowings will bear interest at an

annual rate of LIBOR plus 87.5 basis points, subject to our credit ratings, compared to a rate of 92.5 basis points under the previous facility. An annual facility fee of 15 basis points, subject to our credit ratings, applies to the Line. At September 30, 2018, our annualized net debt-to-operating EBITDA ratio on a pro-rata basis was 5.4x.

Property Portfolio

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

(GLA in thousands)	September 30, 2018	December 31, 2017
Number of Properties	306	311
Properties in Development	6	8
GLA	38,095	38,743
% Leased – Operating and Development	95.6%	95.5%
% Leased – Operating	95.9%	96.0%
Weighted average annual effective rent per square foot ("PSF"), net of tenant concessions.	\$21.55	\$21.01

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

(GLA in thousands)	September 30, 2018	December 31, 2017
Number of Properties	120	115
Properties in Development	2	1
GLA	15,552	15,138
% Leased – Operating and Development	94.5%	95.9%
% Leased – Operating	94.9%	96.2%
Weighted average annual effective rent PSF, net of tenant concessions	\$21.23	\$20.63

For the purpose of the following disclosures of occupancy and leasing activity, "anchor space" is considered space greater than or equal to 10,000 SF and "shop space" is less than 10,000 SF. The following table summarizes pro-rata occupancy rates of our combined Consolidated and Unconsolidated shopping center portfolio:

	September 30, 2018	December 31, 2017
% Leased – Operating	95.8%	96.2%
Anchor space	97.9%	98.3%
Shop space	92.2%	92.5%

The decline in anchor space percent leased is primarily attributable to anchor move-outs, including Toys-R-Us and certain other junior anchors. The decline in shop space percent leased is driven by seasonal move-outs and strategic vacancies in preparation for redevelopments.

The following table summarizes leasing activity, including our pro-rata share of activity within the portfolio of our co-investment partnerships:

Nine months ended September 30, 2018

	Leasing Transactions ⁽¹⁾	SF (in thousands)	Base Rent PSF	Tenant Allowance and Landlord Work PSF	Leasing Commissions PSF
Anchor Leases					
New	20	338	\$18.84	\$ 33.66	\$ 6.89
Renewal	64	1,918	\$13.88	\$ 0.40	\$ 0.33
Total Anchor Leases ⁽¹⁾	84	2,256	\$14.62	\$ 5.38	\$ 1.31
Shop Space					
New	388	635	\$32.85	\$ 26.41	\$ 13.33
Renewal	869	1,425	\$33.11	\$ 0.85	\$ 2.15
Total Shop Space Leases ⁽¹⁾	1,257	2,060	\$33.03	\$ 8.73	\$ 5.60
Total Leases	1,341	4,316	\$23.41	\$ 6.98	\$ 3.36

⁽¹⁾ Number of leasing transactions reported at 100%; all other statistics reported at pro-rata share.

Nine months ended September 30, 2017

	Leasing Transactions ^(1,2)	SF (in thousands)	Base Rent PSF	Tenant Allowance and Landlord Work PSF	Leasing Commissions PSF
Anchor Leases					
New	27	628	\$18.80	\$ 26.83	\$ 5.06
Renewal	64	1,946	\$15.01	\$ —	\$ 0.45
Total Anchor Leases ⁽¹⁾	91	2,574	\$15.94	\$ 6.55	\$ 1.57
Shop Space					
New	383	660	\$31.77	\$ 25.56	\$ 12.21
Renewal	834	1,392	\$31.42	\$ 1.67	\$ 2.64
Total Shop Space Leases ⁽¹⁾	1,217	2,052	\$31.53	\$ 9.35	\$ 5.71
Total Leases	1,308	4,626	\$22.86	\$ 7.79	\$ 3.41

⁽¹⁾ Number of leasing transactions reported at 100%; all other statistics reported at pro-rata share.

⁽²⁾ For the period ending September 30, 2017, amounts include leasing activity of properties acquired from Equity One beginning March 1, 2017.

The weighted average base rent on signed shop space leases during 2018 was \$33.03 and exceeds the average annual base rent of all shop space leases due to expire during the next 12 months of \$30.87 PSF.

Significant Tenants and Concentrations of Risk

We seek to reduce our operating and leasing risks through geographic diversification and by avoiding dependence on any single property, market, or tenant. The following table summarizes our most significant tenants, based on their percentage of annualized base rent:

Grocery Anchor	September 30, 2018		
	Number of Stores	Percentage of Company-owned GLA ⁽¹⁾	Percentage of Annualized Base Rent ⁽¹⁾
Publix	69	6.3%	3.2%
Kroger	57	6.6%	3.1%
Albertsons/Safeway	46	4.1%	2.8%
TJX Companies	57	3.2%	2.3%
Whole Foods	29	2.3%	2.3%

⁽¹⁾ Includes Regency's pro-rata share of Unconsolidated Properties and excludes those owned by anchors.

Bankruptcies and Credit Concerns

Our management team devotes significant time to researching and monitoring retail trends, consumer preferences, customer shopping behaviors, changes in retail delivery methods, and changing demographics in order to anticipate the challenges and opportunities impacting the retail industry. A greater shift to e-commerce, large-scale retail business failures, and tight credit markets could negatively impact consumer spending and have an adverse effect on our results of operations. We seek to mitigate these potential impacts through tenant diversification, replacing weaker tenants with stronger operators, anchoring our centers with market leading grocery stores that drive foot traffic, and maintaining a presence in affluent suburbs and dense infill trade areas. As a result of our research and findings, we may reduce new leasing, suspend leasing, or curtail allowances for construction of leasehold improvements within a certain retail category or to a specific retailer in order to reduce our risk from bankruptcies and store closings.

We closely monitor the operating performance and rent collections of tenants in our shopping centers as well as those retailers experiencing significant changes to their business models as a result of reduced customer traffic in their stores and increased competition from e-commerce sales. Retailers who are unable to withstand these and other business pressures may file for bankruptcy. Although base rent is supported by long-term lease contracts, tenants who file bankruptcy generally have the legal right to reject any or all of their leases and close related stores. Any unsecured claim we hold against a bankrupt tenant for unpaid rent might be paid only to the extent that funds are available and only in the same percentage as is paid to all other holders of unsecured claims. As a result, it is likely that we would recover substantially less than the full value of any unsecured claims we hold. Additionally, we may incur significant expense to recover our claim and to release the vacated space. 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. Tenants who have filed for bankruptcy and continue to occupy space in our shopping centers at September 30, 2018 represent an aggregate of 0.6% of our annual base rent on a pro-rata basis, including three Sears/Kmart locations.

