Section 1: 8-K (FORM 8-K)

SECURITIES AND EXCHANGE COMMISSION
UNITED STATES
Washington, DC 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) January 17, 2017

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

Florida (Regency Centers Corporation) Delaware (Regency Centers, L.P.)	001-12298 (Regency Centers Corporation) 0-24763 (Regency Centers, L.P.)	59-3191743 (Regency Centers Corporation) 59-3429602 (Regency Centers, L.P.)
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

One Independent Drive, Suite 114 Jacksonville, Florida	32202
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number including area code: (904)-598-7000

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230 .425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 8.01 Other Events.

As previously reported on a Current Report on Form 8-K filed on November 15, 2016 with the Securities and Exchange Commission, on November 14, 2016, Regency Centers Corporation ("Regency") entered into an Agreement and Plan of Merger (the "Merger Agreement") with Equity One, Inc. ("Equity One"), pursuant to which, subject to the satisfaction or waiver of certain conditions, Equity One will merge with and into Regency, with Regency continuing as the surviving corporation (the "Merger"). On the terms and subject to the conditions set forth in the Merger Agreement, which has been unanimously approved by the boards of directors of Regency and Equity One, at the effective time of the Merger (the "Effective Time"), each share of the common stock, par value $0.01 per share, of Equity One issued and outstanding immediately prior to the Effective Time (other than shares of Equity One owned directly by Equity One or Regency and in each case not held on behalf of third parties) will be converted into the right to receive 0.45 of a newly issued share of the common stock of Regency.

The consummation of the Merger is subject to certain closing conditions, including (i) the approval of Regency's and Equity One's respective stockholders, (ii) the shares of Regency common stock to be issued in the Merger will have been approved for listing on the New York Stock Exchange, subject to official notice of issuance, (iii) the absence of any temporary restraining order, preliminary or permanent injunction or other order issued by any court of competent jurisdiction or other legal restraint or prohibition preventing the consummation of the Merger, (iv) the receipt of certain tax opinions by Regency and Equity One, and (v) other customary closing conditions specified in the Merger Agreement.

As the Merger is deemed probable, Regency and Regency Centers, L.P. are filing this Current Report on Form 8-K to disclose (i) the audited consolidated financial statements of Equity One as of December 31, 2015 and 2014 and for the three years in the period ended December 31, 2015, (ii) the unaudited consolidated financial statements of Equity One as of September 30, 2016 and for each of the nine months ended September 30, 2016 and 2015, (iii) the unaudited pro forma condensed combined financial statements (and related notes) of Regency, showing the pro forma effects of the Merger as of September 30, 2016 and for the nine months ended September 30, 2016 and the year ended December 31, 2015 and (iv) the unaudited pro forma condensed combined financial statements (and related notes) of Regency Centers, L.P., showing the pro forma effects of the Merger as of September 30, 2016 and for the nine months ended September 30, 2016 and the year ended December 31, 2015.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits:

Exhibit 23.1. Consent of Ernst & Young LLP.

Exhibit 99.1. The audited consolidated financial statements of Equity One as of December 31, 2015 and 2014 and for the three years in the period ended December 31, 2015.

Exhibit 99.2. The unaudited financial statements of Equity One as of September 30, 2016 and for each of the nine months ended September 30, 2016 and 2015.

Exhibit 99.3. The unaudited pro forma condensed combined financial statements (and related notes) of Regency as of September 30, 2016 and for the nine months ended September 30, 2016 and the year ended December 31, 2015.

Exhibit 99.4. The unaudited pro forma condensed combined financial statements (and related notes) of Regency Centers, L.P. as of September 30, 2016 and for the nine months ended September 30, 2016 and the year ended December 31, 2015.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

REGENCY CENTERS CORPORATION
(registrant)

January 17, 2017

By: /s/ J. Christian Leavitt
J. Christian Leavitt, Senior Vice President and Treasurer

REGENCY CENTERS, L.P.
(registrant)

January 17, 2017

By: Regency Centers Corporation,
its General Partner

By: /s/ J. Christian Leavitt
J. Christian Leavitt, Senior Vice President and Treasurer

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Section 2: EX-23.1 (EX-23.1)

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the reference to our firm under the caption “Experts” in the Registration Statement (Form S-3 No. 333-194301) and related prospectus supplement of Regency Centers Corporation and Regency Centers, L.P. dated January 17, 2017 and to the use of our report dated February 26, 2016, with respect to the consolidated financial statements of Equity One, Inc. for the year ended December 31, 2015, included in Regency Centers Corporation and Regency Centers, L.P.’s combined Current Report on Form 8-K dated January 17, 2017, filed with the Securities and Exchange Commission and incorporated by reference in the aforementioned Registration Statement.

/s/ Ernst & Young LLP
New York, New York
January 17, 2017

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Section 3: EX-99.1 (EX-99.1)

Exhibit 99.1

EQUITY ONE, INC. AND SUBSIDIARIES

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders
Equity One, Inc.

We have audited the accompanying consolidated balance sheets of Equity One, Inc. and subsidiaries as of December 31, 2015 and 2014, and the related consolidated statements of income, comprehensive income, equity and cash flows for each of the three years in the period ended December 31, 2015. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Equity One, Inc. and subsidiaries at December 31, 2015 and 2014, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 2015, in conformity with U.S. generally accepted accounting principles.

As discussed in Note 2 to the consolidated financial statements, the Company changed its method for reporting discontinued operations effective January 1, 2014.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Equity One, Inc. and subsidiaries' internal control over financial reporting as of December 31, 2015, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated February 26, 2016 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP
New York, New York
February 26, 2016

EQUITY ONE, INC. AND SUBSIDIARIES
Consolidated Balance Sheets
December 31, 2015 and 2014
(In thousands, except share par value amounts)

	December 31, 2015	December 31, 2014
ASSETS		
Properties:		
Income producing	$ 3,337,531	$ 3,128,081
Less: accumulated depreciation	(438,992)	(381,533)
Income producing properties, net	2,898,539	2,746,548
Construction in progress and land	167,478	161,872
Property held for sale	2,419	—
Properties, net	3,068,436	2,908,420
Cash and cash equivalents	21,353	27,469
Cash held in escrow and restricted cash	250	250
Accounts and other receivables, net	11,808	11,859
Investments in and advances to unconsolidated joint ventures	64,600	89,218
Goodwill	5,838	6,038
Other assets	203,618	213,525
TOTAL ASSETS	$ 3,375,903	$ 3,256,779
LIABILITIES AND EQUITY		
Liabilities:		
Notes payable:		
Mortgage notes payable	$ 282,029	$ 311,778
Unsecured senior notes payable	518,401	731,136
Term loans	475,000	250,000
Unsecured revolving credit facilities	96,000	37,000
	1,371,430	1,329,914
Unamortized deferred financing costs and premium/discount on notes payable, net	(4,708)	(2,319)
Total notes payable	1,366,722	1,327,595
Other liabilities:		
Accounts payable and accrued expenses	46,602	49,924
Tenant security deposits	9,449	8,684
Deferred tax liability	13,276	12,567
Other liabilities	169,703	167,400
Total liabilities	1,605,752	1,566,170
Commitments and contingencies	—	—
Stockholders' equity:		
Preferred stock, $0.01 par value – 10,000 shares authorized but unissued	—	—
Common stock, $0.01 par value – 250,000 shares authorized and 129,106 shares issued and outstanding at December 31, 2015 and 150,000 shares authorized and 124,281 shares issued and outstanding at December 31, 2014	1,291	1,243
Additional paid-in capital	1,972,369	1,843,348
Distributions in excess of earnings	(407,676)	(360,172)
Accumulated other comprehensive loss	(1,978)	(999)
Total stockholders' equity of Equity One, Inc.	1,564,006	1,483,420
Noncontrolling interests	206,145	207,189
Total equity	1,770,151	1,690,609
TOTAL LIABILITIES AND EQUITY	$ 3,375,903	$ 3,256,779

See accompanying notes to the consolidated financial statements.

EQUITY ONE, INC. AND SUBSIDIARIES
Consolidated Statements of Income
For the years ended December 31, 2015, 2014 and 2013
(In thousands, except per share data)

	2015	2014	2013
REVENUE:			
Minimum rent	$272,204	$268,257	$248,086
Expense recoveries	80,737	77,640	77,499
Percentage rent	5,335	5,107	4,328
Management and leasing services	1,877	2,181	2,598
Total revenue	360,153	353,185	332,511
COSTS AND EXPENSES:			
Property operating	51,373	49,332	50,292
Real estate taxes	42,167	40,161	39,355
Depreciation and amortization	92,997	101,345	87,266
General and administrative	36,277	41,174	39,514
Total costs and expenses	222,814	232,012	216,427
INCOME BEFORE OTHER INCOME AND EXPENSE, TAX AND DISCONTINUED OPERATIONS	137,339	121,173	116,084
OTHER INCOME AND EXPENSE:			
Investment income	210	365	6,631
Equity in income of unconsolidated joint ventures	6,493	10,990	1,648
Other income	5,990	3,454	216
Interest expense	(55,322)	(66,427)	(70,566)
Gain on sale of operating properties	3,952	14,029	—
(Loss) gain on extinguishment of debt	(7,298)	(2,750)	107
Impairment loss	(16,753)	(21,850)	(5,641)
INCOME FROM CONTINUING OPERATIONS BEFORE TAX AND DISCONTINUED OPERATIONS	74,611	58,984	48,479
Income tax benefit (provision) of taxable REIT subsidiaries	856	(850)	484
INCOME FROM CONTINUING OPERATIONS	75,467	58,134	48,963
DISCONTINUED OPERATIONS:			
Operations of income producing properties	—	(238)	5,769
Gain on disposal of income producing properties	—	3,222	39,587
Impairment loss	—	—	(4,976)
Income tax provision of taxable REIT subsidiaries	—	(27)	(686)
INCOME FROM DISCONTINUED OPERATIONS	—	2,957	39,694
NET INCOME	75,467	61,091	88,657
Net income attributable to noncontrolling interests – continuing operations	(10,014)	(12,206)	(10,209)
Net loss (income) attributable to noncontrolling interests – discontinued operations	—	12	(494)
NET INCOME ATTRIBUTABLE TO EQUITY ONE, INC.	$ 65,453	$ 48,897	$ 77,954
EARNINGS PER COMMON SHARE – BASIC:			
Continuing operations	$ 0.51	$ 0.37	$ 0.32
Discontinued operations	—	0.02	0.33
	$ 0.51	$ 0.39	$ 0.66 *
Number of Shares Used in Computing Basic Earnings per Share	127,957	119,403	117,389
EARNINGS PER COMMON SHARE – DILUTED:			
Continuing operations	$ 0.51	$ 0.37	$ 0.32
Discontinued operations	—	0.02	0.33
	$ 0.51	$ 0.39	$ 0.65
Number of Shares Used in Computing Diluted Earnings per Share	128,160	119,725	117,771
CASH DIVIDENDS DECLARED PER COMMON SHARE	$ 0.88	$ 0.88	$ 0.88

* Note: EPS does not foot due to the rounding of the individual calculations.

See accompanying notes to the consolidated financial statements.

EQUITY ONE, INC. AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income
For the years ended December 31, 2015, 2014 and 2013
(In thousands)

	2015	2014	2013
NET INCOME	$ 75,467	$ 61,091	$ 88,657
OTHER COMPREHENSIVE (LOSS) INCOME:			
Net amortization of interest rate contracts included in net income	(24)	63	63
Net unrealized (loss) gain on interest rate swaps [1]	(4,379)	(7,086)	6,615
Net loss on interest rate swaps reclassified from accumulated other comprehensive income into interest expense	3,424	3,480	3,451
Other comprehensive (loss) income	(979)	(3,543)	10,129
COMPREHENSIVE INCOME	74,488	57,548	98,786
Comprehensive income attributable to noncontrolling interests	(10,014)	(12,194)	(10,703)
COMPREHENSIVE INCOME ATTRIBUTABLE TO EQUITY ONE, INC.	$ 64,474	$ 45,354	$ 88,083

(1) This amount includes our share of our unconsolidated joint ventures' net unrealized losses of $250, $545 and $42 for the years ended December 31, 2015, 2014 and 2013, respectively.

See accompanying notes to the consolidated financial statements.

EQUITY ONE, INC. AND SUBSIDIARIES
Consolidated Statements of Equity
For the years ended December 31, 2015, 2014 and 2013
(In thousands)

	Common Stock							
	Shares	Amount	Additional Paid-In Capital	Distributions in Excess of Earnings	Accumulated Other Comprehensive (Loss) Income	Total Stockholders' Equity of Equity One, Inc.	Non-controlling Interests	Total Equity
BALANCE AT JANUARY 1, 2013	116,938	$ 1,169	$1,679,227	$ (276,085)	$ (7,585)	$ 1,396,726	$ 207,753	$1,604,479
Issuance of common stock	725	7	8,891	—	—	8,898	—	8,898
Repurchase of common stock	(16)	—	(388)	—	—	(388)	—	(388)
Stock issuance costs	—	—	(96)	—	—	(96)	—	(96)
Share-based compensation expense	—	—	6,414	—	—	6,414	—	6,414
Restricted stock reclassified from liability to equity	—	—	51	—	—	51	—	51
Net income, excluding $695 of net income attributable to redeemable noncontrolling interests	—	—	—	77,954	—	77,954	10,008	87,962
Dividends declared on common stock	—	—	—	(104,279)	—	(104,279)	—	(104,279)
Distributions to noncontrolling interests	—	—	—	—	—	—	(10,038)	(10,038)
Revaluation of redeemable noncontrolling interest	—	—	(226)	—	—	(226)	—	(226)
Purchase of noncontrolling interest	—	—	—	—	—	—	(9)	(9)
Reclassification of redeemable NCI to permanent equity	—	—	—	—	—	—	29	29
Other comprehensive income	—	—	—	—	10,129	10,129	—	10,129
BALANCE AT DECEMBER 31, 2013	117,647	1,176	1,693,873	(302,410)	2,544	1,395,183	207,743	1,602,926
Issuance of common stock	6,699	67	145,380	—	—	145,447	—	145,447
Repurchase of common stock	(65)	—	(1,752)	—	—	(1,752)	—	(1,752)
Stock issuance costs	—	—	(591)	—	—	(591)	—	(591)
Share-based compensation expense	—	—	7,498	—	—	7,498	—	7,498
Restricted stock reclassified from liability to equity	—	—	117	—	—	117	—	117
Net income	—	—	—	48,897	—	48,897	12,194	61,091
Dividends declared on common stock	—	—	—	(106,659)	—	(106,659)	—	(106,659)
Distributions to noncontrolling interests	—	—	—	—	—	—	(11,962)	(11,962)
Purchase of noncontrolling interest	—	—	(1,177)	—	—	(1,177)	(786)	(1,963)
Other comprehensive loss	—	—	—	—	(3,543)	(3,543)	—	(3,543)
BALANCE AT DECEMBER 31, 2014	124,281	1,243	1,843,348	(360,172)	(999)	1,483,420	207,189	1,690,609
Issuance of common stock	4,837	48	124,867	—	—	124,915	—	124,915
Repurchase of common stock	(12)	—	(320)	—	—	(320)	—	(320)
Stock issuance costs	—	—	(624)	—	—	(624)	—	(624)
Share-based compensation expense	—	—	5,158	—	—	5,158	—	5,158
Restricted stock reclassified from liability to equity	—	—	108	—	—	108	—	108
Net income	—	—	—	65,453	—	65,453	10,014	75,467
Dividends declared on common stock	—	—	—	(112,957)	—	(112,957)	—	(112,957)
Distributions to noncontrolling interests	—	—	—	—	—	—	(10,010)	(10,010)
Purchase of noncontrolling interests	—	—	(168)	—	—	(168)	(1,048)	(1,216)
Other comprehensive loss	—	—	—	—	(979)	(979)	—	(979)
BALANCE AT DECEMBER 31, 2015	129,106	$ 1,291	$1,972,369	$ (407,676)	$ (1,978)	$ 1,564,006	$ 206,145	$1,770,151

See accompanying notes to the consolidated financial statements.

EQUITY ONE, INC. AND SUBSIDIARIES
Consolidated Statements of Cash Flows
For the years ended December 31, 2015, 2014 and 2013
(In thousands)

	2015	2014	2013
OPERATING ACTIVITIES:			
Net income	$ 75,467	$ 61,091	$ 88,657
Adjustments to reconcile net income to net cash provided by operating activities:			
Straight-line rent adjustment	(4,612)	(3,788)	(2,344)
Accretion of below-market lease intangibles, net	(12,759)	(18,870)	(12,904)
Amortization of below-market ground lease intangibles	601	601	601
Equity in income of unconsolidated joint ventures	(6,493)	(10,990)	(1,648)
Remeasurement gain on equity interests in joint ventures	(5,498)	(2,807)	—
Income tax (benefit) provision of taxable REIT subsidiaries	(856)	877	202
Increase (decrease) in allowance for losses on accounts receivable	2,521	(27)	3,736
Amortization of deferred financing costs and premium / discount on notes payable, net	1,051	(4)	(57)
Depreciation and amortization	95,514	103,240	93,317
Share-based compensation expense	5,260	7,267	6,173
Amortization of derivatives, net	78	63	63
Gain on sale of operating properties	(3,952)	(17,251)	(39,587)
Loss on extinguishment of debt	7,298	2,750	31
Operating distributions from joint ventures	3,427	3,121	53
Impairment loss	16,753	21,850	10,617
Changes in assets and liabilities, net of effects of acquisitions and disposals:			
Accounts and other receivables	(2,097)	1,169	(2,950)
Other assets	(660)	(71)	(4,653)
Accounts payable and accrued expenses	(6,895)	(4,013)	(4,645)
Tenant security deposits	765	(244)	(289)
Other liabilities	(148)	131	(1,631)
Net cash provided by operating activities	164,765	144,095	132,742
INVESTING ACTIVITIES:			
Acquisition of income producing properties	(98,300)	(93,447)	(109,449)
Additions to income producing properties	(20,992)	(19,376)	(13,661)
Acquisition of land	(1,350)	—	(3,000)
Additions to construction in progress	(63,600)	(77,095)	(54,005)
Deposits for the acquisition of income producing properties	(10)	(50)	(75)
Proceeds from sale of operating properties	5,805	145,470	286,511
Decrease (increase) in cash held in escrow	—	10,662	(10,662)
Purchase of below-market leasehold interest	—	—	(25,000)
Increase in deferred leasing costs and lease intangibles	(6,838)	(7,440)	(9,266)
Investment in joint ventures	(23,939)	(9,028)	(30,401)
(Advances to) repayments of advances to joint ventures	—	(154)	5
Distributions from joint ventures	15,666	16,394	12,576
Investment in loans receivable	—	—	(12,000)
Repayment of loans receivable	—	60,526	91,474
Collection of development costs tax credit	14,258	—	—
Net cash (used in) provided by investing activities	(179,300)	26,462	123,047

EQUITY ONE, INC. AND SUBSIDIARIES
Consolidated Statements of Cash Flows
For the years ended December 31, 2015, 2014 and 2013
(In thousands)

	2015	2014	2013
FINANCING ACTIVITIES:			
Repayments of mortgage notes payable	(51,064)	(132,564)	(48,279)
Deposit for mortgage loan	(1,898)	—	—
Net borrowings (repayments) under revolving credit facility	59,000	(54,000)	(81,000)
Repayment of senior notes payable	(220,155)	—	—
Borrowings under term loan, net	222,916	—	—
Payment of deferred financing costs	(168)	(3,638)	—
Proceeds from issuance of common stock	124,915	145,447	8,898
Repurchase of common stock	(320)	(1,752)	(388)
Stock issuance costs	(624)	(591)	(96)
Dividends paid to stockholders	(112,957)	(106,659)	(104,279)
Purchase of noncontrolling interests	(1,216)	(2,952)	(18,972)
Distributions to redeemable noncontrolling interests	—	—	(3,468)
Distributions to noncontrolling interests	(10,010)	(11,962)	(10,038)
Net cash provided by (used in) financing activities	8,419	(168,671)	(257,622)
Net (decrease) increase in cash and cash equivalents	(6,116)	1,886	(1,833)
Cash and cash equivalents at beginning of the year	27,469	25,583	27,416
Cash and cash equivalents at end of the year	$ 21,353	$ 27,469	$ 25,583
SUPPLEMENTAL DISCLOSURE OF CASH AND NON-CASH INFORMATION:			
Cash paid for interest (net of capitalized interest of $4,755, $4,969 and $2,863 in 2015, 2014 and 2013, respectively)	$ 57,256	$ 67,409	$ 72,145
We acquired upon acquisition of certain income producing properties and land:			
Income producing properties and land	$ 180,285	$ 115,567	$ 164,719
Intangible and other assets	9,629	7,362	10,559
Intangible and other liabilities	(18,264)	(12,194)	(27,128)
Net assets acquired	171,650	110,735	148,150
Assumption of mortgage notes payable	(27,750)	(11,353)	(35,701)
Transfer of existing equity interests in joint ventures	(44,250)	(5,935)	—
Cash paid for income producing properties and land	$ 99,650	$ 93,447	$ 112,449

See accompanying notes to the consolidated financial statements.

1. Organization and Basis of Presentation

Organization

We are a real estate investment trust, or REIT, that owns, manages, acquires, develops and redevelops shopping centers and retail properties located primarily in supply constrained suburban and urban communities. We were organized as a Maryland corporation in 1992, completed our initial public offering in May 1998, and have elected to be taxed as a REIT since 1995.

As of December 31, 2015, our portfolio comprised 126 properties, including 102 retail properties and five non-retail properties totaling approximately 12.6 million square feet of gross leasable area, or GLA, 13 development or redevelopment properties with approximately 2.8 million square feet of GLA, and six land parcels. As of December 31, 2015, our retail occupancy excluding developments and redevelopments was 96.0% and included national, regional and local tenants. Additionally, we had joint venture interests in six retail properties and two office buildings totaling approximately 1.4 million square feet of GLA.

Basis of Presentation

The consolidated financial statements include the accounts of Equity One, Inc. and our wholly-owned subsidiaries and those other entities in which we have a controlling financial interest, including where we have been determined to be a primary beneficiary of a variable interest entity ("VIE") in accordance with the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC"). Equity One, Inc. and its subsidiaries are hereinafter referred to as the "Company," "we," "our," "us" or similar terms. All significant intercompany transactions and balances have been eliminated in consolidation. Certain prior-period data have been reclassified to conform to the current period presentation.

The operations of certain properties sold have been classified as discontinued, and the associated results of operations and financial position are separately reported for all periods presented as they were classified as held for sale prior to the adoption of Accounting Standards Update ("ASU") 2014-08, "Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity." See Notes 2 and 5 for further discussion. Information in these notes to the consolidated financial statements, unless otherwise noted, does not include the accounts of discontinued operations.

In April 2015, the FASB issued ASU 2015-03, "Simplifying the Presentation of Debt Issuance Costs," which requires 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. We have elected to early adopt ASU 2015-03 and have retrospectively applied the guidance to our unsecured senior notes payable, term loans, and mortgage notes payable for all periods presented. See Note 12 for further discussion.

2. Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Properties

Income producing properties are stated at cost, less accumulated depreciation and amortization. Costs include those related to acquisition, development and construction, including tenant improvements, interest incurred during development, costs of predevelopment and certain direct and indirect costs of development.

Depreciation and amortization is computed using the straight-line method over the estimated useful lives of the assets as follows:

Buildings	30-55 years
Building and land improvements	2-40 years
Tenant improvements	Lesser of minimum lease term or economic useful life
Furniture, fixtures and equipment	3-10 years

Expenditures for ordinary maintenance and repairs are expensed to operations as they are incurred. Significant renovations and improvements that improve or extend the useful lives of assets are capitalized.

Business Combinations

We account for business combinations, including the acquisition of income producing properties, using the acquisition method by recognizing and measuring the identifiable assets acquired, liabilities assumed, and any noncontrolling interests in the acquiree at their acquisition date fair values. As a result, upon the acquisition of income producing properties, we estimate the fair value of the acquired tangible assets (consisting of land, building, building improvements, and tenant improvements), identified intangible assets and liabilities (consisting of the value of above- and below-market leases, in-place leases, and tenant relationships, where applicable), assumed debt, and noncontrolling interests issued at the date of acquisition, where applicable, based on our evaluation of information and estimates available at that date. Based on these estimates, we allocate the purchase price to the identified assets acquired and liabilities assumed. Fair value is determined based on an exit price approach, which contemplates the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. If, up to one year from the acquisition date, information regarding fair value of the assets acquired and liabilities assumed is received and estimates are refined, appropriate adjustments are made to the purchase price allocation on a prospective basis. Costs related to business combinations are expensed as incurred and are included in general and administrative expenses in our consolidated statements of income.

In allocating the purchase price of an acquired property to identified intangible assets and liabilities, the value of above-market and below-market leases is estimated based on the present value of the difference between the contractual amounts, including fixed rate below-market lease renewal options, to be paid pursuant to the in-place leases and our estimate of the market lease rates and other lease provisions (i.e., expense recapture, base rental changes, etc.) for comparable leases measured over a period equal to the estimated remaining term of the lease. The capitalized above-market or below-market intangible is amortized to rental revenue over the estimated remaining term of the respective leases, which includes expected renewal option periods, if applicable. If a lease terminates prior to its stated expiration, all unamortized amounts relating to that lease are written off.

In determining the value of in-place leases, we consider current market conditions and costs to execute similar leases to arrive at an estimate of the carrying costs during the period expected to be required to lease the property from vacant to its existing occupancy. In estimating carrying costs, we include estimates of lost rental and recovery revenue during the expected lease-up periods and costs to execute similar leases, including lease commissions, legal, and other related costs based on current market demand. The value assigned to in-place leases is amortized to depreciation expense over the estimated remaining term of the respective leases. If a lease terminates prior to its stated expiration, all unamortized amounts relating to that lease are written off.

The results of operations of acquired properties are included in our financial statements as of the dates they are acquired. The intangible assets and liabilities associated with property acquisitions are included in other assets and other liabilities in our consolidated balance sheets.

Construction in Progress and Land

Construction in progress and land are carried at cost, and no depreciation is recorded. Properties undergoing significant renovations and improvements are considered under development. All direct and indirect costs related to development activities are capitalized into construction in progress and land on our consolidated balance sheets, except for certain demolition costs, which are expensed as incurred. Costs incurred include predevelopment expenditures directly related to a specific project, development and construction costs, interest, insurance and real estate taxes. Indirect development costs include employee salaries and benefits, travel and other related costs that are directly associated with the development of the property. Our method of calculating capitalized interest is based upon applying our weighted average borrowing rate to the actual accumulated expenditures. The capitalization of such expenses ceases when the property is ready for its intended use, but no later than one-year from substantial completion of major construction activity. If we determine that a project is no longer viable, all predevelopment project costs are immediately expensed. Similar costs related to properties not under development are expensed as incurred.

Long-lived Assets

Properties Held and Used

We evaluate the carrying value of long-lived assets, including definite-lived intangible assets, when events or changes in circumstances indicate that the carrying value may not be recoverable in accordance with the Property, Plant and Equipment Topic of the FASB ASC. The carrying value of a long-lived asset is considered impaired when the total projected undiscounted cash flows from such asset are separately identifiable and are less than its carrying value. In that event, a loss is recognized based on the amount by which the carrying value exceeds the fair value of the long-lived asset. The fair value of fixed (tangible) assets and definite-lived intangible assets is determined primarily using either internal projected cash flows discounted at a rate commensurate with the risk involved or an external appraisal. As of December 31, 2015, we reviewed the operating properties, construction in progress, and land for potential indicators of impairment on a property-by-property basis in accordance with the Property, Plant and Equipment Topic of the FASB ASC. For those properties for which an indicator of impairment was identified, we projected future cash flows for each property on an individual basis. The key assumptions underlying these projected future cash flows are dependent on property-specific conditions and are inherently uncertain. The factors that may influence the assumptions include:

- historical and projected property performance, including occupancy, capitalization rates and net operating income;
- competitors’ presence and their actions;
- property specific attributes such as location desirability, anchor tenants and demographics;
- current local market economic and demographic conditions; and
- future expected capital expenditures and the period of time before net operating income is stabilized.

After considering these factors, our future cash flows are projected based on management’s intention with respect to the holding period of the property and an assumed sale at the final year of the holding period using a projected capitalization rate (reversion value). If the carrying amount of the property exceeded the estimated undiscounted cash flows (including the projected reversion value) from the property, an impairment charge was recognized to reduce the carrying value of the property to its fair value.

Properties Held for Sale

Properties held for sale are recorded at the lower of the carrying amount or the expected sales price less costs to sell. Upon the adoption of ASU 2014-08 on January 1, 2014, operations of properties held for sale and operating properties sold that were not previously classified as held for sale and/or reported as discontinued operations are reported in continuing operations as their disposition does not represent a strategic shift that has or will have a major effect on our operations and financial results. Prior to the adoption of ASU 2014-08, we reported the operations and financial results of properties held for sale and operating properties sold as discontinued operations.

The application of current accounting principles that govern the classification of any of our properties as held for sale on the consolidated balance sheet requires management to make certain significant judgments. In evaluating whether a property meets the held for sale criteria set forth by the Property, Plant and Equipment Topic of the FASB ASC, we make a determination as to the point in time that it is probable that a sale will be consummated. Given the nature of all real estate sales contracts, it is not unusual for such contracts to allow potential buyers a period of time to evaluate the property prior to formal acceptance of the contract. In addition, certain other matters critical to the final sale, such as financing arrangements, often remain pending even upon contract acceptance. As a result, properties under contract may not close within the expected time period or may not close at all. Therefore, any properties categorized as held for sale represent only those properties that management has determined are probable to close within the requirements set forth in the Property, Plant and Equipment Topic of the FASB ASC.

Cash and Cash Equivalents

We consider liquid investments with a purchase date life to maturity of three months or less to be cash equivalents.

Cash Held in Escrow and Restricted Cash

Cash held in escrow and restricted cash includes the cash proceeds of property sales that are being held by qualified intermediaries in anticipation of the acquisition of replacement properties in tax-free exchanges under Section 1031 of the Code or cash that is not immediately available to us.

Accounts and Other Receivables

Accounts receivable includes amounts billed to tenants and accrued expense recoveries due from tenants. We make estimates of the uncollectability of our accounts receivable using the specific identification method. We analyze accounts receivable and historical bad debt levels, tenant credit-worthiness, payment history and industry trends when evaluating the adequacy of the allowance for doubtful accounts. Accounts receivable are written-off when they are deemed to be uncollectable and we are no longer actively pursuing collection. Our reported net income is directly affected by management's estimate of the collectability of accounts receivable.

Investments in Joint Ventures

We analyze our joint ventures under the FASB ASC Topics of Consolidation and Real Estate-General in order to determine whether the respective entities should be consolidated. If it is determined that these investments do not require consolidation because the entities are not VIEs in accordance with the Consolidation Topic of the FASB ASC, we are not considered the primary beneficiary of the entities determined to be VIEs, we do not have voting control, and/or the limited partners (or non-managing members) have substantive participatory rights, then the selection of the accounting method used to account for our investments in unconsolidated joint ventures is generally determined by our voting interests and the degree of influence we have over the entity. Management uses its judgment when determining if we are the primary beneficiary of, or have a controlling financial interest in, an entity in which we have a variable interest. Factors considered in determining whether we have the power to direct the activities that most significantly impact the entity's economic performance include risk and reward sharing, experience and financial condition of the other partners, voting rights, involvement in day-to-day capital and operating decisions and the extent of our involvement in the entity.

We use the equity method of accounting for investments in unconsolidated joint ventures when we own 20% or more of the voting interests and have significant influence but do not have a controlling financial interest, or if we own less than 20% of the voting interests but have determined that we have significant influence. Under the equity method, we record our investments in and advances to these entities in our consolidated balance sheets, and our proportionate share of earnings or losses earned by the joint venture is recognized in equity in income of unconsolidated joint ventures in the accompanying consolidated statements of income. We derive revenue through our involvement with unconsolidated joint ventures in the form of management and leasing services and interest earned on loans and advances. We account for this revenue gross of our ownership interest in each respective joint venture and record our proportionate share of related expenses in equity in income of unconsolidated joint ventures.

The cost method of accounting is used for unconsolidated entities in which we do not have the ability to exercise significant influence and we have virtually no influence over partnership operating and financial policies. Under the cost method, income distributions from the partnership are recognized in investment income. Distributions that exceed our share of earnings are applied to reduce the carrying value of our investment, and any capital contributions will increase the carrying value of our investment. The fair value of a cost method investment is not estimated if there are no identified events or changes in circumstances that may have a significant adverse effect on the fair value of the investment.

These joint ventures typically obtain non-recourse third-party financing on their property investments, thus contractually limiting our exposure to losses to the amount of our equity investment, and, due to the lender's exposure to losses, a lender typically will require a minimum level of equity in order to mitigate its risk. Our exposure to losses associated with unconsolidated joint ventures is primarily limited to the carrying value of these investments.

On a periodic basis, we evaluate our investments in unconsolidated entities for impairment in accordance with the Investments-Equity Method and Joint Ventures Topic of the FASB ASC. We assess whether there are any indicators, including underlying property operating performance and general market conditions, that the value of our investments in unconsolidated joint ventures may be impaired. An investment in a joint venture is considered impaired only if we determine that its fair value is less than the net carrying value of the investment in that joint venture on an other-than-temporary basis. Cash flow projections for the investments consider property level factors such as expected future operating income, trends and prospects, as well as the effects of demand, competition and other factors. We consider various qualitative factors to determine if a decrease in the value of our investment is other-than-temporary. These factors include age of the venture, our intent and ability to retain our investment in the entity, financial condition and long-term prospects of the entity and relationships with our partners and banks. If we believe that the decline in the

fair value of the investment is temporary, no impairment charge is recorded. If our analysis indicates that there is an other-than-temporary impairment related to the investment in a particular joint venture, the carrying value of the venture will be adjusted to an amount that reflects the estimated fair value of the investment.

Goodwill

Goodwill reflects the excess of the fair value of the acquired business over the fair value of net identifiable assets acquired in various business acquisitions. We account for goodwill in accordance with the Intangibles – Goodwill and Other Topic of the FASB ASC.

We perform annual, or more frequently in certain circumstances, impairment tests of our goodwill. We have elected to test for goodwill impairment in November of each year. The goodwill impairment test is a two-step process that requires us to make decisions in determining appropriate assumptions to use in the calculation. The first step consists of estimating the fair value of each reporting unit using discounted projected future cash flows and comparing those estimated fair values with the carrying values, which include the allocated goodwill. If the estimated fair value is less than the carrying value, a second step is performed to compute the amount of the impairment, if any, by determining an "implied fair value" of goodwill. The determination of each reporting unit's (each property is considered a reporting unit) implied fair value of goodwill requires us to allocate the estimated fair value of the reporting unit to its assets and liabilities. Any unallocated fair value represents the implied fair value of goodwill which is compared to its corresponding carrying amount.

Deposits

Deposits included in other assets comprise funds held by various institutions for future payments of property taxes, insurance, improvements, utility and other service deposits.

