REGENCY CENTERS CORP
Form 10-Q
August 05, 2011

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549
FORM 10-Q

x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2011
or

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

For the transition period from to

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

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

FLORIDA (REGENCY CENTERS CORPORATION)	59-3191743
DELAWARE (REGENCY CENTERS, L.P)	59-3429602
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
One Independent Drive, Suite 114 Jacksonville, Florida 32202	(904) 598-7000
(Address of principal executive offices) (zip code)	(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months, and (2) has been subject to such filing requirements for the past 90 days.

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act. (Check one):

Regency Centers Corporation:

Large accelerated filer	x	Accelerated filer	o
Non-accelerated filer	o	Smaller reporting company	o

Regency Centers, L.P.:

Large accelerated filer	o	Accelerated filer	x
Non-accelerated filer	o	Smaller reporting company	o

Indicate by check mark whether the registrant is a shell company.

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

The number of shares outstanding of the Regency Centers Corporation's voting common stock was 89,905,971 as of August 4, 2011.

EXPLANATORY NOTE

This report combines the quarterly reports on Form 10-Q for the quarter ended June 30, 2011 of Regency Centers Corporation and Regency Centers, L.P. Unless stated otherwise or the context otherwise requires, references to “Regency Centers Corporation” or the “Parent Company” mean Regency Centers Corporation and its controlled subsidiaries; and references to “Regency Centers, L.P.” or the “Operating Partnership” mean Regency Centers, L.P. and its controlled subsidiaries. The term “the Company” or “Regency” means the Parent Company and the Operating Partnership, collectively.

The Parent Company is a real estate investment trust (“REIT”) and the general partner of the Operating Partnership. The Operating Partnership's capital includes general and limited common Partnership Units (“Units”). As of June 30, 2011, the Parent Company owned approximately 99.8% of the Units in the Operating Partnership and the remaining limited Units are owned by investors. The Parent Company owns all of the Series 3, 4 and 5 Preferred Units of the Operating Partnership. As the sole general partner of the Operating Partnership, the Parent Company has exclusive control of the Operating Partnership's day-to-day management.

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

- enhances investors' understanding of the Parent Company and the Operating Partnership by enabling investors to view the business as a whole in the same manner as management views and operates the business;
- eliminates duplicative disclosure and provides a more streamlined and readable presentation; and
- creates time and cost efficiencies through the preparation of one combined report instead of two separate reports.

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

The Company believes it is important to understand the few differences between the Parent Company and the Operating Partnership in the context of how the Parent Company and the Operating Partnership operate as a consolidated company. The Parent Company is a REIT, whose only material asset is its ownership of partnership interests of the Operating Partnership. As a result, the Parent Company does not conduct business itself, other than acting as the sole general partner of the Operating Partnership, issuing public equity from time to time and guaranteeing certain debt of the Operating Partnership. The Parent Company does not hold any indebtedness, but guarantees all of the unsecured public debt and less than 9% of the secured debt of the Operating Partnership. The Operating Partnership holds all the assets of the Company and retains the ownership interests in the Company's joint ventures. Except for net proceeds from public equity issuances by the Parent Company, which are contributed to the Operating Partnership in exchange for partnership units, the Operating Partnership generates all remaining capital required by the Company's business. These sources include the Operating Partnership's operations, its direct or indirect incurrence of indebtedness, and the issuance of partnership units.

Stockholders' equity, partners' capital, and noncontrolling interests are the main areas of difference between the consolidated financial statements of the Parent Company and those of the Operating Partnership. The Operating Partnership's capital includes general and limited common Partnership Units, Series 3, 4, and 5 Preferred Units owned by the Parent Company, and Series D Preferred Units owned by institutional investors. The Series D preferred units and limited partners' units in the Operating Partnership owned by third parties are accounted for in partners' capital in the Operating Partnership's financial statements and outside of stockholders' equity in noncontrolling interests in the Parent Company's financial statements. The Series 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.

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

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

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Item 1. Financial Statements
REGENCY CENTERS CORPORATION
Consolidated Balance Sheets
June 30, 2011 and December 31, 2010
(in thousands, except share data)