Results from Operations

Comparison of the three months ended September 30, 2018 and 2017:

Our revenues increased as summarized in the following table:

	Three months ended September 30,		
(in thousands)	2018	2017	Change
Minimum rent	\$204,005	195,393	8,612
Percentage rent	1,224	1,147	77
Recoveries from tenants	60,393	54,483	5,910
Other income	5,734	5,071	663
Management, transaction, and other fees	6,954	6,047	907
Total revenues	\$278,310	262,141	16,169

Minimum rent increased, on a net basis, as follows:

\$4.0 million increase from rent commencing at development properties;

\$3.5 million increase from acquisitions of operating properties; and

\$6.1 million increase from same properties, including:

\$7.1 million increase in base rent from redevelopments, rental rate growth on new and renewal leases, rent steps in existing leases, and rent commencements, offset by

\$1.0 million decrease in other above/below market lease intangibles and straight line rent;

reduced by \$5.0 million from the sale of operating properties.

Recoveries from tenants represent reimbursements to us for tenants' pro-rata share of the operating, maintenance, and real estate tax expenses that we incur to operate our shopping centers. Recoveries from tenants increased, on a net basis, as follows:

\$1.2 million increase from rent commencing at development properties;

\$755,000 increase from acquisitions of operating properties; and

- \$5.4 million increase from same properties due to increases in real estate taxes and other recoverable costs;

reduced by \$1.4 million from the sale of operating properties.

Other income, which consists of incidental income earned at our centers, increased \$663,000 from higher termination fees.

Management, transaction, and other fees increased \$907,000 due partially to an increase in development fees from two active developments within unconsolidated partnerships, along with an increase in leasing fees earned from unconsolidated partnerships.

Changes in our operating expenses are summarized in the following table:

	Three months ended September 30,		
(in thousands)	2018	2017	Change
Depreciation and amortization	\$89,183	91,474	(2,291)
Operating and maintenance	40,557	38,020	2,537
General and administrative	17,564	15,199	2,365
Real estate taxes	35,129	29,315	5,814
Other operating expenses	2,045	3,195	(1,150)
Total operating expenses	\$184,478	177,203	7,275

Depreciation and amortization costs decreased, on a net basis, as follows:

- \$1.9 million increase as we began depreciating costs at development properties where tenant spaces were completed and became available for occupancy; and
- \$1.5 million increase from acquisitions of operating properties and corporate assets; offset by
- \$2.9 million decrease from same properties; and
- \$2.8 million decrease from the sale of operating properties.

Operating and maintenance costs increased, on a net basis, as follows:

- \$1.9 million increase from operations commencing at development properties; and
- \$2.5 million increase from same properties primarily attributable to an increase in recoverable costs;
- reduced by \$828,000 due to hurricane losses recognized in 2017; and
- \$1.1 million decrease from the sale of operating properties.

General and administrative increased, on a net basis, as follows:

- \$1.6 million increase primarily from lower development overhead capitalization based on the timing and size of current development projects; and
- \$811,000 increase due to decreased leasing overhead capitalization due to the different mix of leasing transactions during the respective quarter.

Real estate taxes increased, on a net basis, as follows:

- \$1.0 million increase from development properties where capitalization ceased as tenant spaces became available for occupancy;
- \$523,000 increase from acquisitions of operating properties; and
- \$4.8 million increase within the same property portfolio resulting from increased tax assessments, including \$3.4 million from Equity One properties;
- reduced by \$526,000 from sold properties.

Other operating expenses decreased \$1.2 million, primarily attributable to transaction costs recognized from the Equity One merger in 2017.

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

	Three months ended September 30,		
(in thousands)	2018	2017	Change
Interest expense, net			
Interest on notes payable	\$31,619	31,577	42
Interest on unsecured credit facilities	5,025	3,974	1,051
Capitalized interest	(1,670)	(2,488)	818
Hedge expense	2,102	2,102	—
Interest income	(458)	(486)	28
Interest expense, net	\$36,618	34,679	1,939
Provision for impairment, net of tax	855	—	855
Net investment income	(923)	(971)	48
Total other expense (income)	\$36,550	33,708	2,842

The \$1.9 million net increase in total interest expense is primarily due to:

\$1.1 million increase in interest on unsecured credit facilities related to higher average balances and interest rates; and \$818,000 increase due to lower capitalization of interest based on the size and progress of development and redevelopment projects in process.

During the three months ended September 30, 2018, we recognized \$855,000 of impairment losses on one operating property and one land parcel that sold.

Our equity in income of investments in real estate partnerships decreased as follows:

		Three months ended September 30,		
(in thousands)	Regency's Ownership	2018	2017	Change
GRI - Regency, LLC (GRIR)	40.00%	\$7,733	6,917	816
New York Common Retirement Fund (NYC)	30.00%	207	183	24
Columbia Regency Retail Partners, LLC (Columbia I)	20.00%	360	284	76
Columbia Regency Partners II, LLC (Columbia II)	20.00%	449	332	117
Cameron Village, LLC (Cameron)	30.00%	218	174	44
RegCal, LLC (RegCal)	25.00%	327	331	(4)
US Regency Retail I, LLC (USAA)	20.01%	233	3,599	(3,366)
Other investments in real estate partnerships	49.90% - 50.00%	497	401	96
Total equity in income of investments in real estate partnerships		\$10,024	12,221	(2,197)

The \$2.2 million decrease in our equity in income of investments in real estate partnerships is largely attributed to the following changes:

\$816,000 increase at GRIR from greater rental income primarily due to rent growth and rent commencements at several shopping centers held in this partnership; offset by

\$3.4 million decrease at USAA due to a \$3.3 million gain recognized during 2017 on the sale of an operating property within the partnership.

The following represents the remaining components that comprised net income attributable to the common stockholders and unit holders:

		Three months ended September 30,		
(in thousands)		2018	2017	Change
Income from operations		\$67,306	63,451	3,855
Gain on sale of real estate, net of tax		3,228	131	3,097
Income attributable to noncontrolling interests		(812)	(769)	(43)
Preferred stock dividends and issuance costs		—	(3,147)	3,147
Net income attributable to common stockholders		\$69,722	59,666	10,056
Net income attributable to exchangeable operating partnership units		147	132	15
Net income attributable to common unit holders		\$69,869	59,798	10,071

During the three months ended September 30, 2018, we sold three operating properties and three land parcels for gains totaling \$3.2 million, while we did not have any operating property or land parcel sales during the three months ended September 30, 2017.

Preferred stock dividends decreased \$3.1 million due to the redemption of our Series 7 preferred stock in August 2017.

