

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-K

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

For the fiscal year ended December 31, 2006

or

☐ 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

(Exact name of registrant as specified in its charter)

FLORIDA

(State or other jurisdiction of
incorporation or organization)

59-3191743

(I.R.S. Employer
identification No.)

One Independent Drive, Suite 114

Jacksonville, Florida 32202

(Address of principal executive offices) (zip code)

(904) 598-7000

(Registrant's telephone No.)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, \$.01 par value	New York Stock Exchange
Depository Shares, Liquidation Preference \$25 per Depositary Share, each representing 1/10 of a share of 7.45% Series 3 Cumulative Redeemable Preferred Stock	New York Stock Exchange
Depository Shares, Liquidation Preference \$25 per Depositary Share, each representing 1/10 of a share of 7.25% Series 4 Cumulative Redeemable Preferred Stock	New York Stock Exchange
6.70% Series 5 Cumulative Redeemable Preferred Stock par value \$0.01	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. YES ☒ NO ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. YES ☐ NO ☒

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. YES ☒ NO ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. (Check One):

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐

Indicate by check mark whether the registrant is a shell company. YES ☐ NO ☒

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter. \$4,149,168,866

The number of shares outstanding of the registrant's voting common stock was 69,196,204 as of February 26, 2007.

Documents Incorporated by Reference

Portions of the registrant's proxy statement in connection with its 2007 Annual Meeting of Stockholders are incorporated by reference in Part III.

TABLE OF CONTENTS**Form 10-K
Report Page****Item No.****PART I**

1.	Business	1
1A.	Risk Factors	4
1B.	Unresolved Staff Comments	9
2.	Properties	10
3.	Legal Proceedings	27
4.	Submission of Matters to a Vote of Security Holders	27

PART II

5.	Market for the Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	27
6.	Selected Financial Data	29
7.	Management's Discussion and Analysis of Financial Condition and Results of Operations	30
7A.	Quantitative and Qualitative Disclosures about Market Risk	54
8.	Consolidated Financial Statements and Supplementary Data	55
9.	Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	55
9A.	Controls and Procedures	56
9B.	Other Information	56

PART III

10.	Directors, Executive Officers and Corporate Governance	56
11.	Executive Compensation	57
12.	Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	57
13.	Certain Relationships and Related Transactions, and Director Independence	58
14.	Principal Accounting Fees and Services	58

PART IV

15.	Exhibits and Financial Statement Schedules	59
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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 growth in revenues, the size of our development program, earnings per share, 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 (“Regency” or “Company”) operates, 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; financial difficulties of tenants; competitive market conditions, including pricing of acquisitions and sales of properties and out-parcels; changes in expected leasing activity and market rents; timing of acquisitions, development starts and sales of properties and out-parcels; our inability to exercise voting control over the joint ventures through which we own or develop many of our properties; weather; consequences of any armed conflict or terrorist attack against the United States; the ability to obtain governmental approvals; and meeting development schedules. For additional information, see “Risk Factors” elsewhere herein. The following discussion should be read in conjunction with the accompanying Consolidated Financial Statements and Notes thereto of Regency Centers Corporation appearing elsewhere within.

PART I

Item 1. Business

Regency is a qualified real estate investment trust (“REIT”), which began operations in 1993. Our primary operating and investment goal is long-term growth in earnings per share and total shareholder return, which we work to achieve by focusing on a strategy of owning, operating and developing high-quality community and neighborhood 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 our operating partnership, Regency Centers, L.P. (“RCLP”), RCLP’s wholly owned subsidiaries, and through its investments in joint ventures with third parties. Regency currently owns 99% of the outstanding operating partnership units of RCLP.

At December 31, 2006, we directly owned 218 shopping centers (the “Consolidated Properties”) located in 22 states representing 24.7 million square feet of gross leasable area (“GLA”). Our cost of these shopping centers is \$3.5 billion before depreciation. Through joint ventures, we own partial interests in 187 shopping centers (the “Unconsolidated Properties”) located in 24 states and the District of Columbia representing 22.5 million square feet of GLA. Our investment, at cost, in the Unconsolidated Properties is \$434.1 million. Certain portfolio information described within this Form 10-K 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 joint ventures. 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 partially-own, but for which we provide full property management, asset management, investing and financing services. The shopping center portfolio that we manage, on a Combined Basis, represents 405 shopping centers located in 28 states and the District of Columbia and contains 47.2 million square feet of GLA.

We earn revenues and generate cash flow by leasing space in our shopping centers to market-leading grocers, major retail anchors, specialty side-shop retailers, and restaurants, including ground leasing or selling building pads (out-parcels) to these tenants. We experience growth in revenues by increasing occupancy and rental rates at currently owned shopping centers, and by acquiring and developing new shopping centers. Community and neighborhood shopping centers generate substantial daily traffic by conveniently offering daily necessities and services. This high traffic generates increased sales, thereby driving higher occupancy and rental-rate growth, which we expect will sustain our growth in earnings per share and increase the value of our portfolio 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 specialty retailers. The objective of PCI is for Regency to build a base of specialty 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 to stabilize a center’s occupancy, reduce re-leasing downtime, reduce tenant turnover and yield higher sustainable rents.

[Table of Contents](#)

We grow our shopping center portfolio through acquisitions of operating centers and new shopping center development, where we acquire the land and construct the building. 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 can require up to 36 months, or longer, from initial land or redevelopment acquisition through construction, lease-up and stabilization of rental income, depending upon the size of the project. Generally, anchor tenants begin operating their stores prior to the completion of construction of the entire center, resulting in rental income during the development phase.

We intend to maintain a conservative capital structure to fund our growth programs, which should preserve our investment-grade ratings. Our approach is founded on our self-funding business model. This model utilizes center “recycling” as a key component, which requires ongoing monitoring of each center to ensure that it continues to meet our investment standards. We sell the operating properties that no longer measure up to our standards. We also develop certain retail centers because of their attractive profit margins with the intent of selling them to joint ventures or other third parties upon completion. These sale proceeds are re-deployed into new, higher-quality developments and acquisitions that are expected to generate sustainable revenue growth and more attractive returns.

Joint venturing of shopping centers also provides us with a capital source for new developments and acquisitions, as well as the opportunity to earn fees for asset and property management services. As asset manager, we are engaged by our partners to apply similar operating, investment, and capital strategies to the portfolios owned by the joint ventures. Joint ventures grow their shopping center investments through acquisitions from third parties or direct purchases from Regency. Although selling properties to joint ventures reduces our ownership interest, we continue to share in the risks and rewards of centers that meet our high quality standards and long-term investment strategy.

Competition

We are among the largest publicly-held owners of shopping centers in the nation based on revenues, number of properties, gross leasable area and market capitalization. There are numerous companies and private individuals engaged in the ownership, development, acquisition and operation of shopping centers which compete with us in our targeted markets. This results in competition for attracting anchor tenants, as well as the acquisition of existing shopping centers and new development sites. We believe that the principal competitive factors in attracting tenants in our market areas are location, demographics, rental costs, tenant mix, property age and maintenance. We believe that our competitive advantages include our locations within our market areas, the design quality of our shopping centers, the strong demographics surrounding our shopping centers, our relationships with our anchor tenants and our side-shop and out-parcel retailers, our PCI program which allows us to provide retailers with multiple locations, our practice of maintaining and renovating our shopping centers, and our ability to source and develop new shopping centers.

Changes in Policies

Our Board of Directors establishes the policies that govern our investment and operating strategies including, among others, development and acquisition of shopping centers, tenant and market focus, debt and equity financing policies, quarterly distributions to stockholders, and REIT tax status. The Board of Directors may amend these policies at any time without a vote of our stockholders.

Employees

Our headquarters are located at One Independent Drive, Suite 114, Jacksonville, Florida. We presently maintain 21 market offices nationwide where we conduct management, leasing, construction, and investment activities. At December 31, 2006, we had 499 employees and we believe that our relations with our employees are good.

Compliance with Governmental Regulations

Under various federal, state and local laws, ordinances and regulations, we may be liable for the cost to remove or remediate certain hazardous or toxic substances at our shopping centers. These laws often impose liability without regard to whether the owner knew of, or was responsible for, the presence of the hazardous or toxic substances. The cost of required remediation and the owner’s liability for remediation could exceed the value of the

[Table of Contents](#)

property and/or the aggregate assets of the owner. The presence of such substances, or the failure to properly remediate such substances, may adversely affect our ability to sell or rent the property or borrow using the property as collateral. We have a number of properties that could require or are currently undergoing varying levels of environmental remediation. Environmental remediation is not currently expected to have a material financial effect on us due to reserves for remediation, insurance programs designed to mitigate the cost of remediation and various state-regulated programs that shift the responsibility and cost to the state.

Executive Officers

The executive officers of the Company are appointed each year by the Board of Directors. Each of the executive officers has been employed by the Company in the position or positions indicated in the list and pertinent notes below. Each of the executive officers has been employed by the Company for more than five years.

Name	Age	Title	Executive Officer in Position Shown Since
Martin E. Stein, Jr.	54	Chairman and Chief Executive Officer	1993
Mary Lou Fiala	55	President and Chief Operating Officer	1999
Bruce M. Johnson	59	Managing Director and Chief Financial Officer	1993
Brian M. Smith	52	Managing Director and Chief Investment Officer	2005(1)

- (1) Mr. Smith was appointed Chief Investment Officer for the Company in September 2005. Mr. Smith was previously Managing Director – Investments – Pacific, Mid-Atlantic and Northeast since 1999.

Company Website Access and SEC Filings

The Company's website may be accessed at www.regencycenters.com. All of our filings with the Securities and Exchange Commission ("SEC") can be accessed through our website promptly after filing; however, in the event that the website is inaccessible, then we will provide paper copies of our most recent annual report on Form 10-K, the most recent quarterly report on Form 10-Q, current reports filed or furnished on Form 8-K, and all related amendments, excluding exhibits, free of charge upon request. These filings are also accessible on the SEC's website at www.sec.gov.

Item 1A. Risk Factors

Risk Factors Related to Our Industry and Real Estate Investments

Our revenues and cash flow could be adversely affected by poor market conditions where properties are geographically concentrated.

Regency's performance depends on the economic conditions in markets in which our properties are concentrated. During the year ended December 31, 2006, our properties in California, Florida and Texas accounted for 45% of our consolidated net operating income. Our revenues and cash available for distribution to stockholders could be adversely affected by this geographic concentration if market conditions in these areas, such as an oversupply of retail space or a reduction in the demand for shopping centers, become more competitive relative to other geographic areas.

Loss of revenues from major tenants could reduce distributions to stockholders.

We derive significant revenues from anchor tenants such as Kroger, Publix and Safeway that occupy more than one center. Distributions to stockholders could be adversely affected by the loss of revenues in the event a major tenant:

- becomes bankrupt or insolvent;
- experiences a downturn in its business;
- materially defaults on its lease;
- does not renew its leases as they expire; or
- renews at lower rental rates.

Vacated anchor space, including space owned by the anchor, can reduce rental revenues generated by the shopping center because of the loss of the departed anchor tenant's customer drawing power. Most anchors have the right to vacate and prevent re-tenanting by paying rent for the balance of the lease term. If major tenants vacate a property, then other tenants may be entitled to terminate their leases at the property.

Downturns in the retailing industry likely will have a direct adverse impact on our revenues and cash flow.

Our properties consist primarily of grocery-anchored shopping centers. Our performance therefore is generally linked to economic conditions in the market for retail space. The market for retail space has been or could be adversely affected by any of the following:

- the growth of super-centers, such as those operated by Wal-Mart, and their adverse effect on major grocery chains;
- the impact of increased energy costs on consumers and its consequential effect on the number of shopping visits to our centers;
- weakness in the national, regional and local economies;
- consequences of any armed conflict involving, or terrorist attack against, the United States;
- the adverse financial condition of some large retailing companies;
- the ongoing consolidation in the retail sector;
- the excess amount of retail space in a number of markets;
- increasing consumer purchases through catalogs or the Internet;
- reduction in the demand by tenants to occupy our shopping centers as a result of reduced consumer demand for certain retail formats such as video rental stores;
- the timing and costs associated with property improvements and rentals;
- changes in taxation and zoning laws; and
- adverse government regulation.

To the extent that any of these conditions occur, they are likely to impact market rents for retail space and our cash available for distribution to stockholders.

Unsuccessful development activities or a slowdown in development activities could reduce distributions to stockholders.

We actively pursue development activities as opportunities arise. Development activities require various government and other approvals for entitlements which can significantly delay the development process. We may not recover our investment in development projects for which approvals are not received. We incur other risks associated with development activities, including:

- the risk that the current size and continued growth in our development pipeline will strain the organization's capacity to complete the developments within the targeted timelines and at the expected returns on invested capital;
- the risk that we may abandon development opportunities and lose our investment in these developments;
- the risk that development costs of a project may exceed original estimates, possibly making the project unprofitable;
- delays in the development and construction process;
- lack of cash flow during the construction period; and
- the risk that occupancy rates and rents at a completed project will not be sufficient to make the project profitable.

If we sustain material losses due to an unsuccessful development project, our cash flow available for distribution to stockholders will be reduced. Our earnings and cash flow available for distribution to stockholders also may be reduced if we experience a significant slowdown in our development activities.

Uninsured loss may adversely affect distributions to stockholders.

We carry comprehensive liability, fire, flood, extended coverage, rental loss and environmental insurance for our properties with policy specifications and insured limits customarily carried for similar properties. We believe that the insurance carried on our properties is adequate in accordance with industry standards. There are, however, some types of losses, such as from hurricanes, terrorism, wars or earthquakes, which may be uninsurable, or the cost of insuring against such losses may not be economically justifiable. If an uninsured loss occurs, we could lose both the invested capital in and anticipated revenues from the property, but we would still be obligated to repay any recourse mortgage debt on the property. In that event, our distributions to stockholders could be reduced.

We face competition from numerous sources.

The ownership of shopping centers is highly fragmented, with less than 10% owned by real estate investment trusts. We face competition from other real estate investment trusts as well as from numerous small owners in the acquisition, ownership and leasing of shopping centers. We compete to develop shopping centers with other real estate investment trusts engaged in development activities as well as with local, regional and national real estate developers.

We compete in the acquisition of properties through proprietary research that identifies opportunities in markets with high barriers to entry and higher-than-average population growth and household income. We seek to maximize rents per square foot by establishing relationships with supermarket chains that are first or second in their markets or other category-leading anchors and leasing non-anchor space in multiple centers to national or regional tenants. We compete to develop properties by applying our proprietary research methods to identify development and leasing opportunities and by pre-leasing a significant portion of a center before beginning construction.

There can be no assurance, however, that other real estate owners or developers will not utilize similar research methods and target the same markets and anchor tenants that we target. These entities may successfully control these markets and tenants to our exclusion. If we cannot successfully compete in our targeted markets, our cash flow, and therefore distributions to stockholders, may be adversely affected.

Costs of environmental remediation could reduce our cash flow available for distribution to stockholders.

Under various federal, state and local laws, an owner or manager of real property may be liable for the costs of removal or remediation of hazardous or toxic substances on the property. These laws often impose liability

[Table of Contents](#)

without regard to whether the owner knew of, or was responsible for, the presence of hazardous or toxic substances. The cost of any required remediation could exceed the value of the property and/or the aggregate assets of the owner.

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 (UST's). The presence of, or the failure to properly remediate, hazardous or toxic substances may adversely affect our ability to sell or rent a contaminated property or to borrow using the property as collateral. Any of these developments could reduce cash flow and distributions to stockholders.

Risk Factors Related to Our Joint Ventures and Acquisition Structure

We do not have voting control over our joint venture investments, so we are unable to ensure that our objectives will be pursued.

We have invested as a co-venturer in the acquisition or development of properties. As of December 31, 2006, our investments in real estate partnerships represented 11.8% of our total assets. These investments involve risks not present in a wholly-owned project. We do not have voting control over the ventures. The co-venturer might (1) have interests or goals that are inconsistent with our interests or goals or (2) otherwise impede our objectives. The co-venturer also might become insolvent or bankrupt.

Our joint ventures account for a significant portion of our revenues and net income in the form of management fees and are an important part of our growth strategy. The termination of our joint ventures could adversely affect distributions to stockholders.

Our management fee income has increased significantly as our participation in joint ventures has increased. If joint ventures owning a significant number of properties were dissolved for any reason, we would lose the asset management and property management fees from these joint ventures, which could adversely affect the amount of cash available for distribution to stockholders.

In addition, termination of the joint ventures without replacing them with new joint ventures could adversely affect our growth strategy. Property sales to the joint ventures provide us with an important source of funding for additional developments and acquisitions. Without this source of capital, our ability to grow and to increase distributions to stockholders could be adversely affected.

Our partnership structure may limit our flexibility to manage our assets.

We invest in retail shopping centers through Regency Centers, L.P., the operating partnership in which we currently own 99% of the outstanding common partnership units. From time to time, we acquire properties through our operating partnership in exchange for limited partnership interests. This acquisition structure may permit limited partners who contribute properties to us to defer some, if not all, of the income tax liability that they would incur if they sold the property.

Properties contributed to our operating partnership may have unrealized gain attributable to the difference between the fair market value and adjusted tax basis in the properties prior to contribution. As a result, the sale of these properties could cause adverse tax consequences to the limited partners who contributed them.

Generally, our operating partnership has no obligation to consider the tax consequences of its actions to any limited partner. However, our operating partnership may acquire properties in the future subject to material restrictions on refinancing or resale designed to minimize the adverse tax consequences to the limited partners who contribute those properties. These restrictions could significantly reduce our flexibility to manage our assets by preventing us from reducing mortgage debt or selling a property when such a transaction might be in our best interest in order to reduce interest costs or dispose of an under-performing property.

Risk Factors Related to Our Capital Recycling and Capital Structure

An increase in market capitalization rates could reduce the value of the centers we sell, requiring us to sell more properties than initially planned in order to fund our development program. An increase in property dispositions would dilute our earnings.

As part of our capital recycling program, we sell operating properties that no longer meet our investment standards. We also develop certain retail centers because of their attractive margins with the intent of selling them to joint ventures or other third parties for a profit. These sale proceeds are used to fund the construction of new developments. An increase in market capitalization rates could cause a reduction in the value of centers identified for sale, which would have an adverse impact on our capital recycling program by reducing the amount of cash generated and profits realized. In order to meet the cash requirements of our development program, we may be required to sell more properties than initially planned, which would have a dilutive impact on our earnings.

Our debt financing may reduce distributions to stockholders.

We do not expect to generate sufficient funds from operations to make balloon principal payments when due on our debt. If we are unable to refinance our debt on acceptable terms, we might be forced (1) to dispose of properties, which might result in losses, or (2) to obtain financing at unfavorable terms. Either could reduce the cash flow available for distributions to stockholders.

In addition, if we cannot make required mortgage payments, the mortgagee could foreclose on the property securing the mortgage, causing the loss of cash flow from that property. Furthermore, substantially all of our debt is cross-defaulted, which means that a default under one loan could trigger defaults under other loans.

Our organizational documents do not limit the amount of debt that may be incurred. The degree to which we are leveraged could have important consequences, including the following:

- leverage could affect our ability to obtain additional financing in the future to repay indebtedness or for working capital, capital expenditures, acquisitions, development or other general corporate purposes;
- leverage could make us more vulnerable to a downturn in our business or the economy generally; and
- as a result, our leverage could lead to reduced distributions to stockholders.

Covenants in our debt agreements may restrict our operating activities and adversely affect our financial condition.

Our revolving line of credit and our unsecured notes contain customary covenants, including compliance with financial ratios, such as ratios of total debt to gross asset value and fixed charge coverage ratios. Our line of credit also restricts our ability to enter into a transaction that would result in a change of control. These covenants may limit our operational flexibility and our acquisition activities. Moreover, if we breach any of these covenants, the resulting default could cause the acceleration of our indebtedness, even in the absence of a payment default. If we are not able to refinance our indebtedness after a default, or unable to refinance our indebtedness on favorable terms, distributions to stockholders and our financial condition would be adversely affected.

We depend on external sources of capital, which may not be available in the future.

To qualify as a REIT, we must, among other things, distribute to our stockholders each year at least 90% of our REIT taxable income (excluding any net capital gains). Because of these distribution requirements, we likely will not be able to fund all future capital needs, including capital for acquisitions, with income from operations. We therefore will have to rely on third-party sources of capital, which may or may not be available on favorable terms or at all. Our access to third-party sources of capital depends on a number of things, including the market's perception of our growth potential and our current and potential future earnings. In addition, our line of credit imposes covenants that limit our flexibility in obtaining other financing, such as a prohibition on negative pledge agreements.

[Table of Contents](#)

Additional equity offerings may result in substantial dilution of stockholders' interests, and additional debt financing may substantially increase our degree of leverage.

Risk Factors Related to Interest Rates and the Market for Our Stock

Increased interest rates may reduce distributions to stockholders.

We are obligated on floating rate debt, and if we do not eliminate our exposure to increases in interest rates through interest rate protection or cap agreements, these increases may reduce cash flow and our ability to make distributions to stockholders.

Although swap agreements enable us to convert floating rate debt to fixed rate debt and cap agreements enable us to cap our maximum interest rate, they expose us to the risk that the counterparties to these hedge agreements may not perform, which could increase our exposure to rising interest rates. If we enter into swap agreements, decreases in interest rates will increase our interest expense as compared to the underlying floating rate debt. This could result in our making payments to unwind these agreements, such as in connection with a prepayment of the floating rate debt. Cap agreements do not protect us from increases up to the capped rate.

Increased market interest rates could reduce our stock prices.

The annual dividend rate on our common stock as a percentage of its market price may influence the trading price of our stock. An increase in market interest rates may lead purchasers to demand a higher annual dividend rate, which could adversely affect the market price of our stock. A decrease in the market price of our common stock could reduce our ability to raise additional equity in the public markets. Selling common stock at a decreased market price would have a dilutive impact on existing shareholders.

Risk Factors Related to Federal Income Tax Laws

If we fail to qualify as a REIT for federal income tax purposes, we would be subject to federal income tax at regular corporate rates.

We believe that we qualify for taxation as a REIT for federal income tax purposes, and we plan to operate so that we can continue to meet the requirements for taxation as a REIT. If we qualify as a REIT, we generally will not be subject to federal income tax on our income that we distribute currently to our stockholders. Many of the REIT requirements, however, are highly technical and complex. The determination that we are a REIT requires an analysis of various factual matters and circumstances, some of which may not be totally within our control and some of which involve questions of interpretation. For example, to qualify as a REIT, at least 95% of our gross income must come from specific passive sources, like rent, that are itemized in the REIT tax laws. There can be no assurance that the IRS or a court would agree with the positions we have taken in interpreting the REIT requirements. We also are required to distribute to our stockholders at least 90% of our REIT taxable income (excluding capital gains). The fact that we hold many of our assets through joint ventures and their subsidiaries further complicates the application of the REIT requirements. Even a technical or inadvertent mistake could jeopardize our REIT status. Furthermore, Congress and the Internal Revenue Service might make changes to the tax laws and regulations, and the courts might issue new rulings, that make it more difficult, or impossible, for us to remain qualified as a REIT.

Also, unless the IRS granted us relief under certain statutory provisions, we would remain disqualified as a REIT for four years following the year we first failed to qualify. If we failed to qualify as a REIT, we would have to pay significant income taxes. This likely would have a significant adverse affect on the value of our securities. In addition, we would no longer be required to pay any dividends to stockholders.

Even if we qualify as a REIT for federal income tax purposes, we are required to pay certain federal, state and local taxes on our income and property. For example, if we have net income from "prohibited transactions," that income will be subject to a 100% tax. In general, prohibited transactions are sales or other dispositions of property held primarily for sale to customers in the ordinary course of business. The determination as to whether a particular sale is a prohibited transaction depends on the facts and circumstances related to that sale. While we have undertaken a significant number of asset sales in recent years, we do not believe that those sales should be considered prohibited transactions, but there can be no assurance that the IRS would not contend otherwise.

[Table of Contents](#)

In addition, any net taxable income earned directly by our taxable affiliates, including Regency Realty Group, Inc., is subject to federal and state corporate income tax. Several provisions of the laws applicable to REITs and their subsidiaries ensure that a taxable REIT subsidiary will be subject to an appropriate level of federal income taxation. For example, a taxable REIT subsidiary is limited in its ability to deduct interest payments made to an affiliated REIT. In addition, a REIT has to pay a 100% penalty tax on some payments that it receives if the economic arrangements between the REIT, the REIT's tenants and the taxable REIT subsidiary are not comparable to similar arrangements between unrelated parties. Finally, some state and local jurisdictions may tax some of our income even though as a REIT we are not subject to federal income tax on that income. To the extent that we and our affiliates are required to pay federal, state and local taxes, we will have less cash available for distributions to our stockholders.

A REIT may not own securities in any one issuer if the value of those securities exceeds 5% of the value of the REIT's total assets or the securities owned by the REIT represent more than 10% of the issuer's outstanding voting securities or 10% of the value of the issuer's outstanding securities. An exception to these tests allows a REIT to own securities of a subsidiary that exceed the 5% value test and the 10% value tests if the subsidiary elects to be a "taxable REIT subsidiary." We are not able to own securities of taxable REIT subsidiaries that represent in the aggregate more than 20% of the value of our total assets. We currently own more than 10% of the total value of the outstanding securities of Regency Realty Group, Inc., which has elected to be a taxable REIT subsidiary.

Risk Factors Related to Our Ownership Limitations, the Florida Business Corporation Act and Certain Other Matters

Restrictions on the ownership of our capital stock to preserve our REIT status could delay or prevent a change in control.

Ownership of more than 7% by value of our outstanding capital stock by certain persons is restricted for the purpose of maintaining our qualification as a REIT, with certain exceptions. This 7% limitation may discourage a change in control and may also (i) deter tender offers for our capital stock, which offers may be attractive to our stockholders, or (ii) limit the opportunity for our stockholders to receive a premium for their capital stock that might otherwise exist if an investor attempted to assemble a block in excess of 7% of our outstanding capital stock or to effect a change in control.

The issuance of our capital stock could delay or prevent a change in control.

Our articles of incorporation authorize our board of directors to issue up to 30,000,000 shares of preferred stock and 10,000,000 shares of special common stock and to establish the preferences and rights of any shares issued. The issuance of preferred stock or special common stock could have the effect of delaying or preventing a change in control even if a change in control were in our stockholders' interest. The provisions of the Florida Business Corporation Act regarding control share acquisitions and affiliated transactions could also deter potential acquisitions by preventing the acquiring party from voting the common stock it acquires or consummating a merger or other extraordinary corporate transaction without the approval of our disinterested stockholders.

Item 1B. Unresolved Staff Comments

The Company has received no written comments regarding its periodic or current reports from the staff of the Securities and Exchange Commission that were issued 180 days or more preceding December 31, 2006 that remain unresolved.

[Table of Contents](#)
Item 2. Properties

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 joint ventures):

Location	December 31, 2006				December 31, 2005			
	# Properties	GLA	% of Total GLA	% Leased	# Properties	GLA	% of Total GLA	% Leased
California	71	9,521,497	20.2%	88.6%	70	8,855,638	19.2%	93.3%
Florida	55	6,175,929	13.1%	93.1%	51	5,912,994	12.8%	94.5%
Texas	39	4,779,440	10.1%	86.1%	38	5,029,590	10.9%	84.7%
Virginia	33	3,884,864	8.2%	94.1%	31	3,628,732	7.8%	95.0%
Georgia	32	2,735,441	5.8%	92.6%	33	2,850,662	6.2%	95.4%
Colorado	21	2,345,224	5.0%	91.8%	22	2,507,634	5.4%	84.3%
Ohio	16	2,292,515	4.9%	85.3%	16	2,045,260	4.4%	82.3%
Illinois	16	2,256,682	4.8%	95.8%	17	2,410,178	5.2%	95.9%
North Carolina	16	2,193,420	4.6%	92.4%	15	2,114,667	4.6%	91.7%
Maryland	18	2,058,329	4.4%	94.6%	21	2,435,783	5.3%	93.6%
Pennsylvania	13	1,649,570	3.5%	90.1%	13	1,665,005	3.6%	75.3%
Washington	11	1,172,684	2.5%	94.5%	12	1,334,337	2.9%	93.6%
Oregon	10	1,011,678	2.1%	91.5%	8	854,729	1.8%	97.1%
Delaware	5	654,687	1.4%	91.3%	5	654,687	1.4%	90.3%
Massachusetts	3	568,099	1.2%	83.7%	—	—	—	—
South Carolina	9	536,847	1.1%	97.5%	6	624,450	1.4%	97.4%
Arizona	4	496,087	1.1%	99.3%	8	522,027	1.1%	96.0%
Tennessee	7	488,050	1.0%	94.4%	4	496,087	1.1%	99.4%
Minnesota	3	483,938	1.0%	96.5%	2	299,097	0.6%	97.3%
Michigan	4	303,412	0.6%	87.6%	3	282,408	0.6%	95.5%
Kentucky	2	302,670	0.6%	95.0%	2	302,670	0.7%	94.7%
Wisconsin	2	269,128	0.6%	97.3%	3	372,382	0.8%	94.4%
Alabama	2	193,558	0.4%	82.2%	3	267,689	0.6%	84.8%
Indiana	5	193,370	0.4%	70.9%	3	229,619	0.5%	84.3%
Connecticut	1	179,730	0.4%	100.0%	1	167,230	0.4%	100.0%
New Jersey	2	156,482	0.3%	97.8%	2	156,482	0.3%	97.8%
New Hampshire	2	125,173	0.3%	74.8%	2	112,752	0.2%	67.8%
Nevada	1	119,313	0.3%	87.4%	1	93,516	0.2%	73.6%
Dist. of Columbia	2	39,645	0.1%	89.4%	1	16,834	—	100.0%
Total	405	47,187,462	100.0%	91.0%	393	46,243,139	100.0%	91.3%

[Table of Contents](#)
Item 2. Properties (continued)

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 joint ventures):

Location	December 31, 2006				December 31, 2005			
	# Properties	GLA	% of Total GLA	% Leased	# Properties	GLA	% of Total GLA	% Leased
California	46	5,861,515	23.8%	84.9%	45	5,319,464	21.8%	91.2%
Florida	34	4,054,604	16.4%	93.6%	35	4,185,221	17.2%	95.6%
Texas	30	3,629,118	14.7%	82.5%	30	3,890,913	16.0%	81.6%
Ohio	14	2,037,134	8.3%	83.6%	15	1,936,337	7.9%	81.5%
Georgia	16	1,408,407	5.7%	89.7%	16	1,410,412	5.8%	93.7%
Colorado	13	1,158,670	4.7%	89.0%	14	1,321,080	5.4%	73.4%
Virginia	9	1,018,531	4.1%	89.1%	9	973,744	4.0%	93.5%
North Carolina	9	947,413	3.8%	95.3%	9	970,506	4.0%	96.6%
Oregon	7	657,008	2.7%	88.8%	5	500,059	2.0%	97.4%
Pennsylvania	4	587,592	2.4%	78.1%	3	573,410	2.3%	37.0%
Washington	6	555,666	2.3%	90.3%	7	717,319	2.9%	89.4%
Tennessee	7	488,050	2.0%	94.4%	6	624,450	2.6%	97.4%
Illinois	3	415,011	1.7%	93.6%	3	415,011	1.7%	95.6%
Arizona	3	388,440	1.6%	99.1%	3	388,440	1.6%	99.3%
Massachusetts	2	382,820	1.5%	76.1%	—	—	—	—
Michigan	4	303,412	1.2%	87.6%	3	282,408	1.1%	95.5%
Delaware	2	240,418	1.0%	98.7%	2	240,418	1.0%	97.8%
Maryland	1	129,940	0.5%	67.0%	1	121,050	0.5%	49.6%
New Hampshire	2	125,173	0.5%	74.8%	2	112,752	0.5%	67.8%
Nevada	1	119,313	0.5%	87.4%	1	93,516	0.4%	73.6%
South Carolina	2	91,361	0.4%	94.7%	2	140,900	0.6%	91.2%
Indiana	3	54,486	0.2%	23.5%	1	90,735	0.4%	72.2%
Alabama	—	—	—	—	1	74,131	0.3%	96.8%
Total	218	24,654,082	100.0%	87.3%	213	24,382,276	100.0%	88.0%

The Consolidated Properties are encumbered by notes payable of \$255.6 million.

[Table of Contents](#)
Item 2. Properties (continued)

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 joint ventures):

Location	December 31, 2006				December 31, 2005			
	# Properties	GLA	% of Total GLA	% Leased	# Properties	GLA	% of Total GLA	% Leased
California	25	3,659,982	16.2%	94.5%	25	3,536,174	16.2%	96.5%
Virginia	24	2,866,333	12.7%	95.8%	22	2,654,988	12.2%	95.6%
Florida	21	2,121,325	9.4%	92.1%	16	1,727,773	7.9%	91.7%
Maryland	17	1,928,389	8.6%	96.4%	20	2,314,733	10.6%	95.9%
Illinois	13	1,841,671	8.2%	96.3%	14	1,995,167	9.1%	95.9%
Georgia	16	1,327,034	5.9%	95.7%	17	1,440,250	6.6%	97.0%
North Carolina	7	1,246,007	5.5%	90.1%	6	1,144,161	5.2%	87.6%
Colorado	8	1,186,554	5.3%	94.5%	8	1,186,554	5.4%	96.3%
Texas	9	1,150,322	5.1%	97.4%	8	1,138,677	5.2%	95.4%
Pennsylvania	9	1,061,978	4.7%	96.8%	10	1,091,595	5.0%	95.5%
Washington	5	617,018	2.7%	98.3%	5	617,018	2.8%	98.4%
Minnesota	3	483,938	2.2%	96.5%	2	299,097	1.4%	97.3%
South Carolina	7	445,486	2.0%	98.0%	6	381,127	1.7%	97.9%
Delaware	3	414,269	1.8%	87.0%	3	414,269	1.9%	85.9%
Oregon	3	354,670	1.6%	96.5%	3	354,670	1.6%	96.6%
Kentucky	2	302,670	1.3%	95.0%	2	302,670	1.4%	94.7%
Wisconsin	2	269,128	1.2%	97.3%	3	372,382	1.7%	94.4%
Ohio	2	255,381	1.1%	99.0%	1	108,923	0.5%	97.6%
Alabama	2	193,558	0.9%	82.2%	2	193,558	0.9%	80.2%
Massachusetts	1	185,279	0.8%	99.4%	—	—	—	—
Connecticut	1	179,730	0.8%	100.0%	1	167,230	0.8%	100.0%
New Jersey	2	156,482	0.7%	97.8%	2	156,482	0.7%	97.8%
Indiana	2	138,884	0.6%	89.5%	2	138,884	0.6%	92.2%
Arizona	1	107,647	0.5%	100.0%	1	107,647	0.5%	100.0%
Dist. of Columbia	2	39,645	0.2%	89.4%	1	16,834	0.1%	100.0%
Total	<u>187</u>	<u>22,533,380</u>	<u>100.0%</u>	<u>95.0%</u>	<u>180</u>	<u>21,860,863</u>	<u>100.0%</u>	<u>95.1%</u>

The Unconsolidated Properties are encumbered by mortgage loans of \$2.4 billion.

Item 2. Properties (continued)

The following table summarizes the largest tenants occupying our shopping centers for Consolidated Properties plus Regency's pro-rata share of Unconsolidated Properties as of December 31, 2006 based upon a percentage of total annualized base rent exceeding .5%.

Tenant	GLA	Percent to Company Owned GLA	Rent	Percentage of Annualized Base Rent	Number of Leased Stores	Anchor Owned Stores (a)
Kroger	2,825,054	9.5%	\$26,677,947	6.42%	61	6
Publix	1,879,573	6.3%	17,136,135	4.12%	64	1
Safeway	1,739,928	5.8%	16,132,896	3.88%	59	6
Supervalu	1,073,407	3.6%	12,132,690	2.92%	34	1
Blockbuster Video	325,679	1.1%	6,927,385	1.67%	86	—
CVS	284,405	1.0%	4,419,208	1.06%	43	—
Walgreens	229,889	0.8%	4,087,458	0.98%	23	—
TJX Companies	369,164	1.2%	3,686,315	0.89%	23	—
H.E.B.	319,534	1.1%	3,672,613	0.88%	5	—
Harris Teeter	296,407	1.0%	3,663,500	0.88%	8	—
Sears Holdings	439,422	1.5%	3,240,761	0.78%	17	1
Washington Mutual	106,099	0.4%	3,197,978	0.77%	42	—
Ahold	202,374	0.7%	3,030,936	0.73%	11	—
Starbucks	95,873	0.3%	2,948,145	0.71%	87	—
Hallmark	160,009	0.5%	2,665,788	0.64%	60	—
Bank of America	65,702	0.2%	2,639,990	0.63%	32	—
Long's Drugs	211,818	0.7%	2,516,809	0.61%	15	—
Subway	90,333	0.3%	2,419,034	0.58%	111	—
Movie Gallery	110,211	0.4%	2,331,583	0.56%	35	—
Stater Bros.	154,211	0.5%	2,323,129	0.56%	5	—
Petco	137,488	0.5%	2,322,006	0.56%	17	—
The UPS Store	97,359	0.3%	2,293,231	0.55%	109	—

(a) Stores owned by anchor tenant that are attached to our centers.

Regency's leases have terms generally ranging from three to five years for tenant space under 5,000 square feet. Leases greater than 10,000 square feet generally have lease terms in excess of five years, mostly comprised of anchor tenants. Many of the anchor leases contain provisions allowing the tenant the option of extending the term of the lease at expiration. The leases provide for the monthly payment in advance of fixed minimum rentals, additional rents calculated as a percentage of the tenant's sales, the tenant's pro-rata share of real estate taxes, insurance, and common area maintenance expenses, and reimbursement for utility costs if not directly metered.

Item 2. Properties (continued)

The following table sets forth a schedule of lease expirations for the next ten years, assuming no tenants renew their leases:

Lease Expiration Year	Expiring GLA (2)	Percent of Total Company GLA (2)	Minimum Rent Expiring Leases (3)	Percent of Total Minimum Rent (3)
(1)	485,733	2.8%	\$ 9,146,621	3.1%
2007	1,924,969	11.0%	35,170,585	11.7%
2008	2,441,464	14.0%	42,275,232	14.1%
2009	2,680,219	15.3%	48,562,907	16.2%
2010	2,402,453	13.7%	43,146,062	14.4%
2011	2,801,981	16.0%	47,813,463	15.9%
2012	1,697,300	9.7%	24,925,379	8.3%
2013	767,748	4.4%	12,723,505	4.3%
2014	750,504	4.3%	10,862,314	3.6%
2015	724,034	4.1%	11,813,608	3.9%
2016	814,819	4.7%	13,588,941	4.5%
10 Year Total	17,491,224	100.0%	300,028,617	100.0%

(1) leased currently under month to month rent or in process of renewal

(2) represents GLA for Consolidated Properties plus Regency's pro-rata share of Unconsolidated Properties

(3) total minimum rent includes current minimum rent and future contractual rent steps for the Consolidated properties plus Regency's pro-rata share from Unconsolidated Properties, but excludes additional rent such as percentage rent, common area maintenance, real estate taxes and insurance reimbursements

[Table of Contents](#)

See the following Combined Basis property table and also see Item 7, Management’s Discussion and Analysis for further information about Regency’s properties.

Property Name	Year Acquired	Year Con- structed (1)	Gross Leasable Area (GLA)	Percent Leased (2)	Grocery Anchor	Drug Store & Other Anchors > 10,000 Sq Ft
CALIFORNIA						
<u>Los Angeles/ Southern CA</u>						
4S Commons Town Center	2004	2004	240,239	93.7%	Ralphs	Metropolis Furniture, Griffin Ace Hardware, Jimbo’s...Naturally!, Sav-On Drugs, Cost Plus, Bed Bath & Beyond, LA Fitness
Amerige Heights Town Center (4)	2000	2000	96,679	97.9%	Albertsons	(Target)
Bear Creek Phase II (3)	2005	2005	23,001	80.3%	—	—
Bear Creek Village Center (4)	2003	2004	75,220	96.1%	Stater Bros.	—
						24 Hour Fitness, Circuit City, Big 5 Sporting Goods, Toys “R” Us, Beverages & More, Childtime Childcare, Crown Books Liquidation Center
Brea Marketplace (4)	2005	1987	298,311	69.7%	—	Long’s Drug, Discovery Isle Child Development Center
Campus Marketplace (4)	2000	2000	144,289	99.2%	Ralphs	Center
Costa Verde	1999	1988	178,623	100.0%	Albertsons	Bookstar, The Boxing Club
					Von’s Food	
El Camino	1999	1995	135,728	100.0%	& Drug	Sav-On Drugs
					Von’s Food	
El Norte Pkwy Plaza	1999	1984	90,679	98.3%	& Drug	Long’s Drug
						(Target), Sports Authority, Ross Dress for Less, Linen’s-N-Things, Michaels, Pier 1 Imports
Falcon Ridge Town Center (4)	2003	2004	232,754	100.0%	Stater Bros.	24 Hour Fitness, Sav On
Falcon Ridge Town Center Phase II	2005	2005	66,864	100.0%	—	Long’s Drug, Ross Dress for Less, Big 5
						Sporting Goods
Five Points Shopping Center (4)	2005	1960	144,553	100.0%	Albertsons	—
French Valley	2004	2004	99,020	98.5%	Stater Bros.	—
Friars Mission	1999	1989	146,898	99.0%	Ralphs	Long’s Drug
Garden Village Shopping Center (4)	2000	2000	112,767	100.0%	Albertsons	Rite Aid
					Gelson’s	
Gelson’s Westlake Market Plaza	2002	2002	84,975	97.6%	Markets	John of Italy Salon & Spa
Golden Hills Promenade (3)	2006	2006	291,732	58.0%	—	Lowe’s
Granada Village (4)	2005	1965	224,649	95.0%	Ralphs	Rite Aid, TJ Maxx, Stein Mart
Hasley Canyon Village	2003	2003	65,801	100.0%	Ralphs	—
						Sav-On Drugs, Hands On Bicycles, Inc., Total Woman, Irvine Ace Hardware
Heritage Plaza	1999	1981	231,582	99.9%	Ralphs	—
Indio-Jackson (3)	2006	2006	295,194	1.7%	—	—
Laguna Niguel Plaza (4)	2005	1985	41,943	93.7%	(Albertsons)	Sav-On Drugs
Morningside Plaza	1999	1996	91,336	98.2%	Stater Bros.	—
Navajo Shopping Center (4)	2005	1964	102,138	100.0%	Albertsons	Rite Aid, Kragen Auto Parts
Newland Center	1999	1985	149,174	100.0%	Albertsons	—
Oakbrook Plaza	1999	1982	83,279	100.0%	Albertsons	(Long’s Drug)
					Henry’s	Sav-On Drugs, Petco, Ross Dress For Less, Office Depot
Park Plaza Shopping Center (4)	2001	1991	197,166	98.9%	Marketplace	—
					Von’s Food	
Plaza Hermosa	1999	1984	94,940	100.0%	& Drug	Sav-On Drugs
					Von’s Food	
Point Loma Plaza (4)	2005	1987	212,796	94.3%	& Drug	Sport Chalet 5, 24 Hour Fitness, Jo-Ann Fabrics
					Von’s Food	
Rancho San Diego Village (4)	2005	1981	152,896	90.6%	& Drug	(Long’s Drug), 24 Hour Fitness
Rio Vista Town Center (3)	2005	2005	88,760	54.3%	Stater Bros.	(CVS)
Rona Plaza	1999	1989	51,754	94.4%	Food 4 Less	—
Santa Ana Downtown	1999	1987	100,306	97.8%	Food 4 Less	Famsa, Inc.
Santa Maria Commons	2005	2005	113,514	85.3%	—	Kohl’s, Rite Aid
Seal Beach (3)(4)	2002	1966	102,235	91.5%	Safeway	Sav-On Drugs
Shops of Santa Barbara	2003	2004	51,568	97.3%	—	Circuit City
					Whole	
Shops of Santa Barbara Phase II (3)	2004	2004	69,354	93.7%	Foods	—
Soquel Canyon Crossings (3)	2005	2005	38,926	90.0%	—	Rite Aid
Twin Oaks Shopping Center (4)	2005	1978	98,399	100.0%	Ralphs	Rite Aid

[Table of Contents](#)