	2011 (unaudited)	2010
Assets		
Real estate investments at cost:		
Land	$ 1,168,160	1,093,700
Buildings and improvements	2,408,966	2,284,522
Properties in development	499,584	610,932
	4,076,710	3,989,154
Less: accumulated depreciation	755,378	700,878
	3,321,332	3,288,276
Investments in real estate partnerships	425,559	428,592
Net real estate investments	3,746,891	3,716,868
Cash and cash equivalents	18,408	22,460
Accounts receivable, net of allowance for doubtful accounts of $4,827 and $4,819 at June 30, 2011 and December 31, 2010, respectively	27,301	36,600
Straight-line rent receivable, net of allowance of $1,598 and $1,396 at June 30, 2011 and December 31, 2010, respectively	47,768	45,241
Notes receivable	35,931	35,931
Deferred costs, less accumulated amortization of $68,172 and $69,158 at June 30, 2011 and December 31, 2010, respectively	62,912	63,165
Acquired lease intangible assets, less accumulated amortization of $13,707 and $13,996 at June 30, 2011 and December 31, 2010, respectively	18,320	18,219
Trading securities held in trust, at fair value	23,285	20,891
Other assets	39,474	35,164
Total assets	$ 4,020,290	3,994,539
Liabilities and Equity		
Liabilities:		
Notes payable	$ 1,940,145	2,084,469
Unsecured line of credit	30,000	10,000
Accounts payable and other liabilities	121,617	138,196
Acquired lease intangible liabilities, less accumulated accretion of $4,434 and $11,010 at June 30, 2011 and December 31, 2010, respectively	8,682	6,682
Tenants' security and escrow deposits	11,152	10,790
Total liabilities	2,111,596	2,250,137
Commitments and contingencies		
Equity:		
Stockholders' equity:		
Preferred stock, $.01 par value per share, 30,000,000 shares authorized; 11,000,000 Series 3-5 shares issued and outstanding at June 30, 2011 and December 31, 2010 with liquidation preferences of $25 per share	275,000	275,000
Common stock $.01 par value per share, 150,000,000 shares authorized; 89,905,318 and 81,886,872 shares issued at June 30, 2011 and December 31, 2010, respectively	899	819
Treasury stock at cost, 330,620 and 347,482 shares held at June 30, 2011 and December 31, 2010, respectively	(14,985)	(16,175)

Additional paid in capital	2,259,745	2,039,612
Accumulated other comprehensive loss	(76,162)	(80,885)
Distributions in excess of net income	(596,898)	(533,194)
Total stockholders' equity	1,847,599	1,685,177
Noncontrolling interests:		
Series D preferred units, aggregate redemption value of $50,000 at June 30, 2011 and December 31, 2010	49,158	49,158
Exchangeable operating partnership units, aggregate redemption value of $7,790 and $7,483 at June 30, 2011 and December 31, 2010, respectively	(862)	(762)
Limited partners' interests in consolidated partnerships	12,799	10,829
Total noncontrolling interests	61,095	59,225
Total equity	1,908,694	1,744,402
Total liabilities and equity	$ 4,020,290	3,994,539

See accompanying notes to consolidated financial statements.

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

	Three months ended June 30, 2011	Three months ended June 30, 2010	Six months ended June 30, 2011	Six months ended June 30, 2010
Revenues:				
Minimum rent	$ 89,684	85,845	$ 179,068	172,049
Percentage rent	151	264	1,058	624
Recoveries from tenants and other income	26,352	25,624	55,317	56,207
Management, transaction, and other fees	12,195	9,518	20,053	16,449
Total revenues	128,382	121,251	255,496	245,329
Operating expenses:				
Depreciation and amortization	32,057	31,395	67,247	62,623
Operating and maintenance	17,861	17,221	37,436	34,819
General and administrative	15,177	12,656	32,131	27,974
Real estate taxes	14,297	14,378	29,000	28,871
Provision for doubtful accounts	1,586	63	2,212	2,402
Other expenses (income)	735	1,080	(174)	1,687
Total operating expenses	81,713	76,793	167,852	158,376
Other expense (income):				
Interest expense, net of interest income of $587 and $640 for the three months ended June 30, 2011 and 2010, respectively, and $1,188 and $1,315 for the six months ended June 30, 2011 and 2010, respectively	30,563	30,635	61,428	59,764
Loss (gain) on sale of properties in development	—	226	—	(565)
(Income) loss from deferred compensation plan	(143)	988	(888)	374
Loss on derivative instruments	—	579	—	922
Total other expense (income)	30,420	32,428	60,540	60,495
Income before equity in income (loss) of investments in real estate partnerships	16,249	12,030	27,104	26,458
Equity in income (loss) of investments in real estate partnerships	2,688	1,782	(37)	(2,110)
Income from continuing operations	18,937	13,812	27,067	24,348
Discontinued operations, net:				
Operating (loss) income	—	(76)	—	30
(Loss) gain on sale of operating properties and properties in development	—	(32)	—	6,765
(Loss) income from discontinued operations	—	(108)	—	6,795
Net income	18,937	13,704	27,067	31,143
Noncontrolling interests:				
Preferred units	(931)	(931)	(1,862)	(1,862)
Exchangeable operating partnership units	(37)	(27)	(50)	(121)
Limited partners' interests in consolidated partnerships	(189)	(79)	(271)	(175)
Net income attributable to noncontrolling interests	(1,157)	(1,037)	(2,183)	(2,158)
Net income attributable to controlling interests	17,780	12,667	24,884	28,985
Preferred stock dividends	(4,919)	(4,919)	(9,838)	(9,838)
Net income attributable to common stockholders	$ 12,861	7,748	$ 15,046	19,147

Income per common share - basic:				
Continuing operations	$ 0.14	0.09	$ 0.17	0.15
Discontinued operations	—	—	—	0.08
Net income attributable to common stockholders	$ 0.14	0.09	$ 0.17	0.23
Income per common share - diluted:				
Continuing operations	$ 0.14	0.09	$ 0.17	0.15
Discontinued operations	—	—	—	0.08
Net income attributable to common stockholders	$ 0.14	0.09	$ 0.17	0.23

See accompanying notes to consolidated financial statements.