Comparison of the nine months ended September 30, 2018 and 2017:

Results from operations for the nine months ended September 30, 2018, reflect the results of our merger with Equity One on March 1, 2017, and therefore excludes the results of operations for Equity One for the non-ownership period of 2017 prior to March 1, 2017.

Our revenues increased as summarized in the following table:

	Nine months ended September 30,		
(in thousands)	2018	2017	Change
Minimum rent	\$614,224	532,625	81,599
Percentage rent	6,292	5,509	783
Recoveries from tenants	178,865	149,811	29,054
Other income	16,035	12,278	3,757
Management, transaction, and other fees	20,999	19,353	1,646
Total revenues	\$836,415	719,576	116,839

Minimum rent increased as follows:

\$9.6 million increase from rent commencing at development properties;

\$9.5 million increase from new acquisitions of operating properties; and

\$70.6 million increase from same properties, including:

\$64.4 million increase in base rent, including \$52.5 million from properties acquired through the Equity One merger, as follows:

\$13.4 million from redevelopments, including \$9.2 million from Equity One; and

\$51.0 million, including \$43.3 million from properties acquired through the Equity One merger, from rental rate growth on new and renewal leases, rent steps in existing leases, and rent commencements;

\$6.2 million increase in other above/below market lease intangibles;

reduced by \$8.1 million from the sale of operating properties.

Recoveries from tenants represent reimbursements to us for tenants' pro-rata share of the operating, maintenance, and real estate tax expenses that we incur to operate our shopping centers. Recoveries from tenants increased as follows:

\$2.7 million increase from rent commencing at development properties;

\$1.9 million increase from new acquisitions of operating properties; and

\$26.4 million increase from same properties, including \$20.6 million from properties acquired through the Equity One merger, driven by increases in recoverable costs;

reduced by \$2.0 million from the sale of operating properties.

Other income, which consists of incidental income earned at our centers, increased \$3.8 million from same properties, including \$2.2 million from properties acquired through the Equity One merger, primarily from termination, assignment and settlement fees.

Management, transaction, and other fees increased \$1.6 million primarily due to an increase in development fees from two active developments within unconsolidated partnerships, along with an increase in leasing fees earned from unconsolidated partnerships.

Changes in our operating expenses are summarized in the following table:

	Nine months ended September 30,		
(in thousands)	2018	2017	Change
Depreciation and amortization	\$266,812	243,757	23,055
Operating and maintenance	124,924	103,888	21,036
General and administrative	51,947	49,618	2,329
Real estate taxes	97,096	79,636	17,460
Other operating expenses	6,476	81,621	(75,145)
Total operating expenses	\$547,255	558,520	(11,265)

Depreciation and amortization costs increased as follows:

\$4.3 million increase as we began depreciating costs at development properties where tenant spaces were completed and became available for occupancy;

\$4.3 million net increase from acquisitions of operating properties and corporate assets; and

\$16.4 million increase from same properties, including \$14.4 million from properties acquired through the Equity One merger;

reduced by \$1.9 million from the sale of operating properties.

Operating and maintenance costs increased as follows:

\$4.4 million increase from operations commencing at development properties;

\$756,000 increase from acquisitions of operating properties; and

\$17.3 million increase from same properties, including \$15.1 million from properties acquired through the Equity One merger;

reduced by \$1.4 million from the sale of operating properties.

General and administrative increased, on a net basis, as follows:

\$1.8 million increase primarily from lower development overhead capitalization based on the timing and size of current development projects; and

\$2.5 million increase due to decreased leasing overhead capitalization due to the different mix of leasing transactions; offset by

\$1.4 million decrease in the value of participant obligations within the deferred compensation plan;

\$634,000 decrease in compensation and non-compensation costs.

Real estate taxes increased as follows:

\$2.1 million increase from development properties where capitalization ceased as tenant spaces became available for occupancy;

\$1.4 million increase from acquisitions of operating properties; and

\$14.9 million increase at same properties, including \$10.8 million from properties acquired through the Equity One merger, from increased tax assessments; offset by

\$888,000 decrease from the sale of operating properties.

Other operating expenses decreased \$75.1 million primarily attributable to transaction costs related to the Equity One merger in 2017.

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

(in thousands)	Nine months ended		
	September 30,		
	2018	2017	Change
Interest expense, net			
Interest on notes payable	\$97,689	87,492	10,197
Interest on unsecured credit facilities	14,314	10,718	3,596
Capitalized interest	(5,820)	(5,778)	(42)
Hedge expense	6,306	6,305	1
Interest income	(1,012)	(1,452)	440
Interest expense, net	\$111,477	97,285	14,192
Provision for impairment, net of tax	29,443	—	29,443
Early extinguishment of debt	11,172	12,404	(1,232)
Net investment income	(1,524)	(2,955)	1,431
Total other expense (income)	\$150,568	106,734	43,834

The \$14.2 million net increase in total interest expense is primarily due to:

\$10.2 million net increase in interest on notes payable is primarily due to:

\$7.6 million increase from issuances of \$950 million of new unsecured debt during 2017;

\$7.0 million increase from issuance of \$300 million of new unsecured debt in March 2018; and

\$3.2 million of additional interest on notes payable assumed with the Equity One merger; offset by

\$4.5 million decrease from redemption of \$150 million unsecured debt in April 2018; and

\$3.1 million decrease in mortgage interest expense due mortgage payoffs during 2018 and 2017.

further increased by \$3.6 million in interest on unsecured credit facilities related to higher average balances and interest rates.

During the nine months ended September 30, 2018, we recognized \$29.4 million of impairment losses, including \$9.2 million of goodwill impairment, on five operating properties and two land parcels, each of which have been sold.

During the nine months ended September 30, 2018, we early redeemed the \$150 million 6% senior unsecured notes resulting in \$11.0 million of debt extinguishment costs. During the nine months ended September 30, 2017, we repaid nine mortgages with a portion of the proceeds from an unsecured public debt offering, and recognized \$12.4 million of debt extinguishment costs.

Net investment income decreased \$1.4 million driven by valuation changes in the stock market.

Our equity in income of investments in real estate partnerships decreased as follows:

		Nine months ended September 30,		
(in thousands)	Ownership	2018	2017	Change
GRI - Regency, LLC (GRIR)	40.00%	\$22,471	20,791	1,680
New York Common Retirement Fund (NYC)	30.00%	213	417	(204)
Columbia Regency Retail Partners, LLC (Columbia I)	20.00%	944	3,344	(2,400)
Columbia Regency Partners II, LLC (Columbia II)	20.00%	1,298	1,072	226
Cameron Village, LLC (Cameron)	30.00%	703	636	67
RegCal, LLC (RegCal)	25.00%	1,155	1,010	145
US Regency Retail I, LLC (USAA)	20.01%	688	4,251	(3,563)
Other investments in real estate partnerships	49.90%	2,076	2,283	(207)
Total equity in income of investments in real estate partnerships		\$29,548	33,804	(4,256)

The \$4.3 million decrease in our equity in income of investments in real estate partnerships is largely attributed to the following changes:

- \$1.7 million increase at GRIR from greater rental income from rent growth and rent commencements at several shopping centers held in this partnership; offset by

- \$2.4 million decrease at Columbia I due to a \$2.4 million gain on the sale of an operating property within the partnership during 2017; and

- \$3.6 million decrease at USAA due to a \$3.3 million gain recognized during 2017 on the sale of an operating property within the partnership.