Property Name	Year Acquired	Year Con- structed (1)	Gross Leasable Area (GLA)	Percent Leased (2)	Grocery Anchor	Drug Store & Other Anchors > 10,000 Sq Ft
CALIFORNIA (continued)						
<u>Los Angeles/ Southern CA</u>						
Twin Peaks	1999	1988	198,139	100.0%	Albertsons	Target
Valencia Crossroads	2002	2003	167,857	100.0%	Whole Foods Von's Food & Drug	Kohl's —
Ventura Village	1999	1984	76,070	97.9%	—	—
Vine at Castaic (3)	2005	2005	30,268	44.5%	Sprout's Markets	Krikorian Theaters, Linen's-N-Things, (Lowe's)
Vista Village Phase I	2002	2003	129,009	100.0%	—	(Staples)
Vista Village Phase II	2002	2003	55,000	100.0%	—	—
Vista Village IV (3)	2006	2006	11,000	54.5%	Von's Food & Drug	(Sav-On Drugs), Long's Drug, Total Woman
Westlake Village Plaza and Center	1999	1975	190,519	100.0%	Albertsons	Beverages & More!
Westridge	2001	2003	94,410	100.0%	Gigante	—
Woodman Van Nuys	1999	1992	107,614	100.0%		
<u>San Francisco/ Northern CA</u>						
Alameda Bridgeside Shopping Center (3)	2003	2004	105,118	81.0%	Nob Hill	—
Applegate Ranch Shopping Center (3)	2006	2006	179,450	0.0%	(Super Target) Bel Air Market Mollie Stone's	(Super Target), (Home Depot) Bel Air Market, Goodwill Industries, (Long's Drug)
Auburn Village (4)	2005	1990	133,944	97.2%	Market	Long's Drug
Bayhill Shopping Center (4)	2005	1990	121,846	100.0%	Safeway	Long's Drug
Blossom Valley	1999	1990	93,316	100.0%	—	Yardbirds Home Center, Long's Drugs, Dollar Tree
Clayton Valley (3)	2003	2004	275,785	62.4%	—	(Super Target), Petsmart, TJ Maxx, Office Depot
Clovis Commons (3)	2004	2004	182,185	76.7%	(Super Target)	Long's Drug, Sears Orchard Supply & Hardware
Corral Hollow (4)	2000	2000	167,184	100.0%	Safeway	(Long's Drug), Jo-Ann Fabrics
Diablo Plaza	1999	1982	63,265	100.0%	(Safeway)	(Long's Drug), Bed, Bath & Beyond, Barnes & Noble, Copelands Sports, Petco, Ross Dress For Less
El Cerrito Plaza (4)	2000	2000	256,035	85.3%	(Lucky's), Trader Joe's	Walgreens
Encina Grande	1999	1965	102,499	99.1%	Safeway	—
Folsom Prairie City Crossing	1999	1999	90,237	100.0%	Safeway	Long's Drug, Loehmann's
Loehmanns Plaza California	1999	1983	113,310	96.5%	(Safeway)	Long's Drug, Ross Dress for Less
Mariposa Shopping Center (4)	2005	1957	126,658	100.0%	Safeway	Marshalls, Barnes & Noble, Toys "R" Us, Target
Pleasant Hill Shopping Center (4)	2005	1970	233,679	99.2%	—	Circuit City, Copeland Sports, Ethan Allen, Jo-Ann Fabrics, Ross Dress For Less
Powell Street Plaza	2001	1987	165,928	100.0%	Trader Joe's	(Long's Drug)
San Leandro	1999	1982	50,432	100.0%	(Safeway)	Long's Drug, Barnes & Noble, Old Navy, Warehouse Music
Sequoia Station	1999	1996	103,148	100.0%	(Safeway)	Long's Drug
Silverado Plaza (4)	2005	1974	84,916	99.5%	Nob Hill	—
Snell & Branham Plaza (4)	2005	1988	99,349	100.0%	Safeway Bel Air Market	Plum Pharmacy (Long's Drug)
Stanford Ranch Village (4)	2005	1991	89,875	89.3%	Safeway	Long's Drug, Ace Hardware
Strawflower Village	1999	1985	78,827	100.0%	Safeway	Rite Aid
Tassajara Crossing	1999	1990	146,188	100.0%	Safeway	CEC Entertainment, Marshalls. (Target)
West Park Plaza	1999	1996	88,103	98.3%	—	Rite Aid
Woodside Central	1999	1993	80,591	100.0%	—	CEC Entertainment, Marshalls. (Target)
Ygnacio Plaza (4)	2005	1968	109,701	100.0%	Albertsons	Rite Aid
Subtotal/Weighted Average (CA)			<u>9,521,497</u>	<u>88.6%</u>		
FLORIDA						
<u>Ft. Myers / Cape Coral</u>						
First Street Village (3)	2006	2006	91,860	42.7%	Publix	—
Grande Oak	2000	2000	78,784	98.2%	Publix	—

[Table of Contents](#)

Property Name	Year Acquired	Year Con- structed (1)	Gross Leasable Area (GLA)	Percent Leased (2)	Grocery Anchor	Drug Store & Other Anchors > 10,000 Sq Ft
FLORIDA (continued)						
<u>Jacksonville / North Florida</u>						
Anastasia Plaza (4)	1993	1988	102,342	100.0%	Publix	—
Canopy Oak Center (3)(4)	2006	2006	90,043	60.3%	Publix	—
Carriage Gate	1994	1978	76,783	100.0%	—	Leon County Tax Collector, TJ Maxx
Courtyard Shopping Center	1993	1987	137,256	100.0%	(Publix)	Target
East San Marco—Condo (3)(4)	2006	2006	—	—	—	—
East San Marco—Retail (3)(4)	2006	2006	54,464	56.2%	Publix	—
Fleming Island	1998	2000	136,662	97.7%	Publix	Stein Mart, (Target)
Hibernia Plaza (3)	2006	2006	59,103	66.3%	Publix	(Walgreens) CVS, Bailey's Powerhouse Gym, Beall's Outlet,
Highland Square (4)	1998	1999	262,195	77.0%	Publix	Big Lots
John's Creek Shopping Center	2003	2004	89,921	96.9%	Publix	Walgreens
Julington Village (4)	1999	1999	81,820	100.0%	Publix	(CVS)
Millhopper	1993	1974	84,065	100.0%	Publix	CVS, Jo-Ann Fabrics
Newberry Square	1994	1986	180,524	95.8%	Publix	Jo-Ann Fabrics, K-Mart
Oakleaf Plaza (3)	2006	2006	73,719	61.9%	Publix	—
Ocala Corners (4)	2000	2000	86,772	96.6%	Publix	—
Old St Augustine Plaza	1996	1990	232,459	100.0%	Publix	CVS, Burlington Coat Factory, Hobby Lobby
Palm Harbor Shopping Village (4)	1996	1991	172,758	99.7%	Publix	CVS, Bealls
Pine Tree Plaza	1997	1999	63,387	100.0%	Publix	—
Plantation Plaza (4)	2004	2004	77,747	100.0%	Publix	—
Regency Court	1997	1992	218,649	97.1%	—	Sports Authority, Comp USA, Office Depot,
Shoppes at Bartram Park (4)	2005	2004	77,067	100.0%	Publix	Recreational Factory Warehouse, Sofa Express
Shoppes at Bartram Park - Phase II (3)(4)	2005	2005	28,345	92.0%	—	—
Shoppes at Bartram Park - Phase III (3)(4)	2005	2005	12,002	—	—	—
Shops at John's Creek (3)	2003	2004	15,490	89.5%	—	—
Starke	2000	2000	12,739	100.0%	—	CVS
Vineyard Shopping Center (4)	2001	2002	62,821	94.2%	Publix	—
<u>Miami / Fort Lauderdale</u>						
Aventura Shopping Center	1994	1974	102,876	89.5%	Publix	CVS
Berkshire Commons	1994	1992	106,354	100.0%	Publix	Walgreens
Five Points Plaza (4)	2005	2001	44,647	100.0%	Publix	—
Garden Square	1997	1991	90,258	100.0%	Publix	CVS
Pebblebrook Plaza (4)	2000	2000	76,767	100.0%	Publix	(Walgreens)
Shoppes @ 104 (4)	1998	1990	108,192	100.0%	Winn-Dixie	Navarro Discount Pharmacies
Welleby	1996	1982	109,949	95.7%	Publix	Bealls
<u>Tampa / Orlando</u>						
Beneva Village Shops	1998	1987	141,532	100.0%	Publix	Walgreens, Bealls, Harbor Freight Tools
Bloomingdale	1998	1987	267,736	100.0%	Publix	Ace Hardware, Bealls, Wal-Mart
East Towne Shopping Center	2002	2003	69,841	100.0%	Publix	—
Kings Crossing Sun City (4)	1999	1999	75,020	98.4%	Publix	—
Lynnhaven (4)	2001	2001	63,871	93.4%	Publix	—
Marketplace St Pete	1995	1983	90,296	97.0%	Publix	Dollar Duck
Merchants Crossing (4)	2006	1990	213,739	94.7%	Publix	Beall's, Office Depot, Walgreens
Peachland Promenade (4)	1995	1991	82,082	100.0%	Publix	—
Regency Square Brandon	1993	1986	349,848	97.8%	—	AMC Theater, Dollar Tree, Marshalls, Michaels,
Regency Village (4)	2000	2002	83,170	96.2%	Publix	S & K Famous Brands, Shoe Carnival, Staples,
Town Square	1997	1999	44,380	100.0%	—	TJ Maxx, Petco, (Best Buy), (MacDill)
Village Center 6	1995	1993	181,110	96.5%	Publix	(Walgreens)
Willa Springs Shopping Center	2000	2000	89,930	98.9%	Publix	Petco, Pier 1 Imports
						Walgreens, Stein Mart
						—

[Table of Contents](#)

Property Name	Year Acquired	Year Con- structed (1)	Gross Leasable Area (GLA)	Percent Leased (2)	Grocery Anchor	Drug Store & Other Anchors > 10,000 Sq Ft
FLORIDA (continued)						
<u>West Palm Beach / Treasure Cove</u>						
Boynton Lakes Plaza	1997	1993	124,924	99.4%	Winn-Dixie	World Gym
Chasewood Plaza	1993	1986	155,603	99.4%	Publix	Bealls, Books-A-Million
East Port Plaza	1997	1991	235,842	61.8%	Publix	Walgreens
Martin Downs Village Center	1993	1985	121,946	95.8%	—	Bealls, Coastal Care
Martin Downs Village Shoppes	1993	1998	48,907	93.9%	—	Walgreens
Shops of San Marco (4)	2002	2002	96,408	97.1%	Publix	Walgreens
Town Center at Martin Downs	1996	1996	64,546	100.0%	Publix	—
Village Commons Shopping Center (4)	2005	1986	169,053	98.3%	Publix	CVS
Wellington Town Square	1996	1982	107,325	98.8%	Publix	CVS
Subtotal/Weighted Average (FL)			6,175,929	93.1%		
TEXAS						
<u>Austin</u>						
Hancock	1999	1998	410,438	97.9%	H.E.B.	Sears, Old Navy, Petco, 24 Hour Fitness
Market at Round Rock	1999	1987	123,046	93.2%	Albertsons	—
North Hills	1999	1995	144,019	96.9%	H.E.B.	—
<u>Dallas / Ft. Worth</u>						
Bethany Park Place	1998	1998	74,066	98.1%	Kroger	—
Cooper Street	1999	1992	133,196	87.5%	—	(Home Depot), Office Max
Hickory Creek Plaza (3)	2006	2006	27,786	—	(Kroger)	(Kroger)
Highland Village (3)	2005	2005	355,906	52.8%	—	AMC Theater, Barnes & Noble
Hillcrest Village	1999	1991	14,530	79.6%	—	—
Keller Town Center	1999	1999	114,937	96.3%	Tom Thumb	—
Lebanon/Legacy Center	2000	2002	56,674	100.0%	(Albertsons)	—
Main Street Center (4)	2002	2002	42,754	87.4%	(Albertsons)	—
Market at Preston Forest	1999	1990	91,624	96.9%	Tom Thumb	Petco
Mockingbird Common	1999	1987	120,321	94.3%	Tom Thumb	—
Preston Park	1999	1985	273,396	78.1%	Tom Thumb	Gap, Williams Sonoma
Prestonbrook	1998	1998	91,537	95.4%	Kroger	—
Prestonwood Park	1999	1999	101,167	65.3%	(Albertsons)	—
Rockwall Town Center (3)	2002	2004	46,409	63.2%	(Kroger)	(Walgreens)
Shiloh Springs	1998	1998	110,040	96.1%	Kroger	—
Signature Plaza	2003	2004	32,415	79.4%	(Kroger)	—
Trophy Club	1999	1999	106,507	83.4%	Tom Thumb	(Walgreens)
Valley Ranch Centre	1999	1997	117,187	89.0%	Tom Thumb	—
<u>Houston</u>						
Alden Bridge	2002	1998	138,953	96.8%	Kroger	Walgreens
Atascocita Center	2002	2003	97,240	83.5%	Kroger	—
Cochran's Crossing	2002	1994	138,192	97.4%	Kroger	CVS
First Colony Marketplace (4)	2005	1993	111,675	97.3%	Randalls Food	Sears
Fort Bend Center	2000	2000	30,164	79.0%	(Kroger)	—
Indian Springs Center (4)	2002	2003	136,625	100.0%	H.E.B.	—
Kleinwood Center (4)	2002	2003	155,463	89.9%	H.E.B.	(Walgreens)
Kleinwood Center II	2005	2005	45,001	100.0%	—	LA Fitness
Memorial Collection Shopping Center (4)	2005	1974	103,330	100.0%	Randalls Food	Walgreens
Panther Creek	2002	1994	165,560	100.0%	Randalls Food	CVS, Sears Paint & Hardware
South Shore (3)	2005	2005	27,922	34.0%	(Kroger)	—
Spring West Center (3)	2003	2004	144,060	79.7%	H.E.B.	—
Sterling Ridge	2002	2000	128,643	100.0%	Kroger	CVS
Sweetwater Plaza (4)	2001	2000	134,045	100.0%	Kroger	Walgreens
						Berings, Ross Dress for Less, Michaels, Linens-N-Things, Berings Warehouse, Chuck E Cheese, Next Level
Weslayan Plaza East (4)	2005	1969	169,693	100.0%	—	
Weslayan Plaza West (4)	2005	1969	185,732	97.3%	Randalls Food	Walgreens, Petco, Jo Ann's
West Village (3)	2006	2006	168,182	13.1%	—	(Target)
Woodway Collection (4)	2005	1974	111,005	98.8%	Randalls Food	Eckerd
Subtotal/Weighted Average (TX)			4,779,440	86.1%		

[Table of Contents](#)

Property Name	Year Acquired	Year Con- structed (1)	Gross Leasable Area (GLA)	Percent Leased (2)	Grocery Anchor	Drug Store & Other Anchors > 10,000 Sq Ft
VIRGINIA						
<u>Richmond</u>						
Gayton Crossing (4)	2005	1983	156,916	91.8%	Ukrop's	—
Glen Lea Centre (4)	2005	1969	78,493	54.3%	—	Eckerd
Hanover Village (4)	2005	1971	96,146	88.0%	—	Rite Aid
Laburnum Park Shopping Center (4)	2005	1977	64,992	94.1%	(Ukrop's)	Rite Aid
Village Shopping Center (4)	2005	1948	111,177	96.4%	Ukrop's	CVS
<u>Other Virginia</u>						
601 King Street (4)	2005	1980	8,349	97.8%	—	—
Ashburn Farm Market Center	2000	2000	91,905	100.0%	Giant Food Shoppers Food	—
Ashburn Farm Village Center (4)	2005	1996	88,897	100.0%	Warehouse	—
Braemar Shopping Center (4)	2004	2004	96,439	100.0%	Safeway	—
Brafferton Center (4)	2005	1997	94,731	97.9%	— Shoppers Food	Sport and Health Clubs
Centre Ridge Marketplace (4)	2005	1996	104,154	98.8%	Warehouse	Sears
Cheshire Station	2000	2000	97,156	100.0%	Safeway	Petco
Culpeper Colonnade (3)	2006	2006	97,366	42.3%	— Shoppers Food	PetSmart, Staples, (Target)
Festival at Manchester Lakes (4)	2005	1990	165,130	97.4%	Warehouse Shoppers Food	—
Fortuna	2004	2004	90,131	100.0%	Warehouse	(Target), Rite Aid
Fox Mill Shopping Center (4)	2005	1977	103,269	100.0%	Giant Food	— CVS, HMY Roomstore, Total Beverage, Ross
Greenbriar Town Center (4)	2005	1972	345,935	100.0%	Giant Food	Dress for Less, Marshalls, Petco
Kamp Washington Shopping Center (4)	2005	1960	71,825	100.0%	—	Borders Books
Kings Park Shopping Center (4)	2005	1966	74,703	100.0%	Giant Food Shoppers Food	CVS
Lorton Station Marketplace (4)	2006	2005	132,445	100.0%	Warehouse	Advanced Design Group
Lorton Town Center (4)	2006	2005	39,177	100.0%	—	—
Lorton Town Center Phase II (3)(4)	2006	2005	43,000	—	—	—
Market at Opitz Crossing	2003	2003	149,810	100.0%	Safeway	Boat U.S., USA Discounters
Saratoga Shopping Center (4)	2005	1977	101,587	100.0%	Giant Food	—
Shops at County Center (3)	2005	2005	109,589	68.4%	Harris Teeter Shoppers Food	—
Signal Hill	2003	2004	95,172	96.2%	Warehouse Shoppers Food	—
Somerset Crossing (4)	2002	2002	104,128	100.0%	Warehouse	—
Town Center at Sterling Shopping Center (4)	2005	1980	190,069	100.0%	Giant Food Shoppers Food	Washington Sports Club, Party Depot CVS, Advance Auto Parts, Chuck E. Cheese,
Village Center at Dulles (4)	2002	1991	298,281	100.0%	Warehouse	Gold's Gym, Petco, Staples, The Thrift Store
Willston Centre I (4)	2005	1952	105,376	99.5%	—	CVS, Balleys Health Care
Willston Centre II (4)	2005	1986	127,449	100.0%	Safeway	—
Brookville Plaza (4)	1998	1991	63,665	100.0%	Kroger	—
Hollymead Town Center	2003	2004	153,742	96.3%	Harris Teeter	(Target), Petsmart
Statler Square Phase I	1998	1996	133,660	91.4%	Kroger	Staples
Subtotal/Weighted Average (VA)			<u>3,884,864</u>	<u>94.1%</u>		

[Table of Contents](#)

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GEORGIA						
<u>Atlanta</u>						
Ashford Place	1997	1993	53,450	100.0%	—	—
Bethesda Walk (4)	2004	2003	68,271	90.6%	Publix	—
Briarcliff La Vista	1997	1962	39,203	100.0%	—	Michaels
Briarcliff Village	1997	1990	187,156	89.6%	Publix	La-Z-Boy Furniture Galleries, Office Depot,
Brookwood Village (4)	2004	2000	28,774	75.9%	—	Party City, Petco, TJ Maxx
Buckhead Court	1997	1984	58,130	81.6%	—	CVS
Buckhead Crossing (4)	2004	1989	221,874	97.8%	—	Office Depot, HomeGoods, Marshalls,
Cambridge Square Shopping Ctr	1996	1979	71,474	97.0%	Kroger	Michaels, Hancock Fabrics, Ross Dress for
Chapel Hill (3)	2005	2005	55,400	6.0%	—	Less
Cobb Center (4)	2004	1996	69,547	97.8%	Publix	(Kohl's)
Coweta Crossing (4)	2004	1994	68,489	100.0%	Publix	(Rich's Department Store)
Cromwell Square	1997	1990	70,283	91.5%	—	CVS, Hancock Fabrics, Haverty's-Antiques &
Delk Spectrum	1998	1991	100,539	93.4%	Publix	Interiors of Sandy Springs
Dunwoody Hall	1997	1986	89,351	100.0%	Publix	—
Dunwoody Village	1997	1975	120,598	93.7%	Fresh Market	Eckerd
Howell Mill Village (4)	2004	1984	97,990	96.0%	Publix	Walgreens, Dunwoody Prep
Lindbergh Crossing (4)	2004	1998	27,059	100.0%	—	Eckerd
Loehmanns Plaza Georgia	1997	1986	137,601	83.8%	—	CVS
Northlake Promenade (4)	2004	1986	25,394	81.1%	—	Loehmann's, Dance 101
Orchard Square (4)	1995	1987	93,222	97.0%	Publix	—
Paces Ferry Plaza	1997	1987	61,696	93.5%	—	Harbor Freight Tools, Remax Elite
Peachtree Parkway Plaza (4)	2004	2001	95,509	92.4%	—	Harry Norman Realtors
Powers Ferry Kroger (4)	2004	1983	45,528	100.0%	Kroger	Goodwill
Powers Ferry Square	1997	1987	95,704	99.3%	—	—
Powers Ferry Village	1997	1994	78,996	99.9%	Publix	CVS, Pearl Arts & Crafts
Rivermont Station	1997	1996	90,267	95.9%	Kroger	CVS, Mardi Gras
Rose Creek (4)	2004	1993	69,790	93.0%	Publix	—
Roswell Crossing (4)	2004	1999	201,979	95.9%	Trader Joe's	PetsMart, Office Max, Pike Nursery, Party
Russell Ridge	1994	1995	98,559	90.4%	Kroger	City, Walgreens, LA Fitness
Thomas Crossroads (4)	2004	1995	84,928	96.3%	Kroger	—
Trowbridge Crossing (4)	2004	1998	62,558	100.0%	Publix	—
Woodstock Crossing (4)	2004	1994	66,122	96.2%	Kroger	—
Subtotal/Weighted Average (GA)			<u>2,735,441</u>	<u>92.6%</u>		
COLORADO						
<u>Colorado Springs</u>						
Cheyenne Meadows (4)	1998	1998	89,893	100.0%	King Soopers	—
Falcon Marketplace (3)	2005	2005	22,920	12.2%	(Wal-Mart)	—
Marketplace at Briargate (3)	2006	2006	29,075	13.3%	King Soopers	—
Monument Jackson Creek	1998	1999	85,263	100.0%	King Soopers	—
Woodmen Plaza	1998	1998	116,233	95.0%	King Soopers	—
<u>Denver</u>						
Applewood Shopping Center (4)	2005	1956	375,622	93.4%	King Soopers	Applejack Liquors, Petsmart, Wells Fargo
Arapahoe Village (4)	2005	1957	159,237	89.4%	Safeway	Bank, Wal-Mart
Bellevue Square	2004	1978	117,085	100.0%	King Soopers	Jo-Ann Fabrics, Petco, Pier 1 Imports
Boulevard Center	1999	1986	88,512	96.3%	(Safeway)	—
Buckley Square	1999	1978	116,146	96.1%	King Soopers	One Hour Optical
Centerplace of Greeley (4)	2002	2003	148,575	96.7%	Safeway	True Value Hardware
Cherrywood Square (4)	2005	1978	86,161	95.8%	King Soopers	(Target), Ross Dress For Less, Famous
Crossroads Commons (4)	2001	1986	144,288	91.3%	Whole Foods	Footwear
Fort Collins Center	2005	2005	99,359	100.0%	—	—
Hilltop Village (4)	2002	2003	100,028	97.3%	King Soopers	Barnes & Noble, Mann Theatres, Bicycle
Leetsdale Marketplace	1999	1993	119,916	87.8%	Safeway	Village
						JC Penney
						—
						—

[Table of Contents](#)

Property Name	Year Acquired	Year Con- structed (1)	Gross Leasable Area (GLA)	Percent Leased (2)	Grocery Anchor	Drug Store & Other Anchors > 10,000 Sq Ft
COLORADO (continued)						
<u>Denver</u>						
Littleton Square	1999	1997	94,257	97.9%	King Soopers	Walgreens
Lloyd King Center	1998	1998	83,326	100.0%	King Soopers	—
Loveland Shopping Center (3)	2005	2005	93,142	44.7%	—	Murdoch's Ranch
Ralston Square Shopping Center (4)	2005	1977	82,750	100.0%	King Soopers	—
Stroh Ranch	1998	1998	93,436	100.0%	King Soopers	—
Subtotal/Weighted Average (CO)			<u>2,345,224</u>	<u>91.8%</u>		
OHIO						
<u>Cincinnati</u>						
Beckett Commons	1998	1995	121,498	100.0%	Kroger	Stein Mart
Cherry Grove	1998	1997	195,497	90.0%	Kroger	Hancock Fabrics, Shoe Carnival, TJ Maxx Walgreens, Jo-Ann Fabrics, Famous
Hyde Park	1997	1995	397,893	94.6%	Kroger, Biggs	Footwear, Michaels, Staples
Indian Springs Market Center (4)	2005	2005	146,458	100.0%	—	Kohl's, Office Depot
Red Bank Village (3)	2006	2006	233,084	87.4%	—	—
Regency Commons (3)	2004	2004	30,770	62.9%	—	—
Regency Milford Center (4)	2001	2001	108,923	97.6%	Kroger	(CVS)
Shoppes at Mason	1998	1997	80,800	96.5%	Kroger	—
Westchester Plaza	1998	1988	88,182	98.4%	Kroger	—
<u>Columbus</u>						
East Pointe	1998	1993	86,503	100.0%	Kroger	—
Kingsdale Shopping Center	1997	1999	266,878	45.6%	Giant Eagle	—
Kroger New Albany Center	1999	1999	91,722	97.8%	Kroger	—
Maxtown Road (Northgate)	1998	1996	85,100	96.7%	Kroger	(Home Depot)
Park Place Shopping Center	1998	1988	106,833	53.8%	—	Big Lots
Windmill Plaza Phase I	1998	1997	141,110	100.0%	Kroger	Sears Orchard
OHIO (continued)						
<u>Other Ohio</u>						
Wadsworth Crossing (3)	2005	2005	<u>111,264</u>	<u>55.6%</u>	—	Bed, Bath & Beyond, TJ Maxx, Staples, Petco, (Kohl's), (Lowe's), (Target)
Subtotal/Weighted Average (OH)			<u>2,292,515</u>	<u>85.3%</u>		
ILLINOIS						
<u>Chicago</u>						
Baker Hill Center (4)	2004	1998	135,285	89.2%	Dominick's	—
Brentwood Commons (4)	2005	1962	125,585	88.8%	Dominick's	Dollar Tree
Civic Center Plaza (4)	2005	1989	265,024	100.0%	Dominick's (5)	Petsmart, Murray's Discount Auto, Home Depot (Target), Linen's-N-Things, Michaels, Petco, Factory Card Outlet, Dress Barn, Staples
Deer Grove Center (4)	2004	1996	239,356	97.2%	Dominick's	Ace Hardware
Frankfort Crossing Shpg Ctr	2003	1992	114,534	92.8%	Jewel /OSCO	John's Christian Stores
Geneva Crossing (4)	2004	1997	123,182	100.0%	Dominick's	Ace Hardware
Heritage Plaza—Chicago (4)	2005	2005	128,871	94.8%	Jewel /OSCO	Ace Hardware, Murray's Party Time Supplies
Hinsdale	1998	1986	178,975	99.4%	Dominick's	—
McHenry Commons Shopping Center (4)	2005	1988	100,526	94.1%	Dominick's	—
Oaks Shopping Center (4)	2005	1983	135,007	90.1%	Dominick's	—
Riverside Sq & River's Edge (4)	2005	1986	169,436	100.0%	Dominick's	Ace Hardware, Party City
Riverview Plaza (4)	2005	1981	139,256	97.8%	Dominick's	Walgreens, Toys "R" Us
Shorewood Crossing (4)	2004	2001	87,705	94.8%	Dominick's	—
Stearns Crossing (4)	2004	1999	96,613	100.0%	Dominick's	—
Stonebrook Plaza Shopping Center (4)	2005	1984	95,825	100.0%	Dominick's	—
Westbrook Commons	2001	1984	121,502	85.7%	Dominick's	—
Subtotal/Weighted Average (IL)			<u>2,256,682</u>	<u>95.8%</u>		

[Table of Contents](#)

Property Name	Year Acquired	Year Con- structed (1)	Gross Leasable Area (GLA)	Percent Leased (2)	Grocery Anchor	Drug Store & Other Anchors > 10,000 Sq Ft
NORTH CAROLINA						
<u>Charlotte</u>						
Carmel Commons	1997	1979	132,651	96.0%	Fresh Market	Chuck E. Cheese, Party City, Eckerd
Jetton Village (4)	2005	1998	70,097	88.5%	Harris Teeter	—
<u>Greensboro</u>						
Kernersville Plaza	1998	1997	72,590	96.7%	Harris Teeter	—
<u>Raleigh / Durham</u>						
Bent Tree Plaza (4)	1998	1994	79,503	98.5%	Kroger	—
						Eckerd, Talbots, Wake County Public Library, Great Outdoor Provision Co., Blockbuster Video, York Properties, Carolina Antique Mall, The Junior League of Raleigh, K&W Cafeteria, Johnson-Lambe Sporting Goods, Home Economics, Pier 1 Imports
Cameron Village (4)	2004	1949	635,918	88.4%	Harris Teeter, Fresh Market	Gold's Gym, Dollar Tree
Fuquay Crossing (4)	2004	2002	124,774	97.1%	Kroger	Office Max, Petsmart, Shoe Carnival, (Target), United Artist Theater, (Home Depot)
Garner	1998	1998	221,776	98.3%	Kroger	—
Glenwood Village	1997	1983	42,864	90.5%	Harris Teeter	Eckerd
Greystone Village (4)	2004	1986	85,665	96.2%	Food Lion	—
Lake Pine Plaza	1998	1997	87,691	96.8%	Kroger	—
Maynard Crossing	1998	1997	122,782	100.0%	Kroger	—
Middle Creek Commons (3)	2006	2006	74,098	66.8%	Lowes Foods	—
						Athletic Clubs Inc, Home Comfort Furniture, Gold's Gym, Staples
Shoppes of Kildaire (4)	2005	1986	148,204	85.2%	Trader Joe's	—
Southpoint Crossing	1998	1998	103,128	98.6%	Kroger	Eckerd
Sutton Square (4)	2006	1985	101,846	89.2%	Harris Teeter	True Value Hardware
Woodcroft Shopping Center	1996	1984	89,833	100.0%	Food Lion	—
Subtotal/Weighted Average (NC)			<u>2,193,420</u>	<u>92.4%</u>		
MARYLAND						
<u>Baltimore</u>						
Elkridge Corners (4)	2005	1990	73,529	100.0%	Super Fresh	Rite Aid
Festival at Woodholme (4)	2005	1986	81,027	93.3%	Trader Joe's	—
Lee Airport (3)	2005	2005	129,940	67.0%	Giant Food	—
					Shoppers Food	
Northway Shopping Center (4)	2005	1987	98,016	96.5%	Warehouse	Goodwill Industries
						Rite Aid, Parkville Lanes, Castlewood Realty
Parkville Shopping Center (4)	2005	1961	162,435	94.9%	Super Fresh	—
					Shoppers Food	
Southside Marketplace (4)	2005	1990	125,147	87.2%	Warehouse	Rite Aid
						TJ Maxx, Sony Theatres, Ross Dress for Less, Homegoods, Staples, Annie Sez
Valley Centre (4)	2005	1987	247,312	97.1%	—	—
<u>Other Maryland</u>						
Bowie Plaza (4)	2005	1966	104,037	94.0%	Giant Food	CVS
Clinton Park (4)	2003	2003	206,050	97.6%	Giant Food	Sears, GCO Carpet Outlet, (Toys "R" Us)
					Shoppers Food	
Cloppers Mill Village (4)	2005	1995	137,035	98.9%	Warehouse	CVS
Firstfield Shopping Center (4)	2005	1978	22,328	100.0%	—	—
Goshen Plaza (4)	2005	1987	45,654	100.0%	—	CVS
King Farm Apartments (4)	2004	2001	64,775	93.5%	—	—
King Farm Village Center (4)	2004	2001	120,326	100.0%	Safeway	—
Mitchellville Plaza (4)	2005	1991	156,124	95.5%	Food Lion	—
					Shoppers Food	
Takoma Park (4)	2005	1960	106,469	100.0%	Warehouse	—
Watkins Park Plaza (4)	2005	1985	113,443	98.5%	Safeway	CVS
Woodmoor Shopping Center (4)	2005	1954	64,682	95.1%	—	CVS
Subtotal/Weighted Average (MD)			<u>2,058,329</u>	<u>94.6%</u>		

[Table of Contents](#)

Property Name	Year Acquired	Year Con- structed (1)	Gross Leasable Area (GLA)	Percent Leased (2)	Grocery Anchor	Drug Store & Other Anchors > 10,000 Sq Ft
PENNSYLVANIA						
<u>Allentown / Bethlehem</u>						
Allen Street Shopping Center (4)	2005	1958	46,420	100.0%	Ahart Market	Eckerd
Stefko Boulevard Shopping Center (4)	2005	1976	133,824	96.2%	Valley Farm Market	—
<u>Harrisburg</u>						
Silver Spring Square (3)	2005	2005	347,435	66.9%	Wegmans	(Target)
<u>Philadelphia</u>						
City Avenue Shopping Center (4)	2005	1960	159,419	97.6%	—	Ross Dress for Less, TJ Maxx, Sears
Gateway Shopping Center	2004	1960	219,337	93.8%	Trader Joe's	Gateway Pharmacy, Staples, TJ Maxx,
Kulpsville Village Center (3)	2006	2006	14,820	100.0%	—	Famous Footwear, JoAnn Fabrics
Mayfair Shopping Center (4)	2005	1988	112,276	97.5%	Shop 'N Bag	Walgreens
Mercer Square Shopping Center (4)	2005	1988	91,400	100.0%	Genuardi's	Eckerd, Dollar Tree
Newtown Square Shopping Center (4)	2005	1970	146,893	95.8%	Acme Markets	—
Towamencin Village Square (4)	2005	1990	122,916	98.7%	Genuardi's	Eckerd
Warwick Square Shopping (4)	2005	1999	89,680	92.6%	Genuardi's	Eckerd, Sears, Dollar Tree
<u>Other Pennsylvania</u>						
Kenhorst Plaza (4)	2005	1990	159,150	95.0%	Redner's	Rite Aid, Sears, US Post Office
Hershey	2000	2000	6,000	100.0%	Market	—
Subtotal/Weighted Average (PA)			<u>1,649,570</u>	<u>90.1%</u>	—	—
WASHINGTON						
<u>Portland</u>						
Orchard Market Center	2002	2004	51,959	100.0%	—	Jo-Ann Fabrics, Petco
Orchards Phase II (3)	2005	2005	120,058	61.2%	—	Wallace Theaters, Office Depot
<u>Seattle</u>						
Aurora Marketplace (4)	2005	1991	106,921	100.0%	Safeway	TJ Maxx
Cascade Plaza (4)	1999	1999	211,072	97.9%	Safeway	Bally Total Fitness, Fashion Bug, Jo-Ann
Eastgate Plaza (4)	2005	1956	78,230	100.0%	Albertsons	Fabrics, Long's Drug, Ross Dress For Less
Inglewood Plaza	1999	1985	17,253	100.0%	—	Rite Aid
James Center (4)	1999	1999	140,240	95.7%	Fred Myer	—
Overlake Fashion Plaza (4)	2005	1987	80,555	100.0%	—	Rite Aid
Pine Lake Village	1999	1989	102,953	100.0%	Quality Foods	Marshalls, (Sears)
Sammamish Highland	1999	1992	101,289	92.6%	(Safeway)	Rite Aid
Southcenter	1999	1990	58,282	100.0%	—	Bartell Drugs, Ace Hardware
Thomas Lake	1999	1998	103,872	100.0%	Albertsons	(Target)
Subtotal/Weighted Average (WA)			<u>1,172,684</u>	<u>94.5%</u>	—	Rite Aid
OREGON						
<u>Portland</u>						
Cherry Park Market (4)	1999	1997	113,518	93.2%	Safeway	—
Greenway Town Center (4)	2005	1979	93,101	100.0%	Unified Western Grocers	Rite Aid, Dollar Tree

[Table of Contents](#)

Property Name	Year Acquired	Year Con- structed (1)	Gross Leasable Area (GLA)	Percent Leased (2)	Grocery Anchor	Drug Store & Other Anchors > 10,000 Sq Ft
OREGON (continued)						
<u>Portland</u>						
Hillsboro Market Center (4)	2000	2000	148,051	96.9%	Albertsons	Petsmart, Marshalls
Murrayhill Marketplace	1999	1988	149,215	99.8%	Safeway	Segal's Baby News
Sherwood Crossroads	1999	1999	87,966	100.0%	Safeway	—
Sherwood Market Center	1999	1995	124,257	100.0%	Albertsons	—
Sunnyside 205	1999	1988	52,710	100.0%	—	—
Tanasbourne Market (3)	2006	2006	71,000	88.0%	Whole Foods	—
Walker Center	1999	1987	89,610	100.0%	—	Sportmart
<u>Other Oregon</u>						
Corvallis Market Center (3)	2006	2006	82,250	21.3%	—	TJ Maxx, Michael's
Subtotal/Weighted Average (OR)			<u>1,011,678</u>	<u>91.5%</u>		
DELAWARE						
<u>Dover</u>						
White Oak—Dover, DE	2000	2000	10,908	100.0%	—	Eckerd
<u>Wilmington</u>						
First State Plaza (4)	2005	1988	164,576	93.6%	Shop Rite	Cinemark Blue Hen Lanes, Cinema Center, Dollar Express, La Tolteca Restaurant, Goodwill
Newark Shopping Center (4)	2005	1987	183,017	77.6%	—	Industries
Pike Creek	1998	1981	229,510	98.7%	Acme Markets	K-Mart, Eckerd
Shoppes of Graylyn (4)	2005	1971	66,676	96.1%	—	Rite Aid
Subtotal/Weighted Average (DE)			<u>654,687</u>	<u>91.3%</u>		
MASSACHUSETTS						
<u>Boston</u>						
Shops at Saugus (3)	2006	2006	101,117	20.7%	—	La-Z-Boy
Speedway Plaza (4)	2006	1988	185,279	99.4%	Stop & Shop	BJ's Wholesale Brooks Pharmacy, K&G Fashion, Dollar Tree, Gold's Gym, Marshall's
Twin City Plaza	2006	2004	281,703	95.9%	Shaw's	
Subtotal/Weighted Average (MA)			<u>568,099</u>	<u>83.7%</u>		
SOUTH CAROLINA						
<u>Charleston</u>						
Merchants Village (4)	1997	1997	79,724	100.0%	Publix	—
Orangeburg (3)	2006	2006	14,820	100.0%	—	Walgreens
Queensborough (4)	1998	1993	82,333	100.0%	Publix	—
<u>Columbia</u>						
Murray Landing (4)	2002	2003	64,359	93.4%	Publix	—
North Pointe (4)	2004	1996	64,257	100.0%	Publix	—
Rosewood Shopping Center (4)	2001	2001	36,887	94.3%	Publix	—
<u>Greenville</u>						
Fairview Market (4)	2004	1998	53,888	97.4%	Publix	—
Pelham Commons	2002	2003	76,541	93.7%	Publix	—
Poplar Springs (4)	2004	1995	64,038	98.2%	Publix	—
Subtotal/Weighted Average (SC)			<u>536,847</u>	<u>97.5%</u>		

[Table of Contents](#)

Property Name	Year Acquired	Year Con- structed (1)	Gross Leasable Area (GLA)	Percent Leased (2)	Grocery Anchor	Drug Store & Other Anchors > 10,000 Sq Ft
ARIZONA						
<u>Phoenix</u>						
Anthem Marketplace	2003	2000	113,292	98.8%	Safeway	—
Palm Valley Marketplace (4)	2001	1999	107,647	100.0%	Safeway	—
						Bally Total Fitness, Chez Antiques, E & J
Pima Crossing	1999	1996	239,438	100.0%	—	Designer Shoe Outlet, Paddock Pools Store,
Shops at Arizona	2003	2000	35,710	94.1%	—	Pier 1 Imports, Stein Mart
Subtotal/Weighted Average (AZ)			<u>496,087</u>	<u>99.3%</u>		Ace Hardware
TENNESSEE						
<u>Nashville</u>						
Harding Place	2004	2004	4,849	62.3%	—	(Wal-Mart)
Lebanon Center (3)	2006	2006	63,802	71.5%	Publix	—
Harpeth Village Fieldstone	1997	1998	70,091	100.0%	Publix	—
Nashboro	1998	1998	86,811	100.0%	Kroger	(Walgreens)
Northlake Village I & II	2000	1988	141,685	94.7%	Kroger	CVS, Petco
Peartree Village	1997	1997	109,904	100.0%	Harris Teeter	Eckerd, Office Max
<u>Other Tennessee</u>						
Dickson Tn	1998	1998	<u>10,908</u>	<u>100.0%</u>	—	Eckerd
Subtotal/Weighted Average (TN)			<u>488,050</u>	<u>94.4%</u>		
MINNESOTA						
					Rainbow	Petco, Jo-Ann Fabrics, (Burlington Coat
Apple Valley Square (4)	2006	1998	184,841	95.2%	Foods	Factory)
Colonial Square (4)	2005	1959	93,200	97.9%	Lund's	—
					Rainbow	
Rockford Road Plaza (4)	2005	1991	<u>205,897</u>	<u>97.1%</u>	Foods	Petsmart, Homegoods, TJ Maxx
Subtotal/Weighted Average (MN)			<u>483,938</u>	<u>96.5%</u>		
MICHIGAN						
Independence Square	2003	2004	89,083	96.7%	Kroger	—
Fenton Marketplace	1999	1999	97,224	92.9%	Farmer Jack	Michaels
State Street Crossing (3)	2006	2006	21,004	—	—	(Wal-Mart)
Waterford Towne Center	1998	1998	<u>96,101</u>	<u>92.9%</u>	Kroger	—
Subtotal/Weighted Average (MI)			<u>303,412</u>	<u>87.6%</u>		
KENTUCKY						
						Rite Aid, Chakeres Theatre, JC Penney,
Franklin Square (4)	1998	1988	203,318	93.9%	Kroger	Office Depot
Silverlake (4)	1998	1988	<u>99,352</u>	<u>97.3%</u>	Kroger	—
Subtotal/Weighted Average (KY)			<u>302,670</u>	<u>95.0%</u>		
WISCONSIN						
					Piggly	Office Depot, Factory Card Outlet, Dollar
Racine Centre Shopping Center (4)	2005	1988	135,827	98.2%	Wiggly	Tree
					Pick 'N'	
Whitnall Square Shopping Center (4)	2005	1989	<u>133,301</u>	<u>96.3%</u>	Save	Harbor Freight Tools, Dollar Tree
Subtotal/Weighted Average (WI)			<u>269,128</u>	<u>97.3%</u>		

[Table of Contents](#)

Property Name	Year Acquired	Year Con- structed (1)	Gross Leasable Area (GLA)	Percent Leased (2)	Grocery Anchor	Drug Store & Other Anchors > 10,000 Sq Ft
ALABAMA						
Southgate Village Shopping Ctr (4)	2001	1988	75,092	100.0%	Publix	Pet Supplies Plus
Valleydale Village Shop Center (4)	2002	2003	118,466	70.8%	Publix	—
Subtotal/Weighted Average (AL)			<u>193,558</u>	<u>82.2%</u>		
INDIANA						
Chicago						
Airport Crossing (3)	2006	2006	11,921	—	—	(Kohl's)
Augusta Center (3)	2006	2006	14,537	20.5%	—	—
Indianapolis						
Greenwood Springs	2004	2004	28,028	35.0%	(Wal-Mart Supercenter)	(Gander Mountain)
Willow Lake Shopping Center (4)	2005	1987	85,923	91.4%	(Kroger)	Factory Card Outlet
Willow Lake West Shopping Center (4)	2005	2001	52,961	86.5%	Trader Joe's	—
Subtotal/Weighted Average (IN)			<u>193,370</u>	<u>70.9%</u>		
CONNECTICUT						
Corbin's Corner (4)	2005	1962	179,730	100.0%	Trader Joe's	Toys "R" Us, Best Buy, Old Navy, Office Depot, Pier 1 Imports
Subtotal/Weighted Average (CT)			<u>179,730</u>	<u>100.0%</u>		
NEW JERSEY						
Haddon Commons (4)	2005	1985	52,640	93.4%	Acme Markets	CVS
Plaza Square (4)	2005	1990	103,842	100.0%	Shop Rite	—
Subtotal/Weighted Average (NJ)			<u>156,482</u>	<u>97.8%</u>		
NEW HAMPSHIRE						
Amherst Street Village Center	2004	2004	33,481	91.6%	—	Petsmart, Walgreens
Merrimack Shopping Center (3)	2004	2004	91,692	68.7%	Shaw's	—
Subtotal/Weighted Average (NH)			<u>125,173</u>	<u>74.8%</u>		
NEVADA						
Anthem Highland Shopping Center (3)	2004	2004	119,313	87.4%	Albertsons	Sav-On Drugs
Subtotal/Weighted Average (NV)			<u>119,313</u>	<u>87.4%</u>		
DISTRICT OF COLUMBIA						
Shops at The Columbia (4)	2006	2006	22,811	81.5%	Trader Joe's	—
Spring Valley Shopping Center (4)	2005	1930	16,834	100.0%	—	CVS
Subtotal/Weighted Average (DC)			<u>39,645</u>	<u>89.4%</u>		
Total Weighted Average			<u>47,187,462</u>	<u>91.0%</u>		

(1) Or latest renovation.

(2) Includes development properties. If development properties are excluded, the total percentage leased would be 95.4% for Company shopping centers.

(3) Property under development or redevelopment.

(4) Owned by a joint venture with outside investors in which RCLP or an affiliate is the general partner.

(5) Dark Grocer

Note: Shadow anchor is indicated by parentheses.

Item 3. 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 4. Submission of Matters to a Vote of Security Holders

No matters were submitted for stockholder vote during the fourth quarter of 2006.

PART II
Item 5. Market for the Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Our common stock is traded on the New York Stock Exchange ("NYSE") under the symbol "REG". We currently have approximately 23,900 stockholders. The following table sets forth the high and low prices and the cash dividends declared on our common stock by quarter for 2006 and 2005.

Quarter Ended	2006			2005		
	High Price	Low Price	Cash Dividends Declared	High Price	Low Price	Cash Dividends Declared
March 31	\$ 69.00	58.64	.595	55.39	47.00	.55
June 30	67.99	59.18	.595	59.79	47.30	.55
September 30	69.06	60.86	.595	63.20	55.53	.55
December 31	81.42	67.59	.595	60.07	52.02	.55

We intend to pay regular quarterly distributions to our common stockholders. Future distributions will be declared and paid at the discretion of our Board of Directors, and will depend upon cash generated by operating activities, our financial condition, capital requirements, annual distribution requirements under the REIT provisions of the Internal Revenue Code of 1986, as amended, and such other factors as our Board of Directors deem relevant. We anticipate that for the foreseeable future, cash available for distribution will be greater than earnings and profits due to non-cash expenses, primarily depreciation and amortization, to be incurred by us. Distributions by us to the extent of our current and accumulated earnings and profits for federal income tax purposes will be taxable to stockholders as either ordinary dividend income or capital gain income if so declared by us. Distributions in excess of earnings and profits generally will be treated as a non-taxable return of capital. Such distributions have the effect of deferring taxation until the sale of a stockholder's common stock. In order to maintain our qualification as a REIT, we must make annual distributions to stockholders of at least 90% of our taxable income. Under certain circumstances, which we do not expect to occur, we could be required to make distributions in excess of cash available for distributions in order to meet such requirements. We currently maintain the Regency Centers Corporation Dividend Reinvestment and Stock Purchase Plan which enables our stockholders to automatically reinvest distributions, as well as, make voluntary cash payments towards the purchase of additional shares.

Under our loan agreement for our line of credit, distributions may not exceed 95% of Funds from Operations ("FFO") based on the immediately preceding four quarters. FFO is defined in accordance with the NAREIT definition available on their website at www.nareit.com. Also, in the event of any monetary default, we may not make distributions to stockholders.

Item 5. Market for the Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities (continued)

We sold the following equity securities during the quarter ended December 31, 2006 that we did not report on Form 8-K because they represent in the aggregate less than 1% of our outstanding common stock. All shares were issued to one accredited investor, an unrelated party, in a transaction exempt from registration pursuant to Section 4(2) of the Securities Act of 1933, in exchange for an equal number of common units of our operating partnership, Regency Centers, L.P.