REGENCY CENTERS CORPORATION
Consolidated Statements of Equity and Comprehensive Income (Loss)
For the six months ended June 30, 2011 and 2010
(in thousands, except per share data)
(unaudited)

	Preferred Stock	Common Stock	Treasury Stock	Additional Paid In Capital	Accumulated Other Comprehensive Loss	Distributions in Excess of Net Income	Total Stockholders' Equity	Noncontrolling Interests: Preferred Units	Noncontrolling Interests: Exchangeable Operating Partnership Units	Noncontrolling Interests: Limited Partners' Interest in Consolidated Partnerships	Noncontrolling Interests: Total Noncontrolling Interests	Total Equi
Balance at December 31, 2009	$275,000	815	(16,509)	2,024,883	(49,973)	(371,837)	1,862,379	49,158	7,321	11,748	68,227	1,930
Comprehensive income:												
Net income	—	—	—	—	—	28,985	28,985	1,862	121	175	2,158	31,14
Amortization of loss on derivative instruments	—	—	—	—	1,752	—	1,752	—	4	—	4	1,756
Change in fair value of derivative instruments	—	—	—	—	(25,729)	—	(25,729)	—	(60)	—	(60)	(25,7
Total comprehensive income							5,008				2,102	7,110
Deferred compensation plan, net	—	—	(314)	203	—	—	(111)	—	—	—	—	(111
Restricted stock issued, net of amortization	—	—	—	3,426	—	—	3,426	—	—	—	—	3,426
Common stock redeemed for taxes withheld for stock based compensation, net	—	—	—	(1,404)	—	—	(1,404)	—	—	—	—	(1,40
Common stock issued for dividend reinvestment plan	—	1	—	1,313	—	—	1,314	—	—	—	—	1,314
Common stock issued for stock	—	3	—	7,308	—	—	7,311	—	(7,311)	—	(7,311)	—

offerings, net of issuance costs												
Contributions from partners	—	—	—	—	—	—	—	—	—	128	128	128
Distributions to partners	—	—	—	—	—	—	—	—	—	(1,212)	(1,212)	(1,21
Cash dividends declared:												
Preferred stock/unit	—	—	—	—	—	(9,838)	(9,838)	(1,862)	—	—	(1,862)	(11,7
Common stock/unit ($.925 per share)	—	—	—	—	—	(75,574)	(75,574)	—	(290)	—	(290)	(75,8
Balance at June 30, 2010	$275,000	819	(16,823)	2,035,729	(73,950)	(428,264)	1,792,511	49,158	(215)	10,839	59,782	1,852
Balance at December 31, 2010	$275,000	819	(16,175)	2,039,612	(80,885)	(533,194)	1,685,177	49,158	(762)	10,829	59,225	1,744
Comprehensive income:												
Net income	—	—	—	—	—	24,884	24,884	1,862	50	271	2,183	27,06
Amortization of loss on derivative instruments	—	—	—	—	4,723	—	4,723	—	10	—	10	4,733
Total comprehensive income							29,607				2,193	31,80
Deferred compensation plan, net	—	—	1,190	715	—	—	1,905	—	—	—	—	1,905
Restricted stock issued, net of amortization	—	—	—	5,391	—	—	5,391	—	—	—	—	5,391
Common stock redeemed for taxes withheld for stock based compensation, net	—	—	—	(1,824)	—	—	(1,824)	—	—	—	—	(1,82
Common stock issued for dividend reinvestment plan	—	—	—	562	—	—	562	—	—	—	—	562
Common stock issued for stock	—	80	—	215,289	—	—	215,369	—	—	—	—	215,3

offerings, net of issuance costs												
Contributions from partners	—	—	—	—	—	—	—	—	—	2,509	2,509	2,50
Distributions to partners	—	—	—	—	—	—	—	—	—	(810)	(810)	(810
Cash dividends declared:												
Preferred stock/unit	—	—	—	—	—	(9,838)	(9,838)	(1,862)	—	—	(1,862)	(11,7
Common stock/unit ($.925 per share)	—	—	—	—	—	(78,750)	(78,750)	—	(160)	—	(160)	(78,9
Balance at June 30, 2011	$275,000	899	(14,985)	2,259,745	(76,162)	(596,898)	1,847,599	49,158	(862)	12,799	61,095	1,908

