

REGENCY CENTERS CORP

Form 424B5

March 21, 2016

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Filed Pursuant to Rule 424(b)(5)  
Registration No. 333-194301

**CALCULATION OF REGISTRATION FEE**

<b>Title of Each Class of Securities to be Registered</b>	<b>Amount to be Registered</b>	<b>Proposed Maximum Offering Price Per Share</b>	<b>Proposed Maximum Aggregate Offering Price</b>	<b>Amount of Registration Fee</b>
Common Stock, par value \$0.01 per share	3,100,000	\$75.25	\$233,275,000	\$23,491(1)

- (1) Calculated in accordance with Rule 457(r) under the Securities Act of 1933, as amended. Payment of the registration fee at the time of filing of the registrant's registration statement on Form S-3, filed with the Securities and Exchange Commission on March 4, 2014 (File No. 333-194301), was deferred pursuant to rules 456(b) and 457(r) under the Securities Act, and is paid herewith. This Calculation of Registration Fee table shall be deemed to update the Calculation of Registration Fee table in such registration statement.

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(To Prospectus Dated March 4, 2014)

**3,100,000 Shares**

**Regency Centers Corporation**

**Common Stock**

The underwriter or its affiliate, whom we refer to as the forward seller, is, at our request, borrowing from third parties and selling 3,100,000 shares of our common stock in connection with a forward sale agreement that we entered into with an affiliate of the underwriter, whom we refer to as the forward purchaser. If the forward seller is unable to borrow all of these shares of common stock, as described in this prospectus supplement, we will issue and sell a number of shares equal to the number of shares that the forward seller does not borrow and sell. We will not initially receive any proceeds from the sale of the shares of our common stock by the forward seller. See **Underwriting** **Forward Sale Agreement** for a description of the forward sale agreement.

To assist us in complying with federal income tax requirements applicable to real estate investment trusts, our charter contains restrictions relating to the ownership and transfer of our shares, including an ownership limit of 7.0% by value of our outstanding capital stock. See **Description of the Securities that May Be Offered by Regency Centers Corporation** **Capital Stock of Regency Centers Corporation** **Restrictions on Ownership of Capital Stock** in the accompanying prospectus.

Our common stock is listed on the New York Stock Exchange under the symbol **REG**. The last reported sale price of our common stock on March 17, 2016 was \$77.12 per share.

The underwriter has agreed to purchase the shares at a price of \$74.90 per share, which will result in approximately \$232.2 million of net proceeds to us before expenses. Depending on the price of our common stock at the time of settlement of the forward sale agreement and the relevant settlement method, we may receive proceeds upon settlement of the forward sale agreement, which settlement must occur no later than approximately 15 months after the date of this prospectus supplement. For the purposes of calculating the aggregate net proceeds to us, we have assumed that the forward sale agreement is physically settled based on the initial forward sale price of \$74.90 (which is the price at which the underwriter agrees to buy the shares of our common stock offered hereby). The forward sale price is subject to adjustment on a daily basis based on a floating interest rate factor equal to the federal funds rate less a spread and will be decreased based on amounts related to expected dividends on our shares of our common stock during the term of the forward sale agreement, and the actual proceeds, if any, will be calculated as described in this prospectus supplement. If the federal funds rate is less than the spread on any day, the interest factor will result in a daily reduction of the forward sale price. As of the date of this prospectus supplement, the federal funds rate was less than the spread. The underwriter may offer our shares in transactions on the New York Stock Exchange, in the over-the-counter market or through negotiated transactions or otherwise at market prices prevailing at the time of sale, at prices related to prevailing market prices or at negotiated prices. See **Underwriting**.

**Investing in our common stock involves risks. See Risk Factors beginning on page S-7 of this prospectus supplement.**

**Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.**

The underwriter expects to deliver the shares on or about March 23, 2016.

*Sole Book-Runner*

# **J.P. Morgan**

The date of this prospectus supplement is March 17, 2016.

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**You should rely only on the information contained in or incorporated by reference into this prospectus supplement, the accompanying prospectus or any applicable free writing prospectus in making a decision about whether to invest in our common stock. We have not, and the underwriter has not, authorized any other person to provide you with different or additional information. If anyone provides you with different or additional information, you should not rely on it. This prospectus supplement and the accompanying prospectus do not constitute an offer to sell, or a solicitation of an offer to purchase, any securities in any jurisdiction where it is unlawful to make such offer or solicitation. You should assume that the information appearing in this prospectus supplement, the accompanying prospectus, any applicable free writing prospectus and the documents incorporated by reference herein or therein is accurate only as of their respective dates or on the date or dates which are specified in these documents. Our business, financial condition, liquidity, results of operations and prospects may have changed since those dates.**

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**ABOUT THIS PROSPECTUS SUPPLEMENT**

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of this offering. The second part, the accompanying prospectus dated March 4, 2014, gives more general information, some of which may not apply to this offering.

To the extent the information contained in this prospectus supplement differs or varies from the information contained in the accompanying prospectus or documents incorporated by reference, the information in this prospectus supplement will supersede such information.