<u>Date</u>	<u>Number of Shares</u>
10/05/06	10,943
11/01/06	6,250
12/06/06	10,000

The following table provides information about the Company's purchases of equity securities that are registered by the Company pursuant to Section 12 of the Exchange Act during the quarter ended December 31, 2006:

<u>Period</u>	<u>Total number of shares purchased ⁽¹⁾</u>	<u>Average price paid per share</u>	<u>Total number of shares purchased as part of publicly announced plans or programs</u>	<u>Maximum number or approximate dollar value of shares that may yet be purchased under the plans or programs</u>
October 1 through October 31, 2006	22,223	\$ 70.78	—	—
November 1 through November 30, 2006	1,638	\$ 74.74	—	—
December 1 through December 31, 2006	101,605	\$ 79.27	—	—
Total	<u>125,466</u>	<u>\$ 77.71</u>	—	—

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

[Table of Contents](#)

Item 6. Selected Consolidated Financial Data
(in thousands, except per share data and number of properties)

The following table sets forth Selected Consolidated Financial Data for Regency on a historical basis for the five years ended December 31, 2006. This information should be read in conjunction with the consolidated financial statements of Regency (including the related notes thereto) and Management's Discussion and Analysis of the Financial Condition and Results of Operations, each included elsewhere in this Form 10-K. This historical Selected Consolidated Financial Data has been derived from the audited consolidated financial statements and restated for discontinued operations.

	2006	2005	2004	2003	2002
Operating Data:					
Revenues	\$ 420,338	380,636	357,641	332,853	329,995
Operating expenses	240,521	205,560	195,434	174,328	164,500
Other expenses (income)	14,090	67,559	40,802	33,545	60,801
Minority interests	10,582	10,330	22,028	32,511	35,712
Income from continuing operations	155,145	97,187	99,377	92,469	68,982
Income from discontinued operations	63,366	65,460	36,950	38,320	41,542
Net income	218,511	162,647	136,327	130,789	110,524
Preferred stock dividends	19,675	16,744	8,633	4,175	2,858
Net income for common stockholders	198,836	145,903	127,694	126,614	107,666
Income per common share - diluted:					
Income from continuing operations	\$ 1.97	1.22	1.47	1.48	0.99
Net income for common stockholders	\$ 2.89	2.23	2.08	2.12	1.84
Balance Sheet Data:					
Real estate investments before accumulated depreciation	\$ 3,901,633	3,775,433	3,332,671	3,166,346	3,094,071
Total assets	3,671,785	3,616,215	3,243,824	3,098,229	3,068,928
Total debt	1,575,386	1,616,386	1,493,090	1,452,777	1,333,524
Total liabilities	1,734,572	1,739,225	1,610,743	1,562,530	1,426,349
Minority interests	83,896	88,165	134,364	254,721	420,859
Stockholders' equity	1,853,317	1,788,825	1,498,717	1,280,978	1,221,720
Other Information:					
Common dividends declared per share	\$ 2.38	2.20	2.12	2.08	2.04
Common stock outstanding including convertible preferred stock and operating partnership units	69,759	69,218	64,297	61,227	61,512
Combined Basis gross leasable area (GLA)	47,187	46,243	33,816	30,348	29,483
Combined Basis number of properties owned	405	393	291	265	262
Ratio of earnings to fixed charges	2.3	2.1	2.1	1.8	1.5

Item 7. Management’s Discussion and Analysis of Financial Condition and Results of OperationsOverview and Operating Philosophy.

Regency is a qualified real estate investment trust (“REIT”), which began operations in 1993. Our primary operating and investment goal is long-term growth in earnings per share and total shareholder return, which we work to achieve by focusing on a strategy of owning, operating and developing high-quality community and neighborhood 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 our operating partnership, Regency Centers, L.P. (“RCLP”), RCLP’s wholly owned subsidiaries, and through its investments in joint ventures with third parties. Regency currently owns 99% of the outstanding operating partnership units of RCLP.

At December 31, 2006, we directly owned 218 shopping centers (the “Consolidated Properties”) located in 22 states representing 24.7 million square feet of gross leasable area (“GLA”). Our cost of these shopping centers is \$3.5 billion before depreciation. Through joint ventures, we own partial interests in 187 shopping centers (the “Unconsolidated Properties”) located in 24 states and the District of Columbia representing 22.5 million square feet of GLA. Our investment, at cost, in the Unconsolidated Properties is \$434.1 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 joint ventures. 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 partially-own, but for which we provide full property management, asset management, investing and financing services. The shopping center portfolio that we manage, on a Combined Basis, represents 405 shopping centers located in 28 states and the District of Columbia and contains 47.2 million square feet of GLA.

We earn revenues and generate cash flow by leasing space in our shopping centers to market-leading grocers, major retail anchors, specialty side-shop retailers, and restaurants, including ground leasing or selling building pads (out-parcels) to these tenants. We experience growth in revenues by increasing occupancy and rental rates at currently owned shopping centers, and by acquiring and developing new shopping centers. Community and neighborhood shopping centers generate substantial daily traffic by conveniently offering daily necessities and services. This high traffic generates increased sales, thereby driving higher occupancy and rental-rate growth, which we expect will sustain our growth in earnings per share and increase the value of our portfolio 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 specialty retailers. The objective of PCI is for Regency to build a base of specialty 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 to stabilize a center’s occupancy, reduce re-leasing downtime, reduce tenant turnover and yield higher sustainable rents.

We grow our shopping center portfolio through acquisitions of operating centers and new shopping center development, where we acquire the land and construct the building. 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 can require up to 36 months, or longer, from initial land or redevelopment acquisition through construction, lease-up and stabilization of rental income, depending upon the size of the project. Generally, anchor tenants begin operating their stores prior to the completion of construction of the entire center, resulting in rental income during the development phase.

We intend to maintain a conservative capital structure to fund our growth programs, which should preserve our investment-grade ratings. Our approach is founded on our self-funding business model. This model utilizes center “recycling” as a key component, which requires ongoing monitoring of each center to ensure that it continues to meet our investment standards. We sell the operating properties that no longer measure up to our standards. We also develop certain retail centers because of their attractive profit margins with the intent of selling them to joint ventures or other third parties upon completion. These sale proceeds are re-deployed into new, higher-quality developments and acquisitions that are expected to generate sustainable revenue growth and more attractive returns.

Joint venturing of shopping centers also provides us with a capital source for new developments and acquisitions, as well as the opportunity to earn fees for asset and property management services. As asset manager, we are engaged by our partners to apply similar operating, investment, and capital strategies to the portfolios owned by the joint ventures. Joint ventures grow their shopping center investments through acquisitions from third parties or direct purchases from Regency. Although selling properties to joint ventures reduces our ownership interest, we continue to share in the risks and rewards of centers that meet our high quality standards and long-term investment strategy. We have no obligations or liabilities of the joint ventures beyond our ownership interest percentage.

We have identified certain significant risks and challenges affecting our industry, and we are addressing them accordingly. An economic downturn could result in declines in occupancy levels at our shopping centers, which would reduce our rental revenues; however, we believe that our investment focus on neighborhood and community shopping centers that conveniently provide daily necessities will minimize the impact of a downturn in the economy. Increased competition from super-centers and industry consolidation could result in retailer store closings; however, we closely monitor the operating performance and tenants’ sales in our shopping centers that operate near super-centers as well as those tenants operating retail formats that are experiencing significant changes in competition or business practice. We also continue to monitor retail trends and merchandise our shopping centers based on consumer demand. A significant slowdown in retailer demand for new stores could cause a corresponding reduction in our shopping center development program that would likely reduce our future rental revenues and profits from development sales; as well as, increase our operating expenses as a result of reducing our capitalized employee costs (See Critical Accounting Policies and Estimates – Capitalization of Costs described further below). However, based upon our current pipeline of development projects undergoing due diligence, which is our best indication of retailer expansion plans, the presence of our development teams in key markets in combination with their excellent relationships with leading anchor tenants, we believe that we will be able to sustain our development program at current averages in the foreseeable three to five year period.

[Table of Contents](#)

Shopping Center Portfolio

The following tables summarize general operating statistics related to our shopping center portfolio, which we use to evaluate and monitor our performance. The portfolio information below is presented (a) on a Combined Basis, (b) for Consolidated Properties and (c) for Unconsolidated Properties, the definitions of which are provided above:

	<u>December 31, 2006</u>	<u>December 31, 2005</u>
Number of Properties (a)	405	393
Number of Properties (b)	218	213
Number of Properties (c)	187	180
Properties in Development (a)	47	31
Properties in Development (b)	43	30
Properties in Development (c)	4	1
Gross Leaseable Area (a)	47,187,462	46,243,139
Gross Leaseable Area (b)	24,654,082	24,382,276
Gross Leaseable Area (c)	22,533,380	21,860,863
Percent Leased (a)	91.0%	91.3%
Percent Leased (b)	87.3%	88.0%
Percent Leased (c)	95.0%	95.1%

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 joint ventures.

[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:

Location	December 31, 2006				December 31, 2005			
	# Properties	GLA	% of Total GLA	% Leased	# Properties	GLA	% of Total GLA	% Leased
California	71	9,521,497	20.2%	88.6%	70	8,855,638	19.2%	93.3%
Florida	55	6,175,929	13.1%	93.1%	51	5,912,994	12.8%	94.5%
Texas	39	4,779,440	10.1%	86.1%	38	5,029,590	10.9%	84.7%
Virginia	33	3,884,864	8.2%	94.1%	31	3,628,732	7.8%	95.0%
Georgia	32	2,735,441	5.8%	92.6%	33	2,850,662	6.2%	95.4%
Colorado	21	2,345,224	5.0%	91.8%	22	2,507,634	5.4%	84.3%
Ohio	16	2,292,515	4.9%	85.3%	16	2,045,260	4.4%	82.3%
Illinois	16	2,256,682	4.8%	95.8%	17	2,410,178	5.2%	95.9%
North Carolina	16	2,193,420	4.6%	92.4%	15	2,114,667	4.6%	91.7%
Maryland	18	2,058,329	4.4%	94.6%	21	2,435,783	5.3%	93.6%
Pennsylvania	13	1,649,570	3.5%	90.1%	13	1,665,005	3.6%	75.3%
Washington	11	1,172,684	2.5%	94.5%	12	1,334,337	2.9%	93.6%
Oregon	10	1,011,678	2.1%	91.5%	8	854,729	1.8%	97.1%
Delaware	5	654,687	1.4%	91.3%	5	654,687	1.4%	90.3%
Massachusetts	3	568,099	1.2%	83.7%	—	—	—	—
South Carolina	9	536,847	1.1%	97.5%	6	624,450	1.4%	97.4%
Arizona	4	496,087	1.1%	99.3%	8	522,027	1.1%	96.0%
Tennessee	7	488,050	1.0%	94.4%	4	496,087	1.1%	99.4%
Minnesota	3	483,938	1.0%	96.5%	2	299,097	0.6%	97.3%
Michigan	4	303,412	0.6%	87.6%	3	282,408	0.6%	95.5%
Kentucky	2	302,670	0.6%	95.0%	2	302,670	0.7%	94.7%
Wisconsin	2	269,128	0.6%	97.3%	3	372,382	0.8%	94.4%
Alabama	2	193,558	0.4%	82.2%	3	267,689	0.6%	84.8%
Indiana	5	193,370	0.4%	70.9%	3	229,619	0.5%	84.3%
Connecticut	1	179,730	0.4%	100.0%	1	167,230	0.4%	100.0%
New Jersey	2	156,482	0.3%	97.8%	2	156,482	0.3%	97.8%
New Hampshire	2	125,173	0.3%	74.8%	2	112,752	0.2%	67.8%
Nevada	1	119,313	0.3%	87.4%	1	93,516	0.2%	73.6%
Dist. of Columbia	2	39,645	0.1%	89.4%	1	16,834	—	100.0%
Total	405	47,187,462	100.0%	91.0%	393	46,243,139	100.0%	91.3%

[Table of Contents](#)

The following table is a list of the shopping centers summarized by state and in order of largest holdings presented for the Consolidated Properties:

Location	December 31, 2006				December 31, 2005			
	# Properties	GLA	% of Total GLA	% Leased	# Properties	GLA	% of Total GLA	% Leased
California	46	5,861,515	23.8%	84.9%	45	5,319,464	21.8%	91.2%
Florida	34	4,054,604	16.4%	93.6%	35	4,185,221	17.2%	95.6%
Texas	30	3,629,118	14.7%	82.5%	30	3,890,913	16.0%	81.6%
Ohio	14	2,037,134	8.3%	83.6%	15	1,936,337	7.9%	81.5%
Georgia	16	1,408,407	5.7%	89.7%	16	1,410,412	5.8%	93.7%
Colorado	13	1,158,670	4.7%	89.0%	14	1,321,080	5.4%	73.4%
Virginia	9	1,018,531	4.1%	89.1%	9	973,744	4.0%	93.5%
North Carolina	9	947,413	3.8%	95.3%	9	970,506	4.0%	96.6%
Oregon	7	657,008	2.7%	88.8%	5	500,059	2.0%	97.4%
Pennsylvania	4	587,592	2.4%	78.1%	3	573,410	2.3%	37.0%
Washington	6	555,666	2.3%	90.3%	7	717,319	2.9%	89.4%
Tennessee	7	488,050	2.0%	94.4%	6	624,450	2.6%	97.4%
Illinois	3	415,011	1.7%	93.6%	3	415,011	1.7%	95.6%
Arizona	3	388,440	1.6%	99.1%	3	388,440	1.6%	99.3%
Massachusetts	2	382,820	1.5%	76.1%	—	—	—	—
Michigan	4	303,412	1.2%	87.6%	3	282,408	1.1%	95.5%
Delaware	2	240,418	1.0%	98.7%	2	240,418	1.0%	97.8%
Maryland	1	129,940	0.5%	67.0%	1	121,050	0.5%	49.6%
New Hampshire	2	125,173	0.5%	74.8%	2	112,752	0.5%	67.8%
Nevada	1	119,313	0.5%	87.4%	1	93,516	0.4%	73.6%
South Carolina	2	91,361	0.4%	94.7%	2	140,900	0.6%	91.2%
Indiana	3	54,486	0.2%	23.5%	1	90,735	0.4%	72.2%
Alabama	—	—	—	—	1	74,131	0.3%	96.8%
Total	<u>218</u>	<u>24,654,082</u>	<u>100.0%</u>	<u>87.3%</u>	<u>213</u>	<u>24,382,276</u>	<u>100.0%</u>	<u>88.0%</u>

The Consolidated Properties are encumbered by mortgage loans of \$255.6 million.

[Table of Contents](#)

The following table is a list of the shopping centers summarized by state and in order of largest holdings presented for the Unconsolidated Properties owned in joint ventures:

Location	December 31, 2006				December 31, 2005			
	# Properties	GLA	% of Total GLA	% Leased	# Properties	GLA	% of Total GLA	% Leased
California	25	3,659,982	16.2%	94.5%	25	3,536,174	16.2%	96.5%
Virginia	24	2,866,333	12.7%	95.8%	22	2,654,988	12.2%	95.6%
Florida	21	2,121,325	9.4%	92.1%	16	1,727,773	7.9%	91.7%
Maryland	17	1,928,389	8.6%	96.4%	20	2,314,733	10.6%	95.9%
Illinois	13	1,841,671	8.2%	96.3%	14	1,995,167	9.1%	95.9%
Georgia	16	1,327,034	5.9%	95.7%	17	1,440,250	6.6%	97.0%
North Carolina	7	1,246,007	5.5%	90.1%	6	1,144,161	5.2%	87.6%
Colorado	8	1,186,554	5.3%	94.5%	8	1,186,554	5.4%	96.3%
Texas	9	1,150,322	5.1%	97.4%	8	1,138,677	5.2%	95.4%
Pennsylvania	9	1,061,978	4.7%	96.8%	10	1,091,595	5.0%	95.5%
Washington	5	617,018	2.7%	98.3%	5	617,018	2.8%	98.4%
Minnesota	3	483,938	2.2%	96.5%	2	299,097	1.4%	97.3%
South Carolina	7	445,486	2.0%	98.0%	6	381,127	1.7%	97.9%
Delaware	3	414,269	1.8%	87.0%	3	414,269	1.9%	85.9%
Oregon	3	354,670	1.6%	96.5%	3	354,670	1.6%	96.6%
Kentucky	2	302,670	1.3%	95.0%	2	302,670	1.4%	94.7%
Wisconsin	2	269,128	1.2%	97.3%	3	372,382	1.7%	94.4%
Ohio	2	255,381	1.1%	99.0%	1	108,923	0.5%	97.6%
Alabama	2	193,558	0.9%	82.2%	2	193,558	0.9%	80.2%
Massachusetts	1	185,279	0.8%	99.4%	—	—	—	—
Connecticut	1	179,730	0.8%	100.0%	1	167,230	0.8%	100.0%
New Jersey	2	156,482	0.7%	97.8%	2	156,482	0.7%	97.8%
Indiana	2	138,884	0.6%	89.5%	2	138,884	0.6%	92.2%
Arizona	1	107,647	0.5%	100.0%	1	107,647	0.5%	100.0%
Dist. of Columbia	2	39,645	0.2%	89.4%	1	16,834	0.1%	100.0%
Total	187	22,533,380	100.0%	95.0%	180	21,860,863	100.0%	95.1%

The Unconsolidated Properties are encumbered by mortgage loans of \$2.4 billion.

Table of Contents

The following summarizes the four largest grocery tenants occupying our shopping centers at December 31, 2006:

<u>Grocery Anchor</u>	<u>Number of Stores (a)</u>	<u>Percentage of Company- owned GLA (b)</u>	<u>Percentage of Annualized Base Rent (b)</u>
Kroger	67	9.5%	6.4%
Publix	65	6.3%	4.1%
Safeway	65	5.8%	3.9%
Super Valu	35	3.6%	2.9%

- (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.

Although base rent is supported by long-term lease contracts, tenants who file bankruptcy are able to cancel their leases and close their related stores. 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. We continually monitor industry trends and sales data to help us identify declines in retail categories or tenants who might be experiencing financial difficulties. We continue to monitor the video rental industry while its operators transition to different rental formats including on-line rental programs. At December 31, 2006, we had leases with 137 video rental stores representing \$9.8 million of annual rental income pertaining to Consolidated Properties and our pro rata share of the Unconsolidated Properties. We are not aware at this time of the current or pending bankruptcy of any of our tenants that would cause a significant reduction in our revenues, and no tenant represents more than 7% of the total of our annual base rental revenues and our pro-rata share of the base revenues of the Unconsolidated Properties.

Liquidity and Capital Resources

We expect that cash generated from operating activities will provide the necessary funds to pay our operating expenses, interest expense, scheduled principal payments on outstanding indebtedness, capital expenditures necessary to maintain and improve our shopping centers, and dividends to stockholders. Net cash provided by operating activities was \$216.8 million, \$205.4 million and \$181.5 million for the years ended December 31, 2006, 2005 and 2004, respectively. During 2006, 2005 and 2004, we incurred capital expenditures of \$14.0 million, \$14.4 million and \$11.7 million to improve our shopping centers, we paid scheduled principal payments of \$4.5 million, \$5.5 million and \$5.7 million to our lenders on mortgage loans, and we paid dividends to our stockholders and unit holders of \$185.2 million, \$167.4 million and \$154.8 million, respectively. The increase in dividends during 2006 was primarily related to a \$200 million equity offering completed during 2005, as described below under Equity Capital Transactions, and an increase in our annual dividend rate of 8.2%.

We intend to continue to grow our portfolio by investing in shopping centers through ground up development of new centers or acquisition of existing centers. Because development and acquisition activities are discretionary in nature, they are not expected to burden the capital resources we have currently available for liquidity requirements. We expect to meet our long-term capital investment requirements for development and acquisitions, as well as, the redemption of preferred stock and the repayment of maturing debt from: (i) residual cash generated from operating activities after the payments described above, (ii) proceeds from the sale of real estate, (iii) joint venturing of real estate, (iv) refinancing of debt, and (v) equity raised in the capital markets.

[Table of Contents](#)

The following table summarizes net cash flows related to operating, investing and financing activities (in thousands):

	2006	2005	2004
Net cash provided by operating activities	\$ 216,815	205,403	181,522
Net cash provided by (used in) investing activities	38,231	(484,778)	(38,318)
Net cash (used in) provided by financing activities	(263,458)	226,513	(77,753)
Net (decrease) increase in cash and equivalents	<u>\$ (8,412)</u>	<u>(52,862)</u>	<u>65,451</u>

At December 31, 2006, we had an unlimited amount under our shelf registration for equity securities based on the new Securities and Exchange Commission ("SEC") rules and RCLP had \$600 million available for debt under its shelf registration. We believe that our ability to access the capital markets as a source of funds to meet capital requirements is good.

At December 31, 2006 we had 47 properties under construction or undergoing major renovations on a Combined Basis, which when completed, will represent a net investment of \$1.1 billion after projected sales of adjacent land and out-parcels. This compares to 31 projects that were under construction at the end of 2005 representing an investment of \$735.1 million upon completion. We estimate that we will earn an average return on our investment on our current development projects of 7.9% on a fully allocated basis including direct internal costs and the cost to acquire any residual interests held by minority development partners. These average returns are approximately 110 basis points less than the projected yields on the developments that were under construction at the end of 2005, which is primarily the result of higher costs associated with the acquisition of land and construction. While the average return on investment has declined from historical levels, the Company believes that our development returns are sufficient on a risk adjusted basis. Costs necessary to complete the current development projects, net of projected land sales are estimated to be \$532 million and will likely be expended through 2010. The costs to complete these developments will be funded from our \$500 million line of credit, which had \$379 million of available funding at December 31, 2006, and from expected proceeds from the future sale of shopping centers as part of the capital recycling program described above. In February 2007, we increased the commitment of our line of credit to \$600 million with the ability to expand it to \$750 million as discussed further below in Notes Payable.

On April 11, 2006, we acquired a 100% interest in a shopping center for a purchase price of \$63.1 million which includes the assumption of \$44.0 million in debt. The acquisition was accounted for as a business combination purchase and the results of its operations are included in the consolidated financial statements from the date of acquisition. During 2006, we also acquired six shopping centers through our joint ventures for a combined purchase price of \$159.3 million as further described below.

During 2006, we sold 100% of our interest in 11 properties for proceeds of \$149.6 million, net of debt repayments and closing costs. The operating income and gains from these properties and properties classified as held for sale are included in discontinued operations. We also sold partial interests in six completed development properties to our joint ventures for \$135.0 million, or \$100 million net after excluding our ownership interests in the joint ventures. The details of the sales to joint ventures are further described below.

[Table of Contents](#)

Investments in Unconsolidated Real Estate Partnerships (Joint Ventures)

At December 31, 2006, we had investments in unconsolidated real estate partnerships of \$434.1 million. The following is a summary of unconsolidated combined assets and liabilities of these joint ventures and our pro-rata share (see note below) at December 31, 2006 and 2005 (dollars in thousands):

	2006	2005
Number of Joint Ventures	18	15
Regency's Ownership	20%-50%	20%-50%
Number of Properties	187	180
Combined Assets	\$4,365,675	\$4,318,581
Combined Liabilities	2,574,860	2,533,991
Combined Equity	1,790,815	1,784,590
Regency's Share of ⁽¹⁾ :		
Assets	\$1,106,803	\$1,383,069
Liabilities	646,346	818,439

⁽¹⁾ Pro rata financial information is not, and is not intended to be, a presentation in accordance with generally accepted accounting principles. However, management believes that providing such information is useful to investors in assessing the impact of its unconsolidated 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.

We account for all investments in which we own 50% or less and do not have a controlling financial interest using the equity method. We have determined that these investments are not variable interest entities, 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 ventures are subject to the approval of all partners. Investments in real estate partnerships are primarily composed of joint ventures where we invest with three co-investment partners and a recently formed open-end real estate fund ("Regency Retail Partners"), as further described below. In addition to earning our pro-rata share of net income in each of these partnerships, we receive fees for asset management, property management, investment and financing services. During the years ended December 31, 2006, 2005 and 2004, we received fees from these joint ventures of \$30.8 million, \$26.8 million and \$9.3 million, respectively. Our investments in real estate partnerships as of December 31, 2006 and 2005 consist of the following (in thousands):

	Ownership	2006	2005
Macquarie CountryWide-Regency (MCWR I)	25.00%	\$ 60,651	61,375
Macquarie CountryWide Direct (MCWR I)	25.00%	6,822	7,433
Macquarie CountryWide-Regency II (MCWR II) ⁽¹⁾	24.95%	234,378	363,563
Macquarie CountryWide-Regency III (MCWR II)	24.95%	1,140	606
Columbia Regency Retail Partners (Columbia)	20.00%	36,096	36,659
Cameron Village LLC (Columbia)	30.00%	20,826	21,633
Columbia Regency Partners II (Columbia)	20.00%	11,516	2,093
RegCal, LLC (RegCal)	25.00%	18,514	14,921
Regency Retail Partners (the Fund)	26.80%	5,139	—
Other investments in real estate partnerships	50.00%	39,008	37,334
Total		<u>\$ 434,090</u>	<u>545,617</u>

⁽¹⁾ At December 31, 2005, our ownership interest in Macquarie CountryWide-Regency II was 35% prior to the partial sale which is described below.

[Table of Contents](#)

We co-invest with the Oregon Public Employees Retirement Fund in three joint ventures (collectively “Columbia”), in which we have ownership interests of 20% or 30%. As of December 31, 2006, Columbia owned 20 shopping centers, had total assets of \$558.1 million, and net income of \$11.6 million for the year ended. Our share of Columbia’s total assets and net income was \$123.9 million and \$2.3 million, respectively. Our share of Columbia represents 3.4% of our total assets and 1.2% of our net income available for common stockholders. During 2006 Columbia acquired four shopping centers from unrelated parties for \$97.0 million. We contributed \$9.6 million for our proportionate share of the purchase price, which was net of \$36.4 million of assumed mortgage debt and \$13.3 million of financing obtained by Columbia. Columbia did not acquire any properties in 2005 and sold two shopping centers to an unrelated party for \$47.6 million at a gain of \$8.9 million.

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 December 31, 2006, RegCal owned nine shopping centers, had total assets of \$182.9 million, and had net income of \$1.7 million for the year ended. Our share of RegCal’s total assets and net income was \$45.7 million and \$516,613, respectively. Our share of RegCal represents 1.2% of our total assets and less than 1% of our net income available for common stockholders, respectively. During 2006 RegCal acquired two shopping centers from unrelated parties for \$37.3 million. We contributed \$4.1 million for our proportionate share of the purchase price, which was net of financing obtained by RegCal. During 2005, RegCal acquired two shopping centers from an unrelated party for a purchase price of \$20.0 million. The Company contributed \$1.7 million for its proportionate share of the purchase price, which was net of loan financing assumed by RegCal.

We co-invest with Macquarie CountryWide Trust of Australia (“MCW”) in four joint ventures, two in which we have an ownership interest of 25% (“MCWR I”), and two in which we have an ownership interest of 24.95% (“MCWR II”).

As of December 31, 2006, MCWR I owned 50 shopping centers, had total assets of \$728.3 million, and net income of \$18.2 million for the year ended. Our share of MCWR I’s total assets and net income was \$181.5 million and \$5.4 million, respectively. During 2006, MCWR I sold two shopping centers for \$28.0 million to unrelated parties for a gain of \$7.8 million, and acquired one shopping center from an unrelated party for a purchase price of \$25.0 million. We contributed \$748,466 for our proportionate share of the purchase price, which was net of \$12.5 million of assumed mortgage debt and \$10.4 million in 1031 proceeds. During 2005, MCWR I acquired one shopping center from an unrelated party for a purchase price of \$24.4 million. The Company contributed \$4.5 million for its proportionate share of the purchase price, which was net of loan financing placed on the shopping center by MCWR I. In addition, MCWR I acquired two properties from the Company valued at \$31.9 million, for which the Company received cash of \$25.7 million for MCW’s proportionate share. During 2005, MCWR I sold four shopping centers to unrelated parties for \$34.7 million with a gain of \$582,910.

On June 1, 2005, MCWR II closed on the acquisition of a retail shopping center portfolio (the “First Washington Portfolio”) for a purchase price of approximately \$2.8 billion, including the assumption of approximately \$68.6 million of mortgage debt and the issuance of approximately \$1.6 billion of new mortgage loans on the properties acquired. The First Washington Portfolio acquisition was accounted for as a purchase business combination by MCWR II. At December 31, 2005, MCWR II was owned 64.95% by an affiliate of MCW, 34.95% by Regency and 0.1% by Macquarie-Regency Management, LLC (“US Manager”). US Manager is owned 50% by Regency and 50% by an affiliate of Macquarie Bank Limited. On January 13, 2006, we sold a portion of our investment in MCWR II to MCW for net cash of \$113.2 million and reduced our ownership interest from 35% to 24.95%, and recorded a gain of \$9.5 million on the partial sale of our interest. The proceeds from the sale were used to reduce our unsecured line of credit. At December 31, 2006, MCWR II is owned 75% by MCW’s affiliate, 24.90% by Regency and 0.1% by US Manager. Including our share of US Manager, our effective ownership is 24.95% and is reflected as such under the equity method in the accompanying consolidated financial statements.

Table of Contents

As of December 31, 2006, MCWR II owned 97 shopping centers, had total assets of \$2.7 billion and a net loss of \$24.7 million for the year ended. Our share of MCWR II's total assets and net loss was \$676.0 million and \$7.0 million, respectively. As a result of the significant amount of depreciation and amortization expense being recorded by MCWR II in connection with the acquisition of the First Washington Portfolio, the joint venture may continue to report a net loss in future years, but is expected to produce positive cash flow from operations. During 2006, MCWR II sold eight shopping centers for \$122.4 million to unrelated parties for a gain of \$1.5 million. MCWR II acquired four shopping centers from us for a sales price of \$62.4 million, or \$46.8 million on a net basis after excluding our 24.95% ownership interest. During 2005, MCWR II sold one shopping center for \$9.7 million to an unrelated party with a gain of \$35,127.

Our investment in the four joint ventures with MCW totals \$303.0 million and represents 8.3% of our total assets at December 31, 2006. Our pro-rata share of the assets and net loss of these ventures was \$857.5 million and \$1.6 million, respectively, which represents 23.4% and less than 1% of our total assets and net income available for common stockholders, respectively.

In December, 2006, we formed Regency Retail Partners (the "Fund"), an open-end, infinite-life investment fund in which we currently have an ownership interest of 26.8%. We expect to reduce our ownership interest to 20% during 2007 as other partners are admitted into the Fund. The Fund will have the exclusive right to acquire all future Regency-developed large format community centers upon stabilization that meet the Fund's investment criteria. A community center is generally defined as a shopping center with at least 250,000 square feet of GLA including tenant-owned GLA.

As of December 31, 2006, the Fund owned two shopping centers, had total assets of \$76.1 million and net income of \$25,633 for the year ended. The Fund acquired two community shopping centers from us for a sales price of \$72.6 million, or \$53.1 million on a net basis after excluding our 26.8% ownership interest. Our share of the Fund's total assets and net income was \$20.4 million and \$6,870, respectively. Our share of the Fund represents less than 1% of our total assets and net income available for common stockholders.

Recognition of gains from sales to joint ventures is recorded on only that portion of the sales not attributable to our ownership interest. The gains and operations are not recorded as discontinued operations because of our continuing involvement in these shopping centers. Columbia, RegCal, the joint ventures with MCW, and the Fund intend to continue to acquire retail shopping centers, some of which they may acquire directly from us. For those properties acquired from unrelated parties, we are required to contribute our pro-rata share of the purchase price to the partnerships.

Contractual Obligations

We have debt obligations related to our mortgage loans, unsecured notes, and our unsecured line of credit as described further below. We have shopping centers that are subject to non-cancelable long-term ground leases where a third party owns and has leased the underlying land to us to construct and/or operate a shopping center. In addition, we have non-cancelable operating leases pertaining to office space from which we conduct our business. The table excludes obligations for approximately \$3.8 million related to environmental remediation as discussed below under Environmental Matters as the timing of the remediation is not currently known. The table also excludes obligations related to construction or development contracts because payments are only due upon the satisfactory performance under the contract. Costs necessary to complete the 47 development projects currently in process are estimated to be \$532 million and will likely be expended through 2010. The following table summarizes our debt maturities including interest, (excluding recorded debt premiums that are not obligations), and obligations under non-cancelable operating leases as of December 31, 2006 including our pro-rata share of obligations within unconsolidated joint ventures (in thousands):

[Table of Contents](#)

Contractual Obligations	2007	2008	2009	2010	2011	Beyond 5 years	Total
Notes Payable:							
Regency ⁽¹⁾	\$ 309,306	110,879	147,394	301,393	382,087	936,093	2,187,152
Regency's share of JV	23,337	21,918	34,868	163,854	129,460	234,839	608,276
Operating Leases:							
Regency	4,740	4,478	4,322	4,169	4,094	18,055	39,858
Regency's share of JV	—	—	—	—	—	—	—
Ground Leases:							
Regency	1,205	534	534	541	542	23,456	26,812
Regency's share of JV	261	261	262	270	269	13,383	14,706
Total	<u>\$ 338,849</u>	<u>138,070</u>	<u>187,380</u>	<u>470,227</u>	<u>516,452</u>	<u>1,225,826</u>	<u>2,876,804</u>

⁽¹⁾ Amounts include interest payments based on contractual terms and current interest rates for variable rate debt.

Notes Payable

Outstanding debt at December 31, 2006 and 2005 consists of the following (in thousands):

	2006	2005
Notes Payable:		
Fixed rate mortgage loans	\$ 186,897	175,403
Variable rate mortgage loans	68,662	77,906
Fixed rate unsecured loans	1,198,827	1,198,633
Total notes payable	1,454,386	1,451,942
Unsecured Line of Credit	121,000	162,000
Total	<u>\$ 1,575,386</u>	<u>1,613,942</u>

Mortgage loans are secured and may be prepaid, but could be subject to yield maintenance premiums. Mortgage loans are generally due in monthly installments of interest and principal, and mature over various terms through 2017. Variable interest rates on mortgage loans are currently based on LIBOR, plus a spread in a range of 90 to 130 basis points. Fixed interest rates on mortgage loans range from 5.22% to 8.95% and average 6.53%.

At December 31, 2006, we had an unsecured revolving line of credit (the "Line") with an outstanding balance of \$121 million. Contractual interest rates on the Line, which are based on LIBOR plus .75%, were 6.125% and 5.125% at December 31, 2006 and 2005, respectively. The spread that we pay on the Line is dependent upon maintaining specific investment-grade ratings. We are also required to comply, and are in compliance, with certain financial covenants such as Minimum Net Worth, Total Liabilities to Gross Asset Value ("GAV"), Recourse Secured Debt to GAV, Fixed Charge Coverage and other covenants customary with this type of unsecured financing. The Line is used primarily to finance the development and acquisition of real estate, but is also available for general working-capital purposes.

[Table of Contents](#)

In February, 2007, we entered into a new loan agreement under the Line which increased the commitment to \$600 million with the right to increase the facility size to \$750 million. The contractual interest rate will be reduced to LIBOR plus .55% based upon our current debt ratings and will have an initial term of 48 months followed by a 12 month extension option. The Line will continue to be subject to similar financial covenants and investment-grade ratings as exist currently.

As of December 31, 2006, scheduled principal repayments on notes payable and the Line were as follows (in thousands):

Scheduled Principal Payments by Year	Scheduled Principal Payments	Term Loan Maturities	Total Payments
2007 (includes the Line)	3,505	213,134	216,639
2008	3,352	19,618	22,970
2009	3,352	53,088	56,440
2010	3,190	177,208	180,398
2011	3,191	251,123	254,314
Beyond 5 Years	8,764	834,292	843,056
Unamortized debt premiums	—	1,569	1,569
Total	<u>\$ 25,354</u>	<u>1,550,032</u>	<u>1,575,386</u>

Our investments in real estate partnerships had notes and mortgage loans payable of \$2.4 billion at December 31, 2006, which mature through 2028. Our proportionate share of these loans was \$610.8 million, of which 94.7% had average fixed interest rates of 5.2% and the remaining had variable interest rates based on LIBOR plus a spread in a range of 90 to 125 basis points. The loans are primarily non-recourse, but for those that are guaranteed by a joint venture, our liability does not extend beyond our ownership percentage of the joint venture.

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. We engage outside experts who evaluate and make recommendations about hedging strategies when appropriate. We account for derivative instruments under Statement of Financial Accounting Standards SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities" as amended ("Statement 133"). On March 10, 2006, we entered into four forward-starting interest rate swaps totaling \$396.7 million with fixed rates of 5.399%, 5.415%, 5.399% and 5.415%. The Company designated these swaps as cash flow hedges to fix the rate on \$400 million of new financing expected to occur in 2010 and 2011 the proceeds of which will be used to repay maturing debt at that time. The change in fair value of these swaps from inception was a liability of \$2.9 million at December 31, 2006, and is recorded in accounts payable and other liabilities in the accompanying consolidated balance sheet and in accumulated other comprehensive income (loss) in the consolidated statement of stockholders' equity and comprehensive income (loss).

At December 31, 2006, 88.0% of our total debt had fixed interest rates, compared with 85.1% at December 31, 2005. 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 represented 12.0% of our total debt. Based upon the variable interest-rate debt outstanding at December 31, 2006, if variable interest rates were to increase by 1%, our annual interest expense would increase by \$1.9 million.

[Table of Contents](#)

[Equity Transactions](#)

From time to time, we issue equity in the form of exchangeable operating partnership units or preferred units of RCLP, or in the form of common or preferred stock of Regency Centers Corporation. As previously discussed, these sources of long-term equity financing allow us to fund our growth while maintaining a conservative capital structure.

Preferred Units

We have issued Preferred Units in various amounts since 1998, the net proceeds of which were used to reduce the balance of the Line. We issue Preferred Units primarily to institutional investors in private placements. Generally, the Preferred Units may be exchanged by the holders for Cumulative Redeemable Preferred Stock at an exchange rate of one share for one unit. The Preferred Units and the related Preferred Stock are not convertible into Regency common stock. At December 31, 2006 and 2005, only the Series D Preferred Units were outstanding with a face value of \$50 million and a fixed distribution rate of 7.45%. These Units may be called by us in 2009, and have no stated maturity or mandatory redemption. Included in the Series D Preferred Units are original issuance costs of \$842,023 that will be expensed if they are redeemed in the future.

Preferred Stock

As of December 31, 2006 we had three series of Preferred stock outstanding, two of which underlie depositary shares held by the public. The depositary shares each represent 1/10th of a share of the underlying preferred stock and have a liquidation preference of \$25 per depositary share. In 2003, we issued 7.45% Series 3 Cumulative Redeemable Preferred Stock underlying 3 million depositary shares. In 2004, we issued 7.25% Series 4 Cumulative Redeemable preferred stock underlying 5 million depositary shares. In 2005, we issued 3 million shares, or \$75 million of 6.70% Series 5 Preferred Stock, with a liquidation preference of \$25 per share. All series of Preferred Stock are perpetual, are not convertible into common stock of the Company and are redeemable at par upon our election five years after the issuance date. The terms of the Preferred Stock do not contain any unconditional obligations that would require us to redeem the securities at any time or for any purpose.

Common Stock

On April 5, 2005, we entered into an agreement to sell 4,312,500 shares of common stock to an affiliate of Citigroup Global Markets Inc. ("Citigroup") at \$46.60 per share, in connection with a forward sale agreement (the "Forward Sale Agreement"). On August 1, 2005, we issued 3,782,500 shares to Citigroup for net proceeds of approximately \$175.5 million and on September 7, 2005, the remaining 530,000 shares were issued for net proceeds of \$24.4 million. The proceeds from these sales were used to reduce the unsecured line of credit and redeem the Series E and Series F Preferred Units.

[Critical Accounting Policies and Estimates](#)

Knowledge about our accounting policies is necessary for a complete understanding of our financial results, and discussion and analysis of these results. 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.

[Table of Contents](#)

Revenue Recognition and Tenant Receivables – Tenant receivables 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. In addition, we analyze the accounts of tenants in bankruptcy, and we estimate the recovery of pre-petition and post-petition claims. Our reported net income is directly affected by our estimate of the recoverability of tenant receivables.

Recognition of Gains from the Sales of Real Estate – We account for profit recognition on sales of real estate in accordance with SFAS Statement No. 66, “Accounting for Sales of Real Estate.” Profits from sales of real estate will not be recognized by us unless (i) a sale has been consummated; (ii) the buyer’s initial and continuing investment is adequate to demonstrate a commitment to pay for the property; (iii) we have transferred to the buyer the usual risks and rewards of ownership; and (iv) we do not have significant continuing involvement with the property. Recognition of gains from sales to joint ventures is recorded on only that portion of the sales not attributable to our ownership interest.

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” on our consolidated balance sheets. 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. If we were to determine that the development of a specific project undergoing due diligence was no longer probable, we would immediately expense all related capitalized pre-development costs not considered recoverable. 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 capitalization when the property is available for occupancy upon substantial completion of tenant improvements. We have a large staff of employees who support the due diligence, land acquisition, construction, leasing, financial analysis and accounting of our development program. All direct internal costs related to development activities are capitalized as part of each development project. If future accounting standards limit the amount of internal costs that may be capitalized, or if our development activity were to decline significantly without a proportionate decrease in internal costs, we could incur a significant increase in our operating expenses.

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 identified intangible assets, liabilities (consisting of above- and below-market leases, in-place leases and tenant relationships) and assumed debt in accordance with SFAS No. 141, “Business Combinations” (“Statement 141”). Based on these estimates, we allocate the purchase price to the applicable assets and liabilities. 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.

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. The review involves a number of assumptions and estimates used to determine whether impairment exists. Depending on the asset, we use varying methods such as i) estimating future cash flows, ii) determining resale values by market, or iii) applying a capitalization rate to net operating income using prevailing rates in a given market. These methods of determining fair value can fluctuate significantly as a result of a number of factors, including changes in the general economy of those markets in which we operate, tenant credit quality and demand for new retail stores. If we determine that the carrying amount of a property is not recoverable and exceeds its fair value, we will write down the asset to fair value for “held-and-used” assets and to fair value less costs to sell for “held-for-sale” assets.

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. In evaluating whether a property meets the criteria set forth by SFAS No. 144 “Accounting for the Impairment and Disposal of Long-Lived Assets” (“Statement 144”), the Company makes a determination as to the point in time that it can be reasonably certain that a sale will be consummated. Given the nature of all real estate sales contracts, it is not unusual for such contracts to allow potential buyers a period of time to evaluate the property prior to formal acceptance of the contract. In addition, certain other matters critical to the final sale, such as financing arrangements often remain pending even upon contract acceptance. As a result, properties under contract may not close within the expected time period, or may not close at all. Due to these uncertainties, it is not likely that the Company can meet the criteria of Statement 144 prior to the sale formally closing. 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 in Statement 144. The Company also makes judgments regarding the extent of involvement it will have with a property subsequent to its sale, in order to determine if the results of operations and gain on sale should be reflected as discontinued. Consistent with Statement 144, any property sold to an entity in which the Company has significant continuing involvement (most often joint ventures) is not considered to be discontinued. In addition, any property which the Company sells to an unrelated third party, but retains a property or asset management function, is also not considered discontinued. Therefore, only properties sold, or to be sold, to unrelated third parties that the Company, in its judgment, has no significant continuing involvement with are classified as discontinued.

Investments in Real Estate Joint Ventures – In addition to owning real estate directly, we invest in real estate through our co-investment joint ventures. Joint venturing provides us with a capital source to acquire real estate, and to earn our pro-rata share of the net income from the joint ventures in addition to fees for services. As asset and property manager, we conduct the business of the Unconsolidated Properties held in the joint ventures 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 joint ventures. We account for all investments in which we own 50% or less and do not have a controlling financial interest using the equity method. We have determined that these investments are not variable interest entities as defined in the FASB Interpretation No. 46(R) “Consolidation of Variable Interest Entities” and do not require consolidation under EITF Issue No. 04-5 “Determining Whether a General Partner, or the General Partners as a Group, Controls a Limited Partnership or Similar Entity When the Limited Partners Have Certain Rights”, and therefore, are subject to the voting interest model in determining our basis of accounting. Major decisions, including property acquisitions and dispositions, financings, annual budgets and dissolution of the ventures are subject to the approval of all partners, or in the case of The Fund, its advisory committee.

Income Tax Status – The prevailing assumption underlying the operation of our business is that we will continue to operate in order to qualify as a REIT, as defined under the Internal Revenue Code. We are required to meet certain income and asset tests on a periodic basis to ensure that we continue to qualify as a REIT. As a REIT, we are allowed to reduce taxable income by all or a portion of our 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 Internal Revenue 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.

Recent Accounting Pronouncements

In September 2006, the SEC's staff issued Staff Accounting Bulletin (SAB) No. 108 "Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements." This Bulletin requires that registrants quantify errors using both a balance sheet and income statement approach and evaluate whether either approach results in a misstated amount that, when all relevant quantitative and qualitative factors are considered, is material. The guidance in this Bulletin must be applied to financial reports covering the first fiscal year ending after November 15, 2006. The adoption of SAB 108 did not have a material effect on our consolidated financial statements.

In September 2006, the FASB issued Statement No. 157 "Fair Value Measurements." This Statement defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurements. This Statement applies to accounting pronouncements that require or permit fair value measurements, except for share-based payments transactions under FASB Statement No. 123(R). This Statement is effective for financial statements issued for fiscal years beginning after November 15, 2007. As Statement No. 157 does not require any new fair value measurements or remeasurements of previously computed fair values, we do not believe adoption of this Statement will have a material effect on our consolidated financial statements.

In June 2006, the FASB issued FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes, an interpretation of FASB Statement No. 109" ("FIN 48"). FIN 48 clarifies the accounting and reporting for uncertainties in income tax law. This Interpretation prescribes a comprehensive model for the financial statement recognition, measurement, presentation and disclosure of uncertain tax positions taken or expected to be taken in income tax returns. Under FIN 48, tax positions shall initially be recognized 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 is greater than 50% likely of being realized upon ultimate settlement with the tax authority assuming full knowledge of the position and relevant facts. We will adopt this Interpretation in the first quarter of 2007. The cumulative effects, if any, of applying this Interpretation will be recorded as an adjustment to retained earnings as of the beginning of the period of adoption. We have begun the process of evaluating the expected effect of FIN 48 and the adoption is not expected to have a material effect on our consolidated financial statements.