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REGENCY CENTERS CORPORATION
Consolidated Statements of Cash Flows
For the six months ended June 30, 2011 and 2010
(in thousands)
(unaudited)

	2011	2010
Cash flows from operating activities:		
Net income	$ 27,067	31,143
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	67,247	62,832
Amortization of deferred loan cost and debt premium	6,140	3,185
Accretion of above and below market lease intangibles, net	(390)	(777)
Stock-based compensation, net of capitalization	5,010	3,199
Equity in loss of investments in real estate partnerships	37	2,110
Net gain on sale of properties	—	(7,350)
Provision for doubtful accounts	2,212	2,361
Distribution of earnings from operations of investments in real estate partnerships	22,872	21,694
Settlement of derivative instruments	—	(26,761)
Loss on derivative instruments	—	922
Deferred compensation expense (income)	1,724	(240)
Realized gain on trading securities held in trust	(172)	(157)
Unrealized (gain) loss on trading securities held in trust	(731)	517
Changes in assets and liabilities:		
Accounts receivable	5,163	5,418
Straight-line rent receivables, net	(2,526)	(2,365)
Deferred leasing costs	(7,003)	(6,278)
Other assets	(6,833)	4,168
Accounts payable and other liabilities	(17,220)	(8,630)
Tenants' security and escrow deposits	310	(126)
Net cash provided by operating activities	102,907	84,865
Cash flows from investing activities:		
Acquisition of operating real estate	(5,415)	—
Development of real estate including acquisition of land	(32,066)	(22,983)
Proceeds from sale of real estate investments	2,067	34,501
Investments in real estate partnerships	(188,132)	(210,021)
Distributions received from investments in real estate partnerships	149,357	79,600
Dividends on trading securities held in trust	98	106
Acquisition of trading securities held in trust	(10,274)	(6,601)
Proceeds from sale of trading securities held in trust	8,685	6,653
Net cash used in investing activities	(75,680)	(118,745)
Cash flows from financing activities:		
Net proceeds from common stock issuance	215,369	—
Proceeds from sale of treasury stock	2,096	801
Distributions to limited partners in consolidated partnerships, net	(633)	(1,182)
Distributions to exchangeable operating partnership unit holders	(160)	(290)
Distributions to preferred unit holders	(1,862)	(1,862)
Dividends paid to common stockholders	(78,188)	(74,260)
Dividends paid to preferred stockholders	(9,838)	(9,838)
Repayment of fixed rate unsecured notes	(161,691)	—

Proceeds from issuance of fixed rate unsecured notes, net	—	148,949
Proceeds from line of credit	320,000	110,000
Repayment of line of credit	(300,000)	(110,000)
Proceeds from notes payable	1,790	3,378
Repayment of notes payable	(15,560)	(21,188)
Scheduled principal payments	(2,470)	(2,449)
Payment of loan costs	(132)	(1,223)
Net cash (used in) provided by financing activities	(31,279)	40,836
Net (decrease) increase in cash and cash equivalents	(4,052)	6,956
Cash and cash equivalents at beginning of the period	22,460	99,477
Cash and cash equivalents at end of the period	$ 18,408	106,433

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REGENCY CENTERS CORPORATION
Consolidated Statements of Cash Flows
For the six months ended June 30, 2011 and 2010
(in thousands)
(unaudited)

	2011	2010
Supplemental disclosure of cash flow information:		
Cash paid for interest (net of capitalized interest of $957 and $3,323 in 2011 and 2010, respectively)	$ 67,052	59,081
Supplemental disclosure of non-cash transactions:		
Common stock issued for partnership units exchanged	$ —	7,311
Real estate received through distribution in kind	$ 46,157	—
Mortgage loans assumed through distribution in kind	$ 27,405	—
Mortgage loans assumed for the acquisition of operating real estate	$ 5,937	—
Real estate received through foreclosure on notes receivable	$ —	990
Change in fair value of derivative instruments	$ —	84
Common stock issued for dividend reinvestment plan	$ 562	1,314
Stock-based compensation capitalized	$ 515	333
Contributions from limited partners in consolidated partnerships, net	$ 2,332	98
Common stock issued for dividend reinvestment in trust	$ 323	318
Contribution of stock awards into trust	$ 1,105	1,112
Distribution of stock held in trust	$ —	51

See accompanying notes to consolidated financial statements.

