PAYCHEX INC
Form 8-K
July 19, 2006

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 8-K
CURRENT REPORT
Pursuant To Section 13 or 15(d) of the Securities Exchange Act of 1934
Date of Report: July 13, 2006
(Date of earliest event reported)
PAYCHEX, INC.
(Exact name of registrant as specified in its charter)

DELAWARE	0-11330	16-1124166
(State of or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification Number)

911 PANORAMA TRAIL SOUTH, ROCHESTER, NEW YORK	14625-2396
(Address of principal executive offices)	(Zip Code)

(585) 385-6666
(Registrant s telephone number, including area code)
None
(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:

o Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

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

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

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

ITEM 1.01. ENTRY INTO A MATERIAL DEFINITIVE AGREEMENT

On July 13, 2006, Paychex, Inc. s (the Company) Board of Directors approved the below arrangements for certain officers, as identified.

Approved the Officers Performance Incentive Program for the year ending May 31, 2007 which provides for senior vice presidents of the Company, other than the Chief Executive Officer, the opportunity for annual cash bonuses based on goals set in advance by the Governance and Compensation Committee of the Board of Directors of up to 80% of base salary based primarily on the Company s annual revenue and operating income growth.

Approved the grant of restricted stock to its officers as provided under the Company s 2002 Stock Incentive Plan (as amended and restated). The Restricted Stock Agreement has been filed as Exhibit 10.1 to this Current Report on Form 8-K.

Further Information

Additional information regarding compensation awarded to certain of the Company s executive officers for the year ended May 31, 2006 will be provided in the Company s proxy statement for its 2006 Annual Meeting of Stockholders, which is expected to be filed with the Securities and Exchange Commission on or about August 31, 2006.

ITEM 5.02. DEPARTURE OF DIRECTORS OR PRINCIPAL OFFICERS; ELECTION OF DIRECTORS; APPOINTMENT OF PRINCIPAL OFFICERS.

(b) On July 13, 2006, the Company s Board of Directors accepted J. Robert Sebo s resignation from the Board of Directors effective on October 4, 2006, the day prior to the expected date of Paychex, Inc. s Annual Meeting of Stockholders. There were no disagreements between Mr. Sebo and the Company relating to the Company s operations, policies or practices involved in Mr. Sebo s decision not to stand for re-election as a Director.

Mr. Sebo has been invaluable to Paychex, Inc. during his more than 30 year association with the Company. The Board of Directors thanks Mr. Sebo for his contributions and wishes him much success in his future endeavors.

EXHIBIT INDEX

The following exhibit is filed with this Current Report on Form 8-K:

Exhibit 10.1 Paychex, Inc. 2002 Stock Incentive Plan (as amended and restated effective October 12, 2005) 2007 Master Restricted Stock Award Agreement.

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 thereunto duly authorized.

PAYCHEX, INC.

Date: July 19, 2006

/s/ Jonathan J. Judge
Jonathan J. Judge
President and Chief Executive Officer

Date: July 19, 2006

/s/ John M. Morphy
John M. Morphy
Senior Vice President, Chief
Financial Officer and Secretary

3

"bottom" WIDTH="1%"> **2010 2009**

Supplemental disclosure of cash flow information:

Cash paid for interest (net of capitalized interest of $3,323 and $11,918 in 2010 and 2009, respectively)

$59,081 53,563

Supplemental disclosure of non-cash transactions:

Parent common stock issued for partnership units exchanged

$7,311

Real estate received through distribution in kind

$ 80,459

Mortgage loans assumed through distribution in kind

$ 59,061

Real estate received through foreclosure on notes receivable

$990

Change in fair value of derivative instruments

$84 56,113

Common stock issued by Parent Company for dividend reinvestment plan

$1,314 1,782

Stock-based compensation capitalized

$333 1,393

Contributions from limited partners in consolidated partnerships, net

$98 1,108

See accompanying notes to consolidated financial statements.

Table of Contents

Regency Centers Corporation and Regency Centers, L.P.

Notes to Consolidated Financial Statements

June 30, 2010

1. Summary of Significant Accounting Policies

(a) Organization and Principles of Consolidation

General

Regency Centers Corporation (the Parent Company) began its operations as a Real Estate Investment Trust (REIT) in 1993 and is the managing general partner of Regency Centers, L.P. (the Operating Partnership). The Parent Company currently owns approximately 99.8% of the outstanding common Partnership Units of the Operating Partnership. The Parent Company engages in the ownership, management, leasing, acquisition, and development of retail shopping centers through the Operating Partnership, and has no other assets or liabilities other than through its investment in the Operating Partnership. At June 30, 2010, the Parent Company, the Operating Partnership and their controlled subsidiaries on a consolidated basis (the Company or Regency) directly owned 214 retail shopping centers and held partial interests in an additional 184 retail shopping centers through investments in real estate partnerships (also referred to as joint ventures or real estate partnerships).

The accompanying unaudited interim financial information has been prepared according to the rules and regulations of the U.S. Securities and Exchange Commission (SEC). Certain information and footnote disclosures normally included in annual financial statements prepared in accordance with Generally Accepted Accounting Principles (GAAP) have been condensed or omitted in accordance with such rules and regulations. The Company s management believes that the disclosures presented in these financial statements are sufficient such that the information presented is not misleading. In the Company s opinion, all adjustments and eliminations, consisting only of normal recurring adjustments, necessary to present fairly the Company s financial position as of June 30, 2010 and December 31, 2009, results of operations for the three and six months ended June 30, 2010 and 2009, and cash flows for the six months ended June 30, 2010 and 2009 have been included. The results of operations for such interim periods are not necessarily indicative of the results for the full year. The accompanying unaudited interim financial information should be read in conjunction with the Company s December 31, 2009 Consolidated Financial Statements, as filed with the SEC in the Annual Report on Form 10-K.

Estimates, Risks, and Uncertainties

The preparation of financial statements in conformity with U.S. GAAP requires the Company s 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 revenues and expenses during the reporting period. Actual results could differ from those estimates. The most significant estimates in the Company s financial statements relate to the carrying values of its investments in real estate including its shopping centers, properties in development and its investments in real estate partnerships, accounts receivable, net, and derivative instruments. Each of these items could be significantly affected by the continued weak economy.

Because of the adverse conditions that exist in the real estate markets, as well as, the credit and financial markets, it is possible that the estimates and assumptions that have been

Regency Centers Corporation and Regency Centers, L.P.

Notes to Consolidated Financial Statements

June 30, 2010

utilized in the preparation of the consolidated financial statements could change significantly. Specifically as it relates to the Company s business, the current weak economic period is expected to result in a higher level of retail store closings nationally, which could reduce the demand for leasing space in the Company s shopping centers and result in a decline in occupancy and rental revenues in its real estate portfolio. The lack of available credit in the commercial real estate market is causing a decline in the values of commercial real estate nationally and the Company s ability to sell shopping centers to raise capital. The reduction in the demand for new retail space and available capital have caused the Company to significantly reduce its new shopping center development program until markets become less volatile.

Consolidation

The accompanying consolidated financial statements include the accounts of the Parent Company, the Operating Partnership, its wholly-owned subsidiaries, and consolidated partnerships in which the Company has a controlling ownership interest. All significant inter-company balances and transactions are eliminated in the consolidated financial statements.

Ownership of the Parent Company

The Parent Company has a single class of common stock outstanding and three series of preferred stock outstanding (Series 3, 4, and 5 Preferred Stock). The dividends on the Series 3, 4, and 5 Preferred Stock are cumulative and payable in arrears on the last day of each calendar quarter. The Parent Company owns corresponding Series 3, 4, and 5 preferred unit interests (Series 3, 4, and 5 Preferred Units) in the Operating Partnership that entitle the Parent Company to income and distributions from the Operating Partnership in amounts equal to the dividends paid on the Parent Company s Series 3, 4, and 5 Preferred Stock.

Ownership of the Operating Partnership

The Operating Partnership s capital includes general and limited common Partnership Units, Series 3, 4, and 5 Preferred Units owned by the Parent Company, and Series D Preferred Units owned by institutional investors. At June 30, 2010, the Parent Company owned approximately 99.8% or 81,857,922 of the total 82,047,086 Partnership Units outstanding.

Net income and distributions of the Operating Partnership are allocable first to the Preferred Units and the remaining amounts to the general and limited common Partnership Units in accordance with their ownership percentages. The Series 3, 4, and 5 Preferred Units owned by the Parent Company are eliminated in consolidation in the accompanying consolidated financial statements of the Parent Company and are classified as preferred units of general partner in the accompanying consolidated financial statements of the Operating Partnership.

Investments in Real Estate Partnerships

Investments in real estate partnerships not controlled by the Company are accounted for under the equity method. Income or loss from these real estate partnerships, which includes all operating results (including impairments) and gains on sales of properties within the joint ventures, is allocated to the Company in accordance with the respective partnership agreements. Such allocations of net income or loss are recorded in equity in income (loss)

Table of Contents

Regency Centers Corporation and Regency Centers, L.P.

Notes to Consolidated Financial Statements

June 30, 2010

of investments in real estate partnerships in the accompanying Consolidated Statements of Operations. The net difference in the carrying amount of investments in real estate partnerships and the underlying equity in net assets is either accreted to income and recorded in equity in income (loss) of investments in real estate partnerships in the accompanying Consolidated Statements of Operations over the expected useful lives of the properties and other intangible assets, which range in lives from 10 to 40 years, or the net difference is recognized at liquidation. The accounting treatment depends on whether or not the joint venture agreement includes a unilateral right to elect to dissolve the real estate partnership and, upon such an election, receive a distribution in-kind, as discussed further below.

Cash distributions of earnings from operations from investments in real estate partnerships are presented in cash flows provided by operating activities in the accompanying Consolidated Statements of Cash Flows. Cash distributions from the sale of a property or loan proceeds received from the placement of debt on a property included in investments in real estate partnerships are presented in cash flows provided by investing activities in the accompanying Consolidated Statements of Cash Flows.

The Company carefully evaluates in structure and in substance its investments in the real estate partnerships to determine if they are variable interest entities. The Company has concluded that these partnership investments are not variable interest entities. Further, the joint venture partners in the real estate partnerships have significant ownership rights, including approval over operating budgets and strategic plans, capital spending, sale or financing, and admission of new partners. Upon formation of the joint ventures, the Company, through the Operating Partnership, also became the managing member, responsible for the day-to-day operations of the real estate partnerships. In accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 810, the Company evaluated its investment in each real estate partnership and concluded that the other partners have substantive participating rights and, therefore, the Company has concluded that the equity method of accounting is appropriate for these investments and they do not require consolidation. Under the equity method of accounting, investments in real estate partnerships are initially recorded at cost, subsequently increased for additional contributions and allocations of income, and reduced for distributions received and allocations of loss. These investments are included in the consolidated financial statements as investments in real estate partnerships.

Noncontrolling Interests

The Company consolidates all entities in which it has a controlling financial interest. A controlling financial interest is typically attributable to the entity with a majority voting interest. Noncontrolling interest is the portion of equity, in a subsidiary or consolidated entity, not attributable, directly or indirectly to the Company. Such noncontrolling interests are reported on the consolidated balance sheets within equity or capital, but separately from stockholders equity or partners capital. On the consolidated statements of operations, all of the revenues and expenses from less-than-wholly-owned consolidated subsidiaries are reported in net income (loss), including both the amounts attributable to the Company and noncontrolling interests. The amounts of consolidated net income (loss) attributable to the Company and to the noncontrolling interests are clearly identified on the accompanying Consolidated Statements of Operations.

Table of Contents

Regency Centers Corporation and Regency Centers, L.P.

Notes to Consolidated Financial Statements

June 30, 2010

Noncontrolling Interests of the Parent Company

The consolidated financial statements of the Parent Company include the following ownership interests held by owners other than the preferred and common stockholders of the Parent Company: the preferred units in the Operating Partnership held by third parties (Series D preferred units), the limited Partnership Units in the Operating Partnership held by third parties (Exchangeable operating partnership units), and the minority-owned interest held by third parties in consolidated partnerships (Limited partners interests in consolidated partnerships). The Parent Company has included all of these noncontrolling interests in permanent equity, separate from the Parent Company s stockholders equity, in the accompanying Consolidated Balance Sheets and Consolidated Statement of Equity and Comprehensive Income (Loss). The portion of net income (loss) or comprehensive income (loss) attributable to these noncontrolling interests is included in net income (loss) and comprehensive income (loss) in the accompanying Consolidated Statements of Operations and Consolidated Statement of Equity and Comprehensive Income (Loss) of the Parent Company.

In accordance with the FASB ASC Topic 480, securities that are redeemable for cash or other assets at the option of the holder, not solely within the control of the issuer, are classified as redeemable noncontrolling interests outside of permanent equity in the consolidated balance sheets. The Parent Company has evaluated the conditions as specified under the FASB ASC Topic 480 as it relates to Preferred Units and exchangeable operating partnership units outstanding and concluded that it has the right to satisfy the redemption requirements of the units by delivering unregistered preferred or common stock. Each outstanding Preferred Unit and exchangeable operating partnership unit is exchangeable for one share of preferred stock or common stock, respectively, and the unit holder cannot require redemption in cash or other assets. Limited partners interests in consolidated partnerships are not redeemable by the holders. The Parent Company s only asset is its investment in the Operating Partnership, and therefore settlement in shares would not be a surrender of assets, but a contra-equity. The Parent Company also evaluated its fiduciary duties to itself, its shareholders, and, as the managing general partner of the Operating Partnership, to the Operating Partnership, and concluded its fiduciary duties are not in conflict with each other or the underlying agreements. Therefore, the Parent Company classifies such units and interests as permanent equity in the accompanying Consolidated Balance Sheets and Consolidated Statement of Equity and Comprehensive Income (Loss).

Noncontrolling Interests of the Operating Partnership

The Operating Partnership has determined that Limited partners interests in consolidated partnerships are noncontrolling interests. The Operating Partnership has included these noncontrolling interests in permanent capital, separate from partners capital, in the accompanying Consolidated Balance Sheets and Consolidated Statement of Capital and Comprehensive Income (Loss). The portion of net income (loss) or comprehensive income (loss) attributable to these noncontrolling interests is included in net income (loss) and comprehensive income (loss) in the accompanying Consolidated Statements of Operations and Consolidated Statement of Capital and Comprehensive Income (Loss) of the Operating Partnership.

16

Table of Contents

Regency Centers Corporation and Regency Centers, L.P.

Notes to Consolidated Financial Statements

June 30, 2010

(b) Revenues

The Company leases space to tenants under agreements with varying terms. Leases are accounted for as operating leases with minimum rent recognized on a straight-line basis over the term of the lease regardless of when payments are due. The Company estimates the collectibility of the accounts receivable related to base rents, straight-line rents, expense reimbursements, and other revenue taking into consideration the Company s experience in the retail sector, available internal and external tenant credit information, payment history, industry trends, tenant credit-worthiness, and remaining lease terms. In some cases, primarily related to straight-line rents, the ultimate collection of these amounts are associated with increased rents to be collected in future years which extend beyond one year. During the three months ended June 30, 2010 and 2009, the Company recorded provisions for doubtful accounts of approximately $55,000 and $4.7 million, respectively. During the six months ended June 30, 2010 and 2009, the Company recorded provisions for doubtful accounts of $2.4 million and $5.2 million, respectively.

The following table represents the components of accounts receivable, net of allowance for doubtful accounts, as of June 30, 2010 and December 31, 2009 in the accompanying Consolidated Balance Sheets (in thousands):

	2010	2009
Tenant receivables	$ 11,822	22,395
CAM and tax reimbursements	16,695	15,099
Other receivables	9,467	9,944
Less: allowance for doubtful accounts	(6,106)	(6,567)
Total	$ 31,878	40,871

Substantially all of the lease agreements with anchor tenants contain provisions that provide for additional rents based on tenants' sales volume (percentage rent) and reimbursement of the tenants' share of real estate taxes, insurance, and common area maintenance (CAM) costs. Percentage rents are recognized when the tenants achieve the specified targets as defined in their lease agreements. Recovery of real estate taxes, insurance, and CAM costs are recognized as the respective costs are incurred in accordance with the lease agreements.

As part of the leasing process, the Company may provide the lessee with an allowance for the construction of leasehold improvements. These leasehold improvements are capitalized and recorded as tenant improvements, and depreciated over the shorter of the useful life of the improvements or the remaining lease term. If the allowance represents a payment for a purpose other than funding leasehold improvements, or in the event the Company is not considered the owner of the improvements, the allowance is considered to be a lease incentive and is recognized over the lease term as a reduction of minimum rent. Factors considered during this evaluation include, among other things, who holds legal title to the improvements as well as other controlling rights provided by the lease agreement and provisions for substantiation of such costs (e.g. unilateral control of the tenant space during the build-out process). Determination of the appropriate accounting for the payment of a tenant allowance is made on a lease-by-lease basis, considering the facts and circumstances of the individual tenant lease. When the Company is the owner of the leasehold improvements, recognition of lease revenue commences when the lessee is given possession of the leased space upon completion of tenant improvements. However, when

Regency Centers Corporation and Regency Centers, L.P.

Notes to Consolidated Financial Statements

June 30, 2010

the leasehold improvements are owned by the tenant, the lease inception date is the date the tenant obtains possession of the leased space for purposes of constructing their leasehold improvements.

Profits from sales of real estate are not recognized under the full accrual method by the Company unless a sale is consummated; the buyer s initial and continuing investment is adequate to demonstrate a commitment to pay for the property; the Company s receivable, if applicable, is not subject to future subordination; the Company has transferred to the buyer the usual risks and rewards of ownership; and the Company does not have substantial continuing involvement with the property.

The Company sells shopping centers to joint ventures in exchange for cash equal to the fair value of the ownership interest of its partners. The Company accounts for those sales as partial sales and recognizes gains on those partial sales in the period the properties were sold to the extent of the percentage interest sold, and in the case of certain real estate partnerships, applies a more restrictive method of recognizing gains, as discussed further below. The gains and operations associated with properties sold to these real estate partnerships are not classified as discontinued operations because the Company continues to partially own and manage these shopping centers.

As of June 30, 2010, six of the Company s joint ventures (DIK-JV) give each partner the unilateral right to elect to dissolve the real estate partnership and, upon such an election, receive a distribution in-kind (DIK) of the assets of the real estate partnership equal to their respective capital account, which could include properties the Company previously sold to the real estate partnership. The liquidation provisions require that all of the properties owned by the real estate partnership be appraised to determine their respective fair values. As a general rule, if the Company initiates the liquidation process, its partner has the right to choose the first property that it will receive with the Company choosing the next property that it will receive in liquidation. If the Company s partner initiates the liquidation process, the order of the selection process is reversed. The process then continues with an alternating selection of properties by each partner until the balance of each partner s capital account on a fair value basis has been distributed. After the final selection, to the extent that the fair value of properties in the DIK-JV are not distributable in a manner that equals the balance of each partner s capital account, a cash payment would be made to the other partner by the partner receiving a property distribution in excess of its capital account. The partners may also elect to liquidate some or all of the properties through sales rather than through the DIK process.

The Company has concluded that these DIK dissolution provisions constitute in-substance call/put options and represent a form of continuing involvement with respect to property that the Company has sold to these real estate partnerships, limiting the Company s recognition of gain related to the partial sale. This more restrictive method of gain recognition (Restricted Gain Method) considers the Company s potential ability to receive property through a DIK on which partial gain has been recognized, and ensures, as discussed below, maximum gain deferral upon sale to a DIK-JV. The Company has applied the Restricted Gain Method to partial sales of property to real estate partnerships that contain unilateral DIK provisions.

Profit shall be recognized under a method determined by the nature and extent of the seller s continuing involvement and the profit recognized shall be reduced by the maximum exposure to loss. The Company has concluded that the Restricted Gain Method accomplishes this objective.

Regency Centers Corporation and Regency Centers, L.P.

Notes to Consolidated Financial Statements

June 30, 2010

Under the Restricted Gain Method, for purposes of gain deferral, the Company considers the aggregate pool of properties sold into the DIK-JV as well as the aggregate pool of properties which will be distributed in the DIK process. As a result, upon the sale of properties to a DIK-JV, the Company performs a hypothetical DIK liquidation assuming that it would choose only those properties that it has sold to the DIK-JV in an amount equal to its capital account. For purposes of calculating the gain to be deferred, the Company assumes that it will select properties in a DIK liquidation that would otherwise have generated the highest gain to the Company when originally sold to the DIK-JV. The deferred gain, recorded by the Company upon the sale of a property to a DIK-JV, is calculated whenever a property is sold to a DIK-JV. During the periods when there are no property sales to a DIK-JV, the deferred gain is not recalculated.

Because the contingency associated with the possibility of receiving a particular property back upon liquidation, which forms the basis of the Restricted Gain Method, is not satisfied at the property level, but at the aggregate level, no gain is recognized on property sold by the DIK-JV to a third party or received by the Company upon actual dissolution. Instead, the property received upon dissolution is recorded at the carrying value of the Company s investment in the DIK-JV on the date of dissolution.

The Company is engaged under agreements with its joint venture partners to provide asset management, property management, leasing, investing, and financing services for such joint ventures shopping centers. The fees are market-based, generally calculated as a percentage of either revenues earned or the estimated values of the properties managed or the proceeds received, and are recognized as services are rendered, when fees due are determinable, and collectibility is reasonably assured. The Company also receives transaction fees, as contractually agreed upon with a joint venture, which include fees such as acquisition fees, disposition fees, promotes , or earnouts .

(c) Real Estate Investments

Land, buildings, and improvements are recorded at cost. All specifically identifiable costs related to development activities are capitalized into properties in development on the accompanying Consolidated Balance Sheets. Properties in development are defined as properties that are in the construction or initial lease-up phase and have not reached their initial full occupancy. In summary, a project changes from non-operating to operating when it is substantially completed and available for occupancy. At that time, costs are no longer capitalized. The capitalized costs include pre-development costs essential to the development of the property, development costs, construction costs, interest costs, real estate taxes, and allocated direct employee costs incurred during the period of development. Interest costs are capitalized into each development project based upon applying the Company s weighted average borrowing rate to that portion of the actual development costs expended. The Company discontinues interest cost capitalization when the property is no longer being developed or is available for occupancy upon substantial completion of tenant improvements, but in no event would the Company capitalize interest on the project beyond 12 months after substantial completion of the building shell.

Table of Contents

Regency Centers Corporation and Regency Centers, L.P.

Notes to Consolidated Financial Statements

June 30, 2010

The following table represents the components of properties in development as of June 30, 2010 and December 31, 2009 in the accompanying Consolidated Balance Sheets (in thousands):

	2010	2009
Construction in process	$ 72,117	127,376
Construction complete and in lease-up	529,640	673,052
Land held for future development	112,944	119,999
Total	$ 714,701	920,427

Construction in process represents developments where the Company has not yet incurred at least 90% of the expected costs to complete. Construction complete and in lease-up represents developments where the Company has incurred at least 90% of the estimated costs to complete, but is still completing lease-up and final tenant build out. Land held for future development represents projects not in construction, but identified and available for future development if and when the market demand for a new shopping center exists.

