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Regency Centers Reports First Quarter 2021 Results

JACKSONVILLE, FL (May 6, 2021) – Regency Centers Corporation (“Regency” or the “Company”) (NASDAQ:REG) today reported financial and operating results for the period ended March 31, 2021, provided an update related to the COVID-19 pandemic, and provided updated guidance for 2021 Nareit FFO. Net Income was \$0.47 per diluted share for the quarter ended March 31, 2021, compared to Net Loss of (\$0.15) per diluted share for the quarter ended March 31, 2020.

First Quarter 2021 Highlights

- Reported Nareit FFO of \$0.90 per diluted share for the first quarter
- Updated 2021 Nareit FFO guidance to a range of \$3.33 – \$3.43 per diluted share
- Reported that Same Property Net Operating Income (“NOI”), excluding lease termination fees, decreased 1.6% during the first quarter
- Realized percent leased of 92.5% in the same property portfolio as of March 31, 2021
- Collected 93% of first quarter pro-rata base rent, as of May 3, 2021
- Executed 1.5 million square feet of new and renewal leases during the first quarter at a blended rent spread of +0.2%
- Completed property and outparcel dispositions of \$59.3 million and non-income producing land sales of \$675,000, each at Regency’s share of gross sales price
- Realized pro-rata net debt-to-operating EBITDA_{re} of 5.9x at March 31, 2021

Subsequent Highlights

- On April 7, 2021, completed the refinancing of ten properties in an unconsolidated co-investment partnership with ten individual 10-year secured loans for total gross proceeds of \$197 million, or \$78.8 million at Regency’s share, at a blended fixed interest rate of 2.90%
- On April 13, 2021, closed on the sale of one shopping center in Northern California for a gross sales price of \$53.2 million, at Regency’s share
- On May 5, 2021, Regency’s Board of Directors (the “Board”) declared a quarterly cash dividend on the Company’s common stock of \$0.595 per share

“We are encouraged by continued improvement in the retail environment and in the financial health of our tenants, evident in strengthening rent collection and leasing activity,” said Lisa Palmer, President and Chief Executive Officer. “We see longer term structural tailwinds for our Company and our industry, benefitting from growth in suburban markets as well as renewed appreciation among consumers and retailers for the capabilities and conveniences of our open air neighborhood and community centers.”

Financial Results

Net Income

- For the three months ended March 31, 2021, Net Income Attributable to Common Stockholders ("Net Income") was \$80.7 million, or \$0.47 per diluted share, compared to Net Loss Attributable to Common Stockholders ("Net Loss") of (\$25.3) million, or (\$0.15) per diluted share, for the same period in 2020.

Nareit FFO

- For the three months ended March 31, 2021, Nareit Funds From Operations ("Nareit FFO") was \$153.4 million, or \$0.90 per diluted share, compared to \$166.1 million, or \$0.98 per diluted share, for the same period in 2020.
- Nareit FFO continues to be unfavorably impacted by the COVID-19 pandemic versus the same period in 2020, including tenant vacancy and uncollectible lease income related to cash basis tenants, partially offset by revenue related to prior period collections from cash basis tenants.
- Items that impact first quarter Nareit FFO comparability in 2021 versus 2020 include:
 - Lease termination expense in the first quarter was (\$1.7) million, or (\$0.01) per diluted share, driven by a terminated lease at a property sold during the first quarter.
 - Uncollectible lease income positively impacted revenues in the first quarter by \$2.4 million at Regency's share, or \$0.01 per diluted share, comprised of reserves against 2021 billings of (\$17.7) million, which was more than offset by the reversal of 2020 reserves of \$20.1 million. For additional detail, please refer to page 32 of the first quarter 2021 supplemental disclosure.

Core Operating Earnings

- For the three months ended March 31, 2021, Core Operating Earnings was \$146.7 million, or \$0.86 per diluted share, compared to \$153.7 million, or \$0.91 per diluted share, for the same period in 2020.

