

REGENCY CENTERS CORP
Form 10-Q
May 06, 2010
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549
FORM 10-Q

x **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended March 31, 2010

or

.. **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from _____ to _____

Commission File Number 1-12298 (Regency Centers Corporation)

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

REGENCY CENTERS CORPORATION
REGENCY CENTERS, L.P.

(Exact name of registrant as specified in its charter)

FLORIDA (REGENCY CENTERS CORPORATION)
DELAWARE (REGENCY CENTERS, L.P)

59-3191743

(State or other jurisdiction of

59-3429602
(I.R.S. Employer

incorporation or organization)

identification No.)

One Independent Drive, Suite 114

Jacksonville, Florida 32202

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(Address of principal executive offices) (zip code)

(904) 598-7000

(Registrant's telephone No.)

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

Regency Centers Corporation YES NO **Regency Centers, L.P.** YES NO

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

Regency Centers Corporation YES NO **Regency Centers, L.P.** YES NO

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

Regency Centers Corporation:

Large accelerated filer Accelerated filer
Non-accelerated filer Smaller reporting company

Regency Centers, L.P.:

Large accelerated filer Accelerated filer
Non-accelerated filer Smaller reporting company

Indicate by check mark whether the registrant is a shell company.

Regency Centers Corporation YES NO **Regency Centers, L.P.** YES NO

The number of shares outstanding of the Regency Centers Corporation's voting common stock was 81,794,602 as of May 6, 2010.

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EXPLANATORY NOTE

This report combines the quarterly reports on Form 10-Q for the quarter ended March 31, 2010 of Regency Centers Corporation and Regency Centers, L.P. Unless stated otherwise or the context otherwise requires, references to Regency Centers Corporation or the Parent Company mean Regency Centers Corporation and its controlled subsidiaries; and references to Regency Centers, L.P. or the Operating Partnership mean Regency Centers, L.P. and its controlled subsidiaries. The term the Company or Regency means the Parent Company and the Operating Partnership, collectively.

The Parent Company is a real estate investment trust (REIT) and the general partner of the Operating Partnership. The Operating Partnership's capital includes general and limited common Partnership Units (Units). As of March 31, 2010, the Parent Company owned approximately 99% of the Units in the Operating Partnership and the remaining limited Units are owned by investors. The Parent Company owns all of the Series 3, 4 and 5 Preferred Units of the Operating Partnership. As the sole general partner of the Operating Partnership, the Parent Company has exclusive control of the Operating Partnership's day-to-day management.

The Company believes combining the quarterly reports on Form 10-Q of the Parent Company and the Operating Partnership into this single report provides the following benefits:

enhances investors' understanding of the Parent Company and the Operating Partnership by enabling investors to view the business as a whole in the same manner as management views and operates the business;

eliminates duplicative disclosure and provides a more streamlined and readable presentation since a substantial portion of the Company's disclosure applies to both the Parent Company and the Operating Partnership; and

creates time and cost efficiencies through the preparation of one combined report instead of two separate reports.

Management operates the Parent Company and the Operating Partnership as one business. The management of the Parent Company consists of the same members as the management of the Operating Partnership. These members are officers of the Parent Company and employees of the Operating Partnership.

The Company believes it is important to understand the few differences between the Parent Company and the Operating Partnership in the context of how the Parent Company and the Operating Partnership operate as a consolidated company. The Parent Company is a REIT, whose only material asset is its ownership of partnership interests of the Operating Partnership. As a result, the Parent Company does not conduct business itself, other than acting as the sole general partner of the Operating Partnership, issuing public equity from time to time and guaranteeing certain debt of the Operating Partnership. The Parent Company does not hold any indebtedness, but guarantees all of the unsecured public debt and less than 12% of the secured debt of the Operating Partnership. The Operating Partnership holds all the assets of the Company and retains the ownership interests in the Company's joint ventures. Except for net proceeds from public equity issuances by the Parent Company, which are contributed to the Operating Partnership in exchange for partnership units, the Operating Partnership generates all remaining capital required by the Company's business. These sources include the Operating Partnership's operations, its direct or indirect incurrence of indebtedness, and the issuance of partnership units.

Stockholders' equity, partners' capital, and noncontrolling interests are the main areas of difference between the consolidated financial statements of the Parent Company and those of the Operating Partnership. The Operating Partnership's capital includes general and limited common Partnership Units, Series 3, 4, and 5 Preferred Units owned by the Parent Company, and Series D Preferred Units owned by institutional investors. The Series D preferred units and limited partners' units in the Operating Partnership owned by third parties are accounted for in partners' capital in the Operating Partnership's financial statements and outside of stockholders' equity in noncontrolling interests in the Parent Company's financial statements. The Series 3, 4, and 5 Preferred Units owned by the Parent Company are eliminated in consolidation in the accompanying consolidated financial statements of the Parent Company and are classified as preferred units of general partner in the accompanying consolidated financial statements of the Operating Partnership.

