REGENCY CENTERS CORP
Form 10-Q
August 06, 2015

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 June 30, 2015
or

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

For the transition period from to

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

REGENCY CENTERS CORPORATION
REGENCY CENTERS, L.P.
(Exact name of registrant as specified in its charter)

| | |
|---|---|
| FLORIDA (REGENCY CENTERS CORPORATION) | 59-3191743 |
| DELAWARE (REGENCY CENTERS, L.P) | 59-3429602 |
| (State or other jurisdiction of incorporation or organization) | (I.R.S. Employer Identification No.) |
| One Independent Drive, Suite 114<br>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, 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 | x | Accelerated filer | o |
| Non-accelerated filer | o | Smaller reporting company | o |
| Regency Centers, L.P.: | | | |
| Large accelerated filer | o | Accelerated filer | x |
| Non-accelerated filer | o | Smaller reporting company | o |

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

The number of shares outstanding of the Regency Centers Corporation’s voting common stock was 94,156,976 as of July 31, 2015.

EXPLANATORY NOTE

This report combines the quarterly reports on Form 10-Q for the quarter ended June 30, 2015 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 June 30, 2015, the Parent Company owned approximately 99.8% of the Units in the Operating Partnership and the remaining limited Units are owned by investors. The Parent Company owns all of the Series 6 and 7 Preferred Units of the Operating Partnership. As the sole general partner of the Operating Partnership, the Parent Company has exclusive control of the Operating Partnership's day-to-day management.

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

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

- eliminates duplicative disclosure and provides a more streamlined and readable presentation; and

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

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

The Company believes it is important to understand the few differences between the Parent Company and the Operating Partnership in the context of how the Parent Company and the Operating Partnership operate as a consolidated company. The Parent Company is a REIT, whose only material asset is its ownership of partnership interests of the Operating Partnership. As a result, the Parent Company does not conduct business itself, other than acting as the sole general partner of the Operating Partnership, issuing public equity from time to time and guaranteeing certain debt of the Operating Partnership. The Parent Company does not hold any indebtedness, but guarantees all of the unsecured public debt and approximately 15% of the secured debt of the Operating Partnership. The Operating Partnership holds all the assets of the Company and retains the ownership interests in the Company's joint ventures. Except for net proceeds from public equity issuances by the Parent Company, which are contributed to the Operating Partnership in exchange for partnership units, the Operating Partnership generates all remaining capital required by the Company's business. These sources include the Operating Partnership's operations, its direct or indirect incurrence of indebtedness, and the issuance of partnership units.

Stockholders' equity, partners' capital, and noncontrolling interests are the main areas of difference between the consolidated financial statements of the Parent Company and those of the Operating Partnership. The Operating Partnership's capital includes general and limited common Partnership Units, and Series 6 and 7 Preferred Units owned by the Parent Company. The limited partners' units in the Operating Partnership owned by third parties are accounted for in partners' capital in the Operating Partnership's financial statements and outside of stockholders' equity in noncontrolling interests in the Parent Company's financial statements. The Series 6 and 7 Preferred Units owned by the Parent Company are eliminated in consolidation in the accompanying consolidated financial statements of the Parent Company and are classified as preferred units of general partner in the accompanying consolidated financial statements of the Operating Partnership.

In order to highlight the differences between the Parent Company and the Operating Partnership, there are sections in this report that separately discuss the Parent Company and the Operating Partnership, including separate financial statements, controls and procedures sections, and separate Exhibit 31 and 32 certifications. In the sections that combine disclosure for the Parent Company and the Operating Partnership, this report refers to actions or holdings as being actions or holdings of the Company.

As general partner with control of the Operating Partnership, the Parent Company consolidates the Operating Partnership for financial reporting purposes, and the Parent Company does not have assets other than its investment in the Operating Partnership. Therefore, while stockholders' equity and partners' capital differ as discussed above, the assets and liabilities of the Parent Company and the Operating Partnership are the same on their respective financial statements.

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements
REGENCY CENTERS CORPORATION
Consolidated Balance Sheets
June 30, 2015 and December 31, 2014
(in thousands, except share data)

| | | 2015 | 2014 |
|---|---|---|---|
| Assets | | (unaudited) | |
| Real estate investments at cost: | | | |
| Land | $ | 1,405,931 | 1,380,211 |
| Buildings and improvements | | 2,817,680 | 2,790,137 |
| Properties in development | | 216,408 | 239,538 |
| | | 4,440,019 | 4,409,886 |
| Less: accumulated depreciation | | 990,744 | 933,708 |
| | | 3,449,275 | 3,476,178 |
| Operating properties held for sale | | 29,017 | — |
| Investments in real estate partnerships | | 309,544 | 333,167 |
| Net real estate investments | | 3,787,836 | 3,809,345 |
| Cash and cash equivalents | | 27,114 | 113,776 |
| Restricted cash | | 6,726 | 8,013 |
| Accounts receivable, net of allowance for doubtful accounts of $5,066 and $4,523 at June 30, 2015 and December 31, 2014, respectively | | 25,506 | 30,999 |
| Straight-line rent receivable, net of reserve of $767 and $652 at June 30, 2015 and December 31, 2014, respectively | | 59,168 | 55,768 |
| Notes receivable | | 12,281 | 12,132 |
| Deferred costs, less accumulated amortization of $82,561 and $81,822 at June 30, 2015 and December 31, 2014, respectively | | 74,978 | 71,502 |
| Acquired lease intangible assets, less accumulated amortization of $41,058 and $36,112 at June 30, 2015 and December 31, 2014, respectively | | 46,737 | 52,365 |
| Trading securities held in trust, at fair value | | 29,530 | 28,134 |
| Other assets | | 28,392 | 15,136 |
| Total assets | $ | 4,098,268 | 4,197,170 |
| Liabilities and Equity | | | |
| Liabilities: | | | |
| Notes payable | $ | 1,868,700 | 1,946,357 |
| Unsecured credit facilities | | 120,000 | 75,000 |
| Accounts payable and other liabilities | | 142,415 | 181,197 |
| Acquired lease intangible liabilities, less accumulated accretion of $15,718 and $13,993 at June 30, 2015 and December 31, 2014, respectively | | 30,125 | 32,143 |
| Tenants' security and escrow deposits and prepaid rent | | 27,161 | 25,991 |
| Total liabilities | | 2,188,401 | 2,260,688 |
| Commitments and contingencies (note 12) | | | |
| Equity: | | | |
| Stockholders' equity: | | | |
| Preferred stock, $0.01 par value per share, 30,000,000 shares authorized; 13,000,000 Series 6 and 7 shares issued and outstanding at June 30, 2015 and December 31, 2014, with liquidation preferences of $25 per share | | 325,000 | 325,000 |
| | | 943 | 941 |

| | | |
|---|---|---|
| Common stock, $0.01 par value per share,150,000,000 shares authorized; 94,347,602 and 94,108,061 shares issued at June 30, 2015 and December 31, 2014, respectively | | |
| Treasury stock at cost, 412,745 and 425,246 shares held at June 30, 2015 and December 31, 2014, respectively | (19,390 ) | (19,382 ) |
| Additional paid in capital | 2,539,008 | 2,540,153 |
| Accumulated other comprehensive loss | (48,799 ) | (57,748 ) |
| Distributions in excess of net income | (916,027 ) | (882,372 ) |
| Total stockholders' equity | 1,880,735 | 1,906,592 |
| Noncontrolling interests: | | |
| Exchangeable operating partnership units, aggregate redemption value of $9,093 and $9,833 at June 30, 2015 and December 31, 2014, respectively | (1,940 ) | (1,914 ) |
| Limited partners' interests in consolidated partnerships | 31,072 | 31,804 |
| Total noncontrolling interests | 29,132 | 29,890 |
| Total equity | 1,909,867 | 1,936,482 |
| Total liabilities and equity | $ 4,098,268 | 4,197,170 |

See accompanying notes to consolidated financial statements.

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REGENCY CENTERS CORPORATION
Consolidated Statements of Operations
(in thousands, except per share data)
(unaudited)

| | Three months ended June 30, | | Six months ended June 30, | |
|---|---|---|---|---|
| | 2015 | 2014 | 2015 | 2014 |
| Revenues: | | | | |
| Minimum rent | $ 102,390 | 97,778 | $ 203,695 | 192,314 |
| Percentage rent | 300 | 545 | 2,108 | 1,930 |
| Recoveries from tenants and other income | 32,431 | 30,316 | 63,479 | 61,357 |
| Management, transaction, and other fees | 6,008 | 6,253 | 12,246 | 12,572 |
| Total revenues | 141,129 | 134,892 | 281,528 | 268,173 |
| Operating expenses: | | | | |
| Depreciation and amortization | 36,225 | 36,023 | 72,218 | 73,929 |
| Operating and maintenance | 20,185 | 19,498 | 41,358 | 40,003 |
| General and administrative | 15,099 | 15,223 | 31,477 | 29,421 |
| Real estate taxes | 15,667 | 14,898 | 30,798 | 29,697 |
| Other operating expenses | 1,779 | 1,795 | 2,943 | 3,968 |
| Total operating expenses | 88,955 | 87,437 | 178,794 | 177,018 |
| Other expense (income): | | | | |
| Interest expense, net | 26,675 | 27,445 | 53,308 | 54,580 |
| Provision for impairment | — | — | — | 225 |
| Early extinguishment of debt | — | — | (61) | — |
| Net investment income, including unrealized losses (gains) of $892 and ($290), and $475 and ($183) for the three and six months ended June 30, 2015 and 2014, respectively | (367) | (628) | (1,000) | (821) |
| Total other expense | 26,308 | 26,817 | 52,247 | 53,984 |
| Income from operations before equity in income of investments in real estate partnerships | 25,866 | 20,638 | 50,487 | 37,171 |
| Equity in income of investments in real estate partnerships | 6,757 | 8,832 | 12,324 | 16,640 |
| Income from operations | 32,623 | 29,470 | 62,811 | 53,811 |
| Gain on sale of real estate | 5,657 | 1,691 | 6,460 | 2,406 |
| Net income | 38,280 | 31,161 | 69,271 | 56,217 |
| Noncontrolling interests: | | | | |
| Exchangeable operating partnership units | (61) | (53) | (110) | (95) |
| Limited partners’ interests in consolidated partnerships | (473) | (360) | (977) | (719) |
| Income attributable to noncontrolling interests | (534) | (413) | (1,087) | (814) |
| Net income attributable to the Company | 37,746 | 30,748 | 68,184 | 55,403 |
| Preferred stock dividends | (5,266) | (5,266) | (10,531) | (10,531) |
| Net income attributable to common stockholders | $ 32,480 | 25,482 | $ 57,653 | 44,872 |
| | | | | |
| Income per common share - basic | $ 0.35 | 0.28 | $ 0.61 | 0.48 |
| Income per common share - diluted | $ 0.34 | 0.28 | $ 0.61 | 0.48 |

See accompanying notes to consolidated financial statements.

REGENCY CENTERS CORPORATION
Consolidated Statements of Comprehensive Income
(in thousands)
(unaudited)

| | Three months ended June 30, | | Six months ended June 30, | |
|---|---|---|---|---|
| | 2015 | 2014 | 2015 | 2014 |
| Net income | $ 38,280 | 31,161 | $ 69,271 | 56,217 |
| Other comprehensive loss: | | | | |
| Loss on settlement of derivative instruments: | | | | |
| Amortization of loss on settled derivative instruments recognized in net income | 2,107 | 2,165 | 4,215 | 4,532 |
| Effective portion of change in fair value of derivative instruments: | | | | |
| Effective portion of change in fair value of derivative instruments | 18,376 | (11,153) | 4,494 | (24,953) |
| Less: reclassification adjustment for change in fair value of derivative instruments included in net income | 143 | 153 | 285 | 305 |
| Available for sale securities | | | | |
| Unrealized (loss) gain on available-for-sale securities (note 4) | (30) | 914 | (30) | 914 |
| Other comprehensive income (loss) | 20,596 | (7,921) | 8,964 | (19,202) |
| Comprehensive income | 58,876 | 23,240 | 78,235 | 37,015 |
| Less: comprehensive income (loss) attributable to noncontrolling interests: | | | | |
| Net income attributable to noncontrolling interests | 534 | 413 | 1,087 | 814 |
| Other comprehensive income (loss) attributable to noncontrolling interests | 119 | (108) | 15 | (194) |
| Comprehensive income attributable to noncontrolling interests | 653 | 305 | 1,102 | 620 |
| Comprehensive income attributable to the Company | $ 58,223 | 22,935 | $ 77,133 | 36,395 |

See accompanying notes to consolidated financial statements.