In April 2006, the FASB issued FSP FIN 46(R)-6, "Determining the Variability to Be Considered in Applying FASB Interpretation No. 46(R)", that became effective beginning in the third quarter of 2006. FSP FIN No. 46(R)-6 clarifies that the variability to be considered in applying Interpretation 46(R) shall be based on an analysis of the design of the variable interest entity. The adoption of this FSP has not had a material effect on our consolidated financial statements.

In October 2005, the FASB Issued Staff Position No. FAS 13-1 "Accounting for Rental Costs Incurred during a Construction Period". This FSP requires that rental costs associated with ground or building operating leases incurred during a construction period be recognized as rental expense. However, FSP No. FAS 13-1 does not address lessees that account for the sale or rental of real estate projects under FASB Statement No. 67 "Accounting for Costs and Initial Rental Operations of Real Estate Projects", and therefore we will continue to apply FASB Statement No. 67.

[Table of Contents](#)

[Results from Operations](#)

Comparison of the years ended December 31, 2006 to 2005

At December 31, 2006, on a Combined Basis, we were operating or developing 405 shopping centers, as compared to 393 shopping centers at the end of 2005. We identify our shopping centers as either development properties or operating properties. Development properties are defined as properties that are in the construction or initial lease-up process and have not reached their initial full occupancy (reaching full occupancy generally means achieving at least 93% leased and rent paying on newly constructed or renovated GLA). At December 31, 2006, on a Combined Basis, we were developing 47 properties, as compared to 31 properties at the end of 2005.

Our revenues increased by \$39.7 million, or 10%, to \$420.3 million in 2006 as summarized in the following table (in thousands):

	<u>2006</u>	<u>2005</u>	<u>Change</u>
Minimum rent	\$295,391	273,405	21,986
Percentage rent	4,428	4,364	64
Recoveries from tenants	86,134	77,756	8,378
Management and other fees	31,805	28,019	3,786
Equity in income (loss) of investments in real estate partnerships	2,580	(2,908)	5,488
Total revenues	<u>\$420,338</u>	<u>380,636</u>	<u>39,702</u>

The increase in revenues was primarily related to higher minimum rent from growth in rental rates from renewing expiring leases or re-leasing vacant space in the operating properties, and from new minimum rent generated from recently completed developments commencing operations in the current year. In addition to collecting minimum rent from our tenants, we also collect percentage rent based upon their sales volumes. Recoveries from tenants represents 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.

We earn fees for asset management, property management, leasing, investing and financing services that we provide to our joint ventures and third parties summarized as follows (in thousands):

	<u>2006</u>	<u>2005</u>	<u>Change</u>
Property management fees	\$11,041	7,496	3,545
Asset management fees	5,977	5,106	871
Commissions	3,104	947	2,157
Investing and financing fees	11,683	14,470	(2,787)
	<u>\$31,805</u>	<u>28,019</u>	<u>3,786</u>

Property management fees increased in 2006 as a result of managing the First Washington Portfolio for MCWR II, which was acquired on June 1, 2005. This also resulted in higher leasing commissions earned during 2006. Investing and financing fees are transaction based and not necessarily recurring. The fees earned in 2005 related to the initial acquisition of the First Washington Portfolio by MCWR II. During 2006, we earned additional fees from MCWR II for achieving certain income performance results related to the First Washington Portfolio although lower than the amount earned in 2005.

[Table of Contents](#)

Our equity in income of real estate partnerships (joint ventures) increased \$5.5 million to \$2.6 million in 2006 as follows (in thousands):

	2006	2005	Change
Macquarie CountryWide-Regency (MCWR I)	\$ 4,747	1,601	3,146
Macquarie CountryWide Direct (MCWR I)	615	578	37
Macquarie CountryWide-Regency II (MCWR II)	(7,005)	(11,228)	4,223
Macquarie CountryWide-Regency III (MCWR II)	(38)	(47)	9
Columbia Regency Retail Partners (Columbia)	2,350	4,241	(1,891)
Cameron Village LLC (Columbia)	(119)	(98)	(21)
Columbia Regency Partners II (Columbia)	62	63	(1)
RegCal, LLC (RegCal)	517	609	(92)
Regency Retail Partners (the Fund)	7	—	7
Other investments in real estate partnerships	1,444	1,373	71
Total	<u>\$ 2,580</u>	<u>(2,908)</u>	<u>5,488</u>

The increase was primarily a result of MCWR II earning revenues for a full year from the First Washington Portfolio as compared to seven months during 2005 and incurring lower amortization expense in the First Washington Portfolio during 2006. MCWR I recorded higher gains in 2006 from the sale of real estate as compared to 2005.

Our operating expenses increased by \$35.0 million, or 17%, to \$240.5 million in 2006 related to increased operating and maintenance costs, general and administrative costs and depreciation expense, as further described below. The following table summarizes our operating expenses (in thousands):

	2006	2005	Change
Operating, maintenance and real estate taxes	\$ 94,405	88,062	6,343
General and administrative	45,495	37,815	7,680
Depreciation and amortization	84,694	76,925	7,769
Other expenses	15,927	2,758	13,169
Total operating expenses	<u>\$ 240,521</u>	<u>205,560</u>	<u>34,961</u>

The increase in operating, maintenance, and real estate taxes was primarily due to shopping center developments that were recently completed and did not incur operating expenses for a full 12 months during the previous year, and to general price increases incurred by the operating properties. On average, approximately 80% of these costs are recovered from our tenants as expense reimbursements and included in our revenues.

The increase in general and administrative expense is related to additional salary costs for new employees hired to manage the First Washington Portfolio under a property management agreement with MCWR II as well as staffing increases related to increases in our shopping center development program.

The increase in depreciation and amortization expense is primarily related to new development properties recently completed and placed in service in the current year, or if placed in service in the previous year, were not operational for a full 12 months.

The increase in other expenses pertains to an increase in the income tax provision of Regency Realty Group, Inc. ("RRG"), our taxable REIT subsidiary, from \$493,709 in 2005 to \$11.8 million in 2006. RRG is subject to federal and state income taxes and files separate tax returns. RCLP also incurred intangible taxes of \$1.8 million in 2006 as compared to \$352,416 in 2005.

Our interest expense, net of interest capitalization decreased \$6.8 million to \$79.7 million in 2006 from

[Table of Contents](#)

\$86.5 million in 2005. This decrease is attributable to a higher level of interest incurred that is directly related to the construction of new shopping centers and therefore capitalized into properties under development. During 2006, we capitalized interest of \$24.0 million as compared to \$12.4 million in 2005. The average balance of development in process was \$553 million in 2006 as compared to \$390 million in 2005. Average interest rates on our outstanding debt increased to 6.45% at December 31, 2006 compared to 6.34% at December 31, 2005. Our weighted average outstanding debt at December 31, 2006 and 2005 was \$1.6 billion.

Gains from the sale of real estate were \$65.6 million in 2006 as compared to \$19.0 million in 2005. 2006 includes \$20.2 million from the sale of 30 out-parcels for net proceeds of \$53.5 million, \$35.9 million from the sale of six shopping centers to joint ventures for net proceeds of \$122.7 million; and a \$9.5 million gain related to the partial sale of our interest in MCWR II as discussed previously. 2005 includes \$8.7 million in gains from the sale of 26 out-parcels for net proceeds of \$29.0 million and \$10.3 million in gains related to the sale of three development properties and one operating property. These gains are included in continuing operations rather than discontinued operations because they were either properties that had no operating income, or they were properties sold to joint ventures where we have continuing involvement through our equity investment.

We review our real estate portfolio for impairment whenever events or changes in circumstances indicate that we may not be able to recover the carrying amount of an asset. We determine whether impairment has occurred by comparing the property's carrying value to an estimate of fair value based upon methods described in our Critical Accounting Policies. In the event a property is impaired, we write down the asset to fair value for "held-and-used" assets and to fair value less costs to sell for "held-for-sale" assets. During 2006 and 2005 we established provisions for loss of \$500,000 and \$550,000 respectively, to adjust operating properties to their estimated fair values.

Income from discontinued operations was \$63.4 million in 2006 related to eight operating and three development properties sold to unrelated parties for net proceeds of \$149.6 million. Income from discontinued operations was \$65.5 million in 2005 related to nine operating and five development properties sold to unrelated parties for net proceeds of \$175.2 million and to the operations of shopping centers sold or classified as held-for-sale in 2006 and 2005. In compliance with Statement 144, if we sell an asset in the current year, we are required to reclassify its operating income into discontinued operations for all prior periods. This practice results in a reclassification of amounts previously reported as continuing operations into discontinued operations. Our income from discontinued operations is shown net of minority interest of exchangeable operating partnership units totaling \$881,971 and \$1.3 million, for the years ended December 31, 2006 and 2005, respectively, and income taxes totaling \$3.6 million for the year ended December 31, 2005.

Minority interest of preferred units declined \$4.4 million to \$3.7 million in 2006 as a result of redeeming \$125 million of preferred units in 2005. Preferred stock dividends increased \$2.9 million to \$19.7 million in 2006 as a result of the issuance of \$75 million of preferred stock in 2005.

Net income for common stockholders increased \$52.9 million to \$198.8 million in 2006 as compared with \$145.9 million in 2005 primarily related to increases in revenues described above and higher gains recognized from sale of real estate. Diluted earnings per share was \$2.89 in 2006 as compared to \$2.23 in 2005 or 30% higher.

Comparison of the years ended December 31, 2005 to 2004

At December 31, 2005, on a Combined Basis, we were operating or developing 393 shopping centers, as compared to 291 shopping centers at the end of 2004. At December 31, 2005, on a Combined Basis, we were developing 31 properties, as compared to 34 properties at the end of 2004.

[Table of Contents](#)

Our revenues increased by \$23 million, or 6%, to \$380.6 million in 2005 as summarized in the following table (in thousands):

	2005	2004	Change
Minimum rent	\$273,405	259,684	13,721
Percentage rent	4,364	3,738	626
Recoveries from tenants	77,756	73,362	4,394
Management and other fees	28,019	10,663	17,356
Equity in (loss) income of investments in real estate partnerships	(2,908)	10,194	(13,102)
Total revenues	<u>\$380,636</u>	<u>357,641</u>	<u>22,995</u>

The increase in revenues was primarily related to higher minimum rent from growth in rental rates from renewing expiring leases or re-leasing vacant space in the operating properties, and from new minimum rent generated from recently completed developments commencing operations in the current year. In addition to collecting minimum rent from our tenants, we also collect percentage rent based upon their sales volumes. During 2005, increased tenant sales volumes resulted in a 17% increase in our percentage rent. Recoveries from tenants represents 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.

We earn fees for asset management, property management, leasing, investing and financing services that we provide to our joint ventures and third parties summarized as follows (in thousands):

	2005	2004	Change
Property management fees	\$ 7,496	3,777	3,719
Asset management fees	5,106	3,101	2,005
Commissions	947	1,263	(316)
Investing and financing fees	14,470	2,522	11,948
	<u>\$28,019</u>	<u>10,663</u>	<u>17,356</u>

As a result of MCWR II acquiring the First Washington Portfolio on June 1, 2005, we recorded \$13.8 million in fees related to investment and financing services that we provided to MCWR II. MCWR II paid us approximately \$21.2 million for these services, however, the amount recognized as fee income includes only that portion of fees paid by the venture not owned by us. We managed the First Washington Portfolio for a period of seven months during 2005 and received property management fees from MCWR II, which accounted for the majority of the increase in property management fees above 2004. We also received higher property management and asset management fees from our other joint ventures during 2005 related to acquisitions that they completed during 2004 and 2005.

[Table of Contents](#)

Our equity in income of real estate partnerships (joint ventures) declined \$13.1 million to a loss of \$2.9 million in 2005 as follows (in thousands):

	2005	2004	Change
Macquarie CountryWide-Regency (MCWR I)	\$ 1,601	2,997	(1,396)
Macquarie CountryWide Direct (MCWR I)	578	535	43
Macquarie CountryWide-Regency II (MCWR II)	(11,228)	—	(11,228)
Macquarie CountryWide-Regency III (MCWR II)	(47)	—	(47)
Columbia Regency Retail Partners (Columbia)	4,241	4,103	138
Cameron Village LLC (Columbia)	(98)	8	(106)
Columbia Regency Partners II (Columbia)	63	1	62
RegCal, LLC (RegCal)	609	18	591
Other investments in real estate partnerships	1,373	2,532	(1,159)
Total	<u>\$ (2,908)</u>	<u>10,194</u>	<u>(13,102)</u>

The loss was a result of the significant amount of depreciation and amortization expense recorded by MCWR II related to its acquisition of the First Washington Portfolio on June 1, 2005. Excluding the depreciation and amortization, MCWR II produced positive cash flow from operations during the period.

Our operating expenses increased by \$10.1 million, or 5%, to \$205.6 million in 2005 related to increased operating and maintenance costs, general and administrative costs and depreciation expense, as further described below. The following table summarizes our operating expenses (in thousands):

	2005	2004	Change
Operating, maintenance and real estate taxes	\$ 88,062	84,340	3,722
General and administrative	37,815	30,282	7,533
Depreciation and amortization	76,925	72,769	4,156
Other expenses	2,758	8,043	(5,285)
Total operating expenses	<u>\$205,560</u>	<u>195,434</u>	<u>10,126</u>

The increase in operating, maintenance, and real estate taxes was primarily due to shopping center developments that were recently completed and did not incur operating expenses for a full 12 months during the previous year, and to general price increases incurred by the operating properties. On average, approximately 80% of these costs are recovered from our tenants as expense reimbursements and included in our revenues.

The increase in general and administrative expense is related to additional salary costs for new employees necessary to manage the First Washington Portfolio under a property management agreement with MCWR II and higher stock based compensation expenses associated with the early adoption of Statement 123(R), which requires the expensing of stock options. During 2005, we recorded compensation expense associated with stock options of \$1.4 million.

The increase in depreciation and amortization expense is primarily related to new development properties recently completed and placed in service in the current year, or if placed in service in the previous year, were not operational for a full 12 months.

The reduction in other expenses pertains to a decline in the income tax provision of RRG from \$6.5 million in 2004 to \$493,709 in 2005.

Our interest expense, net of interest capitalization, increased \$6.8 million to \$86.5 million in 2005

[Table of Contents](#)

from \$79.7 million in 2004 primarily related to the financing of our investment in MCWR II. During 2005, we capitalized interest of \$12.4 million as compared to \$11.2 million in 2004. Interest incurred that is directly related to the construction of new shopping centers is capitalized into properties under development. On June 1, 2005 we borrowed \$275 million on the Bridge Loan and \$122 million on the Line to fund our investment. During July and August, we repaid the Bridge Loan and reduced the Line using a portion of the proceeds from the \$200 million Forward Sale Agreement, a \$75 million preferred stock offering and the issuance of \$350 million of 5.48% fixed rate debt. Average interest rates on our outstanding debt increased to 6.34% at December 31, 2005 compared to 6.24% at December 31, 2004. Our weighted average outstanding debt at December 31, 2005 was \$1.6 billion compared to \$1.5 billion at December 31, 2004.

Gains from the sale of operating properties and properties in development were \$19.0 million in 2005 as compared to \$39.4 million in 2004. Included in 2005 are gains of \$8.7 million from the sale of 26 out-parcels for net proceeds of \$29.0 million and gains of \$10.3 million related to the sale of three development properties and one operating property. Included in 2004 are gains of \$18.9 million from the sale of 41 out-parcels for net proceeds of \$60.4 million and gains of \$20.5 million from shopping centers sold. These gains are included in continuing operations rather than discontinued operations because they were either properties that had no operating income, or they were properties sold to joint ventures where we have continuing involvement through our equity investment.

We review our real estate portfolio for impairment whenever events or changes in circumstances indicate that we may not be able to recover the carrying amount of an asset. We determine whether impairment has occurred by comparing the property's carrying value to an estimate of fair value based upon methods described in our Critical Accounting Policies. In the event a property is impaired, we write down the asset to fair value for "held-and-used" assets and to fair value less costs to sell for "held-for-sale" assets. During 2005 and 2004 we established provisions for loss of \$550,000 and \$810,000 respectively, to adjust operating properties to their estimated fair values. The provision for loss on properties subsequently sold to third parties is included in operating income from discontinued operations.

Income from discontinued operations was \$65.5 million in 2005 related to 14 properties sold to unrelated parties for net proceeds of \$175.2 million and four properties classified as held-for-sale. Income from discontinued operations was \$36.9 million in 2004 related to the operations of shopping centers sold or classified as held-for-sale in 2005 and 2004. In compliance with Statement 144, if we sell an asset in the current year, we are required to reclassify its operating income into discontinued operations for all prior periods. This practice results in a reclassification of amounts previously reported as continuing operations into discontinued operations. Our income from discontinued operations is shown net of minority interest of exchangeable partnership units totaling \$1.3 million and \$699,059, and income taxes totaling \$3.6 million and \$2.3 million for the years ended December 31, 2005 and 2004, respectively.

Minority interest of preferred units declined \$11.7 million to \$8.1 million in 2005 as a result of redeeming \$54 million of preferred units in 2005 and redeeming \$125 million of preferred units in 2004. Preferred stock dividends increased \$8.1 million to \$16.7 million in 2005 as a result of the issuance of \$75 million of preferred stock in 2005 and \$125 million of preferred stock in 2004.

Net income for common stockholders increased \$18.2 million to \$145.9 million in 2005 as compared with \$127.7 million in 2004. Diluted earnings per share were \$2.23 in 2005, compared with \$2.08 in 2004, or 7% higher, a result of the increase in net income.

[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 (UST's). We believe that the tenants who currently operate dry cleaning plants or gas stations do so in accordance with current laws and

[Table of Contents](#)

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 \$3.8 million, all of which has been reserved. We believe that the ultimate disposition of currently known environmental matters will not have a material affect on our financial position, liquidity, or operations; however, we can give no assurance that existing environmental studies with respect to 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.

Inflation

Inflation has remained relatively low and has had a minimal impact on the operating performance of our shopping centers; however, 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.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk
Market Risk

We are exposed to interest-rate changes primarily related to the variable interest rate on the Line and the refinancing of long-term debt, which currently contain fixed interest rates. 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.

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 December 31, 2006, by year of expected maturity to evaluate the expected cash flows and sensitivity to interest-rate changes.

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>Thereafter</u>	<u>Total</u>	<u>Fair Value</u>
Fixed rate debt	\$ 26,977	22,970	56,440	180,398	254,314	843,056	1,384,155	1,440,585
Average interest rate for all fixed rate debt	6.61%	6.61%	6.55%	6.26%	5.77%	5.77%		
Variable rate LIBOR debt	\$ 189,662	—	—	—	—	—	189,662	189,662
Average interest rate for all variable rate debt	5.64%	—	—	—	—	—		

We currently have \$434.7 million of fixed rate debt maturing in 2010 and 2011. On March 10, 2006, the Company entered into four forward-starting interest rate swaps totaling \$396.7 million with fixed rates of 5.399%, 5.415%, 5.399% and 5.415%. The Company designated these swaps as cash flow hedges to fix \$400 million of fixed rate financing expected to occur in 2010 and 2011, the proceeds of which will be used to repay debt maturing in those years. The change in fair value of these swaps from inception has generated a liability of \$2.9 million at December 31, 2006, which is recorded in accounts payable and other liabilities in the accompanying consolidated balance sheet. As the table incorporates only those exposures that exist as of December 31, 2006, it does not consider those exposures or positions that could arise after that date. Moreover, because firm commitments are not presented in the table above, the information presented above 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.

[Table of Contents](#)

Item 8. Consolidated Financial Statements and Supplementary Data

The Consolidated Financial Statements and supplementary data included in this Report are listed in Part IV, Item 15(a).

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our chief executive officer, chief operating 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, chief operating officer and our chief financial officer concluded that our disclosure controls and procedures were effective as of the end of the period covered by this annual report. There have been no changes in the Company's internal controls over financial reporting identified in connection with this evaluation that occurred during the fourth quarter of 2006 and that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f). Under the supervision and with the participation of our management, including our chief executive officer, chief operating officer and chief financial officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on our evaluation under the framework in *Internal Control — Integrated Framework*, our management concluded that our internal control over financial reporting was effective as of December 31, 2006.

KPMG LLP, an independent registered public accounting firm, has issued an attestation report on management's assessment of the Company's internal control over financial reporting as stated in their report which is included herein.

Regency's system of internal control over financial reporting was designed to provide reasonable assurance regarding the preparation and fair presentation of published financial statements in accordance with accounting principles generally accepted in the United States. All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance and may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Item 9B. Other Information

Not applicable

PART III

Item 10. Directors, Executive Officers and Corporate Governance

Information concerning the directors of Regency is incorporated herein by reference to Regency's definitive proxy statement to be filed with the Securities and Exchange Commission within 120 days after the end of the fiscal year covered by this Form 10-K with respect to its 2007 Annual Meeting of Stockholders.

Information regarding executive officers is included in Part I of this Form 10-K as permitted by General Instruction G(3).

Audit Committee, Independence, Financial Experts. Incorporated herein by reference to Regency's definitive proxy statement to be filed with the Securities and Exchange Commission within 120 days after the end of the fiscal year covered by this Form 10-K with respect to its 2007 Annual Meeting of Stockholders.

Compliance with Section 16(a) of the Exchange Act. Information concerning filings under Section 16(a) of the Exchange Act by the directors or executive officers of Regency is incorporated herein by reference to Regency's definitive proxy statement to be filed with the Securities and Exchange Commission within 120 days after the end of the fiscal year covered by this Form 10-K with respect to its 2007 Annual Meeting of Stockholders.

Code of Ethics. We have adopted a code of ethics applicable to our Board of Directors, principal executive officers, principal financial officer, principal accounting officer and persons performing similar functions. The text of this code of ethics may be found on our web site at "www.regencycenters.com." We intend to post notice of any waiver from, or amendment to, any provision of our code of ethics on our web site.

Item 11. Executive Compensation

Incorporated herein by reference to Regency's definitive proxy statement to be filed with the Securities and Exchange Commission within 120 days after the end of the fiscal year covered by this Form 10-K with respect to its 2007 Annual Meeting of Stockholders.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters
Equity Compensation Plan Information

Plan Category	(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights	(b) Weighted-average exercise price of outstanding options, warrants and rights ⁽¹⁾	(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders	1,195,551	\$ 48.90	
Equity compensation plans not approved by security holders	N/A	N/A	N/A
Total	1,195,551	\$ 48.90	

⁽¹⁾ The weighted average exercise price excludes stock rights awards, which we sometimes refer to as unvested restricted stock.

⁽²⁾ Our Long Term Omnibus Plan, as amended and approved by stockholders at our 2003 annual meeting, provides for the issuance of up to 5.0 million shares of common stock or stock options for stock compensation; however, outstanding unvested grants plus vested but unexercised options cannot exceed 12% of our outstanding common stock and common stock equivalents (excluding options and other stock equivalents outstanding under the plan). The plan permits the grant of any type of share-based award but limits restricted stock awards, stock rights awards, performance shares, dividend equivalents settled in stock and other forms of stock grants to 2.75 million shares, of which 1.4 million shares were available at December 31, 2006 for future issuance.

Information about security ownership is incorporated herein by reference to Regency's definitive proxy statement to be filed with the Securities and Exchange Commission within 120 days after the end of the fiscal year covered by this Form 10-K with respect to its 2007 Annual Meeting of Stockholders.

Item 13. Certain Relationships and Related Transactions, and Director Independence

Incorporated herein by reference to Regency's definitive proxy statement to be filed with the Securities and Exchange Commission within 120 days after the end of the fiscal year covered by this Form 10-K with respect to its 2007 Annual Meeting of Stockholders.

Item 14. Principal Accounting Fees and Services

Incorporated herein by reference to Regency's definitive proxy statement to be filed with the Securities and Exchange Commission within 120 days after the end of the fiscal year covered by this Form 10-K with respect to its 2007 Annual Meeting of Stockholders.

PART IV

Item 15. Exhibits and Financial Statement Schedules

(a) Financial Statements and Financial Statement Schedules:

Regency's 2006 financial statements and financial statement schedule, together with the report of KPMG LLP are listed on the index immediately preceding the financial statements at the end of this report.

(b) Exhibits:

2. (a) Purchase and Sale Agreement among Macquarie CountryWide-Regency II, LLC, Macquarie CountryWide Trust, Regency Centers Corporation, USRP Texas GP, LLC, Eastern Shopping Center Holdings, LLC, First Washington Investment I, LLC and California Public Employees' Retirement System dated February 14, 2005 (incorporated by reference to Exhibit 10.1 to the Company's Form 10-Q filed May 10, 2005)
3. Articles of Incorporation and Bylaws
 - (i) Restated Articles of Incorporation of Regency Centers Corporation as amended to date (incorporated by reference to Exhibits 3.1 and 3.2 to the Company's Form 8-A filed July 29, 2005).
 - (ii) Amended and Restated Bylaws of Regency Centers Corporation (incorporated by reference to Exhibit 3.1 of the Company's Form 10-Q filed May 8, 2006).
4. (a) See exhibits 3(i) and 3(ii) for provisions of the Articles of Incorporation and Bylaws of Regency Centers Corporation defining rights of security holders.
 - (b) Indenture dated March 9, 1999 between Regency Centers, L.P., the guarantors named therein and First Union National Bank, as trustee (incorporated by reference to Exhibit 4.1 to the registration statement on Form S-3 of Regency Centers, L.P., No. 333-72899).
 - (c) Indenture dated December 5, 2001 between Regency Centers, L.P., the guarantors named therein and First Union National Bank, as trustee (incorporated by referenced to Exhibit 4.4 of Form 8-K of Regency Centers, L.P. filed December 10, 2001, File No. 0-24763).
 - (d) Indenture dated July 18, 2005 between Regency Centers, L.P., the guarantors named therein and Wachovia Bank, National Association, as trustee (incorporated by referenced to Exhibit 4.1 of Form S-4 of Regency Centers, L.P. filed August 5, 2005, No. 333-127274).

Table of Contents

10. Material Contracts

- (a) Regency Centers Corporation Amended and Restated Long Term Omnibus Plan (incorporated by reference to Appendix 1 to Regency's 2003 annual meeting proxy statement filed April 3, 2003).
 - (i) Amendment No. 1 to Regency Centers Corporation Long Term Omnibus Plan (incorporated by reference to Exhibit 10(a)(i) to the Company's Form 10-K filed March 12, 2004).
 - (ii) Amendment to Regency Centers Corporation Long Term Omnibus Plan (incorporated by reference to Exhibit 10.2 to the Company's Form 10-Q filed May 8, 2006).
 - ~ (b) Form of Stock Rights Award Agreement (incorporated by reference to Exhibit 10(b) to the Company's Form 10-K filed March 10, 2006).
 - ~ (c) Form of Nonqualified Stock Option Agreement (incorporated by reference to Exhibit 10(c) to the Company's Form 10-K filed March 10, 2006).
 - ~ (d) Stock Rights Award Agreement dated as of December 17, 2002 between the Company and Martin E. Stein, Jr. (incorporated by reference to Exhibit 10(d) to the Company's Form 10-K filed March 12, 2004).
 - ~ (e) Stock Rights Award Agreement dated as of December 17, 2002 between the Company and Mary Lou Fiala (incorporated by reference to Exhibit 10(e) to the Company's Form 10-K filed March 12, 2004).
 - ~ (f) Stock Rights Award Agreement dated as of December 17, 2002 between the Company and Bruce M. Johnson (incorporated by reference to Exhibit 10(f) to the Company's Form 10-K filed March 12, 2004).
 - ~* (g) Form of Option Award Agreement for Key Employees.
 - ~* (h) Form of Option Award Agreement for Non-Employee Directors.
 - ~* (i) Form of Director/Officer Indemnification Agreement.
 - ~ (j) Amended and Restated Deferred Compensation Plan dated May 6, 2003 (incorporated by reference to Exhibit 10(k) to the Company's Form 10-K filed March 12, 2004).
 - (k) Stock Grant Plan adopted on January 31, 1994 to grant stock to employees (incorporated by reference to the Company's Form 10-Q filed May 12, 1994).
-
- ~ Management contract or compensatory plan or arrangement filed pursuant to S-K 601(10)(iii)(A).
 - * Included as an exhibit to Pre-effective Amendment No. 2 to the Company's registration statement on Form S-11 filed October 5, 1993 (33-67258), and incorporated herein by reference.

Table of Contents

- (l) Fourth Amended and Restated Agreement of Limited Partnership of Regency Centers, L.P., as amended (incorporated by reference to Exhibit 10(m) to the Company's Form 10-K filed March 12, 2004).
 - (i) Amendment to Fourth Amended and Restated Agreement of Limited Partnership of Regency Centers, L.P. relating to 6.70% Series 5 Cumulative Redeemable Preferred Units, effective as of July 28, 2005 (incorporated by reference to Exhibit 3.3 to the Company's Form 8-K filed August 1, 2005).
 - (m) Credit Agreement dated as of March 26, 2004 by and among Regency Centers, L.P., Regency, each of the financial institutions initially a signatory thereto, and Wells Fargo Bank, National Association (incorporated by reference to Exhibit 10.1 of the Company's Form 10-Q filed May 10, 2004).
 - (i) First Amendment dated as of March 28, 2005 to Amended and Restated Credit Agreement by and among Regency Centers, L.P., as Borrower, Regency Centers Corporation, each of the Lenders signatory thereto, and Wells Fargo Bank, National Association, as Agent (incorporated by reference to Exhibit 10.1 to Regency Centers Corporation Form 8-K filed April 1, 2005).
 - ~ (n) Amended and Restated Severance and Change of Control Agreement dated as of March, 2002 by and between the Company and Martin E. Stein, Jr. (incorporated by reference to Exhibit 10(r) of the Company's Form 10-K/A filed April 15, 2002).
 - ~ (o) Amended and Restated Severance and Change of Control Agreement dated as of March, 2002 by and between the Company and Mary Lou Fiala (incorporated by reference to Exhibit 10(s) of the Company's Form 10-K/A filed April 15, 2002).
 - ~ (p) Amended and Restated Severance and Change of Control Agreement dated as of March, 2002 by and between the Company and Bruce M. Johnson (incorporated by reference to Exhibit 10(t) of the Company's Form 10-K/A filed April 15, 2002).
 - ~ (q) Regency Centers Corporation 2005 Deferred Compensation Plan (incorporated by reference to Exhibit 10(s) to the Company's Form 8-K filed December 21, 2004).
 - (i) First Amendment to Regency Centers Corporation 2005 Deferred Compensation Plan dated December, 2005 (incorporated by reference to Exhibit 10(q)(i) to the Company's Form 10-K filed March 10, 2006).
 - (r) Regency Centers Corporation 2005 Incentive Compensation Plan (incorporated by reference to Exhibit 10.1 to the Company's Form 10-Q filed August 8, 2005).
-
- ~ Management contract or compensatory plan or arrangement filed pursuant to S-K 601(10)(iii)(A).
 - * Included as an exhibit to Pre-effective Amendment No. 2 to the Company's registration statement on Form S-11 filed October 5, 1993 (33-67258), and incorporated herein by reference.

Table of Contents

- (s) Amended and Restated Limited Liability Company Agreement of Macquarie CountryWide-Regency II, LLC dated as of June 1, 2005 by and among Regency Centers, L.P., Macquarie CountryWide (US) No. 2 LLC, Macquarie-Regency Management, LLC, Macquarie CountryWide (US) No. 2 Corporation and Macquarie CountryWide Management Limited (incorporated by reference to Exhibit 10.3 to the Company's Form 10-Q filed August 8, 2005).
- (t) Purchase Agreement and Amendment to Amended and Restated Limited Liability Agreement relating to Macquarie CountryWide-Regency II, L.L.C. dated as of January 13, 2006 among Macquarie CountryWide (U.S.) No. 2 LLC, Regency Centers, L.P., and Macquarie-Regency Management, LLC (incorporated by reference to Exhibit 10.1 to Form 10-Q filed May 8, 2006).
- (u) Limited Partnership Agreement dated as of December 21, 2006 of RRP Operating, LP.

21. Subsidiaries of the Registrant.

23. Consent of KPMG LLP.

31.1 Rule 13a-14 Certification of Chief Executive Officer.

31.2 Rule 13a-14 Certification of Chief Financial Officer.

31.3 Rule 13a-14 Certification of Chief Operating Officer.

32.1 Section 1350 Certification of Chief Executive Officer.

32.2 Section 1350 Certification of Chief Financial Officer.

32.3 Section 1350 Certification of Chief Operating Officer.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

REGENCY CENTERS CORPORATION

February 27, 2007

/s/ **Martin E. Stein, Jr.**

Martin E. Stein, Jr., Chairman of the Board and
Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

February 27, 2007

/s/ **Martin E. Stein, Jr.**

Martin E. Stein, Jr., Chairman of the Board and
Chief Executive Officer

February 27, 2007

/s/ **Mary Lou Fiala**

Mary Lou Fiala, President, Chief Operating Officer
and Director

February 27, 2007

/s/ **Bruce M. Johnson**

Bruce M. Johnson, Managing Director, Chief
Financial Officer (Principal Financial Officer)
and Director

February 27, 2007

/s/ **J. Christian Leavitt**

J. Christian Leavitt, Senior Vice President,
Secretary and Treasurer (Principal Accounting
Officer)

February 27, 2007

/s/ **Raymond L. Bank**

Raymond L. Bank, Director

February 27, 2007

/s/ **C. Ronald Blankenship**

C. Ronald Blankenship, Director

February 27, 2007

/s/ **A. R. Carpenter**

A. R. Carpenter, Director

[Table of Contents](#)

February 27, 2007	<div><div>/s/ J. Dix Druce</div><div>J. Dix Druce, Director</div></div>
February 27, 2007	<div><div>/s/ Douglas S. Luke</div><div>Douglas S. Luke, Director</div></div>
February 27, 2007	<div><div>/s/ John C. Schweitzer</div><div>John C. Schweitzer, Director</div></div>
February 27, 2007	<div><div>/s/ Thomas G. Wattles</div><div>Thomas G. Wattles, Director</div></div>
February 27, 2007	<div><div>/s/ Terry N. Worrell</div><div>Terry N. Worrell, Director</div></div>

[Table of Contents](#)

Regency Centers Corporation

Index to Financial Statements

Regency Centers Corporation

<u>Reports of Independent Registered Public Accounting Firm</u>	F-2
<u>Consolidated Balance Sheets as of December 31, 2006 and 2005</u>	F-5
<u>Consolidated Statements of Operations for the years ended December 31, 2006, 2005 and 2004</u>	F-6
<u>Consolidated Statements of Stockholders' Equity and Comprehensive Income (Loss) for the years ended December 31, 2006, 2005 and 2004</u>	F-7
<u>Consolidated Statements of Cash Flows for the years ended December 31, 2006, 2005 and 2004</u>	F-8
<u>Notes to Consolidated Financial Statements</u>	F-10

Financial Statement Schedule

<u>Schedule III - Regency Centers Corporation Combined Real Estate and Accumulated Depreciation - December 31, 2006</u>	S-1
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All other schedules are omitted because of the absence of conditions under which they are required, materiality or because information required therein is shown in the consolidated financial statements or notes thereto.

Report of Independent Registered Public Accounting Firm

The Stockholders and Board of Directors

Regency Centers Corporation:

We have audited the accompanying consolidated balance sheets of Regency Centers Corporation and subsidiaries as of December 31, 2006 and 2005, and the related consolidated statements of operations, stockholders' equity and comprehensive income (loss), and cash flows for each of the years in the three-year period ended December 31, 2006. In connection with our audits of the consolidated financial statements, we also have audited financial statement schedule III. These consolidated financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements and financial statement schedule based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Regency Centers Corporation and subsidiaries as of December 31, 2006 and 2005, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2006, in conformity with U.S. generally accepted accounting principles. Also in our opinion, the related financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly, in all material respects, the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of Regency Centers Corporation's internal control over financial reporting as of December 31, 2006, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated, February 27, 2007 expressed an unqualified opinion on management's assessment of, and the effective operation of, internal control over financial reporting.

/s/ KPMG LLP

Certified Public Accountants
Jacksonville, Florida
February 27, 2007

Report of Independent Registered Public Accounting Firm

The Stockholders and Board of Directors of
Regency Centers Corporation:

We have audited management's assessment, included in the accompanying Management's Annual Report on Internal Control Over Financial Reporting, that Regency Centers Corporation maintained effective internal control over financial reporting as of December 31, 2006, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Regency Centers Corporation's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on management's assessment and an opinion on the effectiveness of the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, management's assessment that Regency Centers Corporation maintained effective internal control over financial reporting as of December 31, 2006, is fairly stated, in all material respects, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Also, in our opinion, Regency Centers Corporation maintained, in all material respects, effective internal control over financial reporting as of December 31, 2006, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

[Table of Contents](#)

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Regency Centers Corporation and subsidiaries as of December 31, 2006 and 2005, and the related consolidated statements of operations, stockholders' equity and comprehensive income (loss), and cash flows for each of the years in the three-year period ended December 31, 2006, and related financial statement schedule and our report dated February 27, 2007 expressed an unqualified opinion on those consolidated financial statements and related financial statement schedule.

/s/ KPMG LLP

Certified Public Accountants
Jacksonville, Florida
February 27, 2007

REGENCY CENTERS CORPORATION
Consolidated Balance Sheets
December 31, 2006 and 2005
(in thousands, except share data)

	2006	2005
Assets		
Real estate investments at cost (notes 2, 4 and 12):		
Land	\$ 862,851	853,275
Buildings and improvements	1,963,634	1,926,297
	2,826,485	2,779,572
Less: accumulated depreciation	427,389	380,613
	2,399,096	2,398,959
Properties in development, net	615,450	413,677
Operating properties held for sale, net	25,608	36,567
Investments in real estate partnerships (note 4)	434,090	545,617
Net real estate investments	3,474,244	3,394,820
Cash and cash equivalents	34,046	42,458
Notes receivable (note 5)	19,988	46,473
Tenant receivables, net of allowance for uncollectible accounts of \$3,532 and \$3,849 at December 31, 2006 and 2005, respectively	67,162	56,878
Deferred costs, less accumulated amortization of \$36,227 and \$31,846 at December 31, 2006 and 2005, respectively	40,989	41,657
Acquired lease intangible assets, less accumulated amortization of \$10,511 and \$6,593 at December 31, 2006 and 2005, respectively (note 6)	12,315	10,182
Other assets	23,041	23,747
	<u>\$3,671,785</u>	<u>3,616,215</u>
Liabilities and Stockholders' Equity		
Liabilities:		
Notes payable (note 7)	\$1,454,386	1,451,942
Unsecured line of credit (note 7)	121,000	162,000
Accounts payable and other liabilities	140,940	110,800
Acquired lease intangible liabilities, net (note 6)	7,729	4,207
Tenants' security and escrow deposits	10,517	10,276
Total liabilities	1,734,572	1,739,225
Preferred units (note 9)	49,158	49,158
Exchangeable operating partnership units	16,941	27,919
Limited partners' interest in consolidated partnerships	17,797	11,088
Total minority interest	83,896	88,165
Commitments and contingencies (notes 12 and 13)		
Stockholders' equity (notes 8, 9, 10 and 11):		
Preferred stock, \$.01 par value per share, 30,000,000 shares authorized; 3,000,000 and 800,000 shares issued and outstanding at both December 31, 2006 and 2005 with liquidation preferences of \$25 and \$250 per share, respectively	275,000	275,000
Common stock \$.01 par value per share, 150,000,000 shares authorized; 74,431,787 and 73,263,472 shares issued at December 31, 2006 and 2005, respectively	744	733
Treasury stock at cost, 5,413,792 and 5,297,129 shares held at December 31, 2006 and 2005, respectively	(111,414)	(111,414)
Additional paid in capital	1,744,201	1,713,620
Accumulated other comprehensive loss	(13,317)	(11,692)
Distributions in excess of net income	(41,897)	(77,422)
Total stockholders' equity	1,853,317	1,788,825
	<u>\$3,671,785</u>	<u>3,616,215</u>

See accompanying notes to consolidated financial statements.

REGENCY CENTERS CORPORATION
Consolidated Statements of Operations
For the years ended December 31, 2006, 2005 and 2004
(in thousands, except per share data)

	2006	2005	2004
Revenues:			
Minimum rent (note 12)	\$ 295,391	273,405	259,684
Percentage rent	4,428	4,364	3,738
Recoveries from tenants	86,134	77,756	73,362
Management, acquisition and other fees	31,805	28,019	10,663
Equity in income (loss) of investments in real estate partnerships (note 4)	2,580	(2,908)	10,194
Total revenues	<u>420,338</u>	<u>380,636</u>	<u>357,641</u>
Operating expenses:			
Depreciation and amortization	84,694	76,925	72,769
Operating and maintenance	51,580	49,501	48,219
General and administrative	45,495	37,815	30,282
Real estate taxes	42,825	38,561	36,121
Other expenses	15,927	2,758	8,043
Total operating expenses	<u>240,521</u>	<u>205,560</u>	<u>195,434</u>
Other expense (income)			
Interest expense, net of interest income of \$4,312, \$2,361 and \$3,125 in 2006, 2005 and 2004, respectively	79,690	86,530	79,739
Gain on sale of operating properties and properties in development	(65,600)	(18,971)	(39,387)
Provision for loss on operating properties	—	—	450
Total other expense (income)	<u>14,090</u>	<u>67,559</u>	<u>40,802</u>
Income before minority interests	165,727	107,517	121,405
Minority interest of preferred units	(3,725)	(8,105)	(19,829)
Minority interest of exchangeable operating partnership units	(1,994)	(1,962)	(1,880)
Minority interest of limited partners	<u>(4,863)</u>	<u>(263)</u>	<u>(319)</u>
Income from continuing operations	155,145	97,187	99,377
Discontinued operations, net (note 3):			
Operating income from discontinued operations	4,999	12,220	18,074
Gain on sale of operating properties and properties in development	58,367	53,240	18,876
Income from discontinued operations	<u>63,366</u>	<u>65,460</u>	<u>36,950</u>
Net income	218,511	162,647	136,327
Preferred stock dividends	<u>(19,675)</u>	<u>(16,744)</u>	<u>(8,633)</u>
Net income for common stockholders	<u>\$ 198,836</u>	<u>145,903</u>	<u>127,694</u>
Income per common share - basic (note 11):			
Continuing operations	\$ 1.98	1.23	1.47
Discontinued operations	0.93	1.02	0.61
Net income for common stockholders per share	<u>\$ 2.91</u>	<u>2.25</u>	<u>2.08</u>
Income per common share - diluted (note 11):			
Continuing operations	\$ 1.97	1.22	1.47
Discontinued operations	0.92	1.01	0.61
Net income for common stockholders per share	<u>\$ 2.89</u>	<u>2.23</u>	<u>2.08</u>

See accompanying notes to consolidated financial statements.

REGENCY CENTERS CORPORATION
Consolidated Statements of Stockholders' Equity and Comprehensive Income (Loss)
For the years ended December 31, 2006, 2005 and 2004
(in thousands, except per share data)

	Preferred Stock	Common Stock	Treasury Stock	Additional Paid In Capital	Restricted Stock Deferred Compensation	Accumulated Other Comprehensive Income (Loss)	Distributions in Excess of Net Income	Total Stockholders' Equity
Balance at December 31, 2003	\$ 75,000	650	(111,414)	1,409,421	(15,060)	175	(77,794)	1,280,978
Comprehensive Income:								
Net income	—	—	—	—	—	—	136,327	136,327
Loss on settlement of derivative instruments	—	—	—	—	—	(5,895)	—	(5,895)
Amortization of loss on derivative instruments	—	—	—	—	—	429	—	429
Total comprehensive income								130,861
Restricted stock issued	—	3	—	11,935	(11,938)	—	—	—
Amortization of restricted stock deferred compensation	—	—	—	—	10,154	—	—	10,154
Common stock redeemed for taxes withheld for stock based compensation, net	—	9	—	8,482	—	—	—	8,491
Tax benefit for issuance of stock options	—	—	—	4,376	—	—	—	4,376
Common stock issued for partnership units exchanged	—	3	—	7,151	—	—	—	7,154
Common stock issued in stock offering	—	15	—	67,395	—	—	—	67,410
Series 4 preferred stock issued (note 9)	125,000	—	—	(4,288)	—	—	—	120,712
Reallocation of minority interest	—	—	—	6,684	—	—	—	6,684
Cash dividends declared:								
Preferred stock	—	—	—	—	—	—	(8,633)	(8,633)
Common stock (\$2.12 per share)	—	—	—	—	—	—	(129,470)	(129,470)
Balance at December 31, 2004	\$ 200,000	680	(111,414)	1,511,156	(16,844)	(5,291)	(79,570)	1,498,717
Comprehensive Income (note 8):								
Net income	—	—	—	—	—	—	162,647	162,647
Loss on settlement of derivative instruments	—	—	—	—	—	(7,310)	—	(7,310)
Amortization of loss on derivative instruments	—	—	—	—	—	909	—	909
Total comprehensive income								156,246
Reclassification of unearned deferred compensation upon adoption of FAS 123(R)	—	—	—	(16,844)	16,844	—	—	—
Restricted stock issued, net of amortization (note 10)	—	4	—	16,951	—	—	—	16,955
Common stock redeemed for taxes withheld for stock based compensation, net	—	3	—	1,484	—	—	—	1,487
Tax benefit for issuance of stock options	—	—	—	305	—	—	—	305
Common stock issued for partnership units exchanged	—	3	—	6,383	—	—	—	6,386
Common stock issued for stock offering (note 9)	—	43	—	199,632	—	—	—	199,675
Series 5 preferred stock issued (note 9)	75,000	—	—	(2,284)	—	—	—	72,716
Reallocation of minority interest	—	—	—	(3,163)	—	—	—	(3,163)
Cash dividends declared:								
Preferred stock	—	—	—	—	—	—	(16,744)	(16,744)
Common stock (\$2.20 per share)	—	—	—	—	—	—	(143,755)	(143,755)
Balance at December 31, 2005	\$ 275,000	733	(111,414)	1,713,620	—	(11,692)	(77,422)	1,788,825
Comprehensive Income (note 8):								
Net income	—	—	—	—	—	—	218,511	218,511
Amortization of loss on derivative instruments	—	—	—	—	—	1,306	—	1,306
Change in fair value of derivative instruments	—	—	—	—	—	(2,931)	—	(2,931)
Total comprehensive income								216,886
Restricted stock issued, net of amortization (note 10)	—	3	—	16,581	—	—	—	16,584
Common stock redeemed for taxes withheld for stock based compensation, net	—	3	—	1,169	—	—	—	1,172
Tax benefit for issuance of stock options	—	—	—	1,624	—	—	—	1,624
Common stock issued for partnership units exchanged	—	5	—	21,490	—	—	—	21,495
Reallocation of minority interest	—	—	—	(10,283)	—	—	—	(10,283)
Cash dividends declared:								
Preferred stock	—	—	—	—	—	—	(19,675)	(19,675)
Common stock (\$2.38 per share)	—	—	—	—	—	—	(163,311)	(163,311)

Balance at December 31, 2006	<u><u>\$275,000</u></u>	<u><u>744</u></u>	<u><u>(111,414)</u></u>	<u><u>1,744,201</u></u>	<u><u>—</u></u>	<u><u>(13,317)</u></u>	<u><u>(41,897)</u></u>	<u><u>1,853,317</u></u>
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See accompanying notes to consolidated financial statements.