Deferred Costs and Intangibles

Deferred costs, intangible assets included in other assets, and intangible liabilities included in other liabilities consist of deferred financing costs, leasing costs and the value of intangible assets and liabilities when a property was acquired. Deferred financing costs consist of loan issuance costs directly related to financing transactions that are deferred and amortized over the term of the related loan using the effective interest method. As a result of our adoption of ASU 2015-03, unamortized deferred financing costs related to our unsecured senior notes payable, term loans, and mortgage notes payable are presented as a direct deduction from the carrying amounts of the related debt instruments, while such costs related to our unsecured revolving credit facility are included in other assets. Direct salaries, third-party fees and other costs incurred by us to originate a lease are capitalized and are amortized against the respective leases using the straight-line method over the term of the related leases. Intangible assets consist of in-place lease values, tenant origination costs, below-market ground rent obligations and above-market rents that were recorded in connection with the acquisition of the properties. Intangible liabilities consist of above-market ground rent obligations and below-market rents that are also recorded in connection with the acquisition of properties. Both intangible assets and liabilities are amortized and accreted using the straight-line method over the estimated term of the related leases. When a lease is terminated early, any remaining unamortized or unaccreted balances under lease intangible assets or liabilities are charged to earnings. The useful lives of amortizable intangible assets are evaluated each reporting period with any changes in estimated useful lives being accounted for over the revised remaining useful life.

Noncontrolling Interests

Noncontrolling interests represent the portion of equity that we do not own in entities we consolidate, including joint venture units issued by consolidated subsidiaries or VIEs in connection with property acquisitions. We account for and report our noncontrolling interests in accordance with the provisions required under the Consolidation Topic of the FASB ASC.

We identify our noncontrolling interests separately within the equity section on the consolidated balance sheets. Noncontrolling interests that are redeemable for cash at the holder's option or upon a contingent event outside of our control are classified as redeemable noncontrolling interests pursuant to the Distinguishing Liabilities from Equity Topic of the FASB ASC and are presented at redemption value in the mezzanine section between total liabilities and stockholders' equity on the consolidated balance sheets. The amounts of consolidated net income attributable to Equity One, Inc. and to the noncontrolling interests are presented on the consolidated statements of income.

Derivative Instruments and Hedging Activities

Derivative instruments are used at times to manage exposure to variable interest rate risk. We generally enter into interest rate swaps to manage our exposure to variable interest rate risk and forward starting interest rate swaps to manage the risk of interest rates rising prior to the issuance of fixed rate debt. We enter into derivative instruments that qualify as cash flow hedges and do not enter into derivative instruments for speculative purposes. The interest rate swaps associated with our cash flow hedges are recorded at fair value on a recurring basis. We assess the effectiveness of our cash flow hedges both at inception and on an ongoing basis. The effective portion of changes in fair value of the interest rate swaps associated with our cash flow hedges is recorded in accumulated other comprehensive (loss) income and is subsequently reclassified into interest expense in the period that the hedged forecasted transactions affect earnings. Our cash flow hedges become ineffective if critical terms of the hedging instrument and the forecasted transactions do not perfectly match such as notional amounts, settlement dates, reset dates, calculation period and interest rates. In addition, we evaluate the default risk of the counterparty by monitoring the credit worthiness of the counterparty. When ineffectiveness exists, the ineffective portion of changes in fair value of the interest rate swaps associated with our cash flow hedges is recognized in earnings in the period affected. Hedge ineffectiveness has not impacted earnings, and we do not anticipate it will have a significant effect in the future. Derivative instruments and hedging activities require management to make judgments on the nature of its derivatives and their effectiveness as hedges. These judgments determine if the changes in fair value of the derivative instruments are reported in the consolidated statements of income as a component of net income or as a component of comprehensive income and as a component of stockholders' equity on the consolidated balance sheets. While management believes its judgments are reasonable, a change in a derivative's effectiveness as a hedge could materially affect expenses, net income and equity. See Note 12 for further detail on derivative activity.

Fair Value of Assets and Liabilities

The Fair Value Measurements and Disclosures Topic of FASB ASC establishes a framework for measuring fair value and requires the categorization of financial assets and liabilities, based on the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to the quoted prices in active markets for identical assets and liabilities and lowest priority to unobservable inputs. The various levels of the fair value hierarchy are described as follows:

- Level 1 – Financial assets and liabilities whose values are based on unadjusted quoted market prices for identical assets and liabilities in an active market that we have the ability to access.
- Level 2 – Financial assets and liabilities whose values are based on quoted prices in markets that are not active or model inputs that are observable for substantially the full term of the asset or liability.
- Level 3 – Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

The Fair Value Measurements and Disclosures Topic of FASB ASC requires the use of observable market data, when available, in making fair value measurements. When inputs used to measure fair value fall within different levels of the hierarchy, the level within which the fair value measurement is categorized is based on the lowest level input that is significant to the fair value measurement.

Revenue Recognition

Revenue includes minimum rents, expense recoveries, percentage rental payments and management and leasing services. Minimum rents are recognized on an accrual basis over the terms of the related leases on a straight-line basis. As part of the leasing process, we may provide the lessee with an allowance for the construction of leasehold improvements. Leasehold improvements are capitalized and recorded as tenant improvements and depreciated over the shorter of the useful life of the improvements or the lease term. If the allowance represents a payment for a purpose other than funding leasehold improvements, or in the event we are not considered the owner of the improvements, the allowance is considered a lease incentive and is recognized over the lease term as a reduction to revenue. Factors considered during this evaluation include, among others, the type of improvements made, who holds legal title to the improvements, and other controlling rights provided by the lease agreement. Lease revenue recognition commences when the lessee is given possession of the leased space, when the asset is substantially complete in the case of leasehold improvements, and when there are no contingencies offsetting the lessee's obligation to pay rent.

Many of the lease agreements contain provisions that require the payment of additional rents based on the respective tenants' sales volume (contingent or percentage rent), and substantially all contain provisions that require reimbursement of the tenants' allocable real estate taxes, insurance and common area maintenance costs ("CAM"). Revenue based on a percentage of tenants' sales is recognized only after the tenant exceeds its sales breakpoint. Revenue from tenant reimbursements of real estate taxes, insurance and CAM is recognized in the period that the applicable costs are incurred in accordance with the lease agreements.

We recognize gains or losses on sales of real estate in accordance with the Property, Plant and Equipment Topic of the FASB ASC. Profits are not recognized until (a) a sale has been consummated; (b) the buyer's initial and continuing investments are adequate to demonstrate a commitment to pay for the property; (c) our receivable, if any, is not subject to future subordination; and (d) we have transferred to the buyer the usual risks and rewards of ownership and do not have a substantial continuing involvement with the property. Recognition of gains from sales to unconsolidated joint ventures is recorded on only that portion of the sales not attributable to our ownership interest.

We are engaged by certain joint ventures to provide asset management, property management, leasing and investing services for such venture's respective assets. We receive fees for our services, including a property management fee calculated as a percentage of gross revenue received, and recognize these fees as the services are rendered.

Earnings Per Share

Under the Earnings Per Share Topic of the FASB ASC, unvested share-based payment awards that entitle their holders to receive non-forfeitable dividends, such as our restricted stock awards, are classified as "participating securities." As participating securities, our shares of restricted stock will be included in the calculation of basic and diluted earnings per share. Because the awards are considered participating securities under the provisions of the Earnings Per Share Topic of the FASB ASC, we are required to apply the two-class method of computing basic and diluted earnings per share. The two-class method is an earnings allocation formula that treats a participating security as having rights to earnings that would otherwise have been available to common stockholders. Under the two-class method, earnings for the period are allocated between common stockholders and other security holders based on their respective rights to receive dividends.

Share-Based Compensation

We grant restricted stock and stock option awards to our officers, directors and employees. The term of each award is determined by our compensation committee, but in no event can be longer than ten years from the date of grant. The vesting schedule of each award is determined by the compensation committee, in its sole and absolute discretion, at the date of grant of the award. Dividends are paid on certain shares of unvested restricted stock, which makes such shares participating securities under the Earnings Per Share Topic of the FASB ASC. Certain stock options, restricted stock and other share awards provide for accelerated vesting if there is a change in control, as defined in the 2000 Plan.

The fair value of each stock option awarded is estimated on the date of grant using the Black-Scholes-Merton option-pricing model. Expected volatilities, dividend yields, employee exercises and employee forfeitures are primarily based on historical data. The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the time of grant. The shortcut method described in the Share Compensation Topic of the FASB ASC is used for determining the expected life used in the valuation method.

Compensation expense for restricted stock awards is based on the fair value of our common stock at the date of the grant and is recognized ratably over the vesting period. For grants with a graded vesting schedule that are only subject to service conditions, we have elected to recognize compensation expense on a straight-line basis.

Segment Reporting

We invest in properties through direct ownership or through joint ventures. It is our intent that all properties will be owned or developed for investment purposes; however, we may decide to sell all or a portion of a development upon completion. Our revenue and net income are generated from the operation of our investment property. We also earn fees from third parties for services provided to manage and lease retail shopping centers owned through joint ventures.

Our portfolio is primarily located in coastal markets throughout the United States with none of our properties located outside of the United States. Additionally, our chief operating decision maker reviews operating and financial data for each property on an individual basis and does not distinguish or group our operations on a geographical basis for purposes of allocating resources or measuring performance. Therefore, each of our individual properties has been deemed a separate operating segment, and, as no individual property constitutes more than 10% of our revenue, net income, or assets, the individual properties have been aggregated into one reportable segment based upon their similarities with regard to both the nature and economics of the centers, tenants, and operational processes, as well as long-term average financial performance.

Concentration of Credit Risk

A concentration of credit risk arises in our business when a national or regionally based tenant occupies a substantial amount of space in multiple properties owned by us. In that event, if the tenant suffers a significant downturn in its business, it may become unable to make its contractual rent payments to us, exposing us to potential losses in rental revenue, expense recoveries, and percentage rent. Further, the impact may be magnified if the tenant is renting space in multiple locations. Generally, we do not obtain security from our nationally-based or regionally-based tenants in support of their lease obligations to us. We regularly monitor our tenant base to assess potential concentrations of credit risk. As of December 31, 2015, no tenant accounted for more than 10% of our GLA or annual revenues.

Recent Accounting Pronouncements

The following table provides a brief description of recent accounting pronouncements that could have a material effect on our financial statements:

Standard	Description	Date of adoption	Effect on the financial statements or other significant matters
Standards that are not yet adopted			
ASU 2016-02, Leases (Topic 842)	The standard amends the existing accounting standards for lease accounting, including requiring lessees to recognize most leases on their balance sheets and making targeted changes to lessor accounting. Early adoption of this standard is permitted. The standard requires a modified retrospective transition approach for all leases existing at, or entered into after, the date of initial application, with an option to use certain transition relief.	January 2019	We are currently evaluating the alternative methods of adoption and the effect on our financial statements and related disclosures.
ASU 2016-01, Financial Instruments - Overall (Subtopic 825-10), Recognition and Measurement of Financial Assets and Financial Liabilities	The standard amends the guidance to classify equity securities with readily-determinable fair values into different categories and requires equity securities to be measured at fair value with changes in the fair value recognized through net income. Equity investments accounted for under the equity method are not included in the scope of this amendment. Early adoption of this amendment is not permitted.	January 2018	We do not expect the adoption and implementation of this standard to have a material impact on our results of operations, financial condition or cash flows.
ASU 2015-02, Consolidation (Topic 810), Amendments to the Consolidation Analysis	The standard amends the analysis that a reporting entity must perform to determine whether it should consolidate certain types of legal entities. It may be adopted either retrospectively or on a modified retrospective basis.	January 2016	The adoption and implementation of this standard will not have a material impact on our results of operations, financial condition or cash flows.
ASU 2014-09, Revenue from Contracts with Customers (Topic 606)	The standard will replace existing revenue recognition standards and significantly expand the disclosure requirements for revenue arrangements. It may be adopted either retrospectively or on a modified retrospective basis to new contracts and existing contracts with remaining performance obligations as of the effective date.	January 2018	We are currently evaluating the alternative methods of adoption and the effect on our financial statements and related disclosures.

Standard	Description	Date of adoption	Effect on the financial statements or other significant matters
Standards that were adopted			
ASU 2015-16, Business Combinations (Topic 805): Simplifying the Accounting for Measurement-Period Adjustments	The standard simplifies the accounting for adjustments made to provisional amounts recognized in a business combination by eliminating the requirement to retrospectively account for those adjustments. The standard requires any adjustments to provisional amounts to be applied prospectively.	July 2015	We elected to early adopt the provisions of ASU 2015-16. The adoption and implementation of this standard did not have a material impact on our results of operations, financial condition or cash flows.
ASU 2015-15, Interest - Imputation of Interest (Subtopic 835-30), Presentation and Subsequent Measurement of Debt Issuance Costs Associated with Line-of-Credit Arrangements	The standard clarifies that debt issuance costs related to line-of-credit arrangements may be deferred and presented as an asset, amortized over the term of the line-of-credit arrangement, regardless of whether there are any outstanding borrowings.	December 2015	We elected to early adopt the provisions of ASU 2015-15. The adoption and implementation of this standard did not have a material impact on our results of operations, financial condition or cash flows.
ASU 2015-03, Interest - Imputation of Interest (Subtopic 835-30), Simplifying the Presentation of Debt Issuance Costs	The standard requires 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.	December 2015	We elected to early adopt the provisions of ASU 2015-03. The adoption and implementation of this standard has resulted in the retroactive presentation of debt issuance costs associated with our notes payable and term loans as a direct deduction from the carrying amount of the related debt instruments (previously, included in other assets in our consolidated balance sheets).

3. Income Producing Properties

The following table is a summary of the composition of income producing properties in the consolidated balance sheets:

	December 31,	
	2015	2014
	(In thousands)	
Land and land improvements	$1,494,510	$1,381,168
Building and building improvements	1,652,714	1,593,032
Tenant and other improvements	190,307	153,881
	3,337,531	3,128,081
Less: accumulated depreciation	(438,992)	(381,533)
Income producing properties, net	$2,898,539	$2,746,548

Capitalized Costs

We capitalized external and internal costs related to development and redevelopment activities of $39.4 million and $2.1 million, respectively, in 2015 and $73.2 million and $1.4 million, respectively, in 2014. We capitalized external and internal costs related to tenant and other property improvements of $44.0 million and $1.0 million, respectively, in 2015 and $30.9 million and $361,000, respectively, in 2014. We capitalized external and internal costs related to successful leasing activities of $3.5 million and $4.1 million, respectively, in 2015 and $4.5 million and $3.6 million, respectively, in 2014.

4. Acquisitions

The following table provides a summary of acquisition activity during the year ended December 31, 2015:

Date Purchased	Property Name	City	State	Square Feet / Acres	Purchase Price	Mortgage Assumed
					(In thousands)	
November 23, 2015	91 Danbury Road (1) (2)	Ridgefield	CT	4,612	$ 1,500	$ —
October 19, 2015	The Harvard Collection (2)	Cambridge	MA	41,050	85,000	—
August 27, 2015	Bird 107 Plaza (2)	Miami	FL	40,101	11,800	—
July 23, 2015	North Bay Village - land parcel	Miami Beach	FL	0.49 (3)	600	—
June 10, 2015	Concord Shopping Plaza (1) (4)	Miami	FL	302,142	62,200	27,750
June 10, 2015	Shoppes of Sunset (4)	Miami	FL	21,784	5,550	—
June 10, 2015	Shoppes of Sunset II (4)	Miami	FL	27,676	4,250	—
January 9, 2015	Pablo Plaza Outparcel	Jacksonville	FL	0.18 (3)	750	—
Total					$ 171,650	$ 27,750

(1) The purchase price has been preliminarily allocated to real estate assets acquired and liabilities assumed, as applicable, in accordance with our accounting policies for business combinations. The purchase price and related accounting will be finalized after our valuation studies are complete.

(2) Acquired through a reverse Section 1031 like-kind exchange agreement with a third party intermediary. See Note 9 for further discussion.

(3) In acres.

(4) Properties were acquired in connection with the redemption of our joint venture interest in the GRI JV. See Note 8 for further discussion.

The aggregate purchase price of the above property acquisitions has been preliminarily allocated as follows:

	Amount	Weighted Average Amortization Period
	(In thousands)	(In years)
Land	$ 125,503	N/A
Land improvements	2,981	9.8
Buildings	50,115	38.7
Tenant improvements	1,686	27.9
In-place leases	7,972	13.2
Above-market leases	349	6.3
Leasing commissions	1,200	21.5
Lease origination costs	108	9.1
Below-market leases	(18,246)	45.6
Other acquired liabilities	(18)	N/A
	$ 171,650	

During the year ended December 31, 2015, we did not recognize any material measurement period adjustments related to prior or current year acquisitions.

During the year ended December 31, 2014, we acquired three shopping centers, which included the remaining two of the seven parcels that comprise the Westwood Complex, one office building, and two land parcels for an aggregate purchase price of $110.7 million, including a mortgage assumed of approximately $11.4 million.

During the years ended December 31, 2015, 2014 and 2013, we expensed approximately $903,000, $1.8 million and $3.3 million, respectively, of transaction-related costs in connection with completed or pending property acquisitions which are included in general and administrative costs in the consolidated statements of income. The purchase price related to the 2015 acquisitions listed in the above table was funded by the use of our line of credit, cash on hand and equity in the GRI JV.

5. Dispositions

The following table provides a summary of disposition activity during the year ended December 31, 2015:

Date Sold	Property Name	City	State	Square Feet	Gross Sales Price (in thousands)
July 23, 2015	Webster Plaza	Webster	MA	201,425	$ 7,975
March 26, 2015	Park Promenade	Orlando	FL	128,848	4,800
					$ 12,775

As part of our strategy to upgrade and diversify our portfolio and recycle our capital, we have sold or are in the process of selling certain properties that no longer meet our investment objectives. Although our pace of disposition activity slowed in 2015, we will selectively explore future opportunities to sell additional properties which are located outside of our target markets or which have relatively limited prospects for revenue growth. While we have not committed to a disposition plan with respect to certain of these assets, we may consider disposing of such properties if pricing is deemed to be favorable. If the market values of these assets are below their carrying values, it is possible that the disposition of these assets could result in impairments or other losses. Depending on the prevailing market conditions and historical carrying values, these impairments and losses could be material.

As a result of the adoption of ASU 2014-08 on January 1, 2014, the results of operations for the two properties sold during the year ended December 31, 2015 and 19 of the 22 properties sold during the year ended December 31, 2014, are included in continuing operations in the consolidated statements of income for all periods presented as they do not qualify as discontinued operations under the amended guidance.

Discontinued Operations

During the year ended December 31, 2014, we sold 22 properties for an aggregate sales price of $150.0 million. The results of operations for three of the properties sold during the year ended December 31, 2014 (Stanley Marketplace, Oak Hill Village and Summerlin Square) are presented as discontinued operations in the consolidated statements of income for all prior periods presented as they were classified as held for sale prior to the adoption of ASU 2014-08.

During 2013, we sold 32 properties and four outparcels for a total sales price of $295.2 million, and the results of operations for these properties are presented as discontinued operations in the consolidated statements of income as they were sold prior to the adoption of ASU 2014-08.

The components of income and expense relating to discontinued operations for the years ended December 31, 2014 and 2013 are shown below:

	Year Ended December 31,	
	2014	2013
	(In thousands)	
Rental revenue	$ 157	$ 16,232
Costs and expenses	395	9,871
(LOSS) INCOME FROM DISCONTINUED OPERATIONS BEFORE OTHER INCOME AND EXPENSE AND TAX	(238)	6,361
OTHER INCOME AND EXPENSE:		
Interest expense	—	(806)
Gain on disposal of income producing properties	3,222	39,587
Impairment loss	—	(4,976)
Loss on extinguishment of debt	—	(138)
Income tax provision of taxable REIT subsidiaries	(27)	(686)
Other income	—	352
INCOME FROM DISCONTINUED OPERATIONS	2,957	39,694
Net loss (income) attributable to noncontrolling interests	12	(494)
INCOME FROM DISCONTINUED OPERATIONS ATTRIBUTABLE TO EQUITY ONE, INC.	$ 2,969	$ 39,200
SUPPLEMENTAL INFORMATION:		
Additions to income producing properties	—	630
Increase in deferred leasing costs and lease intangibles	—	611
Straight-line rent revenue	—	322
Amortization of above-market lease intangibles, net	—	446

Interest expense included in discontinued operations above includes interest on debt that was assumed by the buyer or interest on debt that was required to be repaid as a result of the disposal transaction.

6. Impairments

The following is a summary of the composition of impairment losses included in the consolidated statements of income:

	Year Ended December 31,		
	2015	2014	2013
		(In thousands)	
Goodwill [1]	$ 200	$ —	$ 150
Land [2]	3,667	2,230	3,085
Properties held for use [3]	1,579	15,111	2,406
Properties sold [4] [5]	11,307	4,509	—
Impairment loss recognized in continuing operations	16,753	21,850	5,641
Goodwill [1]	—	—	138
Properties sold [4]	—	—	4,838
Impairment loss recognized in discontinued operations	—	—	4,976
Total impairment loss	$16,753	$21,850	$10,617

(1) The fair value of each reporting unit, which was estimated using discounted projected future cash flows, was less than its carrying value.

(2) The projected undiscounted cash flows of each land parcel, which were primarily comprised of the fair value of the respective parcel, were less than its carrying value.

(3) The projected undiscounted probability weighted cash flows of each property, which considered the estimated holding period of the property and the exit price in the event of disposition, were less than its carrying value. As a result of management's updated dispositions plans with respect to these properties, our projected cash flows for each property were updated to reflect an increased likelihood that the holding periods for these properties may be shorter than previously estimated.

(4) The fair value of each property, which was primarily based on a sales contract, was less than its carrying value.

(5) In November 2014, we executed a contract for the sale of Webster Plaza, a property located in Massachusetts. The sale was subject to a number of significant contingencies, including the requirement that we obtain lender consent to the buyer's assumption of the mortgage loan on the property. During the year ended December 31, 2015, we concluded that our carrying value of the property was not recoverable based on our projected undiscounted cash flows from the property, which took into consideration the increased probability of sale as a result of ongoing discussions with the lender during 2015, and recognized an impairment loss of $10.4 million. The property was ultimately sold in July 2015 for a gross sales price of $8.0 million. See Note 5 for further discussion.

7. Accounts and Other Receivables

The following is a summary of the composition of accounts and other receivables included in the consolidated balance sheets:

	December 31,	
	2015	2014
	(In thousands)	
Tenants	$14,430	$13,529
Other	1,258	1,376
Allowance for doubtful accounts	(3,880)	(3,046)
Total accounts and other receivables, net	$11,808	$11,859

For the years ended December 31, 2015, 2014 and 2013, we recognized bad debt expense of $2.5 million, $97,000 and $3.7 million, respectively, which is included in property operating expenses in the accompanying consolidated statements of income. Excluding the reversal of $1.1 million in the allowance for doubtful accounts for certain historical real estate tax billings for which a settlement was reached with the tenants, we recognized bad debt expense of $1.2 million during the year ended December 31, 2014.

8. Investments in Joint Ventures

The following is a summary of the composition of investments in and advances to unconsolidated joint ventures included in the consolidated balance sheets:

Joint Venture (1)	Number of Properties	Location	Ownership	Investment Balance as of December 31, 2015	2014
				(In thousands)	
Investments in unconsolidated joint ventures:					
GRI-EQY I, LLC (2)	—	GA, SC, FL	— %	$ —	$12,629
G&I Investment South Florida Portfolio, LLC	1	FL	20.0%	3,719	10,534
Madison 2260 Realty LLC	1	NY	8.6%	526	526
Madison 1235 Realty LLC	1	NY	20.1%	820	820
Parnassus Heights Medical Center	1	CA	50.0%	19,263	19,256
Equity One JV Portfolio, LLC (3)	6	FL, MA, NJ	30.0%	39,501	44,689
Other Equity Investment (4)			45.0%	329	—
Total				64,158	88,454
Advances to unconsolidated joint ventures				442	764
Investments in and advances to unconsolidated joint ventures				$64,600	$89,218

(1) All unconsolidated joint ventures are accounted for under the equity method except for the Madison 2260 Realty LLC and Madison 1235 Realty LLC joint ventures, which are accounted for under the cost method.

(2) In June 2015, our interest in the GRI JV was redeemed. As of December 31, 2014, the joint venture had 10 properties, our ownership interest was 10.0%, and the investment balance was presented net of deferred gains of $3.3 million associated with the disposition of assets by us to the joint venture.

(3) The investment balance as of December 31, 2015 and 2014 is presented net of a deferred gain of approximately $376,000 for both periods associated with the disposition of assets by us to the joint venture.

(4) In February 2015, we entered into a joint venture to explore a potential development opportunity in the Northeast. As of December 31, 2015, the carrying amount of our investment reflects our maximum exposure to loss related to our investment in the joint venture.

Equity in income of unconsolidated joint ventures totaled $6.5 million, $11.0 million and $1.6 million for the years ended December 31, 2015, 2014 and 2013, respectively. Management fees and leasing fees paid to us associated with these joint ventures, which are included in management and leasing services revenue in the accompanying consolidated statements of income, totaled approximately $1.9 million, $2.2 million and $2.6 million for the years ended December 31, 2015, 2014 and 2013, respectively.

As of December 31, 2015 and 2014, the aggregate carrying amount of the debt of our unconsolidated joint ventures accounted for under the equity method was $146.2 million and $219.2 million, respectively, of which our aggregate proportionate share was $43.9 million and $48.8 million, respectively. During the year ended December 31, 2014, we made an investment of $6.9 million in G&I Investment South Florida Portfolio, LLC in connection with the repayment of indebtedness by the joint venture. Although we have not guaranteed the debt of these joint ventures, we have agreed to customary environmental indemnifications and nonrecourse carve-outs (e.g., guarantees against fraud, misrepresentation and bankruptcy) on certain of the loans of the joint ventures.

G&I Investment South Florida Portfolio, LLC (the "DRA JV")

In September 2015, the DRA JV closed on the sale of Plantation Marketplace, a 227,517 square foot grocery-anchored shopping center located in Plantation, Florida, for a sales price of $32.9 million. In connection with the sale, the joint venture recognized a gain on sale of $7.6 million, of which our proportionate share was $1.5 million, which is included in equity in income of unconsolidated joint ventures in our consolidated statement of income for the year ended December 31, 2015.

In October 2015, the DRA JV closed on the sale of Penn Dutch Plaza, a 156,000 square foot shopping center located in Margate, Florida, for a sales price of $18.5 million. In connection with the sale, the joint venture recognized a gain on sale of $7.0 million, of which our proportionate share was $1.4 million, which is included in equity in income of unconsolidated joint ventures in our consolidated statement of income for the year ended December 31, 2015.

GRI Joint Venture

In June 2015, we entered into an agreement with Global Retail Investors, LLC, our joint venture partner in the GRI JV, in which the parties agreed to dissolve the joint venture and, as part of the dissolution, distribute certain properties in kind to the existing members of the joint venture. In connection with the transaction, we purchased an additional 11.3% interest in the joint venture for $23.5 million, which increased our membership interest in the joint venture from 10.0% to 21.3%. The joint venture then redeemed our membership interest by distributing three operating properties totaling 351,602 square feet (Concord Shopping Plaza, Shoppes of Sunset and Shoppes of Sunset II) to us. In connection with the redemption, we remeasured the carrying value of our equity interest in the joint venture to fair value using a discounted cash flow analysis and recognized a gain of $5.5 million, which is included in other income in our consolidated statement of income for the year ended December 31, 2015. Additionally, we recognized a gain of $3.3 million from the deferred gains associated with the 2008 sale of certain properties by us to the joint venture, which is included in gain on sale of operating properties in our consolidated statement of income for the year ended December 31, 2015.

Equity One/Vestar Joint Ventures

In December 2010, we acquired ownership interests in two properties located in California through partnerships (the "Equity One/Vestar JVs") with Vestar Development Company ("Vestar"). In both of these joint ventures, we held a 95% interest, and they were consolidated. Each Equity One/Vestar JV held a 50.5% ownership interest in each of the properties through two separate joint ventures with Rockwood Capital. The Equity One/Vestar JVs' ownership interests in the properties were accounted for under the equity method.

In January 2014, we acquired Rockwood Capital's and Vestar's interests in Talega Village Center JV, LLC, the owner of Talega Village Center, for an additional investment of $6.2 million. Immediately prior to acquisition, we remeasured the fair value of our equity interest in the joint venture using a discounted cash flow analysis and recognized a gain of $2.8 million, including $561,000 attributable to a noncontrolling interest, which is included in other income in our consolidated statement of income for the year ended December 31, 2014.

In January 2014, the property held by Vernola Marketplace JV, LLC was sold for $49.0 million, including the assumption of the existing mortgage of $22.9 million by the buyer. In connection with the sale, the joint venture recognized a gain of $14.7 million, of which our proportionate share was $7.4 million, including $1.6 million attributable to the noncontrolling interest, and we received distributions totaling $13.7 million, including $1.9 million that was distributed to the noncontrolling interest.

New York Common Retirement Fund Joint Venture

In May 2011, we formed a joint venture with the New York Common Retirement Fund (the "NYCRF" JV) for the purpose of acquiring and operating high-quality neighborhood and community shopping centers. The joint venture had a three-year investment period which was subsequently extended to September 2015. NYCRF holds a 70% interest in the joint venture, and we own a 30% interest which is accounted for under the equity method. We perform the day to day accounting and property management functions for the joint venture and, as such, earn a management fee for the services provided.

During 2013, the joint venture acquired three newly developed parcels and two shopping centers for a gross purchase price of $95.4 million. The purchases were funded through partner contributions, of which our proportionate share was $17.2 million, and the origination of mortgage loans totaling $40.0 million.

During 2014, the joint venture acquired a 34,000 square foot retail center in Windermere, Florida for a gross purchase price of $13.0 million. The purchase price was funded through partner contributions, of which our proportionate share was $2.0 million, and the origination of a $6.5 million mortgage loan.

In October 2015, the joint venture incurred mortgage debt of $25.0 million in connection with the refinancing of an existing mortgage loan of $12.5 million and a new mortgage loan. The two mortgage loans bear interest at a weighted average rate of 3.89% per annum. Our aggregate proportionate share of the debt incurred was $7.5 million.

9. Variable Interest Entities

In conjunction with the acquisitions of Bird 107 Plaza, The Harvard Collection and 91 Danbury Road, we entered into reverse Section 1031 like-kind exchange agreements with third party intermediaries, which, for a maximum of 180 days, allow us to defer for tax purposes, gains on the sale of other properties identified and sold within this period. Until the earlier of the termination of the exchange agreements or 180 days after the respective acquisition date, the third party intermediaries are the legal owners of the entities that own these properties. The agreements that govern the operations of these entities provide us with the power to direct the activities that most significantly impact the entity's economic performance. These entities were deemed VIEs primarily because they may not have sufficient equity at risk to finance their activities without additional subordinated financial support from other parties. We determined that we are the primary beneficiaries of the VIEs as a result of having the power to direct the activities that most significantly impact their economic performance and the obligation to absorb losses, as well as the right to receive benefits, that could be potentially significant to the VIEs. Accordingly, we consolidated the properties and their operations as of the respective acquisition dates.

The majority of the operations of the VIEs were funded with cash flows generated from the properties. We did not provide financial support to the VIEs which we were not previously contractually required to provide; our contractual commitments consisted primarily of funding any capital expenditures, including tenant improvements, which were deemed necessary to continue to operate the entities and any operating cash shortfalls that the entities may have experienced.

10. Goodwill

The following table presents goodwill activity during the years ended December 31, 2015 and 2014:

	December 31,	
	2015	2014
	(In thousands)	
Balance at beginning of the year	$6,038	$6,377
Impairment	(200)	—
Allocated to property sale	—	(339)
Balance at end of the year	$5,838	$6,038

11. Other Assets

The following is a summary of the composition of other assets included in the consolidated balance sheets:

	December 31,	
	2015	2014
	(In thousands)	
Lease intangible assets, net	$101,010	$106,064
Leasing commissions, net	41,211	39,141
Prepaid expenses and other receivables	13,074	26,880
Straight-line rent receivables, net	28,910	24,412
Deferred financing costs, net	3,419	3,876
Deposits and mortgage escrows	7,980	6,356
Furniture, fixtures and equipment, net	3,255	3,809
Fair value of interest rate swaps	835	681
Deferred tax asset	3,924	2,306
Total other assets	$203,618	$213,525

In connection with our development of The Gallery at Westbury Plaza in Nassau County, New York, we remediated various environmental matters that existed when we acquired the property in November 2009. The site was eligible for participation in New York State's Brownfield Cleanup Program, which provides for refundable New York State franchise tax credits for costs incurred to remediate and develop a qualified site. We applied for participation in the program and subsequently received a certificate of completion from the New York State Department of Environmental Conservation in August 2012. The certificate of completion confirmed our adherence to the cleanup requirements and ability to seek reimbursement for a portion of qualified costs incurred as part of the environmental remediation and development of the property. As of December 31, 2015 and 2014, we have recognized a receivable of $7.7 million and $22.0 million, respectively, which is included in other assets in our consolidated balance sheets with a corresponding reduction to the cost of the project, for the reimbursable costs that will be paid to us subject to statutory deferrals over the next two years. During 2015, we received $14.3 million in connection with this program.

The following is a summary of the composition of intangible assets and accumulated amortization included in the consolidated balance sheets:

	December 31,	
	2015	2014
	(In thousands)	
Lease intangible assets:		
Above-market leases	$ 19,742	$ 21,322
In-place leases	126,987	124,469
Below-market ground leases	34,094	34,094
Lease origination costs	2,797	3,115
Lease incentives	9,371	7,395
Total intangibles	192,991	190,395
Accumulated amortization:		
Above-market leases	12,644	12,435
In-place leases	71,577	65,503
Below-market ground leases	1,995	1,394
Lease origination costs	2,173	2,310
Lease incentives	3,592	2,689
Total accumulated amortization	91,981	84,331
Lease intangible assets, net	$101,010	$106,064

The following is a summary of amortization expense included in the consolidated statements of income related to lease intangible assets:

	December 31, 2015	2014	2013
		(In thousands)	
Above-market lease amortization (1)	$ 2,118	$ 2,605	$ 3,669
In-place lease amortization (2)	11,350	14,824	14,530
Below-market ground lease amortization (3)	601	601	601
Lease origination cost amortization (2)	253	298	338
Lease incentive amortization (1)	1,035	780	735
Total lease intangible asset amortization	$15,357	$19,108	$19,873

(1) Amounts are recognized as a reduction of minimum rent.
(2) Amounts are included in depreciation and amortization expenses.
(3) Amounts are included in property operating expenses.

As of December 31, 2015, the estimated amortization of lease intangible assets for the next five years is as follows:

Year Ending December 31,	Amount
	(In thousands)
2016	$ 12,301
2017	9,282
2018	7,097
2019	5,600
2020	4,995

12. Borrowings

As a result of the adoption of ASU 2015-03 in 2015, unamortized deferred financing costs related to the unsecured senior notes payable, term loans, and mortgage notes payable as of December 31, 2015 of $2.1 million, $1.5 million and $684,000, respectively, and as of December 31, 2014 of $2.8 million, $1.9 million and $807,000, respectively, are presented in the consolidated balance sheets as a direct deduction from the carrying amount of the related total outstanding balances.

Mortgage Notes Payable

The following table is a summary of the mortgage notes payable balances included in the consolidated balance sheets:

	December 31, 2015	2014
	(In thousands)	
Fixed rate mortgage loans	$254,279	$311,778
Variable rate mortgage loan	27,750	—
Total mortgage notes payable	282,029	311,778
Unamortized deferred financing costs and premium/discount, net	1,430	3,692
Total	$283,459	$315,470
Weighted average interest rate, excluding unamortized premium	5.61%	6.03%

As of December 31, 2015, the net book value of the properties collateralizing the mortgage notes payable totaled $614.5 million.

During the years ended December 31, 2015 and 2014, we prepaid $44.3 million and $115.4 million in mortgage loans with a weighted average interest rate of 5.61% and 5.74% per annum, respectively. We recognized losses on extinguishment of debt in conjunction with the prepayments of $247,000 and $3.3 million for the years ended December 31, 2015 and 2014, respectively.