REGENCY CENTERS CORPORATION
Consolidated Statements of Equity
For the six months ended June 30, 2015 and 2014
(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 Net Income | Total Stockholders' Equity | Noncontrolling Interests: Exchangeable Operating Partnership Units | Noncontrolling Interests: Limited Partners' Interest in Consolidated Partnerships | Noncontrolling Interests: Total Noncontrolling Interests | Total Equity |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Balance at December 31, 2013 | $325,000 | 923 | (16,726) | 2,426,477 | (17,404) | (874,916) | 1,843,354 | (1,426) | 19,206 | 17,780 | 1,861,134 |
| Net income | — | — | — | — | — | 55,403 | 55,403 | 95 | 719 | 814 | 56,217 |
| Other comprehensive loss | — | — | — | — | (19,008) | — | (19,008) | (34) | (160) | (194) | (19,202) |
| Deferred compensation plan, net | — | — | (2,226) | 2,226 | — | — | — | — | — | — | — |
| Restricted stock issued, net of amortization | — | — | — | 5,831 | — | — | 5,831 | — | — | — | 5,831 |
| Common stock redeemed for taxes withheld for stock based compensation, net | — | — | — | (3,210) | — | — | (3,210) | — | — | — | (3,210) |
| Common stock issued for dividend reinvestment plan | — | — | — | 604 | — | — | 604 | — | — | — | 604 |
| Redemption of partnership units | — | — | — | — | — | — | — | (300) | — | (300) | (300) |
| Contributions from partners | — | — | — | — | — | — | — | — | 15,551 | 15,551 | 15,551 |
| Distributions to partners | — | — | — | — | — | — | — | — | (1,008) | (1,008) | (1,008) |
| Cash dividends declared: | | | | | | | | | | | |
| Preferred stock/unit | — | — | — | — | — | (10,531) | (10,531) | — | — | — | (10,531) |

| | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Common stock/unit ($0.94 per share) | — | — | — | — | — | (86,532 ) | (86,532 ) | (152 ) | — | (152 ) | (86,684 ) |
| Balance at June 30, 2014 | $325,000 | 923 | (18,952) | 2,431,928 | (36,412) | (916,576) | 1,785,911 | (1,817) | 34,308 | 32,491 | 1,818,402 |
| | | | | | | | | | | | |
| Balance at December 31, 2014 | $325,000 | 941 | (19,382) | 2,540,153 | (57,748) | (882,372) | 1,906,592 | (1,914) | 31,804 | 29,890 | 1,936,482 |
| Net income | — | — | — | — | — | 68,184 | 68,184 | 110 | 977 | 1,087 | 69,271 |
| Other comprehensive income | — | — | — | — | 8,949 | — | 8,949 | 15 | — | 15 | 8,964 |
| Deferred compensation plan, net | — | — | (8 ) | 8 | — | — | — | — | — | — | — |
| Restricted stock issued, net of amortization | — | 3 | — | 7,001 | — | — | 7,004 | — | — | — | 7,004 |
| Common stock redeemed for taxes withheld for stock based compensation, net | — | (1 ) | — | (9,792 ) | — | — | (9,793 ) | — | — | — | (9,793 ) |
| Common stock issued for dividend reinvestment plan | — | — | — | 683 | — | — | 683 | — | — | — | 683 |
| Common stock issued for stock offerings, net of issuance costs | — | — | — | 955 | — | — | 955 | — | — | — | 955 |
| Contributions from partners | — | — | — | — | — | — | — | — | 256 | 256 | 256 |
| Distributions to partners | — | — | — | — | — | — | — | — | (1,965 ) | (1,965 ) | (1,965 ) |

REGENCY CENTERS CORPORATION
Consolidated Statements of Equity
For the six months ended June 30, 2015 and 2014
(in thousands, except per share data)
(unaudited)

| | | | | | | | | Noncontrolling Interests | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Preferred Stock | Common Stock | Treasury Stock | Additional Paid In Capital | Accumulated Other Comprehensive Loss | Distributions in Excess of Net Income | Total Stockholders' Equity | Exchangeable Operating Partnership Units | Limited Partners' Interest in Consolidated Partnerships | Total Noncontrolling Interests | Total Equity |
| Cash dividends declared: | | | | | | | | | | | |
| Preferred stock/unit | — | — | — | — | — | (10,531) | (10,531) | — | — | — | (10,531) |
| Common stock/unit ($0.97 per share) | — | — | — | — | — | (91,308) | (91,308) | (151) | — | (151) | (91,459) |
| Balance at June 30, 2015 | $325,000 | 943 | (19,390) | 2,539,008 | (48,799) | (916,027) | 1,880,735 | (1,940) | 31,072 | 29,132 | 1,909,867 |

See accompanying notes to consolidated financial statements.

REGENCY CENTERS CORPORATION
Consolidated Statements of Cash Flows
For the six months ended June 30, 2015 and 2014
(in thousands)
(unaudited)

| | 2015 | 2014 |
|---|---|---|
| Cash flows from operating activities: | | |
| Net income | $ 69,271 | 56,217 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization | 72,218 | 73,928 |
| Amortization of deferred loan cost and debt premium | 5,058 | 5,675 |
| Amortization and (accretion) of above and below market lease intangibles, net | (936) | (1,698) |
| Stock-based compensation, net of capitalization | 5,620 | 4,534 |
| Equity in income of investments in real estate partnerships | (12,324) | (16,640) |
| Gain on sale of real estate | (6,460) | (2,406) |
| Provision for impairment | — | 225 |
| Early extinguishment of debt | (61) | — |
| Distribution of earnings from operations of investments in real estate partnerships | 22,719 | 18,736 |
| Settlement of derivative instruments | — | 4,648 |
| Gain on derivative instruments | — | (9) |
| Deferred compensation expense | 581 | 830 |
| Realized and unrealized gain on investments | (1,000) | (847) |
| Changes in assets and liabilities: | | |
| Restricted cash | 1,587 | 37 |
| Accounts receivable | (5,895) | (10,365) |
| Straight-line rent receivables, net | (3,552) | (3,062) |
| Deferred leasing costs | (5,470) | (5,323) |
| Other assets | (3,209) | (2,016) |
| Accounts payable and other liabilities | (12,004) | (1,964) |
| Tenants' security and escrow deposits and prepaid rent | 1,270 | (904) |
| Net cash provided by operating activities | 127,413 | 119,596 |
| Cash flows from investing activities: | | |
| Acquisition of operating real estate | — | (79,444) |
| Advance deposits on acquisition of operating real estate | (4,500) | — |
| Real estate development and capital improvements | (109,118) | (93,764) |
| Proceeds from sale of real estate investments | 26,567 | 7,790 |
| Investments in real estate partnerships | (1,344) | (4,287) |
| Distributions received from investments in real estate partnerships | 15,014 | 21,496 |
| Dividends on investments | 87 | 66 |
| Acquisition of securities | (20,581) | (18,195) |
| Proceeds from sale of securities | 17,169 | 3,702 |
| Net cash used in investing activities | (76,706) | (162,636) |
| Cash flows from financing activities: | | |
| Net proceeds from common stock issuance | 955 | — |
| Redemption of preferred stock and partnership units | — | (300) |
| Distributions to limited partners in consolidated partnerships, net | (1,722) | (938) |
| Distributions to exchangeable operating partnership unit holders | (151) | (152) |
| Dividends paid to common stockholders | (90,625) | (85,928) |
| Dividends paid to preferred stockholders | (10,531) | (10,531) |

| | | |
|---|---|---|
| Repayment of fixed rate unsecured notes | — | (150,000) |
| Proceeds from issuance of fixed rate unsecured notes, net | — | 248,705 |
| Proceeds from unsecured credit facilities | 85,000 | 245,000 |
| Repayment of unsecured credit facilities | (40,000) | (235,000) |
| Proceeds from notes payable | 2,399 | 655 |
| Repayment of notes payable | (76,027) | (6,615) |
| Scheduled principal payments | (2,921) | (3,413) |
| Payment of loan costs | (3,746) | (2,391) |
| Net cash used in financing activities | (137,369) | (908) |
| Net decrease in cash and cash equivalents | (86,662) | (43,948) |
| Cash and cash equivalents at beginning of the period | 113,776 | 80,684 |
| Cash and cash equivalents at end of the period | $ 27,114 | 36,736 |

REGENCY CENTERS CORPORATION
Consolidated Statements of Cash Flows
For the six months ended June 30, 2015, and 2014
(in thousands)
(unaudited)

| | 2015 | 2014 |
|---|---|---|
| Supplemental disclosure of cash flow information: | | |
| Cash paid for interest (net of capitalized interest of $4,015 and $3,272 in 2015 and 2014, respectively) | $ 53,458 | 54,083 |
| Cash paid for income taxes | $ 697 | — |
| Supplemental disclosure of non-cash transactions: | | |
| Mortgage loans assumed for the acquisition of real estate | $ — | 78,049 |
| Initial fair value of non-controlling interest recorded at acquisition | $ — | 15,385 |
| Change in fair value of derivative instruments | $ 4,494 | 24,953 |
| Common stock issued for dividend reinvestment plan | $ 683 | 604 |
| Stock-based compensation capitalized | $ 1,493 | 1,410 |
| Contributions from limited partners in consolidated partnerships, net | $ 13 | 95 |
| Common stock issued for dividend reinvestment in trust | $ 432 | 384 |
| Contribution of stock awards into trust | $ 1,475 | 1,847 |
| Distribution of stock held in trust | $ 1,898 | 4 |
| Change in fair value of securities available-for-sale | $ (30) | 914 |

See accompanying notes to consolidated financial statements.

REGENCY CENTERS, L.P.
Consolidated Balance Sheets
June 30, 2015 and December 31, 2014
(in thousands, except unit data)

| | | 2015 | 2014 |
|---|---|---|---|
| Assets | | (unaudited) | |
| Real estate investments at cost: | | | |
| Land | $ | 1,405,931 | 1,380,211 |
| Buildings and improvements | | 2,817,680 | 2,790,137 |
| Properties in development | | 216,408 | 239,538 |
| | | 4,440,019 | 4,409,886 |
| Less: accumulated depreciation | | 990,744 | 933,708 |
| | | 3,449,275 | 3,476,178 |
| Operating properties held for sale | | 29,017 | — |
| Investments in real estate partnerships | | 309,544 | 333,167 |
| Net real estate investments | | 3,787,836 | 3,809,345 |
| Cash and cash equivalents | | 27,114 | 113,776 |
| Restricted cash | | 6,726 | 8,013 |
| Accounts receivable, net of allowance for doubtful accounts of $5,066 and $4,523 at June 30, 2015 and December 31, 2014, respectively | | 25,506 | 30,999 |
| Straight-line rent receivable, net of reserve of $767 and $652 at June 30, 2015 and December 31, 2014, respectively | | 59,168 | 55,768 |
| Notes receivable | | 12,281 | 12,132 |
| Deferred costs, less accumulated amortization of $82,561 and $81,822 at June 30, 2015 and December 31, 2014, respectively | | 74,978 | 71,502 |
| Acquired lease intangible assets, less accumulated amortization of $41,058 and $36,112 at June 30, 2015 and December 31, 2014, respectively | | 46,737 | 52,365 |
| Trading securities held in trust, at fair value | | 29,530 | 28,134 |
| Other assets | | 28,392 | 15,136 |
| Total assets | $ | 4,098,268 | 4,197,170 |
| Liabilities and Capital | | | |
| Liabilities: | | | |
| Notes payable | $ | 1,868,700 | 1,946,357 |
| Unsecured credit facilities | | 120,000 | 75,000 |
| Accounts payable and other liabilities | | 142,415 | 181,197 |
| Acquired lease intangible liabilities, less accumulated accretion of $15,718 and $13,993 at June 30, 2015 and December 31, 2014, respectively | | 30,125 | 32,143 |
| Tenants' security and escrow deposits and prepaid rent | | 27,161 | 25,991 |
| Total liabilities | | 2,188,401 | 2,260,688 |
| Commitments and contingencies (note 12) | | | |
| Capital: | | | |
| Partners' capital: | | | |
| Preferred units of general partner, $0.01 par value per unit, 13,000,000 units issued and outstanding at June 30, 2015 and December 31, 2014, liquidation preference of $25 per unit | | 325,000 | 325,000 |
| General partner; 94,347,602 and 94,108,061 units outstanding at June 30, 2015 and December 31, 2014, respectively | | 1,604,534 | 1,639,340 |
| Limited partners; 154,170 units outstanding at June 30, 2015 and December 31, 2014 | | (1,940 ) | (1,914 ) |

| | | |
|---|---|---|
| Accumulated other comprehensive loss | (48,799 ) | (57,748 ) |
| Total partners' capital | 1,878,795 | 1,904,678 |
| Noncontrolling interests: | | |
| Limited partners' interests in consolidated partnerships | 31,072 | 31,804 |
| Total noncontrolling interests | 31,072 | 31,804 |
| Total capital | 1,909,867 | 1,936,482 |
| Total liabilities and capital | $ 4,098,268 | 4,197,170 |

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 June 30, | | Six months ended June 30, | |
|---|---|---|---|---|
| | 2015 | 2014 | 2015 | 2014 |
| Revenues: | | | | |
| Minimum rent | $ 102,390 | 97,778 | $ 203,695 | 192,314 |
| Percentage rent | 300 | 545 | 2,108 | 1,930 |
| Recoveries from tenants and other income | 32,431 | 30,316 | 63,479 | 61,357 |
| Management, transaction, and other fees | 6,008 | 6,253 | 12,246 | 12,572 |
| Total revenues | 141,129 | 134,892 | 281,528 | 268,173 |
| Operating expenses: | | | | |
| Depreciation and amortization | 36,225 | 36,023 | 72,218 | 73,929 |
| Operating and maintenance | 20,185 | 19,498 | 41,358 | 40,003 |
| General and administrative | 15,099 | 15,223 | 31,477 | 29,421 |
| Real estate taxes | 15,667 | 14,898 | 30,798 | 29,697 |
| Other operating expenses | 1,779 | 1,795 | 2,943 | 3,968 |
| Total operating expenses | 88,955 | 87,437 | 178,794 | 177,018 |
| Other expense (income): | | | | |
| Interest expense, net | 26,675 | 27,445 | 53,308 | 54,580 |
| Provision for impairment | — | — | — | 225 |
| Early extinguishment of debt | — | — | (61) | — |
| Net investment income, including unrealized losses (gains) of $892 and ($290), and $475 and ($183) for the three and six months ended June 30, 2015 and 2014, respectively | (367) | (628) | (1,000) | (821) |
| Total other expense | 26,308 | 26,817 | 52,247 | 53,984 |
| Income from operations before equity in income of investments in real estate partnerships | 25,866 | 20,638 | 50,487 | 37,171 |
| Equity in income of investments in real estate partnerships | 6,757 | 8,832 | 12,324 | 16,640 |
| Income from operations | 32,623 | 29,470 | 62,811 | 53,811 |
| Gain on sale of real estate | 5,657 | 1,691 | 6,460 | 2,406 |
| Net income | 38,280 | 31,161 | 69,271 | 56,217 |
| Limited partners’ interests in consolidated partnerships | (473) | (360) | (977) | (719) |
| Net income attributable to the Partnership | 37,807 | 30,801 | 68,294 | 55,498 |
| Preferred unit distributions | (5,266) | (5,266) | (10,531) | (10,531) |
| Net income attributable to common unit holders | $ 32,541 | 25,535 | $ 57,763 | 44,967 |
| | | | | |
| Income per common unit - basic | $ 0.35 | 0.28 | $ 0.61 | 0.48 |
| Income per common unit - diluted | $ 0.34 | 0.28 | $ 0.61 | 0.48 |

See accompanying notes to consolidated financial statements.