REGENCY CENTERS CORPORATION
Consolidated Statements of Cash Flows
For the years ended December 31, 2006, 2005 and 2004
(in thousands)

	2006	2005	2004
Cash flows from operating activities:			
Net income	\$ 218,511	162,647	136,327
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	87,413	84,449	82,890
Deferred loan cost and debt premium amortization	4,411	2,740	1,739
Stock based compensation	17,950	18,755	14,425
Minority interest of preferred units	3,725	8,105	19,829
Minority interest of exchangeable operating partnership units	2,876	3,284	2,579
Minority interest of limited partners	4,863	263	319
Equity in (income) loss of investments in real estate partnerships	(2,580)	2,908	(10,194)
Net gain on sale of properties	(124,781)	(76,664)	(60,539)
Provision for loss on operating properties	500	550	810
Distributions in excess of earnings from operations of investments in real estate partnerships	28,788	28,661	13,342
Hedge settlement	—	(7,310)	(5,720)
Changes in assets and liabilities:			
Tenant receivables	(10,284)	(1,186)	(5,849)
Deferred leasing costs	(7,285)	(6,829)	(6,199)
Other assets	(3,508)	(13,426)	1,449
Accounts payable and other liabilities	(2,638)	(818)	(2,946)
Above and below market lease intangibles, net	(1,387)	(954)	(954)
Tenants' security and escrow deposits	241	228	214
Net cash provided by operating activities	<u>216,815</u>	<u>205,403</u>	<u>181,522</u>
Cash flows from investing activities:			
Acquisition of operating real estate	(19,337)	—	(60,358)
Development of real estate including land acquired	(404,836)	(326,662)	(340,217)
Proceeds from sale of real estate investments	455,972	237,135	317,178
Repayment (issuance) of notes receivable, net	14,770	(8,456)	64,009
Investments in real estate partnerships	(21,790)	(417,713)	(66,299)
Distributions received from investments in real estate partnerships	13,452	30,918	47,369
Net cash provided by (used in) investing activities	<u>38,231</u>	<u>(484,778)</u>	<u>(38,318)</u>
Cash flows from financing activities:			
Net proceeds from common stock issuance	5,994	205,601	81,662
Redemption of preferred units	—	(54,000)	(125,000)
Redemption of exchangeable operating partnership units	—	—	(20,402)
(Distributions to) contributions from limited partners in consolidated partnerships	(2,619)	(50)	373
Distributions to exchangeable operating partnership unit holders	(2,270)	(2,918)	(2,509)
Distributions to preferred unit holders	(3,725)	(6,709)	(16,593)
Dividends paid to common stockholders	(159,507)	(141,003)	(127,091)
Dividends paid to preferred stockholders	(19,675)	(16,744)	(8,633)
Net proceeds from issuance of preferred stock	—	72,716	120,712
Repayment of fixed rate unsecured notes	—	(100,000)	(200,000)
Proceeds from issuance of fixed rate unsecured notes	—	349,505	148,646
(Repayment) proceeds of unsecured line of credit, net	(41,000)	(38,000)	5,000
Proceeds from notes payable	—	10,000	84,223
Repayment of notes payable	(36,131)	(43,169)	(8,176)
Scheduled principal payments	(4,516)	(5,499)	(5,711)
Deferred loan costs	(9)	(3,217)	(4,254)
Net cash (used in) provided by financing activities	<u>(263,458)</u>	<u>226,513</u>	<u>(77,753)</u>
Net (decrease) increase in cash and cash equivalents	(8,412)	(52,862)	65,451
Cash and cash equivalents at beginning of the year	<u>42,458</u>	<u>95,320</u>	<u>29,869</u>
Cash and cash equivalents at end of the year	<u>\$ 34,046</u>	<u>42,458</u>	<u>95,320</u>

REGENCY CENTERS CORPORATION
Consolidated Statements of Cash Flows
For the years ended December 31, 2006, 2005 and 2004
(in thousands)

	2006	2005	2004
Supplemental disclosure of cash flow information—cash paid for interest (net of capitalized interest of \$23,952, \$12,400 and \$11,228 in 2006, 2005 and 2004, respectively)	\$ 82,285	84,839	85,416
Supplemental disclosure of non-cash transactions:			
Mortgage debt assumed by purchaser on sale of real estate	\$ —	—	44,684
Common stock issued for partnership units exchanged	\$ 21,495	6,386	7,154
Mortgage loans assumed for the acquisition of real estate	\$ 44,000	—	61,717
Real estate contributed as investments in real estate partnerships	\$ 15,967	10,715	31,312
Exchangeable operating partnership units issued for the acquisition of real estate	\$ —	—	38,400
Common stock issued for dividend reinvestment plan	\$ 3,806	2,752	2,379
Notes receivable taken in connection with out-parcel sales	\$ 490	12,370	3,255
Change in fair value of derivative instrument	\$ 2,931	—	—

See accompanying notes to consolidated financial statements.

Regency Centers Corporation
Notes to Consolidated Financial Statements
December 31, 2006

1. Summary of Significant Accounting Policies

(a) Organization and Principles of Consolidation

General

Regency Centers Corporation (“Regency” or the “Company”) began its operations as a Real Estate Investment Trust (“REIT”) in 1993, and is the managing general partner of its operating partnership, Regency Centers, L.P. (“RCLP” or the “Partnership”). Regency currently owns approximately 99% of the outstanding common partnership units (“Units”) of the Partnership. Regency engages in the ownership, management, leasing, acquisition, and development of retail shopping centers through the Partnership, and has no other assets or liabilities other than through its investment in the Partnership. At December 31, 2006, the Partnership directly owned 218 retail shopping centers and held partial interests in an additional 187 retail shopping centers through investments in joint ventures.

Consolidation

The accompanying consolidated financial statements include the accounts of the Company and the Partnership and its wholly owned subsidiaries, and joint ventures in which the Partnership has a majority ownership or controlling interest. The equity interests of third parties held in the Partnership or its majority owned joint ventures are included in the consolidated financial statements as preferred units, exchangeable operating partnership units or limited partners’ interest in consolidated partnerships. All significant inter-company balances and transactions have been eliminated in the consolidated financial statements.

Investments in joint ventures not controlled by the Company (“Unconsolidated Joint Ventures”) are accounted for under the equity method. The Company has evaluated its investment in the Unconsolidated Joint Ventures and has concluded that they are not variable interest entities as defined in the Financial Accounting Standards Board (“FASB”) Interpretation No. 46(R) “Consolidation of Variable Interest Entities” (“FIN 46R”). The venture partners in the Unconsolidated Joint Ventures have significant ownership rights, including approval over operating budgets and strategic plans, capital spending, sale or financing, and admission of new partners; therefore, the Company has concluded that the equity method of accounting is appropriate for these interests which do not require consolidation under EITF Issue No. 04-5 “Determining Whether a General Partner, or the General Partners as a Group, Controls a Limited Partnership or Similar Entity When the Limited Partners Have Certain Rights”. Under the equity method of accounting, investments in the Unconsolidated Joint Ventures are initially recorded at cost, and subsequently increased for additional contributions and allocations of income and reduced for distributions received and allocation of losses. These investments are included in the consolidated financial statements as Investments in real estate partnerships.

Ownership of the Company

Regency 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 Company owns corresponding Series 3, 4, and 5 preferred unit interests (“Series 3, 4, and 5 Preferred Units”) in the Partnership that entitle the Company to income and distributions from the Partnership in amounts equal to the dividends paid on the Company’s Series 3, 4, and 5 Preferred Stock.

Regency Centers Corporation
Notes to Consolidated Financial Statements
December 31, 2006

(a) Organization and Principles of Consolidation (continued)

Ownership of the Operating Partnership

The Partnership's capital includes general and limited common partnership Units, Series 3, 4, and 5 Preferred Units owned by the Company, and Series D Preferred Units owned by institutional investors.

At December 31, 2006, the Company owned approximately 99% or 69,017,995 Partnership Units of the total 69,758,821 Partnership Units outstanding. Each outstanding common Partnership Unit not owned by the Company is exchangeable for one share of Regency common stock. The Company revalues the minority interest associated with the Units each quarter to maintain a proportional relationship between the book value of equity associated with common stockholders relative to that of the Unit holders since both have equivalent rights and Units are convertible into shares of common stock on a one-for-one basis.

Net income and distributions of the Partnership are allocable first to the Preferred Units, and the remaining amounts to the general and limited partners' Units in accordance with their ownership percentage. The Series 3, 4, and 5 Preferred Units owned by the Company are eliminated in consolidation.

(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. Accrued rents are included in tenant receivables. As part of the leasing process, the Company may provide the lessee with an allowance for the construction of leasehold improvements. Leasehold improvements are capitalized as part of the building and recorded as tenant improvements and depreciated over the shorter of the useful life of the improvements or the lease term. If the allowance represents a payment for a purpose other than funding leasehold improvements, or in the event 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 rental revenue. Factors considered during this evaluation include, among others, who holds legal title to the improvements, and other controlling rights provided by the lease agreement (e.g. unilateral control of the tenant space during the build-out process). Determination of the appropriate accounting for a tenant allowance is made on a case-by-case basis, considering the facts and circumstances of the individual tenant lease. Lease revenue recognition commences when the lessee is given possession of the leased space upon completion of tenant improvements when the Company is the owner of the leasehold improvements; however, when the leasehold improvements are owned by the tenant, the lease inception date is when the tenant obtains possession of the leased space for purposes of constructing its leasehold improvements.

Regency Centers Corporation
Notes to Consolidated Financial Statements
December 31, 2006

(b) Revenues (continued)

Substantially all of the lease agreements 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.

The Company accounts for profit recognition on sales of real estate in accordance with Statement of Financial Accounting Standards ("SFAS") Statement No. 66, "Accounting for Sales of Real Estate." In summary, profits from sales will not be recognized by the Company unless a sale has been 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 has been engaged by joint ventures under agreements to provide asset management, property management; and leasing, investing and financing services for such ventures' shopping centers. The fees are market based and generally calculated as a percentage of either revenues earned or the estimated values of the properties managed, and are recognized as services are rendered, when fees due are determinable and collectibility is reasonably assured.

(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 consolidated balance sheets. The capitalized costs include pre-development costs essential to the development of the property, development costs, construction costs, interest costs, real estate taxes, and direct employee costs incurred during the period of development.

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. If the Company determines that the development of a particular shopping center is no longer probable, any related pre-development costs previously incurred are immediately expensed. At December 31, 2006 and 2005, the Company had capitalized pre-development costs of \$23.3 million and \$12.2 million, respectively of which \$10.0 million and \$5.7 million, respectively were refundable deposits.

The Company's method of capitalizing interest is based upon applying its weighted average borrowing rate to that portion of the actual development costs expended. The Company ceases cost capitalization when the property is available for occupancy upon substantial completion of tenant improvements. In no event would the Company capitalize interest on the project beyond 12 months after substantial completion of the building shell.

Regency Centers Corporation
Notes to Consolidated Financial Statements
December 31, 2006

(c) Real Estate Investments (continued)

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, term of lease for tenant improvements, and three to seven years for furniture and equipment.

The Company and the unconsolidated joint ventures allocate the purchase price of assets acquired (net tangible and identifiable intangible assets) and liabilities assumed based on their relative fair values at the date of acquisition pursuant to the provisions of SFAS No. 141, "Business Combinations" ("Statement 141"). Statement 141 provides guidance on allocating a portion of the purchase price of a property to intangible assets. The Company's methodology for this allocation includes estimating an "as-if vacant" fair value of the physical property, which is allocated to land, building and improvements. The difference between the purchase price and the "as-if vacant" fair value is allocated to intangible assets. There are three categories of intangible assets to be considered: (i) value of in-place leases, (ii) above and below-market value of in-place leases and (iii) customer relationship value.

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 the 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. The value of below-market leases is accreted as an increase to minimum rent over the remaining terms of the respective leases, including renewal options.

The Company allocates no value to customer relationship intangibles if it has pre-existing business relationships with the major retailers in the acquired property since they provide no incremental value over the Company's existing relationships.

The Company follows the provisions of SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" ("Statement 144"). In accordance with Statement 144, the Company classifies an operating property 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 is reasonably certain that a sale will be consummated. Operating properties held-for-sale are carried at the lower of cost or fair value less costs to sell. Depreciation and amortization are suspended during the held-for-sale period. The operations of properties held-for-sale are reclassified into discontinued operations for all periods presented.

Regency Centers Corporation
Notes to Consolidated Financial Statements

December 31, 2006

(c) Real Estate Investments (continued)

In accordance with Statement 144, when the Company sells a property and will not have continuing involvement or significant cash flows after disposition, the operations and cash flows of the property are eliminated and its operations and gain on sale are reported in discontinued operations so that the operations and cash flows are clearly distinguished. Once classified in discontinued operations, these properties are eliminated from ongoing operations. Prior periods are also represented to reflect the operations of these properties as discontinued operations. When the Company sells operating properties to its joint ventures or to third parties, and it will have continuing involvement, the operations and gains on sales are included in income from continuing operations.

The Company reviews its real estate portfolio for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable based upon expected undiscounted cash flows from the property. The Company determines impairment by comparing the property's carrying value to an estimate of fair value based upon varying methods such as i) estimating future cash flows, ii) determining resale values by market, or iii) applying a capitalization rate to net operating income using prevailing rates in a given market. These methods of determining fair value can fluctuate significantly as a result of a number of factors, including changes in the general economy of those markets in which the Company operates, tenant credit quality and demand for new retail stores. In the event that the carrying amount of a property is not recoverable and exceeds its fair value, the Company will write down the asset to fair value for "held-and-used" assets and to fair value less costs to sell for "held-for-sale" assets. During 2006, 2005 and 2004, the Company established a provision for loss of \$500,000, \$550,000 and \$810,000 based upon the criteria described above. The provision for loss on properties subsequently sold to third parties is included in operating income from discontinued operations.

(d) Income Taxes

The Company believes it qualifies, and intends to continue to qualify, as a REIT under the Internal Revenue Code (the "Code"). As a REIT, the Company will generally not be subject to federal income tax, provided that distributions to its stockholders are at least equal to REIT taxable income.

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.

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 shopping centers, as well as other timing differences.

Regency Centers Corporation
Notes to Consolidated Financial Statements
December 31, 2006

(d) Income Taxes (continued)

The net book basis of real estate assets exceeds the tax basis by approximately \$158.4 million and \$161.9 million at December 31, 2006 and 2005, respectively, primarily due to the difference between the cost basis of the assets acquired and their carryover basis recorded for tax purposes.

The following summarizes the tax status of dividends paid during the respective years:

	<u>2006</u>	<u>2005</u>	<u>2004</u>
Dividend per share	\$2.38	2.20	2.12
Ordinary income	64%	79%	82%
Capital gain	21%	11%	6%
Return of capital	—	—	3%
Unrecaptured Section 1250 gain	15%	10%	9%

Regency Realty Group, Inc. ("RRG"), a wholly-owned subsidiary of RCLP, is a Taxable REIT Subsidiary as defined in Section 856(l) of the Code. RRG is subject to federal and state income taxes and files separate tax returns. Income tax expense consists of the following for the years ended December 31, 2006, 2005 and 2004 (in thousands):

	<u>2006</u>	<u>2005</u>	<u>2004</u>
Income tax expense			
Current	\$10,256	4,980	10,730
Deferred	1,516	(891)	(1,978)
Total income tax expense	<u>\$11,772</u>	<u>4,089</u>	<u>8,752</u>

Income tax expense is included in either other expenses if the related income is from continuing operations or discontinued operations on the consolidated statements of operations as follows for the years ended December 31, 2006, 2005 and 2004 (in thousands):

	<u>2006</u>	<u>2005</u>	<u>2004</u>
Income tax expense from:			
Continuing operations	11,772	494	6,487
Discontinued operations	—	3,595	2,265
Total income tax expense	<u>11,772</u>	<u>4,089</u>	<u>8,752</u>

Regency Centers Corporation
Notes to Consolidated Financial Statements
December 31, 2006

(d) Income Taxes (continued)

Income tax expense differed from the amounts computed by applying the U.S. Federal income tax rate of 35% to pretax income for the years ended December 31, 2006 and 2005, respectively and 34% for the year ended December 31, 2004 as follows (in thousands):

	<u>2006</u>	<u>2005</u>	<u>2004</u>
Computed expected tax expense	\$ 4,094	3,304	5,759
Increase in income tax resulting from state taxes	456	368	913
All other items	7,222	417	2,080
Total income tax expense	<u>\$ 11,772</u>	<u>4,089</u>	<u>8,752</u>

All other items principally represent the tax effect of gains associated with the sale of properties to unconsolidated ventures.

RRG had net deferred tax assets of \$9.7 million and \$11.2 million at December 31, 2006 and 2005, respectively. The majority of the deferred tax assets relate to deferred interest expense and tax costs capitalized on projects under development. No valuation allowance was provided and the Company believes it is more likely than not that the future benefits associated with these deferred tax assets will be realized.

(e) 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. Deferred leasing costs consist of internal and external commissions associated with leasing the Company's shopping centers. Net deferred leasing costs were \$33.3 million and \$30.6 million at December 31, 2006 and 2005, respectively. Deferred loan costs consist of initial direct and incremental costs associated with financing activities. Net deferred loan costs were \$7.7 million and \$11.1 million at December 31, 2006 and 2005, respectively.

(f) Earnings per Share and Treasury Stock

Basic net income per share of common stock is computed based upon the weighted average number of common shares outstanding during the period. Diluted net income per share also includes common share equivalents for stock options, restricted stock and exchangeable operating partnership units, if dilutive. See note 11 for the calculation of earnings per share ("EPS").

Repurchases of the Company's common stock are recorded at cost and are reflected as Treasury stock in the consolidated statements of stockholders' equity and comprehensive income (loss). Outstanding shares do not include treasury shares.

Regency Centers Corporation
Notes to Consolidated Financial Statements
December 31, 2006

(g) Cash and Cash Equivalents

Any instruments which have an original maturity of 90 days or less when purchased are considered cash equivalents. Cash distributions of normal operating earnings from investments in real estate partnerships are included in cash flows from operations in the consolidated statements of cash flows. Cash distributions from the sale or loan proceeds from the placement of debt on a property included in investments in real estate partnerships is included in cash flows from investing activities in the consolidated statements of cash flows.

(h) Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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.

(i) Stock-Based Compensation

Regency grants stock-based compensation to its employees and directors. When Regency issues common shares as compensation, it receives a comparable number of common units from the Partnership including stock options. Regency is committed to contribute to the Partnership all proceeds from the exercise of stock options or other stock-based awards granted under Regency's Long-Term Omnibus Plan. Accordingly, Regency's ownership in the Partnership will increase based on the amount of proceeds contributed to the Partnership for the common units it receives. As a result of the issuance of common units to Regency for stock-based compensation, the Partnership accounts for stock-based compensation in the same manner as Regency.

In December 2004, the FASB issued SFAS No. 123(R) "Share-Based Payment" ("Statement 123(R)"), which is an amendment of SFAS No. 123. Statement 123(R) supersedes Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" ("Opinion 25"). Statement 123(R) requires all share-based payments to employees, including grants of employee stock options, be recognized in the consolidated statements of operations based on their fair values and pro-forma disclosure is no longer an alternative. The Company elected early adoption of Statement 123(R) on January 1, 2005, even though it was not effective until January 1, 2006. As permitted by Statement 123(R), the Company applied the "modified prospective" method in which compensation cost is recognized beginning with the effective date (a) based on the requirements of Statement 123(R) for all share-based payments granted after the effective date and (b) based on the requirements of Statement 123 for all awards granted to employees prior to the effective date of Statement 123(R) that remain unvested on the effective date. See Note 10 for further discussion.

Regency Centers Corporation
Notes to Consolidated Financial Statements
December 31, 2006

(j) 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 planned 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 revenue 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 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. No individual property constitutes more than 10% of the Company's combined revenue, net income or assets, and thus 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 7% or more of revenue and none of the shopping centers are located outside the United States.

(k) Derivative Financial Instruments

The Company adopted SFAS No. 133 "Accounting for Derivative Instruments and Hedging Activities" ("Statement 133") as amended by SFAS No. 149. Statement 133 requires that all derivative instruments, whether designated in hedging relationships or not, be recorded on the balance sheet at their fair value. Gains or losses resulting from changes in the values of those derivatives are accounted for depending on the use of the derivative and whether it qualifies for hedge accounting. The Company's use of derivative financial instruments is normally to mitigate its interest rate risk on a related financial instrument or forecasted transaction through the use of interest rate swaps. The Company designates these interest rate swaps as cash flow hedges.

Statement 133 requires that changes in fair value of derivatives that qualify as cash flow hedges be recognized in other comprehensive income ("OCI") while the ineffective portion of the derivative's change in fair value be recognized in the income statement as interest expense. Upon the settlement of a hedge, gains and losses associated with the transaction are recorded in OCI and amortized over the underlying term of the hedge transaction. The Company formally documents all relationships between hedging instruments and hedged items, as well as its risk management objectives and strategies for undertaking 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 of the hedged items.

Regency Centers Corporation
Notes to Consolidated Financial Statements
December 31, 2006

(k) Derivative Financial Instruments (continued)

In assessing the hedge, 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 Note 8 for further discussion.

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

In May 2003, the FASB issued SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of Both Liabilities and Equity" ("Statement 150"). Statement 150 affects the accounting for certain financial instruments, which requires companies having consolidated entities with specified termination dates to treat minority owners' interests in such entities as liabilities in an amount based on the fair value of the entities. Although Statement 150 was originally effective July 1, 2003, the FASB has indefinitely deferred certain provisions related to classification and measurement requirements for mandatory redeemable financial instruments that become subject to Statement 150 solely as a result of consolidation, including minority interests of entities with specified termination dates.

At December 31, 2006, the Company held a majority interest in two consolidated entities with specified termination dates of 2017 and 2049. The minority owners' 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 minority interests in entities with specified termination dates was approximately \$8.3 million at December 31, 2006. The related carrying value is \$1.3 million and \$1.1 million as of December 31, 2006 and 2005, respectively which is included within limited partners' interest in consolidated partnerships in the accompanying consolidated balance sheet. The Company has no other financial instruments that are affected by Statement 150.

(m) Recent Accounting Pronouncements

In September 2006, the Securities and Exchange Commission's ("SEC") staff issued Staff Accounting Bulletin (SAB) No. 108 "Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements." This Bulletin requires that registrants quantify errors using both a balance sheet and income statement approach and evaluate whether either approach results in a misstated amount that, when all relevant quantitative and qualitative factors are considered, is material. The guidance in this Bulletin must be applied to financial reports covering the first fiscal year ending after November 15, 2006. The adoption of SAB 108 did not have a material effect on the Company's consolidated financial statements.

In September 2006, the FASB issued Statement No. 157 "Fair Value Measurements." This Statement defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurements. This Statement applies to accounting pronouncements that require or permit fair value measurements, except for share-based payments transactions under FASB Statement No. 123(R). This Statement is effective for financial statements issued for fiscal years beginning after November 15, 2007. As Statement No. 157 does not require any new fair value measurements or remeasurements of previously computed fair values, the Company does not believe adoption of this Statement will have a material effect on its consolidated financial statements.

Regency Centers Corporation

Notes to Consolidated Financial Statements

December 31, 2006

(m) Recent Accounting Pronouncements (continued)

In July 2006, the FASB issued FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes, an interpretation of FASB Statement No. 109" ("FIN 48"). FIN 48 clarifies the accounting and reporting for uncertainties in income tax law. This Interpretation prescribes a comprehensive model for the financial statement recognition, measurement, presentation and disclosure of uncertain tax positions taken or expected to be taken in income tax returns. Under FIN 48, tax positions shall initially be recognized 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 is greater than 50% likely of being realized upon ultimate settlement with the tax authority assuming full knowledge of the position and relevant facts. The Company will adopt this Interpretation in the first quarter of 2007. The cumulative effects, if any, of applying this Interpretation will be recorded as an adjustment to retained earnings as of the beginning of the period of adoption. The Company has begun the process of evaluating the expected effect of FIN 48 and the adoption is not expected to have a material effect on the Company's consolidated financial statements.

In April 2006, the FASB issued FSP FIN 46(R)-6, "Determining the Variability to Be Considered in Applying FASB Interpretation No. 46(R)", which became effective in the third quarter of 2006. FSP FIN No. 46(R)-6 clarifies that the variability to be considered in applying Interpretation 46(R) shall be based on an analysis of the design of the variable interest entity. The adoption of this FSP did not have an effect on the Company's consolidated financial statements.

In October 2005, the FASB issued FSP No. FAS 13-1 "Accounting for Rental Costs Incurred during a Construction Period". This FSP requires that rental costs associated with ground or building operating leases incurred during a construction period be recognized as rental expense. However, FSP No. FAS 13-1 does not address lessees that account for the sale or rental of real estate projects under FASB Statement No. 67 "Accounting for Costs and Initial Rental Operations of Real Estate Projects", and therefore the Company will continue to apply FASB Statement No. 67.

(n) Reclassifications

Certain reclassifications have been made to the 2005 and 2004 amounts to conform to classifications adopted in 2006.

Regency Centers Corporation
Notes to Consolidated Financial Statements
December 31, 2006

2. Real Estate Investments

During 2006, the Company acquired one shopping center for a purchase price of \$63.1 million which included the assumption of \$44.0 million in debt. In accordance with Statement 141, acquired lease intangible assets and acquired lease intangible liabilities of \$6.1 million and \$5.0 million, respectively were recorded for this acquisition. The acquisition was accounted for as a purchase business combination and the results of its operations are included in the consolidated financial statements from the date of acquisition. During 2005, the Company's acquisition activity was through its joint ventures discussed further in Note 4.

3. Discontinued Operations

Regency maintains a conservative capital structure to fund its growth programs without compromising its investment-grade ratings. This approach is founded on a self-funding business model which utilizes center "recycling" as a key component and requires ongoing monitoring of each center to ensure that it meets Regency's investment standards. This recycling strategy calls for the Company to sell properties that do not measure up to its standards and re-deploy the proceeds into new, higher-quality developments and acquisitions that are expected to generate sustainable revenue growth and more attractive returns.

During 2006, the Company sold 100% of its interest in 11 properties for net proceeds of \$149.6 million. The combined operating income and gains from these properties and properties classified as held-for-sale are included in discontinued operations. The revenues from properties included in discontinued operations, including properties sold in 2006, 2005 and 2004, as well as operating properties held for sale, were \$14.6 million, \$32.8 million and \$44.2 million for the three years ended December 31, 2006, 2005 and 2004, respectively. The operating income and gains from properties included in discontinued operations are reported net of minority interest of exchangeable operating partnership units and income taxes, if the property is sold by RRG, as follows for the years ended December 31, 2006, 2005 and 2004 (in thousands):

	2006		2005		2004	
	Operating Income	Gain on sale of properties	Operating Income	Gain on sale of properties	Operating Income	Gain on sale of properties
Operations and gain	\$ 5,067	59,181	12,684	57,693	18,763	21,151
Less: Minority Interest	68	814	281	1,041	355	344
Less: Income taxes	—	—	183	3,412	334	1,931
Discontinued operations, net	<u>\$ 4,999</u>	<u>58,367</u>	<u>12,220</u>	<u>53,240</u>	<u>18,074</u>	<u>18,876</u>

Regency Centers Corporation

Notes to Consolidated Financial Statements

December 31, 2006

4. Investments in Real Estate Partnerships

The Company accounts for all investments in which it owns 50% or less and does not have a controlling financial interest using the equity method. The Company has determined that these investments are not variable interest entities as defined in FIN 46(R) and do not require consolidation under EITF 04-5, and therefore, subject to the voting interest model in determining its basis of accounting. Major decisions, including property acquisitions and dispositions, financings, annual budgets and dissolution of the ventures are subject to the approval of all partners. The Company's combined investment in these partnerships was \$434.1 million and \$545.6 million at December 31, 2006 and 2005, respectively. Any difference between the carrying amount of these investments and the underlying equity in net assets is amortized or accreted to equity in income (loss) of investments in real estate partnerships over the expected useful lives of the properties and other intangible assets which range in lives from 10 to 40 years. Net income from these partnerships, which includes all operating results, as well as gains and losses 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) of investments in real estate partnerships in the accompanying consolidated statements of operations.

Investments in real estate partnerships are comprised primarily of joint ventures with three unrelated co-investment partners and a recently formed open-end real estate fund ("Regency Retail Partners"), as further described below. In addition to the Company earning its pro-rata share of net income (loss) in each of the partnerships, these partnerships pay the Company fees for asset management, property management, investment and financing services. During 2006, 2005 and 2004, the Company received fees from these joint ventures of \$30.8 million, \$26.8 million and \$9.3 million, respectively.

The Company co-invests with the Oregon Public Employees Retirement Fund in three joint ventures (collectively "Columbia") in which the Company has ownership interests of 20% or 30%. As of December 31, 2006, Columbia owned 20 shopping centers, had total assets of \$558.1 million, and net income of \$11.6 million for the year ended. The Company's share of Columbia's total assets and net income was \$123.9 million and \$2.3 million, respectively. During 2006 Columbia acquired four shopping centers from third parties for \$97.0 million. The Company contributed \$9.6 million for its proportionate share of the purchase price, which was net of \$36.4 million of assumed mortgage debt and \$13.3 million of financing obtained by Columbia. Columbia did not acquire any properties in 2005 and sold two shopping centers to an unrelated party for \$47.6 million at a gain of \$8.9 million.

The Company co-invests with the California State Teachers' Retirement System ("CalSTRS") in a joint venture ("RegCal") in which the Company has an ownership interest of 25%. As of December 31, 2006, RegCal owned nine shopping centers, had total assets of \$182.9 million, and net income of \$1.7 million for the year ended. The Company's share of RegCal's total assets and net income was \$45.7 million and \$516,613, respectively. During 2006, RegCal acquired two shopping centers from unrelated parties for a purchase price of \$37.3 million. The Company contributed \$4.1 million for its proportionate share of the purchase price, which was net of financing obtained by RegCal. During 2005, RegCal acquired two shopping centers from an unrelated party for a purchase price of \$20.0 million. The Company contributed \$1.7 million for its proportionate share of the purchase price, which was net of loan financing assumed by RegCal.

Regency Centers Corporation
Notes to Consolidated Financial Statements
December 31, 2006

4. Investments in Real Estate Partnerships (continued)

The Company co-invests with Macquarie CountryWide Trust of Australia (“MCW”) in four joint ventures, two in which the Company has an ownership interest of 25% (collectively, “MCWR I”), and two in which it has an ownership interest of 24.95% (collectively, “MCWR II”).

As of December 31, 2006, MCWR I owned 50 shopping centers, had total assets of \$728.3 million, and net income of \$18.2 million for the year ended. Regency’s share of MCWR I’s total assets and net income was \$181.5 million and \$5.4 million, respectively. During 2006 MCWR I purchased one shopping center from a third party for \$25.0 million. The Company contributed \$748,466 for its proportionate share of the purchase price, which was net of \$12.5 million of assumed mortgage debt and \$10.4 million in 1031 proceeds. During 2006, MCWR I sold two shopping centers to unrelated parties for \$28.0 million for a gain of \$7.8 million. During 2005, MCWR I acquired one shopping center from an unrelated party for a purchase price of \$24.4 million. The Company contributed \$4.5 million for its proportionate share of the purchase price, which was net of loan financing placed on the shopping center by MCWR I. In addition, MCWR I acquired two properties from the Company valued at \$31.9 million, for which the Company received cash of \$25.7 million for MCW’s proportionate share. During 2005, MCWR I sold four shopping centers to unrelated parties for \$34.7 million with a gain of \$582,910.

On June 1, 2005, MCWR II closed on the acquisition of a retail shopping center portfolio (the “First Washington Portfolio”) for a purchase price of approximately \$2.8 billion, including the assumption of approximately \$68.6 million of mortgage debt and the issuance of approximately \$1.6 billion of new mortgage loans on the properties acquired. The First Washington Portfolio acquisition was accounted for as a purchase business combination by MCWR II. At December 31, 2005, MCWR II was owned 64.95% by an affiliate of MCW, 34.95% by Regency and 0.1% by Macquarie-Regency Management, LLC (“US Manager”). US Manager is owned 50% by Regency and 50% by an affiliate of Macquarie Bank Limited. On January 13, 2006, the Company sold a portion of its investment in MCWR II to MCW which reduced its ownership interest from 35% to 24.95% for net cash of \$113.2 million which is reflected in proceeds from sale of real estate investments in the consolidated statements of cash flows. The proceeds from the sale were used to reduce the unsecured line of credit. At December 31, 2006, MCWR II is owned 75% by a MCW affiliate, 24.90% by Regency and 0.1% by US Manager. Including its 50% share of US Manager, Regency’s effective ownership is 24.95% and is reflected as such under the equity method in the accompanying consolidated financial statements.

Regency was paid an acquisition fee by MCWR II related to the acquisition of the First Washington Portfolio in 2005. Regency has the ability to receive additional acquisition fees of approximately \$14.2 million (the “Contingent Acquisition Fees”) subject to achieving certain targeted income levels in 2006 and 2007. The Contingent Acquisition Fees will only be recognized if earned, and the recognition of income will be limited to that percentage of MCWR II, or 75.05%, of the joint venture not owned by the Company. During 2006, \$9.0 million of the Contingent Acquisition Fees was earned and approximately \$6.8 million was recognized by the Company.

Regency Centers Corporation
Notes to Consolidated Financial Statements
December 31, 2006

4. Investments in Real Estate Partnerships (continued)

As of December 31, 2006, MCWR II owned 97 shopping centers, had total assets of \$2.7 billion and recorded a net loss of \$24.7 million for the year ended. Regency's share of MCWR II's total assets and net loss was \$676.0 million and \$7.0 million, respectively. As a result of the significant amount of depreciation and amortization expense recorded by MCWR II in connection with the acquisition of the First Washington Portfolio, the joint venture may continue to report a net loss in future years, but is expected to produce positive cash flow from operations. During 2006, MCWR II acquired four development properties from the Company for a net sales price of \$62.4 million and Regency received cash of \$58.4 million. During 2006, MCWR II sold eight shopping centers for \$122.4 million to unrelated parties for a gain of \$1.5 million. During 2005, MCWR II sold one shopping center for \$9.7 million to an unrelated party with a gain of \$35,127.

In December 2006, Regency formed Regency Retail Partners (the "Fund"), an open-end, infinite-life investment fund in which its ownership interest is 26.8%. The Company expects to reduce its ownership interest to 20% during 2007 as other partners invest in the Fund. The Fund will have the exclusive right to acquire all Regency-developed large format community centers upon stabilization that meet the Fund's investment criteria.

As of December 31, 2006, the Fund owned two shopping centers, had total assets of \$76.1 million, and recorded net income of \$25,633 for the year ended. Regency's share of the Fund's total assets and net income was \$20.4 million and \$6,870, respectively. At closing, the Fund acquired two properties from the Company valued at \$72.6 million, for which the Company received cash of \$63.7 million for the Fund's proportionate share.

Recognition of gains from sales to joint ventures is recorded on only that portion of the sales not attributable to the Company's ownership interest. The gains, operations and cash flows are not recorded as discontinued operations because of Regency's substantial continuing involvement in these shopping centers. Columbia, RegCal, and the joint ventures with MCW and the Fund intend to continue to acquire retail shopping centers, some of which they may acquire directly from the Company. For those properties acquired from third parties, the Company is required to contribute its pro-rata share of the purchase price to the partnerships.

	Ownership	2006	2005
Macquarie CountryWide-Regency (MCWR I)	25.00%	\$ 60,651	61,375
Macquarie CountryWide Direct (MCWR I)	25.00%	6,822	7,433
Macquarie CountryWide-Regency II (MCWR II) ⁽¹⁾	24.95%	234,378	363,563
Macquarie CountryWide-Regency III (MCWR II)	24.95%	1,140	606
Columbia Regency Retail Partners (Columbia)	20.00%	36,096	36,659
Cameron Village LLC (Columbia)	30.00%	20,826	21,633
Columbia Regency Partners II (Columbia)	20.00%	11,516	2,093
RegCal, LLC (RegCal)	25.00%	18,514	14,921
Regency Retail Partners (the Fund)	26.80%	5,139	—
Other investments in real estate partnerships	50.00%	39,008	37,334
Total		<u>\$ 434,090</u>	<u>545,617</u>

⁽¹⁾ At December 31, 2005, Regency's ownership interest in Macquarie CountryWide- Regency II was 35%.

Regency Centers Corporation
Notes to Consolidated Financial Statements
December 31, 2006

4. Investments in Real Estate Partnerships (continued)

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

	<u>December 31, 2006</u>	<u>December 31, 2005</u>
Investment in real estate, net	\$ 4,029,389	3,957,507
Acquired lease intangible assets, net	200,835	259,033
Other assets	135,451	102,041
Total assets	<u>\$ 4,365,675</u>	<u>4,318,581</u>
Notes payable	\$ 2,435,229	2,372,601
Acquired lease intangible liabilities, net	69,336	86,108
Other liabilities	70,295	75,282
Members' capital	1,790,815	1,784,590
Total liabilities and equity	<u>\$ 4,365,675</u>	<u>4,318,581</u>

Unconsolidated investments in real estate partnerships had notes payable of \$2.4 billion as of December 31, 2006 and 2005 and the Company's proportionate share of these loans was \$610.8 million and \$764.2 million, respectively. The loans are primarily non-recourse, but for those that are guaranteed by a joint venture, Regency's guarantee does not extend beyond its ownership percentage of the joint venture.

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

	<u>2006</u>	<u>2005</u>	<u>2004</u>
Total revenues	\$413,864	303,448	110,939
Operating expenses:			
Depreciation and amortization	173,812	145,669	28,538
Operating and maintenance	57,844	42,206	16,513
General and administrative	6,839	6,119	3,628
Real estate taxes	48,983	33,726	13,448
Total operating expenses	<u>287,478</u>	<u>227,720</u>	<u>62,127</u>
Other expense (income):			
Interest expense, net	125,378	83,352	20,000
Gain on sale of real estate	(9,225)	(9,499)	(18,977)
Other income	384	(356)	—
Total other expense (income)	<u>116,537</u>	<u>73,497</u>	<u>1,023</u>
Net income	<u>\$ 9,849</u>	<u>2,231</u>	<u>47,789</u>

Regency Centers Corporation
Notes to Consolidated Financial Statements
December 31, 2006

5. Notes Receivable

The Company has notes receivables outstanding of \$20.0 million and \$46.5 million at December 31, 2006 and 2005, respectively. The notes bear interest ranging from 6.75% to 8.0% with maturity dates through November 2014.

6. Acquired Lease Intangibles

During 2006, the Company acquired one shopping center and in accordance with Statement 141, acquired lease intangible assets and acquired lease intangible liabilities of \$6.1 million and \$5.0 million, respectively were recorded for the acquisition. The Company has acquired lease intangible assets of \$12.3 million of which \$11.7 million relates to in-place leases at December 31, 2006. These in-place leases have a remaining weighted average amortization period of approximately 6.3 years and the aggregate amortization expense was approximately \$3.8 million, \$4.0 million and \$2.2 million for the years ended December 31, 2006, 2005 and 2004, respectively. The Company has above market lease intangible assets of \$623,130 recorded net of a reduction to minimum rent of \$81,753 at December 31, 2006. The remaining weighted average amortization period is approximately 7.2 years. Acquired lease intangible liabilities are all related to below-market rents and recorded net of previously accreted minimum rent of \$4.3 million and \$2.9 million at December 31, 2006 and 2005, respectively. The remaining weighted average accretion period is approximately 7.2 years.

The estimated aggregate amortization and accretion amounts from acquired lease intangibles for each of the next five years are as follows (in thousands):

<u>Year Ending December 31,</u>	<u>Amortization Expense</u>	<u>Minimum Rent</u>
2007	\$2,686	1,297
2008	1,464	1,130
2009	1,377	1,121
2010	1,347	570
2011	1,008	541

Regency Centers Corporation
Notes to Consolidated Financial Statements
December 31, 2006

7. Notes Payable and Unsecured Line of Credit

The Company's outstanding debt at December 31, 2006 and 2005 consists of the following (in thousands):

	2006	2005
Notes Payable:		
Fixed rate mortgage loans	\$ 186,897	175,403
Variable rate mortgage loans	68,662	77,906
Fixed rate unsecured loans	1,198,827	1,198,633
Total notes payable	1,454,386	1,451,942
Unsecured line of credit	121,000	162,000
Total	<u>\$ 1,575,386</u>	<u>1,613,942</u>

The Company has an unsecured revolving line of credit (the "Line") with a commitment of \$500 million and the right to expand the Line by an additional \$150 million subject to additional lender syndication. The Line has a three-year term which expires in 2007 with a one-year extension at the Company's option with an interest rate of LIBOR plus .75%. At December 31, 2006, the balance on the Line was \$121 million. Contractual interest rates on the Line, which are based on LIBOR plus .75%, were 6.125% and 5.125% at December 31, 2006 and 2005, respectively.

The spread paid on the Line is dependent upon the Company maintaining specific investment-grade ratings. The Company is also required to comply, and is in compliance, with certain financial covenants such as Minimum Net Worth, Total Liabilities to Gross Asset Value ("GAV") and Recourse Secured Debt to GAV, Fixed Charge Coverage and other covenants customary with this type of unsecured financing. The Line is used primarily to finance the development of real estate, but is also available for general working-capital purposes.

In February, 2007, Regency entered into a new loan agreement under the Line which increased the commitment to \$600 million with the right to increase the facility size to \$750 million. The contractual interest rate will be reduced to LIBOR plus .55% and will have an initial term of 48 months followed by a 12 month extension option.

Mortgage loans are secured by certain real estate properties and may be prepaid, but could be subject to a yield-maintenance premium or prepayment penalty. Mortgage loans are generally due in monthly installments of interest and principal and mature over various terms through 2017. The Company intends to repay mortgage loans at maturity from proceeds from the Line. Variable interest rates on mortgage loans are currently based on LIBOR plus a spread in a range of 90 to 135 basis points. Fixed interest rates on mortgage loans range from 5.22% to 8.95%.

The fair value of the Company's variable rate notes payable and the Line are considered to approximate fair value, since the interest rates on such instruments re-price based on current market conditions. The fair value of fixed rate loans are estimated using cash flows discounted at current market rates available to the Company for debt with similar terms and average maturities. Fixed rate loans assumed in connection with real estate acquisitions are recorded in the accompanying consolidated financial statements at fair value. Based on the estimates used by the Company, the fair value of notes payable and the Line is approximately \$1.6 billion at December 31, 2006.

Regency Centers Corporation
Notes to Consolidated Financial Statements
December 31, 2006

7. Notes Payable and Unsecured Line of Credit (continued)

As of December 31, 2006, scheduled principal repayments on notes payable and the Line were as follows (in thousands):

Scheduled Principal Payments by Year	Scheduled Principal Payments	Term Loan Maturities	Total Payments
2007 (includes the Line)	3,505	213,134	216,639
2008	3,352	19,618	22,970
2009	3,352	53,088	56,440
2010	3,190	177,208	180,398
2011	3,191	251,123	254,314
Beyond 5 Years	8,764	834,292	843,056
Unamortized debt premiums	—	1,569	1,569
Total	<u>25,354</u>	<u>1,550,032</u>	<u>1,575,386</u>

8. Derivative Financial Instruments

The Company uses derivative instruments primarily to manage exposures to interest rate risks. In order to manage the volatility relating to interest rate risk, the Company may enter into interest rate hedging arrangements from time to time. None of the Company's derivatives are designated as fair value hedges. The Company does not utilize derivative financial instruments for trading or speculative purposes.

On March 10, 2006, the Company entered into four forward-starting interest rate swaps totaling \$396.7 million with fixed rates of 5.399%, 5.415%, 5.399% and 5.415%. The Company designated these swaps as cash flow hedges to fix \$400 million fixed rate financing expected to occur in 2010 and 2011. The change in fair value of these swaps from inception generated a liability of \$2.9 million at December 31, 2006, which is recorded in accounts payable and other liabilities in the accompanying consolidated balance sheet.

On April 1, 2005, the Company entered into three forward-starting interest rate swaps of approximately \$65.6 million each with fixed rates of 5.029%, 5.05% and 5.05% to fix the rate on unsecured notes issued in July 2005. On July 13, 2005, the Company settled the swaps with a payment to the counter-parties for \$7.3 million. During 2003, the Company entered into two forward-starting interest rate swaps for a total of \$144.2 million to fix the rate on a refinancing in April 2004. On March 31, 2004, the Company settled these swaps with a payment to the counter-party for \$5.7 million. The adjustment to interest expense recorded in 2006 related to the settlement of these swaps is approximately \$1.3 million and the unamortized balance at December 31, 2006 is \$10.4 million.

Regency Centers Corporation
Notes to Consolidated Financial Statements
December 31, 2006

8. Derivative Financial Instruments (continued)

All of these swaps qualify for hedge accounting under Statement 133. Realized losses associated with the swaps settled in 2005 and 2004 and unrealized losses associated with the swaps entered into in 2006 have been included in accumulated other comprehensive income (loss) in the consolidated statements of stockholders' equity and comprehensive income (loss). The unamortized balance of the realized losses is being amortized as additional interest expense over the ten year terms of the hedged loans. Unrealized losses will not be amortized until such time that the expected debt issuance is completed in 2010 and 2011 as long as the swaps continue to qualify for hedge accounting.