In connection with the redemption of our interest in the GRI JV in June 2015, we assumed a mortgage loan for Concord Shopping Plaza with a principal balance of $27.8 million. The loan bears interest at one-month LIBOR plus 1.35% per annum and has a stated maturity date of June 28, 2018.

In connection with the acquisition of our joint venture partners' interests in Talega Village Center in January 2014, we assumed a mortgage loan with a principal balance of $11.4 million. The loan bears interest at 5.01% per annum and has a stated maturity date of October 1, 2036; however, both we and the lender have the right to accelerate the maturity date of the loan to October 1, 2021, October 1, 2026 or October 1, 2031.

Unsecured Senior Notes Payable

Our outstanding unsecured senior notes payable in the consolidated balance sheets consisted of the following:

	December 31,	
	2015	2014
	(In thousands)	
5.375% Senior Notes, due 10/15/15	$ —	$107,505
6.00% Senior Notes, due 9/15/16	—	105,230
6.25% Senior Notes, due 1/15/17	101,403	101,403
6.00% Senior Notes, due 9/15/17	116,998	116,998
3.75% Senior Notes, due 11/15/22	300,000	300,000
Total Unsecured Senior Notes	518,401	731,136
Unamortized deferred financing costs and discount, net	(3,029)	(4,136)
Total	$515,372	$727,000
Weighted average interest rate, excluding unamortized discount	4.75%	5.02%

In 2015, we redeemed our 5.375% and 6.00% unsecured senior notes which had principal balances of $107.5 million and $105.2 million, respectively, each at a redemption price equal to the principal amount of the notes, accrued and unpaid interest, and required make-whole premiums of $2.6 million and $4.8 million, respectively. In connection with the redemptions, we recognized a loss on the early extinguishment of debt totaling $7.5 million, which was comprised of the aforementioned make-whole premiums and unamortized discounts and deferred financing costs associated with the notes.

The indentures under which our unsecured senior notes were issued have several covenants that limit our ability to incur debt, require us to maintain an unencumbered asset to unsecured debt ratio above a specified level and limit our ability to consolidate, sell, lease, or convey substantially all of our assets to, or merge with, any other entity. These notes have also been guaranteed by many of our subsidiaries.

Unsecured Revolving Credit Facilities

Our revolving credit facility is with a syndicate of banks and provides $600.0 million of unsecured revolving credit and can be increased through an accordion feature up to an aggregate of $900.0 million, subject to bank participation. The facility bears interest at applicable LIBOR plus a margin of 0.875% to 1.550% per annum and includes a facility fee applicable to the aggregate lending commitments thereunder which varies from 0.125% to 0.300% per annum, both depending on the credit ratings of our unsecured senior notes. As of December 31, 2015, the interest rate margin applicable to amounts outstanding under the facility was 1.05% per annum and the facility fee was 0.20% per annum. The facility includes a competitive bid option which allows us to conduct auctions among the participating banks for borrowings at any one time outstanding of up to 50% of the lender commitments then in effect, a $75.0 million swing line facility for short term borrowings, a $50.0 million letter of credit commitment and a $56.9 million multi-currency subfacility. The facility expires on December 31, 2018, with two six-month extensions at our option, subject to certain conditions. The facility contains a number of customary restrictions on our business and also includes various financial covenants, including maximum unencumbered and total leverage ratios, a maximum secured indebtedness ratio, a minimum fixed charge coverage ratio and a minimum unencumbered interest coverage ratio. The facility also contains customary affirmative covenants and events of default, including a cross default to our other material indebtedness and the occurrence of a change of control. If a material default under the facility were to arise, our ability to pay dividends is limited to the amount necessary

to maintain our status as a REIT unless the default is a payment default or bankruptcy event in which case we are prohibited from paying any dividends. As of December 31, 2015, we had drawn $96.0 million against the facility, which bore interest at a weighted average rate of 1.47% per annum. As of December 31, 2014, we had drawn $37.0 million, which bore interest at a weighted average rate of 1.22% per annum.

As of December 31, 2015, giving effect to the financial covenants applicable to the credit facility, the maximum available to us thereunder was approximately $600.0 million, excluding outstanding borrowings of $96.0 million and outstanding letters of credit with an aggregate face amount of $2.2 million.

We had a $5.0 million unsecured credit facility with City National Bank of Florida, for which there was no drawn balance as of December 31, 2014. The facility expired on May 7, 2015.

Term Loans

Our $250.0 million unsecured term loan bears interest, at our option, at the base rate plus a margin of 0.00% to 0.80% or one month LIBOR plus a margin of 0.90% to 1.80%, depending on the credit ratings of our unsecured senior notes and matures on February 13, 2019. In connection with the interest rate swaps discussed below, we have elected and, will continue to elect, the one month LIBOR option, which as of December 31, 2015 resulted in a margin of 1.150%. The loan agreement also calls for other customary fees and charges. The loan agreement contains customary restrictions on our business, financial and affirmative covenants and events of default and remedies which are generally the same as those provided in our $600.0 million unsecured revolving credit facility.

In December 2015, we entered into an unsecured delayed draw term loan facility pursuant to which we may borrow up to the principal amount of $300.0 million in aggregate in one or more borrowings at any time prior to December 2, 2016 and which has a maturity date of December 2, 2020. As of December 31, 2015, we had drawn $225.0 million against the facility. At our request, the principal amount of the facility may be increased up to an aggregate of $500.0 million, subject to the availability of additional commitments from lenders. Borrowings under the facility will bear interest, at our option, at one-month, two-month, three-month or six-month LIBOR plus 0.90% to 1.75%, depending on the credit ratings of our unsecured senior notes, which as of December 31, 2015 resulted in an effective interest rate of 1.343%. Unused amounts available to be drawn under the facility are subject to an unused facility fee of 0.20% per annum. The loan agreement also calls for other customary fees and charges. The loan agreement contains customary restrictions on our business, financial and affirmative covenants, events of default and remedies which are generally the same as those provided in our $600.0 million unsecured revolving credit facility and $250.0 million unsecured term loan facility.

Interest Rate Swaps

As of December 31, 2015, we had interest rate swaps which convert the LIBOR rate applicable to our $250.0 million term loan to a fixed interest rate, providing an effective weighted average fixed interest rate under the loan agreement of 2.62% per annum. The interest rate swaps are designated and qualified as cash flow hedges and have been recorded at fair value. The interest rate swap agreements mature on February 13, 2019, concurrent with the maturity of our $250.0 million unsecured term loan. As of December 31, 2015 and 2014, the fair value of one of our interest rate swaps consisted of an asset of $217,000 and $681,000, respectively, which is included in other assets, and the fair value of the two remaining interest rate swaps consisted of a liability of $2.0 million and $952,000, respectively, which is included in accounts payable and accrued expenses in our consolidated balance sheets.

In October 2015, we entered into a $50.0 million forward starting interest rate swap to mitigate the risk of adverse fluctuations in interest rates with respect to fixed rate indebtedness expected to be issued in 2016. The interest rate swap locks in the 10-year treasury rate and swap spread at a fixed rate of 2.12% per annum and matures on April 4, 2026. However, the interest rate swap has a mandatory settlement date of October 4, 2016, and the Company may settle the swap at any time prior to that date. The interest rate swap has been designated and qualified as a cash flow hedge and is recorded at fair value. As of December 31, 2015, the fair value of our forward starting interest rate swap consisted of an asset of $618,000, which is included in other assets in our consolidated balance sheet. See Note 26 for additional discussion.

The effective portion of changes in fair value of the interest rate swaps associated with our cash flow hedges is recorded in accumulated other comprehensive income and is subsequently reclassified into interest expense in the period that the hedged forecasted transactions affect earnings. Within the next 12 months, we expect to reclassify the effective portion of changes in fair value of the interest rate swaps and the forward starting interest rate swap of $2.0 million and $(46,000), respectively, as an increase (decrease) to interest expense.

Principal maturities of borrowings outstanding as of December 31, 2015, including mortgage notes payable, unsecured senior notes payable, term loans and the unsecured revolving credit facility are as follows:

Year Ending December 31,	Amount
	(In thousands)
2016	$ 50,407
2017	288,968
2018	185,270
2019	273,871
2020	230,470
Thereafter	342,444
Total	$ 1,371,430

Interest costs incurred, excluding amortization and accretion of discounts and premiums and deferred financing costs, were $59.0 million, $71.4 million and $74.3 million in the years ended December 31, 2015, 2014 and 2013, respectively, of which $4.8 million, $5.0 million and $2.9 million, respectively, were capitalized.

13. Other Liabilities

The following is a summary of the composition of other liabilities included in the consolidated balance sheets:

	December 31,	
	2015	2014
	(In thousands)	
Lease intangible liabilities, net	$159,665	$157,486
Prepaid rent	9,361	9,607
Other	677	307
Total other liabilities	$169,703	$167,400

During the year ended December 31, 2014, we recognized a $4.4 million net termination benefit, which is included in minimum rent in the accompanying consolidated statement of income, in relation to our property located at 101 7th Avenue in New York from the accelerated accretion of a below-market lease liability upon the tenant vacating the space and rejecting the lease in connection with a bankruptcy filing.

As of December 31, 2015 and 2014, the gross carrying amount of our lease intangible liabilities, which are composed of below-market leases, was $240.1 million and $226.8 million, respectively, and the accumulated amortization was $80.5 million and $69.3 million, respectively.

Included in the consolidated statements of income as an increase to minimum rent for the years ended December 31, 2015, 2014 and 2013 is $16.1 million, $22.3 million and $17.3 million, respectively, of accretion related to lease intangible liabilities.

As of December 31, 2015, the estimated accretion of lease intangible liabilities for the next five years is as follows:

Year Ending December 31,	Amount
	(In thousands)
2016	$ 14,830
2017	12,160
2018	11,075
2019	8,794
2020	8,165

14. Income Taxes

We elected to be taxed as a REIT under the Code, commencing with our taxable year ended December 31, 1995. To qualify as a REIT, we must meet a number of organizational and operational requirements, including a requirement that we currently distribute at least 90% of our REIT taxable income (excluding net capital gains) to our stockholders. The difference between net income available to common stockholders for financial reporting purposes and taxable income before dividend deductions relates primarily to temporary differences, such as real estate depreciation and amortization, deduction of deferred compensation and deferral of gains on sold properties utilizing like kind exchanges. Also, at least 95% of our gross income in any year must be derived from qualifying sources. It is our intention to adhere to the organizational and operational requirements to maintain our REIT status. As a REIT, we generally will not be subject to corporate level federal income tax, provided that distributions to our stockholders equal at least the amount of our REIT taxable income as defined under the Code. We distributed sufficient taxable income for the year ended December 31, 2015; therefore, we anticipate that no federal income or excise taxes will be incurred. We distributed sufficient taxable income for the years ended December 31, 2014 and 2013; therefore, no federal income or excise taxes were incurred. If we fail to qualify as a REIT in any taxable year, we will be subject to federal income taxes at regular corporate rates (including any applicable alternative minimum tax) and may not be able to qualify as a REIT for four subsequent taxable years. Even if we qualify for taxation as a REIT, we may be subject to state income or franchise taxes in certain states in which some of our properties are located and excise taxes on our undistributed taxable income. We are required to pay U.S. federal and state income taxes on our net taxable income, if any, from the activities conducted by our TRSs. Accordingly, the only material provision for federal income taxes in our consolidated financial statements relates to our consolidated TRSs.

Further, we believe that we have appropriate support for the tax positions taken on our tax returns and that our accruals for tax liabilities are adequate for all years still subject to tax audit, which include all years after 2011.

The following table reconciles GAAP net income to taxable income:

	Year Ended December 31,		
	2015	2014	2013
		(In thousands)	
GAAP net income attributable to Equity One	$ 65,453	$ 48,897	$ 77,954
Net income attributable to taxable REIT subsidiaries	(411)	(1,214)	(585)
GAAP net income from REIT operations	65,042	47,683	77,369
Book/tax differences:			
Joint ventures	427	(2,403)	14,941
Depreciation	15,924	21,712	10,899
Sale of property	(12,031)	(12,533)	(36,220)
Exercise of stock options and restricted shares	503	(3,387)	(398)
Interest expense	2,544	1,908	1,558
Deferred/prepaid/above and below-market rents, net	(4,487)	(7,907)	(4,363)
Impairment loss	12,109	21,620	5,353
Inclusion from foreign taxable REIT subsidiary	2,975	—	910
Brownfield tax credits (see Note 11)	5,450	9,225	—
Amortization	(1,696)	(842)	136
Acquisition costs	1,372	1,771	2,771
Other, net	1,089	(1,671)	(361)
Adjusted taxable income [1]	$ 89,221	$ 75,176	$ 72,595

(1) Adjusted taxable income subject to 90% dividend requirements.

The following summarizes the tax status of dividends paid:

	Year Ended December 31,		
	2015	2014	2013
Dividend paid per share	$ 0.88	$ 0.88	$ 0.88
Ordinary income	79.98%	68.84%	66.37%
Return of capital	20.02%	28.51%	31.21%
Capital gains	— %	2.65%	2.42%

Taxable REIT Subsidiaries

We are required to pay U.S. federal and state income taxes on our net taxable income, if any, from the activities conducted by our TRSs, which include IRT Capital Corporation II ("IRT"), DIM Vastgoed N.V. ("DIM") and C&C Delaware, Inc. During August 2015, another TRS, Southeast US Holdings, B.V., merged into DIM. Although DIM is organized under the laws of the Netherlands, it pays U.S. corporate income tax based on its operations in the United States. Pursuant to the tax treaty between the U.S. and the Netherlands, DIM is entitled to the avoidance of double taxation on its U.S. income. Thus, it pays no income taxes in the Netherlands.

Income taxes have been provided for on the asset and liability method as required by the Income Taxes Topic of the FASB ASC. Under the asset and liability method, deferred income taxes are recognized for the temporary differences between the financial reporting bases and the tax bases of the TRS assets and liabilities. A deferred tax asset valuation allowance is recorded when it has been determined that it is more-likely-than-not that the deferred tax asset will not be realized. If a valuation allowance is needed, a subsequent change in circumstances in future periods that causes a change in judgment about the realization of the related deferred tax amount could result in the reversal of the deferred tax valuation allowance.

Our total pre-tax income and income tax benefit (provision) relating to our TRSs and taxable entities which have been consolidated for accounting reporting purposes are summarized as follows:

	Year Ended December 31,		
	2015	2014	2013
		(In thousands)	
U.S. income (loss) before income taxes	$ 168	$2,212	$(1,582)
Foreign (loss) income before income taxes	(613)	(190)	3
(Loss) income from continuing operations before income taxes	(445)	2,022	(1,579)
Less income tax benefit (provision):			
Current federal and state	(54)	10	(34)
Deferred federal and state	910	(860)	518
Total income tax benefit (provision)	856	(850)	484
Income (loss) from continuing operations from taxable REIT subsidiaries	411	1,172	(1,095)
Income from discontinued operations from taxable REIT subsidiaries, net of tax	—	42	1,680
Net income from taxable REIT subsidiaries	$ 411	$1,214	$ 585

We recorded no tax provision from discontinued operations for the year ended December 31, 2015 and we recorded tax provisions from discontinued operations of $27,000 and $686,000 during the years ended December 31, 2014 and 2013, respectively. The tax provisions relate to taxable income generated by the disposition of properties.

The total income tax benefit (provision) differs from the amount computed by applying the statutory federal income tax rate to net income before income taxes as follows:

	Year Ended December 31,		
	2015	2014	2013
	(In thousands)		
Federal benefit (provision) at statutory tax rate [1]	$ 767	$ (681)	$ 344
State taxes, net of federal benefit (provision)	99	(80)	34
Foreign tax rate differential	—	(19)	(5)
Other	(10)	(63)	117
Valuation allowance increase	—	(7)	(6)
Total income tax benefit (provision) from continuing operations	856	(850)	484
Income tax provision from discontinued operations	—	(27)	(686)
Total income tax benefit (provision)	$ 856	$ (877)	$ (202)

(1) Rate of 34% or 35% used, dependent on the taxable income levels of our TRSs.

Our deferred tax assets and liabilities were as follows:

	December 31,	
	2015	2014
	(In thousands)	
Deferred tax assets:		
Disallowed interest	$ 2,719	$ 2,722
Net operating loss	1,675	3,099
Other	673	82
Valuation allowance	—	(164)
Total deferred tax assets	5,067	5,739
Deferred tax liabilities:		
Other real estate investments	(14,009)	(15,439)
Mortgage revaluation	(168)	(466)
Other	(242)	(95)
Total deferred tax liabilities	(14,419)	(16,000)
Net deferred tax liability	$ (9,352)	$(10,261)

As of December 31, 2015, the net deferred tax liability of $9.4 million consisted of a $3.9 million deferred tax asset associated with IRT included in other assets in the accompanying consolidated balance sheet and a $13.3 million deferred tax liability associated with DIM. As of December 31, 2014, the net deferred tax liability of $10.3 million consisted of a $2.3 million deferred tax asset associated with IRT included in other assets in the accompanying consolidated balance sheet and a $12.6 million deferred tax liability associated with DIM.

The tax deduction for interest paid by the TRS to the REIT is subject to certain limitations pursuant to U.S. federal tax law. Such interest may only be deducted in any tax year in which the TRS' income exceeds certain thresholds. Such disallowed interest may be carried forward and utilized in future years, subject to the same limitation. As of December 31, 2015, IRT had approximately $2.7 million of disallowed interest carryforwards, with a tax value of $2.7 million, which do not expire. IRT expects to realize the benefits of its net deferred tax asset of approximately $3.9 million as of December 31, 2015, primarily from identified tax planning strategies, as well as projected taxable income. As of December 31, 2015, DIM had a federal net operating loss carryforward of approximately $2.2 million which begins to expire in 2027 and no state net operating loss carryforward. As of December 31, 2015, IRT had federal and state net operating loss carryforwards of approximately $1.7 million and $1.2 million, respectively, which begin to expire in 2030.

15. Noncontrolling Interests

The following is a summary of the noncontrolling interests in consolidated entities included in the consolidated balance sheets:

	December 31,	
	2015	2014
	(In thousands)	
CapCo	$206,145	$206,145
DIM [1]	—	1,044
Total noncontrolling interests included in total equity	$206,145	$207,189

(1) At December 31, 2014, we owned an economic interest in DIM of 98%. In February 2015, we entered into a conditional settlement agreement to acquire the remaining 2.0% interests held by minority shareholders, which was completed in April 2015 after the Dutch court's approval of the agreement.

During the years ended December 31, 2015, 2014 and 2013, there were no material effects on the equity attributable to us resulting from changes in our ownership interest in our subsidiaries.

CapCo

On January 4, 2011, we acquired a controlling ownership interest in CapCo through a joint venture with LIH. At the time of the acquisition, CapCo, which was previously wholly-owned by LIH, owned a portfolio of 13 properties in California totaling approximately 2.6 million square feet of GLA. LIH is a subsidiary of Intu Properties PLC ("Intu") (formerly Capital Shopping Centres Group PLC), a United Kingdom real estate investment trust. As a result of the transaction, we increased the size of our board of directors by one seat and added David Fischel, a designee of Intu, to our board pursuant to an Equityholders' Agreement with Intu, LIH and Gazit. The results of CapCo's operations have been included in our consolidated financial statements from the date of acquisition. Upon consolidation, we recorded $206.1 million of noncontrolling interest, which represented the fair value of the portion of CapCo's equity that we did not own upon acquisition. The $206.1 million of noncontrolling interest is reflected in the equity section of our consolidated balance sheet as permanent equity as of December 31, 2015.

At the closing of the transaction, LIH contributed all of the outstanding shares of CapCo's common stock to the joint venture in exchange for 11.4 million Class A Shares in the joint venture, representing an approximate 22% interest in the joint venture, and we contributed a shared appreciation promissory note to the joint venture in the amount of $600.0 million and an additional $84.3 million in exchange for an approximate 78% interest in the joint venture consisting of Class A Shares and Class B Shares. The joint venture shares received by LIH were redeemable for cash or, solely at our option, our common stock on a one-for-one basis, subject to certain adjustments. LIH's ability to participate in the earnings of CapCo was limited to their right to receive distributions payable on their Class A Shares. These distributions consisted of a non-elective distribution equivalent to the dividend paid on our common stock and, if the return on our Class B Shares exceeded a certain threshold, a voluntary residual distribution paid on both Class A Shares and Class B Shares. As such, earnings attributable to the noncontrolling interest as reflected in our consolidated statement of income were limited to distributions made to LIH on its Class A joint venture shares.

Distributions to LIH for each of the years ended December 31, 2015, 2014 and 2013 were $10.0 million, which were equivalent to the per share dividends declared on our common stock.

In January 2016, we repaid the $600.0 million shared appreciation promissory note, LIH exercised its redemption right with respect to all of its Class A shares, and we elected to issue approximately 11.4 million shares of our common stock in exchange for such shares. See Note 26 for further discussion.

16. Stockholders' Equity and Earnings Per Share

During each quarter of 2015, our Board of Directors declared cash dividends of $0.22 per share on our common stock. These dividends were paid in March, June, September and December 2015.

In November 2015, we entered into distribution agreements with various financial institutions as part of our implementation of an ATM Program under which we may sell up to 8.5 million shares, par value of $0.01 per share, of our common stock from time to time in "at-the-market" offerings or certain other transactions. Concurrently, we entered into a common stock purchase agreement with MGN, an affiliate of Gazit, which may be deemed to be controlled by Chaim Katzman, the Chairman of our Board of Directors. Pursuant to this agreement, MGN will have the option to purchase directly from us in private placements up to 20% of the number

of shares of common stock sold by us pursuant to the distribution agreements during each calendar quarter, up to an aggregate maximum of approximately 1.3 million shares under the agreement. Actual sales will depend on a variety of factors to be determined by us from time to time, including (among others) market conditions, the trading price of our common stock, our needs for additional amounts of capital and our determination of the most appropriate source of funding for such needs. We intend to use the net proceeds from any sales under the ATM Program for general corporate purposes, which may include repaying debt and funding future acquisitions or development and redevelopment activities. As of December 31, 2015, we had not issued any shares under the ATM Program.

In March 2015, we completed an underwritten public offering and concurrent private placement totaling 4.5 million shares of our common stock at a price to the public and in the private placement of $27.05 per share. In the concurrent private placement, 600,000 shares were purchased by Gazit First Generation LLC, an affiliate of Gazit, which may be deemed to be controlled by Chaim Katzman, the Chairman of our Board of Directors. The offerings generated net proceeds to us of approximately $121.3 million before expenses. The stock issuance costs and underwriting discounts were approximately $589,000. We used the net proceeds to fund the redemption of our 5.375% unsecured senior notes due October 2015 and for general corporate purposes, including the repayment of other secured and unsecured debt.

In September 2014, we completed an underwritten public offering and concurrent private placement totaling 4.5 million shares of our common stock at a price to the public and in the private placement of $23.30 per share. In the concurrent private placement, 675,000 shares were purchased by Gazit First Generation LLC. The offerings generated net proceeds to us of approximately $104.6 million before expenses. The stock issuance costs and underwriting discounts were approximately $561,000. We used the net proceeds to fund development and redevelopment activities, to repay secured and unsecured debt and for general corporate purposes.

Earnings per Share

The following summarizes the calculation of basic and diluted earnings per share ("EPS") and provides a reconciliation of the amounts of net income available to common stockholders and shares of common stock used in calculating basic and diluted EPS:

	Year Ended December 31,		
	2015	2014	2013
	(In thousands, except per share amounts)		
Income from continuing operations	$ 75,467	$ 58,134	$ 48,963
Net income attributable to noncontrolling interests - continuing operations	(10,014)	(12,206)	(10,209)
Income from continuing operations attributable to Equity One, Inc.	65,453	45,928	38,754
Allocation of continuing income to participating securities	(423)	(1,759)	(1,045)
Income from continuing operations available to common stockholders	65,030	44,169	37,709
Income from discontinued operations	—	2,957	39,694
Net loss (income) attributable to noncontrolling interests - discontinued operations	—	12	(494)
Income from discontinued operations available to common stockholders	—	2,969	39,200
Net income available to common stockholders	$ 65,030	$ 47,138	$ 76,909
Weighted average shares outstanding – Basic	127,957	119,403	117,389
Stock options using the treasury method	119	222	288
Non-participating restricted stock using the treasury method	10	40	—
Long-term incentive plan shares using the treasury method	74	60	94
Weighted average shares outstanding – Diluted	128,160	119,725	117,771
Basic earnings per share available to common stockholders:			
Continuing operations	$ 0.51	$ 0.37	$ 0.32
Discontinued operations	—	0.02	0.33
Earnings per common share — Basic	$ 0.51	$ 0.39	$ 0.66 *
Diluted earnings per share available to common stockholders:			
Continuing operations	$ 0.51	$ 0.37	$ 0.32
Discontinued operations	—	0.02	0.33
Earnings per common share — Diluted	$ 0.51	$ 0.39	$ 0.65

* Note: EPS does not foot due to the rounding of the individual calculations.

No shares of common stock issuable upon the exercise of outstanding options were excluded from the computation of diluted EPS for the year ended December 31, 2015. The computation of diluted EPS for the years ended December 31, 2014 and 2013 did not include 532,000 and 1.4 million shares of common stock, respectively, issuable upon the exercise of outstanding options, at prices ranging from $24.12 to $26.66 and $23.52 to $26.66, respectively, because the option prices were greater than the average market price of our common shares during the respective periods.

The computation of diluted EPS for the years ended December 31, 2015, 2014 and 2013 did not include the 11.4 million joint venture units held by LIH, which are redeemable by LIH for cash or, solely at our option, shares of our common stock on a one-for-one basis, subject to certain adjustments. These convertible units were not included in the diluted weighted average share count because their inclusion is anti-dilutive. In January 2016, LIH exercised its redemption right for all of their outstanding interests in the CapCo joint venture. See Notes 15 and 26 for further discussion.

17. Share-Based Payments

The Equity One Amended and Restated 2000 Executive Incentive Compensation Plan (the "2000 Plan") provides for grants of stock options, stock appreciation rights, restricted stock, and deferred stock, other stock-related awards and performance or annual incentive awards that may be settled in cash, stock or other property. The persons eligible to receive an award under the 2000 Plan are our officers, directors, employees and independent contractors. The total number of shares of common stock that may be issuable under the 2000 Plan is 13.5 million shares, plus (i) the number of shares with respect to which options previously granted under the 2000 Plan that terminate without being exercised, and (ii) the number of shares that are surrendered in payment of the exercise price for any awards or any tax withholding requirements. The 2000 Plan will terminate on the earlier of May 2, 2021 or the date on which all shares reserved for issuance under the 2000 Plan have been issued. As of December 31, 2015, 5.7 million shares were available for issuance.

Options and Restricted Stock

As of December 31, 2015, we had stock options and restricted stock outstanding under the 2000 Plan. The following table presents information regarding stock option activity during the year ended December 31, 2015:

	Shares Under Option	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
	(In thousands)		(In years)	(In thousands)
Outstanding at beginning of the year	1,208	$ 22.37		
Granted	—	—		
Exercised	(557)	24.30		
Forfeited or expired	—	—		
Outstanding at end of the year	651	$ 20.72	4.8	$ 4,190
Exercisable at end of the year	501	$ 20.08	3.7	$ 3,548

The total cash or other consideration received from options exercised during the years ended December 31, 2015, 2014 and 2013 was $3.0 million, $40.4 million and $8.7 million, respectively. The total intrinsic value of options exercised during the years ended December 31, 2015, 2014 and 2013 was $1.5 million, $6.1 million and $4.6 million, respectively.

During the year ended December 31, 2014, the fair value of the 200 options granted was estimated on the grant date using the Black-Scholes-Merton pricing model with the following assumptions:

Dividend yield	3.8%
Risk-free interest rate	2.0%
Expected option life	6.3 years
Expected volatility	39.8%

The options were granted with an exercise price equivalent to the current stock price on the grant date. No options were granted during the years ended December 31, 2015 and 2013.

Restricted Stock Grants and Long-Term Incentive Compensation Plan

The following table presents information regarding restricted stock activity during the year ended December 31, 2015:

	Shares (In thousands)	Weighted Average Grant-Date Fair Value
Unvested at beginning of the year	180	$ 22.91
Granted	392	$ 23.63
Vested	(161)	$ 22.61
Forfeited or cancelled	(1)	$ 22.57
Unvested at end of the year	410	$ 23.72

The weighted average grant-date fair value of restricted stock granted during the years ended December 31, 2014 and 2013 was $22.95 and $22.40, respectively. Shares of restricted stock granted during the year ended December 31, 2015 are subject to forfeiture and vest over periods from 2 to 4 years. We measure compensation expense for restricted stock awards based on the fair value of our common stock at the date of grant and charge such amounts to expense ratably over the vesting period on a straight-line basis. During the year ended December 31, 2015, the total grant-date value of the approximately 161,000 shares of restricted stock that vested was approximately $3.6 million.

Share-Based Compensation Expense

Share-based compensation expense, which is included in general and administrative expenses in the accompanying consolidated statements of income, is summarized as follows:

	Year Ended December 31,		
	2015	2014	2013
	(In thousands)		
Restricted stock expense	$4,785	$6,818	$5,931
Stock option expense	337	650	465
Employee stock purchase plan discount	36	30	18
Total equity-based expense	5,158	7,498	6,414
Restricted stock classified as a liability	655	289	117
Total expense	5,813	7,787	6,531
Less amount capitalized	(553)	(520)	(358)
Net share-based compensation expense	$5,260	$7,267	$6,173

As of December 31, 2015, we had $9.9 million of total unrecognized compensation expense related to unvested and restricted share-based payment arrangements (unvested options and restricted shares) granted under our 2000 Plan. This expense is expected to be recognized over a weighted average period of 2.3 years.

Discounts offered to participants under our 2004 Employee Stock Purchase Plan represent the difference between the market value of our stock on the purchase date and the purchase price of shares as provided under the plan.

Employment Related Agreements

Jeffrey Olson

In March 2014, Jeffrey Olson, our former Chief Executive Officer, informed us that he would not be renewing his employment agreement which was set to expire on December 31, 2014. On June 2, 2014, we entered into a Separation of Employment Agreement with Mr. Olson which resulted in a modification of the terms of his outstanding equity awards such that 58,240 shares of restricted stock that were scheduled to vest on December 31, 2014 vested on August 29, 2014 and the post-employment window in which Mr. Olson can exercise his vested stock options was extended from three months to six months. In addition, the service and market conditions related to Mr. Olson's long-term incentive plan award ("LTIP") that was scheduled to vest on December 31, 2014 were modified such that the award was scheduled to vest on August 29, 2014. However, as none of the market conditions were ultimately met, no shares vested in connection with the LTIP.

The modification of Mr. Olson's stock options resulted in additional compensation expense of $232,000, as determined using a Black-Scholes-Merton model, which was recognized on the modification date as the options had previously vested. As a result of Mr. Olson's separation and the related modification of the vesting conditions associated with his restricted stock and LTIP awards, all compensation expense previously recognized in relation to these awards (excluding the value of dividends previously paid on such awards) was reversed. The value of the modified restricted stock, as determined by the fair value of our common stock as of the modification date, and the fair value of the modified LTIP, as determined using a Monte Carlo simulation, were recognized from the modification date through August 29, 2014.

David Lukes

On April 2, 2014, we entered into an employment agreement with David Lukes, our Chief Executive Officer, which became effective as of May 12, 2014 and has an initial term which ends on May 12, 2018. Mr. Lukes' employment agreement provides for an annual base salary of $850,000 and other benefits generally made available to our senior executive officers. In addition, Mr. Lukes is eligible for a target performance bonus of 100% of his base salary, except that with respect to the 2014 calendar year, Mr. Lukes received an annual bonus of no less than $850,000 reduced pro rata based on the portion of calendar year 2014 during which Mr. Lukes was not employed by the Company. Bonuses will be payable 50% in cash and 50% in shares of our restricted stock which will vest ratably over three years. Mr. Lukes also received a signing bonus of $500,000, which is included in general and administrative expenses in the accompanying statement of income for the year ended December 31, 2014. Mr. Lukes will repay the signing bonus in full in the event he resigns without good reason or is terminated for cause within 12 months of the commencement of his employment.

Upon the commencement of his employment, Mr. Lukes received 200,000 stock options with an exercise price of $22.87 per share that will vest ratably on the first, second, third and fourth anniversaries of the grant date. In addition, Mr. Lukes received 68,956 shares of restricted stock that will vest ratably on the second, third, and fourth anniversaries of the grant date and a LTIP, under which Mr. Lukes' target award is 156,300 shares of our common stock. The number of shares of stock that will ultimately be issued under the LTIP is based on our performance during the four-year period beginning on the date of Mr. Lukes' employment. The performance metrics (and their weightings) are based on our absolute total shareholder return ("Absolute TSR") (25%), total shareholder return relative to specified peer companies ("Relative TSR") (25%) and growth in recurring funds from operations per share ("Recurring FFO Growth") (25%). The remaining 25% of Mr. Lukes' award is discretionary. For each of these four components, Mr. Lukes can earn 50%, 100% or 200% of the 39,075 target shares allocated to such component based on the actual performance compared to specified targets. Shares earned pursuant to the LTIP will be issued following the completion of the four-year performance period, subject to Mr. Lukes' continued employment through the end of such period.

The Absolute TSR and Relative TSR components of Mr. Lukes' LTIP are considered market-based awards. Accordingly, the probability of meeting the market criteria was considered when calculating the estimated fair value of the awards on the date of grant using Monte Carlo simulations. Furthermore, compensation expense associated with these awards will be recognized over the requisite service period as long as the requisite service is provided, regardless of whether the market criteria are achieved and the awards are ultimately earned. The significant assumptions used to value these awards include the volatility of our common stock (24.3%), the volatility of the common stock of various peer companies (which ranged from 13.7% to 28.6%), and the risk-free interest rate (1.3%). The aggregate estimated fair value of these components of Mr. Lukes' LTIP was $1.5 million, which will be recognized over the four-year performance period.

The Recurring FFO Growth component of Mr. Lukes' LTIP is considered a performance-based award which is earned subject to future performance measurement. The award was valued at $19.51 per share based on the fair value of our common stock at the date of grant less the present value of the dividends expected to be paid on our common stock during the requisite service period. Compensation expense for this component will be recognized over the requisite service period based on management's periodic estimate of the likelihood that the performance criteria will be met. No compensation expense will be recognized for the discretionary portion of Mr. Lukes' LTIP prior to the completion of the performance period.

Chaim Katzman

On June 2, 2014, we entered into a Chairman Compensation Agreement with Chaim Katzman, our Chairman of the Board, which replaced Mr. Katzman's existing Chairman Compensation Agreement with the Company following the expiration of its term on December 31, 2014. The initial term of the new Chairman Compensation Agreement ends December 31, 2017. Pursuant to the agreement, we granted Mr. Katzman 255,000 shares of restricted stock that will vest as follows: (i) 7,095 shares on January 31, 2015; and (ii) 7,083 shares on the last day of each calendar month beginning February 2015 and ending December 2017. The award was valued at $22.24 per share based on the fair value of our common stock at the date of grant less the present value of the dividends expected to be paid on our common stock during the period from the date of grant to January 2, 2015, at which time Mr. Katzman's restricted stock is entitled to receive dividends. Compensation expense related to the award will be recognized over the period from June 2014 through December 2017.