The following represents the remaining components that comprise net income attributable to the common stockholders and unit holders:

		Nine months ended September 30,		
(in thousands)		2018	2017	Change
Income from operations		\$168,140	88,126	80,014
Gain on sale of real estate, net of tax		4,448	4,913	(465)
Income attributable to noncontrolling interests		(2,366)	(2,101)	(265)
Preferred stock dividends and issuance costs		—	(16,128)	16,128
Net income attributable to common stockholders		\$170,222	74,810	95,412
Net income attributable to exchangeable operating partnership units		358	217	141
Net income attributable to common unit holders		\$170,580	75,027	95,553

During the nine months ended September 30, 2018, we sold four operating properties and four land parcels resulting in gains of \$4.4 million, compared to gains of \$4.9 million from the sale of one operating property and seven land parcels during the same period in 2017.

Preferred stock dividends decreased \$16.1 million due to the redemption of our Series 6 and Series 7 preferred stock in February and August of 2017, respectively.

Supplemental Earnings Information

We use certain non-GAAP performance measures, in addition to certain performance metrics determined under GAAP, as we believe these measures improve the understanding of the Company's operating results. We manage our entire real estate portfolio without regard to ownership structure, although certain decisions impacting properties owned through partnerships require partner approval. Therefore, we believe presenting our pro-rata share of operating results regardless of ownership structure, along with other non-GAAP measures, may assist in comparing the Company's operating results to other REITs. We continually evaluate the usefulness, relevance, limitations, 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. See "Defined Terms" at the beginning of this Management's Discussion and Analysis.

Pro-Rata Same Property NOI:

For purposes of evaluating same property NOI on a comparative basis, and in light of the merger with Equity One on March 1, 2017, we are presenting our same property NOI on a pro forma basis for the nine months ended September 30, 2017 as if the merger had occurred January 1, 2017. This perspective allows us to evaluate same property NOI growth over a comparable period. The pro forma same property NOI as adjusted is not necessarily indicative of what the actual same property NOI and growth would have been if the merger had occurred on January 1, 2017, nor does it purport to represent the same property NOI and growth for future periods.

Our pro-rata same property NOI as adjusted, excluding termination fees, changed from the following major components:

(in thousands)	Three months ended September 30,			Nine months ended September 30,		
	2018	2017	Change	2018	2017 ⁽¹⁾	Change
Base rent	\$208,247	200,866	7,381	\$620,762	598,763	21,999
Percentage rent	1,353	1,274	79	7,243	7,799	(556)
Recoveries from tenants	65,785	60,184	5,601	196,175	182,323	13,852
Other income	5,645	5,039	606	15,838	12,770	3,068
Operating expenses	81,108	73,650	7,458	239,803	223,126	16,677
Pro-rata same property NOI, as adjusted	\$199,922	193,713	6,209	\$600,215	578,529	21,686
Less: Termination fees	882	264	618	672	768	(96)
Pro-rata same property NOI, as adjusted, excluding termination fees	\$199,040	193,449	5,591	\$599,543	577,761	21,782
Pro-rata same property NOI growth, as adjusted, excluding termination fees			2.9 %			3.8 %

⁽¹⁾ Adjusted for Equity One operating results prior to the merger for these periods. For additional information and details about the Equity One operating results included herein, refer to the Same Property NOI Reconciliation at the end of the Supplemental Earnings section.

Base rent increased \$7.4 million and \$22.0 million during the three and nine months ended September 30, 2018, driven by increases in rental rate growth on new and renewal leases, contractual rent steps from leases, and rent commencements.

Recoveries from tenants increased \$5.6 million and \$13.9 million during the three and nine months ended September 30, 2018, as a result of increases in recoverable costs, as noted below.

Other income increased \$0.6 million and \$3.1 million during the three and nine months ended September 30, 2018, due to the timing of termination, assignment and settlement fee income.

Operating expenses increased \$7.5 million and \$16.7 million during the three and nine months ended September 30, 2018, primarily due to higher real estate tax assessments.

Same Property Rollforward:

Our same property pool includes the following property count, pro-rata GLA, and changes therein:

	Three months ended September 30,			
	2018		2017	
(GLA in thousands)	Property Count	GLA	Property Count	GLA
Beginning same property count	406	41,758	400	41,076
Disposed properties	(3)	(499)	(1)	(24)
SF adjustments ⁽¹⁾	—	(41)	—	21
Ending same property count	403	41,218	399	41,073

	Nine months ended September 30,			
	2018		2017	
(GLA in thousands)	Property Count	GLA	Property Count	GLA
Beginning same property count	395	40,601	289	26,392
Acquired properties owned for entirety of comparable periods	7	917	1	180
Developments that reached completion by beginning of earliest comparable period presented	8	512	2	331
Disposed properties	(7)	(804)	(3)	(82)
SF adjustments ⁽¹⁾	—	(8)	—	71
Properties acquired through Equity One merger	—	—	110	14,181
Ending same property count	403	41,218	399	41,073

⁽¹⁾ SF adjustments arise from remeasurements or redevelopments.

NAREIT FFO:

Our reconciliation of net income attributable to common stock and unit holders to NAREIT FFO is as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2018	2017	2018	2017
(in thousands, except share information)				
Reconciliation of Net income to NAREIT FFO				
Net income attributable to common stockholders	\$69,722	59,666	\$170,222	74,810
Adjustments to reconcile to NAREIT FFO: ⁽¹⁾				
Depreciation and amortization (excluding FF&E)	96,795	99,284	290,182	266,873
Provision for impairment to operating properties	407	—	28,901	—
Gain on sale of operating properties, net of tax	(3,610)	(3,349)	(3,958)	(8,415)
Exchangeable operating partnership units	147	132	358	217
NAREIT FFO attributable to common stock and unit holders	\$163,461	155,733	\$485,705	333,485

⁽¹⁾ Includes Regency's pro-rate share of unconsolidated investment partnerships, net of pro-rata share attributable to noncontrolling interest.