The Company incurs costs prior to land acquisition including contract deposits, as well as legal, engineering, and other external professional fees related to evaluating the feasibility of developing a shopping center. These pre-development costs are included in properties in development in the accompanying Consolidated Balance Sheets. At June 30, 2010 and December 31, 2009, the Company had capitalized pre-development costs of approximately $682,000 and $816,000, respectively, of which approximately $290,000 and $325,000, respectively, were refundable deposits. If the Company determines that the development of a particular shopping center is no longer probable, any related pre-development costs previously capitalized are immediately expensed in other expenses in the accompanying Consolidated Statements of Operations. During the three months ended June 30, 2010 and 2009, the Company expensed pre-development costs of approximately $29,000 and $148,000, respectively, in other expenses in the accompanying Consolidated Statements of Operations. During the six months ended June 30, 2010 and 2009, the Company expensed pre-development costs of approximately $173,000 and $298,000, respectively, in other expenses in the accompanying Consolidated Statements of Operations.

Maintenance and repairs that do not improve or extend the useful lives of the respective assets are recorded in operating and maintenance expense.

Depreciation is computed using the straight-line method over estimated useful lives of up to 40 years for buildings and improvements, the shorter of the useful life or the remaining lease term for tenant improvements, and three to seven years for furniture and equipment.

The Company and the real estate partnerships account for business combinations using the acquisition method by recognizing and measuring the identifiable assets acquired, the liabilities assumed, and any noncontrolling interest in the acquiree at their acquisition date fair values. The Company expenses transaction costs associated with business combinations in the period incurred.

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

20

Regency Centers Corporation and Regency Centers, L.P.

Notes to Consolidated Financial Statements

June 30, 2010

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 initial 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. 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. The Company 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 the Company s existing relationships.

The Company classifies an operating property or a property in development as held-for-sale when it determines that the property is available for immediate sale in its present condition, the property is being actively marketed for sale, and management believes it is probable that a sale will be consummated within one year. Given the nature of all real estate sales contracts, it is not unusual for such contracts to allow prospective 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 above. Operating properties held-for-sale are carried at the lower of cost or fair value less costs to sell. The recording of depreciation and amortization expense is suspended during the held-for-sale period. If circumstances arise that previously were considered unlikely and, as a result, the Company decides not to sell a property previously classified as held-for-sale, the property is reclassified as held and used and is measured individually at the lower of its (i) carrying amount before the property was classified as held-for-sale, adjusted for any depreciation and amortization expense that would have been recognized had the property been continuously classified as held and used or (ii) the fair value at the date of the subsequent decision not to sell. Any required adjustment to the carrying amount of the property reclassified as held and used is included in income from continuing operations in the period of the subsequent decision not to sell and the results of operations previously reported in discontinued operations are reclassified and included in income from continuing operations for all periods presented.

When the Company sells a property or classifies a property as held-for-sale and will not have significant continuing involvement in the operation of the property, the operations of the property are eliminated from ongoing operations and classified in discontinued operations. Its operations, including any mortgage interest and gain on sale, are reported in discontinued operations so that the operations are clearly distinguished. Prior periods are also reclassified to reflect the operations of the property as discontinued operations. When

Regency Centers Corporation and Regency Centers, L.P.

Notes to Consolidated Financial Statements

June 30, 2010

the Company sells an operating property to a joint venture or to a third party, and will continue to manage the property, the operations and gain on sale are included in income from continuing operations.

The Company reviews its real estate portfolio including the properties owned through real estate partnerships for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. For properties to be held and used for long term investment, the Company estimates undiscounted future cash flows over the expected investment term including the estimated future value of the asset upon sale at the end of the investment period. Future value is generally determined by applying a market-based capitalization rate to the estimated future net operating income in the final year of the expected investment term. If after applying this method a property is determined to be impaired, the Company determines the provision for impairment based upon applying a market capitalization rate to current estimated net operating income as if the sale were to occur immediately. For properties held-for-sale, the Company estimates current resale values through appraisal information and other market data, less expected costs to sell. These methods of determining fair value can fluctuate significantly as a result of a number of factors, including changes in the general economy for those markets in which the Company operates, the Company s estimated holding period of the property, tenant credit quality, and demand for new retail stores. If as a result of a change in the Company s strategy for a specific property which the Company owns directly or through real estate partnerships, a property previously classified as held and used is changed to held-for-sale, or if its estimated holding period changes, such change could cause the Company to determine that the property is impaired and a provision for impairment would be recorded either directly or through the Company s equity in income (loss) of investments in real estate partnerships. See Note 10 for further discussion.

A loss in value of investments in real estate partnerships under the equity method of accounting, other than a temporary decline, must be recognized in the period in which the loss occurs. To evaluate the Company s investment in real estate partnerships, the Company calculates the fair value of the investment by discounting estimated future cash flows over the expected term of the investment.

(d) Cash and Cash Equivalents

Any instruments which have an original maturity of 90 days or less when purchased are considered cash equivalents. At June 30, 2010 and December 31, 2009, \$4.5 million and \$3.6 million, respectively, of cash was restricted through escrow agreements and certain mortgage loans.

(e) Notes Receivable

The Company records notes receivable at cost on the accompanying Consolidated Balance Sheets and interest income is accrued as earned and netted against interest expense in the accompanying Consolidated Statements of Operations. If a note receivable is past due, meaning the debtor is past due per contractual obligations, the Company ceases to accrue interest. However, in the event the debtor subsequently becomes current, the Company will resume accruing interest and record the interest income accordingly. The Company evaluates the collectibility of both interest and principal for all notes receivable to determine whether impairment exists using the present value of expected cash flows discounted at the

22

Regency Centers Corporation and Regency Centers, L.P.

Notes to Consolidated Financial Statements

June 30, 2010

note receivable s effective interest rate or, alternatively, at the observable market price of the loan or the fair value of the collateral if the loan is collateral dependent. In the event the Company determines a note receivable or a portion thereof is considered uncollectible, the Company records a provision for impairment; however, no impairments were recorded during the three or six months ended June 30, 2010 or 2009. The Company estimates the collectibility of notes receivable taking into consideration the Company s experience in the retail sector, available internal and external credit information, payment history, market and industry trends, and debtor credit-worthiness. See Note 5 for further discussion.

(f) Deferred Costs

Deferred costs include leasing costs and loan costs, net of accumulated amortization. Such costs are amortized over the periods through lease expiration or loan maturity, respectively. If the lease is terminated early, or if the loan is repaid prior to maturity, the remaining leasing costs or loan costs are written off. Deferred leasing costs consist of internal and external commissions associated with leasing the Company s shopping centers. Net deferred leasing costs were $49.7 million and $49.9 million at June 30, 2010 and December 31, 2009, respectively. Deferred loan costs consist of initial direct and incremental costs associated with financing activities. Net deferred loan costs were $8.4 million and $8.5 million at June 30, 2010 and December 31, 2009, respectively.

(g) Derivative Financial Instruments

All derivative instruments, whether designated in hedging relationships or not, are recorded on the balance sheet at their fair value. The accounting for changes in the fair value of derivatives depends on the intended use of the derivative, whether the Company has elected to designate a derivative in a hedging relationship and apply hedge accounting and whether the hedging relationship has satisfied the criteria necessary to apply hedge accounting. Derivatives designated and qualifying as a hedge of the exposure to changes in the fair value of an asset, liability, or firm commitment attributable to a particular risk, such as interest rate risk, are considered fair value hedges. Derivatives designated and qualifying as a hedge of the exposure to variability in expected future cash flows, or other types of forecasted transactions, are considered cash flow hedges. Hedge accounting generally provides for the matching of the timing of gain or loss recognition on the hedging instrument with the recognition of the changes in the fair value of the hedged asset or liability attributable to the hedged risk in a fair value hedge or the earnings effect of the hedged forecasted transactions in a cash flow hedge. The Company may enter into derivative contracts that are intended to economically hedge certain risks, even though hedge accounting does not apply or the Company elects not to apply hedge accounting.

The Company s use of derivative financial instruments is intended to mitigate its interest rate risk on a related financial instrument or forecasted transaction through the use of interest rate swaps (the Swaps) and the Company designates these interest rate swaps as cash flow hedges. The gains or losses resulting from changes in fair value of derivatives that qualify as cash flow hedges are recognized in other comprehensive income (OCI) while the ineffective portion of the derivative s change in fair value is recognized in the Statements of Operations as a loss on derivative instruments. Upon the settlement of a hedge, gains and losses remaining in OCI are amortized over the underlying term of the hedged transaction. The Company formally documents all relationships between hedging instruments and hedged items, as well as its risk management objectives and strategies for undertaking

Regency Centers Corporation and Regency Centers, L.P.

Notes to Consolidated Financial Statements

June 30, 2010

various hedge transactions. The Company assesses, both at inception of the hedge and on an ongoing basis, whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in the cash flows and/or forecasted cash flows of the hedged items.

In assessing the valuation of the hedges, the Company uses standard market conventions and techniques such as discounted cash flow analysis, option pricing models, and termination costs at each balance sheet date. All methods of assessing fair value result in a general approximation of value, and such value may never actually be realized. See Notes 9 and 10 for further discussion.

The settlement of swap terminations is presented in cash flows provided by operating activities in the accompanying Consolidated Statements of Cash Flows.

(h) Income Taxes

The Parent Company believes it qualifies, and intends to continue to qualify, as a REIT under Sections 856 through 860 of the Internal Revenue Code (the Code). As a REIT, the Parent Company will generally not be subject to federal income tax, provided that distributions to its stockholders are at least equal to REIT taxable income. Regency Realty Group, Inc. (RRG), a wholly-owned subsidiary of the Operating Partnership, is a Taxable REIT Subsidiary (TRS) as defined in Section 856(l) of the Code. RRG is subject to federal and state income taxes and files separate tax returns. As a pass through entity, the Operating Partnership s taxable income or loss is reported by its partners, of which the Parent Company as general partner and 99.8% owner, is allocated its pro-rata share of tax attributes.

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the estimated tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using the enacted tax rates in effect for the year in which these temporary differences are expected to be recovered or settled. Deferred tax assets are evaluated to determine if a valuation allowance is required and if, based on available evidence, it is more likely than not that all or some portion of the asset will not be realized, the Company will record a valuation allowance.

Earnings and profits, which determine the taxability of dividends to stockholders, differs from net income reported for financial reporting purposes primarily because of differences in depreciable lives and cost bases of the operating properties, as well as other timing differences. See Note 7 for further discussion.

The Company recognizes tax positions in the financial statements when it is more likely than not the position will be sustained upon examination by the tax authorities. Such tax positions shall initially and subsequently be measured as the largest amount of tax benefit that has a greater than 50% likelihood of being realized upon ultimate settlement with the tax authority assuming full knowledge of the position and relevant facts. The Company believes that it has appropriate support for the income tax positions taken and to be taken on its tax returns and that its accruals for tax liabilities are adequate for all open tax years

Regency Centers Corporation and Regency Centers, L.P.

Notes to Consolidated Financial Statements

June 30, 2010

based on an assessment of many factors including past experience and interpretations of tax laws applied to the facts of each matter. Federal and state tax returns are open from 2006 and forward for the Company and federal returns are open from 2008 and forward for the TRS.

(i) Earnings per Share and Unit

Basic earnings per share of common stock and unit are computed based upon the weighted average number of common shares and units, respectively, outstanding during the period. Diluted earnings per share and unit reflect the conversion of obligations and the assumed exercises of securities including the effects of shares issuable under the Company s share-based payment arrangements, if dilutive. Dividends paid on the Company s share-based payment transactions are not participating securities as they are forfeitable. See Note 13 for the calculation of earnings per share (EPS) and earnings per unit (EPU).

(j) Stock-Based Compensation

The Company grants stock-based compensation to its employees and directors. The Company recognizes stock-based compensation based on the grant-date fair value of the award and the cost of the stock-based compensation is expensed over the vesting period. See Note 12 for further discussion.

When the Parent Company issues common shares as compensation, it receives a like number of common units from the Operating Partnership. The Company is committed to contribute to the Operating Partnership all proceeds from the exercise of stock options or other share-based awards granted under the Parent Company s Long-Term Omnibus Plan (the Plan). Accordingly, the Parent Company s ownership in the Operating Partnership will increase based on the amount of proceeds contributed to the Operating Partnership for the common units it receives. As a result of the issuance of common units to the Parent Company for stock-based compensation, the Operating Partnership accounts for stock- based compensation in the same manner as the Parent Company.

(k) Segment Reporting

The Company s business is investing in retail shopping centers through direct ownership or through joint ventures. The Company actively manages its portfolio of retail shopping centers and may from time to time make decisions to sell lower performing properties or developments not meeting its long-term investment objectives. The proceeds from sales are reinvested into higher quality retail shopping centers, through acquisitions or new developments, which management believes will meet its expected rate of return. It is management s intent that all retail shopping centers will be owned or developed for investment purposes; however, the Company may decide to sell all or a portion of a development upon completion. The Company s revenues and net income are generated from the operation of its investment portfolio. The Company also earns fees from third parties for services provided to manage and lease retail shopping centers owned through joint ventures.

The Company s portfolio is located throughout the United States; however, management does not distinguish or group its operations on a geographical basis for purposes of

Table of Contents

Regency Centers Corporation and Regency Centers, L.P.

Notes to Consolidated Financial Statements

June 30, 2010

allocating resources or measuring performance. The Company reviews operating and financial data for each property on an individual basis; therefore, the Company defines an operating segment as its individual properties. 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. In addition, no single tenant accounts for 5% or more of revenue and none of the shopping centers are located outside the United States.

(l) Financial Instruments with Characteristics of Both Liabilities and Equity

The Company accounts for the fair value of noncontrolling interests in consolidated entities with specified termination dates in accordance with FASB ASC Topic 480. See Note 10 for further discussion.

(m) Assets and Liabilities Measured at Fair Value

Fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement is determined based on the assumptions that market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair value measurements, the Company uses a fair value hierarchy that distinguishes between market participant assumptions based on market data obtained from independent sources (observable inputs that are classified within Levels 1 and 2 of the hierarchy) and the Company s own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy). The three levels of inputs used to measure fair value are as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access.

Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 - Unobservable inputs for the asset or liability, which are typically based on the Company s own assumptions, as there is little, if any, related market activity.

The Company also remeasures nonfinancial assets and nonfinancial liabilities, initially measured at fair value in a business combination or other new basis event, at fair value in subsequent periods. See Note 10 for all fair value measurements of assets and liabilities made on a recurring and nonrecurring basis.

(n) Reclassifications

Certain reclassifications have been made to the 2009 amounts to conform to classifications adopted in 2010.

2. Real Estate Investments

During the six months ended June 30, 2010 and 2009, the Company did not have any acquisition activity, other than through its investments in real estate partnerships.

26

Regency Centers Corporation and Regency Centers, L.P.

Notes to Consolidated Financial Statements

June 30, 2010

3. Discontinued Operations

There were no sales of ownership interest in properties during the three months ended June 30, 2010. During the six months ended June 30, 2010, the Company sold 100% of its ownership interest in one operating property and one property in development for net proceeds of $25.5 million. The combined operating income and gain on the sale of these properties were reclassified to discontinued operations. The operating income and gains on sales of properties included in discontinued operations are reported net of income taxes, if the property is sold by the TRS. During the six months ended June 30, 2010, approximately $20,000 of income tax expense was allocated to gain on the sale of a property in development.

4. Investments in Real Estate Partnerships

The Company s investments in real estate partnerships were $449.4 million and $326.2 million at June 30, 2010 and December 31, 2009, respectively. The Company s carrying amount of these investments was $43.2 million and $43.8 million lower than the underlying equity in net assets at June 30, 2010 and December 31, 2009, respectively.

Investments in real estate partnerships are primarily composed of real estate partnerships where the Company invests with five co-investment partners and an open-end real estate fund (Regency Retail Partners or the Fund), as further described below. In addition to earning its pro-rata share of net income or loss in each of these real estate partnerships, the Company received recurring market-based fees for asset management, property management, and leasing as well as fees for investment and financing services, of $6.4 million and $6.5 million for the three months ended June 30, 2010 and 2009, respectively, and $13.0 million and $13.7 million for the six months ended June 30, 2010 and 2009, respectively. For the six months ended June 30, 2010 the Company also received a disposition fee in the amount $2.6 million.

Investments in real estate partnerships as of June 30, 2010 and December 31, 2009 consist of the following (in thousands):

	Ownership	2010	2009
GRI - Regency, LLC (GRIR)[1]	40.00%	$ 281,252	154,350
Macquarie CountryWide-Regency III (MCWR III)	24.95%	209	351
Macquarie CountryWide-Regency-DESCO (MCWR-DESCO)	16.35%	23,483	24,374
Columbia Regency Retail Partners (Columbia I)	20.00%	26,971	28,347
Columbia Regency Partners II (Columbia II)	20.00%	10,406	11,202
Cameron Village LLC (Cameron)	30.00%	17,703	18,285
RegCal, LLC (RegCal)	25.00%	15,702	12,863
Regency Retail Partners (the Fund)	20.00%	21,440	22,114
US Regency Retail I, LLC (USAA)	20.01%	4,524	5,111
Other investments in real estate partnerships	50.00%	47,723	49,215
Total		$ 449,413	326,212

(1) At December 31, 2009, the Company s ownership interest in GRIR (formerly Macquarie CountryWide-Regency II) was 25.00%

27

Table of Contents

Regency Centers Corporation and Regency Centers, L.P.

Notes to Consolidated Financial Statements

June 30, 2010

Investments in real estate partnerships are reported net of deferred gains of $51.7 million and $52.0 million at June 30, 2010 and December 31, 2009, respectively. Cumulative deferred gains related to each real estate partnership are described below.

The Company co-invests with Global Retail Investors LLC (GRI), a joint venture between the California Public Employees Retirement System (CalPERS) and an affiliate of First Washington Realty, Inc. in one real estate partnership in which the Company has an ownership interest of 40%. During March 2010, an amendment was filed with the state of Delaware to change the name of the real estate partnership from Macquarie CountryWide Regency II, LLC (MCWR II) to GRI Regency, LLC (GRIR). The Company s investment in GRIR totals $281.3 million and represents 7.0% of the Company s total assets at June 30, 2010.

On July 17, 2009, the Company announced that MCW had agreed to sell 60% of its partnership interest to GRI in two closings. The first closing was completed on July 31, 2009, with MCW selling 45% of its 75% interest to GRI. As part of the closing, the Company acquired Macquarie-Regency Management, LLC s (US Manager) 0.1% ownership of the real estate partnership. US Manager was owned 50/50 by the Company and an affiliate of Macquarie Bank Limited. The transaction increased the Company s ownership to 25% from 24.95%. At the initial closing the Company received a disposition fee of $7.8 million from MCW equal to 1% of the gross sales price paid by GRI.

As part of the original agreement, the Company negotiated two separate options to acquire an additional 15% interest in the partnership at a 7.7% discount. In November 2009, the Company exercised its two options with the closing contingent upon obtaining lender consents. The Company funded the purchase price of $16.0 million on December 23, 2009, which was held in escrow and recorded in other assets in the accompanying Consolidated Balance Sheets at December 31, 2009. On March 30, 2010, the Company closed on its options increasing its investment in the real estate partnership to 40%.

On April 30, 2010, GRIR prepaid $514.8 million of mortgage debt, without penalty, in order to minimize its refinancing and interest rate risks. The Company contributed capital of $206.7 million to GRIR for its pro-rata share of the repayment funded from its unsecured line of credit and available cash balances. Simultaneously, GRI closed on the purchase of its remaining 15% interest from Charter Hall Retail REIT (CHRR), formerly Macquarie CountryWide (MCW), increasing its total ownership in the real estate partnership to 60%. As a part of this second closing, the Company also received a disposition fee of $2.6 million equal to 1% of gross sales price paid by GRI. The Company will retain asset management, property management, and leasing responsibilities. On June 2, 2010, GRIR closed on $202.0 million of new ten-year secured mortgage loans. The Company received $79.6 million as its pro-rata share of the proceeds.

As of June 30, 2010, GRIR owned 85 shopping centers, had total assets of $2.1 billion and a net loss of $5.8 million for the six months ended primarily related to a provision for impairment of $12.3 million on a property it believes will be marketed for sale earlier than originally expected. The Company s share of its total assets and net loss was $857.0 million and $2.3 million, respectively. Effective January 1, 2010, the partnership agreement was amended to include a unilateral right to elect to dissolve the partnership and receive a DIK upon liquidation; therefore, the Company will apply the Restricted Gain Method for additional properties sold to GRIR on or after January 1, 2010. During 2010, the Company has not sold any properties to GRIR. Since the inception of the real estate partnership in 2005, the Company has recognized gain of $2.3 million on partial sales and deferred gains of approximately $766,000. In April 2010, GRIR sold one shopping center to a third party for $15.3 million and recognized a gain of $2.3 million.

28

Regency Centers Corporation and Regency Centers, L.P.

Notes to Consolidated Financial Statements

June 30, 2010

The Company co-invests with CHRR in two real estate partnerships, one in which the Company has an ownership interest of 24.95% (MCWR III) and one in which the Company has an ownership interest of 16.35% (MCWR-DESCO). The Company s investment with CHRR totals $23.7 million and represents less than 1% of the Company s total assets at June 30, 2010. At June 30, 2010, these joint ventures had total assets of $437.8 million and a net loss of $2.9 million for the six months ended and the Company s share of its total assets and net loss was $77.2 million and approximately $478,000, respectively.

As of June 30, 2010, MCWR III owned four shopping centers, had total assets of $64.0 million, and a net loss of approximately $281,000 for the six months ended and the Company s share of its total assets and net loss was $16.0 million and approximately $60,000, respectively. Effective January 1, 2010, the partnership agreement was amended to include a unilateral right to elect to dissolve the partnership and receive a DIK upon liquidation; therefore, the Company will apply the Restricted Gain Method for properties sold to MCWR III on or after January 1, 2010. During 2010, the Company has not sold any properties to MCWR III. Since the inception of MCWR III in 2005, the Company has recognized gain of $14.1 million on partial sales to MCWR III and deferred gains of $4.7 million.

As of June 30, 2010, MCWR-DESCO owned 32 shopping centers, had total assets of $373.8 million, and recorded a net loss of $2.6 million for the six months ended and the Company s share of its total assets and net loss was $61.2 million and approximately $418,000, respectively. The partnership agreement does not contain any DIK provisions that would require the Company to apply the Restricted Gain Method. Since the inception of MCWR-DESCO in 2007, the Company has not sold any properties to the real estate partnership.