Thomas Caputo

On June 25, 2014, we entered into a new employment agreement with Thomas Caputo, our President, which is effective as of January 1, 2015 immediately following the expiration of Mr. Caputo's prior employment agreement with the Company and ends on December 31, 2016. Mr. Caputo's new employment agreement provides for an annual base salary of $750,000 and other benefits generally made available to our senior executive officers. In addition, Mr. Caputo will be eligible for a target performance bonus of 100% of his base salary that will be payable in cash. Pursuant to the agreement, on January 1, 2015, we granted Mr. Caputo 39,370 shares of our restricted common stock, which will fully vest on December 31, 2016 subject to Mr. Caputo then being employed by the Company. Compensation expense related to the award will be recognized over the period from January 2015 through December 2016.

Michael Makinen

On June 25, 2014, we entered into an employment agreement with Michael Makinen to serve as our Chief Operating Officer. The agreement became effective as of July 15, 2014, and the initial term ends on July 15, 2018. Mr. Makinen's employment agreement provides for an annual base salary of $400,000 and other benefits generally made available to our senior executive officers. In addition, Mr. Makinen is eligible for a target performance bonus of $300,000, except that with respect to the 2014 calendar year, Mr. Makinen received an annual bonus of no less than $300,000 reduced pro rata based on the portion of calendar year 2014 during which Mr. Makinen was not employed by the Company. Bonuses will be payable 50% in cash and 50% in shares of our restricted stock which will vest ratably over three years.

Upon the commencement of his employment, Mr. Makinen received 5,000 shares of restricted stock that will vest in equal portions on the first and second anniversaries of the grant date and a LTIP, under which Mr. Makinen's target award is 25,685 shares of our common stock. The number of shares of stock that will ultimately be awarded is based on our performance during the four-year period beginning on the date of Mr. Makinen's employment. Shares earned pursuant to the LTIP will be issued following the completion of the four-year performance period, subject to Mr. Makinen's continued employment through the end of such period.

Mr. Makinen's LTIP award shares the same performance metrics and weightings as Mr. Lukes' LTIP award described above. The significant assumptions used to value the Absolute TSR and Relative TSR components of Mr. Makinen's LTIP include the volatility of our common stock (23.1%), the volatility of the common stock of various peer companies (which ranged from 14.1% to 25.7%), and the risk-free interest rate (1.3%). The aggregate estimated fair value of these components was $253,000, which will be recognized over the four-year performance period. The Recurring FFO Growth component of Mr. Makinen's LTIP was valued at $20.68 per share based on the fair value of our common stock at the date of grant less the present value of the dividends expected to be paid on our common stock during the requisite service period. Compensation expense for the Recurring FFO Growth component will be recognized over the requisite service period based on management's periodic estimate of the likelihood that the performance criteria will be met. No compensation expense will be recognized for the discretionary portion of Mr. Makinen's LTIP prior to the completion of the performance period.

Matthew Ostrower

On January 26, 2015, we entered into a four-year employment agreement with Matthew Ostrower to serve as our Chief Financial Officer. Mr. Ostrower's employment agreement provides for an annual base salary of $500,000 and other benefits generally made available to our senior executive officers. In addition, Mr. Ostrower is eligible for an annual target performance bonus of $400,000. Bonuses will be payable 50% in cash and 50% in shares of our restricted stock which will vest ratably over three years. Mr. Ostrower was reimbursed approximately $30,000 for expenses incurred in relocating to New York in connection with his employment.

Upon the commencement of his employment in March 2015, Mr. Ostrower received 22,189 shares of restricted stock that will vest ratably on the first, second, third, and fourth anniversaries of the grant date and a LTIP, under which Mr. Ostrower's target award is 44,379 shares of our common stock. The number of shares of stock that will ultimately be issued under the LTIP is based on our performance during the four-year period beginning on the date of Mr. Ostrower's employment. Shares earned pursuant to the LTIP will be issued following the completion of the four-year performance period, subject to Mr. Ostrower's continued employment through the end of such period, and will not participate in dividends during the performance period.

Mr. Ostrower's LTIP award shares the same performance metrics and weightings as Mr. Lukes' LTIP awards described above. The significant assumptions used to value these awards include the volatility of our common stock (21.9%), the volatility of the common stock of various peer companies (which ranged from 14.3% to 23.7%), and the risk-free interest rate (1.4%). The aggregate estimated fair value of these components of Mr. Ostrower's LTIP was $486,000, which will be recognized over the four-year performance period. The Recurring FFO Growth component of Mr. Ostrower's LTIP is considered a performance-based award which is earned subject to future performance measurement. The award was valued at $23.47 per share based on the fair value of our common stock at the date of grant less the present value of the dividends expected to be paid on our common stock during the requisite service period. Compensation expense for the Recurring FFO Growth component will be recognized over the requisite service period based on management's periodic estimate of the likelihood that the performance criteria will be met. No compensation expense will be recognized for the discretionary portion of Mr. Ostrower's LTIP prior to the completion of the performance period.

401(k) Plan

We have a 401(k) defined contribution plan (the "401(k) Plan") covering substantially all of our officers and employees which permits participants to defer compensation up to the maximum amount permitted by law. We match 100% of each employee's contribution up to 3.0% of the employee's annual compensation and, thereafter, match 50% of the next 3.0% of the employee's annual compensation. Employees' contributions and our matching contributions vest immediately. Our contributions to the 401(k) Plan for the years ended December 31, 2015, 2014 and 2013 were $446,000, $424,000 and $414,000, respectively.

2004 Employee Stock Purchase Plan

Our amended and restated Employee Stock Purchase Plan (the "ESPP") provides a convenient means by which eligible employees could purchase shares of our common stock on a quarterly basis through payroll deductions and voluntary cash investments. Under the ESPP, the quarterly purchase price per share paid by employees is 85% of the average closing price per share of our common stock on the five trading days that immediately precede the last trading day of the quarter, provided, however, that in no event may the purchase price be less than the lower of (i) 85% of the closing price on the first trading day of the quarter or (ii) 85% of the closing price on the last trading day of the quarter. Shares purchased under the amended and restated ESPP are subject to a six-month holding requirement, subject to exceptions for hardship.

18. Future Minimum Rental Income

Our properties are leased to tenants under operating leases that expire at various dates through the year 2040. Future minimum rents under non-cancelable operating leases as of December 31, 2015, excluding tenant reimbursements of operating expenses and percentage rent based on tenants' sales volume are as follows:

Year Ending December 31,	Amount (In thousands)
2016	$ 252,685
2017	229,806
2018	201,508
2019	172,926
2020	144,871
Thereafter	665,348
Total	$ 1,667,144

19. Commitments and Contingencies

As of December 31, 2015, we had provided letters of credit having an aggregate face amount of $2.2 million as additional security for financial and other obligations.

As of December 31, 2015, we have invested an aggregate of approximately $103.5 million in active development or redevelopment projects at various stages of completion and anticipate that these projects will require an additional $147.6 million to complete, based on our current plans and estimates, which we anticipate will be primarily expended over the next three years. We have other significant projects for which we expect to expend an additional $24.2 million in the next one to two years based on our current plans and estimates. These capital expenditures are generally due as the work is performed and are expected to be financed by funds available under our revolving credit facility, sales of equity under our ATM Program, proceeds from property dispositions and available cash.

We are subject to litigation in the normal course of business. However, we do not believe that any of the litigation outstanding as of December 31, 2015 will have a material adverse effect on our financial condition, results of operations or cash flows.

Certain of our shopping centers are subject to non-cancelable long-term ground leases that expire at various dates through the year 2076 and in most cases provide for renewal options. In addition, we have non-cancelable operating leases for office space and equipment that expire at various dates through the year 2021. As of December 31, 2015, future minimum rental payments under non-cancelable operating leases are as follows:

Year Ending December 31,	Amount (In thousands)
2016	$ 1,685
2017	1,407
2018	1,415
2019	1,433
2020	1,435
Thereafter	35,147
Total	$ 42,522

During the years ended December 31, 2015, 2014 and 2013, we recognized approximately $1.6 million, $1.5 million and $1.4 million, respectively, of rental expense related to our non-cancelable operating leases.

20. Environmental Matters

We are subject to numerous environmental laws and regulations. The operation of dry cleaning and gas station facilities at our shopping centers are the principal environmental concerns. We require that the tenants who operate these facilities do so in material compliance with current laws and regulations and we have established procedures to monitor dry cleaning operations. Where available, we have applied and been accepted into state sponsored environmental programs. Several properties in the portfolio will require or are currently undergoing varying levels of environmental remediation. We have environmental insurance policies covering most of our properties which limits our exposure to some of these conditions, although these policies are subject to limitations and environmental conditions known at the time of acquisition are typically excluded from coverage. Management believes that the ultimate disposition of currently known environmental matters will not have a material adverse effect on our financial condition, results of operations or cash flows.

21. Fair Value Measurements

Recurring Fair Value Measurements

As of December 31, 2015 and 2014, we had three interest rate swap agreements with a notional amount of $250.0 million and a forward starting interest rate swap with a notional amount of $50.0 million that are measured at fair value on a recurring basis. As of December 31, 2015 and 2014, the fair value of one of our interest rate swaps consisted of an asset of $217,000 and $681,000, respectively, which is included in other assets, and the fair value of the two remaining interest rate swaps consisted of a liability of $2.0 million and $952,000, respectively, which is included in accounts payable and accrued expenses in our consolidated balance sheets. As of December 31, 2015, the fair value of our forward starting interest rate swap consisted of an asset of $618,000, which is included in other assets in our consolidated balance sheets. The net unrealized loss on our interest rate derivatives was $910,000 and $3.2 million for the years ended December 31, 2015 and 2014, respectively, and is included in accumulated other comprehensive loss. The fair values of the interest rate swaps are based on the estimated amounts we would receive or pay to terminate the contract at the reporting date and are determined using interest rate pricing models and observable inputs. The interest rate swaps are classified within Level 2 of the valuation hierarchy.

The following are assets and liabilities measured at fair value on a recurring basis as of December 31, 2015 and 2014:

	Fair Value Measurements			
	Total	Level 1	Level 2	Level 3
	(In thousands)			
December 31, 2015				
Interest rate derivatives:				
Classified as an asset in other assets	$ 835	$ —	$ 835	$ —
Classified as a liability in accounts payable and accrued expenses	$1,991	$ —	$ 1,991	$ —
December 31, 2014				
Interest rate derivatives:				
Classified as an asset in other assets	$ 681	$ —	$ 681	$ —
Classified as a liability in accounts payable and accrued expenses	$ 952	$ —	$ 952	$ —

Valuation Methods

The fair values of our interest rate swaps were determined using widely accepted valuation techniques, including discounted cash flow analysis on the expected cash flows of the derivative financial instrument. This analysis reflected the contractual terms of the derivative, including the period to maturity, and used observable market-based inputs, including interest rate market data and implied volatilities in such interest rates. While it was determined that the majority of the inputs used to value the derivatives fall within Level 2 of the fair value hierarchy under authoritative accounting guidance, the credit valuation adjustments associated with the derivatives also utilized Level 3 inputs, such as estimates of current credit spreads to evaluate the likelihood of default. However, as of December 31, 2015, the significance of the impact of the credit valuation adjustments on the overall valuation of the derivative financial instruments was assessed and it was determined that these adjustments were not significant to the overall valuation of the derivative financial instruments. As a result, it was determined that the derivative financial instruments in their entirety should be classified in Level 2 of the fair value hierarchy. The net unrealized loss included in other comprehensive loss was attributable to the net change in unrealized gains or losses related to the interest rate swaps that remained outstanding as of December 31, 2015, none of which were reported in the consolidated statement of income because they were documented and qualified as hedging instruments and there was no ineffectiveness in relation to the hedges.

As of December 31, 2015, we had a long-term incentive plan for three of our executives with components based on our total shareholder return, as well as our total shareholder return versus returns for seven of our peer companies. The fair value of these components was determined on the respective grant dates using the average trial-specific value of the awards eligible for grant under the plan based upon a Monte Carlo simulation model. This model considers various assumptions, including time value, volatility factors, current market and contractual prices, as well as projected future market prices for our common stock and the common stock of our peer companies over the performance period. Substantially all of these assumptions are observable in the marketplace throughout the full term of the plan, can be derived from observable data or are supported by observable levels at which transactions are executed in the marketplace.

Non-Recurring Fair Value Measurements

The following table presents our hierarchy for those assets measured and recorded at fair value on a non-recurring basis as of December 31, 2015:

Assets:	Total	Level 1	Level 2	Level 3	Total Losses[1]
			(In thousands)		
Operating property held and used	$ 700	$ —	$ —	$ 700 [2]	$ 1,579
Land held and used	8,550	—	—	8,550 [3]	3,667
Total	$9,250	$ —	$ —	$ 9,250	$ 5,246

(1) Total losses exclude impairments of $11.3 million recognized related to properties sold during the year ended December 31, 2015 and a goodwill impairment loss of $200,000 related to an operating property. See Note 6 for further discussion.

(2) Represents the fair value of the property on the date it was impaired during the fourth quarter of 2015.

(3) Impairments were recognized on a land parcel due to our reconsideration of our plans which increased the likelihood that the holding period may be shorter than previously estimated due to updated disposition plans and on another land parcel due to the total projected undiscounted cash flows being less than its carrying value.

The following table presents our hierarchy for those assets measured and recorded at fair value on a non-recurring basis as of December 31, 2014:

Assets:	Total	Level 1	Level 2	Level 3	Total Losses[1]
			(In thousands)		
Operating properties held and used	$22,700	$ —	$ —	$22,700 [2]	$ 15,111
Land held and used	7,370	—	—	7,370	2,230
Total	$30,070	$ —	$ —	$30,070	$ 17,341

(1) Total losses exclude impairments of $4.5 million recognized related to properties sold during the year ended December 31, 2014, primarily based on sales contracts.

(2) $11.9 million of the total represents the fair value of an operating property as of the date it was impaired during the second quarter of 2014. As of December 31, 2014, the carrying amount of the property no longer equaled its fair value.

On a non-recurring basis, we evaluate the carrying value of investment property and investments in and advances to unconsolidated joint ventures, when events or changes in circumstances indicate that the carrying value may not be recoverable. Impairments, if any, typically result from values established by Level 3 valuations. The carrying value of a property is considered impaired when the total projected undiscounted cash flows from the property are separately identifiable and are less than its carrying value. In that event, a loss is recognized based on the amount by which the carrying value exceeds the fair value of the property as determined by purchase price offers or by discounted cash flows using the income or market approach. These cash flows are comprised of unobservable inputs which include contractual rental revenue and forecasted rental revenue and expenses based upon market conditions and expectations for growth. Capitalization rates and discount rates utilized in these models are based upon observable rates that we believe to be within a reasonable range of current market rates for the respective properties. Based on these inputs, we determined that the valuation of these investment properties and investments in unconsolidated joint ventures are classified within Level 3 of the fair value hierarchy.

The following are ranges of key inputs used in determining the fair value of income producing properties measured using Level 3 inputs:

	December 31, 2015		December 31, 2014	
	Low	High	Low	High
Overall capitalization rates	10.0%	10.0%	8.0%	15.0%
Discount rates	12.5%	12.5%	9.5%	14.5%
Terminal capitalization rates	10.5%	10.5%	8.5%	13.5%

During the years ended December 31, 2015 and 2014, we recognized $1.6 million and $15.1 million, respectively, of impairment losses on operating properties. The estimated fair values related to the impairment assessments were primarily based on discounted cash flow analyses and, therefore, are classified within Level 3 of the fair value hierarchy.

During the year ended December 31, 2015 and 2014, we recognized impairment losses of $3.7 million and $2.2 million, respectively, on land parcels. The estimated fair values related to the impairment assessments were based on appraisals and, therefore, are classified within Level 3 of the fair value hierarchy.

We also performed annual, or more frequent in certain circumstances, impairment tests of our goodwill. Impairments, if any, resulted from values established by Level 3 valuations. We estimated the fair value of the reporting unit using discounted projected future cash flows, which approximated a current sales price. If the results of this analysis indicated that the carrying value of the reporting unit exceeded its fair value, an impairment was recognized to reduce the carrying value of the goodwill to fair value. During the year ended December 31, 2015, we recognized a goodwill impairment loss of $200,000. No goodwill impairment losses were recognized during the year ended December 31, 2014.

22. Fair Value of Financial Instruments

The estimated fair values of financial instruments have been determined by us using available market information and appropriate valuation methods. Considerable judgment is required in interpreting market data to develop the estimates of fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts that we could realize in a current market exchange. The use of different market assumptions and/or estimation methods may have a material effect on the estimated fair value amounts. We have used the following market assumptions and/or estimation methods:

Cash and Cash Equivalents, Accounts and Other Receivables, Accounts Payable and Accrued Expenses and Unsecured Revolving Credit Facility (classified within Levels 1, 2 and 3 of the valuation hierarchy) – The carrying amounts reported in the consolidated balance sheets for these financial instruments approximate fair value because of their short maturities.

Mortgage Notes Payable (classified within Level 2 of the valuation hierarchy) – The fair value estimated as of December 31, 2015 and 2014 was approximately $296.1 million and $337.4 million, respectively, calculated based on the net present value of payments over the term of the loans using estimated market rates for similar mortgage loans and remaining terms. The carrying amount (principal and unaccreted premium, net of unamortized deferred financing costs) of these notes was $283.5 million and $315.5 million as of December 31, 2015 and 2014, respectively.

Unsecured Senior Notes Payable (classified within Level 2 of the valuation hierarchy) – The fair value estimated as of December 31, 2015 and 2014 was approximately $528.0 million and $772.9 million, respectively, calculated based on the net present value of payments over the terms of the notes using estimated market rates for similar notes and remaining terms. The carrying amount (principal net of unamortized discount and deferred financing costs) of these notes was $515.4 million and $727.0 million as of December 31, 2015 and 2014, respectively.

Term Loans (classified within Level 2 of the valuation hierarchy) – The fair value estimated as of December 31, 2015 and 2014 was approximately $475.4 million and $249.8 million, respectively, calculated based on the net present value of payments over the term of the loans using estimated market rates for similar notes and remaining terms. The carrying amount (principal net of unamortized deferred financing costs) of the loans were $471.9 million and $248.1 million as of December 31, 2015 and 2014, respectively.

The fair market value calculations of our debt as of December 31, 2015 and 2014 include assumptions as to the effects that prevailing market conditions would have on existing secured or unsecured debt. The calculations used a market rate spread over the risk-free interest rate. This spread was determined by using the remaining life to maturity coupled with loan-to-value considerations of the respective debt. Once determined, this market rate was used to discount the remaining debt service payments in an attempt to reflect the present value of this stream of cash flows. While the determination of the appropriate market rate was subjective in nature, recent market data gathered suggested that the composite rates used for mortgages, senior notes and term loans are consistent with current market trends.

Interest Rate Swap Agreements (classified within Level 2 of the valuation hierarchy) – As of December 31, 2015 and 2014, the fair value of one of our interest rate swaps consisted of an asset of $217,000 and $681,000, respectively, which is included in other assets, and the fair value of the two remaining interest rate swaps consisted of a liability of $2.0 million and $952,000, respectively, which is included in accounts payable and accrued expenses in our consolidated balance sheets. As of December 31, 2015, the fair value of our forward starting interest rate swap consisted of an asset of $618,000, which is included in other assets in our consolidated balance sheets.

23. Condensed Consolidating Financial Information

Many of our subsidiaries that are 100% owned, either directly or indirectly, have guaranteed our indebtedness under our unsecured senior notes, term loans and revolving credit facilities. The guarantees are joint and several and full and unconditional. The following statements set forth consolidating financial information with respect to guarantors of our unsecured senior notes:

Condensed Consolidating Balance Sheet As of December 31, 2015	Equity One, Inc.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries (In thousands)	Eliminating Entries	Consolidated
ASSETS					
Properties, net	$ 137,695	$ 1,548,840	$ 1,381,984	$ (83)	$ 3,068,436
Investment in affiliates	2,899,538	—	—	(2,899,538)	—
Other assets	229,369	91,093	803,884	(816,879)	307,467
TOTAL ASSETS	$ 3,266,602	$ 1,639,933	$ 2,185,868	$ (3,716,500)	$ 3,375,903
LIABILITIES					
Total notes payable	$ 1,683,263	$ 120,238	$ 323,821	$ (760,600)	$ 1,366,722
Other liabilities	19,333	104,969	171,090	(56,362)	239,030
TOTAL LIABILITIES	1,702,596	225,207	494,911	(816,962)	1,605,752
EQUITY	1,564,006	1,414,726	1,690,957	(2,899,538)	1,770,151
TOTAL LIABILITIES AND EQUITY	$ 3,266,602	$ 1,639,933	$ 2,185,868	$ (3,716,500)	$ 3,375,903

Condensed Consolidating Balance Sheet As of December 31, 2014	Equity One, Inc.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries (In thousands)	Eliminating Entries	Consolidated
ASSETS					
Properties, net	$ 138,293	$ 1,546,620	$ 1,223,590	$ (83)	$ 2,908,420
Investment in affiliates	2,760,512	—	—	(2,760,512)	—
Other assets	220,868	101,249	836,419	(810,177)	348,359
TOTAL ASSETS	$ 3,119,673	$ 1,647,869	$ 2,060,009	$ (3,570,772)	$ 3,256,779
LIABILITIES					
Total notes payable	$ 1,612,124	$ 147,451	$ 328,620	$ (760,600)	$ 1,327,595
Other liabilities	24,129	107,848	156,259	(49,661)	238,575
TOTAL LIABILITIES	1,636,253	255,299	484,879	(810,261)	1,566,170
EQUITY	1,483,420	1,392,570	1,575,130	(2,760,511)	1,690,609
TOTAL LIABILITIES AND EQUITY	$ 3,119,673	$ 1,647,869	$ 2,060,009	$ (3,570,772)	$ 3,256,779

Condensed Consolidating Statement of Comprehensive Income for the year ended December 31, 2015	Equity One Inc.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminating Entries	Consolidated
			(In thousands)		
Total revenue	$ 23,512	$ 195,398	$ 141,243	$ —	$ 360,153
Equity in subsidiaries' earnings	169,424	—	—	(169,424)	—
Total costs and expenses	45,115	98,686	80,132	(1,119)	222,814
INCOME BEFORE OTHER INCOME AND EXPENSE, TAX AND DISCONTINUED OPERATIONS	147,821	96,712	61,111	(168,305)	137,339
Other income and (expense)	(82,437)	(9,271)	30,884	(1,904)	(62,728)
INCOME FROM CONTINUING OPERATIONS BEFORE TAX AND DISCONTINUED OPERATIONS	65,384	87,441	91,995	(170,209)	74,611
Income tax benefit (provision) of taxable REIT subsidiaries	—	1,618	(762)	—	856
NET INCOME	65,384	89,059	91,233	(170,209)	75,467
Other comprehensive loss	(910)	—	(69)	—	(979)
COMPREHENSIVE INCOME	64,474	89,059	91,164	(170,209)	74,488
Comprehensive income attributable to noncontrolling interests	—	—	(10,014)	—	(10,014)
COMPREHENSIVE INCOME ATTRIBUTABLE TO EQUITY ONE, INC.	$ 64,474	$ 89,059	$ 81,150	$ (170,209)	$ 64,474

Condensed Consolidating Statement of Comprehensive Income for the year ended December 31, 2014	Equity One Inc.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminating Entries	Consolidated
			(In thousands)		
Total revenue	$ 23,898	$ 194,502	$ 134,785	$ —	$ 353,185
Equity in subsidiaries' earnings	158,824	—	—	(158,824)	—
Total costs and expenses	50,548	101,820	80,611	(967)	232,012
INCOME BEFORE OTHER INCOME AND EXPENSE, TAX AND DISCONTINUED OPERATIONS	132,174	92,682	54,174	(157,857)	121,173
Other income and (expense)	(83,650)	(11,706)	34,985	(1,818)	(62,189)
INCOME FROM CONTINUING OPERATIONS BEFORE TAX AND DISCONTINUED OPERATIONS	48,524	80,976	89,159	(159,675)	58,984
Income tax provision of taxable REIT subsidiaries	—	(84)	(766)	—	(850)
INCOME FROM CONTINUING OPERATIONS	48,524	80,892	88,393	(159,675)	58,134
(Loss) income from discontinued operations	(19)	3,040	(72)	8	2,957
NET INCOME	48,505	83,932	88,321	(159,667)	61,091
Other comprehensive loss	(3,151)	—	(392)	—	(3,543)
COMPREHENSIVE INCOME	45,354	83,932	87,929	(159,667)	57,548
Comprehensive income attributable to noncontrolling interests	—	—	(12,194)	—	(12,194)
COMPREHENSIVE INCOME ATTRIBUTABLE TO EQUITY ONE, INC.	$ 45,354	$ 83,932	$ 75,735	$ (159,667)	$ 45,354

Condensed Consolidating Statement of Comprehensive Income for the year ended December 31, 2013	Equity One Inc.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminating Entries	Consolidated
			(In thousands)		
Total revenue	$ 26,379	$ 181,115	$ 125,017	$ —	$ 332,511
Equity in subsidiaries' earnings	177,772	—	—	(177,772)	—
Total costs and expenses	44,283	98,871	73,791	(518)	216,427
INCOME BEFORE OTHER INCOME AND EXPENSE, TAX AND DISCONTINUED OPERATIONS	159,868	82,244	51,226	(177,254)	116,084
Other income and (expense)	(86,051)	(10,756)	30,726	(1,524)	(67,605)
INCOME FROM CONTINUING OPERATIONS BEFORE TAX AND DISCONTINUED OPERATIONS	73,817	71,488	81,952	(178,778)	48,479
Income tax benefit of taxable REIT subsidiaries	193	74	217	—	484
INCOME FROM CONTINUING OPERATIONS	74,010	71,562	82,169	(178,778)	48,963
Income from discontinued operations	4,112	30,498	4,668	416	39,694
NET INCOME	78,122	102,060	86,837	(178,362)	88,657
Other comprehensive income	9,961	—	168	—	10,129
COMPREHENSIVE INCOME	88,083	102,060	87,005	(178,362)	98,786
Comprehensive income attributable to noncontrolling interests	—	(193)	(10,510)	—	(10,703)
COMPREHENSIVE INCOME ATTRIBUTABLE TO EQUITY ONE, INC.	$ 88,083	$ 101,867	$ 76,495	$ (178,362)	$ 88,083

Condensed Consolidating Statement of Cash Flows for the year ended December 31, 2015	Equity One, Inc.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidated
	(In thousands)			
Net cash (used in) provided by operating activities	$ (67,233)	$ 63,304	$ 168,694	$ 164,765
INVESTING ACTIVITIES:				
Acquisition of income producing properties	—	—	(98,300)	(98,300)
Additions to income producing properties	(2,851)	(10,987)	(7,154)	(20,992)
Acquisition of land	—	(1,350)	—	(1,350)
Additions to construction in progress	(7,249)	(33,826)	(22,525)	(63,600)
Deposits for the acquisition of income producing properties	(10)	—	—	(10)
Proceeds from sale of operating properties	—	4,526	1,279	5,805
Increase in deferred leasing costs and lease intangibles	(1,575)	(3,472)	(1,791)	(6,838)
Investment in joint ventures	(329)	—	(23,610)	(23,939)
Distributions from joint ventures	—	—	15,666	15,666
Collection of environmental tax credit	—	14,258	—	14,258
Repayments from subsidiaries, net	524	(3,741)	3,217	—
Net cash used in investing activities	(11,490)	(34,592)	(133,218)	(179,300)
FINANCING ACTIVITIES:				
Repayments of mortgage notes payable	—	(26,814)	(24,250)	(51,064)
Deposit for mortgage note payable	—	(1,898)	—	(1,898)
Net borrowings under revolving credit facility	59,000	—	—	59,000
Repayment of senior notes payable	(220,155)	—	—	(220,155)
Borrowings under term loan, net	222,916			222,916
Payment of deferred financing costs	(168)	—	—	(168)
Proceeds from issuance of common stock	124,915	—	—	124,915
Repurchase of common stock	(320)	—	—	(320)
Stock issuance costs	(624)	—	—	(624)
Dividends paid to stockholders	(112,957)	—	—	(112,957)
Purchase of noncontrolling interests	—	—	(1,216)	(1,216)
Distributions to noncontrolling interests	—	—	(10,010)	(10,010)
Net cash provided by (used in) financing activities	72,607	(28,712)	(35,476)	8,419
Net decrease in cash and cash equivalents	(6,116)	—	—	(6,116)
Cash and cash equivalents at beginning of the year	27,469	—	—	27,469
Cash and cash equivalents at end of the year	$ 21,353	$ —	$ —	$ 21,353

Condensed Consolidating Statement of Cash Flows for the year ended December 31, 2014	Equity One, Inc.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidated
		(In thousands)		
Net cash (used in) provided by operating activities	$ (93,893)	$ 120,939	$ 117,049	$ 144,095
INVESTING ACTIVITIES:				
Acquisition of income producing properties	—	(80,350)	(13,097)	(93,447)
Additions to income producing properties	(1,360)	(9,381)	(8,635)	(19,376)
Additions to construction in progress	(5,420)	(53,694)	(17,981)	(77,095)
Deposits for the acquisition of income producing properties	(50)	—	—	(50)
Proceeds from sale of operating properties	41,730	80,764	22,976	145,470
Decrease in cash held in escrow	10,662	—	—	10,662
Increase in deferred leasing costs and lease intangibles	(655)	(3,546)	(3,239)	(7,440)
Investment in joint ventures	—	—	(9,028)	(9,028)
Advances to joint ventures	—	—	(154)	(154)
Distributions from joint ventures	—	—	16,394	16,394
Repayment of loans receivable	—	—	60,526	60,526
Repayments from subsidiaries, net	72,065	(22,893)	(49,172)	—
Net cash provided by (used in) investing activities	116,972	(89,100)	(1,410)	26,462
FINANCING ACTIVITIES:				
Repayments of mortgage notes payable	—	(29,648)	(102,916)	(132,564)
Net repayments under revolving credit facilities	(54,000)	—	—	(54,000)
Payment of deferred financing costs	(3,638)	—	—	(3,638)
Proceeds from issuance of common stock	145,447	—	—	145,447
Repurchase of common stock	(1,752)	—	—	(1,752)
Stock issuance costs	(591)	—	—	(591)
Dividends paid to stockholders	(106,659)	—	—	(106,659)
Purchase of noncontrolling interests	—	(2,191)	(761)	(2,952)
Distributions to noncontrolling interests	—	—	(11,962)	(11,962)
Net cash used in financing activities	(21,193)	(31,839)	(115,639)	(168,671)
Net decrease in cash and cash equivalents	1,886	—	—	1,886
Cash and cash equivalents at beginning of the year	25,583	—	—	25,583
Cash and cash equivalents at end of the year	$ 27,469	$ —	$ —	$ 27,469

Condensed Consolidating Statement of Cash Flows for the year ended December 31, 2013	Equity One, Inc.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidated
		(In Thousands)		
Net cash (used in) provided by operating activities	$ (82,023)	$ 119,434	$ 95,331	$ 132,742
INVESTING ACTIVITIES:				
Acquisition of income producing properties	—	(60,000)	(49,449)	(109,449)
Additions to income producing properties	(1,636)	(7,265)	(4,760)	(13,661)
Acquisition of land	—	(3,000)	—	(3,000)
Additions to construction in progress	(731)	(38,639)	(14,635)	(54,005)
Deposits for the acquisition of income producing properties	(75)	—	—	(75)
Proceeds from sale of operating properties	85,602	156,637	44,272	286,511
Increase in cash held in escrow	(10,662)	—	—	(10,662)
Purchase of below-market leasehold interest	—	(25,000)	—	(25,000)
Increase in deferred leasing costs and lease intangibles	(1,283)	(4,863)	(3,120)	(9,266)
Investment in joint ventures	—	—	(30,401)	(30,401)
Repayments of advances to joint ventures	—	—	5	5
Distributions from joint ventures	—	—	12,576	12,576
Investment in loans receivable	—	—	(12,000)	(12,000)
Repayment of loans receivable	—	—	91,474	91,474
Advances to subsidiaries, net	189,418	(111,025)	(78,393)	—
Net cash provided by (used in) investing activities	260,633	(93,155)	(44,431)	123,047
FINANCING ACTIVITIES:				
Repayments of mortgage notes payable	(3,578)	(26,279)	(18,422)	(48,279)
Net repayments under revolving credit facilities	(81,000)	—	—	(81,000)
Proceeds from issuance of common stock	8,898	—	—	8,898
Repurchase of common stock	(388)	—	—	(388)
Stock issuance costs	(96)	—	—	(96)
Dividends paid to stockholders	(104,279)	—	—	(104,279)
Purchase of noncontrolling interests	—	—	(18,972)	(18,972)
Distributions to noncontrolling interests	—	—	(10,038)	(10,038)
Distributions to redeemable noncontrolling interests	—	—	(3,468)	(3,468)
Net cash used in financing activities	(180,443)	(26,279)	(50,900)	(257,622)
Net decrease in cash and cash equivalents	(1,833)	—	—	(1,833)
Cash and cash equivalents at beginning of the year	27,416	—	—	27,416
Cash and cash equivalents at end of the year	$ 25,583	$ —	$ —	$ 25,583

24. Quarterly Financial Data (unaudited)

2015	First Quarter [(1)]	Second Quarter [(2)]	Third Quarter	Fourth Quarter
	(In thousands, except per share data)			
Total revenue	$ 88,479	$ 90,735	$ 90,439	$ 90,500
Income from continuing operations	$ 10,508	$ 29,561	$ 19,459	$ 15,939
Net income	$ 10,508	$ 29,561	$ 19,459	$ 15,939
Net income attributable to Equity One, Inc.	$ 8,006	$ 27,054	$ 16,961	$ 13,432
Basic per share data [(3)]				
Income from continuing operations	$ 0.06	$ 0.21	$ 0.13	$ 0.10
Net income	$ 0.06	$ 0.21	$ 0.13	$ 0.10
Diluted per share data [(3)]				
Income from continuing operations	$ 0.06	$ 0.21	$ 0.13	$ 0.10
Net income	$ 0.06	$ 0.21	$ 0.13	$ 0.10

(1) During the first quarter of 2015, we recognized impairment losses of $11.3 million. See Note 6 for further discussion.
(2) During the second quarter of 2015, in connection with the redemption of our interest in the GRI JV, we remeasured the carrying value of our equity interest in the joint venture to fair value and recognized a gain of $5.5 million. Additionally, we recognized a gain of $3.3 million from the deferred gains associated with the 2008 sale of certain properties by us to the joint venture. See Note 8 for further discussion.
(3) The sum of the individual quarters per share data may not foot to the year-to-date totals due to the rounding of individual calculations.

2014	First Quarter	Second Quarter [(2)]	Third Quarter	Fourth Quarter [(2)]
	(In thousands, except per share data)			
Total revenue	$ 92,697	$ 87,567	$ 86,377	$ 86,544
Income from continuing operations [(1)]	$ 27,911	$ 76	$ 20,897	$ 9,250
Net income	$ 30,975	$ 99	$ 20,801	$ 9,216
Net income (loss) attributable to Equity One, Inc.	$ 26,276	$ (2,411)	$ 18,307	$ 6,725
Basic per share data				
Income (loss) from continuing operations	$ 0.20	$ (0.02)	$ 0.14	$ 0.05
Net income (loss)	$ 0.22	$ (0.02)	$ 0.14	$ 0.05
Diluted per share data				
Income (loss) from continuing operations	$ 0.20	$ (0.02)	$ 0.14	$ 0.05
Net income (loss)	$ 0.22	$ (0.02)	$ 0.14	$ 0.05

(1) Reclassified to reflect the presentation of gain on sale of operating properties within continuing operations.
(2) During the second and fourth quarters of 2014, we recognized impairment losses of $13.9 million and $8.0 million, respectively. See Note 6 for further discussion.