Same Property NOI Reconciliation:

Our reconciliation of property revenues and property expenses to Same Property NOI, on a pro-rata basis, is as follows:

(in thousands)	Three months ended September 30, 2018			2017		
	Same Property	Other ⁽¹⁾	Total	Same Property	Other ⁽¹⁾	Total
Net income attributable to common stockholders	\$105,470	(35,748)	69,722	\$140,194	(80,528)	59,666
Less:						
Management, transaction, and other fees	—	6,954	6,954	—	6,047	6,047
Gain on sale of real estate, net of tax	—	3,228	3,228	—	131	131
Other ⁽²⁾	9,867	3,149	13,016	5,025	8,248	13,273
Plus:						
Depreciation and amortization	84,344	4,839	89,183	39,515	51,959	91,474
General and administrative	—	17,564	17,564	(104)	15,303	15,199
Other operating expense, excluding provision for doubtful accounts	237	672	909	247	1,883	2,130
Other expense (income)	5,949	30,601	36,550	7,321	26,387	33,708
Equity in income (loss) of investments in real estate excluded from NOI ⁽³⁾	13,789	534	14,323	11,565	244	11,809
Net income attributable to noncontrolling interests	—	812	812	—	769	769
Preferred stock dividends and issuance costs	—	—	—	—	3,147	3,147
Pro-rata NOI, as adjusted	\$199,922	5,943	205,865	\$193,713	4,738	198,451

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

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

⁽³⁾ Includes non-NOI expenses incurred at our unconsolidated real estate partnerships, including those separated out above for our consolidated properties.

(in thousands)	Nine months ended September 30, 2018			2017		
	Same Property	Other ⁽¹⁾	Total	Same Property	Other ⁽¹⁾	Total
Net income attributable to common stockholders	\$322,738	(152,516)	170,222	\$253,544	(178,734)	74,810
Less:						
Management, transaction, and other fees	—	20,999	20,999	—	19,353	19,353
Gain on sale of real estate, net of tax	—	4,448	4,448	—	4,913	4,913
Other ⁽²⁾	35,791	9,031	44,822	29,758	6,776	36,534
Plus:						
Depreciation and amortization	248,574	18,238	266,812	236,570	7,187	243,757
General and administrative	—	51,947	51,947	(313)	49,931	49,618
Other operating expense, excluding provision for doubtful accounts	532	2,293	2,825	807	77,967	78,774
Other expense (income)	20,773	129,795	150,568	37,205	69,529	106,734
Equity in income (loss) of investments in real estate excluded from NOI ⁽³⁾	43,389	1,694	45,083	37,463	1,056	38,519
Net income attributable to noncontrolling interests	—	2,366	2,366	—	2,101	2,101
Preferred stock dividends and issuance costs	—	—	—	—	16,128	16,128
NOI from Equity One prior to merger ⁽⁴⁾	—	—	—	43,011	—	43,011
Pro-rata NOI, as adjusted	\$600,215	19,339	619,554	\$578,529	14,123	592,652

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

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

⁽³⁾ Includes non-NOI expenses incurred at our unconsolidated real estate partnerships, including those separated out above for our consolidated properties.

⁽⁴⁾ NOI from Equity One prior to the merger was derived from the accounting records of Equity One without adjustment. Equity One's financial information for the two month period ended February 28, 2017 was subject to a limited internal review by Regency.

The following is Same Property NOI detail for the non-ownership period of Equity One:

(in thousands)	Two Months Ended February 2017
Base rent	\$44,644
Percentage rent	1,265
Recoveries from tenants	13,970
Other income	612
Operating expenses	17,480
Pro-rata same property NOI, as adjusted	\$43,011
Less: Termination fees	30
Pro-rata same property NOI, as adjusted, excluding termination fees	\$42,981

Liquidity and Capital Resources

General

We use cash flows generated from operating, investing, and financing activities to strengthen our balance sheet, finance our development and redevelopment projects, fund our investment activities, and maintain financial flexibility. We continuously monitor the capital markets and evaluate our ability to issue new debt or equity, to repay maturing debt, or fund our capital commitments.

Except for the \$500 million of unsecured public and private placement debt assumed with the Equity One merger in 2017, our Parent Company has no capital commitments other than its guarantees of the commitments of our Operating Partnership. All remaining debt is held by our Operating Partnership or by our co-investment partnerships. The Operating Partnership is a co-issuer and a guarantor of the \$500 million of outstanding debt of our Parent Company assumed in the Equity One merger. 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. Based upon our available sources of capital, our current credit ratings, and the number of high quality, unencumbered properties we own, we believe our available capital resources are sufficient to meet our expected capital needs.

In addition to our \$40.4 million of unrestricted cash, we have the following additional sources of capital available:

(in thousands)	September 30, 2018
ATM equity program	
Original offering amount	\$ 500,000
Available capacity	\$ 500,000

Line of Credit

Total commitment amount	\$ 1,250,000
Available capacity ⁽¹⁾	\$ 1,095,600
Maturity ⁽²⁾	March 23, 2022

⁽¹⁾ Net of letters of credit.

⁽²⁾ The Company has the option to extend the maturity for two additional six-month periods.

We operate our business such that we expect net cash provided by operating activities will provide the necessary funds to pay our distributions to our common and preferred share and unit holders, which were \$282.9 million and \$238.3 million for the nine months ended September 30, 2018 and 2017, respectively. In March 2018, we expanded our line of credit to \$1.25 billion with a maturity date of May 23, 2022. We currently do not have any preferred shares issued and outstanding. Our dividend distribution policy is set by our Board of Directors, who monitors our financial position. Our Board of Directors recently declared our common stock dividend of \$0.555 per share, payable on November 28, 2018. 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.

During the next twelve months, we estimate that we will require approximately \$163.6 million of cash, including \$123.5 million to complete in-process developments and redevelopments, \$13.2 million to repay maturing debt, and \$26.9 million to fund our pro-rata share of estimated capital contributions to our co-investment partnerships for repayment of maturing debt. If we start new developments, redevelop additional shopping centers, commit to new acquisitions, prepay debt prior to maturity, or repurchase shares of our common stock, our cash requirements will increase. If we refinance maturing debt, our cash requirements will decrease. To meet our cash requirements, we will utilize cash generated from operations, proceeds from the sale of real estate, available borrowings from our Line, and

when the capital markets are favorable, proceeds from the sale of equity or the issuance of new long-term debt. In addition, we have a contractual commitment to purchase, through November 2019, up to a 100% ownership interest in an operating shopping center valued at \$205.0 million, at the option of the seller. We are currently expecting the seller to require us to purchase a 30% ownership interest in the property by November 2019 for approximately \$61.5 million.