*You should read the accompanying prospectus as well as the documents incorporated by reference in this prospectus supplement and the accompanying prospectus. See Incorporation of Certain Documents by Reference in this prospectus supplement and Where You Can Find More Information in the accompanying prospectus. Unless the context otherwise requires, in this prospectus supplement, the terms Company, we, us and our include Regency Centers Corporation and its consolidated subsidiaries, including Regency Centers, L.P., our operating partnership. References to the operating partnership refer to Regency Centers, L.P.*

**FORWARD-LOOKING INFORMATION**

The statements contained or incorporated by reference in this prospectus supplement that are not historical facts are forward-looking statements and, with respect to Regency Centers Corporation, within Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act. These forward-looking statements are based on current expectations, estimates and projections about the industry and markets in which we operate, management's beliefs and assumptions made by management. Words such as expects, anticipates, intends, plans, believes, estimates, should and similar expressions are intended to identify forward-looking statements. Such statements involve known and unknown risks, uncertainties and other factors, including those identified under the caption Risk Factors in the accompanying prospectus, this prospectus supplement and in the periodic reports that we file with the SEC, that may cause actual results to be materially different from any future results expressed or implied by such forward-looking statements. Such factors may include:

changes in national and local economic conditions;

financial difficulties of tenants;

competitive market conditions, including timing and pricing of acquisitions and sales of properties and out-parcels;

changes in leasing activity and market rents;

timing of development starts;

meeting development schedules;

our inability to exercise voting control over the co-investment partnerships through which we own or develop many of our properties;

consequences of any armed conflict or terrorist attack against the United States; and

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the ability to obtain governmental approvals.

Forward-looking statements are not guarantees of performance. They involve risks, uncertainties and assumptions. Our future results, financial condition and business may differ materially from those expressed in these forward-looking statements. Many of the factors that will determine these items are beyond our ability to control or predict. For these statements, we claim the protection of the safe harbor for forward-looking statements

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contained in the Private Securities Litigation Reform Act of 1995. You are cautioned not to place undue reliance on our forward-looking statements, which speak only as of the date of this prospectus supplement or, if applicable, the date of the applicable document incorporated by reference.

All subsequent written and oral forward-looking statements attributable to us or any person acting on our behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. We do not undertake any obligation to release publicly any revisions to our forward-looking statements to reflect events or circumstances after the date of this prospectus supplement or to reflect the occurrence of unanticipated events.

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**OUR COMPANY**

Regency Centers Corporation is a real estate investment trust ( REIT ) and the general partner of Regency Centers, L.P. As the sole general partner of Regency Centers, L.P., Regency Centers Corporation has exclusive control of Regency Centers, L.P.'s day-to-day management. Regency Centers Corporation does not conduct business itself, other than acting as the sole general partner of Regency Centers, L.P., issuing public equity from time to time and guaranteeing all of the unsecured public debt and some of the secured debt of Regency Centers, L.P. Regency Centers, L.P. holds all of the assets of the Company and retains the ownership interests in the Company's joint ventures. Except for net proceeds from public equity issuances by Regency Centers Corporation, which are contributed to Regency Centers, L.P. in exchange for partnership units, Regency Centers, L.P. generates all remaining capital required by the Company's business. As of December 31, 2015, Regency Centers Corporation owned approximately 99.8% of the units in Regency Centers, L.P. and the remaining limited units are owned by investors. Regency Centers Corporation's common stock is traded on the NYSE under the symbol REG .

Our principal executive offices are located at One Independent Drive, Suite 114, Jacksonville, Florida 32202, and our telephone number is (904) 598-7000.

As disclosed under Use of Proceeds, upon settlement of the forward sale agreement described herein, we intend to use the proceeds of this offering for general corporate purposes, which may include funding future acquisition opportunities. We believe that attractive opportunities to acquire properties in our target trade areas, consistent with executing our business strategy, will be available to us during 2016, and this offering will put us in a position to execute on those opportunities. Those opportunities could include community and neighborhood shopping centers, as well as significant retail components of mixed use properties, with meaningful upside in NOI growth, and may be acquired directly by us or through co-investment partnerships.

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<b>Issuer</b>	Regency Centers Corporation, a Florida corporation
<b>Common Stock Offered by the Forward Seller</b>	3,100,000 shares
<b>Common Stock to be Outstanding as of March 23, 2016</b>	97,610,485 shares <sup>(1)</sup>
<b>Common Stock to be Outstanding After Settlement of the Forward Sale Agreement Assuming Physical Settlement</b>	100,710,485 shares <sup>(2)</sup>
<b>Use of Proceeds</b>	We will not receive any proceeds from the sale of the shares of our common stock by the forward seller pursuant to this prospectus supplement, unless an event occurs that requires us to sell our common stock to the underwriter in lieu of the forward seller selling our common stock to the underwriter. At an initial forward sale price of \$74.90 per share, we expect to receive net proceeds of approximately \$232.2 million, subject to the price adjustment and other provisions of the forward sale agreement, in the event of full physical settlement of the forward sale agreement which settlement must occur within approximately 15 months of the date of this prospectus supplement. The forward sale price that we expect to receive upon physical settlement of the forward sale agreement will be subject to adjustment on a daily basis based on a floating interest rate factor equal to the federal funds rate less a spread and will be decreased based on amounts related to expected dividends on our shares of our common stock during the term of the forward sale agreement. If the federal funds rate is less than the spread on any day, the interest factor will result in a daily reduction of the forward sale price. As of the date of this prospectus

<sup>1</sup> Based on the number of shares outstanding as of March 16, 2016. Excludes (i) shares that we may be required to sell to the underwriter in lieu of the forward seller selling our common stock to the underwriter, (ii) approximately 2.3 million shares reserved and available for future issuance as of March 16, 2016 under our Long-Term Omnibus Plan, of which approximately 8,740 shares were subject to outstanding options with a weighted average exercise price of \$88.45 per share and 584,261 shares were reserved for issuance upon vesting of non-vested restricted stock and performance share awards, and (iii) approximately 154,170 shares issuable upon exchange of units of limited partnership interest in our operating partnership as of March 16, 2016.

<sup>2</sup> Based on the number of shares outstanding as of March 16, 2016. Excludes (i) approximately 2.3 million shares reserved and available for future issuance as of March 16, 2016 under our Long-Term Omnibus Plan, of which approximately 8,740 shares were subject to outstanding options with a weighted average exercise price of \$88.45 per share and 584,261 shares were reserved for issuance upon vesting of non-vested restricted stock, and (ii) approximately 154,170 shares issuable upon exchange of units of limited partnership interest in our operating partnership as of March 16, 2016.