The Company co-invests with the Oregon Public Employees Retirement Fund (OPERF) in three real estate partnerships, two of which the Company has ownership interests of 20% (Columbia I and Columbia II) and one in which the Company has an ownership interest of 30% (Cameron). The Company s investment in these three real estate partnerships totals $55.1 million and represents 1.4% of the Company s total assets at June 30, 2010. At June 30, 2010, the OPERF joint ventures had total assets of $727.9 million and net income of approximately $250,000 for the six months ended and the Company s share of its total assets and net loss was $157.1 million and approximately $17,000, respectively.

As of June 30, 2010, Columbia I owned 14 shopping centers, had total assets of $312.2 million, and net income of approximately $886,000 for the six months ended. The partnership agreement has a unilateral right for election to dissolve the partnership and receive a DIK upon liquidation; therefore, the Company has applied the Restricted Gain Method to determine the amount of gain recognized on property sales to Columbia I. During 2010, the Company has not sold any properties to Columbia I. Since the inception of Columbia I in 2001, the Company has recognized gain of $2.0 million on partial sales to Columbia I and deferred gains of $4.3 million.

As of June 30, 2010, Columbia II owned 16 shopping centers, had total assets of $308.9 million and net income of approximately $141,000 for the six months ended. The partnership agreement has a unilateral right for election to dissolve the partnership and receive a DIK upon liquidation; therefore, the Company has applied the Restricted Gain Method to determine the amount of gain recognized on property sales to Columbia II. During 2010, the Company has not sold any properties to Columbia II. Since the inception of Columbia II in 2004, the Company has recognized gain of $9.1 million on partial sales to Columbia II and deferred gains of $15.7 million.

Table of Contents

Regency Centers Corporation and Regency Centers, L.P.

Notes to Consolidated Financial Statements

June 30, 2010

As of June 30, 2010, Cameron owned one shopping center, had total assets of $106.8 million and a net loss of approximately $777,000 for the six months ended. The partnership agreement does not contain any DIK provisions that would require the Company to apply the Restricted Gain Method. Since the inception of Cameron in 2004, the Company has not sold any properties to the real estate partnership.

The Company co-invests with the California State Teachers Retirement System (CalSTRS) in a joint venture (RegCal) in which the Company has a 25% ownership interest. As of June 30, 2010, RegCal owned eight shopping centers, had total assets of $186.0 million, and net income of approximately $166,000 for the six months ended and the Company s share of its total assets and net income was $46.5 million and approximately $21,000, respectively. The partnership agreement has a unilateral right for election to dissolve the partnership and receive a DIK upon liquidation; therefore, the Company has applied the Restricted Gain Method to determine the amount of gain recognized on property sales to RegCal. During 2010, the Company has not sold any properties to RegCal. Since the inception of RegCal in 2004, the Company has recognized gain of $10.1 million on partial sales to RegCal and deferred gains of $3.4 million. In March 2010, RegCal purchased one property from a third party for a sales price of $12.9 million, net of assumed debt of $18.0 million, and the Company contributed $3.3 million for its proportionate share of the purchase price.

The Company co-invests with Regency Retail Partners (the Fund), an open-ended, infinite life investment fund in which the Company has an ownership interest of 20%. As of June 30, 2010, the Fund owned nine shopping centers, had total assets of $363.3 million, and recorded a net loss of approximately $731,000 for the six months ended and the Company s share of its total assets and net loss was $72.5 million and approximately $38,000, respectively. The partnership agreement does not contain any DIK provisions that would require the Company to apply the Restricted Gain Method. During 2010, the Company has not sold any properties to the Fund. Since the inception of the Fund in 2006, the Company has recognized gains of $71.6 million on partial sales to the Fund and deferred gains of $17.9 million.

The Company co-invests with United Services Automobile Association (the USAA partnership) in which the Company has an ownership interest of 20.01%. As of June 30, 2010, the USAA partnership owned eight shopping centers, had total assets of $137.6 million, and recorded a net loss of approximately $492,000 for the six months ended and the Company s share of its total assets and net loss was $27.5 million and approximately $98,000, respectively. The partnership agreement has a unilateral right for election to dissolve the partnership and receive a DIK upon liquidation; therefore, the Company has applied the Restricted Gain Method to determine the amount of gain recognized on property sales to the USAA partnership. During 2010, the Company has not sold any properties to the USAA partnership. Since the inception of the USAA partnership in 2009, the Company has recognized gains of $19.2 million on partial sales to the USAA partnership and deferred gains of $8.0 million.

Table of Contents

Regency Centers Corporation and Regency Centers, L.P.

Notes to Consolidated Financial Statements

June 30, 2010

Summarized financial information for the investments in real estate partnerships on a combined basis, is as follows (in thousands):

	June 30, 2010	December 31, 2009
Investment in real estate, net	$ 3,848,574	3,900,277
Acquired lease intangible assets, net	134,832	147,151
Other assets	140,947	137,753
Total assets	$ 4,124,353	4,185,181
Notes payable	$ 2,166,945	2,477,928
Acquired lease intangible liabilities, net	82,562	87,009
Other liabilities	75,509	80,011
Capital - Regency	575,923	375,076
Capital - Third parties	1,223,414	1,165,157
Total liabilities and capital	$ 4,124,353	4,185,181

Investments in real estate partnerships had notes payable of $2.2 billion and $2.5 billion as of June 30, 2010 and December 31, 2009, respectively, and the Company s proportionate share of these loans was $682.5 million and $585.5 million, respectively. The Company does not guarantee these loans with the exception of an $8.6 million loan related to its 50% ownership interest in a single asset real estate partnership where the loan agreement contains several guarantees from each partner.

As of June 30, 2010, scheduled principal repayments on notes payable of the investments in real estate partnerships were as follows (in thousands):

Scheduled Principal Payments by Year:	Scheduled Principal Payments	Mortgage Loan Maturities	Unsecured Maturities	Total	Regency s Pro-Rata Share
2010	$ 1,967	84,235	18,346	104,548	30,437
2011	3,694	466,470	8,626	478,790	185,468
2012	4,396	244,418		248,814	96,054
2013	4,226	32,447		36,673	13,376
2014	4,213	77,296		81,509	23,082
Beyond 5 Years	25,555	1,185,883		1,211,438	332,975
Unamortized debt premiums, net		5,173		5,173	1,076
Total	$ 44,051	2,095,922	26,972	2,166,945	682,468

31

Table of Contents

Regency Centers Corporation and Regency Centers, L.P.

Notes to Consolidated Financial Statements

June 30, 2010

The revenues and expenses for the investments in real estate partnerships on a combined basis are summarized as follows (in thousands):

	For the three months ended June 30,		For the six months ended June 30,	
	2010	2009	2010	2009
Total revenues	$ 111,272	104,780	221,176	215,208
Operating expenses:				
Depreciation and amortization	38,615	39,703	77,698	80,430
Operating and maintenance	17,133	14,883	35,905	31,761
General and administrative	1,914	2,485	4,135	4,211
Real estate taxes	14,803	14,512	29,923	30,001
Provision for doubtful accounts	73	2,904	1,559	3,493
Other expenses	334	569	377	457
Total operating expenses	72,872	75,056	149,597	150,353
Other expense (income):				
Interest expense, net	31,753	34,404	66,486	67,856
(Gain) loss on sale of real estate	(2,332)	326	(2,332)	(6,106)
Provision for impairment	6,400	99,789	15,433	99,789
Other (income) expense	(387)	35	(386)	70
Total other expense	35,434	134,554	79,201	161,609
Net income (loss)	$ 2,966	(104,830)	(7,622)	(96,754)
Regency s share of net income (loss)	$ 1,782	(26,213)	(2,110)	(24,311)

5. Notes Receivable

The Company had notes receivable outstanding of $36.8 million and $37.8 million at June 30, 2010 and December 31, 2009, respectively. The notes receivable have fixed interest rates ranging from 6.0% to 10.0% with maturity dates through January 2019 and are secured by property held as collateral.

6. Acquired Lease Intangibles

The Company had acquired lease intangible assets, net of amortization, of $8.8 million and $10.0 million at June 30, 2010 and December 31, 2009, respectively, of which $8.5 million and $9.7 million, respectively relates to in-place leases. These in-place leases had a remaining weighted average amortization period of 5.1 years. The aggregate amortization expense recorded for these in-place leases was approximately $551,000 and $672,000 for the three months ended June 30, 2010 and 2009, respectively, and approximately $1.1 million and $1.4 million for the six months ended June 30, 2010 and 2009, respectively. The Company had above-market lease intangible assets, net of amortization, of approximately $291,000 and $341,000 at June 30, 2010 and December 31, 2009, respectively. The remaining weighted average amortization period was 2.9 years. The aggregate amortization expense recorded as a reduction to minimum rent for these above-market leases was approximately $25,000 and $26,000 for the three months ended June 30, 2010 and 2009, respectively, and approximately $50,000 and $52,000 for the six months ended June 30, 2010 and 2009, respectively.

Table of Contents

Regency Centers Corporation and Regency Centers, L.P.

Notes to Consolidated Financial Statements

June 30, 2010

The Company had acquired lease intangible liabilities, net of accretion, of $5.1 million and $5.9 million as of June 30, 2010 and December 31, 2009, respectively. The remaining weighted average accretion period is 3.7 years. The aggregate amount recorded as an increase to minimum rent for these below-market rents was approximately $371,000 and $484,000 for the three months ended June 30, 2010 and 2009, respectively, and approximately $830,000 and $991,000 for the six months ended June 30, 2010 and 2009, respectively.

7. Income Taxes

Income tax expense (benefit) is included in other expenses in the accompanying Consolidated Statements of Operations and consists of the following for the three and six months ended June 30, 2010 and 2009 (in thousands):

	For the three months ended June 30,		For the six months ended June 30,	
	2010	2009	2010	2009
Income tax expense (benefit) from:				
Continuing operations	$ 74		$ 81	(177)
Discontinued operations	2		20	
Total income tax expense (benefit)	$ 76		$ 101	(177)

8. Notes Payable and Unsecured Credit Facilities

The Parent Company does not hold any indebtedness, but guarantees all of the unsecured public debt and less than 12% of the secured debt of the Operating Partnership.

Notes payable consist of mortgage loans secured by properties and unsecured public debt. Mortgage loans may be prepaid, but could be subject to yield maintenance premiums. Mortgage loans are generally due in monthly installments of principal and interest or interest only, and mature over various terms through 2019, whereas, interest on unsecured public debt is payable semi-annually and the debt matures over various terms through 2020. Fixed interest rates on mortgage loans range from 5.22% to 8.40% and average 6.69%. As of June 30, 2010, the Company had two variable rate mortgage loans, one in the amount of $4.4 million with an interest rate equal to LIBOR plus 380 basis points maturing on October 1, 2014 and one construction loan with a current balance of $4.4 million with a variable interest rate of LIBOR plus 300 basis points maturing on September 2, 2011.

On June 2, 2010, RCLP completed the sale of $150 million of ten-year senior unsecured notes. The 6.0% notes are due June 15, 2020. The net proceeds were used to repay the balance of the unsecured line of credit on which the Company drew to contribute its pro-rata share for the repayment of maturing debt of GRIR as previously discussed.

Table of Contents

Regency Centers Corporation and Regency Centers, L.P.

Notes to Consolidated Financial Statements

June 30, 2010

The Company s outstanding debt at June 30, 2010 and December 31, 2009 consists of the following (in thousands):

	2010	2009
Notes payable:		
Fixed rate mortgage loans	$ 375,317	398,820
Variable rate mortgage loans	8,821	5,596
Fixed rate unsecured loans	1,631,109	1,481,964
Total notes payable	$ 2,015,247	1,886,380

As of June 30, 2010, scheduled principal repayments on notes payable were as follows (in thousands):

Scheduled Principal Payments by Year:	Scheduled Principal Payments	Mortgage Loan Maturities	Unsecured Public Debt	Total
2010	$ 2,536	7,385	140,461	150,382
2011	4,837	15,646	193,486	213,969
2012	5,105		250,000	255,105
2013	4,979	16,350		21,329
2014	4,380	15,653	150,000	170,033
Beyond 5 Years	8,853	299,280	900,000	1,208,133
Unamortized debt discounts, net		(866)	(2,838)	(3,704)
Total	$ 30,690	353,448	1,631,109	2,015,247

Secured debt

During the six months ended June 30, 2010, approximately $3.4 million was funded from a construction loan for a development project.

Unsecured debt

The Company has a $600.0 million line of credit (the Line) commitment under an agreement with Wells Fargo Bank and a syndicate of other banks that matures in February 2011 with a one-year extension available at the Company s option. The Company has the right to expand the Line commitment by an additional $150.0 million subject to additional lender syndication. The Line has a current interest rate of LIBOR plus 55 basis points and an annual facility fee of 15 basis points subject to Regency maintaining its corporate credit and senior unsecured ratings at BBB. There was no balance outstanding at June 30, 2010 or December 31, 2009.

The Company has a $113.8 million revolving credit facility available at its discretion under an agreement with Wells Fargo Bank and a syndicate of other banks that matures in February 2011. At June 30, 2010 and December 31, 2009, the revolving credit facility had a variable interest rate equal to LIBOR plus 100 basis points and an annual facility fee of 20 basis points subject to maintaining its corporate credit and senior unsecured ratings at BBB. There was no balance outstanding at June 30, 2010 or December 31, 2009.

Including both the Line commitment and the revolving credit facility (collectively, Unsecured credit facilities), the Company currently has $713.8 million of total capacity and the spread paid is

34

Regency Centers Corporation and Regency Centers, L.P.

Notes to Consolidated Financial Statements

June 30, 2010

dependent upon the Company maintaining specific investment-grade ratings. The Company is also required to comply with certain financial covenants as defined in the Credit Agreement such as Minimum Net Worth, Ratio of Total Liabilities to Gross Asset Value (GAV) and Ratio of Recourse Secured Indebtedness to GAV, Ratio of Earnings Before Interest Taxes Depreciation and Amortization (EBITDA) to Fixed Charges, and other covenants customary with this type of unsecured financing. As of June 30, 2010, management of the Company believes it is in compliance with all financial covenants for the Unsecured credit facilities. The Unsecured credit facilities are used to finance the acquisition and development of real estate and for general working-capital purposes.

9. Derivative Financial Instruments

Risk Management Objective of Using Derivatives

The Company is exposed to certain risks arising from both its business operations and economic conditions. The Company principally manages its exposures to a wide variety of business and operational risks through management of its core business activities. The Company manages economic risks, including interest rate, liquidity, and credit risk primarily by managing the amount, sources, and duration of its debt funding and the use of derivative financial instruments. Specifically, the Company enters into derivative financial instruments to manage exposures that arise from business activities that result in the receipt or future payment of known and uncertain cash amounts, the amount of which are determined by interest rates. The Company s derivative financial instruments are used to manage differences in the amount, timing, and duration of the Company s known or expected cash payments principally related to the Company s borrowings.

Cash Flow Hedges of Interest Rate Risk

The Company s objectives in using interest rate derivatives are to add stability to interest expense and to manage its exposure to interest rate movements. To accomplish this objective, the Company primarily uses interest rate swaps as part of its interest rate risk management strategy. Interest rate swaps designated as cash flow hedges involve the receipt of variable-rate amounts from a counterparty in exchange for the Company making fixed-rate payments over the life of the agreements without exchange of the underlying notional amount.

The effective portion of changes in the fair value of derivatives designated and qualifying as cash flow hedges is recorded in accumulated other comprehensive loss and subsequently reclassified into earnings in the period that the hedged forecasted transaction affects earnings. During 2010, such derivatives were used to hedge the variable cash flows associated with forecasted issuances of debt (see Objectives and Strategies below for further discussion). The ineffective portion of the change in fair value of the derivatives is recognized directly in earnings as loss on derivative instruments. During the three and six months ended June 30, 2010, the Company had approximately $579,000 and $922,000, respectively of hedge ineffectiveness recognized in earnings attributable to the revised inputs used in the valuation models to estimate effectiveness. There was no hedge ineffectiveness recognized in 2009.

On June 1, 2010, the Company paid $26.8 million to settle and partially settle $150.0 million of its $290.7 million of interest rate swaps. On June 2, 2010 the Company closed on $150.0 million of ten-year senior unsecured notes with an interest rate of 6.00%. The Company began amortizing the $26.8 million loss realized from the swap settlement in June 2010 over a ten year period; therefore, the effective interest rate on these notes is 7.67%.

Table of Contents

Regency Centers Corporation and Regency Centers, L.P.

Notes to Consolidated Financial Statements

June 30, 2010

Realized gains and losses associated with the settled interest rate swaps have been included in accumulated other comprehensive loss in the accompanying Consolidated Statement of Equity and Comprehensive Income (Loss) of the Parent Company and the accompanying Consolidated Statement of Capital and Comprehensive Income (Loss) of the Operating Partnership. Unrealized gains or losses will not be amortized until such time that the probable debt issuances are completed as long as the interest rate swaps continue to qualify for hedge accounting.

The tables below represent the effect of the derivative financial instruments on the accompanying consolidated financial statements for the six months ended (in thousands):

Derivatives in FASB ASC Topic 815 Cash Flow Hedging Relationships:	Amount of Gain (Loss) Recognized in OCI on Derivative (Effective Portion) June 30, 2010	2009	Location of Gain (Loss) Reclassified from Accumulated OCI into Income (Effective Portion)	Amount of Gain (Loss) Reclassified from Accumulated OCI into Income (Effective Portion) June 30, 2010	2009	Location of Gain or (Loss) Recognized in Income on Derivative (Ineffective Portion and Amount Excluded from Effectiveness Testing)	Amount of Gain or (Loss) Recognized in Income on Derivative (Ineffective Portion and Amount Excluded from Effectiveness Testing) June 30, 2010	2009
Interest rate products	$ 84	(19,324)	Interest expense	$ 1,756	653	Loss on derivative instruments	$ 922	

The unamortized balance of the settled interest rate swaps at June 30, 2010 and December 31, 2009 was $48.8 million and $25.4 million, respectively.

The Company had the following outstanding interest rate derivatives that were designated as cash flow hedges of interest rate risk outstanding as of June 30, 2010 (dollars in thousands):

Notional Value	Interest Rate	Maturity	Fair Value
$ 40,700	5.415%	09/15/20	$ (8,183)
100,000	5.415%	09/15/20	(20,096)
$140,700			$ (28,279)

The table below presents the fair value of the Company s derivative financial instruments as well as their classification on the Consolidated Balance Sheets as of June 30, 2010 and December 31, 2009 (in thousands):

Liability Derivatives			
As of June 30, 2009		As of December 31, 2009	
Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Derivative instruments	$ (28,279)	Derivative instruments	$ (28,363)

Non-designated Hedges

The Company does not use derivatives for trading or speculative purposes and currently does not have any derivatives that are not designated as hedges.

Objectives and Strategies

For the remaining Swaps, the Company continues to expect to issue new debt for a term of 7 to 12 years prior to March 31, 2011.

36

Regency Centers Corporation and Regency Centers, L.P.

Notes to Consolidated Financial Statements

June 30, 2010

The Company continuously monitors the capital markets and evaluates its ability to issue new debt to repay maturing debt or fund its commitments. Based upon the current capital markets, the Company s current credit ratings, and the number of high quality, unencumbered properties that it owns which could collateralize borrowings, the Company expects that it will successfully issue new secured or unsecured debt to fund its obligations.

10. Fair Value Measurements

Derivative Financial Instruments

The valuation of these instruments is determined using widely accepted valuation techniques including discounted cash flow analysis on the expected cash flows of each derivative. This analysis reflects the contractual terms of the derivatives, including the period to maturity, and uses observable market-based inputs, including interest rate curves, and implied volatilities. The Company incorporates credit valuation adjustments to appropriately reflect both its own nonperformance risk and the respective counterparty s nonperformance risk in the fair value measurements.

Although the Company has determined that the majority of the inputs used to value its derivatives fall within Level 2 of the fair value hierarchy, the credit valuation adjustments associated with its derivatives utilize Level 3 inputs, such as estimates of current credit spreads to evaluate the likelihood of default by the Company and its counterparties.

As of June 30, 2010 the Company s liabilities measured at fair value on a recurring basis, aggregated by the level in the fair value hierarchy within which those measurements fall were as follows (in thousands):

		Fair Value Measurements Using:		
Liabilities	**Balance**	**Quoted Prices in Active Markets for Identical Liabilties (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Derivative instruments	$ (28,279)		(28,867)	588

Table of Contents

Regency Centers Corporation and Regency Centers, L.P.

Notes to Consolidated Financial Statements

June 30, 2010

As of December 31, 2009 the Company s liabilities measured at fair value on a recurring basis, aggregated by the level in the fair value hierarchy within which those measurements fall were as follows (in thousands):

		Fair Value Measurements Using:		
Liabilities	**Balance**	**Quoted Prices in Active Markets for Identical Liabilties**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Derivative instruments	$ (28,363)		(29,040)	677

Changes in Level 3 inputs are not considered significant enough to warrant reconciliation as of June 30, 2010 or December 31, 2009.

Impairment of Long-lived Assets

Long-lived assets held and used are comprised primarily of real estate. During the three and six months ended June 30, 2010 and 2009 the Company established provisions for impairment of long-lived assets as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2010	**2009**	**2010**	**2009**
Land held for future development or sale	$	978		978
Operating and development properties		1,391		1,391
Total	$	2,369		2,369

Notes Payable

The fair value of the Company s notes payable are estimated based on the current rates available to the Company for debt of the same terms and remaining maturities. Fixed rate loans assumed in connection with real estate acquisitions are recorded in the accompanying consolidated financial statements at fair value at the time of acquisition excluding those loans assumed in DIK liquidations. Each of these fair value measurements fall within Level 3 of the fair value hierarchy. Based on the estimates used by the Company, the fair value of notes payable was approximately $1.4 billion at both June 30, 2010 and December 31, 2009.

Noncontrolling Interests of the Parent Company and Partners Capital

The Operating Partnership had 189,164 and 468,211 limited Partnership Units outstanding as of June 30, 2010 and December 31, 2009, respectively. The limited Partnership Units are exchangeable for the Parent Company s common stock. The redemption value of the limited Partnership Units is based on the closing market price of the Parent Company s common stock and is used to calculate the fair value measurement. Therefore, the fair value measurements fall within Level 1 of the fair value hierarchy. The Parent Company s closing common stock price was $34.40 and $35.06 per share as of June 30, 2010 and December 31, 2009, respectively, and the aggregate redemption value of the limited Partnership Units was $6.5 million and $16.4 million, respectively.

Table of Contents

Regency Centers Corporation and Regency Centers, L.P.

Notes to Consolidated Financial Statements

June 30, 2010

Noncontrolling Interests of the Parent Company and the Operating Partnership

At June 30, 2010, the Company held a majority interest in four consolidated entities with specified termination dates through 2049. The noncontrolling interests in these entities will be settled upon termination by distribution or transfer of either cash or specific assets of the underlying entities. The estimated fair value of the noncontrolling interests in entities with specified termination dates was approximately $9.0 million and $9.1 million at June 30, 2010 and December 31, 2009, respectively, and is generally determined by applying a market-based capitalization rate to net operating income. Each of the inputs used in calculating these fair value measurements fall within Level 3 of the fair value hierarchy. Their related carrying value was $6.7 million and $6.6 million as of June 30, 2010 and December 31, 2009, respectively, which is included within noncontrolling interests of Limited partners interests in consolidated partnerships in the accompanying Consolidated Balance Sheets.