Portfolio Performance

Same Property NOI

- First quarter 2021 same property Net Operating Income ("NOI"), excluding termination fees, declined by 1.6% compared to the same period in 2020.

Leased Occupancy

- As of March 31, 2021, Regency's wholly-owned portfolio plus its pro-rata share of co-investment partnerships, was 92.2% leased.
- As of March 31, 2021, Regency's same property portfolio was 92.5% leased, a decline of 50 basis points sequentially.
 - Within the same property portfolio, anchor percent leased, which includes spaces greater than or equal to 10,000 square feet, was 95.1%, a decline of 40 basis points sequentially.
 - Same property shop percent leased, which includes spaces less than 10,000 square feet, was 88.3%, a decline of 40 basis points sequentially.

Leasing Activity

- For the three months ended March 31, 2021, Regency executed 1.5 million square feet of comparable new and renewal leases at blended rent spreads of +0.2%.
- For the trailing twelve months, the Company executed 5.9 million square feet of comparable new and renewal leases at blended rents spreads of +1.2%.

COVID-19 Update

- As of March 31, 2021, over 1,700 rent deferral agreements were executed, with total deferred rent of \$42.7 million. As of March 31, 2021, the Company had rent deferral agreements with balances still outstanding totaling \$28.3 million, of which 56% is on a cash basis.
- As of May 3, 2021, the Company collected 93% of first quarter pro-rata base rent, in addition to 1% subject to executed deferral agreements.
- The Company also continues to make progress on 2020 accounts receivable. As of May 3, 2021, the Company has collected 85%, 91%, and 93% of second, third, and fourth quarter 2020 pro-rata base rent, respectively, including collected rebilled rent subject to executed deferral agreements.
- A "Business Update" presentation is posted on our website at investors.regencycenters.com, and includes additional information regarding COVID-19 impacts. Also refer to page 32 of the first quarter 2021 supplemental disclosure.

Portfolio Enhancement and Capital Allocation

Developments and Redevelopments

- As of March 31, 2021, the Company had estimated net project costs of \$327 million and an estimated \$161 million of remaining costs to complete on development and redevelopment projects in-process.
- During the first quarter, Regency completed redevelopment projects with total pro-rata cost of \$3.4 million.

Property Transactions

- During the first quarter, the Company sold five properties for a combined gross sales price of \$59.3 million at Regency's share, and one non-income producing land parcel for a gross sales price of \$680,000 at Regency's share.
- Subsequent to quarter-end, the Company closed on the sale of Gateway 101 Shopping Center, located in East Palo Alto, CA, for a gross sales price of \$53.2 million, at Regency's share.

Balance Sheet

- As of March 31, 2021, Regency had full capacity under its \$1.2 billion revolving credit facility.
- As of March 31, 2021, Regency's pro-rata net debt-to-operating EBITDA_{re} ratio was 5.9x.
- Subsequent to quarter-end, Regency completed the refinancing of ten properties in an unconsolidated co-investment partnership with ten individual 10-year secured loans for total gross proceeds of \$197 million, or \$78.8 million at Regency's share, at a blended fixed interest rate of 2.90%.

Dividend

- On May 5, 2021, Regency's Board declared a quarterly cash dividend on the Company's common stock of \$0.595 per share. The dividend is payable on July 6, 2021, to shareholders of record as of June 15, 2021.

2021 Guidance

Regency Centers provided updated 2021 guidance concurrently with the first quarter 2021 earnings release, as summarized in the table below.

Please refer to the Company's "Business Update" presentation for additional detail on guidance disclosure, including a reconciliation of Nareit FFO per diluted share from 2020 to 2021, as well as a reconciliation of Same Property NOI from the previous range to the current range. Additional guidance details may also be found in the first quarter 2021 Supplemental Package. All materials are posted on the website at investors.regencycenters.com.