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supplement, the federal funds rate was less than the spread. See Underwriting for a description of the forward sale agreement.

We intend to use any proceeds that we receive upon settlement of the forward sale agreement to fund acquisition opportunities, including those described above under Our Company, fund our development and redevelopment activities, repay maturing debts and/or for general corporate purposes. In addition, if an event occurs that requires us to sell our common stock to the underwriter in lieu of the forward seller selling our common stock to the underwriter, then we intend to use any net proceeds we receive from any such sales for the same purposes. See Use of Proceeds.

**Restriction on Ownership**

In order to assist us in maintaining our qualification as a real estate investment trust for federal income tax purposes, ownership, actually or constructively, by any person of more than 7.0% in value of our outstanding capital stock is restricted by our charter. See Description of the Securities that May Be Offered by Regency Centers Corporation Capital Stock of Regency Centers Corporation Restrictions on Ownership of Capital Stock in the accompanying prospectus.

**Listing**

Our common stock is listed on the New York Stock Exchange under the symbol REG .

**Transfer Agent and Registrar for Our Common Stock**

Broadridge Corporate Issuer Solutions, Inc.

**Risk Factors**

An investment in our common stock involves various risks, and prospective investors should carefully consider the matters discussed under the caption entitled Risk Factors beginning on page S-7 of this prospectus supplement.

**Accounting Treatment**

Before any issuance of our common stock upon physical settlement of the forward sale agreement, the forward sale agreement will be reflected in our diluted earnings per share calculations using the treasury stock method. Under this method, the number of shares of our common stock used in calculating diluted earnings per share is deemed to be increased by the excess, if any, of the number of shares that would be issued upon physical settlement of the forward sale agreement over the number of shares that could be purchased by us in the market

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(based on the average market price during the period) using the proceeds receivable upon settlement (based on the adjusted forward sale price at the end of the reporting period). Consequently, prior to physical settlement of the forward sale agreement and subject to the occurrence of certain events, we anticipate there will be no dilutive effect on our earnings per share except during periods when the average market price of our common stock is above the per share adjusted forward sale price, which is initially \$74.90 (which is the price at which the underwriter agrees to buy the shares of our common stock offered hereby), subject to adjustment based on the federal funds rate less a spread, and subject to decrease by an amount per share specified in the forward sale agreement on each of certain dates specified in the forward sale agreement. However, if we decide to physically settle the forward sale agreement, delivery of our shares on any physical settlement of the forward sale agreement will result in dilution to our earnings per share and return on equity.

**Conflicts of Interest**

All of the proceeds of this offering (excluding proceeds paid to us with respect to any common stock that we may sell to the underwriter in lieu of the forward seller selling our common stock to the underwriter) will be paid to the forward purchaser. As a result, an affiliate of J.P. Morgan Securities LLC will receive more than 5% of the net proceeds of this offering, not including underwriting compensation, thus creating a conflict of interest with Rule 5121 (Public Offerings of Securities with Conflicts of Interest) of the Financial Industry Regulatory Authority, Inc. Accordingly, this offering is being conducted in compliance with Rule 5121. J.P. Morgan Securities LLC will not confirm sales to discretionary accounts without the prior written approval of the customer. The appointment of a qualified independent underwriter is not necessary in connection with this offering, as the shares of common stock have a bona fide public market (as such terms are defined in FINRA Rule 5121).

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**RISK FACTORS**

*Investing in our common stock involves a significant degree of risk. Before you decide to purchase our common stock, you should carefully consider the following risk factors, together with all of the other information contained in or incorporated by reference into this prospectus supplement, including the additional risk factors in our Annual Report on Form 10-K for the year ended December 31, 2015. The risks and uncertainties we have described are those we believe to be the principal risks that could affect us, our business or our industry, and which could result in a material adverse impact on our financial condition, results of operations or the market price of our securities. However, additional risks and uncertainties not currently known to us or that we currently deem immaterial may affect our business operations and the market price of our securities.*

**Settlement provisions contained in the forward sale agreement subject us to certain risks.**

The forward purchaser will have the right to accelerate the forward sale agreement and require us to physically settle the forward sale agreement on a date specified by the forward purchaser if:

in its sole judgment, it or its affiliate is unable to or it is otherwise commercially impracticable for it or its affiliate to continue to borrow a number of shares of our common stock equal to the number of shares to be delivered by us upon physical settlement of the forward sale agreement;

we declare any dividend or distribution on shares of our common stock payable in (i) cash in excess of the specified amount, (ii) securities of another company, or (iii) any other type of securities (other than our common stock), rights, warrants or other assets for payment at less than the prevailing market price, as determined by the forward purchaser;

certain ownership thresholds applicable to the forward purchaser are exceeded;

an event is announced that, if consummated, would result in an extraordinary event (as defined in the forward sale agreement) including, among other things, certain mergers and tender offers, as well as certain events such as delisting of our common stock (each as more fully described in the forward sale agreement); or

certain other events of default or termination events occur, including, among other things, any material misrepresentation made in connection with entering into the forward sale agreement, our bankruptcy or a change in law (each as more fully described in the forward sale agreement).

The forward purchaser's decision to exercise its right to require us to settle the forward sale agreement will be made irrespective of our interests, including our need for capital. In such cases, we could be required to issue and deliver our common stock under the terms of the physical settlement provisions of the forward sale agreement irrespective of our capital needs, which would result in dilution to our earnings per share and return on equity. In addition, upon certain events of bankruptcy, insolvency, or reorganization relating to us, the forward sale agreement will terminate without further liability of either party. Following any such termination, we would not issue any shares and we would not receive any proceeds pursuant to the forward sale agreement.