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

| | Three months ended June 30, | | Six months ended June 30, | |
|---|---|---|---|---|
| | 2015 | 2014 | 2015 | 2014 |
| Net income | $ 38,280 | 31,161 | $ 69,271 | 56,217 |
| Other comprehensive loss: | | | | |
| Loss on settlement of derivative instruments: | | | | |
| Amortization of loss on settled derivative instruments recognized in net income | 2,107 | 2,165 | 4,215 | 4,532 |
| Effective portion of change in fair value of derivative instruments: | | | | |
| Effective portion of change in fair value of derivative instruments | 18,376 | (11,153) | 4,494 | (24,953) |
| Less: reclassification adjustment for change in fair value of derivative instruments included in net income | 143 | 153 | 285 | 305 |
| Available for sale securities | | | | |
| Unrealized (loss) gain on available-for-sale securities (note 4) | (30) | 914 | (30) | 914 |
| Other comprehensive income (loss) | 20,596 | (7,921) | 8,964 | (19,202) |
| Comprehensive income | 58,876 | 23,240 | 78,235 | 37,015 |
| Less: comprehensive income (loss) attributable to noncontrolling interests: | | | | |
| Net income attributable to noncontrolling interests | 473 | 360 | 977 | 719 |
| Other comprehensive income (loss) attributable to noncontrolling interests | 86 | (92) | — | (160) |
| Comprehensive income attributable to noncontrolling interests | 559 | 268 | 977 | 559 |
| Comprehensive income attributable to the Partnership | $ 58,317 | 22,972 | $ 77,258 | 36,456 |

See accompanying notes to consolidated financial statements.

REGENCY CENTERS, L.P.
Consolidated Statements of Capital
For the six months ended June 30, 2015 and 2014
(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, 2013 | $ 1,860,758 | (1,426 ) | (17,404 ) | 1,841,928 | 19,206 | 1,861,134 |
| Net income | 55,403 | 95 | — | 55,498 | 719 | 56,217 |
| Other comprehensive income | — | (34 ) | (19,008 ) | (19,042 ) | (160 ) | (19,202 ) |
| Contributions from partners | — | — | — | — | 15,551 | 15,551 |
| Distributions to partners | (86,532 ) | (152 ) | — | (86,684 ) | (1,008 ) | (87,692 ) |
| Redemption of partnership units | — | (300 ) | — | (300 ) | — | (300 ) |
| Preferred unit distributions | (10,531 ) | — | — | (10,531 ) | — | (10,531 ) |
| Restricted units issued as a result of amortization of restricted stock issued by Parent Company | 5,831 | — | — | 5,831 | — | 5,831 |
| Common units issued as a result of common stock issued by Parent Company, net of repurchases | (2,606 ) | — | — | (2,606 ) | — | (2,606 ) |
| Balance at June 30, 2014 | 1,822,323 | (1,817 ) | (36,412 ) | 1,784,094 | 34,308 | 1,818,402 |
| | | | | | | |
| Balance at December 31, 2014 | 1,964,340 | (1,914 ) | (57,748 ) | 1,904,678 | 31,804 | 1,936,482 |
| Net income | 68,184 | 110 | — | 68,294 | 977 | 69,271 |
| Other comprehensive loss | — | 15 | 8,949 | 8,964 | — | 8,964 |
| Contributions from partners | — | — | — | — | 256 | 256 |
| Distributions to partners | (91,308 ) | (151 ) | — | (91,459 ) | (1,965 ) | (93,424 ) |
| Preferred unit distributions | (10,531 ) | — | — | (10,531 ) | — | (10,531 ) |
| Restricted units issued as a result of amortization of restricted stock issued by Parent Company | 7,004 | — | — | 7,004 | — | 7,004 |
| Common units issued as a result of common stock issued by Parent Company, net of repurchases | (8,155 ) | — | — | (8,155 ) | — | (8,155 ) |
| Balance at June 30, 2015 | $ 1,929,534 | (1,940 ) | (48,799 ) | 1,878,795 | 31,072 | 1,909,867 |

See accompanying notes to consolidated financial statements.

REGENCY CENTERS, L.P.
Consolidated Statements of Cash Flows
For the six months ended June 30, 2015 and 2014
(in thousands)
(unaudited)

| | 2015 | 2014 |
|---|---|---|
| Cash flows from operating activities: | | |
| Net income | $ 69,271 | 56,217 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization | 72,218 | 73,928 |
| Amortization of deferred loan cost and debt premium | 5,058 | 5,675 |
| Amortization and (accretion) of above and below market lease intangibles, net | (936) | (1,698) |
| Stock-based compensation, net of capitalization | 5,620 | 4,534 |
| Equity in income of investments in real estate partnerships | (12,324) | (16,640) |
| Gain on sale of real estate | (6,460) | (2,406) |
| Provision for impairment | — | 225 |
| Early extinguishment of debt | (61) | — |
| Distribution of earnings from operations of investments in real estate partnerships | 22,719 | 18,736 |
| Settlement of derivative instruments | — | 4,648 |
| Gain on derivative instruments | — | (9) |
| Deferred compensation expense | 581 | 830 |
| Realized and unrealized gain on investments | (1,000) | (847) |
| Changes in assets and liabilities: | | |
| Restricted cash | 1,587 | 37 |
| Accounts receivable | (5,895) | (10,365) |
| Straight-line rent receivables, net | (3,552) | (3,062) |
| Deferred leasing costs | (5,470) | (5,323) |
| Other assets | (3,209) | (2,016) |
| Accounts payable and other liabilities | (12,004) | (1,964) |
| Tenants' security and escrow deposits and prepaid rent | 1,270 | (904) |
| Net cash provided by operating activities | 127,413 | 119,596 |
| Cash flows from investing activities: | | |
| Acquisition of operating real estate | — | (79,444) |
| Advance deposits on acquisition of operating real estate | (4,500) | — |
| Real estate development and capital improvements | (109,118) | (93,764) |
| Proceeds from sale of real estate investments | 26,567 | 7,790 |
| Investments in real estate partnerships | (1,344) | (4,287) |
| Distributions received from investments in real estate partnerships | 15,014 | 21,496 |
| Dividends on investments | 87 | 66 |
| Acquisition of securities | (20,581) | (18,195) |
| Proceeds from sale of securities | 17,169 | 3,702 |
| Net cash used in investing activities | (76,706) | (162,636) |
| Cash flows from financing activities: | | |
| Net proceeds from common units issued as a result of common stock issued by Parent Company | 955 | — |
| Redemption of preferred partnership units | — | (300) |
| Distributions (to) from limited partners in consolidated partnerships, net | (1,722) | (938) |
| Distributions to partners | (90,776) | (86,080) |
| Distributions to preferred unit holders | (10,531) | (10,531) |

| | | |
|---|---|---|
| Repayment of fixed rate unsecured notes | — | (150,000) |
| Proceeds from issuance of fixed rate unsecured notes, net | — | 248,705 |
| Proceeds from unsecured credit facilities | 85,000 | 245,000 |
| Repayment of unsecured credit facilities | (40,000) | (235,000) |
| Proceeds from notes payable | 2,399 | 655 |
| Repayment of notes payable | (76,027) | (6,615) |
| Scheduled principal payments | (2,921) | (3,413) |
| Payment of loan costs | (3,746) | (2,391) |
| Net cash used in financing activities | (137,369) | (908) |
| Net decrease in cash and cash equivalents | (86,662) | (43,948) |
| Cash and cash equivalents at beginning of the period | 113,776 | 80,684 |
| Cash and cash equivalents at end of the period | $ 27,114 | 36,736 |

REGENCY CENTERS, L.P.
Consolidated Statements of Cash Flows
For the six months ended June 30, 2015, and 2014
(in thousands)
(unaudited)

| | 2015 | 2014 |
|---|---|---|
| Supplemental disclosure of cash flow information: | | |
| Cash paid for interest (net of capitalized interest of $4,015 and $3,272 in 2015 and 2014, respectively) | $ 53,458 | 54,083 |
| Cash paid for income taxes | $ 697 | — |
| Supplemental disclosure of non-cash transactions: | | |
| Mortgage loans assumed for the acquisition of real estate | $ — | 78,049 |
| Initial fair value of non-controlling interest recorded at acquisition | $ — | 15,385 |
| Change in fair value of derivative instruments | $ 4,494 | 24,953 |
| Common stock issued by Parent Company for dividend reinvestment plan | $ 683 | 604 |
| Stock-based compensation capitalized | $ 1,493 | 1,410 |
| Contributions from limited partners in consolidated partnerships, net | $ 13 | 95 |
| Common stock issued for dividend reinvestment in trust | $ 432 | 384 |
| Contribution of stock awards into trust | $ 1,475 | 1,847 |
| Distribution of stock held in trust | $ 1,898 | 4 |
| Change in fair value of securities available-for-sale | $ (30) | 914 |

See accompanying notes to consolidated financial statements.

REGENCY CENTERS CORPORATION AND REGENCY CENTERS, L.P.
Notes to Consolidated Financial Statements
June 30, 2015

## 1. Organization and Principles of Consolidation

### General

Regency Centers Corporation (the “Parent Company”) began its operations as a Real Estate Investment Trust (“REIT”) in 1993 and is the general partner of Regency Centers, L.P. (the “Operating Partnership”). The Parent Company currently owns approximately 99.8% of the outstanding common Partnership Units of the Operating Partnership. The Parent Company engages in the ownership, management, leasing, acquisition, and development of retail shopping centers through the Operating Partnership, and has no other assets or liabilities other than through its investment in the Operating Partnership. As of June 30, 2015, the Parent Company, the Operating Partnership and their controlled subsidiaries on a consolidated basis (the "Company” or “Regency”) directly owned 200 retail shopping centers and held partial interests in an additional 119 retail shopping centers through investments in real estate partnerships (also referred to as "joint ventures" or "co-investment partnerships").

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

### Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") issued ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606), which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The ASU will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective. The new standard will be effective for the Company on January 1, 2018, with adoption as early as January 1, 2017 permitted. The standard permits the use of either the retrospective or cumulative effect transition method. The Company is evaluating the effect that ASU 2014-09 will have on its consolidated financial statements and related disclosures. The Company has not yet selected a transition method nor has it determined the effect of the standard on its ongoing financial reporting.

In February 2015, the FASB issued ASU No. 2015-02, Amendments to the Consolidation Analysis (Topic 810), which requires amendments to both the variable interest entity ("VIE") and voting models. The amendments (i) rescind the indefinite deferral of certain aspects of accounting standards relating to consolidations and provide a permanent scope exception for registered money market funds and similar unregistered money market funds, (ii) modify the identification of variable interests (fees paid to a decision maker or service provider), the VIE characteristics for a limited partnership or similar entity and primary beneficiary determination under the VIE model, and (iii) eliminate the presumption within the current voting model that a general partner controls a limited partnership or similar entity. The new guidance is effective for annual reporting periods, and interim periods within those annual periods, beginning after December 15, 2015 with early adoption permitted. The amendments may be applied using either a modified retrospective or full retrospective approach. The Company currently intends to adopt the standard during the first quarter of 2016 and does not currently anticipate a material impact upon adoption.

In April 2015, the FASB issued ASU No. 2015-03, Interest - Imputation of Interest (Subtopic 835-30), which simplifies the presentation of debt issuance costs by requiring that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. The amendments in this ASU are effective for financial statements issued for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years with early adoption permitted. The Company will adopt this ASU in the first quarter of 2016, which will result in a decrease to total assets and liabilities of the net unamortized balance of debt issuance costs, which is $6.4 million at June 30, 2015, exclusive of the line of credit costs.

REGENCY CENTERS CORPORATION AND REGENCY CENTERS, L.P.
Notes to Consolidated Financial Statements
June 30, 2015

2. Real Estate Investments

There were no shopping centers nor land acquired during the six months ended June 30, 2015; however, the Company has made $4.5 million of deposits related to the potential acquisition of operating properties. The following table details the shopping centers acquired or land acquired for development during the six months ended June 30, 2014:

| (in thousands) | | Six months ended June 30, 2014 | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Date Purchased | Property Name | City/State | Property Type | Ownership | Purchase Price | Debt Assumed, Net of Premiums | Intangible Assets | Intangible Liabilities |
| 1/31/14 | Persimmon Place | Dublin, CA | Development | 100% | $14,200 | — | — | — |
| 2/14/14 | Shops at Mira Vista | Austin, TX | Operating | 100% | 22,500 | 319 | 2,329 | 291 |
| 3/7/14 | Fairfield Portfolio (1) | Fairfield, CT | Operating | 80% | 149,344 | 77,730 | 12,650 | 5,601 |
| 6/2/14 | Willow Oaks Crossing | Concord, NC | Development | 100% | 3,342 | — | — | — |
| Total property acquisitions | | | | | $189,386 | $78,049 | $14,979 | $5,892 |

(1) On March 7, 2014, the Company acquired an 80% controlling interest in the Fairfield Portfolio. As a result of consolidation, the Company recorded the non-controlling interest of approximately $15.4 million at fair value. The portfolio consists of three operating properties located in Fairfield, CT.

The real estate operations acquired were not considered material to the Company, individually or in the aggregate, therefore pro-forma financial information is not required.

3. Property Dispositions

Dispositions

The following table provides a summary of shopping centers and land parcels disposed of:

| | Three months ended June 30, | | Six months ended June 30, | |
|---|---|---|---|---|
| (in thousands) | 2015 | 2014 | 2015 | 2014 |
| Net proceeds from sale of real estate investments | $22,968 | $2,747 | $26,382 | $7,219 |
| Gain on sale of real estate | $5,657 | $1,691 | $6,460 | $2,406 |
| Number of operating properties sold | 1 | 1 | 2 | 2 |
| Number of land parcels sold | — | 1 | — | 3 |
| Percent interest sold | 100% | 100% | 100% | 100% |

At June 30, 2015, the Company was under contract to sell an operating property. The assets associated with this property have been classified as Operating properties held for sale in the accompanying Consolidated Balance Sheets.