Full Year 2021 Guidance

All figures pro-rata and in thousands, except per share data

* Changes to Forecast Bolded Below *	Current	Previous
Net Income Attributable to Common Stockholders per diluted share	\$1.43 - \$1.53	\$0.55 - \$0.73
NAREIT Funds From Operations ("NAREIT FFO") per diluted share	\$3.33 - \$3.43	\$2.96 - \$3.14
Core Operating Earnings per diluted share ⁽¹⁾	\$3.16 - \$3.26	\$2.79 - \$2.97
Same Property Net Operating Income ("SPNOI") Growth (ex. termination fees) <i>Included Impact of Prior Period Collections on SP NOI Range</i>	+6.0% to +8.5% +425bps	-1.0% to +2.5% +125bps
Certain Non-Cash Items (pro-rata) ⁽²⁾	+/- \$30,000	+/- \$30,000
Net G&A expense (pro-rata)	\$77,000 - \$81,000	\$82,500 - \$86,500
Net interest expense (pro-rata)	\$164,000 - \$165,000	\$166,000 - \$167,000
Recurring third party fees & commissions (pro-rata)	\$23,000 - \$24,000	\$23,000 - \$24,000
Development and Redevelopment Spend (pro rata)	+/- \$150,000	+/- \$150,000
Acquisitions <i>Cap rate (weighted average)</i>	+/- \$0 <i>0.0%</i>	+/- \$0 <i>0.0%</i>
Dispositions <i>Cap rate (weighted average) ⁽³⁾</i>	+/- \$150,000 <i>5.5% - 6.0%</i>	+/- \$150,000 <i>5.5% - 6.0%</i>

⁽¹⁾ Core Operating Earnings excludes certain non-cash items, including straight-line rents, above/below market rent amortization, and amortization of mark-to-market debt, as well as debt extinguishment charges.

⁽²⁾ Includes above and below market rent amortization, straight-line rents, and amortization of mark-to-market debt adjustments.

⁽³⁾ Weighted average cap rates exclude non-income producing assets (Pleasanton in 1Q21).

Conference Call Information

To discuss Regency's first quarter results and provide further business updates, management will host a conference call on Friday, May 7, 2021, at 11:00 a.m. ET. Dial-in and webcast information is listed below.

First Quarter 2021 Earnings Conference Call

Date: Friday, May 7, 2021
Time: 11:00 a.m. ET
Dial#: 877-407-0789 or 201-689-8562
Webcast: investors.regencycenters.com

Replay

Webcast Archive: [Investor Relations](#) page under [Events & Webcasts](#)

Non-GAAP Disclosure

We believe these non-GAAP measures provide useful information to our Board of Directors, management and investors regarding certain trends relating to our financial condition and results of operations. Our management uses these non-GAAP measures to compare our performance to that of prior periods for trend analyses, purposes of determining management incentive compensation and budgeting, forecasting and planning purposes.

We do not consider non-GAAP measures an alternative to financial measures determined in accordance with GAAP. The principal limitation of these non-GAAP financial measures is they may exclude significant expense and income items that are required by GAAP to be recognized in our consolidated financial statements. In addition, they reflect the exercise of management's judgment about which expense and income items are excluded or included in determining these non-GAAP financial measures. In order to compensate for these limitations, reconciliations of the non-GAAP financial measures we use to their most directly comparable GAAP measures are provided. Non-GAAP financial measures should not be relied upon in evaluating the financial condition, results of operations or future prospects of the Company.

Nareit FFO is a commonly used measure of REIT performance, which the National Association of Real Estate Investment Trusts ("Nareit") defines as net income, computed in accordance with GAAP, excluding gains on sale and impairments of real estate, net of tax, plus depreciation and amortization, and after adjustments for unconsolidated partnerships and joint ventures. Regency computes Nareit FFO for all periods presented in accordance with Nareit's definition. Since Nareit FFO excludes depreciation and amortization and gains on sales and impairments of real estate, it provides a performance measure that, when compared year over year, reflects the impact on operations from trends in percent leased, rental rates, operating costs, acquisition and development activities, and financing costs. This provides a perspective of the Company's financial performance not immediately apparent from net income determined in accordance with GAAP. Thus, Nareit FFO is a supplemental non-GAAP financial measure of the Company's operating performance, which does not represent cash generated from operating activities in accordance with GAAP; and, therefore, should not be considered a substitute measure of cash flows from operations. The Company provides a reconciliation of Net Income Attributable to Common Stockholders to Nareit FFO.