The forward sale agreement provides for settlement on a settlement date or dates to be specified at our discretion within approximately 15 months from the date of this prospectus supplement.

The forward sale agreement will be physically settled, unless we elect to settle the forward sale agreement in cash. If we decide to physically settle the forward sale agreement, delivery of our shares on any physical settlement of the forward sale agreement will result in dilution to our earnings per share and return on equity. If we elect cash settlement for all or a portion of the shares of our common stock included in the forward sale agreement, we would expect the forward purchaser or one of its affiliates to repurchase a number of shares equal to the portion for which we elect cash settlement in order to cover its obligation to return the shares of our common stock it had borrowed in connection with sales of our common stock under this prospectus supplement.

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If the market value of our common stock at the time of the repurchase is above the forward sale price at that time, we would pay the forward purchaser under the forward sale agreement an amount in cash equal to the difference. Thus, we would be responsible for a potentially substantial cash payment. See Underwriting Forward Sale Agreement for information on the forward sale agreement.

In addition, the purchase of our common stock by the forward purchaser or its affiliate to unwind the forward purchaser's hedge position, could cause the price of our common stock to increase over time, thereby increasing the amount of cash we would owe to the forward purchaser upon a cash settlement of the forward sale agreement, or decreasing the amount of cash that the forward purchaser owes us upon cash settlement of the forward settlement agreement, as the case may be.

### **Our shareholders will experience dilution as a result of this offering and they may experience further dilution if we issue additional common stock.**

The issuance of any common stock we are selling pursuant to the forward sale agreement upon physical settlement thereof or any common stock we are required to sell to the underwriter in lieu of the forward seller selling our common stock to the underwriter will have a dilutive effect on our earnings per share.

Any additional future issuances of our common stock will reduce the percentage of our common stock owned by investors purchasing shares in this offering who do not participate in future issuances. In most circumstances, shareholders will not be entitled to vote on whether or not we issue additional common stock. In addition, depending on the terms and pricing of an additional offering of our common stock and the value of our properties, our shareholders may experience dilution in both the book value and fair value of their shares.

### **Holders of our debt or preferred stock have liquidation and other rights that are senior to the rights of the holders of our common stock, and any future issuance of debt or preferred stock could adversely affect the market price of our common stock.**

Holders of our debt and preferred stock have liquidation rights and other rights that are senior to our common stock. Upon any voluntary or involuntary liquidation, dissolution or winding up, payment will be made to holders of our debt and preferred stock, before any payment is made to the holders of our common stock. This will reduce the amount of our assets, if any, available for distribution to holders of our common stock. Because our decision to issue debt and preferred stock is dependent on market conditions and other factors that may be beyond our control, we cannot predict or estimate the amount, timing or nature of our future issuances. Any such future issuance could reduce the market price of our common stock.

### **The price of our common stock may fluctuate significantly.**

The market price of our common stock may fluctuate significantly in response to many factors, many of which are out of our control, including:

actual or anticipated variations in our operating results or dividends;

changes in our funds from operations or earnings estimates;

publication of research reports about us or the real estate industry generally and recommendations by financial analysts or actions taken by rating agencies with respect to our securities or those of other REITs;

the ability of our tenants to pay rent to us and meet their other obligations to us under current lease terms and our ability to re-lease space as leases expire;

increases in market interest rates that lead purchasers of our shares to demand a higher dividend yield;





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changes in market valuations of similar companies;

adverse market reaction to any additional debt we incur in the future;

any future issuances of equity securities;

additions or departures of key management personnel;

strategic actions by us or our competitors, such as acquisitions or restructurings;

actions by institutional shareholders;

speculation in the press or investment community;

the realization of any of the other risk factors included, or incorporated by reference, in this prospectus supplement; and

general market and economic conditions.

These factors may cause the market price of our common stock to decline, regardless of our financial condition, results of operations, business or prospects. It is impossible to ensure that the market price of our common stock will not fall in the future.

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**USE OF PROCEEDS**

We will not receive proceeds from the sale of the shares of common stock offered by the forward seller pursuant to this prospectus supplement, unless an event occurs that requires us to sell our common stock to the underwriter in lieu of the forward seller selling our common stock to the underwriter, in which case we intend to use all net proceeds we receive from any such sales for the same purposes described below. At an initial forward sale price of \$74.90 per share, we expect to receive net proceeds of approximately \$232.2 million, subject to the price adjustment and other provisions of the forward sale agreement, in the event of full physical settlement of the forward sale agreement, which settlement must occur within approximately 15 months of the date of this prospectus supplement. For purposes of calculating the proceeds to us upon settlement of the forward sale agreement, we have assumed that the forward sale agreement is physically settled based upon the initial forward sale price of \$74.90 (which is the price at which the underwriter agrees to buy the shares of our common stock offered hereby) on the effective date of the forward sale agreement, which will be March 23, 2016. The actual proceeds from the forward sale are subject to the final settlement of the forward sale agreement. The forward sale price that we expect to receive upon physical settlement of the forward sale agreement will be subject to adjustment on a daily basis based on a floating interest rate factor equal to the federal funds rate less a spread and will be decreased based on amounts related to expected dividends on our shares of our common stock during the term of the forward sale agreement. If the federal funds rate is less than the spread on any day, the interest factor will result in a daily reduction of the forward sale price. As of the date of this prospectus supplement, the federal funds rate was less than the spread. See **Underwriting Forward Sale Agreement** for a description of the forward sale agreement.

We intend to use the proceeds that we receive upon settlement of the forward sale agreement to fund acquisition opportunities, including those described above under **Our Company**, fund our development and redevelopment activities, repay maturing debts, and/or for general corporate purposes. In addition, if an event occurs that requires us to sell our common stock to the underwriter in lieu of the forward seller selling our common stock to the underwriter, then we intend to use any net proceeds we receive from any such sales for the same purposes.