REGENCY CENTERS, L.P.
Consolidated Balance Sheets
June 30, 2011 and December 31, 2010
(in thousands, except unit data)

		2011	2010
Assets		(unaudited)	
Real estate investments at cost:			
Land	$	1,168,160	1,093,700
Buildings and improvements		2,408,966	2,284,522
Properties in development		499,584	610,932
		4,076,710	3,989,154
Less: accumulated depreciation		755,378	700,878
		3,321,332	3,288,276
Investments in real estate partnerships		425,559	428,592
Net real estate investments		3,746,891	3,716,868
Cash and cash equivalents		18,408	22,460
Accounts receivable, net of allowance for doubtful accounts of $4,827 and $4,819 at June 30, 2011 and December 31, 2010, respectively		27,301	36,600
Straight-line rent receivable, net of allowance of $1,598 and $1,396 at June 30, 2011 and December 31, 2010, respectively		47,768	45,241
Notes receivable		35,931	35,931
Deferred costs, less accumulated amortization of $68,172 and $69,158 at June 30, 2011 and December 31, 2010, respectively		62,912	63,165
Acquired lease intangible assets, less accumulated amortization of $13,707 and $13,996 at June 30, 2011 and December 31, 2010, respectively		18,320	18,219
Trading securities held in trust, at fair value		23,285	20,891
Other assets		39,474	35,164
Total assets	$	4,020,290	3,994,539
Liabilities and Capital			
Liabilities:			
Notes payable	$	1,940,145	2,084,469
Unsecured line of credit		30,000	10,000
Accounts payable and other liabilities		121,617	138,196
Acquired lease intangible liabilities, less accumulated accretion of $4,434 and $11,010 at June 30, 2011 and December 31, 2010, respectively		8,682	6,682
Tenants' security and escrow deposits		11,152	10,790
Total liabilities		2,111,596	2,250,137
Commitments and contingencies			
Capital:			
Partners' capital:			
Series D preferred units, par value $100: 500,000 units issued and outstanding at June 30, 2011 and December 31, 2010		49,158	49,158
Preferred units of general partner, $.01 par value per unit, 11,000,000 units issued and outstanding at June 30, 2011 and December 31, 2010, liquidation preference of $25 per unit		275,000	275,000
General partner; 89,905,318 and 81,886,872 units outstanding at June 30, 2011 and December 31, 2010, respectively		1,648,761	1,491,062
Limited partners; 177,164 units outstanding at June 30, 2011 and December 31, 2010		(862)	(762)
Accumulated other comprehensive loss		(76,162)	(80,885)

Total partners' capital	1,895,895	1,733,573
Noncontrolling interests:		
Limited partners' interests in consolidated partnerships	12,799	10,829
Total noncontrolling interests	12,799	10,829
Total capital	1,908,694	1,744,402
Total liabilities and capital	$ 4,020,290	3,994,539

See accompanying notes to consolidated financial statements.

REGENCY CENTERS, L.P.
Consolidated Statements of Operations
(in thousands, except per unit data)
(unaudited)

	Three months ended June 30, 2011	Three months ended June 30, 2010	Six months ended June 30, 2011	Six months ended June 30, 2010
Revenues:				
Minimum rent	$ 89,684	85,845	$ 179,068	172,049
Percentage rent	151	264	1,058	624
Recoveries from tenants and other income	26,352	25,624	55,317	56,207
Management, transaction, and other fees	12,195	9,518	20,053	16,449
Total revenues	128,382	121,251	255,496	245,329
Operating expenses:				
Depreciation and amortization	32,057	31,395	67,247	62,623
Operating and maintenance	17,861	17,221	37,436	34,819
General and administrative	15,177	12,656	32,131	27,974
Real estate taxes	14,297	14,378	29,000	28,871
Provision for doubtful accounts	1,586	63	2,212	2,402
Other expenses (income)	735	1,080	(174)	1,687
Total operating expenses	81,713	76,793	167,852	158,376
Other expense (income):				
Interest expense, net of interest income of $587 and $640 for the three months ended June 30, 2011 and 2010, respectively, and $1,188 and $1,315 for the six months ended June 30, 2011 and 2010, respectively	30,563	30,635	61,428	59,764
Loss (gain) on sale of properties in development	—	226	—	(565)
(Income) loss from deferred compensation plan	(143)	988	(888)	374
Loss on derivative instruments	—	579	—	922
Total other expense (income)	30,420	32,428	60,540	60,495
Income before equity in income (loss) of investments in real estate partnerships	16,249	12,030	27,104	26,458
Equity in income (loss) of investments in real estate partnerships	2,688	1,782	(37)	(2,110)
Income from continuing operations	18,937	13,812	27,067	24,348
Discontinued operations, net:				
Operating (loss) income	—	(76)	—	30
(Loss) gain on sale of operating properties and properties in development	—	(32)	—	6,765
(Loss) income from discontinued operations	—	(108)	—	6,795
Net income	18,937	13,704	27,067	31,143
Noncontrolling interests:				
Limited partners' interests in consolidated partnerships	(189)	(79)	(271)	(175)
Net income attributable to noncontrolling interests	(189)	(79)	(271)	(175)
Net income attributable to controlling interests	18,748	13,625	26,796	30,968
Preferred unit distributions	(5,850)	(5,850)	(11,700)	(11,700)
Net income attributable to common unit holders	$ 12,898	7,775	$ 15,096	19,268
Income per common unit - basic				
Continuing operations	$ 0.14	0.09	$ 0.17	0.15

Discontinued operations	—	—	—	0.08
Net income attributable to common unit holders	$ 0.14	0.09	$ 0.17	0.23
Income per common unit - diluted				
Continuing operations	$ 0.14	0.09	$ 0.17	0.15
Discontinued operations	—	—	—	0.08
Net income attributable to common unit holders	$ 0.14	0.09	$ 0.17	0.23

See accompanying notes to consolidated financial statements.