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REGENCY CENTERS CORPORATION AND REGENCY CENTERS, L.P.
Notes to Consolidated Financial Statements
June 30, 2015

4. Available-for-Sale Securities

Available-for-sale securities are included in other assets in the accompanying Consolidated Balance Sheets, and consists of the following:

| | June 30, 2015 | | | |
|---|---|---|---|---|
| (in thousands) | Amortized Cost | Gains in Accumulated Other Comprehensive Loss | Losses in Accumulated Other Comprehensive Loss | Estimated Fair Value |
| Certificates of deposit | $ 1,750 | 1 | — | 1,751 |
| Corporate bonds | 6,180 | — | (31) | 6,149 |
| Total | $ 7,930 | 1 | (31) | 7,900 |

| | June 30, 2014 | | | |
|---|---|---|---|---|
| (in thousands) | Amortized Cost | Gains in Accumulated Other Comprehensive Loss | Losses in Accumulated Other Comprehensive Loss | Estimated Fair Value |
| Common stock | $ 14,350 | 914 | — | 15,264 |

Realized gains or losses on investments are recorded in our consolidated statements of operations within other income. Upon the sale of a security classified as available-for-sale, the security's specific unrealized gain (loss) is reclassified out of accumulated other comprehensive loss into earnings based on the specific identification method. During the six months ended June 30, 2015 and 2014, there were no reclassifications from accumulated other comprehensive loss into earnings.

The contractual maturities of available-for sale securities were as follows:

| | June 30, 2015 | | | |
|---|---|---|---|---|
| (in thousands) | Less than 12 months | 1-3 Years | Over 3 Years | Total |
| Certificates of deposit | $ 1,751 | — | — | 1,751 |
| Corporate bonds | 457 | 4,171 | 1,521 | 6,149 |
| Total | $ 2,208 | 4,171 | 1,521 | 7,900 |

REGENCY CENTERS CORPORATION AND REGENCY CENTERS, L.P.
Notes to Consolidated Financial Statements
June 30, 2015

5. Notes Payable and Unsecured Credit Facilities

The Company's debt outstanding consists of the following:

| (in thousands) | June 30, 2015 | December 31, 2014 |
|---|---|---|
| Notes payable: | | |
| Fixed rate mortgage loans | $438,683 | 518,993 |
| Variable rate mortgage loans [1] | 32,238 | 29,839 |
| Fixed rate unsecured loans | 1,397,779 | 1,397,525 |
| Total notes payable | 1,868,700 | 1,946,357 |
| Unsecured credit facilities: | | |
| Line of Credit | 45,000 | — |
| Term Loan | 75,000 | 75,000 |
| Total unsecured credit facilities | 120,000 | 75,000 |
| Total debt outstanding | $1,988,700 | 2,021,357 |

[1] An interest rate swap is in place to establish a fixed interest rate on $28.1 million of this variable rate mortgage. See note 6.

The weighted average contractual interest rates were 5.4% and 1.1% on the fixed rate and variable rate debt, respectively, at June 30, 2015. Significant financing activity since December 31, 2014, excluding scheduled principal payments, includes:

- The Company repaid three mortgages totaling $76.0 million that were scheduled to mature during 2015;
- The Company drew $2.4 million on a construction loan for the ongoing redevelopment of a shopping center in a consolidated real estate partnership;
- The Company borrowed $45.0 million, net of repayments, on its $800.0 million Line of Credit (the "Line"); and
- In May 2015, the Company amended its Line to extend the maturity to May 13, 2019 and reduced the applicable interest rate. Based on current credit ratings, the Line bears interest at an annual rate of LIBOR plus 92.5 basis points on any drawn balance plus an annual 15 basis point facility fee on the entire $800.0 million capacity. The interest rates are based on the higher of the Company's current corporate credit ratings issued by Moody's or S&P. Further, the Company has options to extend the maturity for two additional six-month periods.
- Subsequent to June 30, 2015, the Company repaid the $350.0 million fixed rate unsecured loan that matured.

As of June 30, 2015, scheduled principal payments and maturities on notes payable were as follows:

| (in thousands) | June 30, 2015 | | | |
|---|---|---|---|---|
| Scheduled Principal Payments and Maturities by Year: | Scheduled Principal Payments | Mortgage Loan Maturities | Unsecured Maturities [1] | Total |
| 2015 | $3,175 | 141 | 350,000 | 353,316 |
| 2016 | 6,135 | 41,442 | — | 47,577 |
| 2017 | 5,399 | 116,425 | 400,000 | 521,824 |
| 2018 | 4,453 | 57,358 | — | 61,811 |
| 2019 | 3,443 | 106,000 | 120,000 | 229,443 |
| Beyond 5 Years | 15,639 | 105,447 | 650,000 | 771,086 |
| Unamortized debt premiums (discounts), net | — | 5,864 | (2,221) | 3,643 |
| Total | $38,244 | 432,677 | 1,517,779 | 1,988,700 |

[1] Includes unsecured public debt and unsecured credit facilities.

The Company was in compliance as of June 30, 2015 with the financial and other covenants under its unsecured public debt and unsecured credit facilities.

REGENCY CENTERS CORPORATION AND REGENCY CENTERS, L.P.
Notes to Consolidated Financial Statements
June 30, 2015

6. Derivative Financial Instruments

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 Assets [2] | | Liabilities [2] | |
|---|---|---|---|---|---|---|---|---|---|
| Effective Date | Maturity Date | Early Termination Date [1] | Notional Amount | Bank Pays Variable Rate of | Regency Pays Fixed Rate of | June 30, 2015 | December 31, 2014 | June 30, 2015 | December 31, 2014 |
| 10/16/13 | 10/16/20 | N/A | $28,100 | 1 Month LIBOR | 2.196% | $— | — | $(763) | (764) |
| 8/1/15 | 8/1/25 | 2/1/16 | 75,000 | 3 Month LIBOR | 2.479% | 72 | — | — | (289) |
| 8/1/15 | 8/1/25 | 2/1/16 | 50,000 | 3 Month LIBOR | 2.479% | 48 | — | — | (193) |
| 8/1/15 | 8/1/25 | 2/1/16 | 50,000 | 3 Month LIBOR | 2.479% | 48 | — | — | (193) |
| 8/1/15 | 8/1/25 | 2/1/16 | 45,000 | 3 Month LIBOR | 3.412% | — | — | (3,772) | (3,964) |
| 6/15/17 | 6/15/27 | 12/15/17 | 20,000 | 3 Month LIBOR | 3.488% | — | — | (888) | (1,227) |
| 6/15/17 | 6/15/27 | 12/15/17 | 100,000 | 3 Month LIBOR | 3.480% | — | — | (4,380) | (6,080) |
| 6/15/17 | 6/15/27 | 12/15/17 | 100,000 | 3 Month LIBOR | 3.480% | — | — | (4,380) | (6,084) |
| Total derivative financial instruments | | | | | | $168 | — | $(14,183) | (18,794) |

[1] Represents the date specified in the agreement for either optional or mandatory early termination which will result in cash settlement.

[2] 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 currently 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 Sheet.

The Company expects to issue new debt in 2015 and 2017. In order to mitigate the risk of interest rate volatility, the Company previously entered into $220 million of forward starting interest rate swaps to partially hedge the new debt expected to be issued in 2015 and another $220 million of forward starting interest rate swaps to partially hedge the new debt expected to be issued in 2017. These interest rate swaps lock in the 10-year treasury rate and swap spread at a weighted average fixed rate of 2.67% and 3.48%, respectively. A current market based credit spread applicable to Regency will be added to the locked in fixed rate at time of issuance that will determine the final bond yield.

The effective portion of 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 ineffective portion of the change in fair value of the derivatives is recognized directly in earnings within interest expense.

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

| Derivatives in FASB ASC Topic 815 Cash Flow Hedging Relationships: | Amount of Gain (Loss) Recognized in OCI on Derivative (Effective Portion) | | Location and Amount of Gain (Loss) Reclassified from Accumulated OCI into Income (Effective Portion) | | | Location and Amount of Gain or (Loss) Recognized in Income on Derivative (Ineffective Portion and Amount Excluded from Effectiveness Testing) | | |
|---|---|---|---|---|---|---|---|---|
| | Three months ended June 30, | | | Three months ended June 30, | | | Three months ended June 30, | |
| (in thousands) | 2015 | 2014 | | 2015 | 2014 | | 2015 | 2014 |
| Interest rate swaps | $ 18,376 | (11,153 ) | Interest expense | $ (2,250 ) | (2,318 ) | Other expenses | $ — | — |

| Derivatives in FASB ASC Topic 815 Cash Flow Hedging Relationships: | Amount of Gain (Loss) Recognized in OCI on Derivative (Effective Portion) | | Location and Amount of Gain (Loss) Reclassified from Accumulated OCI into Income (Effective Portion) | | | Location and Amount of Gain or (Loss) Recognized in Income on Derivative (Ineffective Portion and Amount Excluded from Effectiveness Testing) | | |
|---|---|---|---|---|---|---|---|---|
| | Six months ended June 30, | | | Six months ended June 30, | | | Six months ended June 30, | |
| (in thousands) | 2015 | 2014 | | 2015 | 2014 | | 2015 | 2014 |
| Interest rate swaps | $ 4,494 | (24,953 ) | Interest expense | $ (4,500 ) | (4,837 ) | Other expenses | $ — | — |

As of June 30, 2015, the Company expects $8.5 million of net deferred losses on derivative instruments accumulated in other comprehensive income to be reclassified into earnings during the next 12 months, of which $7.6 million is related to previously settled swaps.

## 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:

| | June 30, 2015 | | December 31, 2014 | |
|---|---|---|---|---|
| (in thousands) | Carrying Amount | Fair Value | Carrying Amount | Fair Value |
| Financial assets: | | | | |
| Notes receivable | $ 12,281 | 12,165 | $ 12,132 | 11,980 |
| Financial liabilities: | | | | |
| Notes payable | $ 1,868,700 | 1,990,000 | $ 1,946,357 | 2,116,000 |

| | | | | |
|---|---|---|---|---|
| Unsecured credit facilities | $120,000 | 120,000 | $75,000 | 75,000 |

The table above reflects carrying amounts in the accompanying Consolidated Balance Sheets under the indicated captions. The above fair values approximate 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 June 30, 2015 and December 31, 2014. 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, appropriately 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

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values presented above are not necessarily indicative of amounts that will be realized upon disposition of the financial instruments.

The following methods and assumptions were used to estimate the fair value of these financial instruments:

Notes Receivable

The fair value of the Company's notes receivable is estimated by calculating the present value of future contractual cash flows discounted at interest rates available for notes of the same terms and maturities, adjusted for counter-party specific credit risk. The fair value of notes receivable was determined primarily using Level 3 inputs of the fair value hierarchy, which considered counter-party credit risk and loan to value ratio on the underlying property securing the note receivable.

Notes Payable

The fair value of the Company's notes payable is estimated by discounting future cash flows of each instrument at rates that reflect the current market rates available to the Company for debt of the same terms and maturities. Fixed rate loans assumed in connection with real estate acquisitions are recorded in the accompanying consolidated financial statements at fair value at the time the property is acquired. The fair value of the notes payable was determined using Level 2 inputs of the fair value hierarchy.

Unsecured Credit Facilities

The fair value of the Company's unsecured credit facilities is estimated based on the interest rates currently offered to the Company by financial institutions. The fair value of the credit facilities was determined using Level 2 inputs of the fair value hierarchy.

The following interest rate ranges were used by the Company to estimate the fair value of its financial instruments:

| | June 30, 2015 | | December 31, 2014 | |
|---|---|---|---|---|
| | Low | High | Low | High |
| Notes receivable | 7.3% | 7.3% | 7.4% | 7.4% |
| Notes payable | 1.6% | 3.8% | 0.9% | 3.4% |
| Unsecured credit facilities | 1.1% | 1.2% | 1.3% | 1.3% |

(b) Fair Value Measurements

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

Trading Securities Held in Trust

The Company has investments in marketable securities, which are assets of the non-qualified deferred compensation plan ("NQDCP"), that are classified as trading securities held in trust on the accompanying Consolidated Balance Sheets. The fair value of the trading securities held in trust was determined using quoted prices in active markets, which are considered Level 1 inputs of the fair value hierarchy. Changes in the value of trading securities are recorded within net investment (income) loss from deferred compensation plan in the accompanying Consolidated Statements of Operations.

Available-for-Sale Securities

Available-for-sale 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 securities are recognized through other comprehensive income.

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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 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 June 30, 2015 | | | |
|---|---|---|---|---|
| (in thousands) | | Quoted Prices in Active Markets for Identical Assets | Significant Other Observable Inputs | Significant Unobservable Inputs |
| Assets | Balance | (Level 1) | (Level 2) | (Level 3) |
| Trading securities held in trust | $29,530 | 29,530 | — | — |
| Available-for-sale securities | 7,900 | — | 7,900 | — |
| Interest rate derivatives | 168 | — | 168 | — |
| Total | $37,598 | 29,530 | 8,068 | — |
| | | | | |
| Liabilities | | | | |
| Interest rate derivatives | $(14,183) | — | (14,183) | — |

| | Fair Value Measurements as of December 31, 2014 | | | |
|---|---|---|---|---|
| (in thousands) | | Quoted Prices in Active Markets for Identical Assets | Significant Other Observable Inputs | Significant Unobservable Inputs |
| Assets | Balance | (Level 1) | (Level 2) | (Level 3) |
| Trading securities held in trust | $28,134 | 28,134 | — | — |
| Liabilities | | | | |
| Interest rate derivatives | $(18,794) | — | (18,794) | — |

There were no assets measured at fair value on a nonrecurring basis as of June 30, 2015.

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8. Equity and Capital

Common Stock of the Parent Company

Issuances:

The current ATM equity offering program authorizes the Parent Company to sell up to $200 million of common stock at prices determined by the market at the time of sale. As of June 30, 2015, $95.0 million of common stock remained available for issuance under this ATM equity program.

There were no shares issued under the ATM equity program for the three months ended June 30, 2015. The following table presents the shares that were issued under the ATM equity program during the six months ended June 30, 2015:

| (dollar amounts are in thousands, except price per share data) | Six months ended June 30, 2015 |
| --- | --- |
| Shares issued | 18,125 |
| Weighted average price per share | $64.72 |
| Total proceeds | $1,173 |
| Commissions | $15 |
| Issuance costs | $— |

In January 2015, the Parent Company entered into a forward sale and an underwritten public offering of 2.875 million shares of its common stock at a price of $67.40 per share which will result in gross proceeds of approximately $193.8 million, before any underwriting discount and offering expenses. The forward sale will settle on one or more dates occurring no later than approximately 12 months after the date of the offering. The Company intends to use any net proceeds that it receives upon settlement of the forward sale agreement to fund development and redevelopment activities, fund potential acquisition opportunities, repay maturing debts, and/or for general corporate purposes.

Common Units of the Operating Partnership

Issuances:
Common units were issued to the Parent Company in relation to the Parent Company's issuance of common stock, as discussed above.