**ADDITIONAL MATERIAL FEDERAL INCOME TAX CONSIDERATIONS**

This summary supplements the discussion contained under the caption **Certain Material Federal Income Tax Considerations** in the accompanying prospectus and should be read in conjunction therewith. Prospective investors are urged to consult their tax advisors in order to determine the U.S. federal, state, local, foreign and other tax consequences to them of the purchase, ownership and disposition of shares of our shares of common stock, the tax treatment of a REIT and the effect of potential changes in the applicable tax laws.

**Taxation of Regency Centers Corporation**

As discussed in the accompanying prospectus under **Certain Material Federal Income Tax Considerations Taxation of Regency Centers Corporation**, even if we qualify as a REIT, we will be subject to federal tax in certain circumstances. Among those circumstances, we will be subject to a 100% excise tax on income from certain transactions with any taxable REIT subsidiary (a **TRS**) that are not on an arm's-length basis. Pursuant to the Protecting Americans from Tax Hikes Act of 2015, which was signed into law on December 18, 2015 (the **Act**), and effective for taxable years beginning after December 31, 2015, such transactions will include those pursuant to which any TRS of ours provides services to us, if such transaction is determined to have not been conducted on an arm's-length basis.

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### **Income Tests**

As discussed in the accompanying prospectus under **Certain Material Federal Income Tax Considerations** **Income Tests**, we must satisfy two gross income tests annually to maintain our qualification as a REIT. As described under **Income Tests** in the accompanying prospectus, qualifying income for purposes of the 95% gross income test includes gain or loss from the sale of real estate assets. The Act provides that for taxable years beginning after December 31, 2015, gain from the sale of real estate assets also includes gain from the sale of a debt instrument issued by a publicly offered REIT (i.e., a REIT that is required to file annual and periodic reports with the SEC under the Exchange Act) even if not secured by real property or an interest in real property. However, for purposes of the 75% gross income test, gain from the sale of a debt instrument issued by a publicly offered REIT would not be treated as qualifying income unless such debt instrument would otherwise qualify as a real estate asset without regard to the inclusion of debt instruments of publicly offered REITs in the meaning of real estate assets effective for taxable years beginning after December 31, 2015, as described below under **Asset Tests**.

As discussed in the accompanying prospectus under **Certain Material Federal Income Tax Considerations** **Income Tests**, interest income generally constitutes qualifying mortgage interest for purposes of the 75% gross income test to the extent that the obligation upon which such interest is paid is secured by a mortgage on real property. Except as provided in the following sentence, if we receive interest income with respect to a mortgage loan that is secured by both real and other property, and the highest principal amount of the loan outstanding during a taxable year exceeds the fair market value of the real property on the date that we agreed to acquire the mortgage loan or on the date we modified the loan (if the modification is treated as significant modification for tax purposes), the interest income will be apportioned between the real property and the other collateral, and our income from the arrangement will qualify for purposes of the 75% gross income test only to the extent that the interest is allocable to the real property. For taxable years beginning after December 31, 2015, in the case of mortgage loans secured by both real property and personal property, if the fair market value of such personal property does not exceed 15% of the total fair market value of all such property securing the loan, then the personal property securing the loan will be treated as real property for purposes of determining whether the mortgage loan is a qualifying asset for the 75% asset test and the related interest income qualifies for purposes of the 75% gross income test.

The discussion in the accompanying prospectus under **Certain Material Federal Income Tax Considerations** **Income Tests** is supplemented by inserting the paragraph below at the end of such subsection:

Effective for taxable years beginning after December 31, 2015, if we have entered into a qualifying hedging transaction as described above (an **Original Hedge**), and a portion of the hedged indebtedness is extinguished or the related property is disposed of and in connection with such extinguishment or disposition we enter into a new clearly identified hedging transaction that would counteract the original hedging transaction (a **Counteracting Hedge**), income from the **Original Hedge** and income from the **Counteracting Hedge** (including gain from the disposition of the **Original Hedge** and the **Counteracting Hedge**) will not be treated as gross income for purposes of the 95% and 75% gross income tests.

### **Asset Tests**

As discussed in the accompanying prospectus under **Certain Material Federal Income Tax Considerations** **Asset Tests**, to maintain our qualification as a REIT, we also must satisfy several asset tests at the end of each quarter of each taxable year. Under the first test described in the accompanying prospectus, at least 75% of the value of our total assets must consist of the items listed in the accompanying prospectus. In addition to those items, qualifying assets for purposes of the 75% asset test include, effective for taxable years beginning after December 31, 2015, (i) personal property leased in connection with real property to the extent that rents attributable to such personal property are treated as rents from real property, and (ii) debt instruments issued by publicly offered REITs.

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In addition, the fourth test described in the accompanying prospectus in such subsection is to be replaced in its entirety by the following:

Fourth, not more than 25% (20% for taxable years beginning after December 31, 2017) of the value of our total assets may be represented by the securities of one or more taxable REIT subsidiaries.

Finally, an additional test, effective for taxable years beginning after December 31, 2015, provides that not more than 25% of the value of our total assets may be represented by debt instruments issued by publicly offered REITs to the extent not secured by real property or interests in real property.

### **Taxation of Taxable Domestic Shareholders**

The accompanying prospectus discusses the taxation of U.S. shareholders on distributions with respect to qualified dividend income and capital gain dividends under the caption Certain Material Federal Income Tax Considerations Taxation of Taxable U.S. Shareholders. In addition to the discussion contained therein, effective for distributions in taxable years beginning after December 31, 2015, the aggregate amount of dividends that we may designate as capital gain dividends or qualified dividend income with respect to any taxable year may not exceed the dividends paid by us with respect to such year, including dividends that are paid in the following year (if they are declared before we timely file our tax return for the year and if made with or before the first regular dividend payment after such declaration) are treated as paid with respect to such year.