11. Equity and Capital

Equity of the Parent Company

Preferred Stock

The Series 3, 4, and 5 preferred shares are perpetual, are not convertible into common stock of the Parent Company, and are redeemable at par upon the Company s election beginning five years after the issuance date. None of the terms of the preferred stock contain any unconditional obligations that would require the Company to redeem the securities at any time or for any purpose and the Company does not currently anticipate redeeming any preferred stock. Terms and conditions of the three series of preferred stock outstanding as of June 30, 2010 are summarized as follows:

Series	Shares Outstanding	Liquidation Preference	Distribution Rate	Callable By Company
Series 3	3,000,000	$ 75,000,000	7.45%	04/03/08
Series 4	5,000,000	125,000,000	7.25%	08/31/09
Series 5	3,000,000	75,000,000	6.70%	08/02/10
	11,000,000	$ 275,000,000		

Common Stock

On December 9, 2009, the Parent Company completed a public offering of 8.0 million shares of common stock at $30.75 per share which will result in net proceeds of $222.0 million, net of issuance costs. In connection with this offering, the Parent Company entered into forward sale agreements with affiliates of J.P. Morgan and Wells Fargo Securities, as forward purchasers. The Company intends to use the proceeds it receives upon settlement of the forward sale agreements to repay debt maturing in 2010 and 2011. This offering also included an over-allotment option of 1.2 million shares which closed simultaneously with the offering providing the Company with net proceeds of $35.4 million.

Table of Contents

Regency Centers Corporation and Regency Centers, L.P.

Notes to Consolidated Financial Statements

June 30, 2010

Noncontrolling Interest of Preferred Units

At June 30, 2010 and December 31, 2009, the face value of the Series D preferred units was $50.0 million with a fixed distribution rate of 7.45% and recorded in the accompanying Consolidated Balance Sheets net of original issuance costs of approximately $842,000.

Terms and conditions for the Series D preferred units outstanding as of June 30, 2010 and December 31, 2009 are summarized as follows:

Units Outstanding	**Amount Outstanding**	**Distribution Rate**	**Callable by Company**	**Exchangeable by Unit holder**
500,000	$ 50,000,000	7.45%	09/29/09	01/01/14

The Series D preferred units are callable at par beginning September 29, 2009, have no stated maturity or mandatory redemption and pay a cumulative, quarterly dividend at a fixed rate. The Series D preferred units may be exchanged by the holder for cumulative redeemable preferred stock of the Parent Company at an exchange rate of one unit for one share. The Series D preferred units and the related preferred stock are not convertible into common stock of the Parent Company.

Noncontrolling Interest of Exchangeable Operating Partnership Units

The Operating Partnership had 189,164 and 468,211 limited Partnership Units not owned by the Parent Company outstanding as of June 30, 2010 and December 31, 2009, respectively. See Note 10 for further discussion.

Noncontrolling Interests of Limited Partners Interests in Consolidated Partnerships

Limited partners interests in consolidated partnerships not owned by the Company are classified as noncontrolling interests on the accompanying Consolidated Balance Sheets of the Parent Company. Subject to certain conditions and pursuant to the conditions of the agreement, the Company has the right, but not the obligation, to purchase the other member s interest or sell its own interest in these consolidated partnerships. At June 30, 2010 and December 31, 2009, the Company s noncontrolling interest in these consolidated partnerships was $10.8 million and $11.7 million, respectively.

Capital of the Operating Partnership

Preferred Units

The Series D Preferred Units are owned by institutional investors. As of June 30, 2010 and December 31, 2009, the face value of the Series D Preferred Units was $50.0 million with a fixed distribution rate of 7.45% and recorded in the accompanying Consolidated Balance Sheets net of original issuance costs of approximately $842,000.

Preferred Units of General Partner

The Parent Company, as general partner, owns corresponding Series 3, 4, and 5 preferred unit interests (Series 3, 4, and 5 Preferred Units) in the Operating Partnership. See above for further discussion.

Table of Contents

Regency Centers Corporation and Regency Centers, L.P.

Notes to Consolidated Financial Statements

June 30, 2010

General Partner

As of June 30, 2010, the Parent Company, as general partner, owned approximately 99.8% or 81,857,922 of the total 82,047,086 Partnership Units outstanding.

Limited Partners

The Operating Partnership had 189,164 and 468,211 limited Partnership Units outstanding as of June 30, 2010 and December 31, 2009, respectively. See Note 10 for further discussion.

Noncontrolling Interests of Limited Partners Interests in Consolidated Partnerships

See above for further discussion.

12. Stock-Based Compensation

The Company recorded stock-based compensation in general and administrative expenses in the accompanying Consolidated Statements of Operations, the components of which are further described below (in thousands):

	For the three months June 30,		For the six months ended June 30,	
	2010	2009	2010	2009
Restricted stock	$ 1,713	1,790	3,426	3,235
Directors fees paid in common stock	57	70	106	157
Total	$ 1,770	1,860	3,532	3,392

The recorded amounts of stock-based compensation expense represent amortization of deferred compensation related to share-based payments. Compensation expense specifically identifiable to development and leasing activities is capitalized and included above. During the three months ended June 30, 2010 and 2009, compensation expense of approximately $167,000 and $897,000, respectively, was capitalized. During the six months ended June 30, 2010 and 2009, compensation expense of approximately $333,000 and $1.4 million, respectively, was capitalized.

The Company established the Plan under which the Board of Directors may grant stock options and other stock-based awards to officers, directors, and other key employees. The Plan allows the Company to issue up to 5.0 million shares in the form of the Parent Company s common stock or stock options. The plan permits the grant of any type of stock-based award but limits non-option awards to no more than 2.75 million shares. At June 30, 2010, there were approximately 2.1 million shares available for grant under the Plan either through options or restricted stock. The Plan also limits outstanding awards to no more than 12% of the Parent Company s outstanding common stock.

Stock options are granted under the Plan with an exercise price equal to the Parent Company s stock s price at the date of grant. All stock options granted have ten-year lives, contain vesting terms of one to five years from the date of grant and some have dividend equivalent rights. Stock options granted prior to 2005 also contained reload rights, which allowed an option holder the right to receive new options each time existing options were exercised, if the existing options were exercised under specific criteria provided for in the Plan.

41

Regency Centers Corporation and Regency Centers, L.P.

Notes to Consolidated Financial Statements

June 30, 2010

The fair value of each option award is estimated on the date of grant using the Black-Scholes-Merton closed-form (Black-Scholes) option valuation model. Expected volatilities are based on historical volatility of the Parent Company's stock and other factors. The Company uses historical data and other factors to estimate option exercises and employee terminations within the valuation model. The expected term of options granted is derived from the output of the option valuation model and represents the period of time that options granted are expected to be outstanding. The risk-free rate for periods within the contractual life of the option is based on the U.S. Treasury yield curve in effect at the time of grant. The Company believes that the use of the Black-Scholes model meets the fair value measurement objectives of FASB ASC Topic 718 and reflects all substantive characteristics of the instruments being valued.

The following table reports stock option activity during the six months ended June 30, 2010:

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (in thousands)
Outstanding December 31, 2009	453,463	$ 51.90		
Less: Exercised	1,996	41.44		
Less: Forfeited	2,580	51.36		
Less: Expired	6,007	59.68		
Outstanding June 30, 2010	442,880	$ 51.85	4.0	$ (7,728)
Vested and expected to vest - June 30, 2010	442,880	$ 51.85	4.0	$ (7,728)
Exercisable June 30, 2010	440,695	$ 51.67	4.0	$ (7,609)

There were no stock options granted in 2010. The Company issues new shares to fulfill option exercises from its authorized shares available.

The following table presents information regarding non-vested option activity during the six months ended June 30, 2010:

	Non-vested Number of Options	Weighted Average Grant-Date Fair Value
Non-vested at December 31, 2009	4,369	$ 8.78
Less: 2010 Vesting	2,184	8.78
Non-vested at June 30, 2010	2,185	$ 8.78

Table of Contents

Regency Centers Corporation and Regency Centers, L.P.

Notes to Consolidated Financial Statements

June 30, 2010

The Company grants restricted stock under the Plan to its employees as a form of long-term compensation and retention. The terms of each grant vary depending upon the participant s responsibilities and position within the Company. The Company s stock grants can be categorized as either time-based vesting or performance-based vesting.

The time-based vesting grants vest 25% per year beginning on the date of grant. These grants are not subject to future performance measures, and if such vesting criteria are not met, the compensation cost previously recognized would be reversed.

Performance-based vesting grants are earned subject to future performance measurements, which include individual goals, annual growth in earnings, compounded three-year growth in earnings, and a three-year total shareholder return peer comparison (TSR Grant). Once the performance criteria are met and the actual number of shares earned is determined, certain shares will vest immediately while others will vest over an additional service period. If such performance criteria are not met, the compensation cost previously recognized would not be reversed.

The Company considers the likelihood of meeting the performance criteria based upon managements estimates and analysis of future earnings growth from which it determines the amounts recognized as expense on a periodic basis. The Company determines the grant date fair value of TSR Grants based upon a Monte Carlo Simulation model. Compensation expense is measured at the grant date and recognized over the vesting period.

Table of Contents

Regency Centers Corporation and Regency Centers, L.P.

Notes to Consolidated Financial Statements

June 30, 2010

The following table reports non-vested restricted stock activity during the six months ended June 30, 2010:

	Number of Shares	Intrinsic Value (in thousands)	Weighted Average Grant Price
Non-vested at December 31, 2009	367,662		
Add: Granted	274,997		$ 35.65
Less: Vested and Distributed	154,134		$ 34.66
Less: Forfeited	31,675		$ 68.04
Non-vested at June 30, 2010	456,850	$ 15,716	

As of June 30, 2010, there was $15.3 million of unrecognized compensation cost related to non-vested restricted stock granted under the Plan. When recognized, this compensation results in additional paid in capital in the accompanying Consolidated Statement of Equity and Comprehensive Income (Loss) of the Parent Company and in general partner preferred and common units in the accompanying Consolidated Statement of Capital and Comprehensive Income (Loss) of the Operating Partnership. This unrecognized compensation cost is expected to be recognized over the next four years, through 2013. The Company issues new restricted stock from its authorized shares available at the date of grant.

Table of Contents

Regency Centers Corporation and Regency Centers, L.P.

Notes to Consolidated Financial Statements

June 30, 2010

13. Earnings per Share and Unit

Parent Company Earnings per Share

The following summarizes the calculation of basic and diluted earnings per share for the three months ended June 30, 2010 and 2009, respectively (in thousands except per share data):

	2010	2009
Numerator:		
Income (loss) from continuing operations	$ 12,972	(12,902)
Discontinued operations	(263)	1,617
Net income (loss)	12,709	(11,285)
Less: Preferred stock dividends	4,919	4,919
Less: Noncontrolling interests	1,037	976
Net income (loss) attributable to common stockholders	6,753	(17,180)
Less: Dividends paid on unvested restricted stock	178	232
Net income (loss) attributable to common stockholders - basic and diluted	$ 6,575	(17,412)
Denominator:		
Weighted average common shares outstanding for basic EPS	81,400	77,109
Incremental shares to be issued under Forward Equity Offering	1,522	
Weighted average common shares outstanding for diluted EPS	82,922	77,109
Income (loss) per common share basic		
Continuing operations	$ 0.08	(0.25)
Discontinued operations		(0.02)
Net income (loss) attributable to common stockholders	$ 0.08	(0.23)
Income (loss) per common share diluted		
Continuing operations	$ 0.08	(0.25)
Discontinued operations		0.02
Net income (loss) attributable to common stockholders	$ 0.08	(0.23)

The exchangeable operating partnership units were anti-dilutive to diluted EPS for the three months ended June 30, 2010 and 2009 and therefore, the units and related minority interest of exchangeable operating partnership units are excluded from the calculation of diluted EPS.

45

Table of Contents

Regency Centers Corporation and Regency Centers, L.P.

Notes to Consolidated Financial Statements

June 30, 2010

The following summarizes the calculation of basic and diluted earnings per share for the six months ended June 30, 2010 and 2009, respectively (in thousands except per share data):

	2010	2009
Numerator:		
Income from continuing operations	$ 24,557	7,728
Discontinued operations	6,560	6,699
Net income	31,117	14,427
Less: Preferred stock dividends	9,838	9,838
Less: Noncontrolling interests	2,158	2,206
Net income attributable to common stockholders	19,121	2,383
Less: Dividends paid on unvested restricted stock	356	465
Net income attributable to common stockholders - basic and diluted	$ 18,765	1,918
Denominator:		
Weighted average common shares outstanding for basic EPS	81,296	73,349
Incremental shares to be issued under Forward Equity Offering	1,305	
Weighted average common shares outstanding for diluted EPS	82,601	73,349
Income (loss) per common share basic		
Continuing operations	$ 0.15	(0.06)
Discontinued operations	0.08	0.09
Net income attributable to common stockholders	$ 0.23	0.03
Income (loss) per common share diluted		
Continuing operations	$ 0.15	(0.06)
Discontinued operations	0.08	0.09
Net income attributable to common stockholders	$ 0.23	0.03

The exchangeable operating partnership units were anti-dilutive to diluted EPS for the six months ended June 30, 2010 and 2009 and therefore, the units and related minority interest of exchangeable operating partnership units are excluded from the calculation of diluted EPS.

Table of Contents

Regency Centers Corporation and Regency Centers, L.P.

Notes to Consolidated Financial Statements

June 30, 2010

Operating Partnership Earnings per Unit

The following summarizes the calculation of basic and diluted earnings per unit for the three months ended June 30, 2010 and 2009, respectively (in thousands except per unit data):

	2010	2009
Numerator:		
Income (loss) from continuing operations	$ 12,972	(12,902)
Discontinued operations	(263)	1,617
Net income (loss)	12,709	(11,285)
Less: Preferred unit distributions	5,850	5,850
Less: Noncontrolling interests	79	137
Net income (loss) attributable to common unit holders	6,780	(17,272)
Less: Dividends paid on unvested restricted stock	178	232
Net income (loss) attributable to common unit holders - basic and diluted	$ 6,602	(17,504)
Denominator:		
Weighted average common units outstanding for basic EPU	81,656	77,577
Incremental units to be issued under Forward Equity Offering	1,522	
Weighted average common units outstanding for diluted EPU	83,178	77,577
Income (loss) per common unit basic		
Income (loss) from continuing operations	$ 0.08	(0.25)
Discontinued operations		0.02
Net income (loss) attributable to common unit holders	$ 0.08	(0.23)
Income (loss) per common unit diluted		
Income (loss) from continuing operations	$ 0.08	(0.25)
Discontinued operations		0.02
Net income (loss) attributable to common unit holders	$ 0.08	(0.23)

Table of Contents

Regency Centers Corporation and Regency Centers, L.P.

Notes to Consolidated Financial Statements

June 30, 2010

The following summarizes the calculation of basic and diluted earnings per unit for the six months ended June 30, 2010 and 2009, respectively (in thousands except per unit data):

	2010	2009
Numerator:		
Income from continuing operations	$ 24,557	7,728
Discontinued operations	6,560	6,699
Net income	31,117	14,427
Less: Preferred unit distributions	11,700	11,700
Less: Noncontrolling interests	175	273
Net income attributable to common unit holders	19,242	2,454
Less: Dividends paid on unvested restricted stock	356	465
Net income attributable to common unit holders - basic and diluted	$ 18,886	1,989
Denominator:		
Weighted average common units outstanding for basic EPU	81,650	73,817
Incremental units to be issued under Forward Equity Offering	1,305	
Weighted average common units outstanding for diluted EPU	82,955	73,817
Income per common unit basic		
Continuing operations	$ 0.15	(0.06)
Discontinued operations	0.08	0.09
Net income attributable to common unit holders	$ 0.23	0.03
Income per common unit diluted		
Continuing operations	$ 0.15	(0.06)
Discontinued operations	0.08	0.09
Net income attributable to common unit holders	$ 0.23	0.03

Table of Contents

Regency Centers Corporation and Regency Centers, L.P.

Notes to Consolidated Financial Statements

June 30, 2010

14. Commitments and Contingencies

The Company is involved in litigation on a number of matters and is subject to certain claims which arise in the normal course of business, none of which, in the opinion of management, is expected to have a material adverse effect on the Company s consolidated financial position, results of operations, or liquidity. The Company is also subject to numerous environmental laws and regulations as they apply to real estate pertaining to chemicals used by the dry cleaning industry, the existence of asbestos in older shopping centers, and underground petroleum storage tanks. The Company believes that the tenants who currently operate dry cleaning plants or gas stations do so in accordance with current laws and regulations. The Company has placed environmental insurance, when possible, on specific properties with known contamination, in order to mitigate its environmental risk. The Company monitors the shopping centers containing environmental issues and in certain cases voluntarily remediates the sites. If an operating or development property requires remediation to be performed by the Company prior to development or as a condition of sale, environmental remediation obligations are estimated and are considered in the assessment of the property s value. In the event environmental remediation is required, the Company adjusts the sales price of the property for the environmental remediation to be performed, funds the cash in escrow to remediate the environmental issues, or agrees to remain responsible for the future environmental remediation expenses in which case the Company would accrue the estimated potential liability. If the Company is liable for remediation of environmental damage relating to properties previously disposed, the likelihood of a material unfavorable outcome of that contingency is remote, as a thorough environmental assessment is performed during the due diligence required by a sale of a property. The Company also has legal obligations to remediate certain sites and is in the process of doing so. The Company estimates the cost associated with remediating these environmental obligations to be $3.1 million and $3.2 million, all of which has been accrued in accounts payable and other liabilities on the accompanying Consolidated Balance Sheets as of June 30, 2010 and December 31, 2010, respectively. The Company believes that the ultimate disposition of currently known environmental matters will not have a material effect on its financial position, liquidity, or operations; however, it can give no assurance that existing environmental studies with respect to the shopping centers have revealed all potential environmental liabilities; that any previous owner, occupant or tenant did not create any material environmental condition not known to it; that the current environmental condition of the shopping centers will not be affected by tenants and occupants, by the condition of nearby properties, or by unrelated third parties; or that changes in applicable environmental laws and regulations or their interpretation will not result in additional environmental liability to the Company.

The Company has the right to issue letters of credit under the Line up to an amount not to exceed $50.0 million which reduces the credit availability under the Line. The Company also has stand alone letters of credit with other banks. These letters of credit are primarily issued as collateral to facilitate the construction of development projects. As of June 30, 2010 and December 31, 2009, the Company had $8.5 million and $9.5 million letters of credit outstanding, respectively.

15. Subsequent Events

The Company has evaluated all subsequent events and transactions that occurred after its June 30, 2010 consolidated balance sheet date noting no material events or transactions.

Table of Contents

Item 2. Management s Discussion and Analysis of Financial Condition and Results of Operations

Forward-Looking Statements

In addition to historical information, the following information contains forward-looking statements as defined under federal securities laws. These forward-looking statements include statements about anticipated changes in our revenues, the size of our development program, earnings per share and unit, returns and portfolio value, and expectations about our liquidity. These statements are based on current expectations, estimates and projections about the industry and markets in which Regency Centers Corporation and Regency Centers, L.P. operate, and management s beliefs and assumptions. Forward-looking statements are not guarantees of future performance and involve certain known and unknown risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such statements. Such risks and uncertainties include, but are not limited to, changes in national and local economic conditions including the impact of a slowing economy; financial difficulties of tenants; competitive market conditions, including timing and pricing of acquisitions and sales of properties and out-parcels; changes in expected 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; weather; consequences of any armed conflict or terrorist attack against the United States; and the ability to obtain governmental approvals. For additional information, see Risk Factors under Part II Item 1A of this quarterly report on Form 10-Q and in our annual report on Form 10-K for the year ended December 31, 2009. The following discussion should be read in conjunction with the accompanying Consolidated Financial Statements and Notes thereto of Regency Centers Corporation and Regency Centers, L.P. appearing elsewhere within.

Overview of Our Strategy

Regency Centers Corporation (the Parent Company) began its operations as a Real Estate Investment Trust (REIT) in 1993 and is the managing general partner in Regency Centers, L.P. (the Operating Partnership). The term the Company or Regency means the Parent Company and the Operating Partnership, collectively. Our key strategic goals are focused on total share and unit holder return in excess of peer indices and sustaining growth in net asset value and earnings. We will achieve these goals through owning, operating, and investing in a high-quality portfolio of primarily grocery-anchored shopping centers that are tenanted by market-dominant grocers, category-leading anchors, specialty retailers, and restaurants located in areas with above average household incomes and population densities. All of our operating, investing, and financing activities are performed through the Operating Partnership, its wholly-owned subsidiaries, and through its investments in real estate partnerships with third parties (also referred to as co-investment partnerships or joint ventures). The Parent Company currently owns 99.8% of the outstanding common partnership units of the Operating Partnership. Because of our structure and certain public debt financing, the Operating Partnership is also a registrant.

At June 30, 2010, we directly owned 214 shopping centers (the Consolidated Properties) located in 23 states representing 22.8 million square feet of gross leasable area (GLA). Our cost of these shopping centers and those under development is $3.9 billion before depreciation. Through co-investment partnerships, we own partial ownership interests in 184 shopping centers (the Unconsolidated Properties) located in 25 states and the District of Columbia representing 22.3 million square feet of GLA. Our investment in the partnerships that own the Unconsolidated Properties is $449.4 million. Certain portfolio information described below is presented (a) on a Combined Basis, which is a total of the Consolidated Properties and the Unconsolidated Properties, (b) for our Consolidated Properties only and (c) for the Unconsolidated Properties that we own through co-investment partnerships. We believe that presenting the information under these methods provides a more complete understanding of the properties that we wholly-own versus those that we indirectly own through entities we do not control, but for which we provide asset management, property management, leasing, investing, and financing services. The shopping center portfolio that we manage, on a Combined Basis, represents 398 shopping centers located in 28 states and the District of Columbia and contains 45.1 million square feet of GLA.

Table of Contents

We earn revenues and generate cash flow by leasing space in our shopping centers to grocery stores, major retail anchors, side-shop retailers, and restaurants, including ground leasing or selling building pads (out-parcels) to these same types of tenants. Historically, we have experienced growth in revenues by increasing occupancy and rental rates in our existing shopping centers and by acquiring and developing new shopping centers. Our shopping centers generate substantial daily traffic by conveniently offering necessities and services. This high traffic generates increased sales, thereby driving higher occupancy and rental-rate growth, which we expect will provide sustained growth in earnings per share and unit and net asset value over the long term.