In order to highlight the differences between the Parent Company and the Operating Partnership, there are sections in this report that separately discuss the Parent Company and the Operating Partnership, including separate financial statements, controls and procedures sections, and separate Exhibit 31 and 32 certifications. In

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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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	2010 (unaudited)	2009
Assets		
Real estate investments at cost:		
Land	\$ 1,021,059	975,861
Buildings and improvements	2,082,026	2,017,843
Properties in development	816,328	920,427
	3,919,413	3,914,131
Less: accumulated depreciation	646,236	622,163
	3,273,177	3,291,968
Operating properties held for sale, net		19,647
Investments in real estate partnerships	333,963	326,212
Net real estate investments	3,607,140	3,637,827
Cash and cash equivalents	119,538	99,477
Accounts receivable, net of allowance for doubtful accounts of \$8,224 and \$6,567 at March 31, 2010 and December 31, 2009, respectively	31,232	40,871
Straight-line rent receivable, net of reserve of \$1,899 at March 31, 2010 and December 31, 2009	40,078	39,292
Notes receivable	36,814	37,753
Deferred costs, less accumulated amortization of \$61,290 and \$58,861 at March 31, 2010 and December 31, 2009, respectively	57,985	58,376
Acquired lease intangible assets, less accumulated amortization of \$12,173 and \$11,632 at March 31, 2010 and December 31, 2009, respectively	9,361	10,007
Other assets	31,248	50,203
Total assets	\$ 3,933,396	3,973,806
Liabilities and Equity		
Liabilities:		
Notes payable	\$ 1,886,528	1,886,380
Accounts payable and other liabilities	84,342	99,145
Derivative instruments, at fair value	34,279	28,363
Acquired lease intangible liabilities, less accumulated accretion of \$10,166 and \$9,715 at March 31, 2010 and December 31, 2009, respectively	5,430	5,896
Tenants' security and escrow deposits	10,623	10,628
Total liabilities	2,021,202	2,030,412

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Commitments and contingencies

Equity:

Stockholders' equity:

Preferred stock, \$.01 par value per share, 30,000,000 shares authorized; 11,000,000 Series 3-5 shares issued and outstanding at March 31, 2010 and December 31, 2009 with liquidation preferences of \$25 per share	275,000	275,000
Common stock \$.01 par value per share, 150,000,000 shares authorized; 81,584,156 and 81,539,296 shares issued at March 31, 2010 and December 31, 2009, respectively	816	815
Additional paid in capital	2,024,244	2,022,670
Accumulated other comprehensive loss	(55,674)	(49,973)
Distributions in excess of net income	(398,699)	(373,345)
Total stockholders' equity	1,845,687	1,875,167
Noncontrolling interests:		
Series D preferred units, aggregate redemption value of \$50,000 at March 31, 2010 and December 31, 2009	49,158	49,158
Exchangeable operating partnership units, aggregate redemption value of \$16,636 and \$16,415 at March 31, 2010 and December 31, 2009, respectively	6,532	7,321
Limited partners' interests in consolidated partnerships	10,817	11,748
Total noncontrolling interests	66,507	68,227
Total equity	1,912,194	1,943,394
Total liabilities and equity	\$ 3,933,396	3,973,806

See accompanying notes to consolidated financial statements.

Table of Contents**REGENCY CENTERS CORPORATION****Consolidated Statements of Operations****For the three months ended March 31, 2010 and 2009****(in thousands, except per share data)****(unaudited)**

	2010	2009
Revenues:		
Minimum rent	\$ 86,428	86,190
Percentage rent	360	700
Recoveries from tenants and other income	30,649	25,067
Management, transaction, and other fees	6,931	7,757
Total revenues	124,368	119,714
Operating expenses:		
Depreciation and amortization	31,331	27,853
Operating and maintenance	17,649	15,793
General and administrative	13,735	15,884
Real estate taxes	14,533	14,148
Provision for doubtful accounts	2,355	501
Other expenses	607	288
Total operating expenses	80,210	74,467
Other expense (income):		
Interest expense, net of interest income of \$675 and \$906 in 2010 and 2009, respectively	29,129	26,518
Gain on sale of properties in development	(791)	
Loss on derivative instruments	343	
Total other expense (income)	28,681	26,518
Income before equity in income (loss) of investments in real estate partnerships	15,477	18,729
Equity in income (loss) of investments in real estate partnerships	(3,892)	1,902
Income from continuing operations	11,585	20,631
Discontinued operations, net:		
Operating income	26	1,196
Gain on sale of operating properties and properties in development	6,797	3,886
Income from discontinued operations	6,823	5,082
Net income	18,408	25,713
Noncontrolling interests:		
Preferred units	(931)	(931)
Exchangeable operating partnership units	(94)	(164)
Limited partners' interests in consolidated partnerships	(96)	(136)
Net income attributable to noncontrolling interests	(1,121)	(1,231)

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Net income attributable to controlling interests	17,287	24,482
Preferred stock dividends	(4,919)	(4,919)
Net income attributable to common stockholders	\$ 12,368	19,563
Income per common share - basic:		
Continuing operations	\$ 0.07	0.21
Discontinued operations	0.08	0.07
Net income attributable to common stockholders per share	\$ 0.15	0.28
Income per common share - diluted:		
Continuing operations	\$ 0.07	0.21
Discontinued operations	0.08	0.07
Net income attributable to common stockholders per share	\$ 0.15	0.28

See accompanying notes to consolidated financial statements.

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REGENCY CENTERS CORPORATION

Consolidated Statement of Equity and Comprehensive Income (Loss)

For the three months ended March 31, 2010

(in thousands, except per share data)

(unaudited)

	Preferred Stock	Common Stock	Additional Paid In Capital	Accumulated Other Comprehensive Loss	Distributions in Excess of Net Income	Total Stockholders Equity	Preferred Units	Exchangeable Operating Partnership Units	Noncontrolling Interests Limited Partners Interest in Consolidated Partnerships	Total Noncontrolling Interests	Total Equity
Balance at December 31, 2009	\$ 275,000	815	2,022,670	(49,973)	(373,345)						