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REGENCY CENTERS, L.P.
Consolidated Statements of Capital and Comprehensive Income (Loss)
For the six months ended June 30, 2011 and 2010
(in thousands)
(unaudited)

	Preferred Units	General Partner Preferred and Common Units	Limited Partners	Accumulated Other Comprehensive Income (Loss)	Total Partners' Capital	Noncontrolling Interests in Limited Partners' Interest in Consolidated Partnerships	Total Capital
Balance at December 31, 2009	$49,158	1,912,352	7,321	(49,973)	1,918,858	11,748	1,930,606
Comprehensive income:							
Net income	1,862	28,985	121	—	30,968	175	31,143
Amortization of loss on derivative instruments	—	—	4	1,752	1,756	—	1,756
Change in fair value of derivative instrument	—	—	(60)	(25,729)	(25,789)	—	(25,789)
Total comprehensive income					6,935		7,110
Deferred compensation plan, net	—	(111)	—	—	(111)	—	(111)
Contributions from partners	—	—	—	—	—	128	128
Distributions to partners	—	(75,574)	(290)	—	(75,864)	(1,212)	(77,076)
Preferred unit distributions	(1,862)	(9,838)	—	—	(11,700)	—	(11,700)
Restricted stock issued by Parent Company, net of amortization	—	3,426	—	—	3,426	—	3,426
Common units issued as a result of common stock issued by Parent Company, net of repurchases	—	(90)	—	—	(90)	—	(90)
Common units exchanged for common stock of Parent Company	—	7,311	(7,311)	—	—	—	—
Balance at June 30, 2010	$49,158	1,866,461	(215)	(73,950)	1,841,454	10,839	1,852,293
Balance at December 31, 2010	$49,158	1,766,062	(762)	(80,885)	1,733,573	10,829	1,744,402
Comprehensive income:							
Net income	1,862	24,884	50	—	26,796	271	27,067
Amortization of loss on derivative instruments	—	—	10	4,723	4,733	—	4,733
Total comprehensive income					31,529		31,800
Deferred compensation plan, net	—	1,905	—	—	1,905	—	1,905
Contributions from partners	—	—	—	—	—	2,509	2,509

Distributions to partners	—	(78,750)	(160)	—	(78,910)	(810)	(79,720)
Preferred unit distributions	(1,862)	(9,838)	—	—	(11,700)	—	(11,700)
Restricted stock issued by Parent Company, net of amortization	—	5,391	—	—	5,391	—	5,391
Common units issued as a result of common stock issued by Parent Company, net of repurchases	—	214,107	—	—	214,107	—	214,107
Balance at June 30, 2011	$49,158	1,923,761	(862)	(76,162)	1,895,895	12,799	1,908,694

See accompanying notes to consolidated financial statements.

REGENCY CENTERS, L.P.
Consolidated Statements of Cash Flows
For the six months ended June 30, 2011 and 2010
(in thousands)
(unaudited)

	2011	2010
Cash flows from operating activities:		
Net income	$ 27,067	31,143
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	67,247	62,832
Amortization of deferred loan cost and debt premium	6,140	3,185
Accretion of above and below market lease intangibles, net	(390)	(777)
Stock-based compensation, net of capitalization	5,010	3,199
Equity in loss of investments in real estate partnerships	37	2,110
Net gain on sale of properties	—	(7,350)
Provision for doubtful accounts	2,212	2,361
Distribution of earnings from operations of investments in real estate partnerships	22,872	21,694
Settlement of derivative instruments	—	(26,761)
Loss on derivative instruments	—	922
Deferred compensation expense (income)	1,724	(240)
Realized gain on trading securities held in trust	(172)	(157)
Unrealized (gain) loss on trading securities held in trust	(731)	517
Changes in assets and liabilities:		
Accounts receivable	5,163	5,418
Straight-line rent receivables, net	(2,526)	(2,365)
Deferred leasing costs	(7,003)	(6,278)
Other assets	(6,833)	4,168
Accounts payable and other liabilities	(17,220)	(8,630)
Tenants' security and escrow deposits	310	(126)
Net cash provided by operating activities	102,907	84,865
Cash flows from investing activities:		
Acquisition of operating real estate	(5,415)	—
Development of real estate including acquisition of land	(32,066)	(22,983)
Proceeds from sale of real estate investments	2,067	34,501
Investments in real estate partnerships	(188,132)	(210,021)
Distributions received from investments in real estate partnerships	149,357	79,600
Dividends on trading securities held in trust	98	106
Acquisition of trading securities held in trust	(10,274)	(6,601)
Proceeds from sale of trading securities held in trust	8,685	6,653
Net cash used in investing activities	(75,680)	(118,745)
Cash flows from financing activities:		
Net proceeds from common units issued as a result of common stock issued by Parent Company	215,369	—
Proceeds from sale of treasury stock	2,096	801
Distributions to limited partners in consolidated partnerships, net	(633)	(1,182)
Distributions to partners	(78,348)	(74,550)
Preferred unit distributions	(11,700)	(11,700)
Repayment of fixed rate unsecured notes	(161,691)	—
Proceeds from issuance of fixed rate unsecured notes, net	—	148,949