25. Related Parties

Refer to Note 16 for a discussion of the private placements in 2015 and 2014 to Gazit First Generation LLC. Also refer to Note 16 with respect to our arrangement with MGN related to sales of common stock under our ATM Program.

We received rental income from affiliates of Gazit of approximately $253,000, $240,000 and $246,000 for the years ended December 31, 2015, 2014 and 2013, respectively.

General and administrative expenses incurred by us on behalf of Gazit with respect to the provision of IFRS financial statements and related matters, which are reimbursed, totaled approximately $886,000, $958,000 and $1.2 million for the years ended December 31, 2015, 2014 and 2013, respectively. The balance due from Gazit, which is included in accounts and other receivables, was approximately $242,000 and $303,000 as of December 31, 2015 and 2014, respectively.

We reimbursed MGN Icarus, Inc., an affiliate of Gazit, for certain travel expenses incurred by the Chairman of our Board of Directors. The amounts reimbursed totaled approximately $500,000, $271,000 and $111,000 for the years ended December 31, 2015, 2014 and 2013, respectively. The balance due to MGN Icarus, Inc., which is included in accounts payable and accrued expenses, was approximately $175,000 and $34,000 as of December 31, 2015 and 2014, respectively.

In December 2015, Gazit First Generation LLC, and MGN (USA), Inc., affiliates of Gazit, completed an underwritten public offering of 4.8 million shares of our common stock that were previously owned by them. We did not receive any proceeds from the offering, and pursuant to existing agreements with these affiliates, we incurred expenses of $245,000 in connection with the offering which are included in general and administrative costs in the consolidated statement of income for the year ended December 31, 2015.

26. Subsequent Events

Pursuant to the Subsequent Events Topic of the FASB ASC, we have evaluated subsequent events and transactions that occurred after our December 31, 2015 consolidated balance sheet date for potential recognition or disclosure in our consolidated financial statements and have also included such events in the footnotes.

In January 2016, LIH exercised its redemption right with respect to all of its outstanding Class A Shares in the CapCo joint venture, and we elected to satisfy the redemption through the issuance of approximately 11.4 million shares of our common stock to LIH. LIH subsequently sold the shares of common stock in a public offering that closed on January 19, 2016. As a result, we now own 100% of CapCo, LIH holds no remaining interests in the Company or our subsidiaries, and David Fischel resigned from our Board of Directors in connection with the termination of LIH's Board nomination right.

In January 2016, we entered into a mortgage note payable for $88.0 million secured by Westbury Plaza located in Nassau County, New York. The mortgage note payable matures on February 1, 2026 and bears interest at 3.76% per annum.

In February 2016, we redeemed our 6.25% unsecured senior notes, which had a principal balance of $101.4 million and were scheduled to mature in January 2017, at a redemption price equal to the principal amount of the notes, accrued and unpaid interest, and a required make-whole premium of $5.0 million. In connection with the redemption, we expect to recognize a loss on the early extinguishment of debt of $5.2 million during the first quarter of 2016 comprised of the aforementioned make-whole premium and deferred fees and costs associated with the notes.

In February 2016, we closed on the sale of three properties, one of which was classified as held for sale as of December 31, 2015, for an aggregate gross sales price of $10.3 million, resulting in an aggregate net gain of approximately $2.6 million.

In February 2016, we terminated and settled our $50.0 million forward starting interest rate swap, resulting in a cash payment of $3.1 million to the counterparty. The settlement value of the swap will amortize through interest expense over the life of the expected debt issuance.

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Section 4: EX-99.2 (EX-99.2)

Exhibit 99.2

EQUITY ONE, INC. AND SUBSIDIARIES
Condensed Consolidated Balance Sheets
September 30, 2016 and December 31, 2015
(Unaudited)
(In thousands, except share par value amounts)

	September 30, 2016	December 31, 2015
ASSETS		
Properties:		
Income producing	$ 3,419,180	$ 3,337,531
Less: accumulated depreciation	(482,551)	(438,992)
Income producing properties, net	2,936,629	2,898,539
Construction in progress and land	133,131	167,478
Property held for sale	19,346	2,419
Properties, net	3,089,106	3,068,436
Cash and cash equivalents	18,796	21,353
Cash held in escrow and restricted cash	250	250
Accounts and other receivables, net	12,342	11,808
Investments in and advances to unconsolidated joint ventures	62,561	64,600
Goodwill	5,838	5,838
Other assets	206,018	203,618
TOTAL ASSETS	$ 3,394,911	$ 3,375,903
LIABILITIES AND EQUITY		
Liabilities:		
Notes payable:		
Mortgage loans	$ 257,224	$ 282,029
Senior notes	500,000	518,401

Term loans	475,000	475,000
Revolving credit facility	65,000	96,000
	1,297,224	1,371,430
Unamortized deferred financing costs and premium/discount on notes payable, net	(7,932)	(4,708)
Total notes payable	1,289,292	1,366,722
Other liabilities:		
Accounts payable and accrued expenses	67,285	46,602
Tenant security deposits	9,689	9,449
Deferred tax liability	13,750	13,276
Other liabilities	165,527	169,703
Total liabilities	1,545,543	1,605,752
Commitments and contingencies	—	—
Stockholders' equity:		
Preferred stock, $0.01 par value – 10,000 shares authorized but unissued	—	—
Common stock, $0.01 par value – 250,000 shares authorized and 144,760 and 129,106 shares issued and outstanding at September 30, 2016 and December 31, 2015, respectively	1,448	1,291
Additional paid-in capital	2,302,681	1,972,369
Distributions in excess of earnings	(447,029)	(407,676)
Accumulated other comprehensive loss	(7,732)	(1,978)
Total stockholders' equity of Equity One, Inc.	1,849,368	1,564,006
Noncontrolling interests	—	206,145
Total equity	1,849,368	1,770,151
TOTAL LIABILITIES AND EQUITY	$ 3,394,911	$ 3,375,903

See accompanying notes to the condensed consolidated financial statements.

EQUITY ONE, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Income
For the three and nine months ended September 30, 2016 and 2015
(Unaudited)
(In thousands, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
REVENUE:				
Minimum rent	$ 71,599	$ 68,836	$213,822	$203,221
Expense recoveries	20,732	20,204	61,816	60,520
Percentage rent	1,086	1,153	4,288	4,480
Management and leasing services	338	246	837	1,432
Total revenue	93,755	90,439	280,763	269,653
COSTS AND EXPENSES:				
Property operating	12,832	13,311	39,013	38,767
Real estate taxes	11,368	11,100	33,197	32,207
Depreciation and amortization	24,319	25,385	77,863	68,973
General and administrative	9,057	9,207	26,431	26,364
Total costs and expenses	57,576	59,003	176,504	166,311
INCOME BEFORE OTHER INCOME AND EXPENSE AND INCOME TAXES	36,179	31,436	104,259	103,342
OTHER INCOME AND EXPENSE:				
Equity in income of unconsolidated joint ventures	736	2,435	2,109	4,433
Other income	6	226	870	5,864
Interest expense	(11,491)	(13,453)	(36,820)	(42,043)
Gain on sale of operating properties	48	614	3,693	3,952
Loss on extinguishment of debt	(9,436)	—	(14,650)	(2,563)
Impairment losses	(3,121)	(2,417)	(3,121)	(13,924)
INCOME BEFORE INCOME TAXES	12,921	18,841	56,340	59,061
Income tax (provision) benefit of taxable REIT subsidiaries	(360)	618	(1,131)	467
NET INCOME	12,561	19,459	55,209	59,528
Net income attributable to noncontrolling interests	—	(2,498)	—	(7,507)
NET INCOME ATTRIBUTABLE TO EQUITY ONE, INC.	$ 12,561	$ 16,961	$ 55,209	$ 52,021
EARNINGS PER COMMON SHARE				
Basic	$ 0.09	$ 0.13	$ 0.39	$ 0.41
Diluted	$ 0.09	$ 0.13	$ 0.39	$ 0.40
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING				
Basic	143,773	129,013	141,726	127,590
Diluted	144,106	129,146	142,537	127,774
CASH DIVIDENDS DECLARED PER COMMON SHARE	$ 0.22	$ 0.22	$ 0.66	$ 0.66

See accompanying notes to the condensed consolidated financial statements.

EQUITY ONE, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Comprehensive Income
For the three and nine months ended September 30, 2016 and 2015
(Unaudited)
(In thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	**2015**	**2016**	**2015**
NET INCOME	$12,561	$19,459	$55,209	$59,528
OTHER COMPREHENSIVE INCOME (LOSS):				
Effective portion of change in fair value of interest rate swaps (1)	1,070	(3,673)	(8,245)	(6,893)
Reclassification of net losses on interest rate swaps into interest expense	670	861	2,052	2,567
Reclassification of deferred losses on settled interest rate swaps into interest expense	303	16	439	48
Other comprehensive income (loss)	2,043	(2,796)	(5,754)	(4,278)
COMPREHENSIVE INCOME	14,604	16,663	49,455	55,250
Comprehensive income attributable to noncontrolling interests	—	(2,498)	—	(7,507)
COMPREHENSIVE INCOME ATTRIBUTABLE TO EQUITY ONE, INC.	$14,604	$14,165	$49,455	$47,743

(1) This amount includes our share of our unconsolidated joint ventures' net unrealized gains (losses) of $22 and $(428) for the three and nine months ended September 30, 2016, respectively, and $(272) and $(304) for the same periods during 2015, respectively.

See accompanying notes to the condensed consolidated financial statements.

EQUITY ONE, INC. AND SUBSIDIARIES
Condensed Consolidated Statement of Equity
For the nine months ended September 30, 2016
(Unaudited)
(In thousands)

	Common Stock		Additional Paid-In Capital	Distributions in Excess of Earnings	Accumulated Other Comprehensive Loss	Total Stockholders' Equity of Equity One, Inc.	Noncontrolling Interests	Total Equity
	Shares	Amount						
BALANCE AT DECEMBER 31, 2015	129,106	$ 1,291	$1,972,369	$ (407,676)	$ (1,978)	$ 1,564,006	$ 206,145	$1,770,151
Issuance of common stock	4,315	43	121,963	—	—	122,006	—	122,006
Repurchase of common stock	(19)	—	(554)	—	—	(554)	—	(554)
Stock issuance costs	—	—	(1,905)	—	—	(1,905)	—	(1,905)
Share-based compensation expense	—	—	4,116	—	—	4,116	—	4,116
Restricted stock reclassified from liability to equity	—	—	661	—	—	661	—	661
Net income	—	—	—	55,209	—	55,209	—	55,209
Dividends declared on common stock	—	—	—	(94,562)	—	(94,562)	—	(94,562)
Redemption of noncontrolling interests	11,358	114	206,031	—	—	206,145	(206,145)	—
Other comprehensive loss	—	—	—	—	(5,754)	(5,754)	—	(5,754)
BALANCE AT SEPTEMBER 30, 2016	144,760	$ 1,448	$2,302,681	$ (447,029)	$ (7,732)	$ 1,849,368	$ —	$1,849,368

See accompanying notes to the condensed consolidated financial statements.

EQUITY ONE, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Cash Flows
For the nine months ended September 30, 2016 and 2015
(Unaudited)
(In thousands)

	Nine Months Ended September 30,	
	2016	2015
OPERATING ACTIVITIES:		
Net income	$ 55,209	$ 59,528
Adjustments to reconcile net income to net cash provided by operating activities:		
Straight-line rent	(3,773)	(3,511)
Accretion of below-market lease intangibles, net	(9,797)	(10,288)
Amortization of lease incentives	927	772
Amortization of below-market ground lease intangibles	540	450
Equity in income of unconsolidated joint ventures	(2,109)	(4,433)
Remeasurement gain on equity interests in joint ventures	—	(5,498)
Deferred income tax provision (benefit)	633	(467)
Increase in allowance for losses on accounts receivable	1,546	2,616
Amortization of deferred financing costs and premium/discount on notes payable, net	1,417	658
Depreciation and amortization	80,691	70,597
Share-based compensation expense	4,373	3,846
Amortization of deferred losses on settled interest rate swaps	218	48
Gain on sale of operating properties	(3,693)	(3,952)
Loss on extinguishment of debt	14,650	2,563
Operating distributions from joint ventures	2,129	2,699
Impairment losses	3,121	13,924
Changes in assets and liabilities, net of effects of acquisitions and disposals:		
Accounts and other receivables	(1,985)	(3,360)
Other assets	(1,726)	(6,057)
Accounts payable and accrued expenses	14,293	10,323
Tenant security deposits	240	226
Other liabilities	991	(672)
Net cash provided by operating activities	157,895	130,012
INVESTING ACTIVITIES:		
Acquisition of income producing properties	(30,000)	(11,800)
Additions to income producing properties	(11,756)	(15,008)
Acquisition of land	—	(1,350)
Additions to construction in progress	(58,845)	(48,155)
Deposits for the acquisition of income producing properties	(3,250)	(2,610)
Proceeds from sale of operating properties	16,491	5,809
Increase in deferred leasing costs and lease intangibles	(5,186)	(5,000)
Investment in joint ventures	(339)	(23,895)
Advances to joint ventures	—	(16)
Distributions from joint ventures	1,308	7,829
Collection of development costs tax credit	—	1,542
Net cash used in investing activities	(91,577)	(92,654)

EQUITY ONE, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Cash Flows
For the nine months ended September 30, 2016 and 2015
(Unaudited)
(In thousands)

	Nine Months Ended September 30,	
	2016	**2015**
FINANCING ACTIVITIES:		
Repayments of mortgage loans	$ (59,356)	$ (24,674)
Purchase of marketable securities for defeasance of mortgage loan	(66,447)	—
Borrowings under mortgage loans	100,435	—
Net (repayments) borrowings under revolving credit facility	(31,000)	57,000
Borrowings under senior notes	200,000	—
Repayment of senior notes	(230,425)	(110,122)
Payment of deferred financing costs	(7,067)	(10)
Proceeds from issuance of common stock	122,006	124,870
Repurchase of common stock	(554)	(298)
Stock issuance costs	(1,905)	(624)
Dividends paid to stockholders	(94,562)	(84,466)
Purchase of noncontrolling interests	—	(1,216)
Distributions to noncontrolling interests	—	(7,503)
Net cash used in financing activities	(68,875)	(47,043)
Net decrease in cash and cash equivalents	(2,557)	(9,685)
Cash and cash equivalents at beginning of the period	21,353	27,469
Cash and cash equivalents at end of the period	$ 18,796	$ 17,784
SUPPLEMENTAL DISCLOSURE OF CASH FLOW AND NON-CASH INFORMATION:		
Cash paid for interest (net of capitalized interest of $1,877 and $3,702 in 2016 and 2015, respectively)	$ 35,587	$ 44,845
We acquired upon acquisition of certain income producing properties and land:		
Income producing properties and land	$ 40,201	$ 92,078
Intangible and other assets	3,361	7,471
Intangible and other liabilities	(13,562)	(14,399)
Net assets acquired	30,000	85,150
Assumption of mortgage loan	—	(27,750)
Transfer of existing equity interests in joint ventures	—	(44,250)
Cash paid for income producing properties and land	$ 30,000	$ 13,150

See accompanying notes to the condensed consolidated financial statements.

1. Organization and Basis of Presentation

Organization

We are a real estate investment trust, or REIT, that owns, manages, acquires, develops and redevelops shopping centers and retail properties located primarily in supply constrained suburban and urban communities. We were organized as a Maryland corporation in 1992, completed our initial public offering in 1998, and have elected to be taxed as a REIT since 1995.

As of September 30, 2016, our portfolio comprised 122 properties, including 98 retail properties and five non-retail properties totaling approximately 12.3 million square feet of gross leasable area, or GLA, 13 development or redevelopment properties with approximately 2.8 million square feet of GLA, and six land parcels. As of September 30, 2016, our retail occupancy excluding developments and redevelopments was 95.4% and included national, regional and local tenants. Additionally, we had joint venture interests in six retail properties and two office buildings totaling approximately 1.4 million square feet of GLA.

Basis of Presentation

The condensed consolidated financial statements include the accounts of Equity One, Inc. and its wholly-owned subsidiaries and those other entities in which we have a controlling financial interest, including where we have been determined to be a primary beneficiary of a variable interest entity (“VIE”) in accordance with the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”). Equity One, Inc. and its subsidiaries are hereinafter referred to as the “Company,” “we,” “our,” “us” or similar terms. All significant intercompany transactions and balances have been eliminated in consolidation. Certain prior-period data have been reclassified to conform to the current period presentation.

The condensed consolidated financial statements included in this report are unaudited. In our opinion, all adjustments considered necessary for a fair presentation have been included, and all such adjustments are of a normal recurring nature. The results of operations for the three and nine month periods ended September 30, 2016 and 2015 are not necessarily indicative of the results that may be expected for a full year.

Our unaudited condensed consolidated financial statements and notes are prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) for interim financial information and with the instructions of Form 10-Q. Accordingly, these unaudited condensed consolidated financial statements do not contain certain information included in our annual financial statements and notes. The condensed consolidated balance sheet as of December 31, 2015 was derived from audited financial statements included in our 2015 Annual Report on Form 10-K but does not include all disclosures required under GAAP. These condensed consolidated financial statements should be read in conjunction with our Annual Report on Form 10-K for the year ended December 31, 2015, filed with the Securities and Exchange Commission (the “SEC”) on February 26, 2016.

2. Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Recent Accounting Pronouncements

The following table provides a brief description of recent accounting pronouncements (Accounting Standards Update or "ASU") that could have a material effect on our financial statements:

Standard	Description	Date of adoption	Effect on the financial statements or other significant matters
Standards that are not yet adopted			
ASU 2016-15, Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments	The standard amends the existing guidance and addresses eight specific cash flow issues with the objective of reducing existing diversity in practice. The standard requires a retrospective transition method to each period presented. If it is impracticable to apply the amendments retrospectively for some of the issues, entities may apply the amendments prospectively as of the earliest date practicable.	January 2018	We are currently evaluating the alternative methods of adoption and the effect on our financial statements and related disclosures.
ASU 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments	The standard amends the existing guidance and impacts how entities will measure credit losses for most financial assets and certain other instruments that are not measured at fair value through net income. Depending on the instrument, the standard requires a modified-retrospective or prospective transition approach.	January 2020	We are currently evaluating the alternative methods of adoption and the effect on our financial statements and related disclosures.
ASU 2016-06, Derivatives and Hedging (Topic 815)	The standard amends the existing guidance and eliminates diversity in practice in assessing embedded contingent call (put) options in debt instruments. The standard clarifies that an entity performing this assessment is required to assess the embedded call (put) options solely in accordance with the four-step decision sequence within the guidance. Early adoption of this standard is permitted. The standard requires a modified retrospective transition approach for existing debt instruments as of the beginning of the fiscal year for which the amendments are effective.	January 2017	We do not expect the adoption and implementation of this standard to have a material impact on our results of operations, financial condition or cash flows.
ASU 2016-02, Leases (Topic 842)	The standard amends the existing accounting standards for lease accounting, including requiring lessees to recognize most leases on their balance sheets and making targeted changes to lessor accounting. Early adoption of this standard is permitted. The standard requires a modified retrospective transition approach for all leases existing at, or entered into after, the date of initial application, with an option to use certain transition relief.	January 2019	We are currently evaluating the alternative methods of adoption and the effect on our financial statements and related disclosures.
ASU 2016-01, Financial Instruments - Overall (Subtopic 825-10), Recognition and Measurement of Financial Assets and Financial Liabilities	The standard amends the guidance to classify equity securities with readily-determinable fair values into different categories and requires equity securities to be measured at fair value with changes in the fair value recognized through net income. The standard requires a cumulative-effect adjustment to the balance sheet as of the beginning of the fiscal year of adoption. Equity investments accounted for under the equity method are not included in the scope of this amendment. Early adoption of this amendment is not permitted.	January 2018	We do not expect the adoption and implementation of this standard to have a material impact on our results of operations, financial condition or cash flows.
ASU 2014-09, Revenue from Contracts with Customers (Topic 606), as clarified and amended by ASU 2016-08, ASU 2016-10 and ASU 2016-12.	The standard will replace existing revenue recognition standards and significantly expand the disclosure requirements for revenue arrangements. It may be adopted either retrospectively or on a modified retrospective basis to new contracts and existing contracts with remaining performance obligations as of the effective date.	January 2018	We are currently evaluating the alternative methods of adoption and the effect on our financial statements and related disclosures.

Standard	Description	Date of adoption	Effect on the financial statements or other significant matters
Standards that were adopted			
ASU 2016-09, Compensation - Stock Compensation (Topic 718)	The standard simplifies several aspects of the existing guidance for accounting for share-based payment transactions, including classification of awards as either equity or liabilities and an option to recognize stock compensation forfeitures as they occur. Early adoption of this standard is permitted. Depending on the specific amendment, the standard requires prospective, retrospective or a modified retrospective transition approach.	September 2016	We elected to early adopt the provisions of ASU 2016-09 and made a policy election to account for forfeitures when they occur (previously, we estimated the number of awards that were expected to vest primarily based on historical data). The adoption and implementation of this standard did not have a material impact on our results of operations, financial condition or cash flows.
ASU 2015-02, Consolidation (Topic 810), Amendments to the Consolidation Analysis	The standard amends the analysis that a reporting entity must perform to determine whether it should consolidate certain types of legal entities. It may be adopted either retrospectively or on a modified retrospective basis.	January 2016	The adoption and implementation of this standard did not have an impact on our results of operations, financial condition or cash flows.

3. Acquisition and Disposition Activity

Acquisition Activity

In June 2016, we acquired Walmart at Norwalk, a 142,222 square foot property located in Norwalk, Connecticut, for $30.0 million. The property was acquired through a reverse Section 1031 like-kind exchange agreement with a third party intermediary. See Note 5 for further discussion. The purchase price has been preliminarily allocated to real estate assets acquired and liabilities assumed, as applicable, in accordance with our accounting policies for business combinations. The purchase price and related accounting will be finalized after our valuation studies are complete.

The aggregate purchase price of the above property acquisition has been preliminarily allocated as follows:

	Amount	Weighted Average Amortization Period
	(In thousands)	(In years)
Land	$ 25,393	N/A
Land improvements	522	8.0
Buildings	14,110	25.0
Tenant improvements	176	7.7
In-place lease interests	3,287	7.7
Leasing commissions	72	7.7
Lease origination costs	2	7.7
Below-market leases	(13,562)	7.7
	$ 30,000	

During the three and nine months ended September 30, 2016, we did not recognize any material measurement period adjustments related to prior or current year acquisitions.

During the three and nine months ended September 30, 2016, we expensed transaction-related costs in connection with completed or pending property acquisitions of $184,000 and $893,000, respectively, and $466,000 and $779,000 for the same periods in 2015, respectively, which are included in general and administrative costs in the condensed consolidated statements of income.

Disposition Activity

The following table provides a summary of disposition activity during the nine months ended September 30, 2016:

Date Sold	Property Name	City	State	Square Feet	Gross Sales Price (In thousands)
May 11, 2016	Wesley Chapel	Decatur	GA	164,153	$ 7,094
May 11, 2016	Hairston Center	Decatur	GA	13,000	431
February 18, 2016	Sherwood South	Baton Rouge	LA	77,489	3,000
February 18, 2016	Plaza Acadienne	Eunice	LA	59,419	1,775
February 11, 2016	Beauclerc Village	Jacksonville	FL	68,966	5,525
Total					$ 17,825

In September 2016, we executed a contract for the sale of a property located in Thomasville, North Carolina. The contract is subject to various contingencies, and the property did not meet the criteria to be classified as held for sale. During the three months ended September 30, 2016, we concluded that our carrying value of the property was not recoverable based on the total projected undiscounted cash flows from the property and recognized an impairment loss of $2.5 million.

In connection with the acquisition of the Westwood Complex located in Bethesda, Maryland, we acquired a 211,020 square foot apartment building that is subject to a master lease pursuant to which the tenant has the option to purchase the building for $20.0 million in 2017. As of September 30, 2016, the tenant had exercised its option, and the property met the criteria to be classified as held for sale.

As part of our strategy to upgrade and diversify our portfolio and recycle our capital, we have sold or are in the process of selling certain properties that no longer meet our investment objectives. Although our pace of disposition activity has slowed, we will selectively explore future opportunities to sell additional properties which are located outside of our target markets or which have relatively limited prospects for revenue growth. While we have not committed to a disposition plan with respect to these assets, we may consider disposing of such properties if pricing is deemed to be favorable. If the market values of these assets are below their carrying values, it is possible that the disposition of these assets could result in impairments or other losses. Depending on the prevailing market conditions and historical carrying values, these impairments and losses could be material.

4. Investments in Joint Ventures

The following is a summary of the composition of investments in and advances to unconsolidated joint ventures included in the condensed consolidated balance sheets:

Joint Venture (1)	Number of Properties	Location	Ownership	Investment Balance September 30, 2016	Investment Balance December 31, 2015
				(In thousands)	
G&I Investment South Florida Portfolio, LLC	1	FL	20.0%	$ 3,746	$ 3,719
Madison 2260 Realty LLC	1	NY	8.6%	526	526
Madison 1235 Realty LLC	1	NY	20.1%	820	820
Parnassus Heights Medical Center	1	CA	50.0%	19,112	19,263
Equity One JV Portfolio, LLC (2)	6	FL, MA, NJ	30.0%	37,991	39,501
Other Equity Investment (3)			45.0%	—	329
Total				62,195	64,158
Advances to unconsolidated joint ventures				366	442
Investments in and advances to unconsolidated joint ventures				$ 62,561	$ 64,600

(1) All unconsolidated joint ventures are accounted for under the equity method except for the Madison 2260 Realty LLC and Madison 1235 Realty LLC joint ventures, which are accounted for under the cost method.

(2) The investment balance as of September 30, 2016 and December 31, 2015 is presented net of a deferred gain of approximately $376,000 associated with the disposition of assets by us to the joint venture.

(3) In February 2015, we entered into a joint venture to explore a potential development opportunity in the Northeast. In September 2016, we recognized an impairment loss of $667,000, which represented the carrying amount of the investment, as a result of our decision to withdraw from the joint venture.

Equity in income of unconsolidated joint ventures totaled $736,000 and $2.1 million for the three and nine months ended September 30, 2016, respectively, and totaled $2.4 million and $4.4 million, respectively, for the same periods in 2015. Management fees and leasing fees earned by us associated with these joint ventures, which are included in management and leasing services revenue in the accompanying condensed consolidated statements of income, totaled $338,000 and $837,000 for the three and nine months ended September 30, 2016, respectively, and totaled $246,000 and $1.4 million for the same periods in 2015, respectively.

As of September 30, 2016 and December 31, 2015, the aggregate carrying amount of the debt of our unconsolidated joint ventures accounted for under the equity method was $144.8 million and $146.2 million, respectively, of which our aggregate proportionate share was $43.4 million and $43.9 million, respectively.

5. Variable Interest Entity

In conjunction with the acquisition of Walmart at Norwalk, we entered into a reverse Section 1031 like-kind exchange agreement with a third party intermediary, which, for a maximum of 180 days, allows us to defer for tax purposes, gains on the sale of other properties identified and sold within this period. Until the earlier of the termination of the exchange agreement or 180 days after the acquisition date, the third party intermediary is the legal owner of the entity that owns the property. The agreement that governs the operations of this entity provides us with the power to direct the activities that most significantly impact the entity's economic performance. The entity was deemed a VIE primarily because it may not have sufficient equity at risk to finance its activities without additional subordinated financial support from other parties. We determined that we are the primary beneficiary of the VIE as a result of having the power to direct the activities that most significantly impact its economic performance and the obligation to absorb losses, as well as the right to receive benefits, that could be potentially significant to the VIE. Accordingly, we consolidated the property and its operations as of the acquisition date.

The majority of the operations of the VIE are funded with cash flows generated from the property. We did not provide financial support to the VIE which we were not previously contractually required to provide, and our contractual commitments consisted primarily of funding any expenditures which were deemed necessary to continue to operate the entity and any operating cash shortfalls that the entity may have experienced.

6. Other Assets

The following is a summary of the composition of the other assets included in the condensed consolidated balance sheets:

	September 30, 2016	December 31, 2015
	(In thousands)	
Lease intangible assets, net	$ 95,246	$ 101,010
Leasing commissions, net	42,640	41,211
Prepaid expenses and other receivables	15,582	13,074
Straight-line rent receivables, net	32,525	28,910
Deposits and mortgage escrows	7,725	7,980
Deferred financing costs, net	6,003	3,419
Furniture, fixtures and equipment, net	2,500	3,255
Fair value of interest rate swaps	—	835
Deferred tax asset	3,797	3,924
Total other assets	$ 206,018	$ 203,618

7. Borrowings

Mortgage Loans

As of September 30, 2016, the weighted average interest rate (based on contractual rates and excluding amortization of deferred financing costs and premium/discount) of our mortgage loans was 4.92%.

During the nine months ended September 30, 2016, we prepaid, without penalty, three mortgage loans with an aggregate principal balance of $44.0 million and an aggregate weighted average interest rate of 6.08%.

In August 2016, we legally defeased the mortgage loan that was secured by Culver Center located in Culver City, California. The mortgage loan had a principal balance of $64.0 million, bore interest at a rate of 5.58% per annum, and was scheduled to mature in May 2017. The cash outlay required for the defeasance of approximately $66.4 million was based on the purchase price of U.S. government securities that will generate sufficient cash flows to fund the remaining payment obligations under the loan from the effective date of the defeasance through the maturity date in May 2017. In connection with the defeasance, the mortgage and other liens on the property were extinguished, and all existing collateral were released. As a result of the transaction, we recognized a loss on the early extinguishment of debt of $1.6 million, which is the difference between the value of the U.S. government securities that were transferred to the successor borrower and the carrying amount of the loan, including the related unamortized premium balance, at the date of the defeasance.

In June 2016, in order to effectuate a substitution of collateral, we repaid a mortgage loan having a principal balance of $10.6 million and an interest rate of 5.01% secured by Talega Village Center located in San Clemente, California. Concurrent with the repayment of the Talega Village Center mortgage loan, we entered into a new mortgage loan secured by Circle Center West located in Long Beach, California which carries the same terms as the previous Talega Village Center mortgage loan.

In January 2016, we entered into a mortgage loan secured by Westbury Plaza located in Nassau County, New York. The mortgage loan has a principal balance of $88.0 million, bears interest at a rate of 3.76% per annum, and matures on February 1, 2026.

Senior Notes

As of September 30, 2016, the weighted average interest rate (based on contractual rates and excluding amortization of deferred financing costs, premium/discount, and deferred losses on settled interest rate swaps) of our unsecured senior notes was 3.79%.

In July 2016, we redeemed our 6.00% senior notes, which had a principal balance of $117.0 million and were scheduled to mature in September 2017, at a redemption price equal to the principal amount of the notes, accrued and unpaid interest, and a required make-whole premium of $7.0 million. In connection with the redemption, we recognized a loss on the early extinguishment of debt of $7.4 million, which was comprised of the aforementioned make-whole premium and deferred fees and costs associated with the notes.

In April 2016, we entered into a note purchase agreement for the issuance of $200.0 million of two series of unsecured senior notes. In May 2016, we completed a private placement of 3.81% series A senior notes with an aggregate principal balance of $100.0 million that mature in May 2026. In August 2016, we completed a private placement of 3.91% series B senior notes with an aggregate principal balance of $100.0 million that mature in August 2026. Our obligations under the notes are guaranteed by certain of our subsidiaries. We may prepay the notes, in whole or in part, at any time at a price equal to the outstanding principal amount of such notes plus a make-whole premium.

In February 2016, we redeemed our 6.25% senior notes, which had a principal balance of $101.4 million and were scheduled to mature in January 2017, at a redemption price equal to the principal amount of the notes, accrued and unpaid interest, and a required make-whole premium of $5.0 million. In connection with the redemption, we recognized a loss on the early extinguishment of debt of $5.2 million, which was comprised of the aforementioned make-whole premium and deferred fees and costs associated with the notes.

Revolving Credit Facility

In September 2016, we closed on an $850.0 million unsecured revolving credit facility which replaced our $600.0 million credit facility. The credit facility is with a syndicate of banks and can be increased through an accordion feature up to an aggregate of $1.7 billion, subject to bank participation. The facility bears interest at applicable LIBOR plus a margin of 0.825% to 1.550% per annum and includes a facility fee applicable to the aggregate lending commitments thereunder which varies from 0.125% to 0.300% per annum, both depending on the credit ratings of our senior notes. The facility expires on February 1, 2021, with two six-month extensions at our option, subject to certain conditions. As of September 30, 2016, the interest rate margin applicable to amounts outstanding under the facility was 1.00% per annum, and the facility fee was 0.20% per annum. As of September 30, 2016, we had drawn $65.0 million against the facility, which bore interest at a weighted average rate of 1.53% per annum. As of December 31, 2015, we had drawn $96.0 million against the $600.0 million credit facility, which bore interest at a weighted average rate of 1.47% per annum. As of September 30, 2016, giving effect to the financial covenants applicable to the credit facility, the maximum credit available to us thereunder was approximately $850.0 million, less outstanding borrowings of $65.0 million and letters of credit with an aggregate face amount of $1.6 million.

The facility contains a number of customary restrictions on our business and also includes various financial covenants, including maximum unencumbered and total leverage ratios, a maximum secured indebtedness ratio, a minimum fixed charge coverage ratio and a minimum unencumbered interest coverage ratio. The facility also contains customary affirmative covenants and events of default, including a cross default to our other material indebtedness and the occurrence of a change of control. If a material default under the facility were to arise, our ability to pay dividends is limited to the amount necessary to maintain our status as a REIT unless the default is a payment default or bankruptcy event in which case we are prohibited from paying any dividends. The facility is guaranteed on an unsecured senior basis by the same subsidiaries which guaranty our senior notes and term loan facilities.

Term Loans and Interest Rate Swaps

We have an unsecured delayed draw term loan facility pursuant to which we may borrow up to the principal amount of $300.0 million in aggregate in one or more borrowings at any time prior to December 2, 2016 and which has a maturity date of December 2, 2020. As of September 30, 2016 and December 31, 2015, we had drawn $225.0 million against the facility.

In September 2016, certain amendments were made to the terms of our $300.0 million delayed draw term loan facility and our $250.0 million term loan to be consistent with certain terms in our new $850.0 million unsecured revolving credit facility. The amendments included, but are not limited to, modification of certain covenants and provisions, including the removal of certain restrictions on investments and a decrease in the capitalization rate used to determine compliance with financial covenants.

At times, we use derivative instruments, including interest rate swaps, to manage our exposure to variable interest rate risk. In this regard, we enter into derivative instruments that qualify as cash flow hedges and do not enter into such instruments for speculative purposes. As of September 30, 2016 and December 31, 2015, we had three interest rate swaps which convert the LIBOR rate applicable to our $250.0 million term loan to a fixed interest rate, providing an effective weighted average fixed interest rate under the loan agreement of 2.62% per annum. The interest rate swaps are designated and qualified as cash flow hedges and have been recorded at fair value. The interest rate swap agreements mature on February 13, 2019, which is the maturity date of the term loan. As of September 30, 2016, the fair value of our interest rate swaps was a liability of $4.0 million, which is included in accounts payable and accrued expenses in our condensed consolidated balance sheet. As of December 31, 2015, the fair value of one of our interest rate swaps consisted of an asset of $217,000, which is included in other assets in our condensed consolidated balance sheet, while the fair value of the two remaining interest rate swaps consisted of a liability of $2.0 million, which is included in accounts payable and accrued expenses in our condensed consolidated balance sheet. The effective portion of changes in fair value of the interest rate swaps associated with our cash flow hedges is recorded in accumulated other comprehensive loss and is subsequently reclassified into interest expense as interest is incurred on the related variable rate debt. Within the next 12 months, we expect to reclassify $2.0 million as an increase to interest expense.