### **Taxation of Non-U.S. Shareholders**

As discussed in the accompanying prospectus, for any year in which we qualify as a REIT, a non-U.S. shareholder may incur tax on distributions that are attributable to gain from our sale or exchange of a United States Real Property Interest, or USRPI, under the Foreign Investment in Real Property Tax Act of 1980, or FIRPTA. However, if the applicable class of our stock is regularly traded on an established securities market in the United States, capital gain distributions on that class of stock that are attributable to our sale of a USRPI will be treated as ordinary dividends rather than as gain from the sale of a USRPI, as long as the non-U.S. shareholder did not own more than 5% of such class of our stock (or 10% on or after December 18, 2015) at any time during the one-year period preceding the distribution. In such a case, non-U.S. shareholders generally will be subject to withholding tax on such capital gain distributions in the same manner as they are subject to withholding tax on ordinary dividends. We anticipate that our common stock will be regularly traded on an established securities market in the United States for the reasonably foreseeable future.

The accompanying prospectus notes that we may be required to withhold 10% of any distribution that exceeds our current and accumulated earnings and profits. This 10% withholding requirement was increased to 15% under the Act for distributions after February 16, 2016. Consequently, although we generally intend to withhold at a rate of 30% on the entire amount of any distribution, to the extent we do not do so, we may be required to withhold at a rate of 15% on any portion of a distribution in excess of current and accumulated earnings and profits.

The accompanying prospectus notes in various instances that an IRS Form W-8BEN may be provided by a non-U.S. shareholder to claim certain treaty benefits or for other purposes. The IRS has updated their forms and in the case of entities that hold our common stock, an IRS Form W-8BEN-E should be delivered in lieu of an IRS Form W-8BEN in those instances where required.

As discussed in the accompanying prospectus, non-U.S. shareholders generally would not incur tax under FIRPTA on gain from the sale of our stock if we are a domestically controlled qualified investment entity. A domestically controlled qualified investment entity includes a REIT in which, at all times during a specified testing period, less than 50% in value of its shares are held directly or indirectly by non-U.S. shareholders. We cannot assure you that this test will be met. Even if we do not qualify as a domestically controlled qualified investment entity at the time the non-U.S. shareholder sells our common stock the gain from such a sale by such

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a non-U.S. shareholder will not be subject to tax under FIRPTA if (1) the class or series of shares sold is considered regularly traded under applicable treasury regulations on an established securities market, such as the New York Stock Exchange; and (2) the selling non-U.S. shareholder owned, actually or constructively, 10% or less of the outstanding class or series of shares being sold throughout the five-year period ending on the date of the sale or exchange. We believe that our common stock is regularly traded on an established securities market.

In addition, the Act provides for additional exemptions from FIRPTA applicable to qualified shareholders and qualified foreign pension plans. Accordingly, the discussion in the accompanying prospectus is supplemented by inserting the following paragraphs before the final two paragraphs in the section entitled Certain Material Federal Income Tax Considerations U.S. Taxation of Non-U.S. Shareholders :

Subject to the exception discussed below, any distribution on or after December 18, 2015 to a qualified shareholder who holds REIT stock directly or indirectly (through one or more partnerships) will not be subject to U.S. tax as income effectively connected with a U.S. trade or business and thus will not be subject to special withholding rules under FIRPTA. This exception does not apply to the extent that certain investors of a qualified shareholder (i.e., non-U.S. persons who hold interests in the qualified shareholder (other than interests solely as a creditor) hold more than 10% of the stock of such REIT (whether or not by reason of the investor's ownership in the qualified shareholder)).

In addition, on or after December 18, 2015, a sale of our stock by a qualified shareholder who holds such stock directly or indirectly (through one or more partnerships) will not be subject to U.S. federal income taxation under FIRPTA. As with distributions, this exception does not apply to the extent that certain investors of a qualified shareholder (i.e., non-U.S. persons who hold interests in the qualified shareholder (other than interests solely as a creditor), and hold more than 10% of the stock of such REIT (whether or not by reason of the investor's ownership in the qualified shareholder)).

A qualified shareholder is a foreign person that (i) either is eligible for the benefits of a comprehensive income tax treaty which includes an exchange of information program and whose principal class of interests is listed and regularly traded on one or more recognized stock exchanges (as defined in such comprehensive income tax treaty), or is a foreign partnership that is created or organized under foreign law as a limited partnership in a jurisdiction that has an agreement for the exchange of information with respect to taxes with the United States and has a class of limited partnership units representing greater than 50% of the value of all the partnership units that is regularly traded on the NYSE or NASDAQ markets, (ii) is a qualified collective investment vehicle (defined below), and (iii) maintains records on the identity of each person who, at any time during the foreign person's taxable year, is the direct owner of 5% or more of the class of interests or units (as applicable) described in (i), above.

A qualified collective investment vehicle is a foreign person that (i) would be eligible for a reduced rate of withholding under the comprehensive income tax treaty described above, even if such entity holds more than 10% of the stock of such REIT, (ii) is publicly traded, is treated as a partnership under the Code, is a withholding foreign partnership, and would be treated as a United States real property holding corporation if it were a domestic corporation, or (iii) is designated as such by the Secretary of the Treasury and is either (a) fiscally transparent within the meaning of section 894, or (b) required to include dividends in its gross income, but is entitled to a deduction for distributions to its investors.

Any distribution on or after December 18, 2015 to a qualified foreign pension fund (or an entity all of the interests of which are held by a qualified foreign pension fund) who holds REIT stock directly or indirectly (through one or more partnerships) will not be subject to U.S. tax as income effectively connected with a U.S. trade or business and thus will not be subject to special withholding rules under FIRPTA. In addition, on or after December 18, 2015, a sale of our stock by a qualified foreign pension fund that holds such stock directly or indirectly (through one or more partnerships) will not be subject to U.S. federal income taxation under FIRPTA.