We endeavor to maintain a high percentage of unencumbered assets. At September 30, 2018, 87.8% of our wholly-owned real estate assets were unencumbered. Such assets allow us to access the secured and unsecured debt markets and to maintain availability on the Line. Our annualized Fixed charge coverage ratio, including our pro-rata share of our partnerships, was 4.1 times for the periods ended September 30, 2018 and December 31, 2017, respectively.

Our Line, Term Loans, and unsecured loans require that we remain in compliance with various covenants, which are described in the Notes to Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2017. We are in compliance with these covenants at September 30, 2018 and expect to remain in compliance.

On October 25, 2018, the Company's Board approved the transfer of the Company's common stock from listing on the New York Stock Exchange ("NYSE") to The NASDAQ Global Select Market ("NASDAQ"). The Company expects the last day of trading on the NYSE to be November 12, 2018. The Company's common stock has been approved for listing on NASDAQ, is expected to commence trading on November 13, 2018, and will continue to trade under the stock symbol "REG".

Summary of Cash Flow Activity

The following table summarizes net cash flows related to operating, investing, and financing activities of the Company:

(in thousands)	Nine months ended September 30,		
	2018	2017	Change
Net cash provided by operating activities	\$464,755	345,426	119,329
Net cash used in investing activities	(147,181)	(857,743)	710,562
Net cash (used in) provided by financing activities	(322,469)	525,079	(847,548)
Net (decrease) increase in cash and cash equivalents and restricted cash	\$(4,895)	12,762	(17,657)
Total cash and cash equivalents and restricted cash	\$44,486	30,641	13,845

Net cash provided by operating activities:

Net cash provided by operating activities increased \$119.3 million due to:

\$121.8 million increase in cash from operating income including the additional cash flow from properties acquired through the Equity One merger in March 2017, net of merger costs;

\$451,000 decrease in operating cash flow distributions from our unconsolidated real estate partnerships; and,

\$2.0 million net decrease in cash due to timing of cash receipts and payments related to operating activities.

Net cash used in investing activities:

Net cash used in investing activities decreased by \$710.6 million as follows:

(in thousands)	Nine months ended September 30,		
	2018	2017	Change
Cash flows from investing activities:			
Acquisition of operating real estate	\$(85,766)	(2,109)	(83,657)
Advance deposits paid on acquisition of operating real estate	(150)	(350)	200
Acquisition of Equity One, net of cash and restricted cash acquired of \$74,507	—	(646,790)	646,790
Real estate development and capital improvements	(174,145)	(240,827)	66,682
Proceeds from sale of real estate investments	151,142	13,323	137,819
Proceeds from (issuance of) notes receivable	15,648	(3,460)	19,108
Investments in real estate partnerships	(58,372)	(12,296)	(46,076)
Distributions received from investments in real estate partnerships	5,488	36,603	(31,115)
Dividends on investment securities	281	200	81
Acquisition of investment securities	(16,946)	(14,011)	(2,935)
Proceeds from sale of investment securities	15,639	11,974	3,665
Net cash used in investing activities	\$(147,181)	(857,743)	710,562

Significant changes in investing activities include:

We acquired two operating properties for \$85.8 million during 2018 and, other than those included in the merger, we acquired two real estate parcels at existing operating properties for \$2.1 million during the same period in 2017.

We issued 65.5 million shares of common stock to the shareholders of Equity One valued at \$4.5 billion in a stock for stock exchange and merged Equity One into the Company on March 1, 2017. As part of the merger, we paid \$646.8 million, net of cash and restricted cash acquired, to repay Equity One credit facilities not assumed with the merger.

We invested \$66.7 million less in 2018 than the same period in 2017 on real estate development, redevelopment, and capital improvements, as further detailed in a table below.

We sold seven operating properties and six land parcels in 2018 and received proceeds of \$151.1 million, compared to one operating property and seven land parcels in 2017 for proceeds of \$13.3 million.

We received \$15.6 million upon the collection of two notes in 2018, compared to the issuance of \$3.5 million in 2017.

We invested \$58.4 million in our real estate partnerships during 2018, including \$39.3 million to fund our share of acquiring four operating properties, \$1.5 million to acquire an interest in one land parcel for development, \$15.4 million to fund our share of development and redevelopment activities, and \$2.2 million to fund our share of maturing debt.

During the same period in 2017, we invested \$12.3 million in our real estate partnerships to fund our share of maturing mortgage debt and redevelopment activity.

Distributions from our unconsolidated real estate partnerships include return of capital from sales or financing proceeds. The \$5.5 million received in 2018 is driven by the sale of one land parcel and our share of financing proceeds from encumbering one operating property. During the same period in 2017, we received \$36.6 million from the sale of two operating properties and one land parcel plus our share of financing proceeds from encumbering certain operating properties within the partnerships.

Acquisition of securities and proceeds from sale of securities pertain to investments held in our captive insurance company and our deferred compensation plan.

We plan to continue developing and redeveloping shopping centers for long-term investment. During 2018, we deployed capital of \$174.1 million for the development, redevelopment, and improvement of our real estate properties, comprised of the following:

	Nine months ended September 30,		
(in thousands)	2018	2017	Change
Capital expenditures:			
Land acquisitions for development / redevelopment	\$—	20,834	(20,834)
Building and tenant improvements	50,052	31,130	18,922
Redevelopment costs	39,129	103,395	(64,266)
Development costs	71,617	66,595	5,022
Capitalized interest	5,338	5,778	(440)
Capitalized direct compensation	8,009	13,095	(5,086)
Real estate development and capital improvements	\$174,145	240,827	(66,682)

During 2018 we acquired no land parcels for new development projects as compared to three land parcels acquired during 2017.

Building and tenant improvements increased \$18.9 million in 2018, primarily related to the overall increase in the size of our portfolio from the merger with Equity One in March 2017.

Redevelopment expenditures are lower in 2018 due to the timing, magnitude, and number of projects currently in process. We intend to continuously improve our portfolio of shopping centers through redevelopment which can include adjacent land acquisition, existing building expansion, facade renovation, new out-parcel building construction, and redevelopment related tenant improvement costs. The size and magnitude of each redevelopment project varies with each redevelopment plan.

Development expenditures are higher in 2018 due to the progress towards completion of our development projects currently in process. At September 30, 2018 and December 31, 2017, we had six and eight consolidated development projects that were either under construction or in lease up. See the tables below for more details about our development projects.

Interest is capitalized on our development and redevelopment projects and is based on cumulative actual costs expended. We cease interest capitalization when the property is no longer being developed or is available for occupancy upon substantial completion of tenant improvements, but in no event would we capitalize interest on the project beyond 12 months after the anchor opens for business.