As of December 31, 2015, we had entered into a forward starting interest rate swap with a notional amount of $50.0 million to mitigate the risk of adverse fluctuations in interest rates with respect to fixed rate indebtedness expected to be issued in 2016. The forward starting interest rate swap had a mandatory settlement date of October 4, 2016 and could be settled at any time prior to that date. The forward starting interest rate swap was designated and qualified as a cash flow hedge and recorded at fair value. As of December 31, 2015, the fair value of our forward starting interest rate swap consisted of an asset of $618,000, which is included in other assets in our consolidated balance sheet. In February 2016, we terminated and settled the forward starting interest rate swap in connection with the pricing of our $200.0 million senior notes due 2026, resulting in a cash payment of $3.1 million to the counterparty. The settlement value of the forward starting interest rate swap is included in accumulated other comprehensive loss and will amortize through interest expense over the life of the senior notes that were issued in May 2016. Within the next 12 months, we expect to reclassify $308,000 as an increase to interest expense.

8. Other Liabilities

The following is a summary of the composition of other liabilities included in the condensed consolidated balance sheets:

	September 30, 2016	December 31, 2015
	(In thousands)	
Lease intangible liabilities, net	$ 154,340	$ 159,665
Prepaid rent	10,279	9,361
Other	908	677
Total other liabilities	$ 165,527	$ 169,703

9. Income Taxes

We elected to be taxed as a REIT under the Internal Revenue Code of 1986, as amended (the "Code"), commencing with our taxable year ended December 31, 1995. It is our intention to adhere to the organizational and operational requirements to maintain our REIT status. As a REIT, we generally will not be subject to corporate level federal income tax, provided that distributions to our stockholders equal at least the amount of our REIT taxable income as defined under the Code. We are required to pay U.S. federal and state income taxes on our net taxable income, if any, from the activities conducted by our taxable REIT subsidiaries ("TRSs"), which include IRT Capital Corporation II ("IRT"), DIM Vastgoed N.V. ("DIM") and C&C Delaware, Inc. Accordingly, the only provision for federal and state income taxes in our condensed consolidated financial statements relates to our consolidated TRSs.

Although DIM is organized under the laws of the Netherlands, it pays U.S. corporate income tax based on its operations in the United States. Pursuant to the tax treaty between the U.S. and the Netherlands, DIM is entitled to the avoidance of double taxation on its U.S. income. Thus, it pays no income taxes in the Netherlands. As of September 30, 2016, DIM had a federal net operating loss carryforward of approximately $2.2 million which begins to expire in 2027 and no state net operating loss carryforward. As of September 30, 2016, IRT had federal and state net operating loss carryforwards of approximately $1.7 million and $1.2 million, respectively, which begin to expire in 2030.

We believe that we have appropriate support for the tax positions taken on our tax returns and that our accruals for tax liabilities are adequate for all years still subject to tax audit, which include all years after 2011.

10. Noncontrolling Interests

The following is a summary of the noncontrolling interests in consolidated entities included in the condensed consolidated balance sheets:

	September 30, 2016	December 31, 2015
	(In thousands)	
C&C (US) No. 1, Inc. ("CapCo")	$ —	$ 206,145
Total noncontrolling interests included in total equity	$ —	$ 206,145

In January 2016, Liberty International Holdings Limited ("LIH") exercised its redemption right with respect to all of its outstanding Class A Shares in the joint venture which owns CapCo, and we elected to satisfy the redemption through the issuance of approximately 11.4 million shares of our common stock to LIH. The redemption was accounted for as a non-cash equity transaction and resulted in the reclassification of the balance of LIH's noncontrolling interests to equity of our common stockholders. LIH subsequently sold the shares of common stock in a public offering that closed on January 19, 2016. As a result, we now own 100% of CapCo, LIH holds no remaining interests in us or our subsidiaries, and David Fischel resigned from our Board of Directors in connection with the termination of LIH's Board nomination right.

11. Stockholders' Equity and Earnings Per Share

Stockholders' Equity

In August 2016, we entered into distribution agreements with various financial institutions as part of our implementation of a new continuous equity offering program ("ATM Program") under which we may sell up to 8.5 million shares of our common stock. The ATM Program replaces our prior continuous equity offering program, and the related distribution agreements supersede the agreements under the prior program. Pursuant to the respective distribution agreements, we may sell shares of our common stock in various forms of negotiated transactions in which the financial institutions will act as our agents for the offer and sale of the shares, and the respective agent arranging such a sale will be entitled to a commission of no more than 2.0% of the gross proceeds from each transaction. Concurrently, we entered into master forward sale confirmations with four of the financial institutions under which we may enter into forward sale agreements for shares of our common stock. Pursuant to the respective distribution agreements and master forward sale confirmations, the respective agent arranging a forward sale will be entitled to a commission of no more than 2.0% of the proceeds from the sale of such shares in the form of a reduced initial forward sale price. Additionally, although we expect to physically settle any forward sale agreement entered into as part of the offering, the agreements provide that we may elect to cash settle or net share settle such transactions. Under the ATM Program, we have no obligation to sell any shares of our common stock pursuant to the distribution agreements and may terminate one or all of the distribution agreements at our discretion.

Concurrent with the execution of the distribution agreements, we also entered into a common stock purchase agreement with MGN America, LLC ("MGN"), an affiliate of Gazit-Globe, Ltd. ("Gazit"), our largest stockholder, which may be deemed to be controlled by Chaim Katzman, the Chairman of our Board of Directors. Pursuant to this agreement, MGN has the option to purchase directly from us in private placements up to 20% of the number of shares of common stock sold by us pursuant to the distribution agreements (excluding any shares sold pursuant to any forward sale agreements unless otherwise agreed to in writing by us and MGN) during each calendar quarter, up to an aggregate maximum of 1.4 million shares over the duration of the ATM Program, at a per share purchase price equal to the volume weighted average gross price per share of the shares sold under the distribution agreements during the applicable quarter.

During the three months ended September 30, 2016, we issued 1.9 million shares of our common stock under the current and prior continuous equity offering programs at a weighted average price of $31.83 per share for cash proceeds of approximately $60.0 million before expenses. During the nine months ended September 30, 2016, we issued 3.7 million shares of our common stock under the current and prior continuous equity offering programs at a weighted average price of $30.23 per share for cash proceeds of approximately $112.9 million before expenses. The commissions paid to distribution agents during the three and nine months ended September 30, 2016 were approximately $750,000 and $1.4 million, respectively. During the nine months ended September 30, 2016, we did not enter into any forward sale agreements for sales of our common stock, and MGN did not purchase any of the shares issued under the current and prior continuous equity offering programs. As of September 30, 2016, we had the capacity to issue up to approximately 7.5 million shares of our common stock under the current ATM Program.

Earnings Per Share

The following summarizes the calculation of basic and diluted earnings per share ("EPS") and provides a reconciliation of the amounts of net income available to common stockholders and shares of common stock used in calculating basic and diluted EPS:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
	(In thousands, except per share amounts)			
Net income	$ 12,561	$ 19,459	$ 55,209	$ 59,528
Net income attributable to noncontrolling interests	—	(2,498)	—	(7,507)
Net income attributable to Equity One, Inc.	12,561	16,961	55,209	52,021
Allocation of income to participating securities	(86)	(103)	(281)	(325)
Net income available to common stockholders	$ 12,475	$ 16,858	$ 54,928	$ 51,696
Weighted average shares outstanding — Basic	143,773	129,013	141,726	127,590
Convertible units held by LIH using the if-converted method	—	—	497	—
Stock options using the treasury method	113	87	132	117
Non-participating restricted stock using the treasury method	8	9	3	7
Executive incentive plan shares using the treasury method	212	37	179	60
Weighted average shares outstanding — Diluted	144,106	129,146	142,537	127,774
Earnings per share available to common stockholders:				
Basic	$ 0.09	$ 0.13	$ 0.39	$ 0.41
Diluted	$ 0.09	$ 0.13	$ 0.39	$ 0.40

No shares of common stock issuable upon the exercise of outstanding options were excluded from the computation of diluted EPS for the three and nine months ended September 30, 2016 and 2015 as the prices applicable to all options then outstanding were less than the average market price of our common shares during the respective periods.

The computation of diluted EPS for both the three and nine months ended September 30, 2015 did not include the 11.4 million joint venture units held by LIH as of such date, which were redeemable by LIH for cash or, solely at our option, shares of our common stock on a one-for-one basis, subject to certain adjustments. These convertible units were not included in the diluted weighted average share count because their inclusion would have been anti-dilutive. In January 2016, LIH exercised its redemption right for all of their convertible units. See Note 10 for further discussion.

12. Share-Based Payments

The following table presents information regarding stock option activity during the nine months ended September 30, 2016:

	Shares Under Option	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
	(In thousands)		(In years)	(In thousands)
Outstanding at January 1, 2016	651	$ 20.72		
Exercised	(451)	$ 19.77		
Outstanding at September 30, 2016	200	$ 22.87	7.6	$ 1,548
Exercisable at September 30, 2016	100	$ 22.87	7.6	$ 774

The total cash received from options exercised during the nine months ended September 30, 2016 was $8.9 million. The total intrinsic value of options exercised during the nine months ended September 30, 2016 was $4.9 million.

The following table presents information regarding restricted stock activity during the nine months ended September 30, 2016:

	Unvested Shares	Weighted Average Grant-Date Fair Value
	(In thousands)	
Unvested at January 1, 2016	410	$ 23.72
Granted	130	$ 27.82
Vested	(121)	$ 23.39
Forfeited	(36)	$ 26.50
Unvested at September 30, 2016	383	$ 24.95

During the nine months ended September 30, 2016, we granted approximately 130,000 shares of restricted stock that are subject to forfeiture and vest over periods from 2 to 4 years. We measure compensation expense for restricted stock awards based on the fair value of our common stock at the date of grant and charge such amounts to expense ratably over the vesting period on a straight-line basis. During the nine months ended September 30, 2016, the total grant-date value of the approximately 121,000 shares of restricted stock that vested was approximately $2.8 million.

Share-based compensation expense, which is included in general and administrative expenses in the accompanying condensed consolidated statements of income, is summarized as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
	(In thousands)			
Restricted stock expense	$ 1,443	$ 1,205	$ 3,850	$ 3,621
Stock option expense	79	78	234	259
Employee stock purchase plan discount	8	12	32	28
Total equity-based expense	1,530	1,295	4,116	3,908
Restricted stock classified as a liability	123	112	287	286
Total expense	1,653	1,407	4,403	4,194
Less amount capitalized (1)	(126)	(116)	(30)	(348)
Net share-based compensation expense	$ 1,527	$ 1,291	$ 4,373	$ 3,846

(1) The amount capitalized during the nine months ended September 30, 2016 includes the impact of the forfeiture of restricted stock by a former employee who was involved with development activities.

As of September 30, 2016, we had $8.5 million of total unrecognized compensation expense related to unvested and restricted share-based payment arrangements (unvested options, restricted shares and long-term incentive plan awards) granted under our Amended and Restated 2000 Executive Incentive Compensation Plan. This expense is expected to be recognized over a weighted average period of 1.8 years.

13. Commitments and Contingencies

As of September 30, 2016, we had provided letters of credit having an aggregate face amount of $1.6 million as additional security for financial and other obligations.

As of September 30, 2016, we have invested an aggregate of approximately $136.0 million in active development or redevelopment projects at various stages of completion and anticipate that these projects will require an additional $111.4 million to complete, based on our current plans and estimates, which we anticipate will be primarily expended over the next two to three years. We have other significant projects for which we expect to expend an additional $14.9 million over the next one to two years based on our current plans and estimates. These capital expenditures are generally due as the work is performed and are expected to be financed by funds available under our revolving credit facility, sales of equity under our ATM Program, proceeds from property dispositions and available cash.

We are subject to litigation in the normal course of business. However, we do not believe that any of the litigation outstanding as of September 30, 2016 will have a material adverse effect on our financial condition, results of operations or cash flows.

14. Environmental Matters

We are subject to numerous environmental laws and regulations. The operation of dry cleaning and gas station facilities at our shopping centers are the principal environmental concerns. We require that the tenants who operate these facilities do so in material compliance with current laws and regulations, and we have established procedures to monitor dry cleaning operations. Where available, we have applied and been accepted into state sponsored environmental programs. Several properties in the portfolio will require or are currently undergoing varying levels of environmental remediation. We have environmental insurance policies covering most of our properties which limits our exposure to some of these conditions, although these policies are subject to limitations and environmental conditions known at the time of acquisition are typically excluded from coverage. Management believes that the ultimate disposition of currently known environmental matters will not have a material adverse effect on our financial condition, results of operations or cash flows.

15. Fair Value Measurements

Recurring Fair Value Measurements

As of September 30, 2016 and December 31, 2015, we had three interest rate swap agreements with a notional amount of $250.0 million that are measured at fair value on a recurring basis. Additionally, as of December 31, 2015, we had a forward starting interest rate swap with a notional amount of $50.0 million which was terminated and settled in February 2016. See Note 7 for further discussion.

As of September 30, 2016, the fair value of our interest rate swaps was a liability of $4.0 million, which is included in accounts payable and accrued expenses in our condensed consolidated balance sheet. As of December 31, 2015, the fair value of one of our interest rate swaps consisted of an asset of $217,000, which is included in other assets in our condensed consolidated balance sheet, while the fair value of the two remaining interest rate swaps consisted of a liability of $2.0 million, which is included in accounts payable and accrued expenses in our condensed consolidated balance sheet. As of December 31, 2015, the fair value of our forward starting interest rate swap consisted of an asset of $618,000, which is included in other assets in our condensed consolidated balance sheet. The net unrealized gain (loss) on our interest rate derivatives was $1.7 million and $(5.9) million for the three and nine months ended September 30, 2016, respectively, and is included in accumulated other comprehensive loss. The fair values of the interest rate swaps are based on the estimated amounts we would receive or pay to terminate the contract at the reporting date and are determined using interest rate pricing models and observable inputs. The interest rate swaps are classified within Level 2 of the valuation hierarchy.

The following are assets and liabilities measured at fair value on a recurring basis as of September 30, 2016 and December 31, 2015:

	Fair Value Measurements			
	Total	Level 1	Level 2	Level 3
		(In thousands)		
September 30, 2016				
Interest rate derivatives:				
Classified as a liability in accounts payable and accrued expenses	$3,962	$ —	$ 3,962	$ —
December 31, 2015				
Interest rate derivatives:				
Classified as an asset in other assets	$ 835	$ —	$ 835	$ —
Classified as a liability in accounts payable and accrued expenses	$1,991	$ —	$ 1,991	$ —

Valuation Methods

The fair values of our interest rate swaps were determined using widely accepted valuation techniques, including discounted cash flow analysis on the expected cash flows of the derivative financial instrument. This analysis reflected the contractual terms of the derivative, including the period to maturity, and used observable market-based inputs, including interest rate market data and implied volatilities in such interest rates. While it was determined that the majority of the inputs used to value the derivatives fall within Level 2 of the fair value hierarchy under authoritative accounting guidance, the credit valuation adjustments associated with the derivatives also utilized Level 3 inputs, such as estimates of current credit spreads to evaluate the likelihood of default. However, as of September 30, 2016, the significance of the impact of the credit valuation adjustments on the overall valuation of the derivative financial instruments was assessed, and it was determined that these adjustments were not significant to the overall valuation of the derivative financial instruments. As a result, it was determined that the derivative financial instruments in their entirety should be classified in Level 2 of the fair value hierarchy. The net unrealized gain/loss included in other comprehensive gain/loss was primarily attributable to the net change in unrealized gains or losses related to the interest rate swaps that remained outstanding as of September 30, 2016, none of which were reported in the condensed consolidated statements of income because they were documented and qualified as hedging instruments and there was no ineffectiveness in relation to the hedges.

Non-Recurring Fair Value Measurements

The following table presents our hierarchy for those assets measured and recorded at fair value on a non-recurring basis as of September 30, 2016:

Assets:	Total	Level 1	Level 2	Level 3	Total Losses[(1)]
			(In thousands)		
Operating property held and used	$3,100	$ —	$ —	$ 3,100 [(2)]	$ 2,454
Total	$3,100	$ —	$ —	$ 3,100	$ 2,454

(1) Total losses exclude an impairment of $667,000 related to a loss on a joint venture investment recognized in September 2016.

(2) An impairment loss was recognized on an operating property due to the total projected undiscounted cash flows from the property being less than its carrying value.

The following table presents our hierarchy for those assets measured and recorded at fair value on a non-recurring basis as of December 31, 2015:

Assets:	Total	Level 1	Level 2	Level 3	Total Losses[(1)]
			(In thousands)		
Operating property held and used	$ 700	$ —	$ —	$ 700 [(2)]	$ 1,579
Land held and used	8,550	—	—	8,550 [(3)]	3,667
Total	$9,250	$ —	$ —	$ 9,250	$ 5,246

(1) Total losses exclude impairments of $11.3 million related to properties sold during the year ended December 31, 2015 and a goodwill impairment loss of $200,000 related to an operating property.

(2) Represents the fair value of the property on the date it was impaired during the fourth quarter of 2015.

(3) Impairments were recognized on a land parcel due to our reconsideration of our plans which increased the likelihood that the holding period may be shorter than previously estimated due to updated disposition plans and on another land parcel due to the total projected undiscounted cash flows being less than its carrying value.

On a non-recurring basis, we evaluate the carrying value of investment property and investments in and advances to unconsolidated joint ventures when events or changes in circumstances indicate that the carrying value may not be recoverable. Impairments, if any, typically result from values established by Level 3 valuations. The carrying value of a property is considered impaired when the total projected undiscounted cash flows from the property are separately identifiable and are less than its carrying value. In that event, a loss is recognized based on the amount by which the carrying value exceeds the fair value of the property as determined by purchase price offers or by discounted cash flows using the income or market approach. These cash flows are comprised of unobservable inputs which include contractual rental revenue and forecasted rental revenue and expenses based upon market conditions and expectations for growth. Capitalization rates and discount rates utilized in these models are based upon observable rates that we believe to be within a reasonable range of current market rates for the respective properties. Based on these inputs, we determined that the valuation of these investment properties and investments in unconsolidated joint ventures are classified within Level 3 of the fair value hierarchy.

The following are the key inputs used in determining the fair value of the operating properties measured using Level 3 inputs:

	September 30, 2016	December 31, 2015
Overall capitalization rate	15.5%	10.0%
Terminal capitalization rate	16.0%	10.5%
Discount rate	17.0%	12.5%

16. Fair Value of Financial Instruments

All financial instruments are reflected in our condensed consolidated balance sheets at amounts which, in our estimation, reasonably approximates their fair values, except for the following:

	September 30, 2016		December 31, 2015	
	Carrying Amount (1)	Fair Value	Carrying Amount (1)	Fair Value
	(In thousands)			
Financial liabilities:				
Mortgage loans	$ 255,719	$ 268,466	$ 283,459	$ 296,067
Senior notes	$ 496,118	$ 521,748	$ 515,372	$ 528,041
Term loans	$ 472,455	$ 475,304	$ 471,891	$ 475,393

(1) The carrying amount consists of principal, net of unamortized deferred financing costs and premium/discount.

The above fair values approximate the amounts that would be paid to transfer those liabilities in an orderly transaction between market participants as of September 30, 2016 and December 31, 2015. These fair value measurements maximize the use of observable inputs. However, in situations where there is little, if any, market activity for the liability at the measurement date, the fair value measurement reflects our judgments about the assumptions that market participants would use in pricing the liability.

We develop our judgments based on the best information available at the measurement date, including expected cash flows, risk-adjusted discount rates, and available observable and unobservable inputs. As considerable judgment is often necessary to estimate the fair value of these financial instruments, the fair values presented above are not necessarily indicative of amounts that we could realize in a current market exchange. The use of different market assumptions and/or estimation methods may have a material effect on the estimated fair value amounts.

The fair market value calculations of our debt as of September 30, 2016 and December 31, 2015 include assumptions as to the effects that prevailing market conditions would have on existing secured or unsecured debt. The calculations use a market rate spread over the risk-free interest rate. This spread is determined by using the remaining life to maturity coupled with loan-to-value considerations of the respective debt. Once determined, this market rate is used to discount the remaining debt service payments in an attempt to reflect the present value of this stream of cash flows. While the determination of the appropriate market rate is subjective in nature, recent market data gathered suggest that the composite rates used for mortgage loans, senior notes and term loans are consistent with current market trends.

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

Mortgage Loans

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

Senior Notes

Term Loans

The fair value of our term loans is calculated based on the net present value of payments over the term of the loans using estimated market rates for similar notes and remaining terms. The fair value of the term loans was determined using Level 2 inputs of the fair value hierarchy.

Interest Rate Swap Agreements

We measure our interest rate swaps at fair value on a recurring basis. See Notes 7 and 15 for further discussion.

17. Condensed Consolidating Financial Information

Many of our subsidiaries that are 100% owned, either directly or indirectly, have guaranteed our indebtedness under our senior notes, term loans and revolving credit facility. The guarantees are joint and several and full and unconditional. The following statements set forth consolidating financial information with respect to these guarantors:

Condensed Consolidating Balance Sheet As of September 30, 2016	Equity One, Inc.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminating Entries	Consolidated
			(In thousands)		
ASSETS					
Properties, net	$ 126,287	$ 1,473,606	$ 1,489,271	$ (58)	$ 3,089,106
Investment in affiliates	2,650,078	—	—	(2,650,078)	—
Other assets	112,725	98,784	178,325	(84,029)	305,805
TOTAL ASSETS	$ 2,889,090	$ 1,572,390	$ 1,667,596	$ (2,734,165)	$ 3,394,911
LIABILITIES					
Total notes payable	$ 1,033,574	$ 24,983	$ 313,629	$ (82,894)	$ 1,289,292
Other liabilities	6,148	62,591	188,705	(1,193)	256,251
TOTAL LIABILITIES	1,039,722	87,574	502,334	(84,087)	1,545,543
EQUITY	1,849,368	1,484,816	1,165,262	(2,650,078)	1,849,368
TOTAL LIABILITIES AND EQUITY	$ 2,889,090	$ 1,572,390	$ 1,667,596	$ (2,734,165)	$ 3,394,911

Condensed Consolidating Balance Sheet As of December 31, 2015	Equity One, Inc.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminating Entries	Consolidated
			(In thousands)		
ASSETS					
Properties, net	$ 137,695	$ 1,495,211	$ 1,435,613	$ (83)	$ 3,068,436
Investment in affiliates	2,899,538	—	—	(2,899,538)	—
Other assets	229,368	91,902	803,076	(816,879)	307,467
TOTAL ASSETS	$ 3,266,601	$ 1,587,113	$ 2,238,689	$ (3,716,500)	$ 3,375,903
LIABILITIES					
Total notes payable	$ 1,683,262	$ 42,903	$ 401,157	$ (760,600)	$ 1,366,722
Other liabilities	19,333	62,995	213,064	(56,362)	239,030
TOTAL LIABILITIES	1,702,595	105,898	614,221	(816,962)	1,605,752
EQUITY	1,564,006	1,481,215	1,624,468	(2,899,538)	1,770,151
TOTAL LIABILITIES AND EQUITY	$ 3,266,601	$ 1,587,113	$ 2,238,689	$ (3,716,500)	$ 3,375,903

Condensed Consolidating Statement of Comprehensive Income for the three months ended September 30, 2016	Equity One, Inc.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminating Entries	Consolidated
			(In thousands)		
Total revenue	$ 6,052	$ 47,909	$ 39,794	$ —	$ 93,755
Equity in subsidiaries' earnings	36,018	—	—	(36,018)	—
Total costs and expenses	11,883	23,683	22,266	(256)	57,576
INCOME BEFORE OTHER INCOME AND EXPENSE AND INCOME TAXES	30,187	24,226	17,528	(35,762)	36,179
Other income and (expense)	(17,563)	(240)	(4,262)	(1,193)	(23,258)
INCOME BEFORE INCOME TAXES	12,624	23,986	13,266	(36,955)	12,921
Income tax provision of taxable REIT subsidiaries	—	(61)	(299)	—	(360)
NET INCOME	12,624	23,925	12,967	(36,955)	12,561
Other comprehensive income	1,980	—	63	—	2,043
COMPREHENSIVE INCOME ATTRIBUTABLE TO EQUITY ONE, INC.	$ 14,604	$ 23,925	$ 13,030	$ (36,955)	$ 14,604

Condensed Consolidating Statement of Comprehensive Income for the three months ended September 30, 2015	Equity One, Inc.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminating Entries	Consolidated
			(In thousands)		
Total revenue	$ 6,002	$ 46,314	$ 38,123	$ —	$ 90,439
Equity in subsidiaries' earnings	36,130	—	—	(36,130)	—
Total costs and expenses	11,537	24,509	23,195	(238)	59,003
INCOME BEFORE OTHER INCOME AND EXPENSE AND INCOME TAXES	30,595	21,805	14,928	(35,892)	31,436
Other income and (expense)	(13,860)	19	2,401	(1,155)	(12,595)
INCOME BEFORE INCOME TAXES	16,735	21,824	17,329	(37,047)	18,841
Income tax benefit (provision) of taxable REIT subsidiaries	—	815	(197)	—	618
NET INCOME	16,735	22,639	17,132	(37,047)	19,459
Other comprehensive loss	(2,570)	—	(226)	—	(2,796)
COMPREHENSIVE INCOME	14,165	22,639	16,906	(37,047)	16,663
Comprehensive income attributable to noncontrolling interests	—	—	(2,498)	—	(2,498)
COMPREHENSIVE INCOME ATTRIBUTABLE TO EQUITY ONE, INC.	$ 14,165	$ 22,639	$ 14,408	$ (37,047)	$ 14,165

Condensed Consolidating Statement of Comprehensive Income for the nine months ended September 30, 2016	Equity One, Inc.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminating Entries	Consolidated
			(In thousands)		
Total revenue	$ 18,231	$ 143,456	$ 119,076	$ —	$ 280,763
Equity in subsidiaries' earnings	116,420	—	—	(116,420)	—
Total costs and expenses	33,587	76,479	67,182	(744)	176,504
INCOME BEFORE OTHER INCOME AND EXPENSE AND INCOME TAXES	101,064	66,977	51,894	(115,676)	104,259
Other income and (expense)	(46,159)	2,162	(2,229)	(1,693)	(47,919)
INCOME BEFORE INCOME TAXES	54,905	69,139	49,665	(117,369)	56,340
Income tax provision of taxable REIT subsidiaries	—	(127)	(1,004)	—	(1,131)
NET INCOME	54,905	69,012	48,661	(117,369)	55,209
Other comprehensive loss	(5,450)	—	(304)	—	(5,754)
COMPREHENSIVE INCOME ATTRIBUTABLE TO EQUITY ONE, INC.	$ 49,455	$ 69,012	$ 48,357	$ (117,369)	$ 49,455

Condensed Consolidating Statement of Comprehensive Income for the nine months ended September 30, 2015	Equity One, Inc.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminating Entries	Consolidated
			(In thousands)		
Total revenue	$ 17,413	$ 137,769	$ 114,471	$ —	$ 269,653
Equity in subsidiaries' earnings	130,047	—	—	(130,047)	—
Total costs and expenses	32,679	69,415	64,996	(779)	166,311
INCOME BEFORE OTHER INCOME AND EXPENSE AND INCOME TAXES	114,781	68,354	49,475	(129,268)	103,342
Other income and (expense)	(62,928)	(663)	20,965	(1,655)	(44,281)
INCOME BEFORE INCOME TAXES	51,853	67,691	70,440	(130,923)	59,061
Income tax benefit (provision) of taxable REIT subsidiaries	—	1,036	(569)	—	467
NET INCOME	51,853	68,727	69,871	(130,923)	59,528
Other comprehensive loss	(4,110)	—	(168)	—	(4,278)
COMPREHENSIVE INCOME	47,743	68,727	69,703	(130,923)	55,250
Comprehensive income attributable to noncontrolling interests	—	—	(7,507)	—	(7,507)
COMPREHENSIVE INCOME ATTRIBUTABLE TO EQUITY ONE, INC.	$ 47,743	$ 68,727	$ 62,196	$ (130,923)	$ 47,743

Condensed Consolidating Statement of Cash Flows for the nine months ended September 30, 2016	Equity One, Inc.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidated
		(In thousands)		
Net cash (used in) provided by operating activities	$ (45,508)	$ 111,926	$ 91,477	$ 157,895
INVESTING ACTIVITIES:				
Acquisition of income producing property	—	—	(30,000)	(30,000)
Additions to income producing properties	(1,070)	(5,844)	(4,842)	(11,756)
Additions to construction in progress	(1,278)	(27,994)	(29,573)	(58,845)
Deposits for the acquisition of income producing properties	(3,250)	—	—	(3,250)
Proceeds from sale of operating properties	7,203	9,288	—	16,491
Increase in deferred leasing costs and lease intangibles	(459)	(3,460)	(1,267)	(5,186)
Investment in joint ventures	(339)	—	—	(339)
Distributions from joint ventures		—	1,308	1,308
Repayments from subsidiaries, net	83,929	(66,218)	(17,711)	—
Net cash provided by (used in) investing activities	84,736	(94,228)	(82,085)	(91,577)
FINANCING ACTIVITIES:				
Repayments of mortgage loans	—	(17,698)	(41,658)	(59,356)
Purchase of marketable securities for defeasance of mortgage loan	—	—	(66,447)	(66,447)
Borrowings under mortgage loans		—	100,435	100,435
Net repayments under revolving credit facility	(31,000)	—	—	(31,000)
Borrowings under senior notes	200,000	—	—	200,000
Repayment of senior notes	(230,425)	—	—	(230,425)
Payment of deferred financing costs	(5,345)	—	(1,722)	(7,067)
Proceeds from issuance of common stock	122,006	—	—	122,006
Repurchase of common stock	(554)	—	—	(554)
Stock issuance costs	(1,905)	—	—	(1,905)
Dividends paid to stockholders	(94,562)	—	—	(94,562)
Net cash used in financing activities	(41,785)	(17,698)	(9,392)	(68,875)
Net decrease in cash and cash equivalents	(2,557)	—	—	(2,557)
Cash and cash equivalents at beginning of the period	21,353	—	—	21,353
Cash and cash equivalents at end of the period	$ 18,796	$ —	$ —	$ 18,796

Condensed Consolidating Statement of Cash Flows for the nine months ended September 30, 2015	Equity One, Inc.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidated
		(In thousands)		
Net cash (used in) provided by operating activities	$ (69,697)	$ 98,518	$ 101,191	$ 130,012
INVESTING ACTIVITIES:				
Acquisition of income producing property	—	(11,800)	—	(11,800)
Additions to income producing properties	(1,753)	(8,036)	(5,219)	(15,008)
Acquisition of land	—	(1,350)	—	(1,350)
Additions to construction in progress	(5,696)	(24,717)	(17,742)	(48,155)
Deposits for the acquisition of income producing properties	(2,610)	—	—	(2,610)
Proceeds from sale of operating properties	—	4,527	1,282	5,809
Increase in deferred leasing costs and lease intangibles	(1,011)	(2,532)	(1,457)	(5,000)
Investment in joint ventures	(284)	—	(23,611)	(23,895)
Advances to joint ventures	—	—	(16)	(16)
Distributions from joint ventures	—	—	7,829	7,829
Collection of development costs tax credit	—	1,542	—	1,542
Repayments from subsidiaries, net	85,016	(54,413)	(30,603)	—
Net cash provided by (used in) investing activities	73,662	(96,779)	(69,537)	(92,654)
FINANCING ACTIVITIES:				
Repayments of mortgage loans	—	(1,739)	(22,935)	(24,674)
Net borrowings under revolving credit facility	57,000	—	—	57,000
Repayment of senior notes	(110,122)	—	—	(110,122)
Payment of deferred financing costs	(10)	—	—	(10)
Proceeds from issuance of common stock	124,870	—	—	124,870
Repurchase of common stock	(298)	—	—	(298)
Stock issuance costs	(624)	—	—	(624)
Dividends paid to stockholders	(84,466)	—	—	(84,466)
Purchase of noncontrolling interests	—	—	(1,216)	(1,216)
Distributions to noncontrolling interests	—	—	(7,503)	(7,503)
Net cash used in financing activities	(13,650)	(1,739)	(31,654)	(47,043)
Net decrease in cash and cash equivalents	(9,685)	—	—	(9,685)
Cash and cash equivalents at beginning of the period	27,469	—	—	27,469
Cash and cash equivalents at end of the period	$ 17,784	$ —	$ —	$ 17,784

18. Related Parties

Refer to Note 11 with respect to our arrangement with MGN related to sales of common stock in connection with our ATM Program.

In June 2016, we entered into an assignment agreement with Promed Manhattan, LLC ("Promed"), an affiliate of Gazit, whereby we assumed Promed's lease with a third party landlord commencing September 1, 2016. The leased premises consists of office space located in the same building in New York City where we maintain our corporate headquarters. Concurrently with the lease assignment, we entered into a license agreement with Gazit Group USA, Inc. ("Gazit Group"), an affiliate of Gazit, whereby Gazit Group has the right to use a designated portion of the office space subject to certain limitations. As part of the license agreement, Gazit Group will reimburse us for its pro-rata portion of the costs due to the landlord of the office space, which is currently estimated to be approximately $60,000 annually.

19. Subsequent Events

Pursuant to the Subsequent Events Topic of the FASB ASC, we have evaluated subsequent events and transactions that occurred after our September 30, 2016 unaudited condensed consolidated balance sheet date for potential recognition or disclosure in our condensed consolidated financial statements and have also included such events in the footnotes herein.

In October 2016, we acquired San Carlos Marketplace, a 153,510 square foot shopping center located in San Carlos, California, for $97.0 million. In connection with the transaction, we also paid $3.4 million for the prepayment penalty on the existing mortgage loan encumbering the property, which was not assumed in the acquisition, and drew the remaining $75.0 million under our $300.0 million delayed draw term loan facility. Additionally, in November 2016, we acquired an outparcel adjacent to Pablo Plaza located in Jacksonville, Florida, for $2.6 million.

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Section 5: EX-99.3 (EX-99.3)

Exhibit 99.3

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS

On November 14, 2016, Regency and Equity One entered into the merger agreement, pursuant to which, subject to the satisfaction or waiver of certain conditions set forth in the merger agreement, Equity One will be merged with and into Regency, with Regency continuing as the surviving corporation of the merger.

At the effective time of the merger, each share of Equity One common stock issued and outstanding immediately prior to the effective time of the merger (other than any shares owned directly by Regency or Equity One and in each case not held on behalf of third parties) will be converted into the right to receive 0.45 of a newly issued share of Regency common stock.

The following unaudited pro forma condensed combined financial statements as of September 30, 2016 for the year ended December 31, 2015 and for the nine months ended September 30, 2016 have been prepared (i) as if the merger occurred on September 30, 2016 for purposes of the unaudited pro forma condensed combined balance sheet and (ii) as if the merger occurred on January 1, 2015 for purposes of the unaudited pro forma condensed combined statements of operations for the year ended December 31, 2015 and nine months ended September 30, 2016. The unaudited pro forma condensed combined financial statements are not necessarily indicative of what the actual financial position and operating results would have been had the merger occurred on September 30, 2016 or January 1, 2015, respectively, nor do they purport to represent Regency’s future financial position or operating results.

