

REGENCY CENTERS CORP  
Form 10-Q  
May 07, 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 March 31, 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

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Exchange Act.

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 169,410,491 as of May 4, 2018.

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## EXPLANATORY NOTE

This report combines the quarterly reports on Form 10-Q for the quarter ended March 31, 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 March 31, 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

March 31, 2018 and December 31, 2017

(in thousands, except share data)

	2018	2017
	(unaudited)	
Assets		
Real estate investments at cost:		
Land, building and improvements	\$ 10,768,379	10,578,430
Properties in development	179,123	314,391
	10,947,502	10,892,821
Less: accumulated depreciation	1,394,276	1,339,771
	9,553,226	9,553,050
Properties held for sale	8,742	—
Investments in real estate partnerships	448,257	386,304
Net real estate investments	10,010,225	9,939,354
Cash and cash equivalents	87,904	45,370
Restricted cash	5,732	4,011
Tenant and other receivables, net of allowance for doubtful accounts and straight-line rent reserves of \$13,945 and \$12,728 at March 31, 2018 and December 31, 2017, respectively	159,587	170,985
Deferred leasing costs, less accumulated amortization of \$96,192 and \$93,291 at March 31, 2018 and December 31, 2017, respectively	83,638	80,044
Acquired lease intangible assets, less accumulated amortization of \$171,114 and \$148,280 at March 31, 2018 and December 31, 2017, respectively	455,589	478,826
Other assets	431,181	427,127
Total assets	\$ 11,233,856	11,145,717
Liabilities and Equity		
Liabilities:		
Notes payable	\$ 3,276,888	2,971,715
Unsecured credit facilities	563,380	623,262
Accounts payable and other liabilities	212,515	234,272
Acquired lease intangible liabilities, less accumulated amortization of \$68,123 and \$56,550 at March 31, 2018 and December 31, 2017, respectively	527,264	537,401
Tenants' security, escrow deposits and prepaid rent	48,428	46,013
Total liabilities	4,628,475	4,412,663
Commitments and contingencies	—	—
Equity:		
Stockholders' equity:		
Common stock, \$0.01 par value per share, 220,000,000 shares authorized; 169,408,781 and 171,364,908 shares issued at March 31, 2018 and December 31, 2017, respectively	1,694	1,714
Treasury stock at cost, 372,712 and 366,628 shares held at March 31, 2018 and December 31, 2017, respectively	(18,756 )	(18,307 )
Additional paid in capital	7,746,427	7,873,104
Accumulated other comprehensive income (loss)	4,764	(6,289 )
Distributions in excess of net income	(1,169,828 )	(1,158,170 )