We seek a range of strong national, regional, and local specialty retailers, for the same reason that we choose to anchor our centers with leading grocers and major retailers who provide a mix of goods and services that meet consumer needs. We have created a formal partnering process, the Premier Customer Initiative (PCI), to promote mutually beneficial relationships with our side-shop retailers. The objective of PCI is for us to build a base of non-anchor tenants who represent the best-in-class operators in their respective merchandising categories. Such retailers reinforce the consumer appeal and other strengths of a center s anchor, help grow and stabilize a center s occupancy, reduce re-leasing downtime, reduce tenant turnover, and yield higher sustainable rents.

We continue to see evidence of a modest economic recovery in 2010 through strengthening retail fundamentals, higher levels of new leasing activity, and fewer tenant defaults as compared to 2009. During the three months ended June 30, 2010, signed new leases were more than 25% higher than the average quarterly new leases signed during 2009, as measured on a Combined square foot basis. At June 30, 2010, the operating shopping centers on a Combined basis were 93.0% leased. Increasing occupancy in our shopping centers to historical levels of 95% is a key objective of our strategic plan that should generate substantial growth in our future earnings and net asset value, but will likely require several years to accomplish.

We continue to closely monitor the operating performance and rent collections of all tenants in our shopping centers, especially those tenants operating retail formats that are experiencing significant changes in competition, business practice, and store closings in other locations. These weaker tenants continue to move out of our shopping centers. During the three months ended June 30, 2010, we experienced a 21% lower moveout rate as compared to the quarterly move out average experienced during 2009, measured on a combined square foot basis.

We also continue to monitor tenants who have co-tenancy clauses in their lease agreements. These tenants are typically located in larger format community shopping centers that contain multiple anchor tenants whose leases contain these types of clauses. Co-tenancy clauses have several variants: they may allow a tenant to postpone a store opening if certain other tenants fail to open their store; they may allow a tenant the opportunity to close their store prior to lease expiration if another tenant closes their store prior to lease expiration; or more commonly, they may allow a tenant to pay reduced levels of rent until a certain number of tenants open their stores within the same shopping center. As economic weakness continues in geographic areas where we have centers that contain leases with these types of clauses, we could experience further reductions in rent and occupancy related to tenants exercising their co-tenancy clauses.

We grow our shopping center portfolio through acquisitions of operating centers and shopping center development. We will continue to use our unique combination of development capabilities, market presence, and anchor relationships to invest in value-added opportunities sourced from distressed owners, the redevelopment of existing centers, and the development of. Development is customer driven, meaning we generally have an executed lease from the anchor before we start construction. Developments serve the growth needs of our anchors and specialty retailers, resulting in modern shopping centers with long-term anchor leases that produce attractive returns on our invested capital. This development process typically requires three to five years from initial land or redevelopment acquisition through construction, lease-up, and stabilization of rental income, but can take longer depending upon tenant demand for new stores and the size of the project.

Table of Contents

In the near term, fewer new store openings by retailers are resulting in reduced demand for new retail space and causing corresponding reductions in new leasing rental rates and development pre-leasing. As a result, we have scaled back our development program by decreasing the number of new projects started, phasing existing developments that lack retail demand, and decreasing overhead costs through reductions in force. Although our development program will continue to play a part of our long term business strategy, new development projects will be rigorously evaluated in regard to the cost and availability of capital, visibility of tenant demand to achieve a stabilized occupancy, and sufficient investment returns.

We strive to cost effectively and opportunistically strengthen our balance sheet, which should allow us to access various sources of capital to fund our future commitments. We endeavor to continue improving our key financial ratios and to maintain a high percentage of unencumbered assets: 83.2% of our consolidated real estate assets at June 30, 2010 are unencumbered. Such assets allow us to access the secured and unsecured debt markets and maintain significant availability on our $713.8 million line of credit commitment, which had no outstanding balance at June 30, 2010. Our debt to asset ratio (before the effect of accumulated depreciation), including our pro-rata share of the debt and assets of joint ventures is 47.0% at June 30, 2010, and is higher than our ratio at December 31, 2009 of 45.9%; a result of increasing our ownership in the real estate joint venture with Global Retail Investors (GRI) discussed further below. Our coverage ratio including our pro-rata share of our partnerships was 2.0 times at June 30, 2010 and December 31, 2009. We define our coverage ratio as EBITDA divided by the sum of the gross interest and scheduled mortgage principal paid to our lenders plus dividends paid to our preferred stockholders. We plan to grow EBITDA through growth in net operating income by returning the occupancy percentages in our shopping centers back to historic levels and by acquiring or developing shopping centers, which in combination with a conservative capital structure should favorably impact our coverage ratio on a long-term basis.

Capital recycling involves contributing shopping centers to co-investment partnerships and culling non-strategic assets from our real estate portfolio and selling those in the open market. These sales proceeds are either reserved for future capital commitments related to in process development, redevelopments or debt maturities, or re-deployed into new developments or acquisitions that will generate sustainable revenue growth and attractive returns. To the extent that we are unable to generate capital in excess of our current commitments, we will reduce our new investment activity accordingly.

Co-investment partnerships provide us with a reliable capital source for shopping center acquisitions, as well as the opportunity to earn fees for asset management, property management, and other investing and financing services. As asset manager, we are engaged by our partners to apply similar operating, investment and capital strategies to the portfolios owned by the co-investment partnerships as those applied to the portfolio that we wholly-own. Co-investment partnerships grow their shopping center investments through acquisitions from third parties or direct purchases from us. Although selling properties to co-investment partnerships reduces our direct ownership interest, it provides a source of capital that further strengthens our balance sheet while we continue to share, to the extent of our ownership interest, in the risks and rewards of shopping centers that meet our high quality standards and long-term investment strategy.

Our co-investment partnerships have significant levels of debt that mature through 2012 and are subject to significant borrowing risks if the capital markets again become unavailable as they were during the recent recession. As a result of the declines in commercial real estate values in the recent past, the refinancing of maturing loans will require us and our joint venture partners to each contribute their respective pro-rata share of capital to the joint ventures in order to reduce the amount of borrowing to acceptable loan to value levels which we expect will be required for new financings. While we have to date, successfully refinanced our maturing loans, the weak U.S. economy may hinder our ability to access capital, including access by our joint venture partners, or to obtain future financing to fund maturing debt. While we believe that our joint venture partners have sufficient capital or access thereto for these future capital requirements, we can provide no assurance that the weak economy will not inhibit their ability to access capital and meet their future funding commitments. The impact to the Company or a co-investment partner defaulting on its share of a capital call is discussed below under Liquidity and Capital Resources .

Table of Contents

Shopping Center Portfolio

The following tables summarize general information related to our shopping center portfolio, which we use to evaluate and monitor our performance.

	June 30, 2010	December 31, 2009
Number of Properties [a] [d]	398	400
Number of Properties [b] [d]	214	216
Number of Properties [c] [d]	184	184
Properties in Development [a]	34	40
Properties in Development [b]	33	39
Properties in Development [c]	1	1
Gross Leasable Area [a]	45,065,551	44,971,962
Gross Leasable Area [b]	22,800,084	22,965,276
Gross Leasable Area [c]	22,265,467	22,006,686
% Leased Operating and Development[a]	92.3%	92.1%
% Leased Operating and Development[b]	91.4%	91.0%
% Leased Operating and Development[c]	93.2%	93.2%
% Leased Operating[a]	93.0%	93.2%
% Leased Operating[b]	92.7%	93.2%
% Leased Operating[c]	93.3%	93.3%

[a] Combined Basis (includes properties owned by unconsolidated co-investment partnerships)
[b] Consolidated Properties (excludes properties owned by unconsolidated co-investment partnerships)
[c] Unconsolidated Properties (only properties owned by unconsolidated co-investment partnerships)
[d] Includes Properties in Development

We seek to reduce our operating and leasing risks through diversification which we achieve by geographically diversifying our shopping centers, avoiding dependence on any single property, market, or tenant, and owning a portion of our shopping centers through co-investment partnerships.

Table of Contents

The following table is a list of the shopping centers summarized by state and in order of largest holdings presented on a Combined Basis (includes properties owned by unconsolidated co-investment partnerships):

	June 30, 2010				December 31, 2009			
Location	# Properties	GLA	% of Total GLA	% Leased	# Properties	GLA	% of Total GLA	% Leased
California	69	8,720,135	19.3%	94.0%	71	8,743,529	19.4%	92.5%
Florida	56	5,433,356	12.1%	91.8%	56	5,432,000	12.1%	91.3%
Texas	34	4,249,606	9.4%	89.4%	35	4,358,457	9.7%	89.8%
Virginia	29	3,698,187	8.2%	94.5%	29	3,635,546	8.1%	94.9%
Illinois	23	2,769,037	6.1%	90.6%	23	2,769,037	6.2%	89.7%
North Carolina	16	2,270,466	5.0%	90.9%	15	2,073,487	4.6%	89.7%
Missouri	23	2,265,466	5.0%	96.7%	23	2,265,466	5.0%	96.8%
Ohio	15	2,235,338	5.0%	92.6%	15	2,245,341	5.0%	93.1%
Colorado	20	2,064,253	4.6%	91.1%	20	2,070,251	4.6%	90.4%
Maryland	16	1,860,355	4.1%	91.6%	16	1,873,908	4.2%	92.8%
Georgia	19	1,671,632	3.7%	88.4%	19	1,661,612	3.7%	92.0%
Pennsylvania	12	1,399,386	3.1%	92.8%	12	1,414,123	3.1%	92.4%
Washington	11	1,038,514	2.3%	95.9%	11	1,038,514	2.3%	95.4%
Oregon	8	752,161	1.7%	97.0%	8	752,162	1.7%	98.1%
Tennessee	7	565,386	1.3%	90.5%	7	565,386	1.3%	91.8%
Massachusetts	3	557,037	1.2%	95.6%	3	564,386	1.2%	95.2%
Arizona	4	496,073	1.1%	90.5%	4	496,073	1.1%	89.4%
Minnesota	3	483,938	1.1%	96.5%	3	483,938	1.1%	97.3%
Delaware	4	472,005	1.0%	89.7%	4	472,005	1.0%	91.0%
Nevada	2	439,467	1.0%	79.1%	2	432,990	1.0%	78.0%
South Carolina	6	360,718	0.8%	96.3%	6	360,718	0.8%	95.2%
Indiana	6	273,253	0.6%	81.1%	6	273,253	0.6%	80.3%
Wisconsin	2	269,128	0.6%	94.2%	2	269,128	0.6%	97.7%
Alabama	2	203,206	0.5%	70.0%	2	203,206	0.4%	72.0%
Connecticut	1	179,860	0.4%	100.0%	1	179,860	0.4%	100.0%
New Jersey	2	156,482	0.3%	96.2%	2	156,482	0.3%	95.2%
Michigan	2	118,273	0.3%	85.8%	2	118,273	0.3%	85.8%
Dist. of Columbia	2	39,647	0.1%	100.0%	2	39,647	0.1%	100.0%
Kentucky	1	23,186	0.1%	81.9%	1	23,184	0.1%	63.7%
Total	398	45,065,551	100.0%	92.3%	400	44,971,962	100.0%	92.1%

The Combined Properties include the consolidated and unconsolidated properties encumbered by mortgage loans of $384.1 million and $2.1 billion, respectively, as of June 30, 2010.

Table of Contents

The following table is a list of the shopping centers summarized by state and in order of largest holdings presented for Consolidated Properties (excludes properties owned by unconsolidated co-investment partnerships):

	June 30, 2010				December 31, 2009			
Location	**# Properties**	**GLA**	**% of Total GLA**	**% Leased**	**# Properties**	**GLA**	**% of Total GLA**	**% Leased**
California	42	5,165,063	22.7%	93.9%	44	5,340,854	23.3%	93.1%
Florida	44	4,423,144	19.4%	92.0%	44	4,421,788	19.2%	91.2%
Texas	24	2,972,497	13.0%	88.5%	24	2,978,018	13.0%	88.8%
Ohio	13	1,698,265	7.5%	92.4%	13	1,708,268	7.4%	93.6%
Georgia	16	1,428,281	6.3%	87.2%	16	1,418,261	6.2%	91.4%
Colorado	14	1,117,008	4.9%	87.4%	14	1,123,006	4.9%	87.1%
Virginia	7	912,540	4.0%	94.3%	7	864,116	3.8%	93.2%
North Carolina	9	873,943	3.8%	93.5%	9	873,943	3.8%	92.3%
Oregon	7	659,060	2.9%	96.8%	7	659,061	2.9%	98.0%
Tennessee	6	479,321	2.1%	89.8%	6	479,321	2.1%	91.3%
Washington	6	461,073	2.0%	94.7%	6	461,073	2.0%	93.5%
Nevada	2	439,467	1.9%	79.1%	2	432,990	1.9%	78.0%
Illinois	3	414,168	1.8%	93.3%	3	414,168	1.8%	85.2%
Arizona	3	388,440	1.7%	91.4%	3	388,440	1.7%	90.4%
Massachusetts	2	371,758	1.6%	93.5%	2	379,107	1.6%	92.9%
Pennsylvania	4	305,524	1.4%	91.5%	4	320,279	1.4%	88.7%
Delaware	2	240,418	1.1%	92.3%	2	240,418	1.0%	93.3%
Michigan	2	118,273	0.5%	85.8%	2	118,273	0.5%	85.8%
Maryland	1	95,010	0.4%	86.3%	1	107,063	0.5%	75.4%
Alabama	1	84,740	0.4%	76.2%	1	84,740	0.4%	76.2%
South Carolina	2	74,421	0.3%	96.2%	2	74,421	0.3%	90.6%
Indiana	3	54,484	0.2%	50.1%	3	54,484	0.2%	44.7%
Kentucky	1	23,186	0.1%	81.9%	1	23,184	0.1%	63.7%
Total	214	22,800,084	100.0%	91.4%	216	22,965,276	100.0%	91.0%

The Consolidated Properties are encumbered by mortgage loans of $384.1 million as of June 30, 2010.

Table of Contents

The following table is a list of the shopping centers summarized by state and in order of largest holdings presented for Unconsolidated Properties (only properties owned by unconsolidated co-investment partnerships):

	June 30, 2010				December 31, 2009			
Location	# Properties	GLA	% of Total GLA	% Leased	# Properties	GLA	% of Total GLA	% Leased
California	27	3,555,072	16.0%	94.0%	27	3,402,675	15.5%	91.6%
Virginia	22	2,785,647	12.5%	94.6%	22	2,771,430	12.6%	95.4%
Illinois	20	2,354,869	10.6%	90.1%	20	2,354,869	10.7%	90.5%
Missouri	23	2,265,466	10.2%	96.7%	23	2,265,466	10.3%	96.8%
Maryland	15	1,765,345	7.9%	91.9%	15	1,766,845	8.0%	93.8%
North Carolina	7	1,396,523	6.3%	89.2%	6	1,199,544	5.5%	87.8%
Texas	10	1,277,109	5.7%	91.3%	11	1,380,439	6.3%	92.1%
Pennsylvania	8	1,093,862	4.9%	93.2%	8	1,093,844	5.0%	93.5%
Florida	12	1,010,212	4.5%	90.9%	12	1,010,212	4.6%	92.0%
Colorado	6	947,245	4.3%	95.4%	6	947,245	4.3%	94.4%
Washington	5	577,441	2.6%	96.9%	5	577,441	2.6%	96.9%
Ohio	2	537,073	2.4%	93.4%	2	537,073	2.4%	91.6%
Minnesota	3	483,938	2.2%	96.5%	3	483,938	2.2%	97.3%
South Carolina	4	286,297	1.3%	96.4%	4	286,297	1.3%	96.4%
Wisconsin	2	269,128	1.2%	94.2%	2	269,128	1.2%	97.7%
Georgia	3	243,351	1.1%	94.8%	3	243,351	1.1%	95.6%
Delaware	2	231,587	1.0%	86.9%	2	231,587	1.1%	88.5%
Indiana	3	218,769	1.0%	88.9%	3	218,769	1.0%	89.1%
Massachusetts	1	185,279	0.8%	100.0%	1	185,279	0.8%	100.0%
Connecticut	1	179,860	0.8%	100.0%	1	179,860	0.8%	100.0%
New Jersey	2	156,482	0.7%	96.2%	2	156,482	0.7%	95.2%
Alabama	1	118,466	0.5%	65.6%	1	118,466	0.5%	69.1%
Arizona	1	107,633	0.5%	87.5%	1	107,633	0.5%	85.8%
Oregon	1	93,101	0.4%	98.1%	1	93,101	0.4%	98.1%
Tennessee	1	86,065	0.4%	94.8%	1	86,065	0.4%	94.8%
Dist. of Columbia	2	39,647	0.2%	100.0%	2	39,647	0.2%	100.0%
Total	184	22,265,467	100.0%	93.2%	184	22,006,686	100.0%	93.2%

The Unconsolidated Properties are encumbered by mortgage loans of $2.1 billion as of June 30, 2010.

Table of Contents

The following table summarizes our four largest tenants, each of which is a grocery tenant, occupying the shopping centers at June 30, 2010:

Grocery Anchor	Number of Stores [a]	Percentage of Company-owned GLA [b]	Percentage of Annualized Base Rent [b]
Kroger	54	7.7%	4.6%
Publix	57	6.8%	4.2%
Safeway	60	6.0%	3.9%
Super Valu	30	3.4%	2.5%

[a] For the Combined Properties including stores owned by grocery anchors that are attached to our centers.

[b] GLA and annualized base rent include the Consolidated Properties plus Regency s pro-rata share of the Unconsolidated Properties (Regency Pro-rata).

The following table summarizes leasing activity in square feet (SF) for the six months ended June 30, 2010 for the Combined Properties and Regency Pro-rata GLA (in thousands):

	Combined Properties [a]	% of GLA	Regency Pro-rata [b]	% of GLA
Leasing Activity:				
New Leases Signed	937	2.1%	698	2.4%
Existing Leases Renewed	1,800	4.0%	1,163	3.9%
Total Leasing Activity	2,737	6.1%	1,861	6.3%
Leases Moved Out	(1,010)	-2.2%	(755)	-2.5%
New Leases less Moveouts	(73)	-0.1%	(57)	-0.1%
Rental Rate Growth %	-1.1%		0.5%	
Leases Expiring in 2010 [c]	1,277	2.8%	927	3.1%
Leases Expiring in 2011	4,126	9.2%	2,916	9.8%
Leases Expiring in 2012	5,199	11.5%	3,596	12.1%

[a] Combined Properties includes Consolidated Properties and Unconsolidated Properties.

[b] Regency Pro-rata includes Consolidated Properties and Regency s pro-rata share of the Unconsolidated Properties.

[c] Excludes 468 (Combined Properties) and 308 (Regency Pro-rata) square feet of leases under month to month rental agreements or leases in process of renewal

Although base rent is supported by long-term lease contracts, tenants who file bankruptcy are given the right to reject any or all of their leases and close related stores while paying, in some instances, reduced damages for breaching the lease, or assume the lease by curing any default and continuing to operate. In the event that a tenant with a significant number of leases in our shopping centers files bankruptcy and cancels its leases, we could experience a significant reduction in our revenues and tenant receivables. We are closely monitoring industry trends and sales data to help us identify declines in retail categories or tenants who might be experiencing financial difficulties as a result of slowing sales, lack of credit, changes in retail formats or increased competition. As a result of our findings, we may reduce new leasing, suspend leasing, or curtail the allowance for the construction of leasehold improvements within a certain retail category or to a specific retailer.

As of June 30, 2010, 74 video rental stores occupied our shopping centers on a Combined Basis and represent $5.8 million of annual base rent on a pro-rata basis. Blockbuster Video represents the

Table of Contents

majority of our video rental leases with 65 stores and annual base rent of $5.4 million or 1.2% of our annualized base rent including our pro-rata share of 27 stores in the Unconsolidated Properties. We believe that there is a high probability that Blockbuster Video could file for reorganization in the near future, which could result in the lease rejection and closing of a significant number of Blockbuster Video stores in our shopping centers. Movie Gallery/Hollywood Video filed for Chapter 11 bankruptcy protection on February 2, 2010. All of the Movie Gallery/Hollywood Video stores have now closed and the base rent associated with these stores is insignificant to our annual base rent on a pro-rata basis.

During 2010, Fili s Enterprises, Inc. doing business as Daphne s Café, along with Swoozie s, Pearl Arts, Trade Secret, and Jennifer Convertibles also filed for Chapter 11 bankruptcy protection. Of these 15 leases, none have been assumed and three leases have been rejected. The combined annual base rent on a pro-rata basis associated with these leases is insignificant to our annual base rent on a pro-rata basis.

We continue to monitor and communicate with those tenants who have announced store closings or are experiencing financial distress. We expect as the weak economy continues, additional retailers could announce store closings and/or bankruptcies that could negatively impact our shopping centers. However, we are not currently aware of the pending bankruptcy or announced store closings of any tenants in our shopping centers beyond those described above that would individually cause a material reduction in our revenues, and no tenant represents more than 5% of our annual base rent on a pro-rata basis.

Liquidity and Capital Resources

Our Parent Company has no capital commitments other than its guarantees of the commitments of our Operating Partnership. The Parent Company will from time to time access the capital markets for the purpose of issuing new equity and will simultaneously contribute all of the offering proceeds to the Operating Partnership in exchange for additional partnership units. Any new debt is issued by our Operating Partnership or by our co-investment partnerships. Accordingly, the discussion below regarding liquidity and capital resources is presented on a consolidated basis for the Company. The following table summarizes net cash flows related to operating, investing, and financing activities of the Company for the six months ended June 30, 2010 and 2009 (in thousands):

	2010	2009
Net cash provided by operating activities	$ 85,824	103,393
Net cash used in investing activities	(118,903)	(84,815)
Net cash provided by financing activities	40,035	86,681
Net increase in cash and cash equivalents	$ 6,956	105,259

On June 30, 2010 our cash balance was $106.4 million. We operate our business such that we expect net cash provided by operating activities in combination with proceeds generated from sales of development properties and land will provide the necessary funds to pay our scheduled mortgage loan principal payments, capital expenditures necessary to maintain our shopping centers, and distributions to our share and unit holders. Net cash provided by operating activities plus net gain on sale of properties of $7.4 million and $3.9 million totaled $93.2 million and $107.3 million for the six months ended June 30, 2010 and 2009, respectively. During the six months ended June 30, 2010 and 2009, we incurred capital expenditures of $5.8 million and $4.9 million to maintain our shopping centers; we paid scheduled principal payments of $2.4 million and $2.6 million; and we paid distributions of $86.3 million and $98.2 million, respectively. Our Board of Directors recently declared our quarterly dividend of $0.4625 per share, which has remained unchanged since May 2009. Our dividend distribution policy is set by our Board of Directors who continuously reviews our financial results and determines our distribution rates. We plan to continue paying an aggregate amount of distributions to our stock and unit holders that at a minimum meet the requirements to continue qualifying as a REIT for Federal income tax purposes.