Proceeds from line of credit	320,000	110,000
Repayment of line of credit	(300,000)	(110,000)
Proceeds from notes payable	1,790	3,378
Repayment of notes payable	(15,560)	(21,188)
Scheduled principal payments	(2,470)	(2,449)
Payment of loan costs	(132)	(1,223)
Net cash (used in) provided by financing activities	(31,279)	40,836
Net (decrease) increase in cash and cash equivalents	(4,052)	6,956
Cash and cash equivalents at beginning of the period	22,460	99,477
Cash and cash equivalents at end of the period	$ 18,408	106,433

REGENCY CENTERS, L.P.
Consolidated Statements of Cash Flows
For the six months ended June 30, 2011 and 2010
(in thousands)
(unaudited)

		2011	2010
Supplemental disclosure of cash flow information:			
Cash paid for interest (net of capitalized interest of $957 and $3,323 in 2011 and 2010, respectively)	$	67,052	59,081
Supplemental disclosure of non-cash transactions:			
Common stock issued by Parent Company for partnership units exchanged	$	—	7,311
Real estate received through distribution in kind	$	46,157	—
Mortgage loans assumed through distribution in kind	$	27,405	—
Mortgage loans assumed for the acquisition of real estate	$	5,937	—
Real estate received through foreclosure on notes receivable	$	—	990
Change in fair value of derivative instruments	$	—	84
Common stock issued by Parent Company for dividend reinvestment plan	$	562	1,314
Stock-based compensation capitalized	$	515	333
Contributions from limited partners in consolidated partnerships, net	$	2,332	98
Common stock issued for dividend reinvestment in trust	$	323	318
Contribution of stock awards into trust	$	1,105	1,112
Distribution of stock held in trust	$	—	51

See accompanying notes to consolidated financial statements.

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REGENCY CENTERS CORPORATION AND REGENCY CENTERS, L.P.
Notes to Consolidated Financial Statements
June 30, 2011
(unaudited)
1. Organization and Principles of Consolidation
General
Regency Centers Corporation (the "Parent Company") began its operations as a Real Estate Investment Trust ("REIT") in 1993 and is the 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, 2011, the Parent Company, the Operating Partnership and their controlled subsidiaries on a consolidated basis ("the Company" or "Regency") directly owned 220 retail shopping centers and held partial interests in an additional 147 retail shopping centers through investments in real estate partnerships (also referred to as joint ventures or co-investment partnerships).
Estimates, Risks, and Uncertainties
The preparation of financial statements in conformity with U.S. Generally Accepted Accounting Principles ("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. Although the U.S. economy is recovering, economic conditions remain challenging, and therefore, it is possible that the estimates and assumptions that have been utilized in the preparation of the consolidated financial statements could change significantly, if economic conditions were to weaken.
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 interest. Investments in real estate partnerships not controlled by the Company are accounted for under the equity method. All significant inter-company balances and transactions are eliminated in the consolidated financial statements.

2. Real Estate Investments

On June 2, 2011, the Company acquired a shopping center for a purchase price of $11.0 million which included the assumption of $5.9 million in debt, recorded net of an approximately $310,000 debt premium. Acquired lease intangible assets and acquired lease intangible liabilities of $1.7 million and $2.6 million, respectively, were recorded for this acquisition.

On May 4, 2011, the Company entered into an agreement with the DESCO Group ("DESCO") to redeem its entire 16.35% interest in Macquarie CountryWide-Regency-DESCO, LLC ("MCWR-DESCO"). The agreement allowed for a distribution-in-kind ("DIK") of the assets in the co-investment partnership. The assets were distributed as 100% ownership interests to DESCO and to Regency after a selection process, as provided for by the agreement. Regency selected four assets, all in the St. Louis market. The properties which the Company received through the DIK were recorded at the carrying value of the Company's equity investment of $18.8 million. Additionally, as part of the agreement, Regency received a $5.0 million disposition fee at closing on May 4, 2011 to buyout its asset, property, and leasing management contracts, and will receive $1.0 million for transition services it will continue to provide through 2011, of which approximately $250,000 has been recognized. At December 31, 2010, MCWR-DESCO owned 32 shopping centers, had total assets of $366.8 million and recorded a net loss of $4.9 million for the year ended and the Company's share of its total assets and net loss was $60.0 million and approximately $817,000, respectively.