The fair value of assets acquired and liabilities assumed as a result of the merger and related adjustments incorporated into the unaudited pro forma condensed combined financial statements are based on preliminary estimates and information currently available. The amount of the equity to be issued in connection with the merger and the assignment of fair value to assets and liabilities of Equity One has not been finalized and are subject to change. The amount of the equity to be issued in connection with the merger will be based on the number of Equity One shares outstanding immediately prior to the effective time of the merger, converted pursuant to the exchange ratio, and the fair value of the assets and liabilities assumed will be based on the actual net tangible and intangible assets and liabilities of Equity One that exist at the effective time of the merger.

Actual amounts recorded in connection with the merger may change based on any increases or decreases in the fair value of the assets acquired and liabilities assumed upon the completion of the final valuation, and may result in variances to the amounts presented in the unaudited pro forma condensed combined balance sheet and/or unaudited pro forma condensed combined statements of operations. Assumptions and estimates underlying the adjustments to the unaudited pro forma condensed combined financial statements are described in the accompanying notes. These adjustments are based on available information and assumptions that management of Regency considered to be reasonable. The unaudited pro forma condensed combined financial statements do not purport to: (1) represent Regency’s actual financial position had the merger occurred on September 30, 2016; (2) represent the results of Regency’s operations that would have actually occurred had the merger occurred on January 1, 2015; or (3) project Regency’s financial position or results of operations as of any future date or for any future period, as applicable.

During the period from January 1, 2015 to September 30, 2016, Regency and Equity One acquired and disposed of various real estate operating properties. None of the assets acquired or disposed by the respective companies during this period exceeded the significance level that requires the presentation of pro forma financial information pursuant to Regulation S-X, Article 11. As such, the following unaudited pro forma condensed combined statements of operations for the year ended December 31, 2015 and nine months ended September 30, 2016 do not include pro forma adjustments to present the impact of these insignificant acquisitions and dispositions as if they occurred on January 1, 2015. In addition, the pro forma financial statements include the balances and operations associated with properties that are expected to sell prior to the effective time of the merger.

The unaudited pro forma condensed combined financial statements have been developed from, and should be read in conjunction with, (i) the consolidated financial statements of Regency and accompanying notes thereto included in Regency’s annual report filed on Form 10-K for the year ended December 31, 2015 and quarterly report filed on Form 10-Q for the nine months ended September 30, 2016, incorporated herein by reference, (ii) the consolidated financial statements of Equity One and accompanying notes thereto included in Equity One’s annual report filed on Form 10-K for the year ended December 31, 2015 and quarterly report filed on Form 10-Q for the nine months ended September 30, 2016, incorporated herein by reference, (iii) the accompanying notes to the unaudited pro forma condensed combined financial statements and (iv) other information relating to Regency and Equity One.

UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET
AS OF SEPTEMBER 30, 2016
(in thousands, except share data)

	Regency Centers Historical(1)	Equity One Historical(1)	Pro Forma Adjustments		Regency Centers Pro Forma
Assets:					
Real estate investments at cost:					
Land, including amounts held for future development	$ 1,654,389	1,534,504	1,164,945	A	4,353,838
Buildings and improvements	3,086,287	1,902,474	1,217,929	A	6,206,690
Properties in development	157,537	115,333	(1,646)	A	271,224
	4,898,213	3,552,311	2,381,228	A	10,831,752
Less: accumulated depreciation	1,108,221	482,551	(482,551)	A	1,108,221
	3,789,992	3,069,760	2,863,779		9,723,531
Properties held for sale	—	19,346	2,354	A	21,700
Investments in real estate partnerships	274,940	62,561	37,914	B	375,415
Net real estate investments	4,064,932	3,151,667	2,904,047		10,120,646
Cash and cash equivalents	40,902	18,796	(3,528)	C	56,170
Restricted cash	4,005	4,149	—		8,154
Accounts receivable, net of allowance for doubtful accounts	24,816	12,342	—		37,158
Straight-line rent receivable, net of reserve	67,931	32,525	(32,525)	D	67,931
Notes receivable	10,480	—	—		10,480
Deferred leasing costs, less accumulated amortization	68,455	42,640	(42,640)	E	68,455
Acquired lease intangible assets, less accumulated amortization	122,738	95,246	317,414	A	535,398
Trading securities held in trust, at fair value	29,280	—	—		29,280
Goodwill	—	5,838	(5,838)	F	—
Other assets	24,749	31,708	(7,932)	G	48,525
Total assets	$ 4,458,288	3,394,911	3,128,998		10,982,197
Liabilities and Equity					
Liabilities:					
Mortgage notes payable	$ 466,487	257,224	—		723,711
Unsecured senior notes payable	900,000	500,000	—		1,400,000
Term loans	265,000	475,000	(250,000)	H	490,000
Unsecured credit facilities	—	65,000	250,000	H	315,000
	1,631,487	1,297,224	—		2,928,711
Unamortized debt issuance costs and premium/discount on notes payable, net	(3,866)	(7,932)	39,942	H	28,144
Total notes payable	1,627,621	1,289,292	39,942	H	2,956,855
Accounts payable and other liabilities	145,689	81,708	125,633	I	353,030
Acquired lease intangible liabilities, less accumulated accretion	56,455	154,339	441,822	A	652,616
Tenants' security, escrow deposits and prepaid rent	28,239	20,204	—		48,443
Total liabilities	1,858,004	1,545,543	607,397		4,010,944
Commitments and contingencies	—	—	—		—

	Regency Centers Historical(1)	Equity One Historical(1)	Pro Forma Adjustments		Regency Centers Pro Forma
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 September 30, 2016, with liquidation preferences of $25 per share	325,000	—	—		325,000
Common stock, $0.01 par value per share, 104,492,738 and 169,779,418 shares issued and outstanding historical and pro forma, respectively(2)	1,045	1,448	(795)	J	1,698
Treasury stock at cost, 345,359 shares held historical	(16,882)	—	—		(16,882)
Additional paid in capital	3,291,602	2,302,681	2,181,861	J	7,776,144
Accumulated other comprehensive loss	(35,739)	(7,732)	7,732	K	(35,739)
Distributions in excess of net income	(997,881)	(447,029)	332,803	L	(1,112,107)
Total stockholders' equity	2,567,145	1,849,368	2,521,601		6,938,114
Noncontrolling interests:					
Exchangeable operating partnership units	(2,006)	—	—		(2,006)
Limited partners' interests in consolidated partnerships	35,145	—	—		35,145
Total noncontrolling interests	33,139	—	—		33,139
Total equity	2,600,284	1,849,368	2,521,601		6,971,253
Total liabilities and equity	$ 4,458,288	3,394,911	3,128,998		10,982,197

See accompanying notes

(1) Historical financial information of Regency and Equity One is derived from their respective Quarterly Reports filed on Form 10-Q for the nine months ended September 30, 2016. Certain Equity One amounts have been reclassified to conform to Regency's financial statement presentation.

(2) Historical shares issued and outstanding represent Regency common stock as of September 30, 2016 as filed on its Quarterly Report filed on Form 10-Q. The pro forma shares issued and outstanding represent the historical Regency shares and the shares issued to Equity One common stockholders had the merger occurred as of September 30, 2016.

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016
(in thousands, except share data)

	Regency Centers Historical(1)	Equity One Historical(1)	Pro Forma Adjustments		Regency Centers Pro Forma
Revenues:					
Minimum rent	$ 329,506	213,822	14,247	a	557,575
Percentage rent	2,651	4,288	—		6,939
Recoveries from tenants and other income	103,894	61,816	—		165,710
Management, transaction, and other fees	18,759	837	—		19,596
Total revenues	454,810	280,763	14,247		749,820
Operating expenses:					
Depreciation and amortization	119,721	80,691	43,292	b	243,704
Operating and maintenance	69,767	45,103	—		114,870
General and administrative	48,695	17,513	—		66,208
Real estate taxes	49,697	33,197	—		82,894
Other operating expenses	5,795	—	—		5,795
Total operating expenses	293,675	176,504	43,292		513,471
Other expense (income):					
Interest expense, net	70,489	36,820	(9,321)	c	97,988
Provision for impairment	1,666	3,121	—		4,787
Early extinguishment of debt	13,943	14,650	—		28,593
Net investment (income) loss	(1,268)	(870)	—		(2,138)
Loss on derivative instruments	40,586	—	—		40,586
Total other expense	125,416	53,721	(9,321)		169,816
Income (loss) from operations before equity in income of investments in real estate partnerships	35,719	50,538	(19,724)		66,533
Equity in income of investments in real estate partnerships	46,618	2,109	(662)	d	48,065
Income tax expense (benefit) of taxable REIT subsidiaries	—	1,131	(475)	e	656
Income from operations	82,337	51,516	(19,911)		113,942
Gain on sale of real estate, net of tax	22,997	3,693	—		26,690
Net income	105,334	55,209	(19,911)		140,632
Noncontrolling interests:					
Exchangeable operating partnership units	(165)	—	18	f	(147)
Limited partners' interests in consolidated partnerships	(1,380)	—	—		(1,380)
Income attributable to noncontrolling interests	(1,545)	—	18		(1,527)
Net income attributable to the Company	103,789	55,209	(19,893)		139,105
Preferred stock dividends	(15,797)	—	—		(15,797)
Net income attributable to common stockholders	$ 87,992	55,209	(19,893)		123,308
Income per common share—basic	$ 0.88	0.39			.75
Income per common share—diluted	$ 0.88	0.39			.75
Weighted average shares—basic	99,639	141,726		g	164,926
Weighted average shares—diluted	100,128	142,537		g	165,414

See accompanying notes

(1) Historical financial information of Regency and Equity One is derived from their respective Quarterly Reports filed on Form 10-Q for the nine months ended September 30, 2016. Certain Equity One amounts have been reclassified to conform to Regency's financial statement presentation.

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2015
(in thousands, except share data)

	Regency Centers Historical(1)	Equity One Historical(1)	Pro Forma Adjustments		Regency Centers Pro Forma
Revenues:					
Minimum rent	$ 415,155	272,204	32,101	a	719,460
Percentage rent	3,750	5,335	—		9,085
Recoveries from tenants and other income	125,295	80,737	—		206,032
Management, transaction, and other fees	25,563	1,877	—		27,440
Total revenues	569,763	360,153	32,101		962,017
Operating expenses:					
Depreciation and amortization	146,829	95,514	102,696	b	345,039
Operating and maintenance	82,978	60,100			143,078
General and administrative	65,600	25,033	—		90,633
Real estate taxes	61,855	42,167	—		104,022
Other operating expenses	7,836	—	—		7,836
Total operating expenses	365,098	222,814	102,696		690,608
Other expense (income):					
Interest expense, net	102,622	55,322	(11,004)	c	146,940
Provision for impairment	—	16,753	—		16,753
Early extinguishment of debt	8,239	7,298	—		15,537
Net investment (income) loss	(625)	(6,200)	—		(6,825)
Loss on derivative instruments	—	—	—		—
Total other expense	110,236	73,173	(11,004)		172,405
Income (loss) from operations before equity in income of investments in real estate partnerships	94,429	64,166	(59,591)		99,004
Equity in income of investments in real estate partnerships	22,508	6,493	(882)	d	28,119
Income tax expense (benefit) of taxable REIT subsidiaries	—	(856)	(86)		(942)
Income from operations	116,937	71,515	(60,387)		128,065
Gain on sale of real estate, net of tax	35,606	3,952	—		39,558
Net income	152,543	75,467	(60,387)		167,623
Noncontrolling interests:					
Exchangeable operating partnership units	(240)	—	55	f	(185)
Limited partners' interests in consolidated partnerships	(2,247)	(10,014)	—		(12,261)
Income attributable to noncontrolling interests	(2,487)	(10,014)	55		(12,446)
Net income attributable to the Company	150,056	65,453	(60,332)		155,177
Preferred stock dividends	(21,062)	—	—		(21,062)
Net income attributable to common stockholders	$ 128,994	65,453	(60,332)		134,115
Income per common share—basic	$ 1.37	0.51			0.84
Income per common share—diluted	$ 1.36	0.51			0.84
Weighted average shares—basic	94,391	127,957		g	159,678
Weighted average shares—diluted	94,857	128,160		g	160,143

See accompanying notes

(1) Historical financial information of Regency and Equity One is derived from their respective Annual Reports filed on Form 10-K for the year ended December 31, 2015. Certain Equity One amounts have been reclassified to conform to Regency's financial statement presentation.

NOTES TO UNAUDITED PRO FORMA
CONDENSED COMBINED FINANCIAL STATEMENTS
(in thousands unless otherwise noted)

Note 1: Overview

For purposes of the unaudited pro forma condensed combined financial statements or the pro forma financial statements, Regency has assumed a total preliminary purchase price for the merger of approximately $4.5 billion, which consists primarily of shares of Regency common stock issued in exchange for shares of Equity One common stock, plus $3.5 million of cash consideration. The total preliminary purchase price was calculated based on the closing price of Regency's common stock on January 10, 2017, which was $68.70. At the effective time of the merger, each share of Equity One common stock, issued and outstanding immediately prior to the effective time of the merger (other than any shares owned directly by Regency or Equity One and in each case not held on behalf of third parties) will be converted into the right to receive 0.45 of a shares of newly issued shares of Regency common stock, totaling a maximum aggregate number of Regency shares of common stock of approximately 65.3 million shares of Regency common stock based on the number of shares of Equity One common stock outstanding as of September 30, 2016, determined as follows:

Equity One common stock outstanding as of September 30, 2016	144,760
Equity One share based awards exchanged	322
Total Equity One shares to convert to Regency common stock	145,082
Exchange ratio	0.45
Regency common stock issued	65,287

The pro forma financial statements have been prepared assuming the merger is accounted for using the acquisition method of accounting under GAAP, which we refer to as acquisition accounting, with Regency as the acquiring entity. Accordingly, under acquisition accounting, the total estimated purchase price is allocated to the acquired net tangible and identifiable intangible assets and liabilities assumed of Equity One based on their respective fair values, as further described below.

To the extent identified, certain reclassifications have been reflected in the pro forma adjustments to conform Equity One' financial statement presentation to that of Regency. However, the unaudited pro forma financial statements may not reflect all adjustments necessary to conform the accounting policies of Equity One to those of Regency due to limitations on the availability of information as of the date of this filing.

The pro forma adjustments represent Regency management's estimates based on information available as of the date of this filing and are subject to change as additional information becomes available and additional analyses are performed. The pro forma financial statements do not reflect the impact of possible revenue or earnings enhancements, cost savings from operating efficiencies or synergies, or asset dispositions. Also, the pro forma financial statements do not reflect possible adjustments related to restructuring or integration activities that have yet to be determined or transaction or other costs following the merger that are not expected to have a continuing impact. Further, one-time transaction-related expenses anticipated to be incurred prior to, or concurrent with, closing the merger are not included in the pro forma statements of operations.

The pro forma statements of operations for the year ended December 31, 2015 and for the nine months ended September 30, 2016 combine the historical condensed combined statements of operations of Regency and Equity One, giving effect to the merger as if it had been consummated on January 1, 2015, the beginning of the earliest period presented. The pro forma balance sheet combines the historical consolidated balance sheet of Regency and the historical consolidated balance sheet of Equity One as of September 30, 2016, giving effect to the merger as if it had been consummated on September 30, 2016.

Completion of the merger is subject to, among other things, approval by Regency and Equity One stockholders. As of the date of this filing, the merger is expected to be completed in the first quarter or early second quarter of 2017.

Preliminary Estimated Purchase Price

The total preliminary estimated purchase price of approximately $4.5 billion was determined based on the number of Equity One's shares of common stock as of September 30, 2016. For purposes of the pro forma financial statements, such shares of common stock are assumed to be outstanding as of the pro forma closing date of September 30, 2016. Further, no effect has been given to any other new shares of common stock that may be issued or granted subsequent to the date of this filing and before the closing date of the merger. In all cases, Regency's closing stock price is a determining factor in arriving at final consideration for the merger. The stock price assumed for the total preliminary purchase price is the closing price of Regency's common stock on January 10, 2017 ($68.70 per share), the most recent date practicable.

The purchase price will be computed using the closing price of Regency common stock on the closing date; therefore, the actual purchase price will fluctuate with the market price of Regency common stock until the merger is consummated. As a result, the final purchase price could differ significantly from the current estimate, which could materially impact the pro forma financial statements.

The following table presents the changes to the value of stock consideration and the total preliminary purchase price based on a 10% increase and decrease in the per share price of Regency common stock (in thousands, except the price of Regency common stock):

	Price of Regency Common Stock	Equity Consideration Given (Regency Shares to be Issued)	Calculated Value of Equity Consideration	Cash Consideration	Total Value of Consideration
As of January 10, 2017	$ 68.70	65,287	4,485,195	3,528	$ 4,488,723
Decrease of 10%	$ 61.83	65,287	4,036,675	3,528	$ 4,040,203
Increase of 10%	$ 75.57	65,287	4,933,714	3,528	$ 4,937,242

The total preliminary estimated purchase price described above has been allocated to Equity One's tangible and intangible assets acquired and liabilities assumed for purposes of these pro forma financial statements, based on their estimated relative fair values assuming the merger was completed on the pro forma balance sheet date presented. The final allocation will be based upon valuations and other analysis for which there is currently insufficient information to make a definitive allocation. Accordingly, the purchase price allocation adjustments are preliminary and have been made solely for the purpose of providing pro forma financial statements. The final purchase price allocation will be determined after the merger is consummated and after a complete and thorough analysis. As a result, the final acquisition accounting adjustments, including those resulting from conforming Equity One's accounting policies to those of Regency's, could differ materially from the pro forma adjustments presented herein. The estimated purchase price of Equity One (as calculated in the manner described above) is allocated to the assets and liabilities to be assumed on the following preliminary basis:

Land	$ 2,699,449
Buildings and improvements	3,120,403
Properties in development	113,687
Properties held for sale	21,700
Investments in unconsolidated real estate partnerships	100,475
Real estate assets	6,055,714
Cash, accounts receivable and other assets	59,063
Intangible assets	412,660
Notes payable	(1,330,214)
Accounts payable, other liabilities and tenant security deposits and prepaid rent	(112,339)
Intangible liabilities	(596,161)
Total estimated purchase price	$ 4,488,723

Note 2. Adjustments to the Unaudited Pro Forma Condensed Combined Balance Sheet

The unaudited pro forma condensed combined balance sheet as of September 30, 2016 reflects the following adjustments:

A. Tangible and Intangible Real Estate Assets and Liabilities

The real estate assets acquired and liabilities assumed in connection with the merger are reflected in the unaudited pro forma condensed combined balance sheet of Regency at a preliminary fair market value. The preliminary fair market value is based, in part, on a valuation prepared by Regency with assistance of a third party valuation advisor. The acquired assets and assumed liabilities for an acquired operating property generally include, but are not limited to: land, buildings and improvements, identified tangible and intangible assets and liabilities associated with in-place leases, including tenant improvements, leasing costs, value of above-market and below-market leases, and value of acquired in-place leases.

The adjustments reflected in the unaudited condensed combined balance sheet for real estate assets, intangible assets and intangible liabilities represent the differences between the preliminary fair market value of condensed combined properties acquired by Regency in connection with the merger, and Equity One's historical balances, which are presented as follows:

	Fair Market Value	Equity One Historical	Adjustments as a Result of Merger
Land	$2,699,449	1,534,504	1,164,945
Buildings and improvements	3,120,403	1,902,474	1,217,929
Properties in development	113,687	115,333	(1,646)
Properties held for sale	21,700	19,346	2,354
Intangible assets, net	412,660	95,246	317,414
Intangible liabilities, net	596,161	154,339	441,822

Regency's methodology includes estimating an "as-if vacant" fair value of the physical property, which includes land, building, and improvements. In addition, Regency determines the estimated fair value of identifiable intangible assets and liabilities, considering the following categories: (i) value of in-place leases, and (ii) above and below-market value of in-place leases.

The value of in-place leases is estimated based on the value associated with the costs avoided in originating leases compared to the acquired in-place leases as well as the value associated with lost rental and recovery revenue during the assumed lease-up period. The value of in-place leases is recorded to amortization expense over the remaining expected term of the respective leases.

Above-market and below-market in-place lease values for acquired properties are recorded based on the present value of the difference between (i) the contractual amounts to be paid pursuant to the in-place leases and (ii) management's estimate of fair market lease rates for comparable in-place leases, measured over a period equal to the remaining non-cancelable term of the lease, including below-market renewal options, if applicable. The value of above-market leases is amortized as a reduction of minimum rent over the remaining terms of the respective leases and the value of below-market leases is accreted to minimum rent over the remaining terms of the respective leases, including below-market renewal options, if applicable. Regency does not assign value to customer relationship intangibles if it has pre-existing business relationships with the major retailers at the acquired property since they do not provide incremental value over Regency's existing relationships.

Equity One's historical accumulated depreciation is eliminated since the assets are presented at estimated fair value.

B. Investment in Real Estate Partnerships

Represents the difference between the preliminary fair market value of Equity One's real estate partnerships, acquired by Regency in connection with the merger, and Equity One's historical value as of September 30, 2016 (for more information, see note A on preliminary fair market values of properties acquired in the merger). A fair market value adjustment for debt and interest rate swaps held by the joint ventures is included. The fair value of debt was estimated based upon contractual future cash flows discounted using borrowing spreads and market interest rates that would have been available for debt with similar terms and maturities. The fair value of the single interest rate swap was estimated using discounted cash flow analysis on the expected cash flows of the derivative instrument reflecting the contractual terms and market interest rates.

C. Cash

The adjustment to cash represents the cash consideration paid at the effective time of the merger, as discussed further in Note 1.

D. Straight Line Rent Receivable

Straight-lining of rent pursuant to the underlying leases associated with the real estate acquired in connection with the merger will commence at the effective time of the merger; therefore the balance of straight line rent included on Equity One's historical balance sheet has been eliminated.

E. Deferred Leasing Costs, net

Deferred leasing costs, net, represent direct salaries, third-party fees and other costs incurred by Equity One to originate a lease which were capitalized and amortized against the respective leases using the straight-line method over the term of the related lease. The value to Regency of in-place leases is considered an intangible asset and included in the purchase price allocation above, see note A. As such, the net carrying value of Equity One's deferred leasing costs has been eliminated.

F. Goodwill

Equity One had $5.8 million of goodwill in its historical balance sheet from prior business combinations, which has been eliminated.

The allocation of the purchase price has been performed on a preliminary basis and will not be finalized until subsequent to the closing of the merger. Based on management's preliminary estimate of fair value of the identifiable assets and liabilities, no goodwill or bargain purchase option is recorded as a result of this transaction. As more information is available and the purchase price allocation is finalized, this may change. Changes in the purchase price due to changes in Regency stock price, as discussed further in Note 1, may result in goodwill or bargain purchase option.

G. Other Assets

Unamortized debt issuance costs of $6.0 million were included within other assets in Equity One's historical balance sheet related to the unsecured revolving credit facility, which will be paid in full by Regency upon acquisition. As such, the historical unamortized debt issuance costs have been eliminated. Additionally, the carrying value of the net deferred tax assets decreased by $1.9 million from the fair market value adjustments related to real estate assets.

H. Notes Payable

Regency will assume Equity One's unsecured senior notes payable, mortgage notes payable, and the $300 million variable rate term loan that matures in December 2020. The notes payable to be assumed by Regency have been adjusted by $33 million, to reflect the estimated fair value at September 30, 2016.

The balance outstanding on Equity One's unsecured revolving credit facility will be repaid with funds from Regency's unsecured line of credit. Additionally, the balance on Equity One's $250 million term loan that matures in 2019, and the related interest rate swap, will also be repaid at closing from Regency's unsecured line of credit.

Debt issuance costs and debt premium / discounts of $7.9 million were included within notes payable, within Equity One's historical balance sheet. Since the notes payable assumed in the merger are presented at fair value, the historical unamortized debt issuance costs and debt premium / discount have been eliminated, and new costs of $1 million to assume the debt have been recognized.

In connection with the merger agreement, Regency entered into a commitment letter with JPMorgan Chase Bank, N.A. ("JPMorgan"), pursuant to which JPMorgan committed to provide $750 million of senior unsecured bridge loans, the proceeds of which could be used to refinance certain existing indebtedness of either Regency or Equity One and to pay fees and expenses in connection with the acquisition and related transactions. Regency does not expect to need to borrow on this bridge loan.

I. Accounts Payable and Accrued Expenses

Represents the following pro forma adjustments:

	As of September 30, 2016
Non-recurring transaction costs	$ 114,226
Accrue debt issuance costs	980
Adjust deferred tax liabilities for fair value of real estate acquired	14,389
Eliminate Equity One's interest rate swap on term loan not assumed	(3,962)
Pro forma adjustments to Accounts payable and other liabilities	$ 125,633

The non-recurring transaction costs include those costs to be paid by Regency or Equity One directly attributable to the merger. These transaction costs, consisting primarily of fees for investment bankers, legal, accounting, tax and other professional services, are estimated to be approximately $114.2 million and will impact the results of operations and be recognized when incurred. These are factually supportable because such amounts are based on reliable, documented evidence such as invoices for costs incurred to date and estimates from third-parties for additional costs expected to be incurred with the merger. Such costs are non-recurring in nature and directly related to the merger and, therefore, are reflected as a reduction to equity and not included in the unaudited pro forma condensed combined statements of operations.

J. Common Stock and Additional Paid-in Capital

Represents the issuance of shares of Regency common stock with a par value of $0.01 per share and a market value of $68.70 per share as of January 10, 2017, the most recent date practicable, at a conversion ratio of 0.45 to 1.0, to holders of Equity One common stock at the effective time of the merger.

	As of September 30, 2016
Outstanding shares of Equity One common stock—historical basis (in thousands)	$ 144,760
Equity One equity-based awards converted into Equity One common stock (in thousands)	322
Outstanding shares of Equity One common stock (in thousands)	145,082
Exchange Ratio	0.45
Shares of Regency common stock to be issued—pro forma basis (in thousands)	65,287
Regency par value per share	$ 0.01
Par value of Regency common stock to be issued—pro forma basis	$ 653
Par value of Equity One common stock—historical basis	$ 1,448
Pro forma adjustment to common stock	$ (795)
Shares of Regency common stock to be issued—pro forma basis (in thousands)	65,287
Additional paid-in capital $68.70 per share (less $0.01 par value per share)	$ 68.69
Additional paid-in capital Regency stock to be issued—pro forma basis	$ 4,484,542
Equity One additional paid-in capital—historical basis	$ 2,302,681
Pro forma adjustments to additional paid-in capital	$ 2,181,861

These amounts will be adjusted at the effective time of the merger to reflect the number of Equity One shares then issued and outstanding and the then per share market value of Regency common stock.

K. Accumulated Other Comprehensive Loss

Accumulated other comprehensive loss ("AOCL") included in Equity One's historical balance sheet represents the effective portion of their interest rate swaps. As discussed in note H above, Regency expects to terminate Equity One's interest rate swap on the term loan at the effective time of the merger. As such, Equity One's historical balances in AOCL are eliminated.

L. Distributions in Excess of Cumulative Net Income

Represents the elimination of Equity One's accumulated deficit of $447.0 million as of September 30, 2016 and an adjustment of $114.2 million to increase distributions in excess of cumulative net income for non-recurring transaction costs directly attributable to the merger that have not yet been expensed in the historical statements of operations or accrued in the historical balance sheets used as the starting point for the pro forma financial statements (for more information, see note I).

Note 3. Adjustments to the Unaudited Pro Forma Condensed Combined Statements of Operations for the year ended December 31, 2015 and nine months ended September 30, 2016

The historical amounts include Regency's and Equity One's actual operating results for the periods presented, as filed with the SEC on their respective Forms 10-K and Forms 10-Q. The pro forma adjustments to historical amounts, including rental property revenue, rental property operating expenses, general and administrative expenses, interest expense and depreciation and amortization, are presented in the unaudited pro forma condensed combined statements of operations for the year ended December 31, 2015 and nine months ended September 30, 2016 assuming the merger occurred on January 1, 2015. The following are the explanations for the adjustments to revenues, costs and expenses, and equity in income of investments in real estate partnerships included in the unaudited pro forma condensed combined statement of operations for the year ended December 31, 2015 and nine months ended September 30, 2016:

Merger Adjustments

a. Minimum Rent

The historical minimum rent for Regency and Equity One represents contractual, straight-line rents and amortization of above and below-market rents associated with the leases in effect during the periods presented. The adjustments included in the unaudited pro forma condensed combined statements of operations are presented to adjust contractual rental property revenue to a straight-line basis and to amortize above and below-market rents in accordance with Accounting Standards Codification 805-10, *Business Combinations*, as if the merger had occurred on January 1, 2015. The above and below-market rents are amortized or accreted to revenue over the remaining terms of the respective leases, which generally range from three to 20 years.

The following tables summarize the adjustments made to minimum rent for the real estate properties acquired as part of the merger for the nine months ended September 30, 2016 and year ended December 31, 2015:

	Nine months Ended September 30, 2016
Pro forma straight-line rent	$ 5,179
Pro forma (above)/below market rent	21,711
Elimination of Equity One's straight line rent	(3,773)
Elimination of Equity One's (above) below market rent	(8,870)
Total	$ 14,247

	Year Ended December 31, 2015
Pro forma straight-line rent	$ 16,239
Pro forma (above)/below market rent	33,233
Elimination of Equity One's straight line rent	(4,612)
Elimination of Equity One's (above) below market rent	(12,759)
Total	$ 32,101

b. Depreciation and Amortization Expense

Depreciation and amortization is calculated, for purposes of the unaudited pro forma condensed combined statements of operations, based on estimated useful lives for building and site improvements, and the remaining contractual, in-place lease term for intangible lease assets and liabilities. Regency uses the straight-line method for all depreciation and amortization. The useful life of a particular building depends upon a number of factors including the condition of the building upon acquisition. For purposes of the unaudited pro forma condensed combined statements of operations, the useful life for buildings is 40 years; the useful life for site improvements is 15 years; and the general range of remaining contractual, in-place lease terms is three to nine years. As Regency would have commenced depreciation and amortization on January 1, 2015, the depreciation and amortization expense included in the Equity One historical financial statements has been reversed so that the unaudited pro forma condensed combined statements of operations reflect the depreciation and amortization that Regency would have recorded.

The following tables summarize pro forma depreciation and amortization by asset category for the properties acquired in the merger that would have been recorded for the nine months ended September 30, 2016 and year ended December 31, 2015 less the reversal of depreciation and amortization included in Equity One's historical financial statements:

	Nine months Ended September 30, 2016
Building and improvements	$ 58,661
In-place leases	65,322
Less: Equity One historical depreciation and amortization	(80,691)
Adjustment to depreciation and amortization expense	$ 43,292

	Year Ended December 31, 2015
Building and improvements	$ 78,215
In-place leases	119,995
Less: Equity One historical depreciation and amortization	(95,514)
Adjustment to depreciation and amortization expense	$ 102,696

c. Interest Expense

The adjustments to interest expense related to the merger represent the (1) the repayment of $65 million of Equity One's unsecured revolving credit facility and $250 million term loan with proceeds from Regency's unsecured line of credit,

(2) amortization of deferred financing costs related to the assumption of Equity One's debt, (3) the elimination of the impact of Equity One's interest rate swaps that are not assumed by Regency, (4) amortization of above-market debt values created by marking the assumed Equity One debt to fair market value, and (5) elimination of Equity One's historic amortization of deferred financing costs and premium/discount on notes payable (for more information, see note G above).

For purposes of pro forma adjustments, Regency's unsecured line of credit bears interest at London Interbank Offered Rate (which we refer to as "LIBOR") plus a spread of 0.925%.

The following tables summarize the adjustments to the unaudited pro forma condensed combined statements of operations for the nine months ended September 30, 2016 and year ended December 31, 2015:

	Nine months Ended September 30, 2016
Pro forma reduction in interest expense from repaying Equity One's term loan and revolving credit balance with Regency's unsecured line of credit	$ (1,043)
Pro forma amortization of deferred financing costs to assume debt	188
Pro forma amortization of above-market debt	(4,671)
Total	(5,526)
Eliminate historical Equity One interest expense attributable to interest rate swaps not assumed by Regency	(2,367)
Eliminate historical Equity One amortization of deferred financing costs and premium/discount on notes payable, net	(1,428)
Decrease in interest expense	$ (9,321)

	Year Ended December 31, 2015
Pro forma reduction in interest expense from repaying Equity One's term loan and revolving credit balance with Regency's unsecured line of credit	$ (746)
Pro forma amortization of deferred financing costs to assume debt	251
Pro forma amortization of above-market debt	(6,227)
Total	(6,722)
Eliminate historical Equity One interest expense attributable to interest rate swaps not assumed by Regency	(3,220)
Eliminate historical Equity One amortization of deferred financing costs and premium/discount on notes payable, net	(1,062)
Decrease in interest expense	$ (11004)

The current underlying variable rate (1 month LIBOR), as used in these pro forma adjustments, was 0.765%. An increase (decrease) of 0.125% in LIBOR would increase (decrease) annual pro forma interest expense by $0.4 million.

d. Equity in Income of Investments in Real Estate Partnerships

Represents the additional depreciation and amortization expense recognized for basis differences arising between the fair value of underlying assets versus carryover basis.

e. Income Tax Expense (Benefit) of Taxable REIT Subsidiaries

Represents the reduction in deferred tax expense within Equity One's taxable REIT subsidiaries resulting from the change in depreciation and amortization of the acquired real estate assets.

f. Net Income Attributable to Noncontrolling Interests

Represents the pro forma adjustments to net income allocable to Regency's exchangeable operating partnership ("EOP") units arising from the (1) other pro forma adjustments to net income and (2) reduction in EOP ownership interest after issuance of additional common stock from the merger.

g. Weighted-Average Shares

The unaudited pro forma adjustment to shares outstanding used in the calculation of basic and diluted earnings per share are based on the combined basic and diluted weighted average shares, after giving effect to the exchange ratio, as follows (for more information, see note I above):

(share amounts in thousands)	Nine months Ended September 30, 2016
Regency weighted-average common shares outstanding—historical basis	99,639
Shares of common stock issued to Equity One stockholders—pro forma basis	65,287
Weighted-average shares of common stock—basic	164,926
Incremental shares to be issued under Treasury Stock method for unvested restricted stock and forward equity offering	488
Weighted-average shares of common stock—diluted	165,414

(share amounts in thousands)	Year Ended December 31, 2015
Regency weighted-average common shares outstanding—historical basis	94,391
Shares of common stock issued to Equity One stockholders—pro forma basis	65,287
Weighted-average shares of common stock—basic	159,678
Incremental shares to be issued under Treasury Stock method for unvested restricted stock and forward equity offering	465
Weighted-average shares of common stock—diluted	160,143

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Section 6: EX-99.4 (EX-99.4)

Exhibit 99.4

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS

On November 14, 2016, Regency Centers Corporation (the "Parent Company") and Equity One entered into the merger agreement, pursuant to which, subject to the satisfaction or waiver of certain conditions set forth in the merger agreement, Equity One will be merged with and into the Parent Company, with the Parent Company continuing as the surviving corporation of the merger.

The Parent Company is a real estate investment trust ("REIT") and is the general partner of Regency Centers, L.P. (the "Operating Partnership" or "Regency"). 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. The Parent Company guarantees all of the unsecured debt of the Operating Partnership. The Operating Partnership's capital includes general and limited common Partnership Units. As of September 30, 2016, the Parent Company owned approximately 99.9% of the outstanding common Partnership Units of the Operating Partnership with the remaining limited Partnership Units held by third parties ("Exchangeable operating partnership units" or "EOP units"). Net income and distributions of the Operating Partnership are allocable to the general and limited common Partnership Units in accordance with their ownership percentages.