Table of Contents

Commitments available to us under our Operating Partnership s unsecured line of credit (the Line) and revolving credit facility total $713.8 million. The Line matures in February 2011, at which time we have the option to extend $600.0 million of the commitment to February 2012. Based upon our ongoing discussions with our Line banks, we believe we will be able to successfully negotiate and extend the Line at a commitment level sufficient to meet our working capital and investing needs when it matures.

We currently estimate that we will require approximately $754.5 million through 2012 primarily to repay $607.0 million of maturing debt, complete in-process developments, and to fund our pro-rata share of estimated capital contributions to our co-investment partnerships for repayment of debt. Included in these capital requirements are $583.9 million of unsecured public debt, as further described below under Notes Payable, which we intend to repay at maturity from the proceeds of new unsecured issues of debt or equity. To the extent that issuing unsecured debt is cost prohibitive or unavailable, we believe that we have sufficient unsecured assets available for secured mortgage financing whose proceeds could be used to repay the unsecured debt at maturity. When necessary, the Line is available to fund our capital needs. We will also receive approximately $222.0 million of net proceeds once we settle the 8.0 million common share forward equity offering completed during 2009, as discussed below under Equity and Capital.

At June 30, 2010 we had 34 development properties on a Combined Basis that were either under construction or in lease up, which when completed, will represent a net investment of $609.0 million after projected sales of adjacent land and out-parcels. This compares to 40 development properties at December 31, 2009 representing an investment of $820.7 million upon completion. We estimate that we will earn an average return on investment from our current development projects of 6.9% when completed and fully leased. Costs necessary to complete in-process development projects, net of reimbursements and projected land sales, are estimated to be approximately $19.7 million.

At June 30, 2010, our joint ventures had $822.1 million of scheduled secured mortgage loans and credit lines maturing through 2012 including $102.6 million of loans maturing in 2010. On April 30, 2010 our joint venture with GRI prepaid, without penalty, $514.8 million of mortgage loans that would have matured in July 2010. Regency and GRI each contributed capital to the joint venture for their respective pro-rata share of the repayment. On June 2, 2010 the GRI joint venture closed on $202.0 million of new ten-year secured mortgage loans and distributed the proceeds to Regency and GRI in proportion to their ownership interests. A more detailed loan maturity schedule and further discussion about the repayment of maturing debt is included below under Notes Payable.

We believe that our joint venture partners are financially sound and have sufficient capital or access thereto to fund future capital requirements. We communicate with our co-investment partners regularly regarding the operating and capital budgets of our co-investment partnerships, and believe that we will successfully complete the refinancing of our joint venture debt as it matures in the future. In the event that a co-investment partner was unable to fund its share of the capital requirements of the co-investment partnership, we would have the right, but not the obligation, to loan the defaulting partner the amount of its capital call at an interest rate at the lesser of prime plus a pre-defined spread or the maximum rate allowed by law. A decision to loan to a defaulting joint venture partner, which would be secured by the defaulting partner s partnership interest, would be based on the fair value of the co-investment partnership assets, our joint venture partner s financial health, and would be subject to an evaluation of our own capital commitments and sources to fund those commitments. Alternatively, should we determine that our joint venture partners will not have sufficient capital to meet future capital needs, we could trigger liquidation of the partnership. For the co-investment partnerships that have distribution-in-kind (DIK) provisions, and own multiple properties, a liquidation of the co-investment partnership could be completed by either a DIK of the properties to each joint venture partner in proportion to its partnership interest, open market sale, or a combination of both methods. Our co-investment partnership properties have been financed with non-recourse loans that represent 99% of the total debt of the co-investment partnerships including lines of credit as of June 30, 2010. We and our partners have no guarantees related to these loans. In those co-investment partnerships which have DIK provisions, if we trigger liquidation by distribution-in-kind, each partner would receive title to properties selected in a rotation process for distribution and would assume

Table of Contents

any related loans secured by the properties distributed. The loan agreements generally provide for assumption by either joint venture partner after obtaining any required lender consent. We would only be responsible for those loans we assume through the DIK and only to the extent of the value of the property we receive, since after assumption through the DIK the loans would remain non-recourse. We also have a 50% investment interest in a single asset joint venture with an $8.6 million loan which contains guarantees from each partner limited however to their respective interest.

Our preferred stock and preferred units, though callable by us, are not redeemable in cash at the option of the holders.

Although common or preferred equity raised in the public markets by the Parent Company is an option to fund future capital needs, access to these markets could be limited at times. When conditions for the issuance of securities are acceptable, we will evaluate issuing debt or equity to fund new acquisition opportunities, fund new developments, or repay maturing debt. At June 30, 2010, the Parent Company and the Operating Partnership each had existing shelf registration statements available for the issuance of new equity or debt securities, respectively.

Investments in Real Estate Partnerships

We account for certain investments in real estate partnerships using the equity method. We have determined that these investments are not variable interest entities and do not require consolidation under Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 810, and therefore are subject to the voting interest model in determining our basis of accounting. Major decisions, including property acquisitions not meeting pre-established investment criteria, dispositions, financings, annual budgets, and dissolution of the joint ventures are subject to the approval of all partners.

Recognition of gains from sales to co-investment partnerships is recorded on only that portion of the sales not attributable to our ownership interest unless there are certain provisions in the partnership agreement which allow the Company a unilateral right to initiate a DIK upon liquidation, as described further below under our Critical Accounting Policies and Note 1(b) Summary of Significant Accounting Policies in our Consolidated Financial Statements each included herein. The presence of such DIK provisions requires that we apply a more restrictive method of gain recognition (Restricted Gain Method) on sales of properties to these co-investment partnerships. This method considers our potential ability to receive property through a DIK on which partial gain has been recognized, and ensures maximum gain deferral upon sale to a co-investment partnership containing these unilateral DIK rights (DIK-JV).

The operations and gains related to properties sold to our investments in real estate partnerships are not classified as discontinued operations because we continue to provide property management services to these shopping centers under market rate agreements with our co-investment partnerships. For those properties acquired by the joint venture from unrelated parties, we are required to contribute our pro-rata share based on our ownership interest of the purchase price to the co-investment partnerships.

Table of Contents

At June 30, 2010, we had investments in real estate partnerships of $449.4 million. The following table is a summary of unconsolidated combined assets and liabilities of these co-investment partnerships and our pro-rata share (see note below) at June 30, 2010 and December 31, 2009 (dollars in thousands):

	2010	2009
Number of Joint Ventures	18	18
Regency s Ownership	16.35%-50%	16.35%-50%
Number of Properties	184	184
Combined Assets	$4,124,353	$4,185,181
Combined Liabilities	2,325,016	2,644,948
Combined Equity	1,799,337	1,540,233
Regency s Share of[a]:		
Assets	$1,305,072	$998,960
Liabilities	729,149	623,884

[a] Pro-rata financial information is not, and is not intended to be, a presentation in accordance with U.S. Generally Accepted Accounting Principles. However, management believes that providing such information is useful to investors in assessing the impact of its investments in real estate partnership activities on the operations of Regency, which includes such items on a single line presentation under the equity method in its consolidated financial statements.

Investments in real estate partnerships are primarily composed of co-investment partnerships in which we currently invest with five co-investment partners and an open-end real estate fund (Regency Retail Partners or the Fund), as further described below. In addition to earning our pro-rata share of net income or loss in each of these real estate partnerships, we received recurring market-based fees for asset management, property management, and leasing as well as fees for investment and financing services, of $6.4 million and $6.5 million for the three months ended June 30, 2010 and 2009, respectively, and $13.0 million and $13.7 million for the six months ended June 30, 2010 and 2009, respectively. For the six months ended June 30, 2010, we also received a disposition fee in the amount $2.6 million.

Our investments in real estate partnerships as of June 30, 2010 and December 31, 2009 consist of the following (in thousands):

	Ownership	2010	2009
GRI - Regency, LLC (GRIR)[1]	40.00%	$ 281,252	154,350
Macquarie CountryWide-Regency III (MCWR III)	24.95%	209	351
Macquarie CountryWide-Regency-DESCO (MCWR-DESCO)	16.35%	23,483	24,374
Columbia Regency Retail Partners (Columbia I)	20.00%	26,971	28,347
Columbia Regency Partners II (Columbia II)	20.00%	10,406	11,202
Cameron Village LLC (Cameron)	30.00%	17,703	18,285
RegCal, LLC (RegCal)	25.00%	15,702	12,863
Regency Retail Partners (the Fund)	20.00%	21,440	22,114
US Regency Retail I, LLC (USAA)	20.01%	4,524	5,111
Other investments in real estate partnerships	50.00%	47,723	49,215
Total		$ 449,413	326,212

[1] At December 31, 2009, the Company s ownership interest in GRIR (formerly Macquarie CountryWide-Regency II) was 25.00%

61

Table of Contents

Investments in real estate partnerships are reported net of deferred gains of $51.7 million and $52.0 million at June 30, 2010 and December 31, 2009, respectively. Cumulative deferred gains related to each co-investment partnership are described below.

We co-invest with Global Retail Investors LLC (GRI), a joint venture between the California Public Employees Retirement System (CalPERS) and an affiliate of First Washington Realty, Inc. in one real estate partnership in which we have an ownership interest of 40%. During March 2010, an amendment was filed with the state of Delaware to change the name of the real estate partnership from Macquarie CountryWide Regency II, LLC (MCWR II) to GRI Regency, LLC (GRIR). Our investment in GRIR totals $281.3 million and represents 7.0% of our total assets at June 30, 2010.

On July 17, 2009, we announced that MCW had agreed to sell a 60% partnership interest to GRI in two closings. The initial closing was completed on July 31, 2009, with MCW selling 45% of its 75% interest to GRI. As part of the closing, we acquired Macquarie-Regency Management, LLC s (US Manager) 0.1% ownership of the real estate partnership. US Manager was owned 50/50 by us and an affiliate of Macquarie Bank Limited. The transaction increased our ownership to 25% from 24.95%. At the initial closing we received a disposition fee of $7.8 million from MCW equal to 1% of the gross sales price paid by GRI.

As part of the original agreement, we negotiated two separate options to acquire an additional 15% interest in the partnership. In November 2009, we exercised our two options with closing contingent upon obtaining lender consents. We funded the purchase price of $16.0 million on December 23, 2009, which was held in escrow and recorded in other assets in the accompanying Consolidated Balance Sheets at December 31, 2009. On March 30, 2010, we received lender consent and closed on our options increasing our investment in the real estate partnership to 40%.

On April 30, 2010, GRIR repaid $514.8 million of mortgage debt, without penalty, in order to minimize its refinancing and interest rate risks. We contributed capital of $206.7 million to GRIR for our pro-rata share of the repayment funded from our unsecured line of credit and available cash balances. Simultaneously, GRI closed on the purchase of its remaining 15% interest from Charter Hall Retail REIT (CHRR), formerly Macquarie CountryWide (MCW), increasing its total ownership in the real estate partnership to 60%. As a part of this transaction, we also received a disposition fee of $2.6 million equal to 1% of gross sales price paid by GRI. We will retain asset management, property management, and leasing responsibilities. On June 2, 2010, GRIR closed on $202.0 million of new ten-year secured mortgage loans. We received $79.6 million as our pro-rata share of the proceeds.

As of June 30, 2010, GRIR owned 85 shopping centers, had total assets of $2.1 billion and a net loss of $5.8 million for the six months ended primarily related to a provision for impairment of $12.3 million on a property that it expects to sell during 2010. Our share of GRIR s total assets was $857.0 million which represents 21.3% of our total assets. Effective January 1, 2010, the partnership agreement was amended to include a unilateral right to elect to dissolve the partnership and receive a DIK upon liquidation; therefore, we will apply the Restricted Gain Method for any properties sold to GRIR on or after January 1, 2010. During 2010, we have not sold any properties to GRIR. Since the inception of GRIR (formerly MCWR II), we recognized gain of $2.3 million on partial sales and deferred gains of approximately $766,000. In April 2010, GRIR sold one shopping center for $15.3 million and recognized a gain of $2.3 million.

We co-invest with CHRR as the only other partner in two co-investment partnerships, one in which we have an ownership interest of 24.95% (MCWR III) and one in which we have an ownership interest of 16.35% (MCWR-DESCO). Our investment in the two co-investment partnerships with CHRR totals $23.7 million and represents less than 1% of our total assets at June 30, 2010. At June 30, 2010, the CHRR joint ventures had total assets of $437.8 million and a net loss of $2.9 million for the six months ended. Our share of the co-investment partnerships total assets was $77.2 million which represents 1.9% of our total assets.

As of June 30, 2010, MCWR III owned four shopping centers, had total assets of $64.0 million, and a net loss of approximately $281,000 for the six months ended. Effective January 1, 2010, the

Table of Contents

partnership agreement was amended to include a unilateral right to elect to dissolve the partnership and receive a DIK upon liquidation; therefore, we will apply the Restricted Gain Method for additional properties sold to MCWR III on or after January 1, 2010. During 2010, we have not sold any properties to MCWR III. Since the inception of MCWR III in 2005, we have recognized gain of $14.1 million on partial sales to MCWR III and deferred gains of $4.7 million.

As of June 30, 2010, MCWR-DESCO owned 32 shopping centers, had total assets of $373.8 million and recorded a net loss of $2.6 million for the six months ended. The partnership agreement does not contain any DIK provisions that would require us to apply the Restricted Gain Method. Since the inception of MCWR-DESCO in 2007, we have not sold any properties to MCWR-DESCO.

We co-invest with the Oregon Public Employees Retirement Fund (OPERF) in three co-investment partnerships, two of which we have ownership interests of 20% (Columbia I and Columbia II) and one in which we have an ownership interest of 30% (Cameron). Our investment in the three co-investment partnerships with OPERF totals $55.1 million and represents 1.4% of our total assets at June 30, 2010. At June 30, 2010, the OPERF joint ventures had total assets of $727.9 million and net income of approximately $250,000 for the six months ended. Our share of the co-investment partnership s total assets was $157.1 million which represents 3.9% of our total assets.

As of June 30, 2010, Columbia I owned 14 shopping centers, had total assets of $312.2 million, and net income of approximately $886,000 for the six months ended. The partnership agreement has a unilateral right to elect to dissolve the partnership and receive a DIK upon liquidation; therefore, we have applied the Restricted Gain Method to determine the amount of gain that we recognize on property sales to Columbia. During 2010, we have not sold any properties to Columbia I. Since the inception of Columbia I in 2001, we have recognized gain of $2.0 million on partial sales to Columbia I and deferred gains of $4.3 million.

As of June 30, 2010, Columbia II owned 16 shopping centers, had total assets of $308.9 million, and net income of approximately $141,000 for the six months ended. The partnership agreement has a unilateral right to elect to dissolve the partnership and receive a DIK upon liquidation; therefore, we have applied the Restricted Gain Method to determine the amount of gain that we recognize on property sales to Columbia II. During 2010, we have not sold any properties to Columbia II. Since the inception of Columbia II in 2004, we have recognized gain of $9.1 million on partial sales to Columbia II and deferred gains of $15.7 million.

As of June 30, 2010, Cameron owned one shopping center, had total assets of $106.8 million, and a net loss of $777,000 for the six months ended. The partnership agreement does not contain any DIK provisions that would require us to apply the Restricted Gain Method. Since the inception of Cameron in 2004, we have not sold any properties to Cameron.

We co-invest with the California State Teachers Retirement System (CalSTRS) in a joint venture (RegCal) in which we have a 25% ownership interest. As of June 30, 2010, RegCal owned eight shopping centers, had total assets of $186.0 million, and a net loss of approximately $166,000 for the six months ended. Our share of RegCal s total assets was $46.5 million which represents 1.2% of our total assets. The partnership agreement has a unilateral right to elect to dissolve the partnership and receive a DIK upon liquidation; therefore, we have applied the Restricted Gain Method to determine the amount of gain that we recognize on property sales to RegCal. During 2010, we have not sold any properties to RegCal. Since the inception of RegCal in 2004, we have recognized gain of $10.1 million on partial sales to RegCal and deferred gains of $3.4 million. In March 2010, RegCal purchased one property from a third party for $12.9 million, net of assumed debt of $18.0 million, and we contributed $3.3 million for our proportionate share of the purchase price.

We co-invest with Regency Retail Partners (the Fund), an open-ended, infinite life investment fund in which we have an ownership interest of 20%. As of June 30, 2010, the Fund owned nine shopping centers, had total assets of $363.3 million, and recorded a net loss of approximately $731,000 for the six months ended. Our share of the Fund s total assets was $72.5 million which represents

Table of Contents

1.8% of our total assets. The partnership agreement does not contain any DIK provisions that would require us to apply the Restricted Gain Method. During 2010, we have not sold any properties to the Fund. Since the inception of the Fund in 2006, we have recognized gains of $71.6 million on partial sales to the Fund and deferred gains of $17.9 million.

We co-invest with United Services Automobile Association (the USAA partnership) in which we have an ownership interest of 20.01%. As of June 30, 2010, the USAA partnership owned eight shopping centers, had total assets of $137.6 million, and recorded a net loss of approximately $492,000 for the six months ended. Our share of USAA s total assets was $27.5 million which represents less than 1% of our total assets. The partnership agreement has a unilateral right for election to dissolve the partnership and receive a DIK upon liquidation; therefore, we applied the Restricted Gain Method to determine the amount of gain recognized on property sales to the USAA partnership. During 2010, we have not sold any properties to the USAA partnership. Since the inception of the USAA partnership in 2009, we recognized gains of $19.2 million on partial sales to the USAA partnership and deferred gains of $8.0 million.

Off-Balance Sheet Arrangements

We do not have off-balance sheet arrangements, financings, or other relationships with other unconsolidated entities (other than our co-investment partnerships) or other persons, also known as variable interest entities not previously discussed.

Notes Payable

The Parent Company does not hold any indebtedness, but guarantees all of the unsecured public debt and less than 12% of the secured debt of the Operating Partnership.

Notes payable consist of mortgage loans secured by properties and unsecured public debt. Mortgage loans may be prepaid, but could be subject to yield maintenance premiums and are generally due in monthly installments of principal and interest or interest only, and mature over various terms through 2019. Interest on unsecured public debt is payable semi-annually and the debt matures over various terms through 2020. Fixed interest rates on mortgage loans range from 5.22% to 8.40% and average 6.69%. As of June 30, 2010, we had two variable rate mortgage loans, one in the amount of $4.4 million with an interest rate equal to LIBOR plus 380 basis points maturing on October 1, 2014 and one construction loan with a current balance of $4.4 million with a variable interest rate of LIBOR plus 300 basis points maturing on September 2, 2011.

On June 2, 2010, we completed the sale of $150 million of ten-year senior unsecured notes. The 6.0% notes are due June 15, 2020. The net proceeds were used to repay the balance of the unsecured line of credit.

At June 30, 2010, 99.6% of our total debt had fixed interest rates, compared with 99.7% at December 31, 2009. We intend to limit the percentage of variable interest rate debt to be no more than 30% of total debt, which we believe to be an acceptable risk. Currently, our variable rate debt represents less than 1% of our total debt.

Outstanding debt at June 30, 2010 and December 31, 2009 consists of the following (in thousands):

	2010	2009
Notes payable:		
Fixed rate mortgage loans	$ 375,317	398,820
Variable rate mortgage loans	8,821	5,596
Fixed rate unsecured loans	1,631,109	1,481,964
Total notes payable	$ 2,015,247	1,886,380

64

Table of Contents

As of June 30, 2010, scheduled principal repayments on notes payable were as follows (in thousands):

Scheduled Principal Payments by Year:	Scheduled Principal Payments	Mortgage Loan Maturities	Unsecured Public Debt	Total
2010	$ 2,536	7,385	140,461	150,382
2011	4,837	15,646	193,486	213,969
2012	5,105		250,000	255,105
2013	4,979	16,350		21,329
2014	4,380	15,653	150,000	170,033
Beyond 5 Years	8,853	299,280	900,000	1,208,133
Unamortized debt discounts, net		(866)	(2,838)	(3,704)
Total	$ 30,690	353,448	1,631,109	2,015,247

At June 30, 2010, our investments in real estate partnerships had notes payable of $2.2 billion maturing through 2028, of which 96.6% had weighted average fixed interest rates of 5.8%. The remaining notes payable had variable interest rates based on LIBOR plus a spread in a range of 73 to 150 basis points. Our pro-rata share of these loans was $682.5 million. We and our partners have no guarantees related to these loans except for an $8.6 million loan related to our ownership interest in one single asset real estate partnership where we are only responsible for our pro-rata share of the loan. As of June 30, 2010, scheduled principal repayments on notes payable held by our investments in real estate partnerships were as follows (in thousands):

Scheduled Principal Payments by Year:	Scheduled Principal Payments	Mortgage Loan Maturities	Unsecured Maturities	Total	Regency's Pro-Rata Share
2010	$ 1,967	84,235	18,346	104,548	30,437
2011	3,694	466,470	8,626	478,790	185,468
2012	4,396	244,418		248,814	96,054
2013	4,226	32,447		36,673	13,376
2014	4,213	77,296		81,509	23,082
Beyond 5 Years	25,555	1,185,883		1,211,438	332,975
Unamortized debt premiums, net		5,173		5,173	1,076
Total	$ 44,051	2,095,922	26,972	2,166,945	682,468

On April 30, 2010, GRIR prepaid $514.8 million of $562.0 million mortgage debt maturing in 2010, without penalty, in order to minimize its refinancing and interest rate risks. Regency and GRI each contributed their pro-rata share of the repayment as a capital contribution to GRIR. An additional $47.2 million of mortgage debt will be repaid in September, which will also require pro-rata contributions from each joint venture partner. We currently have sufficient credit capacity under our $600.0 million line of credit (Line) commitment to fund these contributions. The joint venture also executed 13 new mortgage loans representing $202.0 million with ten-year terms and rates of 5.825% in June 2010. The net proceeds were distributed to us and GRI in proportion to our ownership interests in GRIR.

We have a $600.0 million Line commitment under an agreement with Wells Fargo Bank and a syndicate of other banks that matures in February 2011 with a one-year extension available at our option. We have the right to expand the Line commitment by an additional $150.0 million subject to additional lender syndication. The Line has a current interest rate of LIBOR plus 55 basis points and an annual facility fee of 15 basis points subject to maintaining our corporate credit and senior unsecured ratings at BBB. There was no balance outstanding at June 30, 2010 or December 31, 2009.

We have a $113.8 million revolving credit facility available at our discretion under an agreement with Wells Fargo Bank and a syndicate of other banks that matures in February 2011. At June 30, 2010

and December 31, 2009, the revolving credit facility had a variable interest rate equal to LIBOR plus 100 basis points and an annual facility fee of 20 basis points subject to maintaining our corporate credit and senior unsecured ratings at BBB. There was no balance outstanding at June 30, 2010 or December 31, 2009.