Core Operating Earnings is an additional performance measure that excludes from Nareit FFO: (i) transaction related income or expenses; (ii) gains or losses from the early extinguishment of debt; (iii) certain non-cash components of earnings derived from above and below market rent amortization, straight-line rents, and amortization of mark-to-market of debt adjustments; and (iv) other amounts as they occur. The Company provides a reconciliation of Net Income to Nareit FFO to Core Operating Earnings.

Reconciliation of Net Income (Loss) Attributable to Common Stockholders to Nareit FFO and Core Operating Earnings - Actual (in thousands)

For the Periods Ended March 31, 2021 and 2020

	<u>Three Months Ended</u>		<u>Year to Date</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Reconciliation of Net Income (Loss) to Nareit FFO:				
Net Income (Loss) Attributable to Common Stockholders	\$ 80,656	(25,332)	\$ 80,656	(25,332)
Adjustments to reconcile to Nareit Funds From Operations ⁽¹⁾ :				
Depreciation and amortization (excluding FF&E)	84,494	96,632	84,494	96,632
Goodwill impairment	-	132,128	-	132,128
Gain on sale of real estate	(12,070)	(37,952)	(12,070)	(37,952)
Provision for impairment of real estate	-	784	-	784
Exchangeable operating partnership units	364	(115)	364	(115)
Nareit Funds From Operations	\$ 153,444	166,145	\$ 153,444	166,145
Reconciliation of Nareit FFO to Core Operating Earnings:				
Nareit Funds From Operations	\$ 153,444	166,145	\$ 153,444	166,145
Adjustments to reconcile to Core Operating Earnings ⁽¹⁾ :				
Straight line rent	(3,429)	(3,997)	(3,429)	(3,997)
Uncollectible straight line rent	2,573	4,673	2,573	4,673
Above/below market rent amortization, net	(5,980)	(12,729)	(5,980)	(12,729)
Debt premium/discount amortization	91	(410)	91	(410)
Core Operating Earnings	\$ 146,699	153,682	\$ 146,699	153,682
Weighted Average Shares For Diluted Earnings per Share	170,006	167,908	170,006	167,908
Weighted Average Shares For Diluted FFO and Core Operating Earnings per Share	170,771	169,039	170,771	169,039

(1) Includes Regency's consolidated entities and its pro-rata share of unconsolidated co-investment partnerships, net of pro-rata share attributable to noncontrolling interests.

Same property NOI is a key non-GAAP measure used by management in evaluating the operating performance of Regency's properties. The Company provides a reconciliation of Net Income Attributable to Common Stockholders to pro-rata same property NOI.

Reconciliation of Net Income (Loss) Attributable to Common Stockholders to Pro-Rata Same Property NOI - Actual (in thousands)

For the Periods Ended March 31, 2021 and 2020	Three Months Ended		Year to Date	
	2021	2020	2021	2020
Net Income (Loss) Attributable to Common Stockholders	\$ 80,656	(25,332)	\$ 80,656	(25,332)
Less:				
Management, transaction, and other fees	(6,393)	(6,816)	(6,393)	(6,816)
Other ⁽¹⁾	(7,704)	(13,810)	(7,704)	(13,810)
Plus:				
Depreciation and amortization	77,259	89,295	77,259	89,295
General and administrative	21,287	13,705	21,287	13,705
Other operating expense	698	1,337	698	1,337
Other expense	23,752	137,266	23,752	137,266
Equity in income of investments in real estate excluded from NOI ⁽²⁾	13,301	15,483	13,301	15,483
Net income attributable to noncontrolling interests	969	549	969	549
NOI	203,825	211,677	203,825	211,677
Less non-same property NOI ⁽³⁾	(1,345)	(4,257)	(1,345)	(4,257)
Same Property NOI	\$ 202,480	207,420	\$ 202,480	207,420
Same Property NOI without Termination Fees	\$ 202,062	205,274	\$ 202,062	205,274
Same Property NOI without Termination Fees or Redevelopments	\$ 180,521	183,494	\$ 180,521	183,494

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

(2) Includes non-NOI expenses incurred at our unconsolidated real estate partnerships, such as, but not limited to, straight-line rental income, above and below market rent amortization, depreciation and amortization, interest expense, and real estate gains and impairments.