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Accumulated Other Comprehensive Loss

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

| | Controlling Interest | | | Noncontrolling Interest | | | Total |
|---|---|---|---|---|---|---|---|
| (in thousands) | Cash Flow Hedges | Unrealized gain (loss) on Available-For-Sale Securities | AOCI | Cash Flow Hedges | Unrealized gain (loss) on Available-For-Sale Securities | AOCI | AOCI |
| Balance as of December 31, 2013 | $(17,404) | — | (17,404) | (479) | — | (479) | (17,883) |
| Other comprehensive income before reclassifications | (24,669) | 912 | (23,757) | (284) | 2 | (282) | (24,039) |
| Amounts reclassified from accumulated other comprehensive income | 4,749 | — | 4,749 | 88 | — | 88 | 4,837 |
| Current period other comprehensive income, net | (19,920) | 912 | (19,008) | (196) | 2 | (194) | (19,202) |
| Balance as of June 30, 2014 | $(37,324) | 912 | (36,412) | (675) | 2 | (673) | (37,085) |
| | | | | | | | |
| Balance as of December 31, 2014 | $(57,748) | — | (57,748) | (750) | — | (750) | (58,498) |
| Other comprehensive income before reclassifications | 4,558 | (30) | 4,528 | (64) | — | (64) | 4,464 |
| Amounts reclassified from accumulated other comprehensive income | 4,421 | — | 4,421 | 79 | — | 79 | 4,500 |
| Current period other comprehensive income, net | 8,979 | (30) | 8,949 | 15 | — | 15 | 8,964 |
| Balance as of June 30, 2015 | $(48,769) | (30) | (48,799) | (735) | — | (735) | (49,534) |

The following represents amounts reclassified out of AOCI into income:

| AOCI Component | Amount Reclassified from AOCI into income | | | | Affected Line Item Where Net Income is Presented |
|---|---|---|---|---|---|
| | Three months ended June 30, | | Six months ended June 30, | | |
| (in thousands) | 2015 | 2014 | 2015 | 2014 | |
| Interest rate swaps | $2,250 | $2,318 | $4,500 | $4,837 | Interest expense |

## 9. Stock-Based Compensation

The Company recorded stock-based compensation in general and administrative expenses in the accompanying Consolidated Statements of Operations. During 2015, the Company granted 209,069 shares of restricted stock with a weighted-average grant-date fair value of $69.80 per share.

## 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 restricted stock awards. All contributions into the participants' accounts are fully vested upon contribution to the NQDCP and are deposited into a Rabbi trust. The assets of the Rabbi trust, exclusive of the shares of the Company's common stock, are classified as trading securities in the accompanying Consolidated Balance Sheets, and were $29.5 million and $28.1 million at June 30, 2015 and December 31, 2014, respectively. The participants' deferred compensation liability, also exclusive of the shares of the Company's common stock, is included within accounts payable and other liabilities in the accompanying Consolidated Balance Sheets and was $29.0 million and $27.6 million at June 30, 2015 and December 31, 2014, respectively.

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11. Earnings per Share and Unit

Parent Company Earnings per Share

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

| | Three months ended June 30, | | Six months ended June 30, | |
|---|---|---|---|---|
| (in thousands, except per share data) | 2015 | 2014 | 2015 | 2014 |
| Numerator: | | | | |
| Income from operations | $32,623 | 29,470 | $62,811 | 53,811 |
| Gain on sale of real estate | 5,657 | 1,691 | 6,460 | 2,406 |
| Less: income attributable to noncontrolling interests | 534 | 413 | 1,087 | 814 |
| Income from operations attributable to the Company | 37,746 | 30,748 | 68,184 | 55,403 |
| Less: preferred stock dividends and other | 5,266 | 5,442 | 10,531 | 10,884 |
| Income from operations attributable to common stockholders - basic | $32,480 | 25,306 | 57,653 | 44,519 |
| Income from operations attributable to common stockholders - diluted | $32,480 | 25,328 | 57,653 | 44,550 |
| Denominator: | | | | |
| Weighted average common shares outstanding for basic EPS | 94,136 | 91,975 | 94,036 | 91,958 |
| Weighted average common shares outstanding for diluted EPS | 94,504 | 92,021 | 94,392 | 91,991 |
| Income per common share – basic | $0.35 | 0.28 | $0.61 | 0.48 |
| Income per common share – diluted | $0.34 | 0.28 | $0.61 | 0.48 |

Income allocated to noncontrolling interests of the Operating Partnership has been excluded from the numerator and exchangeable Operating Partnership units have been omitted from the denominator for the purpose of computing diluted earnings per share since the effect of including these amounts in the numerator and denominator would have no impact. Weighted average exchangeable Operating Partnership units outstanding for the three and six months ended June 30, 2015 were 154,170, and for the three and six months ended June 30, 2014 were 159,338 and 159,804, respectively.

Operating Partnership Earnings per Unit

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

| | Three months ended June 30, | | Six months ended June 30, | |
|---|---|---|---|---|
| (in thousands, except per share data) | 2015 | 2014 | 2015 | 2014 |
| Numerator: | | | | |
| Income from operations | $32,623 | 29,470 | $62,811 | 53,811 |
| Gain on sale of real estate | 5,657 | 1,691 | 6,460 | 2,406 |
| Less: income attributable to noncontrolling interests | 473 | 360 | 977 | 719 |
| Income from operations attributable to the Partnership | 37,807 | 30,801 | 68,294 | 55,498 |
| Less: preferred unit distributions and other | 5,266 | 5,442 | 10,531 | 10,884 |
| Income from operations attributable to common unit holders - basic | 32,541 | 25,359 | 57,763 | 44,614 |
| Income from operations attributable to common unit holders - diluted | 32,541 | 25,381 | 57,763 | 44,645 |
| Denominator: | | | | |
| Weighted average common units outstanding for basic EPU | 94,290 | 92,134 | 94,190 | 92,118 |

| | | | | |
|---|---|---|---|---|
| Weighted average common units outstanding for diluted EPU | 94,658 | 92,180 | 94,546 | 92,151 |
| Income per common unit – basic | $0.35 | 0.28 | $0.61 | 0.48 |
| Income per common unit – diluted | $0.34 | 0.28 | $0.61 | 0.48 |

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## 12. Commitments and Contingencies

The Company is involved in litigation on a number of matters and is subject to certain claims, which arise in the normal course of business, none of which, in the opinion of management, is expected to have a material adverse effect on the Company's consolidated financial position, results of operations, or liquidity. Legal fees are expensed as incurred.

The Company is also subject to numerous environmental laws and regulations as they apply to real estate pertaining to chemicals used by the dry cleaning industry, the existence of asbestos in older shopping centers, and underground petroleum storage tanks. The Company believes that the ultimate disposition of currently known environmental matters will not have a material effect on its financial position, liquidity, or operations; however, it can give no assurance that existing environmental studies with respect to the shopping centers have revealed all potential environmental liabilities; that any previous owner, occupant or tenant did not create any material environmental condition not known to it; that the current environmental condition of the shopping centers will not be affected by tenants and occupants, by the condition of nearby properties, or by unrelated third parties; or that changes in applicable environmental laws and regulations or their interpretation will not result in additional environmental liability to the Company.

The Company has the right to issue letters of credit under the Line up to an amount not to exceed $50.0 million, which reduces the credit availability under the Line. These letters of credit are primarily issued as collateral to facilitate the construction of development projects. As of June 30, 2015 and December 31, 2014, the Company had $5.9 million in letters of credit outstanding.

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; technology disruptions. For additional information, see “Risk Factors” included in our Annual Report on Form 10-K for the year ended December 31, 2014. The following discussion should be read in conjunction with the accompanying Consolidated Financial Statements and Notes thereto of Regency Centers Corporation and Regency Centers, L.P. appearing elsewhere herein. We do not undertake any obligation to release publicly any revisions to such forward-looking statements to reflect events or uncertainties after the date hereof or to reflect the occurrence of uncertain events.

Overview of Our Strategy

Regency Centers began its operations as a publicly-traded REIT in 1993, and currently owns direct or partial interests in 319 shopping centers, the majority of which are grocery-anchored community and neighborhood centers. Our centers are located in the top markets of 27 states and the District of Columbia, and contain 38.0 million square feet of gross leasable area. All of our operating, investing, and financing activities are performed through the Operating Partnership, its wholly-owned subsidiaries, and through its co-investment partnerships. The Parent Company currently owns approximately 99.8% of the outstanding common partnership units of the Operating Partnership.
Our mission is to be the preeminent grocery-anchored shopping center owner and developer through:

- First-rate performance of our exceptionally merchandised and located national portfolio;
- Value-enhancing services of the best team of professionals in the business; and
- Creation of superior growth in shareholder value.

Our strategic objectives are to:

- Sustain average annual 3% same-property net operating income (“NOI”) growth from a high-quality portfolio of community and neighborhood shopping centers;
- Develop new high quality shopping centers at attractive returns on investment from a disciplined development program;
- Cost-effectively enhance our already strong balance sheet to reduce our cost of capital, provide financial flexibility and weather economic downturns; and
- Engage a talented and dedicated team that operates efficiently and is recognized as a leader in the real estate industry and sustainability initiatives.

We earn revenues and generate cash flow by leasing space in our shopping centers to grocery stores, major retail anchors, restaurants, side-shop retailers, and service providers, as well as ground leasing or selling building pads to these same types of tenants. We experience growth in revenues by increasing occupancy and rental rates in our existing shopping centers and by acquiring and developing new shopping centers.

We grow our shopping center portfolio through acquisitions of operating centers and new shopping center development. We will continue to use our development capabilities, market presence, and anchor relationships to invest in value-added new developments and redevelopments of existing centers. We fund our acquisition and development activity from various capital sources including operating cash flow, property sales, equity offerings, new financing, and co-investment real estate partnerships. Co-investment real estate partnerships provide us with an additional capital source for shopping center acquisitions, developments, and redevelopments, as well as the opportunity to earn fees for asset management, property management, and other investing and financing services.

Shopping Center Portfolio

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

| (GLA in thousands) | June 30, 2015 | December 31, 2014 |
|---|---|---|
| Number of Properties | 200 | 202 |
| Properties in Development | 6 | 7 |
| Gross Leasable Area | 23,114 | 23,200 |
| % Leased – Operating and Development | 95.7% | 95.3% |
| % Leased – Operating | 95.9% | 95.9% |
| Weighted average annual effective rent per square foot ("SF") (1) | $18.67 | $18.30 |

(1) Net of tenant concessions.

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

| (GLA in thousands) | June 30, 2015 | December 31, 2014 |
|---|---|---|
| Number of Properties | 119 | 120 |
| Gross Leasable Area | 14,870 | 15,000 |
| % Leased – Operating | 96.1% | 96.0% |
| Weighted average annual effective rent per SF (1) | $18.51 | $17.85 |

(1) Net of tenant concessions.

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:

| | June 30, 2015 | December 31, 2014 |
|---|---|---|
| % Leased – Operating | 95.9% | 95.9% |
| Anchor | 98.7% | 98.8% |
| Shop space | 91.4% | 91.2% |

We continue to see increases in shop space occupancy. The slight decrease in occupancy within our anchor space relates to redevelopment.

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

| | Six months ended June 30, 2015 | | | | |
|---|---|---|---|---|---|
| | Leasing Transactions [1] | SF (in thousands) | Base Rent PSF [2] | Tenant Improvements PSF [2] | Leasing Commissions PSF [2] |
| New leases | | | | | |
| Anchor space | 2 | 37 | $14.79 | $— | $2.71 |
| Shop space | 228 | 375 | $31.06 | $10.27 | $13.83 |
| Total New Leases [1] | 230 | 412 | $29.62 | $9.36 | $12.85 |
| Renewals | | | | | |
| Anchor space | 20 | 579 | $11.21 | $0.02 | $1.04 |
| Shop space | 469 | 704 | $30.93 | $0.92 | $3.87 |
| Total Renewal Leases [1] | 489 | 1,283 | $22.03 | $0.51 | $2.60 |
| Total Leases | 719 | 1,695 | $23.87 | $2.66 | $5.09 |

| | Six months ended June 30, 2014 | | | | |
|---|---|---|---|---|---|
| | Leasing Transactions [1] | SF (in thousands) | Base Rent PSF [2] | Tenant Improvements PSF [2] | Leasing Commissions PSF [2] |
| New leases | | | | | |
| Anchor space | 15 | 539 | $14.45 | $4.38 | $4.09 |
| Shop space | 219 | 387 | $27.39 | $8.52 | $12.57 |
| Total New Leases [1] | 234 | 926 | $19.86 | $6.11 | $7.63 |
| Renewals | | | | | |
| Anchor space | 28 | 597 | $11.48 | $0.37 | $1.09 |
| Shop space | 384 | 579 | $27.19 | $0.85 | $3.44 |
| Total Renewal Leases [1] | 412 | 1,176 | $19.21 | $0.61 | $2.25 |
| Total Leases | 646 | 2,102 | $19.49 | $3.03 | $4.62 |

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

(2) Totals for base rent, tenant improvements, and leasing commissions reflect the weighted average per square foot ("PSF").

Base rent PSF continues to improve in both new and renewal leasing activity. While there is a slight decrease in anchor space renewal rates, they still represents a 3.5% increase over prior rents for those units.

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 three most significant tenants, each of which is a grocery tenant, occupying our shopping centers:

| | June 30, 2015 | | |
|---|---|---|---|
| Grocery Anchor | Number of Stores [1] | Percentage of Company-owned GLA [2] | Percentage of Annualized Base Rent [2] |
| Kroger | 55 | 8.7% | 4.5% |
| Publix | 46 | 6.5% | 3.7% |
| Safeway/Albertsons | 50 | 5.0% | 3.0% |

[1] Includes stores owned by grocery anchors that are attached to our centers.
[2] Includes Regency's pro-rata share of Unconsolidated Properties and excludes those owned by anchors.

Bankruptcies

Although base rent is supported by long-term lease contracts, tenants who file bankruptcy may have the legal right to reject any or all of their leases and close related stores. In the event that a tenant with a significant number of leases in our shopping centers files bankruptcy and cancels its leases, we could experience a significant reduction in our revenues. We monitor the operating performance and rent collections of all tenants in our shopping centers, especially those tenants operating retail formats that are experiencing significant changes in competition, business practice, and store closings in other locations. We are not currently aware of the pending bankruptcy or announced store closings of any tenants in our shopping centers that would individually cause a material reduction in our revenues, and no tenant represents more than 5% of our annual base rent on a pro-rata basis.