We have a staff of employees who directly support our development program, which includes redevelopment of our existing properties. We currently expect that our development activity will approximate our recent historical averages, although the amount of activity by type will vary and likely shift towards more redevelopment in the near future.

Internal compensation costs directly attributable to these activities are capitalized as part of each project. Changes in the level of future development activity could adversely impact results of operations by reducing the amount of internal costs for development projects that may be capitalized. A 10% reduction in development activity without a corresponding reduction in development related compensation costs could result in an additional charge to net income of \$1.5 million per year.

The following table summarizes our in-process consolidated development projects:

(in thousands, except cost PSF)

Property Name	Market	Start Date	Estimated /Actual Anchor Opening	September 30, 2018		GLA	Cost PSF of GLA (1)
				Estimated Net Development Costs (1)	% of Costs Incurred (1)		
The Market at Springwoods Village (2)	Houston , TX	Q1-16	Nov-17	\$25,373	95%	167	\$ 152
The Village at Riverstone	Houston, TX	Q4-16	Sept-18	30,658	80%	167	184
The Field at Commonwealth	Metro DC	Q1-17	June-18	43,744	90%	167	262
Pinecrest Place (3)	Miami, FL	Q1-17	Jan-18	16,429	81%	67	245
Mellody Farm	Chicago, IL	Q2-17	Sept-18	102,932	73%	268	384
Indigo Square	Charleston, SC	Q4-17	March-19	16,606	65%	51	326
Total				\$235,742	78%	887	\$ 266

(1) Includes leasing costs and is net of tenant reimbursements.

(2) Estimated Net Development Costs are reported at full project cost. Our ownership interest in this consolidated property is 53%. Anchor rent commencement date was May 2017.

(3) Estimated Net Development Costs for Pinecrest Place excludes the cost of land, which the Company has leased long term.

The following table summarizes our pro-rata share of in-process unconsolidated development projects:

(in thousands, except cost

Property Name	Market	Start Date	Estimated /Actual Anchor Opening	September 30, 2018		GLA	Cost PSF
				Estimated Net	% of Costs Incurred (1)		

				Development Costs ⁽¹⁾		of GLA (1)	
Midtown East	Raleigh, NC	Q4-17	Sept-19	\$22,298	53%	87	\$256
Ballard Blocks II	Seattle, WA	Q1-18	Sept-19	32,170	31%	57	564
Total				\$54,468	40%	144	\$378

⁽¹⁾ Includes leasing costs and is net of tenant reimbursements.

The following table summarizes our completed consolidated development projects:

(in thousands, except cost PSF)

September 30, 2018

Property Name	Location	Completion Date	Net Development Costs ⁽¹⁾	GLA	Cost per square foot GLA ⁽¹⁾
Northgate Marketplace Ph II	Medford, OR	Q2-18	\$40,791	177	\$ 230
Chimney Rock Crossing	New York, NY	Q2-18	70,105	218	322
Total			\$110,896	395	\$ 281

⁽¹⁾ Includes leasing costs and is net of tenant reimbursements.

Net cash (used in) provided by financing activities:

Net cash flows generated from financing activities decreased by \$847.5 million during 2018, as follows:

(in thousands)	Nine months ended September 30,		
	2018	2017	Change
Cash flows from financing activities:			
Repurchase of common shares in conjunction with equity award plans	\$(6,772)	(19,251)	12,479
Common shares repurchased through share repurchase program	(124,989)	—	(124,989)
Preferred stock redemption	—	(325,000)	325,000
Distributions to limited partners in consolidated partnerships, net	(3,457)	(7,031)	3,574
Dividend payments	(282,858)	(238,275)	(44,583)
Unsecured credit facilities	85,000	300,000	(215,000)
Proceeds from debt issuance	301,251	1,080,114	(778,863)
Debt repayment	(281,295)	(252,710)	(28,585)
Payment of loan costs	(9,448)	(12,868)	3,420
Proceeds from sale of treasury stock	99	100	(1)
Net cash (used in) provided by financing activities	\$(322,469)	525,079	(847,548)

Significant financing activities during the nine months ended September 30, 2018 and 2017 include the following:

We repurchased for cash a portion of the common stock related to stock based compensation to satisfy employee federal and state tax withholding requirements. The 2017 repurchases were higher due to the vesting of Equity One's stock-based compensation program as a result of the merger.

• We paid \$125.0 million to repurchase common shares through our repurchase program.

• We redeemed all of the issued and outstanding shares of our 6.625% Series 6 and 6.000% Series 7 cumulative redeemable preferred stock on February 16, 2017 and August 23, 2017, respectively, for \$325.0 million.

We paid \$44.6 million more in dividends as a result of the additional common shares outstanding, as common shares were issued as merger consideration during 2017, combined with an increase in our dividend rate from \$1.57 per share, during the nine months ended September 30, 2017, to \$1.665 per share, during the nine months ended September 30, 2018.

• We had the following debt related activity during 2018:

We borrowed, net of payments, an additional \$85.0 million on our Line.

We received proceeds of \$299.5 million upon issuance, in March, of \$300.0 million of senior unsecured public notes and drew \$1.7 million on a construction loan to fund an in-process development project.

We paid \$160.5 million, including a make-whole premium, to early redeem our senior unsecured public notes originally due June 2020 and \$120.8 million to pay scheduled principal mortgage payments and mortgages maturities. We paid \$9.4 million of loan costs in connection with our public note offering above and expanding our Line commitment.

We had the following debt related activity during 2017:

We received proceeds of \$300.0 million upon closing a new term loan.

We received proceeds of \$1.1 billion from debt issuances including

* \$953.1 million, including debt premiums, from our \$950.0 million senior unsecured public note issuances in January and June,

* \$122.5 million from mortgage loans, and

* \$4.5 million in construction loan proceeds.

We paid \$252.7 million to repay or refinance mortgage loans and pay scheduled principal payments.

We paid \$12.9 million of loan costs in connection with the new debt issued above, including expanding our Line commitment.

Investments in Real Estate Partnerships

The following table is a summary of the unconsolidated combined assets and liabilities of these co-investment partnerships and our pro-rata share:

(dollars in thousands)	Combined		Regency's Share ⁽¹⁾	
	September 30, 2018	December 31, 2017	September 30, 2018	December 31, 2017
Number of Co-investment Partnerships	15	13		
Regency's Ownership	20%-50%	20%-50%		
Number of Properties	120	115		
Assets	\$3,062,855	2,885,720	\$1,066,725	1,002,767
Liabilities	1,677,944	1,627,693	572,826	557,699
Equity	1,384,911	1,258,027	493,899	445,068
Negative investment in US Regency Retail I, LLC			3,464	11,290
Basis difference			40,191	40,351
Restricted Gain Method deferral ⁽²⁾			—	(30,902)
Impairment of investment in real estate partnerships			(1,300)	(1,300)
Net book equity in excess of purchase price			(78,203)	(78,203)
Investments in real estate partnerships			\$458,051	386,304

⁽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 our operations, which includes such items on a single line presentation under the equity method in our consolidated financial statements.