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A qualified foreign pension fund is any trust, corporation, or other organization or arrangement (i) which is created or organized under the law of a country other than the United States, (ii) which is established to provide retirement or pension benefits to participants or beneficiaries that are current or former employees (or persons designated by such employees) of one or more employers in consideration for services rendered, (iii) which does not have a single participant or beneficiary with a right to more than 5% of its assets or income, (iv) which is subject to government regulation and provides annual information reporting about its beneficiaries to the relevant tax authorities in the country in which it is established or operates, and (v) with respect to which, under the laws of the country in which it is established or operates, (a) contributions to such organization or arrangement that would otherwise be subject to tax under such laws are deductible or excluded from the gross income of such entity or taxed at a reduced rate, or (b) taxation of any investment income of such organization or arrangement is deferred or such income is taxed at a reduced rate.

The provisions of the Act relating to qualified shareholders and qualified foreign pension funds are complex. Shareholders should consult their tax advisors with respect to the impact of the Act on them.

Finally, the final paragraph in discussion in the accompanying prospectus under Certain Material Federal Income Tax Considerations U.S. Taxation of Non-U.S. Shareholders is replaced in its entirety with the following:

Under the Foreign Account Tax Compliance Act, a U.S. withholding tax at a 30% rate will be imposed on dividends paid on our stock received by certain non-U.S. shareholders if certain disclosure requirements related to U.S. accounts or ownership are not satisfied. In addition, if those disclosure requirements are not satisfied, a U.S. withholding tax at a 30% rate will be imposed, for payments after December 31, 2018, on proceeds from the sale of our stock received by certain non-U.S. shareholders. If payment of withholding taxes is required, non-U.S. shareholders that are otherwise eligible for an exemption from, or reduction of, U.S. withholding taxes with respect of such dividends and proceeds will be required to seek a refund from the IRS to obtain the benefit of such exemption or reduction. We will not pay any additional amounts in respect of any amounts withheld.

**ERISA MATTERS**

We may be considered a party in interest within the meaning of the Employee Retirement Income Security Act of 1974, as amended ( ERISA ), and a disqualified person under corresponding provisions of the Code with respect to certain employee benefit plans. Certain transactions between an employee benefit plan and a party in interest or disqualified person may result in prohibited transactions within the meaning of ERISA and the Code, unless such transactions are effected pursuant to an applicable exemption. Any employee benefit plan or other entity subject to such provisions of ERISA or the Code proposing to invest in our common stock should consult with its legal counsel.

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### **UNDERWRITING**

In this offering, the forward seller is, at our request, borrowing and offering 3,100,000 shares of our common stock in connection with the execution of the forward sale agreement between us and the forward purchaser. Subject to the terms and conditions of the underwriting agreement, the forward seller has agreed to sell to J.P. Morgan Securities LLC, and J.P. Morgan Securities LLC has agreed to purchase from the forward seller, 3,100,000 shares of our common stock.

The underwriter has agreed to purchase the shares from the forward seller at a price of \$74.90 per share, which will result in approximately \$232.2 million of net proceeds to us before expenses. Depending on the price of our common stock at the time of settlement of the forward sale agreement and the relevant settlement method, we may receive proceeds upon settlement of the forward sale agreement, which settlement must occur no later than approximately 15 months after the date of this prospectus supplement. For the purposes of calculating the aggregate net proceeds to us, we have assumed that the forward sale agreement is physically settled based on the initial forward sale price of \$74.90 (which is the price at which the underwriter agrees to buy the shares of our common stock offered hereby). The forward sale price is subject to adjustment on a daily basis based on a floating interest rate factor equal to the federal funds rate less a spread and will be decreased based on amounts related to expected dividends on our shares of our common stock during the term of the forward sale agreement, and the actual proceeds, if any, will be calculated as described in this prospectus supplement. If the federal funds rate is less than the spread on any day, the interest factor will result in a daily reduction of the forward sale price. As of the date of this prospectus supplement, the federal funds rate was less than the spread. The underwriter proposes to offer the common stock offered hereby from time to time for sale in one or more transactions on the New York Stock Exchange, in the over-the-counter market, through negotiated transactions or otherwise at market prices prevailing at the time of sale, at prices related to prevailing market prices or at negotiated prices.

The underwriting agreement provides that the obligations of the underwriter are subject to certain conditions precedent, including the absence of any material adverse change in our business and the receipt of certain certificates, opinions and letters from us, our counsel and the independent auditors. The underwriter is committed to purchase all the shares of common stock to be sold under the underwriting agreement if they purchase any shares.

We estimate that the total expenses of this offering, excluding underwriting discounts and commissions, will be approximately \$125,000.

### **Forward Sale Agreement**

We entered into a forward sale agreement on the date of this prospectus supplement with an affiliate of the underwriter, whom we refer to as the forward purchaser, relating to an aggregate of 3,100,000 shares of our common stock. In connection with the execution of the forward sale agreement, and at our request, the underwriter or its affiliate, whom we refer to as the forward seller, is borrowing from third parties and selling in this offering 3,100,000 shares of our common stock. If the forward seller is unable to borrow and deliver for sale on the anticipated closing date of the offering any shares of our common stock, then the forward sale agreement will be terminated in its entirety. If the forward seller is unable to borrow and deliver for sale on the anticipated closing date the number of shares of our common stock to which the forward sale agreement relates, then the number of shares of our common stock to which the forward sale agreement relates will be reduced to the number that the forward seller can so borrow and deliver. In the event that the number of shares to which the forward sale agreement relates is so reduced, the commitment of the underwriter to purchase shares of our common stock from the forward seller and the forward seller's obligation to borrow such shares for delivery and sale to the underwriter, as described above, will be replaced with the commitment to purchase from us and our corresponding obligation to issue directly to the underwriter all or such portion of the number of shares not borrowed and delivered by the forward seller. The underwriter will have the right to postpone the closing date for one New York business day to effect any necessary changes to the documents or arrangements.