At the effective time of the merger, each share of Equity One common stock issued and outstanding immediately prior to the effective time of the merger (other than any shares owned directly by the Parent Company or Equity One and in each case not held on behalf of third parties) will be converted into the right to receive 0.45 of a newly issued share of Parent Company common stock.

The following unaudited pro forma condensed combined financial statements as of September 30, 2016 for the year ended December 31, 2015 and for the nine months ended September 30, 2016 have been prepared (i) as if the merger occurred on September 30, 2016 for purposes of the unaudited pro forma condensed combined balance sheet and (ii) as if the merger occurred on January 1, 2015 for purposes of the unaudited pro forma condensed combined statements of operations for the year ended December 31, 2015 and nine months ended September 30, 2016. The unaudited pro forma condensed combined financial statements are not necessarily indicative of what the actual financial position and operating results would have been had the merger occurred on September 30, 2016 or January 1, 2015, respectively, nor do they purport to represent Regency's future financial position or operating results.

The fair value of assets acquired and liabilities assumed as a result of the merger and related adjustments incorporated into the unaudited pro forma condensed combined financial statements are based on preliminary estimates and information currently available. The amount of the equity to be issued in connection with the merger and the assignment of fair value to assets and liabilities of Equity One has not been finalized and are subject to change. The amount of the equity to be issued in connection with the merger will be based on the number of Equity One shares outstanding immediately prior to the effective time of the merger, converted pursuant to the exchange ratio, and the fair value of the assets and liabilities assumed will be based on the actual net tangible and intangible assets and liabilities of Equity One that exist at the effective time of the merger.

Actual amounts recorded in connection with the merger may change based on any increases or decreases in the fair value of the assets acquired and liabilities assumed upon the completion of the final valuation, and may result in variances to the amounts presented in the unaudited pro forma condensed combined balance sheet and/or unaudited pro forma condensed combined statements of operations. Assumptions and estimates underlying the adjustments to the unaudited pro forma condensed combined financial statements are described in the accompanying notes. These adjustments are based on available information and assumptions that management of Regency considered to be reasonable. The unaudited pro forma condensed combined financial statements do not purport to: (1) represent Regency's actual financial position had the merger occurred on September 30, 2016; (2) represent the results of Regency's operations that would have actually occurred had the merger occurred on January 1, 2015; or (3) project Regency's financial position or results of operations as of any future date or for any future period, as applicable.

During the period from January 1, 2015 to September 30, 2016, Regency and Equity One acquired and disposed of various real estate operating properties. None of the assets acquired or disposed by the respective companies during this period exceeded the significance level that requires the presentation of pro forma financial information pursuant to Regulation S-X, Article 11. As such, the following unaudited pro forma condensed combined statements of operations for the year ended December 31, 2015 and nine months ended September 30, 2016 do not include pro forma adjustments to present the impact of these insignificant acquisitions and dispositions as if they occurred on January 1, 2015. In addition, the pro forma financial statements include the balances and operations associated with properties that are expected to sell prior to the effective time of the merger.

The unaudited pro forma condensed combined financial statements have been developed from, and should be read in conjunction with, (i) the consolidated financial statements of Regency and accompanying notes thereto included in Regency's annual report filed on Form 10-K for the year ended December 31, 2015 and quarterly report filed on Form 10-Q for the nine months ended September 30, 2016, incorporated herein by reference, (ii) the consolidated financial statements of Equity One and accompanying notes thereto included in Equity One's annual report filed on Form 10-K for the year ended December 31, 2015 and quarterly report filed on Form 10-Q for the nine months ended September 30, 2016, incorporated herein by reference, (iii) the accompanying notes to the unaudited pro forma condensed combined financial statements and (iv) other information relating to Regency and Equity One filed with the Securities and Exchange Commission.

UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET
AS OF SEPTEMBER 30, 2016
(in thousands, except share data)

	Regency Centers, L.P. Historical(1)	Equity One Historical(1)	Pro Forma Adjustments		Regency Centers, L.P. Pro Forma
Assets:					
Real estate investments at cost:					
Land, including amounts held for future development	$ 1,654,389	1,534,504	1,164,945	A	4,353,838
Buildings and improvements	3,086,287	1,902,474	1,217,929	A	6,206,690
Properties in development	157,537	115,333	(1,646)	A	271,224
	4,898,213	3,552,311	2,381,228	A	10,831,752
Less: accumulated depreciation	1,108,221	482,551	(482,551)	A	1,108,221
	3,789,992	3,069,760	2,863,779		9,723,531
Properties held for sale	—	19,346	2,354	A	21,700
Investments in real estate partnerships	274,940	62,561	37,914	B	375,415
Net real estate investments	4,064,932	3,151,667	2,904,047		10,120,646
Cash and cash equivalents	40,902	18,796	(3,528)	C	56,170
Restricted cash	4,005	4,149	—		8,154
Accounts receivable, net of allowance for doubtful accounts	24,816	12,342	—		37,158
Straight-line rent receivable, net of reserve	67,931	32,525	(32,525)	D	67,931
Notes receivable	10,480	—	—		10,480
Deferred leasing costs, less accumulated amortization	68,455	42,640	(42,640)	E	68,455
Acquired lease intangible assets, less accumulated amortization	122,738	95,246	317,414	A	535,398
Trading securities held in trust, at fair value	29,280	—	—		29,280
Goodwill	—	5,838	(5,838)	F	—
Other assets	24,749	31,708	(7,932)	G	48,525
Total assets	$ 4,458,288	3,394,911	3,128,998		10,982,197
Liabilities and Capital					
Liabilities:					
Mortgage notes payable	$ 466,487	257,224	—		723,711
Unsecured senior notes payable	900,000	500,000	—		1,400,000
Term loans	265,000	475,000	(250,000)	H	490,000
Unsecured credit facilities	—	65,000	250,000	H	315,000
	1,631,487	1,297,224	—		2,928,711
Unamortized debt issuance costs and premium/discount on notes payable, net	(3,866)	(7,932)	39,942	H	28,144
Total notes payable	1,627,621	1,289,292	39,942	H	2,956,855
Accounts payable and other liabilities	145,689	81,708	125,633	I	353,030
Acquired lease intangible liabilities, less accumulated accretion	56,455	154,339	441,822	A	652,616
Tenants' security, escrow deposits and prepaid rent	28,239	20,204	—		48,443
Total liabilities	1,858,004	1,545,543	607,397		4,010,944
Commitments and contingencies	—	—	—		—

	Regency Centers, L.P. Historical(1)	Equity One Historical(1)	Pro Forma Adjustments		Regency Centers, L.P. Pro Forma
Capital:					
Partners' capital:					
Preferred units of general partner, $0.01 par value per unit,; 13,000,000 units issued and outstanding at historical and pro forma, with liquidation preferences of $25 per unit	325,000	—	—		325,000
General partner, 104,492,738 and 169,779,418 units issued and outstanding historical and pro forma, respectively(2)	2,277,884	1,857,100	2,513,869	J	6,648,853
Limited partners; 154,170 units outstanding historical and pro forma	(2,006)	—	—		(2,006)
Accumulated other comprehensive loss	(35,739)	(7,732)	7,732	K	(35,739)
Total partners' capital	2,565,139	1,849,368	2,521,601		6,936,108
Noncontrolling interests:					
Limited partners' interests in consolidated partnerships	35,145	—	—		35,145
Total capital	2,600,284	1,849,368	2,521,601		6,971,253
Total liabilities and capital	$ 4,458,288	3,394,911	3,128,998		10,982,197

See accompanying notes

(1) Historical financial information of Regency and Equity One is derived from their respective Quarterly Reports filed on Form 10-Q for the nine months ended September 30, 2016. Certain Equity One amounts have been reclassified to conform to Regency's financial statement presentation.

(2) Historical units issued and outstanding represent Regency units as of September 30, 2016 as filed on its Quarterly Report filed on Form 10-Q. The pro forma shares issued and outstanding represent the historical Regency units and the units issued to the Parent Company upon them issuing shares to Equity One common stockholders had the merger occurred as of September 30, 2016.

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016
(in thousands, except share data)

	Regency Centers, L.P. Historical(1)	Equity One Historical(1)	Pro Forma Adjustments		Regency Centers, L.P. Pro Forma
Revenues:					
Minimum rent	$ 329,506	213,822	14,247	a	557,575
Percentage rent	2,651	4,288	—		6,939
Recoveries from tenants and other income	103,894	61,816	—		165,710
Management, transaction, and other fees	18,759	837	—		19,596
Total revenues	454,810	280,763	14,247		749,820
Operating expenses:					
Depreciation and amortization	119,721	80,691	43,292	b	243,704
Operating and maintenance	69,767	45,103	—		114,870
General and administrative	48,695	17,513	—		66,208
Real estate taxes	49,697	33,197	—		82,894
Other operating expenses	5,795	—	—		5,795
Total operating expenses	293,675	176,504	43,292		513,471
Other expense (income):					
Interest expense, net	70,489	36,820	(9,321)	c	97,988
Provision for impairment	1,666	3,121	—		4,787
Early extinguishment of debt	13,943	14,650	—		28,593
Net investment (income) loss	(1,268)	(870)	—		(2,138)
Loss on derivative instruments	40,586	—	—		40,586
Total other expense	125,416	53,721	(9,321)		169,816
Income (loss) from operations before equity in income of investments in real estate partnerships	35,719	50,538	(19,724)		66,533
Equity in income of investments in real estate partnerships	46,618	2,109	(662)	d	48,065
Income tax expense (benefit) of taxable REIT subsidiaries	—	1,131	(475)	e	656
Income from operations	82,337	51,516	(19,911)		113,942
Gain on sale of real estate, net of tax	22,997	3,693	—		26,690
Net income	105,334	55,209	(19,911)		140,632
Noncontrolling interests:					
Limited partners' interests in consolidated partnerships	(1,380)	—	—		(1,380)
Net income attributable to the Partnership	103,954	55,209	(19,911)		139,252
Preferred unit distributions	(15,797)	—	—		(15,797)
Net income attributable to common unitholders	$ 88,157	55,209	(19,911)		123,455
Income per common unit—basic	$ 0.88	0.39			.75
Income per common unit—diluted	$ 0.88	0.39			.75
Weighted average unit—basic	99,793	141,726		f	165,080
Weighted average unit—diluted	100,282	142,537		f	165,569

See accompanying notes

(1) Historical financial information of Regency and Equity One is derived from their respective Quarterly Reports filed on Form 10-Q for the nine months ended September 30, 2016. Certain Equity One amounts have been reclassified to conform to Regency's financial statement presentation.

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2015
(in thousands, except share data)

	Regency Centers, L.P. Historical(1)	Equity One Historical(1)	Pro Forma Adjustments		Regency Centers, L.P. Pro Forma
Revenues:					
Minimum rent	$ 415,155	272,204	32,101	a	719,460
Percentage rent	3,750	5,335	—		9,085
Recoveries from tenants and other income	125,295	80,737	—		206,032
Management, transaction, and other fees	25,563	1,877	—		27,440
Total revenues	569,763	360,153	32,101		962,017
Operating expenses:					
Depreciation and amortization	146,829	95,514	102,696	b	345,039
Operating and maintenance	82,978	60,100			143,078
General and administrative	65,600	25,033	—		90,633
Real estate taxes	61,855	42,167	—		104,022
Other operating expenses	7,836	—	—		7,836
Total operating expenses	365,098	222,814	102,696		690,608
Other expense (income):					
Interest expense, net	102,622	55,322	(11,004)	c	146,940
Provision for impairment	—	16,753	—		16,753
Early extinguishment of debt	8,239	7,298	—		15,537
Net investment (income) loss	(625)	(6,200)	—		(6,825)
Loss on derivative instruments	—	—	—		—
Total other expense	110,236	73,173	(11,004)		172,405
Income (loss) from operations before equity in income of investments in real estate partnerships	94,429	64,166	(59,591)		99,004
Equity in income of investments in real estate partnerships	22,508	6,493	(882)	d	28,119
Income tax expense (benefit) of taxable REIT subsidiaries	—	(856)	(86)		(942)
Income from operations	116,937	71,515	(60,387)	e	128,065
Gain on sale of real estate, net of tax	35,606	3,952	—		39,558
Net income	152,543	75,467	(60,387)		167,623
Noncontrolling interests:					
Limited partners' interests in consolidated partnerships	(2,247)	(10,014)	—		(12,261)
Net income attributable to the Partnership	150,296	65,453	(60,387)		155,362
Preferred unit distributions	(21,062)	—	—		(21,062)
Net income attributable to common unitholders	$ 129,234	65,453	(60,387)		134,300
Income per common unit—basic	$ 1.37	0.51			0.84
Income per common unit—diluted	$ 1.36	0.51			0.84
Weighted average units—basic	94,546	127,957		f	159,833
Weighted average units—diluted	95,011	128,160		f	160,298

See accompanying notes

(1) Historical financial information of Regency and Equity One is derived from their respective Annual Reports filed on Form 10-K for the year ended December 31, 2015. Certain Equity One amounts have been reclassified to conform to Regency's financial statement presentation.

NOTES TO UNAUDITED PRO FORMA
CONDENSED COMBINED FINANCIAL STATEMENTS
(in thousands unless otherwise noted)

Note 1: Overview

For purposes of the unaudited pro forma condensed combined financial statements or the pro forma financial statements, Regency has assumed a total preliminary purchase price for the merger of approximately $4.5 billion, which consists primarily of shares of Parent Company common stock issued in exchange for shares of Equity One common stock, plus $3.5 million of cash consideration. The total preliminary purchase price was calculated based on the closing price of Parent Company's common stock on January 10, 2017, which was $68.70. At the effective time of the merger, each share of Equity One common stock, issued and outstanding immediately prior to the effective time of the merger (other than any shares owned directly by the Parent Company or Equity One and in each case not held on behalf of third parties) will be converted into the right to receive 0.45 of a shares of newly issued shares of Parent Company common stock, totaling a maximum aggregate number of Parent Company shares of common stock of approximately 65.3 million shares of Parent Company common stock based on the number of shares of Equity One common stock outstanding as of September 30, 2016, determined as follows:

Equity One common stock outstanding as of September 30, 2016	144,760
Equity One share based awards exchanged	322
Total Equity One shares to convert to Parent Company common stock	145,082
Exchange ratio	0.45
Parent Company common stock issued	65,287

The pro forma financial statements have been prepared assuming the merger is accounted for using the acquisition method of accounting under GAAP, which we refer to as acquisition accounting, with the Parent Company as the acquiring entity. Accordingly, under acquisition accounting, the total estimated purchase price is allocated to the acquired net tangible and identifiable intangible assets and liabilities assumed of Equity One based on their respective fair values, as further described below.

To the extent identified, certain reclassifications have been reflected in the pro forma adjustments to conform Equity One's financial statement presentation to that of Regency. However, the unaudited pro forma financial statements may not reflect all adjustments necessary to conform the accounting policies of Equity One to those of Regency due to limitations on the availability of information as of the date of this filing.

The pro forma adjustments represent Regency management's estimates based on information available as of the date of this filing and are subject to change as additional information becomes available and additional analyses are performed. The pro forma financial statements do not reflect the impact of possible revenue or earnings enhancements, cost savings from operating efficiencies or synergies, or asset dispositions. Also, the pro forma financial statements do not reflect possible adjustments related to restructuring or integration activities that have yet to be determined or transaction or other costs following the merger that are not expected to have a continuing impact. Further, one-time transaction-related expenses anticipated to be incurred prior to, or concurrent with, closing the merger are not included in the pro forma statements of operations.

The pro forma statements of operations for the year ended December 31, 2015 and for the nine months ended September 30, 2016 combine the historical condensed combined statements of operations of Regency and Equity One, giving effect to the merger as if it had been consummated on January 1, 2015, the beginning of the earliest period presented. The pro forma balance sheet combines the historical consolidated balance sheet of Regency and the historical consolidated balance sheet of Equity One as of September 30, 2016, giving effect to the merger as if it had been consummated on September 30, 2016.

Completion of the merger is subject to, among other things, approval by Parent Company and Equity One stockholders. As of the date of this filing, the merger is expected to be completed in the first quarter or early second quarter of 2017.

Preliminary Estimated Purchase Price

The total preliminary estimated purchase price of approximately $4.5 billion was determined based on the number of Equity One's shares of common stock as of September 30, 2016. For purposes of the pro forma financial statements, such shares of common stock are assumed to be outstanding as of the pro forma closing date of September 30, 2016. Further, no effect has been given to any other new shares of common stock that may be issued or granted subsequent to the date of this filing and before the closing date of the merger. In all cases, the Parent Company's closing stock price is a determining factor in arriving at final consideration for the merger. The stock price assumed for the total preliminary purchase price is the closing price of Parent Company's common stock on January 10, 2017 ($68.70 per share), the most recent date practicable.

The purchase price will be computed using the closing price of Parent Company common stock on the closing date; therefore, the actual purchase price will fluctuate with the market price of Parent Company common stock until the merger is consummated. As a result, the final purchase price could differ significantly from the current estimate, which could materially impact the pro forma financial statements.

The following table presents the changes to the value of stock consideration and the total preliminary purchase price based on a 10% increase and decrease in the per share price of Parent Company common stock (in thousands, except the price of Parent Company common stock):

	Price of Parent Company Common Stock	Equity Consideration Given (Parent Company Shares to be Issued)	Calculated Value of Equity Consideration	Cash Consideration	Total Value of Consideration
As of January 10, 2017	$ 68.70	65,287	4,485,195	3,528	$ 4,488,723
Decrease of 10%	$ 61.83	65,287	4,036,675	3,528	$ 4,040,203
Increase of 10%	$ 75.57	65,287	4,933,714	3,528	$ 4,937,242

The total preliminary estimated purchase price described above has been allocated to Equity One's tangible and intangible assets acquired and liabilities assumed for purposes of these pro forma financial statements, based on their estimated relative fair values assuming the merger was completed on the pro forma balance sheet date presented. The final allocation will be based upon valuations and other analysis for which there is currently insufficient information to make a definitive allocation. Accordingly, the purchase price allocation adjustments are preliminary and have been made solely for the purpose of providing pro forma financial statements. The final purchase price allocation will be determined after the merger is consummated and after a complete and thorough analysis. As a result, the final acquisition accounting adjustments, including those resulting from conforming Equity One's accounting policies to those of Regency, could differ materially from the pro forma adjustments presented herein. The estimated purchase price of Equity One (as calculated in the manner described above) is allocated to the assets and liabilities to be assumed on the following preliminary basis:

Land	$ 2,699,449
Buildings and improvements	3,120,403
Properties in development	113,687
Properties held for sale	21,700
Investments in unconsolidated real estate partnerships	100,475
Real estate assets	6,055,714
Cash, accounts receivable and other assets	59,063
Intangible assets	412,660
Notes payable	(1,330,214)
Accounts payable, other liabilities and tenant security deposits and prepaid rent	(112,339)
Intangible liabilities	(596,161)
Total estimated purchase price	$ 4,488,723

Note 2. Adjustments to the Unaudited Pro Forma Condensed Combined Balance Sheet

The unaudited pro forma condensed combined balance sheet as of September 30, 2016 reflects the following adjustments:

A. Tangible and Intangible Real Estate Assets and Liabilities

The real estate assets acquired and liabilities assumed in connection with the merger are reflected in the unaudited pro forma condensed combined balance sheet of Regency at a preliminary fair market value. The preliminary fair market value is based, in part, on a valuation prepared by Regency with assistance of a third party valuation advisor. The acquired assets and assumed liabilities for an acquired operating property generally include, but are not limited to: land, buildings and improvements, identified tangible and intangible assets and liabilities associated with in-place leases, including tenant improvements, leasing costs, value of above-market and below-market leases, and value of acquired in-place leases.

The adjustments reflected in the unaudited condensed combined balance sheet for real estate assets, intangible assets and intangible liabilities represent the differences between the preliminary fair market value of condensed combined properties acquired by Regency in connection with the merger, and Equity One's historical balances, which are presented as follows:

	Fair Market Value	Equity One Historical	Adjustments as a Result of Merger
Land	$2,699,449	1,534,504	1,164,945
Buildings and improvements	3,120,403	1,902,474	1,217,929
Properties in development	113,687	115,333	(1,646)
Properties held for sale	21,700	19,346	2,354
Intangible assets, net	412,660	95,246	317,414
Intangible liabilities, net	596,161	154,339	441,822

Regency's methodology includes estimating an "as-if vacant" fair value of the physical property, which includes land, building, and improvements. In addition, Regency determines the estimated fair value of identifiable intangible assets and liabilities, considering the following categories: (i) value of in-place leases, and (ii) above and below-market value of in-place leases.

The value of in-place leases is estimated based on the value associated with the costs avoided in originating leases compared to the acquired in-place leases as well as the value associated with lost rental and recovery revenue during the assumed lease-up period. The value of in-place leases is recorded to amortization expense over the remaining expected term of the respective leases.

Above-market and below-market in-place lease values for acquired properties are recorded based on the present value of the difference between (i) the contractual amounts to be paid pursuant to the in-place leases and (ii) management's estimate of fair market lease rates for comparable in-place leases, measured over a period equal to the remaining non-cancelable term of the lease, including below-market renewal options, if applicable. The value of above-market leases is amortized as a reduction of minimum rent over the remaining terms of the respective leases and the value of below-market leases is accreted to minimum rent over the remaining terms of the respective leases, including below-market renewal options, if applicable. Regency does not assign value to customer relationship intangibles if it has pre-existing business relationships with the major retailers at the acquired property since they do not provide incremental value over Regency's existing relationships.

Equity One's historical accumulated depreciation is eliminated since the assets are presented at estimated fair value.

B. Investment in Real Estate Partnerships

Represents the difference between the preliminary fair market value of Equity One's real estate partnerships, acquired by Regency in connection with the merger, and Equity One's historical value as of September 30, 2016 (for more information, see note A on preliminary fair market values of properties acquired in the merger). A fair market value adjustment for debt and interest rate swaps held by the joint ventures is included. The fair value of debt was estimated based upon contractual future cash flows discounted using borrowing spreads and market interest rates that would have been available for debt with similar terms and maturities. The fair value of the single interest rate swap was estimated using discounted cash flow analysis on the expected cash flows of the derivative instrument reflecting the contractual terms and market interest rates.

C. Cash

The adjustment to cash represents the cash consideration paid at the effective time of the merger, as discussed further in Note 1.

D. Straight Line Rent Receivable

Straight-lining of rent pursuant to the underlying leases associated with the real estate acquired in connection with the merger will commence at the effective time of the merger; therefore the balance of straight line rent included on Equity One's historical balance sheet has been eliminated.

E. Deferred Leasing Costs, net

Deferred leasing costs, net, represent direct salaries, third-party fees and other costs incurred by Equity One to originate a lease which were capitalized and amortized against the respective leases using the straight-line method over the term of the related lease. The value to Regency of in-place leases is considered an intangible asset and included in the purchase price allocation above, see note A. As such, the net carrying value of Equity One's deferred leasing costs has been eliminated.

F. Goodwill

Equity One had $5.8 million of goodwill in its historical balance sheet from prior business combinations, which has been eliminated.

The allocation of the purchase price has been performed on a preliminary basis and will not be finalized until subsequent to the closing of the merger. Based on management's preliminary estimate of fair value of the identifiable assets and liabilities, no goodwill or bargain purchase option is recorded as a result of this transaction. As more information is available and the purchase price allocation is finalized, this may change. Changes in the purchase price due to changes in the Parent Company's stock price, as discussed further in Note 1, may result in goodwill or bargain purchase option.

G. Other Assets

Unamortized debt issuance costs of $6.0 million were included within other assets in Equity One's historical balance sheet related to the unsecured revolving credit facility, which will be paid in full by Regency upon acquisition. As such, the historical unamortized debt issuance costs have been eliminated. Additionally, the carrying value of the net deferred tax assets decreased by $1.9 million from the fair market value adjustments related to real estate assets.

H. Notes Payable

Regency will assume Equity One's unsecured senior notes payable, mortgage notes payable, and the $300 million variable rate term loan that matures in December 2020. The notes payable to be assumed by Regency have been adjusted by $33 million, to reflect the estimated fair value at September 30, 2016.

The balance outstanding on Equity One's unsecured revolving credit facility will be repaid with funds from Regency's unsecured line of credit. Additionally, the balance on Equity One's $250 million term loan that matures in 2019, and the related interest rate swap, will also be repaid at closing from Regency's unsecured line of credit.

Debt issuance costs and debt premium / discounts of $7.9 million were included within notes payable, within Equity One's historical balance sheet. Since the notes payable assumed in the merger are presented at fair value, the historical unamortized debt issuance costs and debt premium / discount have been eliminated, and new costs of $1 million to assume the debt have been recognized.

In connection with the merger agreement, Regency entered into a commitment letter with JPMorgan Chase Bank, N.A. ("JPMorgan"), pursuant to which JPMorgan committed to provide $750 million of senior unsecured bridge loans, the proceeds of which could be used to refinance certain existing indebtedness of either Regency or Equity One and to pay fees and expenses in connection with the acquisition and related transactions. Regency does not expect to need to borrow on this bridge loan.

I. Accounts Payable and Accrued Expenses

Represents the following pro forma adjustments:

	As of September 30, 2016
Non-recurring transaction costs	$ 114,226
Accrue debt issuance costs	980
Adjust deferred tax liabilities for fair value of real estate acquired	14,389
Eliminate Equity One's interest rate swap on term loan not assumed	(3,962)
Pro forma adjustments to Accounts payable and other liabilities	$ 125,633

The non-recurring transaction costs include those costs to be paid by Regency or Equity One directly attributable to the merger. These transaction costs, consisting primarily of fees for investment bankers, legal, accounting, tax and other professional services, are estimated to be approximately $114.2 million and will impact the results of operations and be recognized when incurred. These are factually supportable because such amounts are based on reliable, documented evidence such as invoices for costs incurred to date and estimates from third-parties for additional costs expected to be incurred with the merger. Such costs are non-recurring in nature and directly related to the merger and, therefore, are reflected as a reduction to equity and not included in the unaudited pro forma condensed combined statements of operations.

J. General Partners' Capital

The Parent Company will issue 65.3 million new shares of common stock in exchange for the outstanding shares of Equity One. Upon doing so, the Operating Company will issue the same number of new general partner units to the Parent Company in exchange for the net assets contributed from the merger.

The adjustment to General Partners' Capital represents the issuance of general partner units in exchange for shares of the Parent Company's common stock issued with a par value of $0.01 per share and a market value of $68.70 per share as of January 10, 2017, the most recent date practicable, at a conversion ratio of 0.45 to 1.0, to holders of Equity One common stock at the effective time of the merger.

The adjustment also includes the elimination of Equity One's accumulated deficit of $447.0 million as of September 30, 2016 and an adjustment of $114.2 million to increase distributions in excess of cumulative net income for non-recurring transaction costs directly attributable to the merger that have not yet been expensed in the historical statements of operations or accrued in the historical balance sheets used as the starting point for the pro forma financial statements (for more information, see note I).

		As of September 30, 2016
Outstanding shares of EquityOne common stock – historical basis (in 000s)	$	144,760
EquityOne equity-based awards converted into EquityOne common stock (in 000s)		322
Outstanding shares of EquityOne common stock (in 000s)		145,082
Exchange Ratio		0.45
Regency partnership units to be issued – pro forma basis (in 000s)		65,287
Regency par value per unit	$	0.01
Par value of Regency partnership units to be issued – pro forma basis	$	653
Par value of EquityOne common stock – historical basis	$	1,448
Pro forma adjustment to general partner capital	$	(795)
Regency partnership units to be issued – pro forma basis (in 000s)		65,287
Additional paid-in capital ($68.70 per unit less $0.01 par value per unit)	$	68.69
Additional paid-in capital Regency partnership units to be issued – pro forma basis	$	4,484,542
EquityOne additional paid-in capital – historical basis	$	2,302,681
Pro forma adjustments to general partner capital	$	2,181,861
Elimination of Equity One's historic accumulated deficit	$	447,029
Accrual of transaction costs	$	(114,226)
Pro forma adjustments to general partner capital	$	332,803
Total Pro forma adjustments to general partner capital	$	2,513,869

These amounts will be adjusted at the effective time of the merger to reflect the number of Equity One shares then issued and outstanding and the then per share market value of Parent Company common stock.

K. Accumulated Other Comprehensive Loss

Accumulated other comprehensive loss ("AOCL") included in Equity One's historical balance sheet represents the effective portion of their interest rate swaps. As discussed in note H above, Regency expects to terminate Equity One's interest rate swap on the term loan at the effective time of the merger. As such, Equity One's historical balances in AOCL are eliminated.

Note 3. Adjustments to the Unaudited Pro Forma Condensed Combined Statements of Operations for the year ended December 31, 2015 and nine months ended September 30, 2016

The historical amounts include Regency's and Equity One's actual operating results for the periods presented, as filed with the SEC on their respective Forms 10-K and Forms 10-Q. The pro forma adjustments to historical amounts, including rental property revenue, rental property operating expenses, general and administrative expenses, interest expense and depreciation and amortization, are presented in the unaudited pro forma condensed combined statements of operations for the year ended December 31, 2015 and nine months ended September 30, 2016 assuming the merger occurred on January 1, 2015. The following are the explanations for the adjustments to revenues, costs and expenses, and equity in income of investments in real estate partnerships included in the unaudited pro forma condensed combined statement of operations for the year ended December 31, 2015 and nine months ended September 30, 2016:

Merger Adjustments

a. Minimum Rent

The historical minimum rent for Regency and Equity One represent contractual, straight-line rents and amortization of above and below-market rents associated with the leases in effect during the periods presented. The adjustments included in the unaudited pro forma condensed combined statements of operations are presented to adjust contractual rental property revenue to a straight-line basis and to amortize above and below-market rents in accordance with Accounting Standards Codification 805-10, *Business Combinations*, as if the merger had occurred on January 1, 2015. The above and below-market rents are amortized or accreted to revenue over the remaining terms of the respective leases, which generally range from three to 20 years.

The following tables summarize the adjustments made to minimum rent for the real estate properties acquired as part of the merger for the nine months ended September 30, 2016 and year ended December 31, 2015:

	Nine months Ended September 30, 2016
Pro forma straight-line rent	$ 5,179
Pro forma (above)/below market rent	21,711
Elimination of Equity One's straight line rent	(3,773)
Elimination of Equity One's (above) below market rent	(8,870)
Total	$ 14,247

	Year Ended December 31, 2015
Pro forma straight-line rent	$ 16,239
Pro forma (above)/below market rent	33,233
Elimination of Equity One's straight line rent	(4,612)
Elimination of Equity One's (above) below market rent	(12,759)
Total	$ 32,101

b. Depreciation and Amortization Expense

Depreciation and amortization is calculated, for purposes of the unaudited pro forma condensed combined statements of operations, based on estimated useful lives for building and site improvements, and the remaining contractual, in-place lease term for intangible lease assets and liabilities. Regency uses the straight-line method for all depreciation and amortization. The useful life of a particular building depends upon a number of factors including the condition of the building upon acquisition. For purposes of the unaudited pro forma condensed combined statements of operations, the useful life for buildings is 40 years; the useful life for site improvements is 15 years; and the general range of remaining contractual, in-place lease terms is three to nine years. As Regency would have commenced depreciation and amortization on January 1, 2015, the depreciation and amortization expense included in the Equity One historical financial statements has been reversed so that the unaudited pro forma condensed combined statements of operations reflect the depreciation and amortization that Regency would have recorded.

The following tables summarize pro forma depreciation and amortization by asset category for the properties acquired in the merger that would have been recorded for the nine months ended September 30, 2016 and year ended December 31, 2015 less the reversal of depreciation and amortization included in Equity One's historical financial statements:

	Nine months Ended September 30, 2016
Building and improvements	$ 58,661
In-place leases	65,322
Less: Equity One historical depreciation and amortization	(80,691)
Adjustment to depreciation and amortization expense	$ 43,292

	Year Ended December 31, 2015
Building and improvements	$ 78,215
In-place leases	119,995
Less: Equity One historical depreciation and amortization	(95,514)
Adjustment to depreciation and amortization expense	$ 102,696

c. Interest Expense

The adjustments to interest expense related to the merger represent the (1) the repayment of $65 million of Equity One's unsecured revolving credit facility and $250 million term loan with proceeds from Regency's unsecured line of credit, (2) amortization of deferred financing costs related to the assumption of Equity One's debt, (3) the elimination of the impact of Equity One's interest rate swaps that are not assumed by Regency, (4) amortization of above-market debt values created by marking the assumed Equity One debt to fair market value, and (5) elimination of Equity One's historic amortization of deferred financing costs and premium/discount on notes payable (for more information, see note G above).

For purposes of pro forma adjustments, Regency's unsecured line of credit bears interest at London Interbank Offered Rate (which we refer to as "LIBOR") plus a spread of 0.925%.

The following tables summarize the adjustments to the unaudited pro forma condensed combined statements of operations for the nine months ended September 30, 2016 and year ended December 31, 2015:

	Nine months Ended September 30, 2016
Pro forma reduction in interest expense from repaying Equity One's term loan and revolving credit balance with Regency's unsecured line of credit	$ (1,043)
Pro forma amortization of deferred financing costs to assume debt	188
Pro forma amortization of above-market debt	(4,671)
Total	(5,526)
Eliminate historical Equity One interest expense attributable to interest rate swaps not assumed by Regency	(2,367)
Eliminate historical Equity One amortization of deferred financing costs and premium/discount on notes payable, net	(1,428)
Decrease in interest expense	$ (9,321)

	Year Ended December 31, 2015
Pro forma reduction in interest expense from repaying Equity One's term loan and revolving credit balance with Regency's unsecured line of credit	$ (746)
Pro forma amortization of deferred financing costs to assume debt	251
Pro forma amortization of above-market debt	(6,227)
Total	(6,722)
Eliminate historical Equity One interest expense attributable to interest rate swaps not assumed by Regency	(3,220)
Eliminate historical Equity One amortization of deferred financing costs and premium/discount on notes payable, net	(1,062)
Decrease in interest expense	$ (11,004)

The current underlying variable rate (1 month LIBOR), as used in these pro forma adjustments, was 0.765%. An increase (decrease) of 0.125% in LIBOR would increase (decrease) annual pro forma interest expense by $0.4 million.

d. Equity in Income of Investments in Real Estate Partnerships

Represents the additional depreciation and amortization expense recognized for basis differences arising between the fair value of underlying assets versus carryover basis.

e. Income Tax Expense (Benefit) of Taxable REIT Subsidiaries

Represents the reduction in deferred tax expense within Equity One's taxable REIT subsidiaries resulting from the change in depreciation and amortization of the acquired real estate assets.

f. Weighted-Average Units

The unaudited pro forma adjustment to units outstanding used in the calculation of basic and diluted earnings per share are based on the combined basic and diluted weighted average units, after giving effect to the exchange ratio, as follows (for more information, see note I above):

	Nine months Ended September 30, 2016
Regency weighted-average common units outstanding—historical basis	99,793
Units of common stock issued to Equity One stockholders—pro forma basis	65,287
Weighted-average units of common stock—basic	165,080
Incremental units to be issued under Treasury Stock method for unvested restricted stock and forward equity offering of the Parent Company	489
Weighted-average units of common stock—diluted	165,569

	Year Ended December 31, 2015
Regency weighted-average common units outstanding—historical basis	94,546
Units of common stock issued to Equity One stockholders—pro forma basis	65,287
Weighted-average units of common stock—basic	159,833
Incremental units to be issued under Treasury Stock method for unvested restricted stock and forward equity offering of the Parent Company	465
Weighted-average units of common stock—diluted	160,298

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