Our management team devotes significant time to monitoring consumer preferences, shopping behaviors, and demographics to anticipate both challenges and opportunities in the changing retail industry that may affect our tenants. As a result of our findings, we may reduce new leasing, suspend leasing, or curtail the allowance for the construction of leasehold improvements within a certain retail category or to a specific retailer.

Liquidity and Capital Resources

Our Parent Company has no capital commitments other than its guarantees of the commitments of our Operating Partnership. The Parent Company will from time to time access the capital markets for the purpose of issuing new equity and will simultaneously contribute all of the offering proceeds to the Operating Partnership in exchange for additional partnership units. All debt is held by our Operating Partnership or by our co-investment partnerships. The following table represents the remaining available capacity under our at the market ("ATM") equity program and unsecured credit facilities:

| (in thousands) | June 30, 2015 |
|---|---|
| ATM equity program | |
| Total capacity | $200,000 |
| Remaining capacity | $95,000 |
| | |
| Term Loan [1] | |
| Total capacity | $165,000 |
| Remaining capacity | $90,000 |
| | |
| Line of Credit (the "Line") | |
| Total capacity | $800,000 |
| Remaining capacity [2] | $749,100 |
| Maturity [3] | May 13, 2019 |

[1] The Company has $75.0 million outstanding and may elect to borrow up to an additional $90.0 million through August 31, 2015.

[2] Net of letters of credit

[3] The Company has the option to extend the maturity for two additional six-month periods.

In January 2015, the Parent Company entered into an underwritten public offering for 2.875 million shares of its common stock at a price of $67.40 per share which will result in gross proceeds of approximately $193.8 million, before any underwriting discount and offering expenses. In connection with this offering, the Parent Company entered into a forward sale agreement (the "Forward Equity Offering") with an affiliate of Wells Fargo Securities, LLC for the underwritten shares. The Forward Equity Offering will settle on one or more dates occurring no later than 12 months after the date of the offering.

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

| | Six months ended June 30, | | |
|---|---|---|---|
| (in thousands) | 2015 | 2014 | Change |
| Net cash provided by operating activities | $127,413 | 119,596 | 7,817 |
| Net cash used in investing activities | (76,706) | (162,636) | 85,930 |
| Net cash used in financing activities | (137,369) | (908) | (136,461) |
| Net decrease in cash and cash equivalents | $(86,662) | (43,948) | (42,714) |
| Total cash and cash equivalents | $27,114 | 36,736 | (9,622) |

Net cash provided by operating activities:

Net cash provided by operating activities increased $7.8 million due to:

- $12.6 million increase in cash from operating income; and,

- $4.0 million increase in operating cash flow distributions from our unconsolidated real estate partnerships as several redevelopment projects were completed and began generating cash flows; offset by
- $4.6 million decrease as a result of the cash generated from settlement of the treasury hedges in May 2014 in connection with our bond issuance; and,
- $4.1 million net decrease in cash due to timing of cash receipts and payments related to operating activities.

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 $101.3 million and $96.6 million for the six months ended June 30, 2015 and 2014, respectively. Our dividend distribution policy is set by our Board of Directors who monitors our financial position. Our Board of Directors recently declared our quarterly dividend on shares of our common stock of $0.485 per share, payable on September 2, 2015. 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.

Net cash used in investing activities:

Net cash used in investing activities decreased by $85.9 million, primarily due to the Company completing no shopping center acquisitions in 2015:

| | Six months ended June 30, | | |
|---|---|---|---|
| (in thousands) | 2015 | 2014 | Change |
| Cash flows from investing activities: | | | |
| Acquisition of operating real estate | $— | (79,444) | 79,444 |
| Advance deposits on acquisition of operating real estate | (4,500) | — | (4,500) |
| Real estate development and capital improvements | (109,118) | (93,764) | (15,354) |
| Proceeds from sale of real estate investments | 26,567 | 7,790 | 18,777 |
| Investments in real estate partnerships | (1,344) | (4,287) | 2,943 |
| Distributions received from investments in real estate partnerships | 15,014 | 21,496 | (6,482) |
| Dividends on investments | 87 | 66 | 21 |
| Acquisition of securities | (20,581) | (18,195) | (2,386) |
| Proceeds from sale of securities | 17,169 | 3,702 | 13,467 |
| Net cash used in investing activities | $(76,706) | (162,636) | 85,930 |

Significant changes in investing and divesting activities include:

- We did not acquire any operating properties during 2015, compared to the acquisition of four shopping centers for $79.4 million in the same period of 2014.

- We invested an additional $15.4 million on real estate development and capital improvements, as further discussed in the table below.

- We received proceeds of $26.6 million from the sale of two shopping centers in 2015, compared to $7.8 million for two shopping centers and three out-parcels during 2014.

- Distributions from our unconsolidated real estate partnerships include return of capital from sales or financing proceeds. The $15.0 million received in 2015 is primarily driven by $12.3 million of proceeds from the sale of one shopping center with a co-investment partner and $2.3 million of financing proceeds. During 2014, we received $21.5 million from selling four operating properties and land held in partnerships.

- Acquisition of securities and proceeds from sale of securities result from investing activities, including our non-qualified deferred compensation plan.

We plan to continue developing and redeveloping shopping centers for long-term investment purposes. We deployed capital of $109.1 million for the development, redevelopment, and improvement of our real estate properties as comprised of the following:

| | Six months ended June 30, | | |
|---|---|---|---|
| (in thousands) | 2015 | 2014 | Change |
| Capital expenditures: | | | |
| Land acquisitions | $— | 17,282 | (17,282) |
| Building and tenant improvements | 13,106 | 13,634 | (528) |
| Redevelopments | 24,351 | 14,299 | 10,052 |
| Developments | 59,494 | 37,007 | 22,487 |
| Capitalized interest | 4,015 | 3,272 | 743 |
| Capitalized direct compensation | 8,152 | 8,270 | (118) |
| Real estate development and capital improvements | $109,118 | 93,764 | 15,354 |

- There were no land acquisitions during 2015, as compared to the acquisition of two land parcels for $17.3 million during 2014.

- Redevelopment expenditures were higher during 2015 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, new out-parcel building construction, and tenant improvement costs. The size and magnitude of each redevelopment project varies with each redevelopment plan.

- Development expenditures were higher during 2015 due to the larger size of and progress towards completion of our development projects. At June 30, 2015 and December 31, 2014, we had six and seven development projects, respectively, that were either under construction or in lease up.

We have a staff of employees who directly support our development and redevelopment program. Internal compensation costs directly attributable to these activities are capitalized as part of each project as summarized in the table above. Changes in the level of future development and redevelopment activity could adversely impact results of operations by reducing the amount of internal costs for development and redevelopment projects that may be capitalized. A 10% reduction in development and redevelopment activity without a corresponding reduction in the compensation costs directly related to our development and redevelopment activities could result in an additional charge to net income of $1.1 million per year.

The following table details our development projects:

| (in thousands, except cost PSF) | | | | June 30, 2015 | | | |
|---|---|---|---|---|---|---|---|
| Property Name | Location | Start Date | Estimated /Actual Anchor Opening | Estimated Net Development Costs [1] | % of Costs Incurred [1] | GLA | Cost PSF of GLA [1] |
| Brooklyn Station on Riverside | Jacksonville, FL | Q4-13 | Oct-14 | $15,143 | 83% | 50 | $303 |
| Persimmon Place | Dublin, CA | Q1-14 | June-15 | 59,976 | 84% | 153 | 392 |
| Willow Oaks Crossing | Concord, NC | Q2-14 | Nov-15 | 13,608 | 50% | 69 | 197 |
| Belmont Shopping Center | Ashburn, VA | Q3-14 | Aug-15 | 28,482 | 55% | 91 | 313 |
| CityLine Market | Richardson, TX | Q3-14 | March-16 | 27,898 | 42% | 80 | 349 |
| The Village at La Floresta | Brea, CA | Q4-14 | Feb-16 | 33,116 | 52% | 87 | 381 |
| Total | | | | $178,223 | 64% | 530 | $336 [2] |

[1] Amount represents costs on an accrual basis, including leasing costs, net of tenant reimbursements.
[2] Amount represents a weighted average.

The following table summarizes our completed development project:

| (in thousands, except cost PSF) | | Six months ended June 30, 2015 | | | |
|---|---|---|---|---|---|
| Property Name | Location | Completion Date | Net Development Costs [1] | GLA | Cost PSF of GLA [1] |
| Fountain Square | Miami, FL | 6/30/2015 | $55,937 | 177 | $316 |

[1] Includes leasing costs, net of tenant reimbursements.

Net cash used in financing activities:

Net cash flows used in financing activities increased by $136.5 million during 2015, for dividend payments and debt repayments with no offsetting debt issuance, as follows:

| | Six months ended June 30, | | |
|---|---|---|---|
| (in thousands) | 2015 | 2014 | Change |
| Cash flows from financing activities: | | | |
| Equity issuances | $955 | — | 955 |
| Stock redemption | — | (300) | 300 |
| Distributions to limited partners in consolidated partnerships, net | (1,722) | (938) | (784) |
| Dividend payments | (101,307) | (96,611) | (4,696) |
| Unsecured credit facilities, net | 45,000 | 10,000 | 35,000 |
| Proceeds from debt issuance | 2,399 | 249,360 | (246,961) |
| Payment of debt issue costs | (3,746) | (2,391) | (1,355) |
| Debt repayment | (78,948) | (160,028) | 81,080 |
| Net cash used in financing activities | $(137,369) | (908) | (136,461) |

Significant financing activities during the six months ended June 30, 2015 and 2014 include:

- During 2015, we borrowed $45.0 million on our Line, net of repayments, as compared to the $10.0 million during 2014.

- During the six months ended June 30, 2015, we spent $78.9 million to repay three mortgages that were scheduled to mature in 2015 in addition to scheduled principal payments, as compared to $160.0 million in 2014, of which $150.0 million was used to repay maturing ten-year unsecured public debt, $6.6 million to repay one mortgage scheduled to mature in 2014, and scheduled principal payments.

We endeavor to maintain a high percentage of unencumbered assets. At June 30, 2015, 80.1% 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 coverage ratio, including our pro-rata share of our partnerships, was 2.7 times for the trailing four quarters ended June 30, 2015 and 2014. We define our coverage ratio as earnings before interest, taxes, investment transaction profits net of deal costs, depreciation and amortization ("Core EBITDA") divided by the sum of the gross interest and scheduled mortgage principal paid to our lenders plus dividends paid to our preferred stockholders.

Through the remainder of 2015, we estimate that we will require approximately $458.7 million of cash, including $91.4 million to complete in-process developments and redevelopments, $350.1 million to repay maturing debt and approximately $17.2 million to fund our pro-rata share of estimated capital contributions to our co-investment partnerships for repayment of debt. If we start new developments or redevelop additional shopping centers, our cash requirements will increase. To meet our cash requirements, we will utilize cash generated from operations, proceeds from the sale of real estate, proceeds from settling our $193.8 million Forward Equity Offering, up to $839.1 million available borrowings from our Line and Term Loan, and when the capital markets are favorable, proceeds from the sale of equity under our remaining $95.0 million ATM program and the issuance of new long-term debt.

We continuously monitor the capital markets and evaluate our ability to issue new debt to repay maturing debt or fund our commitments. Based upon the current capital markets, our current credit ratings, and the number of high quality, unencumbered properties that we own which could collateralize borrowings, we currently expect that we will successfully issue new secured or unsecured debt to fund our obligations, as needed.

On August 3, 2015, we repaid $350.0 million of fixed rate, unsecured debt at maturity, from a $350.0 million draw on our unsecured credit facilities.  We currently expect to repay the credit facilities draw using proceeds from partially settling the Forward Equity Offering and issuing new long-term debt during 2015.  We also have $400.0 million of fixed rate, unsecured debt maturing June 15, 2017, which we expect to repay in 2017 from the proceeds of issuing new long-term debt, draws on the Line and other proceeds.  In order to mitigate the risk of interest rate volatility, we have $220.0 million of forward starting interest rate swaps to partially hedge any new long-term debt issued in 2015 and an additional $220.0 million of forward starting interest rate swaps to partially hedge any new long-term debt issued in 2017. These interest rate swaps lock in the 10-year treasury rate and swap spread at a weighted average fixed rate of 2.67% and 3.48%, respectively. A current market based credit spread applicable to Regency will be added to the locked in fixed rate at time of issuance that will determine the final bond yield. At June 30, 2015, the fair value of the interest rate swaps that are expected to settle in 2015 is a $3.6 million obligation.

Our Line, Term Loan, 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, 2014, with the Minimum Tangible Net Worth covenant removed from our Unsecured Credit Facilities. We are in compliance with these covenants at June 30, 2015 and expect to remain in compliance.

Investments in Real Estate Partnerships

At June 30, 2015 and December 31, 2014, we had investments in real estate partnerships of $309.5 million and $333.2 million, respectively. The following table is a summary of the unconsolidated combined assets and liabilities of these co-investment partnerships and our pro-rata share:

| | Regency's Share [1] | | Combined | |
|---|---|---|---|---|
| (dollars in thousands) | June 30, 2015 | December 31, 2014 | June 30, 2015 | December 31, 2014 |
| Number of Co-investment Partnerships | | | 13 | 13 |
| Regency's Ownership | | | 20%-50% | 20%-50% |
| Number of Properties | | | 119 | 120 |
| Assets | $956,626 | 981,359 | $2,739,947 | 2,807,502 |
| Liabilities | 538,243 | 539,310 | 1,559,648 | 1,558,874 |
| Equity [2] | 418,383 | 442,049 | 1,180,299 | 1,248,628 |
| less: Impairment | (1,300) | (1,300) | | |
| less: Ownership percentage or Restricted Gain Method deferral | (29,336) | (29,379) | | |
| less: Net book equity in excess of purchase price | (78,203) | (78,203) | | |
| Investments in real estate partnerships | $309,544 | 333,167 | | |

[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 its consolidated financial statements.