⁽²⁾ Upon adoption of ASU 2017-05 (ASC Subtopic 610-20) on January 1, 2018, the Company recognized \$30.9 million of previously deferred gains through opening retained earnings, as discussed in Note 1 to the unaudited Consolidated Financial Statements.

Our equity method investments in real estate partnerships consist of the following:

(in thousands)	Regency's Ownership	September 30, 2018	December 31, 2017
GRI - Regency, LLC (GRIR)	40.00%	\$ 199,644	198,521
New York Common Retirement Fund (NYC)	30.00%	54,679	53,277
Columbia Regency Retail Partners, LLC (Columbia I) ⁽¹⁾	20.00%	13,420	7,057
Columbia Regency Partners II, LLC (Columbia II) ⁽¹⁾	20.00%	37,097	13,720
Cameron Village, LLC (Cameron)	30.00%	11,317	11,784
RegCal, LLC (RegCal)	25.00%	31,296	27,829
Other investments in real estate partnerships	49.90% - 50.00%	110,598	74,116
Total Investment in real estate partnerships		\$ 458,051	386,304
US Regency Retail I, LLC (USAA) ⁽²⁾	20.01%	(3,464)	(11,290)
Net Investment in real estate partnerships		\$ 454,587	375,014

⁽¹⁾ Upon adoption of ASU 2017-05 (ASC Subtopic 610-20) on January 1, 2018, the Company recognized \$30.9 million of previously deferred gains with these partnerships through opening retained earnings and our investment in the partnerships, as discussed in Note 1 to the unaudited Consolidated Financial Statements.

⁽²⁾ The USAA partnership has distributed proceeds from debt financing and real estate sales in excess of Regency's carrying value of its investment, resulting in a negative investment balance, which is classified within Accounts payable and other liabilities in the Consolidated Balance Sheets.

Notes Payable - Investments in Real Estate Partnerships

Scheduled principal repayments on notes payable held by our investments in real estate partnerships were as follows:

(in thousands)	September 30, 2018				
	Scheduled Principal Payments	Mortgage Loan Maturities	Unsecured Maturities	Total	Regency's Pro-Rata Share
Scheduled Principal Payments and Maturities by Year:					
2018	\$5,164	30,022	—	35,186	13,877
2019	20,062	65,939	—	86,001	22,294
2020	17,043	235,002	—	252,045	92,613
2021	11,048	269,942	32,835	313,825	107,015
2022	7,811	195,702	—	203,513	73,417
Beyond 5 Years	6,793	654,795	—	661,588	220,127
Net unamortized loan costs, debt premium / (discount)	—	(8,888)	—	(8,888)	(2,797)
Total	\$67,921	1,442,514	32,835	1,543,270	526,546

At September 30, 2018, our investments in real estate partnerships had notes payable of \$1.5 billion maturing through 2034, of which 97.1% had a weighted average fixed interest rate of 4.6%. The remaining notes payable float over LIBOR and had a weighted average variable interest rate of 3.8%. These fixed and variable rate notes payable are all non-recourse, and our pro-rata share was \$526.5 million as of September 30, 2018. As notes payable mature, we expect they will be repaid from proceeds from new borrowings and/or partner capital contributions.

We believe that our partners are financially sound and have sufficient capital or access thereto to fund future capital requirements. In the event that a co-investment partner was unable to fund its share of the capital requirements of the co-investment partnership, we would have the right, but not the obligation, to loan the defaulting partner the amount of its capital call.

Management fee income

In addition to earning our pro-rata share of net income or loss in each of these co-investment partnerships, we receive fees, as shown below:

	Three months ended September 30,		Nine months ended September 30,	
(in thousands)	2018	2017	2018	2017
Asset management, property management, leasing, and investment and financing services	\$6,744	5,884	\$20,465	18,735

Recent Accounting Pronouncements

See note 1 to Consolidated Financial Statements.

Environmental Matters

We are subject to numerous environmental laws and regulations as they apply to our shopping centers pertaining primarily 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 more environmentally friendly 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.

As of September 30, 2018 we and our Investments in real estate partnerships had accrued liabilities of \$9.1 million for our pro-rata share of environmental remediation. 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 near future. Substantially all of our long-term leases contain provisions designed to mitigate the adverse impact of inflation, which 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 will 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, 2017.

Item 4. Controls and Procedures

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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 the Parent Company's internal controls over financial reporting identified in connection with this evaluation that occurred during the third quarter of 2018 which 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 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 the Operating Partnership's internal controls over financial reporting identified in connection with this evaluation that occurred during the third quarter of 2018 which have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

We are a party to various legal proceedings that 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, 2017.

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, 2018.

The following table represents information with respect to purchases by the Parent Company of its common stock by month during the three months ended September 30, 2018.

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 (2)
July 1 through July 31, 2018	—	\$ —	—	\$ 125,009,963
August 1 through August 31, 2018	261	\$ 65.06	—	\$ 125,009,963
September 1 through September 30, 2018	—	\$ —	—	\$ 125,009,963

(1) Includes 261 shares repurchased at an average price of \$65.06 to cover payment of withholding taxes in connection with restricted stock vesting by participants under Regency's Long-Term Omnibus Plan.

(2) On February 7, 2018, the Company's Board authorized a common share repurchase program under which the Company may purchase, from time to time, up to a maximum of \$250 million of its outstanding common stock through open market purchases and/or in privately negotiated transactions. Any shares purchased will be retired. The program is scheduled to expire on February 6, 2020. Through September 30, 2018, the Company has repurchased 2,145,209 shares for \$125.0 million.

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

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 5, 2018 REGENCY CENTERS CORPORATION

By:/s/ Lisa Palmer

Lisa Palmer, President and Chief Financial Officer (Principal Financial Officer)

By:/s/ J. Christian Leavitt

J. Christian Leavitt, Senior Vice President and Treasurer (Principal Accounting Officer)

November 5, 2018 REGENCY CENTERS, L.P.

By: Regency Centers Corporation, General Partner

By:/s/ Lisa Palmer

Lisa Palmer, President and Chief Financial Officer (Principal Financial Officer)

By:/s/ J. Christian Leavitt

J. Christian Leavitt, Senior Vice President and Treasurer (Principal Accounting Officer)