Including both the Line commitment and the revolving credit facility (collectively, Unsecured credit facilities), we currently have $713.8 million of total capacity and the spread paid is dependent upon maintaining specific investment-grade ratings. We are also required to comply with certain financial covenants as defined in the Credit Agreement such as Minimum Net Worth, Ratio of Total Liabilities to Gross Asset Value (GAV) and Ratio of Recourse Secured Indebtedness to GAV, Ratio of Earnings Before Interest Taxes Depreciation and Amortization (EBITDA) to Fixed Charges, and other covenants customary with this type of unsecured financing. As of June 30, 2010, management believes we are in compliance with all financial covenants for the Unsecured credit facilities. The Unsecured credit facilities are used to finance the acquisition and development of real estate and for general working-capital purposes.

The fair value of our notes payable is estimated based on the current rates available to us for debt of the same terms and remaining maturities. Fixed rate loans assumed in connection with real estate acquisitions are recorded in the accompanying consolidated financial statements at fair value at the time of acquisition excluding those loans assumed in DIK liquidations. Each of these fair value measurements fall within Level 3 of the fair value hierarchy. Based on the estimates used, the fair value of notes payable, was approximately $1.4 billion at both June 30, 2010 and December 31, 2009.

We are exposed to capital market risk such as changes in interest rates. In order to manage the volatility related to interest rate risk, we originate new debt with fixed interest rates, or we may enter into interest rate hedging arrangements. We do not utilize derivative financial instruments for trading or speculative purposes. On March 10, 2006, we entered into four forward-starting interest rate swaps (the Swaps) totaling $396.7 million with fixed rates of 5.399%, 5.415%, 5.399%, and 5.415%. On April 16, 2009, we paid $20.0 million to partially settle $106.0 million of the $396.7 million Swaps in place to hedge the $106.0 million mortgage loan issued on July 1, 2009. On June 1, 2010, we paid $26.8 million to partially settle $150.0 million of the remaining $290.7 million Swaps in place to hedge the $150.0 million ten-year senior unsecured notes issued on June 2, 2010. For the remaining $140.7 million of Swaps, we continue to expect to issue new debt for a term of 7 to 12 years prior to March 31, 2011. The fair value of these Swaps was a liability of $28.3 million at June 30, 2010. If we were to no longer expect to issue new debt within the terms and periods described above, we would be required to immediately charge the change in the fair value of these Swaps to net income as well as all future changes in value. The valuation of these derivative instruments is determined using widely accepted valuation techniques including discounted cash flow analysis on the expected cash flows of each derivative. This analysis reflects the contractual terms of the derivatives, including the period to maturity, and uses observable market-based inputs, including interest rate curves, and implied volatilities. We incorporate credit valuation adjustments to appropriately reflect both our nonperformance risk and the respective counterparty s nonperformance risk in the fair value measurements. Although we have determined that the majority of the inputs used to value our derivatives fall within Level 2 of the fair value hierarchy, the credit valuation adjustments associated with our derivatives utilize Level 3 inputs, such as estimates of current credit spreads, to evaluate the likelihood of default by ourselves and our counterparties.

Equity and Capital

We have issued common and preferred stock from the Parent Company and common and preferred units from the Operating Partnership to fund our capital commitments and to maintain a conservative capital structure as described below.

Table of Contents

Equity of the Parent Company

The Series 3, 4, and 5 preferred shares are perpetual, are not convertible into common stock of the Parent Company, and are redeemable at par upon our election beginning five years after the issuance date. None of the terms of the preferred stock contain any unconditional obligations that would require us to redeem the securities at any time or for any purpose and we do not currently anticipate redeeming any preferred stock. Terms and conditions of the three series of preferred stock outstanding as of June 30, 2010 are summarized as follows:

Series	Shares Outstanding	Liquidation Preference	Distribution Rate	Callable By Company
Series 3	3,000,000	$ 75,000,000	7.45%	04/03/08
Series 4	5,000,000	125,000,000	7.25%	08/31/09
Series 5	3,000,000	75,000,000	6.70%	08/02/10
	11,000,000	$ 275,000,000		

Common Stock

On December 9, 2009, the Parent Company completed a public offering of 8.0 million common shares at $30.75 per share which will result in net proceeds of $222.0 million, net of issuance costs. These shares are subject to the forward sale agreements described below. This offering also included an over-allotment option of 1.2 million shares which closed simultaneously for proceeds of $35.4 million.

In connection with this offering, the Parent Company entered into forward sale agreements with affiliates of J.P. Morgan and Wells Fargo Securities, as forward purchasers. We intend to use the proceeds upon settlement of the forward sale agreements to repay debt maturing in 2010 and 2011 and for general corporate purposes.

Noncontrolling Interests of Preferred Units

We have issued Preferred Units through the Operating Partnership in various amounts since 1998 primarily to institutional investors in private placements. Generally, the Preferred Units may be exchanged by the holders for Cumulative Redeemable Preferred Stock of the Parent Company after a specified date at an exchange rate of one share for one unit. The Preferred Units of the Operating Partnership and the related Preferred Stock of the Parent Company are not convertible into common stock of the Parent Company. At June 30, 2010 and December 31, 2009, only the Series D Preferred Units were outstanding with a face value of $50.0 million and a fixed distribution rate of 7.45%. These Units are callable by the Parent Company beginning September 29, 2009, and have no stated maturity or mandatory redemption. Included in the Series D Preferred Units are original issuance costs of approximately $842,000.

Noncontrolling Interest of Exchangeable Operating Partnerships Units

As of June 30, 2010 and December 31, 2009, the Operating Partnership had 189,164 and 468,211 limited Partnership Units outstanding that were not owned by the Parent Company, representing less than 1% of the outstanding Partnership Units of the Operating Partnership. The redemption value of the limited Partnership Units is based on the closing market price of the Parent Company s common stock, which was $34.40 and $35.06 per share as of June 30, 2010 and December 31, 2009, respectively, an aggregate redemption value of $6.5 million and $16.4 million, respectively.

Noncontrolling Interests of Limited Partners Interests in Consolidated Partnerships

Limited partners interests in consolidated partnerships not owned by us are classified as noncontrolling interests on the accompanying Consolidated Balance Sheets. Subject to certain conditions and pursuant to the conditions of the agreement, we have the right, but not the obligation, to purchase the other member s interest or sell our own interest in these consolidated partnerships. At June 30, 2010 and December 31, 2009, the noncontrolling interest in these consolidated partnerships was $10.8 million and $11.7 million, respectively.

Table of Contents

Capital of the Operating Partnership

Preferred Units

The Series D Preferred Units are owned by institutional investors. At June 30, 2010 and December 31, 2009, the face value of the Series D Preferred Units was $50.0 million with a fixed distribution rate of 7.45% and recorded in the accompanying Consolidated Balance Sheets net of original issuance costs of approximately $842,000. See above for further discussion.

Preferred Units of General Partner

The Parent Company, as general partner, owns corresponding Series 3, 4, and 5 preferred unit interests (Series 3, 4, and 5 Preferred Units) in the Operating Partnership. See above for further discussion.

General Partner

As of June 30, 2010, the Parent Company, as general partner, owned approximately 99.8% or 81,857,922 of the total 82,047,086 Partnership Units outstanding.

Limited Partners

The Operating Partnership had 189,164 and 468,211 limited Partnership Units outstanding as of June 30, 2010 and December 31, 2009, respectively.

Noncontrolling Interests of Limited Partners Interests in Consolidated Partnerships

See above for further discussion.

Critical Accounting Policies and Estimates

Knowledge about our accounting policies is necessary for a complete understanding of our financial statements. The preparation of our financial statements requires that we make certain estimates that impact the balance of assets and liabilities at a financial statement date and the reported amount of income and expenses during a financial reporting period. These accounting estimates are based upon, but not limited to, our judgments about historical results, current economic activity, and industry accounting standards. They are considered to be critical because of their significance to the financial statements and the possibility that future events may differ from those judgments, or that the use of different assumptions could result in materially different estimates. We review these estimates on a periodic basis to ensure reasonableness; however, the amounts we may ultimately realize could differ from such estimates.

Revenue Recognition and Accounts Receivable Accounts receivable represent revenues recognized in our financial statements, and include base rent, percentage rent, and expense recoveries from tenants for common area maintenance costs, insurance and real estate taxes. We analyze tenant receivables, historical bad debt levels, customer credit-worthiness and current economic trends when evaluating the adequacy of our allowance for doubtful accounts. Our reported net income (loss) is directly affected by our estimate of the recoverability of accounts receivable.

Recognition of Gains from the Sales of Real Estate Profits from sales of real estate are not recognized under the full accrual method by us unless a sale is consummated; the buyer s initial and continuing investment is adequate to demonstrate a commitment to pay for the property; a receivable, if applicable, is not subject to future subordination; we have transferred to the buyer the usual risks and rewards of ownership; and we do not have substantial continuing involvement with the property.

Table of Contents

We sell shopping center properties to joint ventures in exchange for cash equal to the fair value of the percentage interest acquired by our partners. We have accounted for those sales as partial sales and recognized gains on those partial sales in the period the properties were sold to the extent of the percentage interest sold, and in the case of certain joint venture partnerships, we apply a more restrictive method of recognizing gains, as discussed further below. The gains and operations associated with properties sold to these joint venture partnerships are not classified as discontinued operations because we continue to partially own and manage these shopping centers.

Certain DIK-JVs give either partner the unilateral right to elect to dissolve the joint venture partnership and, upon such an election, receive a distribution in-kind of the assets of the joint venture partnership equal to its respective ownership interests. The liquidation provisions require that all of the properties owned by the joint venture partnership be appraised to determine their respective and collective fair values. As a general rule, if we initiate the liquidation process, our partner has the right to choose the first property that it will receive in liquidation and we have the right to choose the next property that we will receive in liquidation; if our partner initiates the liquidation process, the order of the selection process is reversed. The process then continues with alternating selection of properties by each partner until the balance of each partner s capital account on a fair value basis has been distributed. After the final selection, to the extent that the fair value of properties in the DIK-JV is not distributable in a manner that equals the balance of each partner s capital account, a cash payment would be made to the other partner by the partner receiving a fair value in excess of its capital account. The partners may also elect to liquidate some or all of the properties through sales rather than through the DIK process.

We have concluded that these DIK dissolution provisions constitute in-substance call/put options, and represent a form of continuing involvement with respect to property that we sold to these joint venture partnerships, limiting our recognition of gain related to the partial sale. This more restrictive method of gain recognition, the Restricted Gain Method, considers our potential ability to receive property through a DIK on which partial gain has been recognized, and ensures, as discussed below, maximum gain deferral upon sale to a DIK-JV. We have applied the Restricted Gain Method to partial sales of property to joint venture partnerships that contain such unilateral DIK provisions.

Profit shall be recognized by a method determined by the nature and extent of the seller s continuing involvement and the profit recognized shall be reduced by the maximum exposure to loss. We have concluded that the Restricted Gain Method accomplishes this objective.

Under the Restricted Gain Method, for purposes of gain deferral, we consider the aggregate pool of properties sold into the DIK-JV as well as the aggregate pool of properties which will be distributed in the DIK process. As a result, upon the sale of properties to a DIK-JV, we perform a hypothetical DIK liquidation analysis assuming that we would choose only those properties that we have sold to the DIK-JV in an amount equal to our capital account. For purposes of calculating the gain to be deferred, we assume that the Company will select properties in a DIK liquidation that would otherwise have generated the highest gain to us when originally sold to the DIK-JV and include for such determination the fair value in properties that could be received in excess of the Company s capital account. The deferred gain to be recorded upon a sale of a property to a DIK-JV is calculated whenever a property is sold to the DIK-JV by us. During the periods when there are no property sales to a DIK-JV, the deferred gain is not recalculated.

Because the contingency associated with the possibility of receiving a particular property back upon liquidation, which forms the basis of the Restricted Gain Method, is not satisfied at the property level, but at the aggregate level, no gain is recognized on property sold by the DIK-JV to a third party or received by us upon actual dissolution. Instead, the property received upon actual dissolution is recorded at the carrying value of our investment in the DIK-JV on the date of dissolution, reduced by the deferred gain.

Capitalization of Costs We capitalize the acquisition of land, the construction of buildings and other specifically identifiable development costs incurred by recording them into properties in development in our accompanying Consolidated Balance Sheets. In summary, a project changes from non-operating to operating when it is substantially completed and held available for occupancy. At that time, costs are no longer capitalized. Other development costs include pre-development costs essential to the development of the property, as well as, interest, real estate taxes, and direct employee costs incurred during the development period. Pre-development costs are incurred prior to land acquisition during the due diligence phase and include contract deposits, legal, engineering, and other professional fees related to evaluating the feasibility of developing a shopping center. At June 30, 2010 and December 31, 2009, we had capitalized pre-development costs of approximately $682,000 and $816,000, respectively, of which approximately $290,000 and $325,000, respectively, were refundable contract deposits. If we determine that the development of a specific project undergoing due diligence is no longer probable, we immediately expense all related capitalized pre-development costs not considered recoverable. During the six months ended June 30, 2010 and 2009, we expensed pre-development costs of approximately $173,000 and $298,000, respectively, recorded in other expenses in the accompanying Consolidated Statements of Operations. Interest costs are capitalized into each development project based on applying our weighted average borrowing rate to that portion of the actual development costs expended. We cease interest cost capitalization when the property is no longer being developed or is available for occupancy upon substantial completion of tenant improvements, but in no event would we capitalize interest on the project beyond 12 months after substantial completion of the building shell. During the six months ended June 30, 2010 and 2009, we capitalized interest of $3.3 million and $11.9 million, respectively, on our development projects. We have a staff of employees (the Investment Group) who support our development program. All direct internal costs attributable to these development activities are capitalized as part of each development project. During the six months ended June 30, 2010 and 2009, we capitalized approximately $806,000 and $5.4 million, respectively, of direct costs incurred by the Investment Group. The capitalization of costs is directly related to the actual level of development activity occurring. If accounting standards issued in the future were to limit the amount of internal costs that may be capitalized we could incur additional increases in general and administrative expenses which would further reduce net income.

Real Estate Acquisitions Upon acquisition of operating real estate properties, we estimate the fair value of acquired tangible assets (consisting of land, building and improvements), and identify intangible assets and liabilities (consisting of above- and below-market leases, in-place leases and tenant relationships) and assumed debt. Based on these estimates, we assign the purchase price to the applicable assets acquired, the liabilities assumed, and any noncontrolling interest in the acquiree. We utilize methods similar to those used by independent appraisers in estimating the fair value of acquired assets and liabilities. We evaluate the useful lives of amortizable intangible assets each reporting period and account for any changes in estimated useful lives over the revised remaining useful life. We expense transaction costs associated with business combinations in the period incurred.

Valuation of Real Estate Investments Our long-lived assets, primarily real estate held for investment, are carried at cost unless circumstances indicate that the carrying value of the assets may not be recoverable. We review long-lived assets for impairment whenever events or changes in circumstances indicate such an evaluation is warranted. If we determine that the carrying amount of a property is not recoverable, we write down the asset to fair value. For properties to be held and used for long term investment, we estimate undiscounted future cash flows over the expected investment term including the estimated future value of the asset upon sale at the end of the investment period. Future value is generally determined by applying a market-based capitalization rate to the estimated future net operating income in the final year of the expected investment term. If after applying this method a property is determined to be impaired, we determine the provision for impairment based upon current market resale values through comparable sales information and other market data if available, or by applying a market capitalization rate to current estimated net operating income. For properties held for sale , we estimate current market resale values through appraisal less expected costs to sell. A loss in value of an investment under the equity method of accounting, which is other than a temporary decline, must be recognized in the period in which the loss occurs. In the case of our investments in unconsolidated real estate partnerships, we calculate the present value of our investment by discounting estimated future cash flows over the expected term of the investment. Fair value can fluctuate as a result of a number of factors, including changes in the general economy of those markets in which we operate, our estimated holding period of the property, tenant credit quality, and demand for new retail stores. If as

Table of Contents

a result of a change in our strategy for a specific property which we own directly or through our co-investment partnerships, a property previously classified as held and used is changed to held for sale, or if its estimated holding period changes, such change could cause us to determine that the property is impaired and a provision for impairment in relation to that property would be recorded by us either directly or through a reduction of our equity in income of real estate partnerships.

Discontinued Operations The application of current accounting principles that govern the classification of any of our properties as held-for-sale on the balance sheet, or the presentation of results of operations and gains on the sale of these properties as discontinued, requires management to make certain significant judgments. We classify an operating property or a property in development as held-for-sale when we determine that the property is available for immediate sale in its present condition, the property is being actively marketed for sale, and management believes it is probable that a sale will be consummated within one year. Given the nature of real estate sales contracts, it is not unusual for such contracts to allow a contractual buyer a due diligence period to evaluate the property with the right to cancel the contract without any financial loss. 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 likely to close within the requirements set forth above. In order to determine if the results of operations and gain on sale should be reflected as discontinued operations, prior to the sale, we evaluate the extent of involvement and significance of cash flows the sale will have with a property after the sale. Any property sold in which we have significant continuing involvement or cash flows (most often sales to co-investment partnerships in which we continue to manage the property) is not considered to be discontinued. In addition, any property which we sell to an unrelated third party, but which we retain a property management function, is not considered discontinued. Therefore, only properties sold, or to be sold, to unrelated third parties, where we will have no significant continuing involvement or significant cash flows are classified as discontinued and their operations, including any mortgage interest and gain on sale, are reported in discontinued operations so that the operations are clearly distinguished. Prior periods are also reclassified to reflect the operations of these properties as discontinued operations. When we sell operating properties to our joint ventures or to third parties, and will have continuing involvement, the operations and gains on sales are included in income from continuing operations. If circumstances arise that previously were considered unlikely and, as a result, we decide not to sell a property previously classified as held for sale, the property is reclassified as held and used and is measured individually at the lower of its (i) carrying amount before the property was classified as held for sale, adjusted for any depreciation and amortization expense that would have been recognized had the property been continuously classified as held and used or (ii) the fair value at the date of the subsequent decision not to sell. Any required adjustment to the carrying amount of the property reclassified as held and used is included in income from continuing operations in the period of the subsequent decision not to sell. If a property is reclassified as held and used, the results of operations of the property previously reported in discontinued operations are reclassified and included in income from continuing operations for all periods presented.

Investments in Real Estate Partnerships In addition to owning real estate directly, we invest in real estate through our co-investment partnerships. As asset and property manager, we conduct the business of the Unconsolidated Properties held in the co-investment partnerships in the same way that we conduct the business of the Consolidated Properties that are wholly-owned; therefore, the Critical Accounting Policies as described are also applicable to our investments in the real estate partnerships. We account for all investments in which we do not have a controlling financial ownership interest using the equity method. We have determined that these investments are not variable interest entities and do not require consolidation, and therefore, are subject to the voting interest model in determining our basis of accounting. Decisions, including property acquisitions and dispositions, financings, certain leasing arrangements, annual budgets and dissolution of the joint ventures are subject to the approval of all partners, or in the case of the Fund, its advisory committee.

Table of Contents

Income Tax Status The Parent Company believes it qualifies, and intends to continue to qualify, as a REIT under Sections 856 through 860 of the Internal Revenue Code (the Code). The Parent Company is required to meet certain income and asset tests on a periodic basis to ensure that it continues to qualify as a REIT. As a REIT, the Parent Company is allowed to reduce taxable income by all or a portion of its distributions to stockholders. We evaluate the transactions that we enter into and determine their impact on our REIT status. Determining our taxable income, calculating distributions, and evaluating transactions requires us to make certain judgments and estimates as to the positions we take in our interpretation of the Code. Because many types of transactions are susceptible to varying interpretations under federal and state income tax laws and regulations, our positions are subject to change at a later date upon final determination by the taxing authorities, however, we reassess such positions at each reporting period.

Results from Operations

Comparison of the three months ended June 30, 2010 to 2009:

At June 30, 2010, on a Combined Basis, we were operating or developing 398 shopping centers, as compared to 400 shopping centers at December 31, 2009. We identify our shopping centers as either properties in development or operating properties. Properties in development are defined as properties that are in the construction or lease-up process and have not reached their initial full occupancy. A development property becomes an operating property at the earlier to occur of attaining 95% leased and rent paying or four years from the start of site work, regardless of the percentage leased. At June 30, 2010, on a Combined Basis, we had 34 development properties, as compared to 40 properties at December 31, 2009.

Our revenues increased by $6.3 million or 5.5% to $121.6 million in 2010, as summarized in the following table (in thousands):

	2010	2009	Change
Minimum rent	$ 86,109	85,500	609
Percentage rent	264	307	(43)
Recoveries from tenants and other income	25,709	22,589	3,120
Management, transaction, and other fees	9,518	6,898	2,620
Total revenues	$ 121,600	115,294	6,306

The increase in minimum rent, along with the increase in recoveries from tenants and other income relates primarily to recently completed shopping center developments commencing operations in the current year as well as improved collection rates on fewer tenant defaults.

We earn fees, at market-based rates, for asset management, disposition, property management, leasing, acquisition, and financing services that we provide to our co-investment partnerships and third parties as follows (in thousands):

	2010	2009	Change
Asset management fees	$ 1,772	2,044	(272)
Property management fees	3,892	3,675	217
Transaction fees	2,594		2,594
Leasing commissions and other fees	1,260	1,179	81
	$ 9,518	6,898	2,620

Transaction fees increased as a result of a $2.6 million disposition fee paid to Regency by MCW related to GRI s acquisition of MCW s investment in MCWR II described above. Asset management fees, which are tied to the value of the real estate we manage for our co-investment partners, declined in 2010 due to an overall decline in commercial real estate values, as well as, a reduction in the number of properties owned by the joint venture partnerships.

72

Table of Contents

Our operating expenses increased by $5.0 million or 6.8% to $79.0 million in 2010. The following table summarizes our operating expenses (in thousands):

	2010	2009	Change
Operating, maintenance, and real estate taxes	$ 31,697	29,401	2,296
General and administrative	14,639	9,292	5,347
Depreciation and amortization	31,499	29,621	1,878
Provision for doubtful accounts	55	4,731	(4,676)
Other expenses	1,080	929	151
Total operating expenses	$ 78,970	73,974	4,996

Increases in operating, maintenance, and real estate taxes along with depreciation and amortization expense are primarily related to the recently completed developments commencing operations in the current year and general increases in expenses incurred by the operating properties. General and administrative expense increased $5.3 million as the decline in development activity resulted in reduced overhead capitalization. The provision for doubtful accounts decreased by $4.7 million during the three months ended June 30, 2010 as tenant collection rates improved and tenant default rates continued to decline in 2010.

The following table presents the change in interest expense (in thousands):

	2010	2009	Change
Interest on Unsecured credit facilities	$ 374	1,614	(1,240)
Interest on notes payable	30,388	30,081	307
Capitalized interest	(1,243)	(5,559)	4,316
Hedge interest	1,756	327	1,429
Interest income	(640)	(823)	183
	$ 30,635	25,640	4,995

Interest on Unsecured credit facilities decreased by $1.2 million as a result of lower outstanding balances during the three months ended June 30, 2010 compared to 2009. Capitalized interest declined as a result of a reduction in new development activity subsequent to June 30, 2009, as well as, a higher level of shopping center completions.