[2] The difference between our share of the net assets of the co-investment partnerships and our investments in real estate partnerships per the accompanying Consolidated Balance Sheets at June 30, 2015 and December 31, 2014 relates to the differences noted in the reconciliation above (in thousands).

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

| (in thousands) | Regency's Ownership | June 30, 2015 | December 31, 2014 |
|---|---|---|---|
| GRI - Regency, LLC (GRIR) [1] | 40.00% | $229,121 | 247,175 |
| Columbia Regency Retail Partners, LLC (Columbia I) [1] | 20.00% | 15,616 | 15,916 |
| Columbia Regency Partners II, LLC (Columbia II) [1] | 20.00% | 6,387 | 9,343 |
| Cameron Village, LLC (Cameron) | 30.00% | 11,462 | 12,114 |
| RegCal, LLC (RegCal) [1] | 25.00% | 12,889 | 13,354 |
| US Regency Retail I, LLC (USAA) [1] | 20.01% | 534 | 806 |
| Other investments in real estate partnerships | 50.00% | 33,535 | 34,459 |
| Total | | $309,544 | 333,167 |

[1] These partnership agreements have a unilateral right for election to dissolve the partnership and receive a distribution-in-kind ("DIK") upon liquidation; therefore, the Company has applied the Restricted Gain Method to determine the amount of gain recognized on property sales to these partnerships. During 2015, the Company did not sell any properties to these real estate partnerships.

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) | June 30, 2015 | | | | |
|---|---|---|---|---|---|
| Scheduled Principal Payments and Maturities by Year: | Scheduled Principal Payments | Mortgage Loan Maturities | Unsecured Maturities | Total | Regency's Pro-Rata Share |
| 2015 | $9,913 | 59,803 | — | 69,716 | 20,742 |
| 2016 | 17,135 | 305,076 | — | 322,211 | 113,155 |
| 2017 | 17,517 | 77,385 | 11,460 | 106,362 | 24,214 |
| 2018 | 18,696 | 67,022 | — | 85,718 | 27,655 |
| 2019 | 17,934 | 65,939 | — | 83,873 | 21,618 |
| Beyond 5 Years | 34,827 | 763,123 | — | 797,950 | 298,764 |
| Unamortized debt premiums, net | — | (1,249) | — | (1,249) | (550) |
| Total | $116,022 | 1,337,099 | 11,460 | 1,464,581 | 505,598 |

At June 30, 2015, our investments in real estate partnerships had notes payable of $1.5 billion maturing through 2025, of which 99.2% had a weighted average fixed interest rate of 5.4%, and the remaining notes payable float over LIBOR and had a weighted average variable interest rate of 1.8%. These loans are all non-recourse, and our pro-rata share was $505.6 million as of June 30, 2015. As notes payable mature, they will be repaid from proceeds from refinancing and partner capital contributions. We are obligated to contribute our pro-rata share to fund maturities if they are not refinanced. 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 June 30, | | Six months ended June 30, | |
|---|---|---|---|---|
| (in thousands) | 2015 | 2014 | 2015 | 2014 |
| Asset management, property management, leasing, and investment and financing services | $5,856 | 6,026 | 11,993 | 12,188 |

Recent Accounting Pronouncements

See note 1 to Consolidated Financial Statements.

Results from Operations

Comparison of the three months ended June 30, 2015 to 2014:

Our revenues increased as summarized in the following table:

| | Three months ended June 30, | | |
|---|---|---|---|
| (in thousands) | 2015 | 2014 | Change |
| Minimum rent | $102,390 | 97,778 | 4,612 |
| Percentage rent | 300 | 545 | (245) |
| Recoveries from tenants | 30,421 | 28,146 | 2,275 |
| Other income | 2,010 | 2,170 | (160) |
| Management, transaction, and other fees | 6,008 | 6,253 | (245) |
| Total revenues | $141,129 | 134,892 | 6,237 |

Minimum rent increased as follows:

- $200,000 increase due to the 2014 acquisitions of operating properties and $2.5 million increase from operations beginning at development properties; and

- $4.1 million increase from same properties driven by higher rental rates and rent paying occupancy growth (same property includes operating properties owned for the entirety of both calendar year periods being presented, including redevelopments);

- offset by a $2.2 million decrease 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:

- $241,000 increase due to the 2014 acquisitions of operating properties and $579,000 increase from operations beginning at development properties; and

- $2.0 million increase in recoveries at same properties, which was driven by an increase in recoverable costs and an increase in our recovery ratio, driven by occupancy improvements;

- offset by $570,000 decrease from the sale of operating properties.

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

| | Three months ended June 30, | | |
|---|---|---|---|
| (in thousands) | 2015 | 2014 | Change |
| Depreciation and amortization | $36,225 | 36,023 | 202 |
| Operating and maintenance | 20,185 | 19,498 | 687 |
| General and administrative | 15,099 | 15,223 | (124) |
| Real estate taxes | 15,667 | 14,898 | 769 |
| Other operating expenses | 1,779 | 1,795 | (16) |
| Total operating expenses | $88,955 | 87,437 | 1,518 |

Operating and maintenance costs increased $687,000 attributable to the following:
- $431,000 increase related to operations beginning at development properties;
- $238,000 related to 2014 acquired properties; and

- $464,000 at same properties, primarily driven by snow removal costs;
- offset by $446,000 decrease for sold properties.

General and administrative expenses decreased $124,000 from a $667,000 reduction in value of participant obligations within the deferred compensation plan, offset by higher salaries, benefits and incentives.

Real estate taxes increased $769,000, due to

- $188,000 increase related to operations beginning at development properties;
- $124,000 related to 2014 acquired properties; and
- $665,000 at same properties from increased tax assessments;
- offset by $208,000 decrease from sold properties.

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

| | Three months ended June 30, | | |
|---|---|---|---|
| (in thousands) | 2015 | 2014 | Change |
| Interest expense, net | | | |
| Interest on notes payable | $25,856 | 26,121 | (265) |
| Interest on unsecured credit facilities | 786 | 1,069 | (283) |
| Capitalized interest | (1,956) | (1,631) | (325) |
| Hedge expense | 2,252 | 2,351 | (99) |
| Interest income | (263) | (465) | 202 |
| Interest expense, net | 26,675 | 27,445 | (770) |
| Net investment income | (367) | (628) | 261 |
| Total other expense (income) | $26,308 | 26,817 | (509) |

Our interest expense decreased mainly due to higher capitalized interest, which is based on higher cumulative costs incurred on development and redevelopment projects. Additional decreases resulted from lower average outstanding balances and variable interest rates on our unsecured credit facilities, and from reducing our notes payable.

The $261,000 decrease in net investment income is largely related to the change in the fair value of plan assets in the non-qualified deferred compensation plan, which is consistent with the change in plan liabilities included in general and administrative expenses above.

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

| | | Three months ended June 30, | | |
|---|---|---|---|---|
| (in thousands) | Ownership | 2015 | 2014 | Change |
| GRI - Regency, LLC (GRIR) | 40.00% | $5,336 | 1,916 | 3,420 |
| Columbia Regency Retail Partners, LLC (Columbia I) | 20.00% | 380 | 354 | 26 |
| Columbia Regency Partners II, LLC (Columbia II) | 20.00% | 142 | (230) | 372 |
| Cameron Village, LLC (Cameron) | 30.00% | 216 | 121 | 95 |
| RegCal, LLC (RegCal) | 25.00% | 100 | 683 | (583) |
| Regency Retail Partners, LP (the Fund) [1] | 20.00% | — | 3 | (3) |
| US Regency Retail I, LLC (USAA) | 20.01% | 191 | 175 | 16 |
| Other investments in real estate partnerships | 50.00% | 392 | 5,810 | (5,418) |
| Total | | $6,757 | 8,832 | (2,075) |

[1] On August 13, 2013, Regency Retail Partners, LP (the "Fund") sold 100% of its interest in its entire portfolio of shopping centers to a third party. The Fund was dissolved following the final distribution of proceeds in 2014.

The decrease in our equity in income of investments in real estate partnerships is principally due to the sale of operating properties and land from the various partnerships during the periods:

- The GRIR partnership income increase of $3.4 million was driven by our $1.1 million pro-rata gain on one operating property sold during 2015 coupled with $1.7 million less pro-rata depreciation expense due to a redevelopment demolition in 2014.

- The RegCal partnership income decreased $583,000 this quarter as 2014 included $651,000 of pro-rata gain from the sale of an operating property during the three months ended June 30, 2014.

- Our other real estate partnerships sold an operating property which generated a pro-rata gain of $4.9 million during the three months ended June 30, 2014.

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

| | Three months ended June 30, | | |
|---|---|---|---|
| (in thousands) | 2015 | 2014 | Change |
| Income from operations | $32,623 | 29,470 | 3,153 |
| Gain on sale of real estate | 5,657 | 1,691 | 3,966 |
| Income attributable to noncontrolling interests | (534) | (413) | (121) |
| Preferred stock dividends | (5,266) | (5,266) | — |
| Net income attributable to common stockholders | $32,480 | 25,482 | 6,998 |
| Net income attributable to exchangeable operating partnership units | 61 | 53 | 8 |
| Net income attributable to common unit holders | $32,541 | 25,535 | 7,006 |

During the three months ended June 30, 2015, we sold an operating property for a gain of $5.7 million, net of taxes, as compared to $1.7 million gain for an operating property sold during the three months ended June 30, 2014.

Comparison of the six months ended June 30, 2015 to 2014:

Our revenues increased as summarized in the following table:

| | Six months ended June 30, | | |
|---|---|---|---|
| (in thousands) | 2015 | 2014 | Change |
| Minimum rent | $203,695 | 192,314 | 11,381 |
| Percentage rent | 2,108 | 1,930 | 178 |
| Recoveries from tenants | 59,356 | 55,687 | 3,669 |
| Other income | 4,123 | 5,670 | (1,547 ) |
| Management, transaction, and other fees | 12,246 | 12,572 | (326 ) |
| Total revenues | $281,528 | 268,173 | 13,355 |

Minimum rent increased as follows:

- $2.8 million increase due to the 2014 acquisitions of operating properties and $4.3 million increase from operations beginning at development properties; and

- $8.1 million increase from same properties driven by higher rental rates and rent paying occupancy growth;

- offset by a $3.8 million decrease 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:

- $855,000 increase due to the 2014 acquisitions of operating properties and $1.2 million increase from operations beginning at development properties; and

- $2.5 million increase from same properties associated with higher recoverable costs and rent paying occupancy improvements;

- offset by $866,000 decrease from the sale of operating properties.

Other income, which consists of incidental income earned at our centers, decreased primarily as a result of a large settlement fee earned in the first quarter of 2014.

We earned fees, at market-based rates, for asset management, property management, leasing, acquisition, and financing services that we provided to our co-investment partnerships and third parties as follows:

| | Six months ended June 30, | | |
|---|---|---|---|
| (in thousands) | 2015 | 2014 | Change |
| Asset management fees | $3,121 | 3,014 | 107 |
| Property management fees | 6,631 | 6,610 | 21 |
| Leasing commissions and other fees | 2,494 | 2,948 | (454 ) |
| Total management, transaction, and other fees | $12,246 | 12,572 | (326 ) |

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

| | Six months ended June 30, | | |
|---|---|---|---|
| (in thousands) | 2015 | 2014 | Change |
| Depreciation and amortization | $72,218 | 73,929 | (1,711) |
| Operating and maintenance | 41,358 | 40,003 | 1,355 |
| General and administrative | 31,477 | 29,421 | 2,056 |
| Real estate taxes | 30,798 | 29,697 | 1,101 |
| Other operating expenses | 2,943 | 3,968 | (1,025) |
| Total operating expenses | $178,794 | 177,018 | 1,776 |

Depreciation and amortization decreased $1.7 million:

- $464,000 increase from acquisitions;
- $1.1 million increase from new development operations;
- offset by a $1.4 million decrease at same properties attributable to a large redevelopment beginning during 2014;
- and a $1.9 million decrease from disposals.

Operating and maintenance increased $1.4 million:

- $781,000 from acquisitions;
- $866,000 from new development operations; and
- $462,000 at same properties;
- partially offset by a decrease $754,000 from sold properties.

General and administrative expenses increased $2.1 million due to higher salaries, benefits and incentives of $2.3 million, offset by a reduction in value of participant obligations within the deferred compensation plan.

Real estate taxes increased $1.1 million:

- $555,000 from acquisitions,
- $531,000 from new development operations, and
- $421,000 at same properties,
- partially offset by a decrease of $406,000 from sold properties.

Other operating expenses decreased $1.0 million for the six months ended June 30, 2015 primarily due to increases in transaction costs in the second quarter of 2014 due to property acquisitions and pursuit costs.

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

| | Six months ended June 30, | | |
|---|---|---|---|
| (in thousands) | 2015 | 2014 | Change |
| Interest expense, net | | | |
| Interest on notes payable | $51,748 | 51,758 | (10) |
| Interest on unsecured credit facilities | 1,602 | 1,921 | (319) |
| Capitalized interest | (4,015) | (3,272) | (743) |
| Hedge expense | 4,502 | 4,853 | (351) |
| Interest income | (529) | (680) | 151 |
| Interest expense, net | 53,308 | 54,580 | (1,272) |
| Provision for impairment | — | 225 | (225) |
| Early extinguishment of debt | (61) | — | (61) |
| Net investment income | (1,000) | (821) | (179) |
| Total other expense (income) | $52,247 | 53,984 | (1,737) |

Our interest expense decreased mainly due to:

- lower average outstanding balances and variable interest rates on our unsecured credit facilities;
- higher capitalized interest, which is based on higher cumulative costs incurred on development and redevelopment projects; and
- hedge expense decreased as our 2014 favorably settled forward starting hedges are amortizing into interest expense to reduce our overall bond interest yield.

During the six months ended June 30, 2014, we recognized a $225,000 impairment on three parcels of land. We did not have any impairments during the six months ended June 30, 2015.