(3) Includes revenues and expenses attributable to Non-Same Property, Projects in Development, corporate activities, and noncontrolling interests.

Reported results are preliminary and not final until the filing of the Company's Form 10-Q with the SEC and, therefore, remain subject to adjustment.

The Company has published forward-looking statements and additional financial information in its first quarter 2021 supplemental information package that may help investors estimate earnings for 2021. A copy of the Company's first quarter 2021 supplemental information will be available on the Company's website at investors.regencycenters.com or by written request to: Investor Relations, Regency Centers Corporation, One Independent Drive, Suite 114, Jacksonville, Florida, 32202. The supplemental information package contains more detailed financial and property results including financial statements, an outstanding debt summary, acquisition and development activity, investments in partnerships, information pertaining to securities issued other than common stock, property details, a significant tenant rent report and a lease expiration table in addition to earnings and valuation guidance assumptions. The information provided in the supplemental package is unaudited and includes non-GAAP measures, and there can be no assurance that the information will not vary from the final information in the Company's Form 10-Q for the period-ended March 31, 2021. Regency may, but assumes no obligation to, update information in the supplemental package from time to time.

About Regency Centers Corporation (NASDAQ: REG)

Regency Centers is the preeminent national owner, operator, and developer of shopping centers located in affluent, infill suburban trade areas. Our portfolio includes thriving properties merchandised with highly productive grocers, restaurants, service providers, and best-in-class retailers that connect to their neighborhoods, communities, and customers. Operating as a fully integrated real estate company, Regency Centers is a qualified real estate investment trust (REIT) that is self-administered, self-managed, and an S&P 500 Index member. For more information, please visit [RegencyCenters.com](https://www.RegencyCenters.com).

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Forward-Looking Statements

Certain statements in this document regarding anticipated financial, business, legal or other outcomes including business and market conditions, outlook and other similar statements relating to Regency's future events, developments, or financial or operational performance or results such as our 2021 Guidance, are "forward-looking statements" made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and other federal securities laws. These forward-looking statements are identified by the use of words such as "may," "will," "should," "expect," "estimate," "believe," "intend," "forecast," "anticipate," "guidance," and other similar language. However, the absence of these or similar words or expressions does not mean a statement is not forward-looking. While we believe these forward-looking statements are reasonable when made, forward-looking statements are not guarantees of future performance or events and undue reliance should not be placed on these statements. Although we believe the expectations reflected in any forward-looking statements are based on reasonable assumptions, we can give no assurance these expectations will be attained, and it is possible actual results may differ materially from those indicated by these forward-looking statements due to a variety of risks and uncertainties.

Our operations are subject to a number of risks and uncertainties including, but not limited to, those risk factors described in our SEC filings. When considering an investment in our securities, you should carefully read and consider these risks, together with all other information in our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and our other filings and submissions to the SEC. If any of the events described in the risk factors actually occur, our business, financial condition or operating results, as well as the market price of our securities, could be materially adversely affected. Forward-looking statements are only as of the date they are made, and Regency undertakes no duty to update its forward-looking statements except as required by law. These risks and events include, without limitation:

Risk Factors

Risk Factors Related to the COVID-19 Pandemic

Pandemics or other health crises, such as the COVID-19 pandemic, may adversely affect our tenants' financial condition, the profitability of our properties, and our access to the capital markets and could have a material adverse effect on our business, results of operations, cash flows and financial condition.