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REGENCY CENTERS CORPORATION AND REGENCY CENTERS, L.P.
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(unaudited)

3. Discontinued Operations

During the six months ended June 30, 2011, the Company did not sell any operating or development properties. 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 revenues included in discontinued operations were approximately $626,000 for the six months ended June 30, 2010. The operating income and gain on sales of properties included in discontinued operations are reported net of income taxes, if the property is sold by Regency Realty Group, Inc., a wholly-owned subsidiary of the Operating Partnership, which is a Taxable REIT Subsidiary as defined in Section 856(l) of the Internal Revenue Code. During the six months ended June 30, 2010, an immaterial amount of income tax expense was allocated to gain on sale of properties in development from discontinued operations.

4. 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, 2011 and 2010 (in thousands):

	For the three months ended June 30,		For the six months ended June 30,	
	2011	2010	2011	2010
Income tax expense (benefit) from:				
Continuing operations	$ 217	74	$ (1,597)	81
Discontinued operations	—	2	—	20
Total income tax expense (benefit)	$ 217	76	$ (1,597)	101

5. Notes Payable and Unsecured Line of Credit
The Parent Company does not hold any indebtedness, but guarantees all of the unsecured debt and 8.2% of the secured debt of the Operating Partnership.
Notes Payable
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 2022, whereas, interest on unsecured public debt is payable semi-annually and the debt matures over various terms through 2021. Fixed interest rates on mortgage loans range from 5.22% to 8.40% with a weighted average rate of 6.55%. Fixed interest rates on unsecured public debt range from 4.80% to 7.95% with a weighted average rate of 5.61%. As of June 30, 2011, the Company had two variable rate mortgage loans, one in the amount of $3.9 million with a variable interest rate equal to LIBOR plus 380 basis points maturing on October 1, 2014 and one construction loan with a current balance of $8.9 million with a variable interest rate of LIBOR plus 300 basis points maturing on September 2, 2011. On January 18, 2011, the Company paid the maturing balance of $161.7 million of 7.95% ten-year senior unsecured notes from proceeds from the unsecured line of credit.
The Company is required to comply with certain financial covenants for its unsecured public debt as defined in the indenture agreements such as Consolidated Debt to Consolidated Assets, Consolidated Secured Debt to Consolidated

Assets, Consolidated Income for Debt Service to Consolidated Debt Service, and Unencumbered Consolidated Assets to Unsecured Consolidated Debt. As of June 30, 2011, management of the Company believes it is in compliance with all financial covenants for its unsecured public debt.

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REGENCY CENTERS CORPORATION AND REGENCY CENTERS, L.P.
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June 30, 2011
(unaudited)

Unsecured Line of Credit
The Company has a $600.0 million unsecured line of credit (the “Line”) commitment under an agreement with Wells Fargo Bank and a syndicate of other banks that matures in February 2012. The Line has a variable 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. The balance on the Line was $30.0 million and $10.0 million at June 30, 2011 and December 31, 2010, respectively. The Company has initiated discussions with its lender to enter into a new Line commitment and term, and expects to close on a new commitment prior to February 2012.
The Company is 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, 2011, management of the Company believes it is in compliance with all financial covenants for the Line. The proceeds from the Line are used to finance the acquisition and development of real estate and for general working-capital purposes.
The Company previously had a $113.8 million revolving credit facility under an agreement with Wells Fargo Bank and a syndicate of other banks that matured in February 2011. There was no balance outstanding at December 31, 2010 and the Company did not renew this facility when it matured in February 2011.
The Company’s outstanding debt at June 30, 2011 and December 31, 2010 consists of the following (in thousands):

		2011	2010
Notes payable:			
Fixed rate mortgage loans	$	417,712	402,151
Variable rate mortgage loans		12,767	11,189
Fixed rate unsecured loans		1,509,666	1,671,129
Total notes payable		1,940,145	2,084,469
Unsecured line of credit		30,000	10,000
Total	$	1,970,145	2,094,469

As of June 30, 2011, scheduled principal payments and maturities on notes payable were as follows (in thousands):

Scheduled Principal Payments and Maturities by Year:		Scheduled Principal Payments	Mortgage Loan Maturities	Unsecured Maturities [1]	Total
2011	$	2,825	8,850	20,000	31,675
2012		5,836	—	222,377	228,213
2013		5,763	16,342	—	22,105
2014		5,174	20,928	150,000	176,102
2015		3,783	46,313	350,000	400,096
Beyond 5 Years					