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

| | | Six months ended June 30, | | |
|---|---|---|---|---|
| (in thousands) | Ownership | 2015 | 2014 | Change |
| GRI - Regency, LLC (GRIR) | 40.00% | $9,330 | 5,126 | 4,204 |
| Columbia Regency Retail Partners, LLC (Columbia I) | 20.00% | 750 | 735 | 15 |
| Columbia Regency Partners II, LLC (Columbia II) | 20.00% | 294 | (47) | 341 |
| Cameron Village, LLC (Cameron) | 30.00% | 362 | 308 | 54 |
| RegCal, LLC (RegCal) | 25.00% | 234 | 775 | (541) |
| Regency Retail Partners, LP (the Fund) [1] | 20.00% | — | 16 | (16) |
| US Regency Retail I, LLC (USAA) | 20.01% | 408 | 335 | 73 |
| Other investments in real estate partnerships | 50.00% | 946 | 9,392 | (8,446) |
| Total | | $12,324 | 16,640 | (4,316) |

[1] On August 13, 2013, the Fund sold 100% of its interest in its entire portfolio of shopping centers to a third party. The Fund was dissolved following the final distribution of proceeds in 2014.

The $4.3 million decrease in our equity in income in investments in real estate partnerships for 2015, as compared to 2014, is largely attributed to:

- $4.2 million increase in pro-rata share of income from our GRIR partnership was driven by our $1.1 million pro-rata gain on one operating property sold during 2015 coupled with $1.7 million less pro-rata depreciation expense due to redevelopment activity in 2014;
- $424,000 pro-rata share of impairment losses recognized upon sale of two properties within Columbia II during 2014;

- $654,000 of pro-rata gain on one operating property disposed of within RegCal during 2014; and
- $8.4 million decrease within our Other investment partnerships driven by the gains on sale of two land parcels and one operating property during 2014.

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

| | Six months ended June 30, | | |
|---|---|---|---|
| (in thousands) | 2015 | 2014 | Change |
| Income from operations | $62,811 | 53,811 | 9,000 |
| Gain on sale of real estate | 6,460 | 2,406 | 4,054 |
| Income attributable to noncontrolling interests | (1,087) | (814) | (273) |
| Preferred stock dividends | (10,531) | (10,531) | — |
| Net income attributable to common stockholders | $57,653 | 44,872 | 12,781 |
| Net income attributable to exchangeable operating partnership units | 110 | 95 | 15 |
| Net income attributable to common unit holders | $57,763 | 44,967 | 12,796 |

During the six months ended June 30, 2015, we sold two operating properties resulting in a gain of $6.5 million, compared to a gain of $2.4 million from the sale of two operating properties during 2014.

Supplemental Earnings Information

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

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

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

- Pro-Rata information includes 100% of our consolidated properties plus our ownership interest in our unconsolidated real estate investment partnerships.

- Same Property information is provided for operating properties that were owned and operated for the entirety of both calendar year periods being compared and excludes Non-Same Properties and Properties in Development. A Non-Same Property is a property acquired, sold, or development property completed during either calendar year period being compared.

- Same Property NOI includes NOI for Same Properties, but excludes straight-line rental income, net of reserves, above and below market rent amortization, banking charges, and other fees. Same Property NOI is a key measure used by management in evaluating the performance of our properties.

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

- Core FFO is an additional performance measure used by Regency as the computation of FFO includes certain non-cash and non-comparable items that affect the Company's period-over-period performance.  Core FFO excludes from FFO, but is not limited to: (a) transaction related gains, income or expense; (b) impairments on land; (c) gains or losses from the early extinguishment of debt; and (d) other non-core amounts as they occur.  The Company provides a reconciliation of FFO to Core FFO.

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Same Property NOI

Our pro-rata same property NOI grew 4.2% from the following major components:

| | Three months ended June 30, | | | Six months ended June 30, | | |
|---|---|---|---|---|---|---|
| (in thousands) | 2015 | 2014 | Change | 2015 | 2014 | Change |
| Base rent | $117,140 | 112,815 | 4,325 | $233,246 | 224,488 | 8,758 |
| Percentage rent | 736 | 1,089 | (353) | 3,136 | 3,125 | 11 |
| Recovery revenue | 35,858 | 33,940 | 1,918 | 70,337 | 68,322 | 2,015 |
| Other income | 1,667 | 1,826 | (159) | 3,250 | 4,587 | (1,337) |
| Operating expenses | 42,116 | 40,989 | 1,127 | 85,233 | 84,913 | 320 |
| Pro-rata same property NOI | $113,285 | 108,681 | 4,604 | $224,736 | 215,609 | 9,127 |
| Growth | | | 4.2% | | | 4.2% |

Pro-rata same property base rent increased $4.3 million and $8.8 million during the three and six months ended June 30, 2015, respectively, because of contractual rent steps, rental rate growth, and improvements in rent paying occupancy.

Pro-rata same property recovery revenue increased $1.9 million and $2.0 million during the three and six months ended June 30, 2015, respectively, from increases in recoverable costs and improvements in rent paying occupancy.

Pro-rata same property other income decreased $1.3 million during the six months ended June 30, 2015 as a result of a large settlement fee earned in 2014.

Pro-rata same property operating expenses increased $1.1 million during the three months ended June 30, 2015 primarily associated with increased real estate taxes and snow removal costs.

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

| | Three months ended June 30, | | | | | |
|---|---|---|---|---|---|---|
| | 2015 | | | 2014 | | |
| (in thousands) | Same Property | Other [1] | Total | Same Property | Other [1] | Total |
| Income from operations | $60,343 | (27,720) | 32,623 | 57,563 | (28,093) | 29,470 |
| Less: | | | | | | |
| Management, transaction, and other fees | — | 6,008 | 6,008 | — | 6,253 | 6,253 |
| Other [2] | 1,502 | 679 | 2,181 | 1,729 | 913 | 2,642 |
| Plus: | | | | | | |
| Depreciation and amortization | 32,380 | 3,845 | 36,225 | 31,248 | 4,775 | 36,023 |
| General and administrative | — | 15,099 | 15,099 | — | 15,223 | 15,223 |
| Other operating expense, excluding provision for doubtful accounts | (72) | 1,294 | 1,222 | 205 | 1,059 | 1,264 |
| Other expense (income) | 6,701 | 19,607 | 26,308 | 7,542 | 19,275 | 26,817 |
| Equity in income (loss) of investments in real estate excluded from NOI [3] | 15,435 | 495 | 15,930 | 13,852 | 423 | 14,275 |
| Pro-rata NOI | $113,285 | 5,933 | 119,218 | 108,681 | 5,496 | 114,177 |

| | Six months ended June 30, | | | | | |
|---|---|---|---|---|---|---|
| | 2015 | | | 2014 | | |
| (in thousands) | Same Property | Other [1] | Total | Same Property | Other [1] | Total |
| Income from continuing operations, before tax | $118,199 | (55,388) | 62,811 | 107,249 | (53,438) | 53,811 |
| Less: | | | | | | |
| Management, transaction, and other fees | — | 12,246 | 12,246 | — | 12,572 | 12,572 |
| Other[2] | 3,467 | 1,101 | 4,568 | 4,075 | 1,015 | 5,090 |
| Plus: | | | | | | |
| Depreciation and amortization | 65,189 | 7,029 | 72,218 | 66,592 | 7,337 | 73,929 |
| General and administrative | — | 31,477 | 31,477 | — | 29,421 | 29,421 |
| Other operating expense, excluding provision for doubtful accounts | (119) | 1,787 | 1,668 | 282 | 2,824 | 3,106 |
| Other expense (income) | 13,280 | 38,967 | 52,247 | 15,026 | 38,958 | 53,984 |
| Equity in income (loss) of investments in real estate excluded from NOI [3] | 31,654 | 1,007 | 32,661 | 30,535 | (2,059) | 28,476 |
| Pro-rata NOI | $224,736 | 11,532 | 236,268 | 215,609 | 9,456 | 225,065 |

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

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

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

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

| | Three months ended June 30, | | | |
|---|---|---|---|---|
| | 2015 | | 2014 | |
| (GLA in thousands) | Property Count | GLA | Property Count | GLA |
| Beginning same property count | 304 | 26,730 | 314 | 26,050 |
| Disposed properties | (1) | (54) | (5) | (74) |
| SF adjustments [1] | — | 6 | — | 57 |
| Ending same property count | 303 | 26,682 | 309 | 26,033 |

| | Six months ended June 30, | | | |
|---|---|---|---|---|
| | 2015 | | 2014 | |
| (GLA in thousands) | Property Count | GLA | Property Count | GLA |
| Beginning same property count | 298 | 25,526 | 304 | 25,109 |
| Acquired properties owned for entirety of comparable periods | 4 | 427 | 6 | 560 |
| Developments that reached completion by beginning of earliest comparable period presented | 3 | 790 | 5 | 359 |
| Disposed properties | (2) | (75) | (6) | (85) |
| SF adjustments [1] | — | 14 | — | 90 |
| Ending same property count | 303 | 26,682 | 309 | 26,033 |

[1] SF adjustments arise from remeasurements or redevelopments.

FFO and Core FFO

The Company's reconciliation of net income available to common shareholders to FFO and Core FFO is as follows:

| (in thousands, except share information) | Three months ended June 30, 2015 | Three months ended June 30, 2014 | Six months ended June 30, 2015 | Six months ended June 30, 2014 |
|---|---|---|---|---|
| Reconciliation of Net income to FFO | | | | |
| Net income attributable to common stockholders | $32,480 | 25,482 | $57,653 | 44,872 |
| Adjustments to reconcile to FFO: | | | | |
| Depreciation and amortization [1] | 45,293 | 46,645 | 90,385 | 93,383 |
| Provision for impairment [2] | — | 424 | — | 424 |
| Gain on sale of operating properties [2] | (6,792) | (6,710) | (7,475) | (7,419) |
| Exchangeable operating partnership units | 61 | 53 | 110 | 95 |
| FFO | $71,042 | 65,894 | $140,673 | 131,355 |
| Reconciliation of FFO to Core FFO | | | | |
| FFO | $71,042 | 65,894 | $140,673 | 131,355 |
| Adjustments to reconcile to Core FFO: | | | | |
| Development and acquisition pursuit costs [2] | 484 | 371 | 523 | 1,711 |
| Gain on sale of land [2] | 43 | (424) | (68) | (3,328) |
| Provision for impairment to land | — | — | — | 225 |
| Hedge ineffectiveness [2] | 1 | — | 4 | — |
| Early extinguishment of debt [2] | — | 41 | (61) | 41 |
| Investment income | (417) | — | (417) | — |
| Core FFO | $71,153 | 65,882 | $140,654 | 130,004 |

[1] Includes Regency's pro-rata share of unconsolidated co-investment partnerships, net of pro-rata share attributable to noncontrolling interests.

[2] Includes Regency's pro-rata share of unconsolidated co-investment partnerships.

Environmental Matters

We are subject to numerous environmental laws and regulations as they apply to our shopping centers pertaining to chemicals used by the dry cleaning industry, the existence of asbestos in older shopping centers, and underground petroleum storage tanks. We believe that the tenants who currently operate dry cleaning plants or gas stations do so in accordance with current laws and regulations. Generally, we use all legal means to cause tenants to remove dry cleaning plants from our shopping centers or convert them to 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 June 30, 2015 we had accrued liabilities of $9.5 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 future. Substantially all of our long-term leases contain provisions designed to mitigate the adverse impact of inflation. Most of our leases require tenants to pay their pro-rata share of operating expenses, including common-area maintenance, real estate taxes, insurance and utilities, thereby reducing our exposure to increases in costs and operating expenses resulting from inflation. In addition, many of our leases are for terms of less than ten years, which permits us to seek increased rents upon re-rental at market rates. However, during deflationary periods or periods of economic weakness, minimum rents and percentage rents will decline as the supply of available retail space exceeds demand and consumer spending declines. Occupancy declines resulting from a weak economic period will also likely result in lower recovery rates of our operating expenses.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

There have been no material changes from the quantitative and qualitative disclosures about market risk disclosed in item 7A of Part II of our Form 10-K for the year ended December 31, 2014.

Item 4. Controls and Procedures

Controls and Procedures (Regency Centers Corporation)

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

There have been no changes in our internal controls over financial reporting identified in connection with this evaluation that occurred during the second quarter of 2015 and that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

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

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

There have been no changes in our internal controls over financial reporting identified in connection with this evaluation that occurred during the second quarter of 2015 and that 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 which arise in the ordinary course of our business. We are not currently involved in any litigation nor to our knowledge, is any litigation threatened against us, the outcome of which would, in our judgment based on information currently available to us, have a material adverse effect on our financial position or results of operations.

Item 1A. Risk Factors

There have been no material changes from the risk factors disclosed in item 1A. of Part I of our Form 10-K for the year ended December 31, 2014.

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

There were no unregistered sales of equity securities during the quarter ended June 30, 2015.

The following table represents information with respect to purchases by the Parent Company of its common stock during the months in the three month period ended June 30, 2015:

| 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 |
|---|---|---|---|---|
| April 1 through April 30, 2015 | — | $— | — | $— |
| May 1 through May 31, 2015 | — | $— | — | $— |
| June 1 through June 30, 2015 | — | $— | — | $— |

[1] Represents shares delivered in payment of withholding taxes in connection with restricted stock vesting by participants under Regency's Long-Term Omnibus Plan.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

None.

Item 5. Other Information
None.

Item 6. Exhibits

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

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

Accordingly, these representations and warranties may not describe the actual state of affairs as of the date they were made or at any other time. We acknowledge that, notwithstanding the inclusion of the foregoing cautionary statements, we are responsible for considering whether additional specific disclosures of material information regarding material contractual provisions are required to make the statements in this report not misleading. Additional information about the Company may be found elsewhere in this report and the Company's other public files, which are available without charge through the SEC's website at http://www.sec.gov. Unless otherwise indicated below, the Commission file number to the exhibit is No. 001-12298.

| Ex # | Description |
|---|---|
| 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 |

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*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.

| | | |
|---|---|---|
| August 6, 2015 | REGENCY CENTERS CORPORATION | |
| | By: | /s/ Lisa Palmer<br>Lisa Palmer, Executive Vice President, Chief Financial Officer (Principal Financial Officer) |
| | By: | /s/ J. Christian Leavitt<br>J. Christian Leavitt, Senior Vice President and Treasurer (Principal Accounting Officer) |
| August 6, 2015 | REGENCY CENTERS, L.P. | |
| | By: | Regency Centers Corporation, General Partner |
| | By: | /s/ Lisa Palmer<br>Lisa Palmer, Executive Vice President, Chief Financial Officer (Principal Financial Officer) |
| | By: | /s/ J. Christian Leavitt<br>J. Christian Leavitt, Senior Vice President and Treasurer (Principal Accounting Officer) |