9. Stockholders' Equity and Minority Interest

(a) Preferred Units

At December 31, 2006 and 2005, the face value of the Series D Preferred Units was \$50 million with a fixed distribution rate of 7.45% and recorded on the accompanying consolidated balance sheets net of original issuance costs.

On August 1, 2005, the Company redeemed the \$30 million Series E Preferred Units and expensed related issuance costs of \$762,180. On September 7, 2005, the Company redeemed the \$24 million Series F Preferred Units and expensed their related issuance costs of \$634,201. The redemptions were funded from the net proceeds from issuing common stock related to a Forward Sale Agreement as discussed further below.

Terms and conditions for the Series D Preferred Units outstanding as of December 31, 2006 are summarized as follows:

<u>Units Outstanding</u>	<u>Amount Outstanding</u>	<u>Distribution Rate</u>	<u>Callable by Company</u>	<u>Exchangeable by Unit holder</u>
500,000	\$50,000,000	7.450%	09/29/09	01/01/16

The Preferred Units, which may be called by RCLP at par beginning September 29, 2009, have no stated maturity or mandatory redemption and pay a cumulative, quarterly dividend at a fixed rate. The Preferred Units may be exchanged by the holder for Cumulative Redeemable Preferred Stock ("Preferred Stock") at an exchange rate of one share for one unit. The Preferred Units and the related Preferred Stock are not convertible into common stock of the Company.

Regency Centers Corporation
Notes to Consolidated Financial Statements
December 31, 2006

9. Stockholders' Equity and Minority Interest (continued)

(b) Preferred Stock

Terms and conditions of the three series of Preferred stock outstanding as of December 31, 2006 are summarized as follows:

Series	Shares Outstanding	Depositary Shares	Liquidation Preference	Distribution Rate	Callable by Company
Series 3	300,000	3,000,000	\$75,000,000	7.450%	04/03/08
Series 4	500,000	5,000,000	125,000,000	7.250%	08/31/09
Series 5	3,000,000	—	75,000,000	6.700%	08/02/10
	<u>3,800,000</u>	<u>8,000,000</u>	<u>\$275,000,000</u>		

In 2005, the Company issued 3 million shares, or \$75 million, of 6.70% Series 5 Preferred Stock with a liquidation preference of \$25 per share of which the proceeds were used to reduce the balance of the Line. The Series 3 and 4 depositary shares, which have a liquidation preference of \$25, and the Series 5 preferred shares are perpetual, are not convertible into common stock of the Company, and are redeemable at par upon Regency's election 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.

(c) Common Stock

On April 5, 2005, the Company entered into an agreement to sell 4,312,500 shares of its common stock to an affiliate of Citigroup Global Markets Inc. ("Citigroup") at \$46.60 per share, in connection with a forward sale agreement (the "Forward Sale Agreement"). On August 1, 2005, the Company issued 3,782,500 shares to Citigroup for net proceeds of approximately \$175.5 million and on September 7, 2005, the remaining 530,000 shares were issued for net proceeds of \$24.4 million. The proceeds from the sale were used to reduce the Line and redeem the Series E and Series F Preferred Units.

Regency Centers Corporation
Notes to Consolidated Financial Statements
December 31, 2006

10. Stock-Based Compensation and Other Employee Plan

The Company recorded stock-based compensation expense for the years ended December 31, 2006, 2005 and 2004 as follows, the components of which are further described below (in thousands):

	2006	2005	2004
Restricted stock	\$16,584	16,955	10,154
Stock options, dividends and equivalents	960	1,440	3,928
Directors' fees paid in common stock	406	360	343
Total	<u>\$17,950</u>	<u>18,755</u>	<u>14,425</u>

The recorded amounts of stock-based compensation expense represent amortization of deferred compensation related to share based payments in accordance with Statement 123(R). Compensation expense that is specifically identifiable to development activities is capitalized to the associated development project and is included above.

During 2004, as permitted by Statement 123, the Company accounted for share-based payments to employees using Opinion 25's intrinsic value method and recognized no compensation cost for employee stock options. Had the Company adopted Statement 123(R) in 2004, the impact of that standard would have approximated the impact of Statement 123 in the disclosure of pro-forma net income and earnings per share described as follows (in thousands except per share data):

	December 31, 2004
Net income for common stockholders as reported	\$ 127,694
Add: stock-based employee compensation expense included in reported net income	14,425
Deduct: total stock-based employee compensation expense determined under fair value based methods for all awards	21,067
Pro-forma net income	<u>\$ 121,052</u>
Earnings per share:	
Basic – as reported	\$ 2.08
Basic – pro-forma	<u>\$ 1.98</u>
Diluted – as reported	\$ 2.08
Diluted – pro-forma	<u>\$ 1.97</u>

The Company has a Long-Term Omnibus Plan (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 common stock or stock options, but limits the issuance of common stock excluding stock options to no more than 2.75 million shares. At December 31, 2006, there were approximately 1.4 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 outstanding common stock.

Regency Centers Corporation

Notes to Consolidated Financial Statements

December 31, 2006

10. Stock-Based Compensation and Other Employee Plan (continued)

Stock options are granted under the Plan with an exercise price equal to the stock's fair market value 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 to receive new options each time existing options were exercised if the existing options were exercised under specific criteria provided for in the Plan. In January 2005, the Company acquired the "reload" rights of existing stock options from the option holders by granting 771,645 options to 37 employees for an exercise price of \$51.36, the fair value on the date of grant, and granted 7,906 restricted shares to 11 employees representing value of \$363,664, substantially canceling all of the "reload" rights on existing stock options. These stock options and restricted shares vest 25% per year and are expensed over a four-year period beginning in 2005 in accordance with Statement 123(R). Options granted under the reload buy-out plan do not earn dividend equivalents.

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 that uses the assumptions noted in the following table. Expected volatilities are based on historical volatility of the 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 Statement 123(R) and reflects all substantive characteristics of the instruments being valued. The following table represents the assumptions used for the Black-Scholes option-pricing model for options granted in the respective year:

	2006	2005	2004
Per share weighted average value of stock options	\$8.35	5.91	4.75
Expected dividend yield	3.8%	4.3%	4.0%
Risk-free interest rate	4.9%	3.7%	2.9%
Expected volatility	20.0%	18.0%	19.0%
Expected life in years	2.1	4.4	2.1

Regency Centers Corporation
Notes to Consolidated Financial Statements
December 31, 2006

10. Stock-Based Compensation and Other Employee Plan (continued)

The following table reports stock option activity during the year ended December 31, 2006:

	Number of Options	Weighted Average Exercise Price	Remaining Contractual Term (in years)	Intrinsic Value (in thousands)
Outstanding - December 31, 2005	2,024,900	47.91		
Granted	18,827	70.98		
Exercised	(834,893)	46.96		
Forfeited	(13,283)	51.36		
Outstanding - December 31, 2006	<u>1,195,551</u>	<u>\$ 48.90</u>	<u>7.5</u>	<u>\$ 34,997</u>
Vested and expected to vest - December 31, 2006	<u>1,181,055</u>	<u>\$ 48.87</u>	<u>7.5</u>	<u>\$ 34,607</u>
Exercisable - December 31, 2006	<u>626,779</u>	<u>\$ 46.66</u>	<u>7.0</u>	<u>\$ 19,748</u>

The total intrinsic value of options exercised during the years ended December 31, 2006, 2005 and 2004 was \$17.3 million, \$7.2 million and \$30.7 million, respectively. As of December 31, 2006, there was \$2.0 million of unrecognized compensation cost related to non-vested stock options granted under the Plan. That cost is expected to be recognized through 2008. The Company issues new shares to fulfill option exercises from its authorized shares available.

The following table presents information regarding unvested option activity during the period ended December 31, 2006:

	Non-vested Number of Options	Weighted Average Grant-Date Fair Value
Non-vested at January 1, 2006	779,145	\$ 5.86
Less: 2006 Vesting	197,091	5.75
Less: Forfeited	13,283	5.90
Non-vested at December 31, 2006	<u>568,771</u>	<u>\$ 5.90</u>

Regency Centers Corporation
Notes to Consolidated Financial Statements

December 31, 2006

10. Stock-Based Compensation and Other Employee Plan (continued)

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 to date can be categorized into three types: (a) 4-year vesting, (b) performance-based vesting, and (c) 8-year cliff vesting.

- The 4-year vesting grants vest 25% per year beginning in the year of grant. These grants are not subject to future performance measures.
- Performance grants are earned subject to future performance measurements, which include individual performance measures, 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.
- The 8-year cliff vesting grants fully vest at the end of the eighth year from the date of grant; however, as a result of the achievement of future performance, primarily growth in earnings, the vesting of these grants may be accelerated over a shorter term.

Performance grants and 8-year cliff vesting grants are currently only granted to the Company's senior management. The Company considers the likelihood of meeting the performance criteria based upon management's 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.

The following table reports restricted stock activity during the year ended December 31, 2006:

	<u>Number of Shares</u>	<u>Intrinsic Value (in thousands)</u>	<u>Weighted Average Grant Price</u>
Unvested at December 31, 2005	923,765		
Shares Granted	295,208		\$ 63.75
Shares Vested and Distributed	(415,830)		
Shares Forfeited	(24,083)		
Unvested at December 31, 2006	<u>779,060</u>	\$ 60,899	\$ 51.67

Regency Centers Corporation

Notes to Consolidated Financial Statements

December 31, 2006

10. Stock-Based Compensation and Other Employee Plan (continued)

The weighed-average grant price for restricted stock granted during the years 2006, 2005 and 2004 was \$63.75, \$51.38 and \$39.79, respectively. The total intrinsic value of restricted stock vested during the years ended December 31, 2006, 2005 and 2004 was \$26.3 million, \$16.5 million and \$11.0 million, respectively. As of December 31, 2006, there was \$22.7 million of unrecognized compensation cost related to non-vested restricted stock granted under the Plan, which is recorded when recognized in additional paid in capital of the consolidated statements of stockholders' equity and comprehensive income (loss). This unrecognized compensation cost will be recognized over the next three years through 2009.

The Company maintains a 401(k) retirement plan covering substantially all employees, which permits participants to defer up to the maximum allowable amount determined by the IRS of their eligible compensation. This deferred compensation, together with Company matching contributions equal to 100% of employee deferrals up to a maximum of \$3,500 of their eligible compensation is fully vested and funded as of December 31, 2006. Costs relating to the matching portion of the plan were approximately \$1.1 million, \$603,415 and \$588,482 for the years ended December 31, 2006, 2005 and 2004, respectively.

Regency Centers Corporation
Notes to Consolidated Financial Statements
December 31, 2006

11. Earnings per Share

The following summarizes the calculation of basic and diluted earnings per share for the three years ended December 31, 2006, 2005 and 2004, respectively (in thousands except per share data):

	2006	2005	2004
<u>Numerator:</u>			
Income from continuing operations	\$ 155,145	97,187	99,377
Discontinued operations	63,366	65,460	36,950
Net income	218,511	162,647	136,327
Less: Preferred stock dividends	19,675	16,744	8,633
Net income for common stockholders	198,836	145,903	127,694
Less: Dividends paid on unvested restricted stock	978	1,109	1,041
Net income for common stockholders - basic	197,858	144,794	126,653
Add: Dividends paid on Treasury Method restricted stock	164	216	232
Net income for common stockholders – diluted	<u>\$ 198,022</u>	<u>145,010</u>	<u>126,885</u>
<u>Denominator:</u>			
Weighted average common shares outstanding for basic EPS	68,037	64,459	60,665
Incremental shares to be issued under common stock options using the Treasury method	326	226	217
Incremental shares to be issued under unvested restricted stock using the Treasury method	69	98	110
Incremental shares to be issued under Forward Equity Offering using the Treasury method	—	149	—
Weighted average common shares outstanding for diluted EPS	<u>68,432</u>	<u>64,932</u>	<u>60,992</u>
<u>Income per common share – basic</u>			
Income from continuing operations	\$ 1.98	1.23	1.47
Discontinued operations	0.93	1.02	0.61
Net income for common stockholders per share	<u>\$ 2.91</u>	<u>2.25</u>	<u>2.08</u>
<u>Income per common share – diluted</u>			
Income from continuing operations	\$ 1.97	1.22	1.47
Discontinued operations	0.92	1.01	0.61
Net income for common stockholders per share	<u>\$ 2.89</u>	<u>2.23</u>	<u>2.08</u>

The exchangeable operating partnership units were anti-dilutive to diluted EPS for the three years ended December 31, 2006, 2005 and 2004, therefore, the units and the related minority interest of exchangeable operating partnership units are excluded from the calculation of diluted EPS.

Regency Centers Corporation

Notes to Consolidated Financial Statements

December 31, 2006

12. Operating Leases

The Company's properties are leased to tenants under operating leases with expiration dates extending to the year 2032. Future minimum rents under noncancelable operating leases as of December 31, 2006 excluding both tenant reimbursements of operating expenses and additional percentage rent based on tenants' sales volume are as follows (in thousands):

<u>Year Ending December 31,</u>	<u>Amount</u>
2007	\$287,017
2008	268,928
2009	234,918
2010	199,077
2011	162,253
Thereafter	987,961
Total	<u>\$2,140,154</u>

The shopping centers' tenant base includes primarily national and regional supermarkets, drug stores, discount department stores and other retailers and, consequently, the credit risk is concentrated in the retail industry. There were no tenants that individually represented more than 7% of the Company's future minimum rents.

The Company has shopping centers that are subject to non-cancelable long-term ground leases where a third party owns and has leased the underlying land to Regency to construct and/or operate a shopping center. In addition, the Company has non-cancelable operating leases pertaining to office space from which it conducts its business. The following table summarizes the future obligations under non-cancelable operating leases as of December 31, 2006 (in thousands):

<u>Year Ending December 31,</u>	<u>Amount</u>
2007	\$5,945
2008	5,012
2009	4,856
2010	4,710
2011	4,636
Thereafter	41,511
Total	<u>\$66,670</u>

Regency Centers Corporation
Notes to Consolidated Financial Statements
December 31, 2006

13. 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 (UST's). 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, where 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. 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 these legal obligations to be approximately \$3.8 million of which has been accrued. The Company believes that the ultimate disposition of currently known environmental matters will not have a material affect 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.

14. Market and Dividend Information (Unaudited)

The Company's common stock is traded on the New York Stock Exchange ("NYSE") under the symbol "REG". The Company currently has approximately 23,900 shareholders. The following table sets forth the high and low sales prices and the cash dividends declared on the Company's common stock by quarter for 2006 and 2005:

Quarter Ended	2006			2005		
	High Price	Low Price	Cash Dividends Declared	High Price	Low Price	Cash Dividends Declared
March 31	\$69.00	58.64	.595	55.39	47.00	.55
June 30	67.99	59.18	.595	59.79	47.30	.55
September 30	69.06	60.86	.595	63.20	55.53	.55
December 31	81.42	67.59	.595	60.07	52.02	.55

Regency Centers Corporation
Notes to Consolidated Financial Statements
December 31, 2006

15. Summary of Quarterly Financial Data (Unaudited)

Presented below is a summary of the consolidated quarterly financial data for the years ended December 31, 2006 and 2005 (in thousands except per share data):

	<u>First Quarter</u>	<u>Second Quarter</u>	<u>Third Quarter</u>	<u>Fourth Quarter</u>
<u>2006:</u>				
Revenues as originally reported	\$ 104,069	108,825	105,633	111,048
Reclassified to discontinued operations	(3,489)	(3,624)	(2,123)	—
Adjusted Revenues	<u>\$ 100,580</u>	<u>105,201</u>	<u>103,510</u>	<u>111,048</u>
Net income for common stockholders	<u>\$ 65,856</u>	<u>32,128</u>	<u>39,392</u>	<u>61,461</u>
Net income per share:				
Basic	<u>\$ 0.97</u>	<u>0.47</u>	<u>0.57</u>	<u>0.89</u>
Diluted	<u>\$ 0.97</u>	<u>0.47</u>	<u>0.57</u>	<u>0.89</u>
<u>2005:</u>				
Revenues as originally reported	\$ 101,688	111,485	93,626	98,411
Reclassified to discontinued operations	(9,023)	(6,680)	(5,501)	(3,370)
Adjusted Revenues	<u>\$ 92,665</u>	<u>104,805</u>	<u>88,125</u>	<u>95,041</u>
Net income for common stockholders	<u>\$ 34,686</u>	<u>40,217</u>	<u>27,563</u>	<u>43,437</u>
Net income per share:				
Basic	<u>\$ 0.55</u>	<u>0.64</u>	<u>0.42</u>	<u>0.64</u>
Diluted	<u>\$ 0.55</u>	<u>0.63</u>	<u>0.41</u>	<u>0.64</u>

REGENCY CENTERS CORPORATION

Combined Real Estate and Accumulated Depreciation
December 31, 2006
(in thousands)

	Initial Cost		Cost Capitalized Subsequent to Acquisition (a)	Total Cost				Accumulated Depreciation	Total Cost Net of Accumulated Depreciation	
	Land	Building & Improvements		Land	Building & Improvements	Properties held for Sale	Total		Depreciation	Mortgages
4S COMMONS TOWN CENTER	28,009	32,692	—	28,009	32,692	—	60,701	95	60,606	—
ALDEN BRIDGE	12,937	10,146	1,902	13,810	11,175	—	24,985	2,406	22,579	9,733
AMHERST STREET VILLAGE CENTER	1,609	5,759	—	1,609	5,759	—	7,368	163	7,205	—
ANTHEM MARKETPLACE	6,846	13,563	(107)	6,714	13,588	—	20,302	1,573	18,729	14,870
ASHBURN FARM MARKET CENTER	9,869	4,747	(11)	9,835	4,770	—	14,605	1,320	13,285	—
ASHFORD PLACE	2,804	9,944	(339)	2,584	9,825	—	12,409	3,210	9,199	3,521
ATASCOCITA CENTER	1,008	2,237	6,435	3,997	5,683	—	9,680	510	9,170	—
ATASCOCITA SHELL STATION	1,474	—	—	1,474	—	—	1,474	—	1,474	—
AVENTURA SHOPPING CENTER	2,751	9,318	1,050	2,751	10,368	—	13,119	6,329	6,790	8,750
BECKETT COMMONS	1,625	5,845	5,011	1,625	10,856	—	12,481	2,086	10,395	—
BELLEVUE SQUARE	8,132	8,610	299	8,132	8,909	—	17,041	994	16,047	9,341
BENEVA VILLAGE SHOPS	2,484	8,851	1,093	2,484	9,944	—	12,428	2,240	10,188	—
BERKSHIRE COMMONS	2,295	8,151	535	2,295	8,686	—	10,981	3,060	7,921	8,750
BETHANY PARK PLACE	4,605	5,792	(203)	4,290	5,904	—	10,194	2,519	7,675	—
BLOOMINGDALE	3,862	14,101	704	3,862	14,805	—	18,667	3,632	15,035	—
BLOSSOM VALLEY	7,804	10,321	468	7,804	10,789	—	18,593	2,233	16,360	—
BOULEVARD CENTER	3,659	9,658	803	3,659	10,461	—	14,120	2,254	11,866	—
BOYNTON LAKES PLAZA	2,783	10,043	945	2,628	11,143	—	13,771	2,741	11,030	—
BRIARCLIFF LA VISTA	694	2,463	829	694	3,292	—	3,986	1,373	2,613	—
BRIARCLIFF VILLAGE	4,597	16,304	8,358	4,597	24,662	—	29,259	8,053	21,206	—
BUCKHEAD COURT	1,738	6,163	1,981	1,628	8,254	—	9,882	2,631	7,251	—
BUCKLEY SQUARE	2,970	5,126	702	2,970	5,828	—	8,798	1,380	7,418	—
CAMBRIDGE SQUARE SHOPPING CTR	792	2,916	1,339	734	4,313	—	5,047	1,228	3,819	—
CARMEL COMMONS	2,466	8,903	3,547	2,466	12,450	—	14,916	3,168	11,748	—
CARRIAGE GATE	741	2,495	2,393	833	4,796	—	5,629	2,292	3,337	—
CHASEWOOD PLAZA	1,675	11,391	12,273	4,612	20,727	—	25,339	7,591	17,748	8,750
CHERRY GROVE	3,533	12,710	2,662	3,533	15,372	—	18,905	3,481	15,424	—
CHESHIRE STATION	10,182	8,443	(421)	9,896	8,308	—	18,204	2,642	15,562	—
CLOVIS COMMONS	11,097	22,699	—	11,097	22,699	—	33,796	701	33,095	—
COCHRAN'S CROSSING	13,154	10,066	2,205	13,154	12,271	—	25,425	2,536	22,889	—
COOPER STREET	2,079	10,682	84	2,079	10,766	—	12,845	2,152	10,693	—
COSTA VERDE	12,740	25,261	1,150	12,740	26,411	—	39,151	6,600	32,551	—
COURTYARD SHOPPING CENTER	1,762	4,187	(78)	5,867	4	—	5,871	—	5,871	—
CROMWELL SQUARE	1,772	6,285	605	1,772	6,890	—	8,662	2,183	6,479	—
DELK SPECTRUM	2,985	11,049	752	2,985	11,801	—	14,786	2,712	12,074	—
DIABLO PLAZA	5,300	7,536	493	5,300	8,029	—	13,329	1,775	11,554	—
DICKSON TN	675	1,568	—	675	1,568	—	2,243	283	1,960	—
DUNWOODY HALL	1,819	6,451	5,739	2,529	11,480	—	14,009	3,388	10,621	—
DUNWOODY VILLAGE	2,326	7,216	8,945	3,336	15,151	—	18,487	4,307	14,180	—
EAST POINTE	1,868	6,743	205	1,730	7,086	—	8,816	1,959	6,857	—
EAST PORT PLAZA	3,257	11,611	(1,579)	3,257	10,032	—	13,289	1,700	11,589	—
EAST TOWNE SHOPPING CENTER	2,957	4,881	41	2,957	4,922	—	7,879	753	7,126	—
EL CAMINO	7,600	10,852	664	7,600	11,516	—	19,116	2,513	16,603	—
EL NORTE PKWY PLAZA	2,834	6,332	900	2,834	7,232	—	10,066	1,569	8,497	—
ENCINA GRANDE	5,040	10,379	931	5,040	11,310	—	16,350	2,362	13,988	—
FENTON MARKETPLACE	3,020	10,153	(334)	2,615	10,224	—	12,839	1,398	11,441	—
FLEMING ISLAND	3,077	6,292	5,151	3,077	11,443	—	14,520	2,278	12,242	2,288
FOLSOM PRAIRIE CITY CROSSING	3,944	11,258	1,942	4,164	12,980	—	17,144	1,826	15,318	—
FORT BEND CENTER	6,966	4,197	(4,413)	2,552	4,198	—	6,750	934	5,816	—
FORTUNA	8,336	6,898	1,041	7,925	8,350	—	16,275	664	15,611	—

REGENCY CENTERS CORPORATION

Combined Real Estate and Accumulated Depreciation
December 31, 2006
(in thousands)

	Initial Cost		Cost Capitalized Subsequent to Acquisition (a)	Total Cost				Accumulated Depreciation	Total Cost Net of Accumulated Depreciation	
	Land	Building & Improvements		Land	Building & Improvements	Properties held for Sale	Total		Depreciation	Mortgages
FRANKFORT CROSSING SHPG CTR	8,325	6,067	558	7,417	7,533	—	14,950	1,796	13,154	—
FRIARS MISSION	6,660	27,277	626	6,660	27,903	—	34,563	5,446	29,117	949
GARDEN SQUARE	2,074	7,615	635	2,136	8,188	—	10,324	2,021	8,303	8,750
GARNER	5,591	19,897	1,940	5,591	21,837	—	27,428	4,570	22,858	—
GATEWAY SHOPPING CENTER	51,719	4,545	1,580	52,610	5,234	—	57,844	1,652	56,192	21,427
GELSON'S WESTLAKE MARKET PLAZA	2,332	8,316	3,523	3,157	11,014	—	14,171	1,251	12,920	—
GLENWOOD VILLAGE	1,194	4,235	1,065	1,194	5,300	—	6,494	1,720	4,774	—
GRANDE OAK	5,569	5,900	(481)	5,091	5,897	—	10,988	1,325	9,663	—
HANCOCK	8,232	24,249	3,313	8,232	27,562	—	35,794	6,048	29,746	—
HARDING PLACE	545	567	—	545	567	—	1,112	23	1,089	—
HARPETH VILLAGE FIELDSTONE	2,284	5,559	3,858	2,284	9,417	—	11,701	2,109	9,592	—
HASLEY CANYON VILLAGE	6,163	6,569	1,101	6,180	7,653	—	13,833	653	13,180	—
HERITAGE LAND	12,390	—	—	12,390	—	—	12,390	—	12,390	—
HERITAGE PLAZA	—	23,676	2,008	—	25,684	—	25,684	5,637	20,047	—
HERSHEY	7	807	1	7	808	—	815	124	691	—
HILLCREST VILLAGE	1,600	1,798	84	1,600	1,882	—	3,482	380	3,102	—
HINSDALE	4,218	15,040	2,899	5,734	16,423	—	22,157	3,499	18,658	—
HOLLYMEAD	12,781	16,989	987	13,038	17,719	—	30,757	900	29,857	—
HYDE PARK	9,240	33,340	6,540	9,768	39,352	—	49,120	9,703	39,417	—
INDEPENDENCE SQUARE	4,963	7,911	56	4,966	7,964	—	12,930	1,014	11,916	—
INGLEWOOD PLAZA	1,300	1,862	297	1,300	2,159	—	3,459	478	2,981	—
JOHN'S CREEK SHOPPING CENTER	5,480	7,758	184	5,489	7,933	—	13,422	838	12,584	—
KELLER TOWN CENTER	2,294	12,239	516	2,294	12,755	—	15,049	2,593	12,456	—
KERNERSVILLE PLAZA	1,742	6,081	558	1,742	6,639	—	8,381	1,483	6,898	4,425
KINGSDALE SHOPPING CENTER	3,867	14,020	6,414	4,028	20,273	—	24,301	4,990	19,311	—
KROGER NEW ALBANY CENTER	2,770	6,379	1,265	3,844	6,570	—	10,414	2,022	8,392	6,162
LAKE PINE PLAZA	2,008	6,909	679	2,008	7,588	—	9,596	1,702	7,894	5,517
LEBANON/LEGACY CENTER	3,906	7,391	418	3,913	7,802	—	11,715	1,394	10,321	—
LEETSDALE MARKETPLACE	3,420	9,934	317	3,420	10,251	—	13,671	2,071	11,600	—
LITTLETON SQUARE	2,030	8,255	409	2,030	8,664	—	10,694	1,701	8,993	—
LLOYD KING CENTER	1,779	8,855	1,138	1,779	9,993	—	11,772	2,128	9,644	—
LOEHMANN'S PLAZA CALIFORNIA	5,420	8,679	540	5,420	9,219	—	14,639	2,027	12,612	—
LOEHMANN'S PLAZA GEORGIA	3,982	14,118	1,550	3,982	15,668	—	19,650	5,052	14,598	—
MACARTHUR PARK REPURCHASE	1,930	—	(758)	1,172	—	—	1,172	—	1,172	—
MARKET AT OPITZ CROSSING	9,902	8,339	909	9,902	9,248	—	19,150	1,696	17,454	12,053
MARKET AT PRESTON FOREST	4,400	10,753	107	4,400	10,860	—	15,260	2,123	13,137	—
MARKET AT ROUND ROCK	2,000	9,676	338	2,000	10,014	—	12,014	2,054	9,960	—
MARKETPLACE ST PETE	1,287	4,663	738	1,287	5,401	—	6,688	1,592	5,096	—
MARTIN DOWNS VILLAGE CENTER	2,000	5,133	4,394	2,438	9,089	—	11,527	4,107	7,420	—
MARTIN DOWNS VILLAGE SHOPPES	700	1,208	3,672	817	4,763	—	5,580	1,747	3,833	—
MAXTOWN ROAD (NORTHGATE)	1,753	6,244	196	1,753	6,440	—	8,193	1,508	6,685	—
MAYNARD CROSSING	4,066	14,084	1,450	4,066	15,534	—	19,600	3,476	16,124	9,931
MILLHOPPER	1,073	3,594	1,724	1,073	5,318	—	6,391	3,003	3,388	—
MOCKINGBIRD COMMON	3,000	9,676	809	3,000	10,485	—	13,485	2,306	11,179	—
MONUMENT JACKSON CREEK	2,999	6,476	118	2,999	6,594	—	9,593	1,907	7,686	—
MORNINGSIDE PLAZA	4,300	13,120	454	4,300	13,574	—	17,874	2,800	15,074	—
MURRAYHILL MARKETPLACE	2,600	15,753	2,342	2,670	18,025	—	20,695	4,121	16,574	8,647
NASHBORO	1,824	7,168	474	1,824	7,642	—	9,466	1,497	7,969	—
NEWBERRY SQUARE	2,341	8,467	1,680	2,404	10,084	—	12,488	4,061	8,427	—
NEWLAND CENTER	12,500	12,221	(1,739)	12,500	10,482	—	22,982	2,733	20,249	—

REGENCY CENTERS CORPORATION

Combined Real Estate and Accumulated Depreciation
December 31, 2006
(in thousands)

	Initial Cost		Cost Capitalized Subsequent to Acquisition (a)	Total Cost				Total Cost Net of		
	Land	Building & Improvements		Land	Building & Improvements	Properties held for Sale	Total	Accumulated Depreciation	Accumulated Depreciation	Mortgages
NORTH HILLS	4,900	18,972	355	4,900	19,327	—	24,227	3,841	20,386	6,103
NORTHLAKE VILLAGE I	2,662	9,685	1,511	2,662	11,196	—	13,858	1,895	11,963	—
OAKBROOK PLAZA	4,000	6,366	298	4,000	6,664	—	10,664	1,554	9,110	—
OLD ST AUGUSTINE PLAZA	2,047	7,355	3,946	2,368	10,980	—	13,348	2,904	10,444	—
ORCHARD MARKET CENTER	2,451	3,212	—	2,451	3,212	—	5,663	143	5,520	—
PACES FERRY PLAZA	2,812	9,968	2,483	2,812	12,451	—	15,263	3,858	11,405	—
PANTHER CREEK	14,414	12,079	2,564	14,414	14,643	—	29,057	3,011	26,046	10,097
PARK PLACE SHOPPING CENTER	2,232	7,974	1,375	2,232	9,349	—	11,581	2,020	9,561	—
PEARTREE VILLAGE	5,197	8,733	10,970	5,197	19,703	—	24,900	4,981	19,919	10,979
PELHAM COMMONS	3,714	5,436	42	3,714	5,478	—	9,192	1,041	8,151	—
PHENIX CROSSING	1,544	—	—	1,544	—	—	1,544	—	1,544	—
PIKE CREEK	5,077	18,860	1,750	5,077	20,610	—	25,687	4,871	20,816	—
PIMA CROSSING	5,800	24,892	1,774	5,800	26,666	—	32,466	5,356	27,110	—
PINE LAKE VILLAGE	6,300	10,522	147	6,300	10,669	—	16,969	2,137	14,832	—
PINE TREE PLAZA	539	1,996	4,304	668	6,171	—	6,839	1,321	5,518	—
PLAZA HERMOSA	4,200	9,370	645	4,200	10,015	—	14,215	2,045	12,170	—
POWELL STREET PLAZA	8,248	29,279	499	8,248	29,778	—	38,026	3,758	34,268	—
POWERS FERRY SQUARE	3,608	12,791	4,950	3,687	17,662	—	21,349	5,527	15,822	—
POWERS FERRY VILLAGE	1,191	4,224	331	1,191	4,555	—	5,746	1,469	4,277	2,574
PRESTON PARK	6,400	46,896	5,873	6,400	52,769	—	59,169	10,394	48,775	—
PRESTONBROOK	4,704	10,762	194	7,069	8,591	—	15,660	2,641	13,019	—
PRESTONWOOD PARK	8,077	14,938	390	8,077	15,328	—	23,405	3,343	20,062	—
REGENCY COURT	3,571	12,664	(2,368)	—	—	13,867	13,867	—	13,867	—
REGENCY SQUARE BRANDON	578	18,157	10,928	4,770	24,893	—	29,663	12,418	17,245	—
RIVERMONT STATION	2,887	10,445	181	2,887	10,626	—	13,513	2,580	10,933	—
RONA PLAZA	1,500	4,356	272	1,500	4,628	—	6,128	892	5,236	—
RUSSELL RIDGE	2,153	—	6,960	2,215	6,898	—	9,113	2,132	6,981	5,664
SAMMAMISH HIGHLAND	9,300	7,553	284	9,300	7,837	—	17,137	1,590	15,547	—
SAN LEANDRO	1,300	7,891	315	1,300	8,206	—	9,506	1,743	7,763	—
SANTA ANA DOWNTOWN	4,240	7,319	933	4,240	8,252	—	12,492	1,967	10,525	—
SEQUOIA STATION	9,100	17,900	197	9,100	18,097	—	27,197	3,641	23,556	—
SHERWOOD CROSSROADS	2,731	3,612	1,788	2,731	5,400	—	8,131	701	7,430	—
SHERWOOD MARKET CENTER	3,475	15,898	184	3,475	16,082	—	19,557	3,369	16,188	—
SHILOH SPRINGS	4,968	7,859	4,514	5,739	11,602	—	17,341	4,670	12,671	—
SHOPPES AT MASON	1,577	5,358	112	1,577	5,470	—	7,047	1,250	5,797	3,600
SIGNAL HILL	7,287	10,084	(177)	7,098	10,096	—	17,194	1,030	16,164	—
SIGNATURE PLAZA	2,055	4,159	(26)	2,396	3,792	—	6,188	365	5,823	—
SOUTH MOUNTAIN	934	—	(168)	766	—	—	766	—	766	—
SOUTHCENTER	1,300	12,251	417	1,300	12,668	—	13,968	2,496	11,472	—
SOUTHPOINT CROSSING	4,399	11,116	1,011	4,399	12,127	—	16,526	2,545	13,981	—
STARKE	71	1,674	9	71	1,683	—	1,754	256	1,498	—
STATLER SQUARE PHASE I	2,228	7,480	851	2,228	8,331	—	10,559	1,947	8,612	—
STERLING RIDGE	12,846	10,085	2,008	12,846	12,093	—	24,939	2,484	22,455	10,260
STRAWFLOWER VILLAGE	4,060	7,233	596	4,060	7,829	—	11,889	1,655	10,234	—
STROH RANCH	4,138	7,111	1,046	4,280	8,015	—	12,295	2,253	10,042	—
SUNNYSIDE 205	1,200	8,703	635	1,200	9,338	—	10,538	1,919	8,619	—
TASSAJARA CROSSING	8,560	14,900	208	8,560	15,108	—	23,668	3,001	20,667	—
SHOPS AT ARIZONA	3,293	2,320	750	3,173	3,190	—	6,363	501	5,862	4,714
SHOPS OF SANTA BARBARA	9,477	1,323	8	9,477	1,331	—	10,808	1,038	9,770	7,916
THOMAS LAKE	6,000	10,302	294	6,000	10,596	—	16,596	2,150	14,446	—

REGENCY CENTERS CORPORATION

Combined Real Estate and Accumulated Depreciation
December 31, 2006
(in thousands)

	Initial Cost		Cost Capitalized Subsequent to Acquisition (a)	Total Cost				Accumulated Depreciation	Total Cost Net of Accumulated Depreciation	
	Land	Building & Improvements		Land	Building & Improvements	Properties held for Sale	Total		Depreciation	Mortgages
TOWN CENTER AT MARTIN DOWNS	1,364	4,985	159	1,364	5,144	—	6,508	1,324	5,184	—
TOWN SQUARE	438	1,555	7,015	883	8,125	—	9,008	1,923	7,085	—
TRACE CROSSING	4,356	4,896	(8,973)	279	—	—	279	—	279	—
TROPHY CLUB	2,595	10,467	310	2,595	10,777	—	13,372	2,051	11,321	—
TWIN CITY PLAZA	17,174	44,849	(738)	17,245	44,040	—	61,285	1,057	60,228	44,000
TWIN PEAKS	5,200	25,120	348	5,200	25,468	—	30,668	5,107	25,561	—
VALENCIA CROSSROADS	17,913	17,357	233	17,921	17,582	—	35,503	3,839	31,664	—
VALLEY RANCH CENTRE	3,021	10,728	(2,008)	—	—	11,741	11,741	—	11,741	—
VENTURA VILLAGE	4,300	6,351	244	4,300	6,595	—	10,895	1,361	9,534	—
VILLAGE CENTER 6	3,885	10,799	2,726	3,885	13,525	—	17,410	3,723	13,687	—
VISTA VILLAGE	9,721	24,832	41	9,719	24,875	—	34,594	2,928	31,666	—
WALKER CENTER	3,840	6,418	471	3,840	6,889	—	10,729	1,483	9,246	—
WATERFORD TOWNE CENTER	5,650	6,844	2,022	6,493	8,023	—	14,516	2,596	11,920	—
WELLEBY	1,496	5,372	2,233	1,496	7,605	—	9,101	2,919	6,182	—
WELLINGTON TOWN SQUARE	1,914	7,198	4,755	2,041	11,826	—	13,867	2,593	11,274	—
WEST PARK PLAZA	5,840	4,992	353	5,840	5,345	—	11,185	1,107	10,078	—
WESTBROOK COMMONS	3,366	11,928	1,106	3,366	13,034	—	16,400	1,992	14,408	—
WESTCHESTER PLAZA	1,857	6,456	1,025	1,857	7,481	—	9,338	2,198	7,140	—
WESTLAKE VILLAGE CENTER	7,043	25,744	1,326	7,043	27,070	—	34,113	6,042	28,071	—
WESTRIDGE	9,516	10,789	582	9,516	11,371	—	20,887	1,464	19,423	—
WHITE OAK – DOVER, DE	2,147	2,927	139	2,144	3,069	—	5,213	958	4,255	—
WILLA SPRINGS SHOPPING CENTER	2,004	9,267	(38)	2,144	9,089	—	11,233	1,715	9,518	—
WINDMILLER PLAZA PHASE I	2,620	11,191	2,167	2,599	13,379	—	15,978	2,853	13,125	—
WOODCROFT SHOPPING CENTER	1,419	5,212	877	1,419	6,089	—	7,508	1,749	5,759	—
WOODMAN VAN NUYS	5,500	6,835	344	5,500	7,179	—	12,679	1,567	11,112	4,218
WOODMEN PLAZA	6,014	10,078	2,399	7,621	10,870	—	18,491	3,841	14,650	—
WOODSIDE CENTRAL	3,500	8,846	287	3,500	9,133	—	12,633	1,803	10,830	—
OPERATING BUILD TO SUIT PROPERTIES	20,082	43,317	(1)	20,078	43,320		63,398	3,615	59,783	—
	<u>852,232</u>	<u>1,766,116</u>	<u>233,745</u>	<u>862,851</u>	<u>1,963,634</u>	<u>25,608</u>	<u>2,852,093</u>	<u>427,389</u>	<u>2,424,704</u>	<u>253,989</u>

(a) The negative balance for costs capitalized subsequent to acquisition could include out-parcels sold, provision for loss recorded and development transfers subsequent to the initial costs.

REGENCY CENTERS CORPORATION

Combined Real Estate and Accumulated Depreciation
December 31, 2006
(in thousands)

Depreciation and amortization of the Company's investment in buildings and improvements reflected in the statements of operation is calculated over the estimated useful lives of the assets as follows:

Buildings and improvements up to 40 years

The aggregate cost for Federal income tax purposes was approximately \$2.3 billion at December 31, 2006.

The changes in total real estate assets for the years ended December 31, 2006, 2005 and 2004:

	2006	2005	2004
Balance, beginning of year	\$2,816,139	2,726,778	2,656,376
Developed or acquired properties	233,138	303,303	322,660
Sale of properties	(209,396)	(221,188)	(261,098)
Provision for loss on operating properties	(500)	(550)	(810)
Reclass accumulated depreciation to adjust building basis	—	—	(1,010)
Reclass accumulated depreciation related to properties held for sale	(4,164)	(7,094)	(997)
Improvements	16,876	14,890	11,658
Balance, end of year	<u>\$2,852,093</u>	<u>2,816,139</u>	<u>2,726,779</u>

The changes in accumulated depreciation for the years ended December 31, 2006, 2005 and 2004:

	2006	2005	2004
Balance, beginning of year	\$380,613	338,609	285,665
Sale of properties	(20,908)	(21,182)	(16,152)
Reclass accumulated depreciation to adjust building basis	—	—	(1,010)
Reclass accumulated depreciation related to properties held for sale	(4,164)	(7,094)	(997)
Depreciation for year	71,848	70,280	71,103
Balance, end of year	<u>\$427,389</u>	<u>380,613</u>	<u>338,609</u>

LIMITED PARTNERSHIP AGREEMENT

RRP OPERATING, LP

THE UNITS IN RRP OPERATING, LP ARE SUBJECT TO THE RESTRICTIONS ON TRANSFER AND OTHER TERMS AND CONDITIONS SET FORTH IN SECTION 9 OF THIS AGREEMENT AND MAY NOT BE OFFERED FOR SALE, PLEDGED, HYPOTHECATED, SOLD, ASSIGNED, OR TRANSFERRED AT ANY TIME EXCEPT IN COMPLIANCE WITH THE TERMS AND CONDITIONS THEREOF. THEREFORE, PURCHASERS OF THE UNITS WILL BE REQUIRED TO BEAR THE RISK OF THEIR INVESTMENTS FOR AN INDEFINITE PERIOD OF TIME. THE UNITS HAVE NOT BEEN REGISTERED (i) UNDER ANY STATE SECURITIES LAWS (THE “STATE ACTS”), (ii) UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “FEDERAL ACT”), OR (iii) UNDER THE SECURITIES LAWS OF ANY FOREIGN JURISDICTION (THE “FOREIGN ACTS”), AND NEITHER THE UNITS NOR ANY PART THEREOF MAY BE OFFERED FOR SALE, PLEDGED, HYPOTHECATED, SOLD, ASSIGNED, OR TRANSFERRED AT ANY TIME EXCEPT IN COMPLIANCE WITH THE TERMS AND CONDITIONS OF SECTION 9 OF THIS AGREEMENT AND (1) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER ANY APPLICABLE STATE ACTS OR IN A TRANSACTION WHICH IS EXEMPT FROM REGISTRATION UNDER SUCH STATE ACTS OR FOR WHICH SUCH REGISTRATION OTHERWISE IS NOT REQUIRED, (2) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE FEDERAL ACT OR IN A TRANSACTION WHICH IS EXEMPT FROM REGISTRATION UNDER THE FEDERAL ACT OR FOR WHICH SUCH REGISTRATION OTHERWISE IS NOT REQUIRED, AND (3) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER ANY APPLICABLE FOREIGN ACTS OR IN A TRANSACTION WHICH IS EXEMPT FROM REGISTRATION UNDER SUCH FOREIGN ACTS OR FOR WHICH SUCH REGISTRATION OTHERWISE IS NOT REQUIRED.

TABLE OF CONTENTS

	<u>Page</u>
Section 1 THE PARTNERSHIP	1
1.1 Formation	1
1.2 Name	1
1.3 Purposes and Powers	1
1.4 Principal Place of Business; Registered Agent and Registered Office	2
1.5 Term	2
1.6 Definitions	3
Section 2 PARTNERS' CAPITAL CONTRIBUTIONS	17
2.1 Units	17
2.2 Capital Calls During Initial Investment Period.	18
2.3 Issuance of Additional Units.	19
2.4 Regency Required Investment.	20
2.5 Other Matters	21
Section 3 ALLOCATION OF PROFITS AND LOSSES	21
3.1 Allocation of Profits and Losses	21
3.2 Special Allocations	21
3.3 Curative Allocations	23
3.4 Tax Allocations	23
3.5 Other Allocation Rules.	23
3.6 Capital Accounts	24
3.7 Allocations in Year of Liquidation.	24
Section 4 DISTRIBUTIONS	24
4.1 Cash Distributions.	24
4.2 Reinvestment.	24
4.3 Withholding.	25
Section 5 MANAGEMENT	25
5.1 Rights and Powers of the General Partner	25
5.2 Actions Requiring the Consent of the Fund Limited Partners	26
5.3 Advisory Council	26
5.4 Actions Requiring the Prior Unanimous Approval of the Advisory Council.	27
5.5 Actions Requiring the Prior Approval of a Majority of the Advisory Council.	27
5.6 Expenses	28
5.7 Execution of Documents.	29
5.8 No Duty to Individual Partners.	29
5.9 Exclusivity Agreement.	29

		<u>Page</u>
	5.10 One Portfolio Policy.	29
	5.11 Allocation Policy	30
	5.12 Leverage.	30
	5.13 Valuation Policy.	30
	5.14 Use of Affiliates.	30
Section	6 PARTNERS	31
	6.1 Admission; Rights and Powers	31
	6.2 No Withdrawal or Dissolution	31
	6.3 Consent	31
	6.4 No Dissenters' Rights	32
Section	7 BOOKS AND RECORDS	32
	7.1 Books and Records	32
	7.2 Tax Matters	32
Section	8 AMENDMENTS	33
	8.1 Amendments Generally	33
	8.2 Amendment by General Partner	33
Section	9 TRANSFERS; REDEMPTIONS	34
	9.1 Transfer of Partnership Interests	34
	9.2 Redemptions of Common Units.	34
	9.3 Redemptions of Preferred Units.	38
Section	10 PRESERVATION OF REIT STATUS	38
Section	11 DUTIES; LIABILITY; INDEMNIFICATION	39
	11.1 Duties of the General Partner	39
	11.2 Other Activities	39
	11.3 Limitation of Liability	39
	11.4 Indemnification	40
Section	12 DISSOLUTION AND WINDING UP	41
	12.1 Liquidating Events.	41
	12.2 Winding Up	42
	12.3 Right of First Refusal Upon Removal Without Cause.	43
	12.4 Distribution In-Kind Upon Removal Without Cause.	44
	12.5 Negative Capital Accounts	45
	12.6 Technical Termination	46
	12.7 Rights of Partners	46
	12.8 Notice of Dissolution	46
Section	13 MISCELLANEOUS	46
	13.1 Notices	46
	13.2 Binding Effect	47

	<u>Page</u>
13.3 Construction	47
13.4 Time	47
13.5 Headings	47
13.6 Severability	47
13.7 Incorporation by Reference	47
13.8 Further Action	47
13.9 Governing Law	47
13.10 Waiver of Action for Partition	47
13.11 Counterpart Execution	47
13.12 General Partner’s Discretion	47
13.13 Counsel	47
13.14 Entire Agreement	48
13.15 Confidentiality	48
13.16 Third Party Beneficiaries	49
13.17 Jurisdiction; Waiver of Jury Trial	49

Exhibits

Exhibit A	Partners, Common Units and Preferred Units
Exhibit B	Exclusivity Agreement
Exhibit C	Allocation Policy
Exhibit D	Leverage Policy
Exhibit E	Valuation Policy
Exhibit E-1	Sample Summary Appraisal Report
Exhibit E-2	Sample Full Narrative Appraisal
Exhibit F	Initial Schedule of Affiliate Fees and Services

**LIMITED PARTNERSHIP AGREEMENT
OF
RRP OPERATING, LP
(A Delaware Limited Partnership)**

THIS LIMITED PARTNERSHIP AGREEMENT OF RRP OPERATING, LP (this “Agreement”) is entered into and shall be effective as of December __, 2006, by and among those Persons who have executed this Agreement or a counterpart hereof, or who become parties hereto pursuant to the terms of this Agreement.