During the three months ended June 30, 2010, we sold three out-parcels for net proceeds of $3.9 million and recognized a gain of approximately $65,000, whereas during the three months ended June 30, 2009, we did not have any gains on sale included in continuing operations.

Table of Contents

Our equity in income (loss) of investments in real estate partnerships increased by $28.0 million during the three months ended June 30, 2010 as follows (in thousands):

	Ownership	2010	2009	Change
Macquarie CountryWide-Regency (MCWR I) [(1)]		$	(9)	9
Macquarie CountryWide Direct (MCWR I) [(1)]				
GRI - Regency, LLC (GRIR) [(2)]	40.00%	1,853	(25,979)	27,832
Macquarie CountryWide-Regency III (MCWR III)	24.95%	(27)	84	(111)
Macquarie CountryWide-Regency-DESCO (MCWR-DESCO)	16.35%	(159)	(288)	129
Columbia Regency Retail Partners (Columbia I)	20.00%	(171)	(164)	(7)
Columbia Regency Partners II (Columbia II)	20.00%	6	(21)	27
Cameron Village LLC (Cameron)	30.00%	(141)	(112)	(29)
RegCal, LLC (RegCal)	25.00%	72	43	29
Regency Retail Partners (the Fund)	20.00%	6	(106)	112
US Regency Retail I, LLC (USAA)	20.01%	(23)		(23)
Other investments in real estate partnerships	50.00%	366	339	27
Total		$ 1,782	(26,213)	27,995

(1) At June 30, 2009, our ownership interest in MCWR I was 25.00%. The liquidation of MCWR I was complete effective December 31, 2009.

(2) At June 30, 2009, our ownership interest in GRIR (formerly Macquarie CountryWide-Regency II) was 24.95%.

The increase in our equity in income (loss) of investments in real estate partnerships is primarily related to the decrease in impairment provisions recognized by GRIR in 2010 as compared to 2009. GRIR recorded a $3.3 million provision for impairment for the three months ended June 30, 2010 and a $99.8 million provision for impairment for the three months ended June 30, 2009. Our pro-rata share of this provision for impairment was $1.3 million and $24.9 million for the three months ended June 30, 2010 and 2009, respectively.

Loss from discontinued operations was approximately $263,000 for the three months ended June 30, 2010 as compared to income from discontinued operations of $1.6 million for the three months ended June 30, 2009. If we sell a property or classify a property as held-for-sale, we are required to reclassify its operations into discontinued operations for all prior periods which results in a reclassification of amounts previously reported as continuing operations into discontinued operations.

Related to our Parent Company s results, our net income attributable to common stockholders for the three months ended June 30, 2010 was $6.8 million, an increase of $24.0 million as compared with the net loss of $17.2 million for the three months ended June 30, 2009. The increase in net income was primarily related to a lower provision for impairment recorded by GRIR during 2010 as compared to 2009. Our diluted net income per share was $0.08 in 2010 as compared to diluted net loss per share of $.23 in 2009.

Related to our Operating Partnership results, our net income attributable to common unit holders for the three months ended June 30, 2010 was $6.8 million, an increase $24.1 million as compared with net loss of $17.3 million for the three months ended June 30, 2009 for the same reasons stated above. Our diluted net income per unit was $0.08 for the three months ended June 30, 2010 as compared to net loss per unit of $0.23 for the three months ended June 30, 2009.

Table of Contents

Comparison of the six months ended June 30, 2010 to 2009:

Our revenues increased by $11.0 million or 4.7% to $246.0 million in 2010, as summarized in the following table (in thousands):

	2010	2009	Change
Minimum rent	$ 172,537	171,689	848
Percentage rent	624	1,007	(383)
Recoveries from tenants and other income	56,358	47,656	8,702
Management, transaction, and other fees	16,449	14,655	1,794
Total revenues	$ 245,968	235,007	10,961

The increase in minimum rent relates primarily to recently completed shopping center developments commencing operations in the current year as well as improved collection rates on fewer tenant defaults. Recoveries from tenants represent reimbursements from tenants for their pro-rata share of the operating, maintenance, and real estate tax expenses that we incur to operate our shopping centers, as well as, other income. Recoveries from tenants were higher in 2010 as compared to 2009 related to higher operating expenses in 2010, and other income was higher in 2010 due to an increase in termination fees related to agreements which allow certain tenants to terminate their leases prior to expiration. Termination fees included a $2.5 million fee from a home improvement anchor tenant that terminated its lease; however, we successfully released the space to a new anchor tenant during the first quarter 2010.

We earn fees, at market-based rates, for asset management, disposition, property management, leasing, acquisition, and financing services that we provide to our co-investment partnerships and third parties as follows (in thousands):

	2010	2009	Change
Asset management fees	$ 3,180	4,642	(1,462)
Property management fees	7,844	7,615	229
Transaction fees	2,594		2,594
Leasing commissions and other fees	2,831	2,398	433
	$ 16,449	14,655	1,794

Transaction fees increased as a result of a $2.6 million disposition fee paid to Regency by MCW related to GRI s acquisition of MCW s investment in MCWR II described above. Asset management fees, which are tied to the value of the real estate we manage for our co-investment partners, declined in 2010 due to an overall decline in commercial real estate values, as well as, a reduction in the number of properties owned by the joint venture partnerships.

Our operating expenses increased by $10.7 million or 7.2% to $159.2 million in 2010. The following table summarizes our operating expenses (in thousands):

	2010	2009	Change
Operating, maintenance and real estate taxes	$ 63,879	59,342	4,537
General and administrative	28,374	25,177	3,197
Depreciation and amortization	62,830	57,473	5,357
Provision for doubtful accounts	2,410	5,231	(2,821)
Other expenses, net	1,687	1,218	469
Total operating expenses	$ 159,180	148,441	10,739

Increases in operating, maintenance, and real estate taxes along with depreciation and amortization expense are primarily related to the recently completed developments commencing

75

Table of Contents

operations in the current year and general increases in expenses incurred by the operating properties. General and administrative expense increased $3.2 million as the decline in development activity resulted in reduced overhead capitalization. The provision for doubtful accounts decreased by $2.8 million during 2010 as tenant collection rates improved and tenant default rates continued to decline in 2010.

The following table presents the change in interest expense (in thousands):

	2010	2009	Change
Interest on Unsecured credit facilities	$ 741	3,971	(3,230)
Interest on notes payable	61,905	61,181	724
Capitalized interest	(3,323)	(11,918)	8,595
Hedge interest	1,756	653	1,103
Interest income	(1,315)	(1,729)	414
	$ 59,764	52,158	7,606

Interest on Unsecured credit facilities decreased by $3.2 million as a result of lower outstanding balances during the six months ended June 30, 2010 compared to 2009. Capitalized interest declined as a result of a reduction in new development activity subsequent to June 30, 2009, as well as, a higher level of shopping center completions.

During the six months ended June 30, 2010, we sold eight out-parcels for net proceeds of $8.3 million and recognized a gain of approximately $442,000, whereas during the six months ended June 30, 2009, we did not have any gains on sale of real estate included in continuing operations.

Our equity in income (loss) of investments in real estate partnerships increased by $22.2 million during 2010 as follows (in thousands):

	Ownership	2010	2009	Change
Macquarie CountryWide-Regency (MCWR I) (1)		$	956	(956)
Macquarie CountryWide Direct (MCWR I) (1)				
GRI - Regency, LLC (GRIR) (2)	40.00%	(2,324)	(26,066)	23,742
Macquarie CountryWide-Regency III (MCWR III)	24.95%	(60)	82	(142)
Macquarie CountryWide-Regency-DESCO (MCWR-DESCO)	16.35%	(418)	(394)	(24)
Columbia Regency Retail Partners (Columbia I)	20.00%	193	288	(95)
Columbia Regency Partners II (Columbia II)	20.00%	27	(4)	31
Cameron Village LLC (Cameron)	30.00%	(237)	(150)	(87)
RegCal, LLC (RegCal)	25.00%	21	150	(129)
Regency Retail Partners (the Fund)	20.00%	(38)	(216)	178
US Regency Retail I, LLC (USAA)	20.01%	(98)		(98)
Other investments in real estate partnerships	50.00%	824	1,043	(219)
Total		$ (2,110)	(24,311)	22,201

(1) At June 30, 2009, our ownership interest in MCWR I was 25.00%. The liquidation of MCWR I was complete effective December 31, 2009.

(2) At June 30, 2009, our ownership interest in GRIR (formerly Macquarie CountryWide-Regency II) was 24.95%.

The increase in our equity in income (loss) of investments in real estate partnerships is primarily related to the decrease in provision for impairments recognized by GRIR. GRIR recorded a $12.3 million

provision for impairment for the six months ended June 30, 2010 as compared with a $99.8 million provision for impairment during the same period in 2009. Our pro-rata share of this provision for impairment was $4.9 million in 2010 and $24.9 million in 2009.

Income from discontinued operations was approximately $6.6 million for the six months ended June 30, 2010 related to the operations of shopping centers sold or classified as held-for-sale whereas income from discontinued operations was $6.7 million for the six months ended June 30, 2009. Income from discontinued operations for the six months ended June 30, 2010 includes gains of $6.8 million from the sale of one operating property and one property in development for net proceeds of $25.5 million and the operations of shopping centers sold or classified as held-for-sale. Income from discontinued operations for the six months ended June 30, 2009 includes gains of $3.9 million from the sale of one property in development for net proceeds of $4.9 million and the operations of shopping centers sold or classified as held-for-sale. If we sell a property or classify a property as held-for-sale, we are required to reclassify its operations into discontinued operations for all prior periods which results in a reclassification of amounts previously reported as continuing operations into discontinued operations.

Related to our Parent Company s results, our net income attributable to common stockholders for the six months ended June 30, 2010 was $19.1 million, an increase of $16.7 million as compared with net income of $2.4 million for the six months ended June 30, 2009. The increase in net income was primarily related to a lower provision for impairment recorded by GRIR during 2010 as compared to 2009. Our diluted net income per share was $0.23 in 2010 as compared to diluted net income per share of $.03 in 2009.

Related to our Operating Partnership results, our net income attributable to common unit holders for the six months ended June 30, 2010 was $19.2 million, an increase of $16.7 million as compared with net income of $2.5 million for the six months ended June 30, 2009 for the same reasons stated above. Our diluted net income per unit was $0.23 in 2010 as compared to net income per unit of $0.03 in 2009.

Environmental Matters

We are subject to numerous environmental laws and regulations as they apply to our shopping centers pertaining to chemicals used by the dry cleaning industry, the existence of asbestos in older shopping centers, and underground petroleum storage tanks. We believe that the tenants who currently operate dry cleaning plants or gas stations do so in accordance with current laws and regulations. Generally, we use all legal means to cause tenants to remove dry cleaning plants from our shopping centers or convert them to non-chlorinated solvent systems. Where available, we have applied and been accepted into state-sponsored environmental programs. We have a blanket environmental insurance policy that covers us against third-party liabilities and remediation costs on shopping centers that currently have no known environmental contamination. We have also placed environmental insurance, where possible, on specific properties with known contamination, in order to mitigate our environmental risk. We monitor the shopping centers containing environmental issues and in certain cases voluntarily remediate the sites. We also have legal obligations to remediate certain sites and we are in the process of doing so. We estimate the cost associated with these legal obligations to be approximately $3.1 million and $3.2 million, all of which has been accrued as of June 30, 2010 and December 31, 2009, respectively. We believe that the ultimate disposition of currently known environmental matters will not have a material effect on our financial position, liquidity, or results of operations; however, we can give no assurance that existing environmental studies on our shopping centers have revealed all potential environmental liabilities; that any previous owner, occupant or tenant did not create any material environmental condition not known to us; that the current environmental condition of the shopping centers will not be affected by tenants and occupants, by the condition of nearby properties, or by unrelated third parties; or that changes in applicable environmental laws and regulations or their interpretation will not result in additional environmental liability to us.

Table of Contents

Inflation/Deflation

Inflation has been historically low and has had a minimal impact on the operating performance of our shopping centers; however, more recent data suggests inflation will eventually become a greater concern as the economy begins to recover from the recent recession. Substantially all of our long-term leases contain provisions designed to mitigate the adverse impact of inflation. Such provisions include clauses enabling us to receive percentage rent based on tenants' gross sales, which generally increase as prices rise; and/or escalation clauses, which generally increase rental rates during the terms of the leases. Such escalation clauses are often related to increases in the consumer price index or similar inflation indices. In addition, many of our leases are for terms of less than ten years, which permits us to seek increased rents upon re-rental at market rates. Most of our leases require tenants to pay their pro-rata share of operating expenses, including common-area maintenance, real estate taxes, insurance and utilities, thereby reducing our exposure to increases in costs and operating expenses resulting from inflation. However, during deflationary periods or periods of economic weakness, minimum rents and percentage rents will decline as the supply of available retail space exceeds demand and consumer spending declines. Occupancy declines resulting from a weak economic period will also likely result in lower recovery rates of our operating expenses.

Table of Contents

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Market Risk

We are exposed to two significant components of interest rate risk. Our Line commitment has a variable interest rate that is based upon LIBOR plus a spread of 55 basis points and our revolving credit facility has a variable interest rate based upon LIBOR plus a spread of 100 basis points. LIBOR rates charged on our Unsecured credit facilities change monthly. The spread on the Unsecured credit facilities is dependent upon maintaining specific credit ratings. If our credit ratings are downgraded, the spread on the Unsecured credit facilities would increase, resulting in higher interest costs. We are also exposed to higher interest rates when we refinance our existing long-term fixed rate debt. The objective of our interest rate risk management is to limit the impact of interest rate changes on earnings and cash flows and to lower our overall borrowing costs. To achieve these objectives, we borrow primarily at fixed interest rates and may enter into derivative financial instruments such as interest rate swaps, caps, or treasury locks in order to mitigate our interest rate risk on a related financial instrument. We do not enter into derivative or interest rate transactions for speculative purposes.

We have $352.8 million of fixed rate debt maturing in 2010 and 2011 that has a weighted average fixed interest rate of 8.08%, which includes $333.9 million of unsecured long-term debt. During 2006, we entered into four forward-starting interest rate swaps (the Swaps) totaling $396.7 million with fixed rates of 5.399%, 5.415%, 5.399%, and 5.415%. At inception, we designated these Swaps as cash flow hedges to lock in the underlying treasury rates on $400.0 million of fixed rate financing expected to occur in 2010 and 2011. During 2009, we paid $20.0 million to partially settle $106.0 million of the $396.7 Swaps in place to hedge the $106.0 million mortgage loan issued on July 1, 2009. During 2010, we paid $26.8 million to partially settle $150.0 million of the remaining $290.7 million Swaps in place to hedge the $150.0 million ten-year senior unsecured notes issued on June 2, 2010. For the remaining $140.7 million of Swaps, we continue to expect to issue new debt for a term of 7 to 12 years prior to March 31, 2011. As a result of a decline in 10-year Treasury interest rates since the inception of the Swaps, the fair value of the Swaps as of June 30, 2010 is reflected as a liability of $28.3 million in accompanying consolidated balance sheet. It remains highly probable that the forecasted transactions will occur as projected at the inception of the Swaps and therefore, the change in fair value of the Swaps is reflected in accumulated other comprehensive loss in the accompanying consolidated financial statements. If we were to no longer expect to issue debt as originally forecasted, we would be required to immediately expense the change in fair value of the Swaps to net income including all future changes until settled. During the six months ended June 30, 2010, we had approximately $922,000 of hedge ineffectiveness recognized in earnings attributable to revised inputs used in valuation models to estimate effectiveness. To the extent that future 10-year Treasury rates (at the future settlement dates) are higher than current rates, this liability will decline. If a liability exists at the dates the Swaps are settled, the liability will be amortized over the term of the respective debt issuances as additional interest expense in addition to the stated interest rates on the new debt. We continuously monitor the capital markets and evaluate our ability to issue new debt to repay maturing debt or fund our commitments. Based upon the current capital markets, our current credit ratings, and the number of high quality, unencumbered properties that we own which could collateralize borrowings, we expect that we will be able to successfully issue new secured or unsecured debt to fund our obligations.

Our interest rate risk is monitored using a variety of techniques. The table below presents the principal cash flows (in thousands), weighted average interest rates of remaining debt, and the fair value of total debt (in thousands) as of June 30, 2010, by year of expected maturity to evaluate the expected cash flows and sensitivity to interest rate changes. Although the average interest rate for variable rate debt is included in the table, those rates represent rates that existed at June 30, 2010 and are subject to change on a monthly basis.

Table of Contents

The table incorporates only those exposures that exist as of June 30, 2010 and does not consider exposures or positions that could arise after that date. Since firm commitments are not presented, the table has limited predictive value. As a result, our ultimate realized gain or loss with respect to interest rate fluctuations will depend on the exposures that arise during the period, our hedging strategies at that time, and actual interest rates.

	2010	2011	2012	2013	2014	Thereafter	Total	Fair Value
Fixed rate debt	$ 150,280	209,395	254,901	21,125	166,296	1,208,133	2,010,130	1,420,131
Average interest rate for all fixed rate debt [a]	6.17%	5.97%	5.82%	5.81%	5.91%	6.21%		
Variable rate LIBOR debt	$ 102	4,574	204	204	3,737		8,821	7,797
Average interest rate for all variable rate debt [a]	4.58%	5.80%	5.80%	5.80%				

[a] Average interest rates at the end of each year presented.

The fair value of total debt in the table above is $1.4 billion versus the face value of $2.0 billion, which suggests that as new debt is issued in the future to repay maturing debt, the cost of new debt issuances will be higher than the current cost of existing debt.

80

Item 4. Controls and Procedures (Regency Centers Corporation)

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

There have been no changes in our internal controls over financial reporting identified in connection with this evaluation that occurred during the second quarter of 2010 and that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

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

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

There have been no changes in our internal controls over financial reporting identified in connection with this evaluation that occurred during the second quarter of 2010 and that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

Table of Contents

PART II OTHER INFORMATION

Item 1. Legal Proceedings

We are a party to various legal proceedings which arise in the ordinary course of our business. We are not currently involved in any litigation nor to our knowledge, is any litigation threatened against us, the outcome of which would, in our judgment based on information currently available to us, have a material adverse effect on our financial position or results of operations.

Item 1A. Risk Factors

There have been no material changes from the risk factors disclosed in Item 1A. of Part I of our Form 10-K for the year ended December 31, 2009.

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

There were no unregistered sales of equity securities during the quarter ended June 30, 2010.

The following table represents information with respect to purchases by the Parent Company of its common stock during the monthly periods ended June 30, 2010.

Period	Total number of shares purchased [1]	(a) Average price paid per share	(b) Total number of shares purchased as part of publicly announced plans or programs	(c) Maximum number or approximate dollar value of shares that may yet be purchased under the plans or programs
April 1 through April 30, 2010				
May 1 through May 31, 2010				
June 1 through June 30, 2010				
Total				

(1) Represents shares delivered in payment of withholding taxes in connection with options exercises by participants under Regency s Long-Term Omnibus Plan.

Item 3. Defaults Upon Senior Securities

None

Item 4. (Removed and Reserved)

Item 5. Other Information

None

82

Table of Contents

Item 6. Exhibits

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

- should not in all instances be treated as categorical statements of fact, but rather as a way of allocating the risk to one of the parties if those statements prove to be inaccurate;

- have been qualified by disclosures that were made to the other party in connection with the negotiation of the applicable agreement, which disclosures are not necessarily reflected in the agreement;

- may apply standards of materiality in a way that is different from what may be viewed as material to you or other investors; and

- were made only as of the date of the applicable agreement or such other date or dates as may be specified in the agreement and are subject to more recent developments.

Accordingly, these representations and warranties may not describe the actual state of affairs as of the date they were made or at any other time. We acknowledge that, notwithstanding the inclusion of the foregoing cautionary statements, we are responsible for considering whether additional specific disclosures of material information regarding material contractual provisions are required to make the statements in this report not misleading. Additional information about the Company may be found elsewhere in this report and the Company s other public files, which are available without charge through the SEC s website at http://www.sec.gov.

Unless otherwise indicated below, the Commission file number to the exhibit is No. 001-12298.

Exhibit No. Description

4. Instruments Defining Rights of Security Holders

    (a) Second Supplemental Indenture dated as of June 2, 2010 among Regency Centers, L.P., the Company as guarantor and U.S. Bank National Association, as successor to Wachovia Bank, National Association (formerly known as First Union National Bank), as trustee (incorporated by reference to Exhibit 4.1 of Form 8-K of Regency Centers, L.P. filed June 3, 2010).

10. Material Contracts

    (a) Second Amended and Restated Credit Agreement dated as of February 12, 2007 by and among Regency Centers, L.P., the Company, each of the financial institutions initially a signatory thereto, and Wells Fargo Bank, National Association.

        (i) First Amendment to Second Amended and Restated Credit Agreement.

    (b) Credit Agreement dated as of March 5, 2008 by and among Regency Centers, L.P., the Company, each of the financial institutions party thereto and Wells Fargo Bank, National Association.

Table of Contents

31. Rule 13a-14(a)/15d-14(a) Certifications.

31.1	Rule 13a-14 Certification of Chief Executive Officer for Regency Centers Corporation.
31.2	Rule 13a-14 Certification of Chief Financial Officer for Regency Centers Corporation.
31.3	Rule 13a-14 Certification of Chief Executive Officer for Regency Centers, L.P.
31.4	Rule 13a-14 Certification of Chief Financial Officer for Regency Centers, L.P.

32. Section 1350 Certifications.

32.1	18 U.S.C. § 1350 Certification of Chief Executive Officer for Regency Centers Corporation.*
32.2	18 U.S.C. § 1350 Certification of Chief Financial Officer for Regency Centers Corporation.*
32.3	18 U.S.C. § 1350 Certification of Chief Executive Officer for Regency Centers, L.P.*
32.4	18 U.S.C. § 1350 Certification of Chief Financial Officer for Regency Centers, L.P.*

101. Interactive Data Files

101.INS**	XBRL Instance Document
101.SCH**	XBRL Taxonomy Extension Schema Document
101.CAL**	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF**	XBRL Taxonomy Definition Linkbase Document
101.LAB**	XBRL Taxonomy Extension Label Linkbase Document
101.PRE**	XBRL Taxonomy Extension Presentation Linkbase Document

* Furnished, not filed
** To be filed by amendment.

Table of Contents

SIGNATURE

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

Date: August 6, 2010	REGENCY CENTERS CORPORATION and REGENCY CENTERS, L.P.
	By: */s/ Bruce M. Johnson* Executive Vice President and Chief Financial Officer
	/s/ J. Christian Leavitt Senior Vice President and Principal Accounting Officer