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We will receive an amount equal to the net proceeds from the sale of the borrowed shares of our common stock sold in this offering, subject to certain adjustments pursuant to the forward sale agreement, from the forward purchaser upon physical settlement of the forward sale agreement. We will only receive such proceeds if we elect to physically settle the forward sale agreement.

The forward sale agreement provides for settlement on a settlement date or dates to be specified at our discretion within approximately 15 months from the date of this prospectus supplement. On a settlement date or dates, if we decide to physically settle the forward sale agreement, we will issue shares of our common stock to the forward purchaser at the then-applicable forward sale price. The forward sale price will initially be \$74.90 per share, which is the price at which the underwriter agrees to buy the shares of our common stock offered hereby. The forward sale agreement provides that the initial forward sale price will be subject to adjustment based on a floating interest rate factor equal to the federal funds rate less a spread, and will be subject to decrease by an amount per share specified in the forward sale agreement on each of certain dates specified in the forward sale agreement. The forward sale price will also be subject to decrease if the cost to the forward seller of borrowing our common stock exceeds a specified amount. If the federal funds rate is less than the spread on any day, the interest rate factor will result in a daily reduction of the forward sale price. As of the date of this prospectus supplement, the federal funds rate was less than the spread.

Before any issuance of our common stock upon physical settlement of the forward sale agreement, the forward sale agreement will be reflected in our diluted earnings per share calculations using the treasury stock method. Under this method, the number of shares of our common stock used in calculating diluted earnings per share is deemed to be increased by the excess, if any, of the number of shares that would be issued upon physical settlement of the forward sale agreement over the number of shares that could be purchased by us in the market (based on the average market price during the period) using the proceeds receivable upon settlement (based on the adjusted forward sale price at the end of the reporting period). Consequently, prior to physical settlement of the forward sale agreement and subject to the occurrence of certain events, we anticipate there will be no dilutive effect on our earnings per share except during periods when the average market price of our common stock is above the per share adjusted forward sale price. However, if we decide to physically settle the forward sale agreement, delivery of our shares on any physical settlement of the forward sale agreement will result in dilution to our earnings per share and return on equity.

The forward purchaser will have the right to accelerate the forward sale agreement and require us to physically settle the forward sale agreement on a date specified by the forward purchaser if:

in its sole judgment, it or its affiliate is unable to or it is otherwise commercially impracticable for it or its affiliate to continue to borrow a number of shares of our common stock equal to the number of shares to be delivered by us upon physical settlement of the forward sale agreement;

we declare any dividend or distribution on shares of our common stock payable in (i) cash in excess of the specified amount, (ii) securities of another company, or (iii) any other type of securities (other than our common stock), rights, warrants or other assets for payment at less than the prevailing market price, as determined by the forward purchaser;

certain ownership thresholds applicable to the forward purchaser are exceeded;

an event is announced that, if consummated, would result in an extraordinary event (as defined in the forward sale agreement) including, among other things, certain mergers and tender offers, as well as certain events such as delisting of our common stock (each as more fully described in the forward sale agreement); or

certain other events of default or termination events occur, including, among other things, any material misrepresentation made in connection with entering into the forward sale agreement, our bankruptcy or a change in law (each as more fully described in the forward sale agreement).



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The forward purchaser's decision to exercise its right to require us to settle the forward sale agreement will be made irrespective of our interests, including our need for capital. In such cases, we could be required to issue and deliver common stock under the terms of the physical settlement provisions of the forward sale agreement irrespective of our capital needs, which would result in dilution to our earnings per share and return on equity. In addition, upon certain events of bankruptcy, insolvency, or reorganization relating to us, the forward sale agreement will terminate without further liability of either party. Following any such termination, we would not issue any shares and we would not receive any proceeds pursuant to the forward sale agreement.

Except under limited circumstances described below, we have the right to elect physical stock or cash settlement under the forward sale agreement. Although we expect to settle entirely by the delivery of shares of our common stock, we may elect cash settlement for all or a portion of our obligations if we conclude that it is in our interest to cash settle. For example, we may conclude that it is in our interest to cash settle if we have no current use for all or a portion of the net proceeds. In the event that we elect to cash settle, the settlement amount for the forward sale agreement will be equal to (1) (a) the adjusted forward sale price, *minus* (b) the average volume weighted price, calculated within certain parameters of Rule 10b-18 under the Exchange Act, during the period in which the forward purchaser or one of its affiliates closes out its short positions related to the forward sale agreement (and subject to any scheduled decrease in the forward sale price per share occurring during such period), *multiplied by* (2) the number of shares being settled. If this settlement amount is a positive number, the forward purchaser will pay us that amount. If this settlement amount is a negative number, we will pay the forward purchaser the absolute value of that amount. Upon cash settlement, we would expect the forward purchaser or its affiliate to purchase shares of our common stock in secondary market transactions for delivery to stock lenders in order to close out its short position. The purchase of our common stock by the forward purchaser or its affiliate could cause the price of our common stock to increase over time, thereby increasing the cash we owe to the forward purchaser or decreasing the amount of cash that the forward purchaser owes us, as the case may be.

We have agreed that, subject to certain limited exceptions, without the prior written consent of the underwriter, we will not directly or indirectly during the period commencing on the date hereof and ending 30 days after the date hereof (1) offer, pledge, announce the intention to sell, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, any shares of common stock or any securities convertible into or exercisable or exchangeable for common stock or (2) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the common stock, whether