WHEREAS, this Agreement shall constitute the “partnership agreement” (within the meaning of the Act) of the Partnership, and shall be binding upon all Persons now or at any time hereafter who are Partners.

NOW, THEREFORE, in consideration of the mutual covenants and obligations set forth in this Agreement, and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending legally to be bound, hereby agree as follows:

**SECTION 1
THE PARTNERSHIP**

1.1 Formation. The Partnership was formed as a limited partnership organized pursuant to the provisions of the Act by the filing of a certificate of limited partnership with the Secretary of State of Delaware on November 8, 2006 (the “Certificate”).

1.2 Name. The name of the Partnership is “RRP Operating, LP,” and all business of the Partnership shall be conducted in such name or in any other name that is selected by the General Partner. The words “Limited Partnership,” “LP,” “Ltd.” or similar words or letters shall be included in the Partnership’s name where necessary for the purposes of complying with the laws of any jurisdiction that so requires. The General Partner may change the name of the Partnership without the approval of any Limited Partner, and may amend the Certificate to give effect to such change in name. The General Partner shall notify the other Partners of any such name change. Upon termination of the Partnership or the termination or withdrawal of RRP Subsidiary REIT, LP as the General Partner, all of the Partnership’s right, title and interest in and to the use of the name “RRP Operating, LP” and any variation thereof, shall become the property of Regency, and if requested to do so by Regency, the Partnership shall change the name of the Partnership to exclude the term “Regency” and any variation thereof. Neither the Partnership nor any Limited Partner shall have any right or interest in and to the use of any such name or mark.

1.3 Purposes and Powers. The Partnership shall be empowered to do any and all acts and things necessary, appropriate, proper, advisable, incidental to or convenient for the furtherance and accomplishment of the purposes and business described herein and for the protection and benefit of the Partnership, including, but not limited to, the following: (i) invest in Properties, Temporary Investments and other assets which are designed to accomplish the purposes of the Partnership, as described in the Investment Strategy; (ii) act as general or limited partner, member, joint venturer, manager or shareholder of any entity that owns, directly or

indirectly, an interest in or manages one or more Properties, and exercise all of the powers, duties, rights and responsibilities associated therewith; (iii) take any and all actions necessary, convenient or appropriate as the holder of any such interests or positions; (iv) make purchase money loans in connection with the sale of Properties, provided, in no event shall the Partnership have outstanding at any time purchase money loans that are, in the aggregate, in excess of fifty million dollars (\$50,000,000); (v) operate, purchase, maintain, finance, improve, own, sell, convey, assign, encumber, mortgage, lease, construct, demolish or otherwise dispose of any real property or personal property as may be necessary, convenient or incidental to the accomplishment of the purposes of the Partnership; (vi) subject to the Leverage Policy, borrow money and issue evidences of indebtedness in furtherance of any or all of the purposes of the Partnership, and secure the same by mortgage, pledge or other lien or encumbrance on any assets of the Partnership; (vii) invest any funds of the Partnership pending distribution or payment of the same pursuant to the provisions of this Agreement; (viii) subject to the Leverage Policy, prepay in whole or in part, refinance, recast, increase, modify or extend any indebtedness of the Partnership and, in connection therewith, execute any extensions, renewals or modifications of any mortgage or security agreement securing such indebtedness; (ix) subject to Section 5.14, enter into, perform and carry out contracts of any kind, including, without limitation, contracts with the General Partner, a Limited Partner or Regency (or an Affiliate of any of the foregoing), necessary to, in connection with, or incidental to the accomplishment of the purposes of the Partnership; (x) establish reserves for capital expenditures, working capital, debt service, taxes, assessments, insurance premiums, repairs, improvements, depreciation, depletion, obsolescence and general maintenance of buildings or other property out of the rents, profits or other income received; (xi) employ or otherwise engage employees, managers, contractors, advisors and consultants, and pay compensation for such services, and enter into employee benefit plans of any type; (xii) purchase or repurchase any or all Units from any Partner for such consideration as the General Partner may determine in its reasonable discretion (whether more or less than the original issuance price of such Units or, subject to Section 5.5(g), the then Net Asset Value Per Unit); (xiii) effect the registration of the securities of the Partnership, or a subsidiary thereof, under the Securities Act and any other securities laws in connection with an initial public offering; and (xiv) create, and admit as a Limited Partner, any entity that may be necessary, convenient or incidental to the accomplishment of the purposes of the Partnership.

1.4 Principal Place of Business; Registered Agent and Registered Office. The principal place of business of the Partnership shall be located at 121 West Forsyth Street, Suite 200, Jacksonville, Florida 32202. The registered agent and registered office, as required by the Act, is the Corporation Service Company, 2711 Centreville Road, Suite 400, City of Wilmington, County of New Castle, Delaware 19808. The General Partner may change the principal place of business, the registered agent or the registered office of the Partnership, in its sole discretion, upon notice to the Partners. The General Partner shall cause the Partnership to maintain a registered agent and registered office as required by the Act.

1.5 Term. The Partnership commenced on the date of the filing of the Certificate and shall continue until it is dissolved pursuant to the provisions of Section 12 or as otherwise provided by law.

1.6 Definitions. Capitalized words and phrases used in this Agreement have the following meanings:

“Act” means the Delaware Revised Uniform Limited Partnership Act (Delaware Code Annotated, Title 6, Chapter 17), as amended from time to time (or any corresponding provisions of succeeding law).

“Acquisition Opportunity” has the meaning given to it in the Exclusivity Agreement.

“Additional Capital Amount” has the meaning given to it in Section 2.2.

“Adjusted Capital Account” means, with respect to any Partner, such Partner’s Capital Account as of the end of the relevant Fiscal Period, after giving effect to the following adjustments:

(i) Add to such Capital Account any amounts that such Partner is deemed to be obligated to restore pursuant to the penultimate sentences of Regulations Sections 1.704-2(g)(1) and 1.704-2(i)(5); and

(ii) Subtract from such Capital Account the items described in Sections 1.704-1(b)(2)(ii)(d)(4), (5) and (6) of the Regulations.

The foregoing definition of Adjusted Capital Account is intended to comply with the provisions of Section 1.704-1(b)(2)(ii)(d) of the Regulations and shall be interpreted consistently therewith.

“Advisory Council” has the meaning given to it in Section 5.3(a).

“Affiliate” means, with respect to a specified Person, any Person that, directly or indirectly through one or more intermediaries, controls, is controlled by or is under common control with the specified Person. For this purpose, (i) the term “control” (including, without limitation, the terms “controlling,” “controlled by” and “under common control with”) shall mean the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise, and (ii) neither Regency nor any of its Affiliates shall be deemed to be an Affiliate of any Fund Entity.

“Agreement” means this Limited Partnership Agreement, as amended from time to time. Words such as “herein,” “hereinafter,” “hereof,” “hereto” and “hereunder,” refer to this Agreement as a whole, unless the context otherwise requires.

“Allocation Policy” has the meaning given to it in Section 5.11.

“Business Day” means any day other than a Saturday, Sunday, or a day on which banking institutions in New York City, New York are authorized or obligated by law or executive order to be closed.

“Capital Account” means, with respect to any Partner, the capital account maintained for such Partner in accordance with the following provisions:

(i) To each Partner’s Capital Account there shall be added such Partner’s Capital Contributions, including any amounts deemed contributed by such Partner as a result of a distribution reinvestment under Section 4.2 hereof, Profits allocated to such Partner under Section 3.1(a) and any items in the nature of income or gain that are specially allocated to such Partner pursuant to Section 3.2, 3.3 or 3.7 hereof, and the amount of any Partnership liabilities assumed by such Partner or that are secured by any Partnership property distributed to such Partner;

(ii) From each Partner’s Capital Account there shall be subtracted the amount of money and the Gross Asset Value of any property other than money distributed to such Partner pursuant to any provision of this Agreement (including any amounts deemed distributed to and reinvested by such Partner under Section 4.2), Losses allocated to such Partner under Section 3.1(b) and any items in the nature of expenses or losses that are specially allocated to such Partner pursuant to Section 3.2, 3.3 or 3.7 hereof, and the amount of any liabilities of such Partner assumed by the Partnership or that are secured by any property contributed by such Partner to the Partnership (except to the extent such liabilities already have been taken into account in determining such Partner’s Capital Contributions);

(iii) In the event any Units are transferred in accordance with the terms of this Agreement, the transferee shall succeed to the Capital Account of the transferor to the extent it relates to the transferred Units; and

(iv) In determining the amount of any liability for purposes of the foregoing clauses (i) and (ii) of this definition of Capital Account, there shall be taken into account Code Section 752(c) and any other applicable provisions of the Code and Regulations.

The foregoing provisions and the other provisions of this Agreement relating to the maintenance of Capital Accounts are intended to comply with Regulations Section 1.704-1(b) and shall be interpreted and applied in a manner consistent with such Regulations. In the event the General Partner determines that it is prudent to modify the manner in which the Capital Accounts, or any additions or subtractions thereto, are computed in order to comply with such Regulations, the General Partner may make such modification. The General Partner also shall (i) make any adjustments that are necessary or appropriate to maintain equality between the Capital Accounts of the Partners and the amount of Partnership capital reflected on the Partnership’s balance sheet, as computed for book purposes, in accordance with Regulations Section 1.704-1(b)(2)(iv)(g), and (ii) make any appropriate modifications in the event unanticipated events might otherwise cause this Agreement not to comply with Regulations Section 1.704-1(b).

“Capital Amount Proportion” has the meaning given to it in Section 2.2.

“Capital Call Notice” has the meaning given to it in Section 2.2

“Capital Contribution” means, with respect to any Partner, the amount of cash or cash equivalents, and the fair market value of any Property determined pursuant to the Exclusivity Agreement (net of liabilities secured by such Property that the Partnership is considered to assume or take subject to under Code Section 752) actually contributed to the Partnership by such Partner as of the time the determination is made, which such Partner contributes or is deemed to have contributed to the Partnership pursuant to Section 2.1, 2.2 or 2.3 hereof.

“Capital Contribution Percentage” means, with respect to any Fund Limited Partner, a fraction expressed as a percentage, the numerator of which is such Fund Limited Partner’s Unfunded Capital Commitment and the denominator of which is the sum of the Unfunded Capital Commitments of all Fund Limited Partners.

“Cash Flow” for any period means the sum of (a) all amounts of money received in the business of the Partnership, plus (b) all amounts of money received by the Partnership from the sale or other disposition of all or any portion of the Properties, plus (c) all income from Temporary Investments for such period, plus (d) net proceeds of any financing, plus (e) decreases in reserves to the extent not used to pay Operating Expenses, minus (f) all Operating Expenses.

“Certificate” has the meaning given to it in Section 1.1.

“Closing Costs Cap” means 1.45% of the Gross Contribution Value (as defined in the Exclusivity Agreement) of a Development Asset to be acquired pursuant to the Exclusivity Agreement (but without duplication of closing and financing costs).

“Code” means the Internal Revenue Code of 1986, as amended from time to time (or any corresponding provisions of succeeding law).

“Common Unit” means a unit of partnership interest issued pursuant to Section 2.1, 2.3 or 4.2, with the rights, powers and duties set forth herein. The number of Common Units owned by each Partner shall be set forth on Exhibit A.

“Confidential Information” has the meaning given to it in Section 13.15(a).

“Depreciation” means, for each Fiscal Period, an amount equal to the depreciation, amortization, or other cost recovery deduction allowable for federal income tax purposes with respect to an asset for such Fiscal Period, except that (i) with respect to any asset the Gross Asset Value of which differs from its adjusted tax basis for federal income tax purposes at the beginning of such Fiscal Period and which difference is being eliminated by use of the “remedial method” as defined by Section 1.704-3(d) of the Regulations, Depreciation for such Fiscal Period shall be the amount of book basis recovered for such Fiscal Period under the rules prescribed by Section 1.704-3(d)(2) of the Regulations, and (ii) with respect to any other asset the Gross Asset Value of which differs from its adjusted tax basis for federal income tax purposes at the beginning of such Fiscal Period, Depreciation shall be an amount which bears the same ratio to such beginning Gross Asset Value as the federal income tax depreciation, amortization, or other cost recovery deduction for such Fiscal Period bears to such beginning adjusted tax basis; provided, that in the case of clause (ii) above, if the adjusted tax basis for federal income tax purposes of an asset at the beginning of such Fiscal Period is zero, Depreciation shall be determined with reference to such beginning Gross Asset Value using any reasonable method selected by the General Partner.

“Designated Properties” has the meaning given to it in Section 12.4(c).

“Development Asset” has the meaning given to it in the Exclusivity Agreement.

“Disabling Conduct” has the meaning given to it in Section 11.3.

“Established Net Value” means, with respect to any Property, the gross fair market value ascribed to such Property in an appraisal conducted by an Independent Valuation Firm, reduced, but not below zero, by the amount of (without duplication) (i) all indebtedness and other liabilities secured solely by such Property, (ii) all non-recourse liabilities to which such Property is subject, (iii) the portion of any indebtedness secured by such Property and other Properties allocated to such Property in good faith by the Regency Partner, and (iv) a portion of any unsecured indebtedness or other liabilities of the Partnership allocated to such Property in good faith by the Regency Partner, in each case adjusted to reflect the cost or value of any above- or below- market indebtedness. The Established Net Value is determined by the Regency Partner, subject to the approval of the Independent Valuation Firm, pursuant to Section 12.4.

“Exclusivity Agreement” has the meaning given to it in Section 5.9.

“Exculpated Person” has the meaning given to it in Section 11.3.

“Exercise Period” has the meaning given to it in Section 12.3.

“Federal Act” has the meaning given to it in the Legend.

“Feeder Partnership” or “Feeder Partnerships” means one or more limited partnerships which own Subsidiary REIT Common Shares. The Parent REIT shall not be considered a Feeder Partnership.

“Fiscal Period” means the fiscal year of the Partnership. The first Fiscal Period shall commence on the date hereof and each succeeding Fiscal Period shall commence on the day immediately following the last day of the immediately preceding Fiscal Period. Each Fiscal Period shall end on the earliest to occur after the commencement of such Fiscal Period of (i) December 31, or (ii) the date on which the Partnership is liquidated within the meaning of Regulations Section 1.704-1(b)(2)(ii)(g). To the extent any computation or other provision of the Agreement provides for an action to be taken on a Fiscal Period basis, an appropriate pro ration or other adjustment shall be made in respect of the initial and final Fiscal Periods to reflect that such periods are less than full calendar year periods.

“FOIA” has the meaning given to it in Section 13.15(b).

“For Cause Termination Event” means, with respect to the general partner of the Fund Partnership as general partner of the Fund Partnership (including acts or omissions performed or failed to be performed by the general partner on behalf of the Fund Partnership

in the Fund Partnership's capacity as a shareholder of the Parent REIT or as a limited partner of the Subsidiary REIT), the general partner of the Subsidiary REIT as general partner of the Subsidiary REIT (including, in turn, acts or omissions it causes the Subsidiary REIT to take or fail to take as general partner of the Partnership) or any other Fund General Partner in its capacity as the general partner of a Feeder Partnership (i) gross negligence in the management of such entity or entities which has a material adverse effect on the entity or entities, (ii) fraud or willful misconduct with respect to such entity or entities, (iii) material breach of a Fund Governing Document, in the event that such material breach is not cured within ten (10) Business Days after receipt by the respective general partner of written notice of such material breach from Fund Limited Partners who collectively hold at least five percent (5%) of the outstanding Fund Limited Partner Units or (iv) the occurrence of any For Cause Termination Event by any other Fund General Partner that is an Affiliate of Regency.

"Foreign Acts" has the meaning given to it in the Legend.

"Fund" means the total investment structure composed of the Fund Partnership, the Parent REIT, the Subsidiary REIT, the Feeder Partnerships, the Partnership and Subsidiaries of the Partnership.

"Fund Capital Commitment" means, with respect to any Fund Limited Partner, the amount of money required to be contributed to the respective Participating Partnership in which such Fund Limited Partner is a limited partner by such Fund Limited Partner, as set forth in such Fund Limited Partner's subscription agreement delivered to such Participating Partnership.

"Fund Entities" means the Partnership, the Parent REIT, the Subsidiary REIT, the Feeder Partnerships, the Fund Partnership and Subsidiaries of the Partnership.

"Fund General Partners" means the general partner of the Fund Partnership, the general partner of the Subsidiary REIT and the general partner in each Feeder Partnership, all of which shall be Regency Retail GP, LLC or another Affiliate of Regency, unless one or more of the Fund General Partners is removed by a vote of the Fund Limited Partners.

"Fund Governing Documents" means this Agreement, the Parent REIT Charter, the Subsidiary REIT Charter, the Fund Partnership Agreement, the limited partnership agreements of the Feeder Partnerships and the Umbrella Agreement.

"Fund Indebtedness" has the meaning given to it in Exhibit D.

"Fund Limited Partners" means the limited partners in the Fund Partnership (other than the Regency Partner or any Affiliate of the Regency Partner) and the limited partners in the Feeder Partnerships (other than the Regency Partner or any Affiliate of the Regency Partner).

"Fund Limited Partner Units" means (i) the outstanding units in the Fund Partnership held by limited partners (other than the Regency Partner or any Affiliate of the Regency Partner) and (ii) the outstanding units in the Feeder Partnerships held by limited partners (other than the Regency Partner or any Affiliate of the Regency Partner).

“Fund Partnership” means Regency Retail Partners, LP, a Delaware limited partnership.

“Fund Partnership Agreement” means the Limited Partnership Agreement of Regency Retail Partners, LP, as such agreement may be amended in accordance with its terms from time to time.

“GAAP” means generally accepted accounting principles applicable in the United States from time to time.

“General Partner” means the Subsidiary REIT.

“Gross Asset Value” means, with respect to any asset, the asset’s adjusted basis for federal income tax purposes, except as follows:

(i) The initial Gross Asset Value of any asset contributed by a Partner to the Partnership shall be the gross fair market value of such asset, as determined pursuant to the Exclusivity Agreement;

(ii) The Gross Asset Values of all Partnership assets shall be adjusted to equal their respective gross fair market values, as determined by the General Partner, as of the following times: (a) the acquisition of an additional interest in the Partnership by any new or existing Partner in exchange for more than a de minimis Capital Contribution; (b) the distribution by the Partnership to a Partner of more than a de minimis amount of money or other property as consideration for an interest in the Partnership; and (c) the liquidation of the Partnership within the meaning of Regulations Section 1.704-1(b)(2)(ii)(g); provided, however, that adjustments pursuant to clauses (a) and (b) above shall be made only if the General Partner reasonably determines that such adjustments are necessary or appropriate to reflect the relative economic interests of the Partner in the Partnership;

(iii) The Gross Asset Value of any Partnership asset distributed to any Partner shall be adjusted to equal the gross fair market value of such asset on the date of distribution as determined by the General Partner; and

(iv) The Gross Asset Values of Partnership assets shall be increased (or decreased) to reflect any adjustments to the adjusted basis of such assets pursuant to Code Section 734(b) or Code Section 743(b), but only to the extent that such adjustments are taken into account in determining Capital Accounts pursuant to Regulation Section 1.704-1(b)(2)(iv)(m) and part (iv) of this definition and Section 3.2(b) hereof; provided, however, that Gross Asset Values shall not be adjusted pursuant to this part (iv) to the extent the General Partner determines that an adjustment pursuant to part (ii) above is necessary or appropriate in connection with a transaction that would otherwise result in an adjustment pursuant to this part (iv).

If the Gross Asset Value of an asset has been adjusted pursuant to part (i), (ii) or (iii) of this definition, such Gross Asset Value shall thereafter be adjusted by the Depreciation taken into account with respect to such asset for purposes of computing

Profits and Losses. For purposes of part (ii) of this definition, the gross fair market value of the Partnership's assets shall be determined in a manner consistent with clause (x) of the definition of Net Asset Value; *provided, however*, that the gross fair market value of the Partnership's assets at the time of an adjustment resulting from a distribution to the Regency Partner under Section 12.4 shall be equal to the gross fair market value of the asset as determined pursuant to the definition of Established Net Value.

"In-Kind Distribution" has the meaning given to it in Section 12.4(a).

"In-Kind Distribution Consultant" has the meaning given to it in Section 12.4(b).

"In-Kind Distribution Costs" has the meaning given to it in Section 12.4(c).

"In-Kind Redemption Units" has the meaning given to it in Section 12.4(a).

"In-Kind Redemption Price" has the meaning given to it in Section 12.4(a).

"Incapacity" or "Incapacitated" means, (i) as to any individual Partner, death, total physical disability or entry by a court of competent jurisdiction adjudicating him or her incompetent to manage his or her Person or estate; (ii) as to any corporation which is a Partner, the filing of a certificate of dissolution, or its equivalent, for the corporation or the revocation of its charter; (iii) as to any partnership which is a Partner, the dissolution and commencement of winding up of the partnership; (iv) as to any limited liability company which is a Partner, the dissolution and commencement of winding up of the limited liability company; (v) as to any estate which is a Partner, the distribution by the fiduciary of the estate's entire interest in the Partnership; (vi) as to any trustee of a trust which is a Partner, the termination of the trust (but not the substitution of a new trustee); or (vii) as to any Partner, the bankruptcy of such Partner. For purposes of this definition, bankruptcy of a Partner shall be deemed to have occurred when (a) the Partner commences a voluntary proceeding seeking liquidation, reorganization or other relief under any bankruptcy, insolvency or other similar law now or hereafter in effect; (b) the Partner is adjudged as bankrupt or insolvent, or a final and nonappealable order for relief under any bankruptcy, insolvency or similar law now or hereafter in effect has been entered against the Partner; (c) the Partner executes and delivers a general assignment for the benefit of the Partner's creditors; (d) the Partner files an answer or other pleading admitting or failing to contest the material allegations of a petition filed against the Partner in any proceeding of the nature described in clause (b) above; (e) the Partner seeks, consents to or acquiesces in the appointment of a trustee, receiver or liquidator for the Partner or for all or any substantial part of the Partner's properties; (f) any proceeding seeking liquidation, reorganization or other relief of or against such Partner under any bankruptcy, insolvency or other similar law now or hereafter in effect has not been dismissed within one hundred twenty (120) days after the commencement thereof; (g) the appointment without the Partner's consent or acquiescence of a trustee, receiver or liquidator has not been vacated or stayed within ninety (90) days of such appointment; or (h) an appointment referred to in clause (g) which has been stayed is not vacated within ninety (90) days after the expiration of any such stay.

"Independent Valuation Firm" has the meaning given to it in the Valuation Policy.

“Initial Closing” has the meaning given to it in the Fund Partnership Agreement.

“Initial Investment Period” has the meaning given to it in the Fund Partnership Agreement.

“Initial Offering Period” has the meaning given to it in the Fund Partnership Agreement.

“Investment Strategy” means the Fund’s investment strategy as set forth in the Private Placement Memorandum as of the date of the Initial Closing, as it may be changed with the approval of the Advisory Council pursuant to Section 5.4(a).

“Leverage Policy” has the meaning given to it in Section 5.12.

“Limited Partners” means all Partners except the General Partner.

“Liquidating Event” has the meaning given to it in Section 12.1.

“Liquidation Preference” has the meaning given to it in Section 12.2(a)(ii).

“Liquidation Value” has the meaning given to it in Section 12.4(b).

“Liquidating Trustee” has the meaning given to it in Section 12.2(a).

“Market Rates” has the meaning given to it in Section 5.14.

“Net Asset Value” means the Partnership’s net asset value, as determined by the General Partner as of the last day of the most recent calendar quarter and at such other times as required in this Agreement (x) with the asset value to be based on (i) the aggregate value of the Partnership’s Properties in accordance with the Valuation Policy or prior to valuation, the initial costs of such Properties, and updates to the valuations obtained by the Partnership, (ii) additions to the valuations or updates (or cost calculations) described in clause (i) to reflect capital expenditures made subsequent to the date of such valuations or updates (or cost calculations), if appropriate, and (iii) the carrying value under GAAP of all other Partnership assets and liabilities, including intangibles, provided that, for this purpose intangibles shall include only closing and acquisition costs incurred by the Fund in acquiring Properties (provided such costs are not included in clause (i) hereof), unamortized leasing commissions and tenant improvements (provided such costs are not included in clause (i) hereof) and unamortized loan fees and expenses incurred by the Fund in financing or refinancing Fund Indebtedness; and (y) less the amount of all funded indebtedness of the Partnership; *provided, however*, that with respect to indebtedness of the Partnership, such indebtedness shall be carried at its outstanding principal balance. Organizational and Offering Expenses incurred in connection with funds raised during the Initial Offering Period shall be capitalized and amortized over a period of twelve (12) calendar quarters (beginning with the quarter in which the Initial Closing occurs) for the purposes of determining Net Asset Value, and shall be included in the “intangibles” described in clause (x)(iii) of the previous sentence. Where this Agreement or any other Fund Governing Document specifies any date for the calculation of Net Asset Value other than the last day of a calendar quarter, the Net Asset Value as of such date shall be equal to the Net Asset Value as of the last day of the most recent calendar quarter

with such adjustments to the items specified in clauses (x)(ii), (x)(iii) and (y), above, to reflect material changes to such items as of the last day of the most recent calendar month.

“Net Asset Value Per Unit” means, as of any date, for a Common Unit (x) Net Asset Value as of such date, less (i) \$1,000 multiplied by the number of Preferred Units outstanding as of such date, (ii) the value of the Preferred Return Account, and (iii) the value of the Preferred REIT Maintenance Account, divided by (y) the number of Common Units outstanding. Where this Agreement or any other Fund Governing Document specifies any date for the calculation of Net Asset Value Per Unit other than the last day of a calendar quarter, the Net Asset Value Per Unit as of such date shall be calculated based upon (a) the Net Asset Value as of such date as determined in accordance with the last sentence of the definition of Net Asset Value and (b) the items specified in clauses (x)(i), (x)(ii), (x)(iii) and (y) in this definition of Net Asset Value Per Unit determined as of the last day of the most recent calendar month.

“Offer” has the meaning given to it in Section 12.3.

“One Portfolio Policy” has the meaning given to it in Section 5.10.

“OP Redemption Notice” has the meaning given to it in Section 9.2(a).

“OP Redemption Notice Effective Date” has the meaning given to it in Section 9.2(a).

“Operating Expenses” means all expenses reasonably incurred by the General Partner, the Partnership or other Persons authorized to act on the Partnership’s behalf in connection with the operation of the Partnership, including, without limitation: (i) fees and expenses of custodians, transfer agents, trustees and paying agents; (ii) audit, legal, accounting and appraisal fees, and other consultants’ fees; (iii) brokers’ commissions incurred in connection with the purchase, sale, leasing or financing of Properties; (iv) taxes and assessments; (v) any fees and expenses payable to independent contractors and subcontractors in connection with the actual or prospective acquisition, financing, management or disposition of a Property by the Partnership (including property managers, leasing companies, engineers, advisors, consultants and other experts engaged by the General Partner on behalf of the Partnership); (vi) expenses of making distributions to holders of Common Units and Preferred Units, and reinvesting any such distributions pursuant to a reinvestment plan, including the cost of engaging a third party administrator for such plans; (vii) all reasonable out of pocket third party costs and expenses connected with the actual or prospective acquisition, disposition, financing, improvement, management, maintenance, operation, repair, leasing and ownership of Properties, including the Properties comprising the Initial Test Assets (as defined in the Exclusivity Agreement), and other assets of the Partnership, and any legal and closing costs connected therewith; and (viii) premiums for such insurance as the General Partner deems appropriate or necessary.

“Organizational and Offering Expenses” means all legal, accounting, printing, travel and other expenses reasonably incurred by the Fund Entities or other Persons authorized to act on the Fund’s behalf in connection with (i) the formation of the Fund Entities, (ii) the preparation of the Private Placement Memorandum provided to the Fund Limited Partners, including any supplements thereto,

(iii) the qualification for the exemption of the offer and sale of common units, preferred units and shares from registration under Federal and state securities laws or the securities laws of foreign jurisdictions and (iv) the private placement and sale of Fund Limited Partner Units; provided, however, that no placement fees or similar fees paid to any Person with respect to obtaining or soliciting subscriptions for Fund Limited Partner Units at any closing shall be included in Organizational and Offering Expenses.

“Ownership Restricted Partner” has the meaning given to it in Section 9.2(b).

“Parent REIT” means RRP Parent REIT, Inc., a Maryland corporation.

“Parent REIT Charter” means the Articles of Incorporation of RRP Parent REIT, Inc., as such agreement may be amended in accordance with its terms from time to time.

“Parent REIT Preferred Share” means a preferred share in the Parent REIT.

“Participating Partnerships” means the Fund Partnership and the Feeder Partnerships.

“Partner” means a Person who has executed a counterpart of this Agreement, so long as such Person has not ceased to be a partner of the Partnership pursuant to the terms of this Agreement, and any Person that becomes a substituted partner of the Partnership pursuant to the terms of this Agreement and has not ceased to be a partner of the Partnership pursuant to the terms of this Agreement. “Partners” means all such Persons. The Partners shall be identified on Exhibit A attached hereto, which may be modified, supplemented, or amended from time to time.

“Partnership” means RRP Operating, LP, a Delaware limited partnership.

“Percentage Interest” means, as to a Partner, its interest in the Partnership as determined by dividing the number of Common Units owned by such Partner by the total number of Common Units then outstanding.

“Person” means an individual, corporation, limited liability company, partnership, estate, trust (or portion thereof), association, joint stock company, government agency or political subdivision thereof, charitable organization, or other entity.

“Plan” has the meaning given to it in Section 4.2(a).

“Portfolio Test” has the meaning given to it in the Exclusivity Agreement.

“Preferred REIT Maintenance Account” means, with respect to each of the Parent REIT and the Subsidiary REIT, as of any relevant date after the issuance of the Preferred Units, the excess, if any, of (a) the accrued expenses of such entity relating to (i) the issuance of the Parent REIT Preferred Shares or Subsidiary REIT Preferred Shares by such entity and any ongoing administrative or other costs relating to such Parent REIT Preferred Shares or Subsidiary REIT Preferred Shares, including, without limitation, any redemption premiums due with respect to such shares (to the extent not paid pursuant to Section 9.3) and any amounts due to REIT Funding, LLC, REIT Administration, LLC, H & L Equities, LLC or their affiliates with respect to such shares (but excluding any

repayment of the consideration received by such entity in exchange for the issuance of such shares) and (ii) any other administrative costs of such entity, including, but not limited to, tax return preparation and audit, accounting, and investor communication costs, over (b) the sum of the cumulative distributions made to such entity prior to such relevant date pursuant to Section 4.1(b) (including distributions received by such entity pursuant to Section 4.1(b) by reason of Section 12.2(a)(ii) hereof) and clause (d) of Section 9.3.

“Preferred Redemption Date” has the meaning given to it in Section 9.3.

“Preferred Return Account” means, with respect to each of the Parent REIT and the Subsidiary REIT as of any relevant date after the issuance of the Preferred Units, the excess, if any, of (a) an amount equal to a return computed like interest accruing on a daily basis from and including the date that the Preferred Units are issued hereunder at the rate of twelve and one half percent (12.5%) per annum on the sum of (x) the product of \$1,000 and the number of Preferred Units held by each of Parent REIT and the Subsidiary REIT on each day of a relevant period, plus (y) all accumulated, accrued and unpaid distributions thereon, from and including the date hereof over (b) the sum of cumulative distributions made to such entity prior to such relevant date pursuant to Section 4.1(a) (including distributions received by such entity pursuant to Section 4.1(a) by reason of Section 12.2(a)(ii) hereof) and clause (c) of Section 9.3.

“Preferred Unit” means a fractional, undivided share of the partnership interests issued pursuant to Section 2.1(b) with the rights, powers and duties set forth in Section 2.1(b), which will be issued at such time as the Parent REIT and the Subsidiary REIT issue Parent REIT Preferred Shares and Subsidiary REIT Preferred Shares and will be designated as such on Exhibit A and expressed in the number set forth on Exhibit A, as such exhibit may be amended from time to time.

“Private Placement Memorandum” means the Fund’s Confidential Private Placement Memorandum, as amended, modified, or supplemented from time to time.

“Profits” and “Losses” means, for any Fiscal Period, an amount equal to the Partnership’s taxable income or loss for such period, determined in accordance with Code Section 703(a) (for this purpose, all items of income, gain, loss, or deduction required to be stated separately pursuant to Code Section 703(a)(1) shall be included in taxable income or loss), with the following adjustments:

(i) Any income of the Partnership that is exempt from federal income tax and not otherwise taken into account in computing Profits or Losses pursuant to this definition shall be added to such taxable income or loss;

(ii) Any expenditures of the Partnership described in Code Section 705(a)(2)(B) or treated as Code Section 705(a)(2)(B) expenditures pursuant to Regulations Section 1.704-1(b)(2)(iv)(i), and not otherwise taken into account in computing Profits or Losses pursuant to this definition shall be subtracted from such taxable income or loss;

(iii) If the Gross Asset Value of any Partnership asset is adjusted pursuant to part (ii) of the definition of Gross Asset Value, the amount of such adjustment shall be taken into account as gain or loss from the disposition of such asset for purposes of computing Profits or Losses;

(iv) Gain or loss resulting from any disposition of property with respect to which gain or loss is recognized for federal income tax purposes shall be computed by reference to the Gross Asset Value of the property disposed of, notwithstanding that the adjusted tax basis of such property differs from its Gross Asset Value;

(v) In lieu of the depreciation, amortization, and other cost recovery deductions taken into account in computing taxable income or loss, there shall be taken into account Depreciation for such period;

(vi) To the extent an adjustment to the adjusted tax basis of any Partnership asset pursuant to Code Section 734(b) or Code Section 743(b) is required pursuant to Regulations Section 1.704-1(b)(2)(iv)(m)(4) to be taken into account in determining Capital Accounts as a result of a distribution other than in liquidation of a Partner's Interest, the amount of such adjustment shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases the basis of the asset) from the disposition of the asset and shall be taken into account for purposes of computing Profits or Losses; and

(vii) Any items that are specially allocated pursuant to Section 3.2 or Section 3.3 shall be excluded in computing Profits or Losses.

If for any Fiscal Period the sum of such items is a positive amount, such amount shall be deemed Profits for such Fiscal Period, and if the sum of such items is a negative amount, such amount shall be deemed Losses for such Fiscal Period.

"Property," means any direct or indirect interest in real or personal property, including without limitation, a fee interest, an interest in a ground lease or an interest in a joint venture or a partnership that the Partnership may own or hold from time to time or any purchase money loan held by the Partnership from time to time.

"Qualifying Center" has the meaning given to it in the Exclusivity Agreement.

"Redemption Date" has the meaning given to it in Section 9.2(g).

"Redemption Premium" means a redemption premium per Preferred Unit, payable pursuant to Section 9.3 or Section 12.2(a)(ii) calculated as follows based on the date of the redemption or Liquidating Event, as applicable: (1) until December 31, 2008, \$200; (2) from January 1, 2009 to December 31, 2009, \$150; (3) from January 1, 2010 to December 31, 2010, \$100; (4) from January 1, 2011 to December 31, 2011, \$50 and thereafter, no Redemption Premium.

"Redemption Right" has the meaning given to it in Section 9.2(a).

“Regency” means Regency Centers, L.P., a Delaware limited partnership.

“Regency Interests” means all economic ownership interests in the Partnership, the Feeder Partnerships and the Fund Partnership held by the Regency Partner in exchange for which the Regency Partner contributed cash or property resulting in the issuance of Common Units either issued directly to the Regency Partner or to a Fund Entity through which the Regency Partner holds beneficial ownership to such Common Units (such as Common Units held by the Parent REIT and the Subsidiary REIT which the Regency Partner beneficially owns through a Participating Partnership). Regency Interests shall include, without limitation, any of the following held by the Regency Partner: (i) units in the Fund Partnership, (ii) any partnership interests in any Feeder Partnership, and (iii) any limited partnership interests in Partnership. The Regency Interests shall only be held by the Regency Partner, and may not be Transferred, except in connection with a Transfer pursuant to Section 9.1.

“Regency Investment Percentage” means, as of any date, the quotient obtained by dividing (i) the number of Common Units that Regency and its Affiliates own, either directly or beneficially, through ownership of the Regency Interests by (ii) the total number of outstanding Common Units.

“Regency Partner” means Regency Retail GP, LLC, a Delaware limited liability company, in its capacity as a limited partner.

“Regency Required Investment” has the meaning given to it in Section 2.4.

“Regulations” means the Income Tax Regulations, including Temporary Regulations, promulgated under the Code as such regulations may be amended from time to time (including corresponding provisions of succeeding regulations).

“Regulatory Allocations” has the meaning given to it in Section 3.

“Reinvestment Proceeds” has the meaning given to it in Section 4.2.

“REIT” means “real estate investment trust,” as such term is defined in Section 856 of the Code.

“Right of First Refusal” has the meaning given to it in Section 12.3.

“ROFR Notice” has the meaning given to it in Section 12.3.

“State Acts” has the meaning given to it in the Legend.

“Subject Property” has the meaning given to it in Section 12.3.

“Subsidiary” means, with respect to any Person, any other Person of which fifty percent (50%) or more of (i) the voting power, or (ii) the outstanding equity interests, is owned, directly or indirectly (including through other Subsidiaries), by such Person.

“Subsidiary REIT” means RRP Subsidiary REIT, LP, a Delaware limited partnership.

“Subsidiary REIT Charter” means the Agreement of Limited Partnership of the Subsidiary REIT, as such agreement may be amended in accordance with its terms from time to time.

“Subsidiary REIT Common Share” means a common share in the Subsidiary REIT.

“Subsidiary REIT Preferred Share” means a preferred share in the Subsidiary REIT.

“Tax Matters Partner” has the meaning given to it in Section 7.2(b).

“Temporary Investments” means short-term investments by the Partnership consisting of (a) United States government and agency obligations maturing within 180 days, (b) commercial paper rated at least A-1 (or the equivalent thereof) by S&P or P-1 (or the equivalent thereof) by Moody’s with a maturity not to exceed six (6) months and one (1) day, (c) interest-bearing deposits in United States banks maturing within 180 days and (d) money market mutual funds the assets of which are reasonably believed by the General Partner to consist primarily of items described in one or more of the foregoing clauses (a), (b) and (c).

“Transfer” means any sale, transfer, gift, assignment, devise or other disposition of Units (but excluding any redemption of Units), whether voluntary or involuntary, whether of record, constructively or beneficially and whether by operation of law or otherwise. With respect to any Limited Partner for which Units constitute all or substantially all of such Limited Partner’s assets, a sale or other conveyance of a majority of the equity or ownership interests of or control of, such Limited Partner to an unaffiliated third party shall constitute a Transfer of the Units held by such Limited Partner.

“Umbrella Agreement” means that certain Agreement Among the Fund Entities by and among the Fund General Partners, the Fund Partnership, the Parent REIT, the Subsidiary REIT, the Feeder Partnerships and the Partnership, as such agreement may be amended in accordance with its terms from time to time.

“Unfunded Capital Commitment” means, with respect to a Fund Limited Partner as of any date, such Fund Limited Partner’s Fund Capital Commitment, less the aggregate amount of such Fund Limited Partner’s capital contributions to the Participating Partnership in which such Fund Limited Partner is a partner as of such date.

“Unfunded Capital Percentage” means, with respect to a Fund Limited Partner as of any date, a percentage equal to such Fund Limited Partner’s Unfunded Capital Commitment divided by such Fund Limited Partner’s Fund Capital Commitment.

“Units” means Common Units and Preferred Units in the Partnership.

“Valuation Policy” has the meaning given to it in Section 5.13.

SECTION 2
PARTNERS' CAPITAL CONTRIBUTIONS

2.1 Units.

(a) Common Units. Capital Contributions made by Partners at the time of the execution of this Agreement are set forth in Exhibit A. Each Partner shall own the number of Common Units set forth for such Partner in Exhibit A, which Common Units shall be adjusted in Exhibit A from time to time by the General Partner to the extent necessary to reflect accurately the issuance or redemption of Common Units or similar events having an effect on any Partner's Common Units.

(i) Certificates. Common Units shall be evidenced by entries on the books of the Partnership. Certificates representing Common Units shall not be issued; provided, however, that the General Partner may provide that some or all of the Common Units shall be certificated.

(ii) Voting. Common Units shall not entitle the holder to vote on any matter under this Agreement, except as expressly required by the Act.

(iii) Rights. Each Common Unit shall have the rights and be governed by the provisions set forth in this Agreement, and none of such Common Units shall have any preemptive rights, or give the holders thereof any rights to convert into any other securities of the Partnership.

(iv) Restrictions on Transferability. The Common Units shall be subject to the restrictions on transfer provided in Section 9.1.

(b) Preferred Units. Upon the issuance of the Parent REIT Preferred Shares and Subsidiary REIT Preferred Shares, each of the Parent REIT and the Subsidiary REIT will contribute to the Partnership an amount equal to the amount received by such entity in exchange for such shares, and the Partnership shall issue a number of Preferred Units to such entity in exchange for such contribution equal to the amount contributed by such entity, divided by \$1,000.

(i) Certificates. Preferred Units shall be evidenced by entries on the books of the Partnership. Certificates representing Preferred Units shall not be issued; provided, however, that the General Partner may provide that some or all of the Preferred Units shall be certificated.

(ii) Voting. Preferred Units shall not entitle the holder to vote on any matter under this Agreement, as expressly required by the Act.

(iii) Rights. Each Preferred Unit shall have the rights and be governed by the provisions set forth in this Agreement, and none of such Preferred Units shall have any preemptive rights, or give the holders thereof any rights to convert into any other securities of the Partnership.

(iv) Restrictions on Transferability. The Preferred Units shall be subject to the restrictions on transfer provided in Section 9.1.

2.2 Capital Calls During Initial Investment Period.

(a) At any time, and from time to time, during the Initial Investment Period, the General Partner may provide notice to the Fund General Partners that the Partnership requires additional capital for Partnership purposes (a "Capital Call Notice"). In determining the additional capital required for Partnership purposes that will be specified in the Capital Call Notice, the General Partner shall take into account any cash that will be contributed by the Regency Partner or any Affiliate pursuant to Section 2.6. Each Capital Call Notice shall include the total additional amount of capital that the Partnership requires (the "Additional Capital Amount") and the respective portions of such Additional Capital Amount that it requires from each of the Participating Partnerships (each, a "Capital Amount Proportion"). The Capital Amount Proportion for each Participating Partnership will be equal to the sum of the capital contributions from each Fund Limited Partner that is a limited partner in such Participating Partnership assuming that all Fund Limited Partners make capital contributions to their respective Participating Partnerships in the following manner until the aggregate amount of such capital contributions is equal to the Additional Capital Amount:

(i) first from:

(A) any Fund Limited Partners that made a capital contribution at the Initial Closing that have an Unfunded Capital Percentage that is greater than the Unfunded Capital Percentage of the Fund Limited Partner(s) with the lowest Unfunded Capital Percentage of the Fund Limited Partners that made capital contributions at the Initial Closing, and

(B) the Fund Limited Partners that made or increased their Capital Commitments after the Initial Closing

in proportion to, and to the extent necessary to cause, each such Fund Limited Partner's Unfunded Capital Percentage to equal the then-current Unfunded Capital Percentage of the Fund Limited Partner(s) with the lowest Unfunded Capital Percentage; and

(ii) second, from all Fund Limited Partners in an amount with respect to each such Fund Limited Partner equal to the product of (A) the Additional Capital Amount less the amounts contributed pursuant to Section 2.2(a)(i) multiplied by (B) such Fund Limited Partner's Capital Contribution Percentage.

(b) The Regency Partner's obligation to make Capital Contributions shall be governed by Section 2.4 and not by this Section 2.2.

(c) Notwithstanding anything to the contrary set forth herein, no Fund Limited Partner shall be required to make capital contributions to the Participating Partnership in which

such Fund Limited Partner is a limited partner in an aggregate amount exceeding such Fund Limited Partner's Fund Capital Commitment.

(d) For purposes of Capital Calls pursuant to this Section 2.3, the General Partner shall not take into account Delinquent Limited Partners (as defined in the Fund Partnership Agreement) or any other Fund Limited Partner that is delinquent in making capital contributions to a Feeder Partnership and the units held by such delinquent Fund Limited Partners.

2.3 Issuance of Additional Units.

(a) At any time after the date hereof, without the consent of any Limited Partner, the General Partner may cause the Partnership to issue additional Units (including Common Units and Preferred Units) to the Parent REIT, the Subsidiary REIT, the Regency Partner (in connection with a contribution of Properties pursuant to the Exclusivity Agreement) or an Affiliate of the Regency Partner (in connection with a contribution of Properties pursuant to the Exclusivity Agreement) and reflect such issuance on an amendment or supplement to Exhibit A, in exchange for Capital Contributions; provided, however, that the issuance of Common Units at other than Net Asset Value Per Unit is subject to the approval of the Advisory Council, pursuant to Section 5.5(g), except that during the Initial Investment Period Common Units shall be issued at a price equal to the greater of Net Asset Value Per Unit or one thousand dollars (\$1,000) per Unit provided, however, that Common Units issued as a result of the investment of proceeds from the issuance of Fund Limited Partner Units to Fund Limited Partners that became Fund Limited Partners prior to June 30, 2007 will be issued at one thousand dollars (\$1,000) per Common Unit until such time as all Fund Limited Partners that became Fund Limited Partners prior to June 30, 2007 (other than any Delinquent Limited Partner (as defined in the Fund Partnership Agreement) or any other Fund Limited Partner that is delinquent in making capital contributions to a Feeder Partnership) have made Capital Contributions such that they all have the same Unfunded Capital Percentage. The Partnership shall not issue additional Preferred Units unless it is necessary or advisable to do so in order to maintain the status of the Subsidiary REIT or Parent REIT as a REIT. The Partnership shall not issue any partnership interests or equity securities other than Preferred Units or Common Units issued in accordance with this Section 2.3.