Risk Factors Related to Operating Retail-Based Shopping Centers

Economic and market conditions may adversely affect the retail industry and consequently reduce our revenues and cash flow, and increase our operating expenses. Shifts in retail trends, sales, and delivery methods between brick and mortar stores, e-commerce, home delivery, and curbside pick-up may adversely impact our revenues and cash flows. Changing economic and retail market conditions in geographic areas where our properties are concentrated may reduce our revenues and cash flow. Our success depends on the continued presence and success of our "anchor" tenants. A significant percentage

of our revenues are derived from smaller “shop space” tenants and our net income may be adversely impacted if our smaller shop tenants are not successful. We may be unable to collect balances due from tenants in bankruptcy. Many of our costs and expenses associated with operating our properties may remain constant or increase, even if our lease income decreases. Compliance with the Americans with the Disabilities Act and fire, safety and other regulations may have a negative effect on us.

Risk Factors Related to Real Estate Investments

Our real estate assets may decline in value and be subject to impairment losses which may reduce our net income. We face risks associated with development, redevelopment and expansion of properties.

We face risks associated with the development of mixed-use commercial properties. We face risks associated with the acquisition of properties. We may be unable to sell properties when desired because of market conditions. Changes in tax laws could impact our acquisition or disposition of real estate.

Risk Factors Related to the Environment Affecting Our Properties

Climate change may adversely impact our properties directly, and may lead to additional compliance obligations and costs as well as additional taxes and fees. Geographic concentration of our properties makes our business more vulnerable to natural disasters, severe weather conditions and climate change. Costs of environmental remediation may impact our financial performance and reduce our cash flow.

Risk Factors Related to Corporate Matters

An uninsured loss or a loss that exceeds the insurance coverage on our properties may subject us to loss of capital and revenue on those properties. Failure to attract and retain key personnel may adversely affect our business and operations. The unauthorized access, use, theft or destruction of tenant or employee personal, financial or other data or of Regency’s proprietary or confidential information stored in our information systems or by third parties on our behalf could impact our reputation and brand and expose us to potential liability and loss of revenues.

Risk Factors Related to Our Partnerships and Joint Ventures

We do not have voting control over all of the properties owned in our co-investment partnerships and joint ventures, so we are unable to ensure that our objectives will be pursued. The termination of our partnerships may adversely affect our cash flow, operating results, and our ability to make distributions to stock and unit holders.

Risk Factors Related to Funding Strategies and Capital Structure

Our ability to sell properties and fund acquisitions and developments may be adversely impacted by higher market capitalization rates and lower NOI at our properties which may dilute earnings. We depend on external sources of capital, which may not be available in the future on favorable terms or at all. Our debt financing may adversely affect our business and financial condition. Covenants in our debt agreements may restrict our operating activities and adversely affect our financial condition. Increases in interest rates would cause our borrowing costs to rise and negatively impact our results of operations. Hedging activity may expose us to risks, including the risks that a counterparty will not perform and that the hedge will not yield the economic benefits we anticipate, which may adversely affect us. The interest rates on our Unsecured Credit facilities as well as on our variable rate mortgages and interest rate swaps might change based on changes to the method in which LIBOR or its replacement rate is determined.

Risk Factors Related to the Market Price for Our Securities

Changes in economic and market conditions may adversely affect the market price of our securities.

There is no assurance that we will continue to pay dividends at historical rates.

Risk Factors Relating to the Company's Qualification as a REIT

If the Parent Company fails to qualify as a REIT for federal income tax purposes, it would be subject to federal income tax at regular corporate rates. Dividends paid by REITs generally do not qualify for reduced tax rates. Certain foreign stockholders may be subject to U.S. federal income tax on gain recognized on a disposition of our common stock if we do not qualify as a "domestically controlled" REIT.

Legislative or other actions affecting REITs may have a negative effect on us. Complying with REIT requirements may limit our ability to hedge effectively and may cause us to incur tax liabilities.

Risks Related to the Company's Common Stock

Restrictions on the ownership of the Parent Company's capital stock to preserve its REIT status may delay or prevent a change in control. The issuance of the Parent Company's capital stock may delay or prevent a change in control. Ownership in the Parent Company may be diluted in the future.