(b) Except as otherwise provided herein, from and after the date hereof, the Subsidiary REIT shall not issue any additional Subsidiary REIT Common Shares or Subsidiary REIT Preferred Shares, unless (1) the Subsidiary REIT contributes to the Partnership the net proceeds from the issuance of such Subsidiary REIT Common Shares or Subsidiary REIT Preferred Shares; and (2) the General Partner causes the Partnership to issue to the Subsidiary REIT either Common Units or Preferred Units having designations, preferences and other rights, all such that the economic interests are substantially similar to those of the Subsidiary REIT Common Shares or Subsidiary REIT Preferred Shares.

(c) Except as otherwise provided herein, from and after the date hereof, the Parent REIT shall not issue any additional Parent REIT Preferred Shares, unless (1) the Parent REIT contributes to the Partnership the net proceeds from the issuance of such Parent REIT

Preferred Shares; and (2) the General Partner causes the Partnership to issue to the Parent REIT Preferred Units having designations, preferences and other rights, all such that the economic interests are substantially similar to those of the Parent REIT Preferred Shares.

(d) The General Partner shall not accept contributions from or issue Common Units to the Subsidiary REIT for proceeds resulting from the issuance of Subsidiary REIT Common Shares to a Feeder Partnership unless and until such Feeder Partnership has become a party to the Umbrella Agreement and complied with its obligations thereunder.

2.4 Regency Required Investment.

(a) The Regency Partner agrees, on behalf of itself and its Affiliates, that it will at all times own Regency Interests such that the Regency Investment Percentage shall be greater than or equal to twenty percent (20%) (the “Regency Required Investment”). Subject to the Exclusivity Agreement, the Regency Partner and its Affiliates may satisfy the Regency Required Investment requirement by conveying a Property to the Partnership in exchange for Common Units for all or a portion of the contribution value determined pursuant to the Exclusivity Agreement or by buying units in the Fund Partnership, Common Units, or units in the Feeder Partnerships for cash or property. If, upon any issuance of Fund Limited Partner Units, the Regency Investment Percentage is not equal to or greater than the Regency Required Investment, then as of the date of such issuance of Fund Limited Partner Units the Regency Partner or an Affiliate will acquire, at a price per Common Unit equal to the Net Asset Value Per Unit as of such date (provided that prior to the end of the Initial Investment Period, Units shall be issued at a price per Unit equal to the greater of (i) \$1,000 or (ii) the Net Asset Value Per Unit as of such date), a number of units in the Fund Partnership, Common Units or units in the Feeder Partnerships sufficient to cause the Regency Investment Percentage to equal or exceed the Regency Required Investment.

(b) The General Partner is authorized to issue Units to the Regency Partner, an Affiliate of the Regency Partner or the Subsidiary REIT at a price per Unit equal to the Net Asset Value Per Unit as of such date (provided that prior to the end of the Initial Investment Period, Units shall be issued at a price per Unit equal to the greater of (i) \$1,000 or (ii) the Net Asset Value Per Unit as of such date) in connection with a purchase by the Regency Partner or an Affiliate of the Regency Partner of Common Units, units in the Feeder Partnerships or units in the Fund Partnership pursuant to this Section 2.4 (which in the case of units purchased in the Fund Partnership or a Feeder Partnership, in turn, will result in the Subsidiary REIT contributing the proceeds of such issuances to the Partnership pursuant to the terms of the applicable Fund Governing Documents), whether during or after the Initial Offering Period.

2.5 Other Matters.

(a) Except as otherwise provided in this Agreement, no Partner shall demand or receive a return of any Capital Contributions made by such Partner. No Partner shall have the right to receive property other than cash from the Partnership.

(b) No Partner shall receive any interest, salary, or drawing with respect to its Capital Contribution or its Capital Account or for services rendered on behalf of the Partnership or otherwise in its capacity as a Partner of the Partnership, except as otherwise provided in this Agreement.

(c) Except for its obligations to make contributions to the Partnership, and other payments, as expressly provided for herein, no Limited Partner shall otherwise be liable to the Partnership for the repayment, satisfaction or discharge of the Partnership's debts, liabilities and obligations. Except to the extent required by the Act, no Limited Partner shall be personally liable to any third party for any debt, liability or other obligation of the Partnership.

SECTION 3 ALLOCATION OF PROFITS AND LOSSES

3.1 Allocation of Profits and Losses.

(a) In General. After giving effect to the allocations set forth in Sections 3.2 and 3.3 hereof, Profits or Losses for any Fiscal Period shall be allocated to the Partners holding Common Units in proportion to their Percentage Interests.

(b) Limitation on Losses. Notwithstanding Section 3.2(a), to the extent Losses allocated to a Limited Partner under Section 3.2(a) would cause such Limited Partner to have an Adjusted Capital Account deficit as of the end of the Fiscal Period to which such Losses relate, such Losses shall not be allocated to such Partner and instead shall be allocated to the General Partner.

3.2 Special Allocations. Notwithstanding any provisions of Section 3.1, the following special allocations shall be made in the following order:

(a) Minimum Gain Chargeback. If there is a net decrease in "partnership minimum gain" (as that term is defined in Sections 1.704-2(b)(2) and 1.704-2(d) of the Regulations) during any year, each Partner shall, to the extent required by Section 1.704-2(f) of the Regulations, be specially allocated items of Partnership income and gain for such year (and, to the extent required by Section 1.704-2(j)(2)(iii) of the Regulations, subsequent years) in an amount equal to that Partner's share of the net decrease in Partnership minimum gain. Allocations pursuant to the previous sentence shall be made in accordance with Section 1.704-2(f)(6) of the Regulations. This Section 3.2(a) is intended to comply with the minimum gain chargeback requirement in Section 1.704-2(f) of the Regulations and shall be interpreted consistently therewith.

(b) Partner Minimum Gain Chargeback. If there is a net decrease in “partner nonrecourse debt minimum gain” (as that term is defined in Sections 1.704-2(i)(2) and (3) of the Regulations) during any year, each Partner who has a share of that partner nonrecourse debt minimum gain as of the beginning of the Fiscal Year shall, to the extent required by Section 1.704-2(i)(4) of the Regulations, be specially allocated items of Partnership income and gain for such year (and, if necessary, subsequent years) equal to that Partner’s share of the net decrease in partner nonrecourse debt minimum gain. Allocations pursuant to the previous sentence shall be made in accordance with Section 1.704-2(i)(4) of the Regulations. This Section 3.2(b) is intended to comply with the requirement in Section 1.704-2(i)(4) of the Regulations and shall be interpreted consistently therewith.

(c) Qualified Income Offset. If any Partner unexpectedly receives any adjustments, allocations, or distributions described in Sections 1.704-1(b)(2)(ii)(d)(4), 1.704-1(b)(2)(ii)(d)(5) or 1.704-1(b)(2)(ii)(d)(6) of the Regulations, items of Partnership income and gain shall be specially allocated to each such Partner in an amount and manner sufficient to eliminate, to the extent required by the Regulations, the Adjusted Capital Account deficit of such Partner as quickly as possible, provided that an allocation pursuant to this Section 3.2(c) shall be made only if and to the extent that such Partner would have an Adjusted Capital Account deficit after all other allocations provided for in this Section 3 have been tentatively made as if this Section 3.2(c) were not in the Agreement.

(d) Nonrecourse Deductions. “Nonrecourse deductions” (as that term is defined in Section 1.704-2(1) and (c) of the Regulations) for any year or other period shall be specially allocated to the Partners holding Common Units in proportion to their Percentage Interests.

(e) Partner Nonrecourse Deductions. “Partner nonrecourse deductions” (as that term is defined in Section 1.704-2(i) of the Regulations) for any Fiscal Period shall be specially allocated to the Partner who bears the economic risk of loss with respect to the “partner nonrecourse debt” (as that term is defined in Section 1.704-2(b)(4) of the Regulations) to which such partner nonrecourse deductions are attributable, in accordance with Regulations Section 1.704-2(i)(1).

(f) Section 754 Adjustments. To the extent an adjustment to the adjusted tax basis of any Partnership asset pursuant to Code Section 734(b) or Code Section 743(b) is required, pursuant to Regulations Section 1.704-1(b)(2)(iv)(m), to be taken into account in determining Capital Accounts, the amount of such adjustment to Capital Accounts shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis) and such gain or loss shall be specially allocated to the Partners in a manner consistent with the manner in which their Capital Accounts are required to be adjusted pursuant to such Section of the Regulations.

(g) Allocation of Gains and Losses Attributable to Revaluations. If the Gross Asset Value of any Partnership asset is adjusted pursuant to part (ii) of the definition of Gross Asset Value, the amount of such adjustment shall be specially allocated to the Partners holding Common Units in proportion to their Percentage Interests; *provided however*, that any

adjustments in connection with a distribution to the Regency Partner under Section 12.4 shall be allocated in accordance with Section 3.7.

(h) Preferred Unit Allocation. For each Fiscal Period, each of the Parent REIT and the Subsidiary REIT shall be allocated items of gross income or gain equal to the sum of (i) the aggregate distributions received by such entity with respect to such Fiscal Period pursuant to Sections 4.2(a) and (b) (including distributions received by such entity pursuant to such subsections by reason of Section 12.2(a)(ii) hereof) and (ii) any payments to such entity in respect of the redemption of one or more Preferred Units pursuant to clause (b), (c), or (d) of Section 9.3.

3.3 Curative Allocations. The allocations set forth in Section 3.1(c), 3.2(a), 3.2(b), 3.2(c), 3.2(d), 3.2(e), and 3.2(f) hereof (the “Regulatory Allocations”) are intended to comply with certain requirements of the Regulations. It is the intent of the Partners that, to the extent possible, all Regulatory Allocations that are made be offset either with other Regulatory Allocations or with special allocations pursuant to this Section 3.3. Therefore, notwithstanding any other provision of this Section 3 (other than the Regulatory Allocations), the General Partner shall make such offsetting special allocations in whatever manner it determines appropriate so that, after such offsetting allocations are made, each Partner’s Capital Account balance is, to the extent possible, equal to the Capital Account balance such Partner would have had if the Regulatory Allocations were not part of the Agreement and all Partnership items were allocated pursuant to Sections 3.1, 3.2(g), and 3.2(h) and 3.7. In exercising its discretion under this Section 3.3, the General Partner shall take into account future Regulatory Allocations under Sections 3.2(a) and 3.2(b) that, although not yet made, are likely to offset other Regulatory Allocations previously made under Section 3.2(d) and 3.2(e).

3.4 Tax Allocations.

(a) Generally. Subject to Section 3.4, items of income, gain, loss, deduction and credit to be allocated for income tax purposes (collectively, “Tax Items”) shall be allocated among the Partners on the same basis as their respective book items.

(b) Allocations Respecting Section 704(c) and Revaluations. Notwithstanding Section 3.4, Tax Items with respect to Property that is subject to Code Section 704(c) and/or Regulation Section 1.704-1(b)(2)(iv)(f) shall be allocated in accordance with said Code section and/or Regulation Section 1.704-1(b)(4)(i), as the case may be, using the traditional method under Regulations Section 1.704-3(b).

3.5 Other Allocation Rules.

(a) The Partnership shall use the “interim closing of the books” method to determine each Partner’s share of the Partnership’s Profits, Losses, and any other items upon any change in the Partners’ interests in the Partnership (whether by reason of a sale, redemption, or otherwise), except as otherwise required by Section 706.

(b) Solely for purposes of determining a Partner's proportionate share of the "excess nonrecourse liabilities" of the Partnership within the meaning of Regulations Section 1.752-3(a)(3), the Partners' interests in Partnership profits are in proportion to their Percentage Interests.

(c) To the extent permitted by Section 1.704-2(h)(3) of the Regulations, the General Partner shall endeavor to treat distributions as having been made from the proceeds of a "nonrecourse liability" (as that term is defined in Section 1.704-2(b)(3) of the Regulations) or a "partner nonrecourse debt" (as that term is defined in Section 1.704-2(b)(4) of the Regulations) only to the extent that such distributions would cause or increase an Adjusted Capital Account deficit for any Limited Partner.

3.6 Capital Accounts. The Partnership shall establish and maintain throughout the term of the Partnership for each Partner a separate Capital Account in accordance with Treasury Regulations 1.704-1(b).

3.7 Allocations in Year of Liquidation. Notwithstanding any other provision of this Section 3, in the year in which the Partnership makes liquidating distributions pursuant to Section 12.2, items of gross income, gain, loss and deduction shall be allocated among the Partners in a manner that will cause the Capital Account balance of each such Partner to be equal to, or to approximate as closely as possible, the aggregate net distributions that each such Partner is entitled to receive pursuant to Section 12.2(a)(ii) and (iii), provided, however, that any adjustments to the Gross Asset Value of the Partnership's assets pursuant to part (ii) of the definition of Gross Asset Value in connection with a distribution to the Regency Partner under Section 12.4 shall be allocated to the Partners in a manner that causes the Partners' Capital Accounts to be equal to, or to approximate as closely as possible, the amounts they would be entitled to receive under Section 12.2(a)(ii) and (iii) if the Partnership, instead of making the distribution to the Regency Partner provided for in Section 12.4, distributed an amount equal to the Liquidation Value (as determined pursuant to Section 12.4) to the Partners in liquidation of their interests in the Partnership.

SECTION 4 DISTRIBUTIONS

4.1 Cash Distributions. Cash Flow will be distributed quarterly:

(a) First, to the Parent REIT and the Subsidiary REIT in proportion to and to the extent of their Preferred Return Account balances;

(b) Second, to the Parent REIT and the Subsidiary REIT in proportion to and to the extent of their Preferred REIT Maintenance Account balances;
and

(c) Third, to the Partners in proportion to their respective Common Units.

4.2 Reinvestment.

(a) The General Partner may elect to implement a distribution reinvestment plan at any time after the expiration of the Initial Investment Period. If the General Partner elects to do so, it shall implement a distribution reinvestment plan for the Partnership as set forth in the Umbrella Agreement (the “Plan”). The Subsidiary REIT shall automatically reinvest all Reinvestment Proceeds (as defined in the Umbrella Agreement) in the Partnership, as required by the Umbrella Agreement, and the General Partner shall issue Common Units to the Subsidiary REIT in exchange for such Reinvestment Proceeds. All such issuances of Common Units in accordance with the Plan shall be made pursuant to Section 2.3 and otherwise on the same terms and conditions as are set forth for reinvestment of distributions in the limited partnership agreements of the Participating Partnerships.

(b) In the event that the General Partner implements the Plan, any Partner other than the Subsidiary REIT may, in its sole discretion, elect in writing to automatically reinvest all or a portion of the amounts distributed to such Partner pursuant to Section 4.1 in Common Units, which reinvestment shall be made on the same terms and conditions as the Reinvestment Proceeds are reinvested pursuant to Section 4.2(a).

4.3 Withholding. Each Partner hereby authorizes the Partnership to withhold from, or pay on behalf of or with respect to, such Partner any amount of federal, state, local, or foreign taxes that the General Partner determines that the Partnership is required to withhold or pay with respect to any amount distributable or allocable to such Partner pursuant to this Agreement, including, without limitation, any taxes required to be withheld or paid by the Partnership pursuant to Sections 1441, 1442, 1445, or 1446 of the Code. Any amount paid on behalf of or with respect to a Partner shall constitute a recourse loan by the Partnership to such Partner, which loan shall be repaid by such Partner within fifteen (15) days after notice from the General Partner that such payment must be made unless (i) the Partnership withholds such payment from a distribution which would otherwise be made to the Partner; or (ii) the General Partner determines, in its sole and absolute discretion, that such payment may be satisfied out of the available funds of the Partnership which would, but for such payment, be distributed to the Partner. Any amounts withheld pursuant to the foregoing clauses (i) or (ii) shall be treated as having been distributed to such Partner.

SECTION 5 MANAGEMENT

5.1 Rights and Powers of the General Partner. Subject to the express provisions of this Agreement and the other Fund Governing Documents (including provisions requiring approval of the Advisory Council, the Limited Partners or the Fund Limited Partners over certain matters), (i) the General Partner in its sole discretion shall have full, complete and exclusive right, power and authority to exercise all the powers of the Partnership and to do all things necessary to effectuate the purposes of the Partnership as set forth in Section 1.3, (ii) the General Partner shall exercise on behalf of the Partnership complete discretionary authority for the management and the conduct of the affairs of the Partnership, and (iii) the General Partner, in its sole discretion, shall have full,

complete and exclusive right, power and authority in the management and control of the Partnership's business (including causing property management agreements and other agreements for property-related services to be entered into with respect to the Properties and other assets of the Partnership). Without limiting the generality of the foregoing, it is understood and agreed that the General Partner may enter into letters of intent, purchase agreements and other commitments relating to the acquisition or sale of Properties and other assets of the Partnership.

5.2 Actions Requiring the Consent of the Fund Limited Partners. Notwithstanding Section 5.1 hereof, the General Partner may take any action which by the express terms of this Agreement requires the approval of the Fund Limited Partners, including the actions described in Section 8.1, Section 9.1 and Section 12.2(a) if and only if the General Partner receives the approval of the Fund Limited Partners in accordance with the provisions of the Umbrella Agreement.

5.3 Advisory Council.

(a) The General Partner will promptly establish an advisory council (the "Advisory Council") consisting of no less than two (2) members. The Advisory Council will be established for the benefit of the Fund. The members of the Advisory Council shall be selected by the General Partner from representatives made available by the Fund Limited Partners, but none of such members may be Affiliates or employees of Regency or any of its Affiliates. After the initial appointment of the Advisory Council, each member shall serve for an initial term of one year, with automatic successive one-year renewal terms unless such member withdraws or is removed by the General Partner. Any subsequent vacancy on the Advisory Council shall be filled by the General Partner in the same manner that it used to select the initial members. A member of the Advisory Council has no fiduciary duty to the Partnership, any Fund Entity, any Partner or any Fund Limited Partner, and may vote in his/her own interest or in the interest of any Fund Limited Partner which may or may not be aligned with the interests of other Fund Limited Partners. The members of the Advisory Council will serve without compensation, but will be reimbursed by the Partnership for certain reasonable travel and other expenses incurred in connection with their role on the Advisory Council.

(b) The General Partner will consult with the Advisory Council about the Partnership's performance, guidelines for conflicts of interest, and the process of administering the Valuation Policy and making determinations of Net Asset Value. Other than as expressly described in Section 5.4 and Section 5.5, the Advisory Council's role will be advisory only.

(c) The Advisory Council shall meet on such regular schedule as the Advisory Council establishes. In addition to such scheduled meetings, upon ten (10) Business Days' notice, the General Partner may call a meeting of the Advisory Council. The General Partner shall prepare and distribute an agenda for each meeting of the Advisory Council prior to such meeting. Members of the Advisory Council may participate in meetings by conference telephones or similar equipment. The General Partner shall have the right to attend the meetings of the Advisory Council but shall not vote on any matters considered by the Advisory Council. In addition to the members of the Advisory Council appointed pursuant to Section 5.3(a), the General Partner shall also have the right to appoint, from representatives made available by Fund Limited Partners, one or more non-voting members of the Advisory Council who shall have the right to notice of, and to attend, the meetings of the Advisory Council but shall not vote on any matters considered by the

Advisory Council. Notwithstanding anything to the contrary set forth herein, attendance at a meeting by a member of the Advisory Council shall be deemed a waiver by such Advisory Council member of any failure to provide notice of such meeting to such member under this Section 5.3(c).

5.4 Actions Requiring the Prior Unanimous Approval of the Advisory Council. The General Partner shall not, without the unanimous consent of the members of the Advisory Council, cause the Partnership to take any of the following actions or enter into any transaction or series of transactions which would have the effect of such actions, unless conditioned upon obtaining such approval of the Advisory Council:

(a) Make any material changes to the Investment Strategy;

(b) Amend the Exclusivity Agreement (including, without limitation, changing the criteria for a community shopping center to be a Qualifying Center or changing the Portfolio Test, in each case as set forth in the Exclusivity Agreement, or amending the form of Contribution Agreement attached as an exhibit to the Exclusivity Agreement); or

(c) Change the Allocation Policy (other than a modification necessary as a result of changes in law that is made in accordance with Section 5.11).

5.5 Actions Requiring the Prior Approval of a Majority of the Advisory Council. The General Partner shall not, without the consent of a majority of the members of the Advisory Council with each member voting once, cause the Partnership to take any of the following actions or enter into any transaction or series of transactions which would have the effect of such actions, unless conditioned upon obtaining such approval of the Advisory Council:

(a) Acquire any Acquisition Opportunity;

(b) Acquire any Development Asset that:

(i) is not a Qualifying Center;

(ii) would be less than 100% directly or indirectly owned by the Partnership; or

(iii) would have closing and financing costs in excess of the Closing Costs Cap;

(c) Acquire any Development Assets at a time when the Portfolio Test is not satisfied or would not be satisfied following the acquisition;

(d) Change the Leverage Policy or cause or permit the Partnership to incur any indebtedness inconsistent with the Leverage Policy;

(e) Change the Valuation Policy;

(f) Cause or permit the Partnership to enter into a transaction with Regency or any of its Affiliates, except for the acquisition of Development Assets pursuant to the Exclusivity Agreement, the Regency Partner's acquisition of Properties as an In-Kind Distribution pursuant to Section 12.4, or as permitted pursuant to Section 5.14;

(g) Cause the Partnership to issue any Common Units to any Person for a price less than the Net Asset Value Per Unit at the time of the issuance or to purchase any Common Units from a Partner at a price greater than Net Asset Value Per Unit;

(h) Cause the Partnership to issue equity or debt securities with rights or powers senior to the Common Units (other than the Preferred Units in accordance with Section 2.1(b) or ordinary course indebtedness consistent with the Leverage Policy);

(i) Select an Independent Valuation Firm for purposes of an In-Kind Distribution pursuant to Section 12.4(b); or

(j) Select one or more Independent Valuation Firms for purposes of the Valuation Policy.

Upon the request of the General Partner, the Advisory Council may be requested to approve or disapprove, solely on behalf of the Partnership, any other matter. In connection with any request by the General Partner for approval by the Advisory Council pursuant to Section 5.4 and this Section 5.5, the General Partner shall provide the Advisory Council with a reasonably detailed description of the matter and whether the matter involves a potential or actual conflict of interest, along with such additional materials as the Advisory Council may reasonably request and which are reasonably available to the General Partner without incurring material additional costs.

5.6 Expenses.

(a) Except as provided below, the Partnership shall pay directly or shall reimburse any Person that paid any Organizational and Offering Expenses or Operating Expenses on behalf of the Fund. Notwithstanding the foregoing, the Partnership shall not be required to pay Organizational and Offering Expenses in excess of One Million Five Hundred Thousand Dollars (\$1,500,000) during the Initial Offering Period.

(b) Organizational and Offering Expenses incurred in connection with any closing after the Initial Offering Period shall be borne by the Fund Limited Partners admitted at such Subsequent Closing, except in the following circumstances, in which case such Organizational and Offering Expenses shall be paid as described in Section 5.6(a): (i) Fund Limited Partner Units issued pursuant to the Plan or (ii) Fund Limited Partner Units issued to Regency and its Affiliates.

(c) Except for fees payable to Regency and its Affiliates as described in Section 5.14, which fees may include all or a portion of the salaries and other compensation payable to certain employees of Regency and such Affiliates performing services under such arrangements, the General Partner and its Affiliates shall not be reimbursed by the Partnership for the following internal operating expenses of Regency and its Affiliates: (i) employee compensation, including salaries, wages, payroll taxes and the cost of

employee benefit plans; (ii) rent, telephone, utilities, office furniture, equipment and machinery (including computers), supplies and other office expenses; (iii) insurance premiums for fidelity bond coverage applicable to certain of the General Partner's officers, employees and agents; and (iv) miscellaneous administrative expenses incurred in supervising, monitoring and inspecting real property and other investments of the Partnership or relating to the General Partner's performance of its obligations under this Agreement. Pursuant to lease agreements or property management agreements, Regency and its Affiliates may recover certain fees or expense reimbursements in respect of on-site services provided to a particular Property from the tenants of any such of Property (e.g., on-site engineering, security or leasing services), and, notwithstanding any other provision of this Agreement, the Partnership shall not reimburse Regency or its Affiliates for any such amounts recovered from tenants.

5.7 Execution of Documents. Subject to the express provisions of this Agreement and the other Fund Governing Documents (including provisions requiring approval of the Advisory Council, the Limited Partners or the Fund Limited Partners over certain matters), the General Partner is authorized to execute, deliver and perform agreements and transactions on behalf of the Partnership without any further act, approval or vote of the Partners to the fullest extent permitted under the Act or other applicable law, rule or regulation. The General Partner and each duly authorized officer of the General Partner may act for and in the name of the General Partner under this Agreement. In dealing with the General Partner acting for or on behalf of the Partnership, no Person shall be required to inquire into, and Persons dealing with the Partnership are entitled to rely conclusively on, the right, power and authority of the General Partner to bind the Partnership.

5.8 No Duty to Individual Partners. Except as set forth in Section 10.1, in exercising its authority under this Agreement, the General Partner may, but shall be under no obligation to, take into account the tax consequences to any Partner of any action taken by it. The General Partner and the Partnership shall have no liability to a Limited Partner as a result of an income tax liability incurred by such Limited Partner as a result of an action (or inaction) by the General Partner taken pursuant to its authority under this Agreement unless such action (or inaction) is taken in violation of an obligation that the General Partner may have to a Limited Partner pursuant to a side letter with such Limited Partner.

5.9 Exclusivity Agreement. As of the date hereof, Regency and the Partnership have entered into an exclusivity agreement (including the form of property contribution agreement attached thereto, the "Exclusivity Agreement") attached hereto as Exhibit B, pursuant to which Regency and its Affiliates will contribute Investment Properties or offer Acquisition Opportunities (as defined in the Exclusivity Agreement) to the Partnership, and the Partnership will accept the contribution of such Investment Properties, subject to the terms and conditions set forth in the Exclusivity Agreement.

5.10 One Portfolio Policy. Regency intends to implement, and shall have the right to implement, a policy which is intended to allow Regency to operate all Properties under its direct or indirect control on an ownership-blind basis (the "One Portfolio Policy") regardless of whether a property is owned by Regency or an Affiliate of Regency, a joint venture between Regency or an Affiliate of Regency and a third party (including the Partnership), or an institutional investor advised by the Regency or an Affiliate (all such

properties, the “Regency Portfolio”). Regency intends that all Partnership Properties be part of the Regency Portfolio and be subject to the One Portfolio Policy. The One Portfolio Policy may provide for placing properties under an umbrella insurance policy, negotiating master property management agreements, implementing a consistent signage program, participating in incremental income and e-business programs and platforms, and making portfolio-wide leasing decisions. It is understood that such One Portfolio Policy may result in benefits or burdens with respect to individual Properties. Regency shall implement the One Portfolio Policy subject to the terms of this Agreement, including Section 5.14 in connection with any services Regency or any of its Affiliates are retained to perform in accordance with the One Portfolio Policy. Regency’s One Portfolio Policy may be modified from time to time in the discretion of Regency.

5.11 Allocation Policy. In allocating Acquisition Opportunities among the Partnership and other entities in which Regency and its Affiliates have an ownership interest, Regency shall follow the allocation policy attached to this Agreement as Exhibit C (the “Allocation Policy”). Regency may modify its overall allocation policies from time to time in its discretion, after consulting with the Advisory Council and providing prior written notice to the Fund Limited Partners, where modifications are necessary as a result of changes in law. Any other change to the Allocation Policy shall require approval by the Advisory Council pursuant to Section 5.4.

5.12 Leverage. The General Partner is authorized to cause the Partnership and its Subsidiaries to enter into financing arrangements in accordance with the leverage policy attached hereto as Exhibit D (the “Leverage Policy”). The General Partner may not cause or permit the Partnership to incur any indebtedness inconsistent with the Leverage Policy unless such indebtedness is approved by the Advisory Council pursuant to Section 5.5(d). In addition, any change to the Leverage Policy shall require the approval of the Advisory Council pursuant to Section 5.5(d). Notwithstanding the foregoing, prior to June 30, 2007, the General Partner is authorized to cause the Partnership and its Subsidiaries to enter into the Initial Financing (as defined in the Private Placement Memorandum) and to cause the Partnership and its Subsidiaries to accept the contribution of assets subject to the Initial Financing. Prior to June, 2007 Regency and its Affiliates will not use the Initial Financing other than for properties to be contributed to the Fund or Properties owned by the Fund.

5.13 Valuation Policy. The General Partner shall cause the Partnership’s Properties to be valued pursuant to the valuation policy attached hereto as Exhibit E (the “Valuation Policy”), such that each of the Properties will be appraised annually.

5.14 Use of Affiliates. Subject to approval of a majority of the members of the Advisory Council of the amount of the fees charged, the General Partner may retain Regency or one or more Affiliates of Regency to perform services for the Partnership and its Subsidiaries in lieu of hiring unaffiliated third parties to perform such services, including without limitation legal, tax, debt placement, property insurance, property management, and leasing and construction management services, on terms no less favorable to the Partnership than those available from unaffiliated third parties with comparable experience for a comparable level of quality and service (“Market Rates”). Prior to each calendar year, the General Partner will submit to the Advisory Council for approval a

schedule of fees proposed to be charged by Regency and its Affiliates for any such services that will be provided, together with evidence indicating that on a portfolio-wide basis (except in the case of leasing commissions, which will be on a market-by-market basis) such fees are no greater than Market Rates. The Advisory Council shall approve or disapprove such fees, provided that the Advisory Council shall not withhold approval with respect to any fee that is no greater than the Market Rate for such fee. Any change to the fees so approved shall be effective as of the beginning of such following calendar year, and any agreement pursuant to which Regency or any of its Affiliates provides services to a Fund Entity shall provide that it shall be amended automatically to reflect any such change in the fees charged pursuant to this Section 5.14. The initial schedule of fees to be charged and services to be provided by Regency or an Affiliate, which shall be in effect for the 2007 calendar year without any further approval, is attached hereto as Exhibit F. Any disposition fee payable to Regency or an Affiliate of Regency with respect to the sale of a Property, shall require Advisory Council approval prior to the time of the disposition of such Property.

SECTION 6 PARTNERS

6.1 Admission; Rights and Powers. Upon (i) the making of a Capital Contribution to the Partnership by a Person and acceptance of such Capital Contribution by the Partnership, and (ii) receipt by the Partnership of an executed counterpart of this Agreement from such Person, such Person shall become a Partner of the Partnership. The Limited Partners shall have the right to approve or disapprove only the matters expressly set forth in this Agreement. The Limited Partners shall not have any right to remove the General Partner. No Partner except the General Partner shall have any other right or power to take part in the management or control of the Partnership or its business and affairs or any right or power to act for or bind the Partnership in any way. No Limited Partner and no member of the Advisory Council, in its capacity as a Limited Partner or member of the Advisory Council owes a fiduciary duty to the General Partner or any other Fund Entity, Partner or Fund Limited Partner, and such Limited Partner or member of the Advisory Council may act in its own self-interest or, in the case of a member of the Advisory Council, in the interest of the Fund Limited Partner that appointed him or her.

6.2 No Withdrawal or Dissolution. No Partner shall at any time withdraw from the Partnership under the Act or otherwise, except pursuant to a Transfer permitted under Section 9.1 or a redemption pursuant to Section 9.2 or unless the General Partner otherwise provides prior written consent to such withdrawal. No Partner shall have the right to have the Partnership dissolved or to have its contribution to the capital of the Partnership returned except as provided in this Agreement. The Partners shall take no action to dissolve the Partnership except as expressly contemplated by this Agreement. Each Partner covenants not to apply to any court for a decree of dissolution of the Partnership, under the Act or otherwise. The dissolution or bankruptcy of a Limited Partner, or any other event that causes a Partner to cease to be a Limited Partner of the Partnership shall not, in and of itself, dissolve or terminate the Partnership.

6.3 Consent. Each of the Limited Partners hereby consents to the exercise by the General Partner of all the rights and powers conferred on the General Partner by this Agreement.

6.4 No Dissenters' Rights. No Partner shall have any of the rights to dissent as set forth in the Act or otherwise.

SECTION 7 BOOKS AND RECORDS

7.1 Books and Records. The Partnership shall maintain, at its principal place of business (or such other place as the General Partner may designate), the books and records required to be maintained by the Act and shall be available upon reasonable notice for inspection by the Partners at reasonable hours during any Business Day. A Partner may, subject to reasonable standards as may be established from time to time by the General Partner, obtain from the General Partner, from time to time upon reasonable demand for any purpose reasonably related to such Partner's interest in the Partnership, such information (including that specified in Section 17-305 of the Act) regarding the affairs of the Partnership as is just and reasonable. All financial records shall be maintained, and all financial reports required hereby shall be presented, in U.S. dollars.

7.2 Tax Matters.

(a) Tax Returns. Information required for Partners to prepare their federal, state, and local income tax returns will be delivered to each Partner after the end of each taxable year of the Partnership. Every reasonable effort will be made to furnish such information within 90 days after the end of each taxable year. The Partnership shall file its tax returns as a partnership for federal, state and local income and other tax purposes.

(b) Tax Matters Partner. The General Partner is hereby designated as the tax matters partner within the meaning of Section 6231(a)(7) of the Code ("Tax Matters Partner"). In such capacity, the General Partner shall have all of the rights, authority and power, and shall be subject to all of the obligations, of a tax matters partner to the extent provided in the Code and the Treasury Regulations. Consistent with the requirements of the Code and the Treasury Regulations, the General Partner shall take commercially reasonable measures to inform the other Partners of any material decision or actions the General Partner takes as the Tax Matters Partner.

(c) State and Local Tax Law. If any state or local tax law provides for a tax matters partner or Person having similar rights, powers, authority or obligations, the General Partner shall also serve in such capacity. In all other cases, the General Partner shall represent the Partnership in all tax matters to the extent allowed by law and to the maximum extent not prohibited by law.

(d) Expenses of the Tax Matters Partner. Expenses incurred by the General Partner as the Tax Matters Partner or in a similar capacity as set forth in this Section 7.2(d) shall be borne by the Partnership as Operating Expenses. Such expenses shall include, without limitation, fees of attorneys and other tax professionals, accountants, appraisers and experts, filing fees and reasonable out of pocket costs.

(e) Effect of Certain Decisions by Tax Matters Partner. Any decisions made by the Tax Matters Partner, including, without limitation, whether or not to settle or contest any tax matter, whether or not to extend the period of limitations for the assessment or collection of any tax and the choice of forum for such contest shall be made in the Tax Matters Partner's sole and absolute discretion.

(f) Tax Elections. The General Partner shall have the exclusive right to make any determination whether the Partnership shall make available elections for federal, state or local income tax purposes, including an election pursuant to Section 754 of the Code relating to certain adjustments to the basis of the Partnership's assets.

SECTION 8 AMENDMENTS

8.1 Amendments Generally. Except as otherwise provided in this Section 8, and notwithstanding any contrary provision of the Act, any amendments to this Agreement shall be proposed by the General Partner and adopted with the approval of the Fund Limited Partners; provided, however, that no amendment of this Agreement shall:

(a) without the approval of all the Fund Limited Partners, amend this Section 8.1; or

(b) without the approval of the affected Fund Limited Partners, adversely and disproportionately affect the manner in which any Partner's share of the Partnership's distributions, income, gains or losses is calculated or adversely affect the liability of any Fund Limited Partner.

8.2 Amendment by General Partner. Notwithstanding the provisions of Section 8.1, this Agreement may be amended by the General Partner, by executing an instrument of amendment and giving each Fund Limited Partner notice thereof, without the consent of any of the Fund Limited Partners, (i) to effect changes of a ministerial nature that do not materially and adversely affect the rights, duties or obligations of any Partner; (ii) to give effect to the admission of Partners in accordance with the terms hereof; (iii) to conform the terms of this Agreement with any regulations issued under Code Section 704, provided that, in the opinion of counsel to the Partnership, such amendment does not materially and adversely affect the rights or interests of any of the Partners; (iv) with respect to the Partnership's status as a partnership (and not as an association taxable as a corporation) for federal tax purposes (x) to comply with the requirements of the Regulations, or (y) to ensure the continuation of partnership status; provided, however, that, in the opinion of counsel of the Partnership, such amendment does not materially and adversely affect the rights or interests of any of the Partners; (v) to enter into side letters with Limited Partners, to the extent that they do not materially and adversely affect the economic interests of other Partners under this Agreement; and (vi) to change the name of the Partnership; provided, however, that no amendment shall be adopted pursuant to this sentence unless the adoption thereof (1) is, in the General Partner's reasonable determination, for the benefit of or not adverse to the interests of the Partners; (2) is consistent with the other provisions hereof;

(3) does not affect the allocation and distribution provisions of Section 3 and Section 4 hereof (except to the extent necessary to conform the terms of this Agreement with any regulations issued under Code Sections 704) other than any effect that may result from the admission of a new Partner in accordance with the terms hereof; (4) does not alter the purpose of the Partnership; and (5) does not adversely affect the limited liability of the Limited Partners or the status of the Partnership as a partnership for federal income tax purposes.

SECTION 9 TRANSFERS; REDEMPTIONS

9.1 Transfer of Interests in the Partnership.

(a) The Limited Partner may Transfer its interest in the Partnership to an Affiliate of the Limited Partner without the approval of the Fund Limited Partners, so long as such Transfer includes a Transfer to such Affiliate of all of the Limited Partner's interest in the Partnership and all of the Regency Interests. Other than Transfers to an Affiliate, no Limited Partner shall Transfer all or any of its Units or its interest in the Partnership (or any economic interest therein), and no Transfer other than to an Affiliate shall be registered by the Partnership without the approval of the Fund Limited Partners.

(b) Subject Section 9.1(c), upon any Transfer in accordance with the provisions of Section 9.1(a), the transferee Limited Partner, subject to the approval of the Fund Limited Partners (if required by Section 9.1(a)), shall become a limited partner of the Partnership under the Act and shall become vested with the powers and rights of the transferor Limited Partner, and shall be liable for all obligations and responsible for all duties of the Limited Partner, once such transferee has executed such instruments as may be necessary to effectuate such admission and to confirm the agreement of such transferee to be bound by all the terms and provisions of this Agreement.

(c) It is a condition to any Transfer otherwise permitted hereunder that the transferee assumes by operation of law or express agreement all of the obligations of the transferor Limited Partner under this Agreement with respect to such Transferred interest in the Partnership and no such Transfer (other than pursuant to a statutory merger or consolidation wherein all obligations and liabilities of the transferor Limited Partner are assumed by a successor corporation or other Person by operation of law) shall relieve the transferor Limited Partner of its obligations under this Agreement without the approval of the Fund Limited Partners.

(d) The General Partner shall not transfer all or any of its Units or its interest in the Partnership (or any economic interest therein).

9.2 Redemptions of Common Units.

(a) Subject to the provisions of this Section 9.2, each Partner may elect quarterly to notify the Partnership of its desire to have the Partnership redeem some or all of its Common Units (the "Redemption Right") by providing the General Partner with a

notice of that it is exercising its Redemption Right with respect to a number of Common Units to be set forth in such notice (the “OP Redemption Notice”). An OP Redemption Notice will be irrevocable by a Partner upon receipt by the General Partner and will be first effective as of the calendar quarter end on or most nearly following the 90th day after the date of delivery of the OP Redemption Notice to the General Partner (the “OP Redemption Notice Effective Date”) and shall remain effective until the earlier of (i) the date on which all of the Common Units subject thereto have been redeemed, or (ii) the occurrence of a Liquidating Event.

(b) As a condition to admitting any Fund Limited Partner, the applicable Fund General Partner may agree to limit the number of Fund Limited Partner Units which may be held by such Fund Limited Partner in proportion to the total number of Fund Limited Partner Units outstanding in order to satisfy legal regulations, tax or other investment limitations of such Fund Limited Partner (an “Ownership Restricted Partner”). If after admitting an Ownership Restricted Partner, any Fund Limited Partner sends a redemption notice with respect to the Participating Partnership in which such Fund Limited Partner is a limited partner and the redemption of Fund Limited Partner Units pursuant to such redemption notice would cause any Ownership Restricted Partner to be in violation of an ownership restriction, such Ownership Restricted Partner shall be automatically deemed to have submitted to the Participating Partnership in which such Ownership Restricted Partner is a partner a redemption notice deemed sent on the same day as the notice that would cause the Ownership Restricted Partner to violate its ownership restriction was sent for the smallest number of Fund Limited Partner Units necessary to prevent such Ownership Restricted Partner from violating its ownership restriction after the redemption of all other outstanding redemption notices from Fund Limited Partners.

(c) The Partners agree that any redemption notice received or deemed to be received by the Subsidiary REIT in accordance with the Subsidiary REIT Charter will also be deemed to be an OP Redemption Notice. The Partners further acknowledge and agree that, as a result of the redemption provisions contained in the respective Governing Documents of the Participating Partnerships, the Parent REIT and the Subsidiary REIT, any redemption notice delivered by a Fund Limited Partner to a Participating Partnership automatically will also be deemed to result in a redemption notice being delivered to the Subsidiary REIT. Accordingly, the Partners agree that any redemption notice delivered by a Fund Limited Partner to the respective Participating Partnership in which it is a limited partner shall be deemed to result in an OP Redemption Notice from the Subsidiary REIT being received by the General Partner on the date such underlying redemption notice was delivered to the Fund General Partner of the applicable Participating Partnership and to be for a number of Common Units equivalent to the interests in the Participating Partnership subject to such notice.

(d) Notwithstanding the foregoing, a Fund Limited Partner shall not have the right to send a redemption notice to the Participating Partnership in which it is a partner until the later to occur of: (i) the second anniversary of the Initial Closing or (ii) such time as the Fund Limited Partner in question has contributed the full amount of its Fund Capital Commitment to the Participating Partnership in which it is a limited partner (or such Fund Capital Commitment has expired because the Initial Investment Period has ended).

(e) The Regency Partner (or any Affiliate of the Regency Partner that owns Common Units) shall not have a Redemption Right unless the Regency Investment Percentage is equal to or greater than the Regency Required Investment, in which case the Regency Partner (or any Affiliate of the Regency Partner that owns Common Units) shall have the right to have Common Units or units in the Fund Partnership or a Feeder Partnership redeemed until the Regency Investment Percentage is equal to the Regency Required Investment, provided that any accompanying redemption from the Subsidiary REIT does not jeopardize the Subsidiary REIT's status as a REIT. Subject to the preceding sentence, to the extent that the Regency Investment Percentage exceeds the Regency Required Investment during the Initial Investment Period, the General Partner shall have the right to use Capital Contributions received by the Partnership from the Subsidiary REIT in response to a Capital Call Notice to redeem the Regency Partner or an Affiliate during the Initial Investment Period, to the extent of such excess.

(f) Subject to the Regency Partner's rights pursuant to Section 12.4, upon the occurrence of a Liquidating Event, the Redemption Right of all Partners shall terminate and all outstanding OP Redemption Notices shall terminate and be of no further force or effect.

(g) To the extent of the availability of Cash Flow and Capital Contributions (provided that such availability shall be determined by the General Partner in its sole discretion, and that such determination may take into account Operating Expenses, debt payments, applicable restrictions under debt instruments, investments to which the Partnership is directly or indirectly committed, anticipated strategic acquisitions to maintain the value of the Partnership's portfolio or capital expenditures and reserves) as of the end of any calendar quarter, the General Partner shall cause the Partnership to make payments to redeem Common Units (in whole or by means of one or more partial payments) which are the subject of an effective OP Redemption Notice. Notwithstanding the General Partner's discretion to determine the availability of Cash Flow and Capital Contributions with which to make redemptions set forth in the preceding sentence, if any election to redeem Common Units pursuant to an effective OP Redemption Notice has been outstanding for more than one hundred eighty (180) days following the OP Redemption Notice Effective Date, the General Partner shall cause the Partnership to take the actions described in Section 9.2(j) to satisfy outstanding redemption requests. In any calendar quarter in which the General Partner determines that there is insufficient Cash Flow to redeem all Common Units subject to outstanding effective OP Redemption Notices, redemptions shall be made from all requesting Partners pro rata based on the number of Common Units subject to outstanding effective OP Redemption Notices (without regard to the date of the OP Redemption Notices, other than for purposes of determining the effectiveness thereof). The General Partner shall make the determination as to the availability of Cash Flow for redemptions for each calendar quarter in which there are effective outstanding OP Redemption Notices as of the end of such calendar quarter, and the redemption of a Common Unit will be deemed effective as of the end of the calendar quarter as of which the General Partner determines pursuant to the preceding sentence that sufficient Cash Flow or Capital Contributions are available for its redemption (such calendar quarter end, the "Redemption Date" for such Common Unit). With respect to any Common Units subject to outstanding effective OP Redemption Notices that the Partnership does not redeem due to insufficient Cash Flow or Capital Contributions for the calendar quarter specified in such OP Redemption Notice, such Common Units will remain subject to the applicable OP Redemption Notice, and such OP Redemption Notice will remain outstanding and effective until the Partnership has redeemed such Common Units, or, if earlier, the occurrence of a Liquidating Event.

(h) The redemption price per Common Unit to be redeemed from any Partner shall be equal to (i) the Net Asset Value Per Unit of the Partnership calculated as of the applicable Redemption Date, less (ii) the amount of any distribution made after the applicable Redemption Date with respect to such Common Unit pursuant to Section 4.1 with respect to the calendar quarter in which the Redemption Date occurs. After the Partnership has made the final payment towards the redemption price on redeemed Common Units held by a Partner, such Partner shall not be treated as a Partner with respect to such Common Units. For purposes of Section 3 and Section 4, a Partner that has Common Units redeemed pursuant to this Section 9.2 shall be deemed to have had such Common Units redeemed as of the applicable Redemption Date. Such Partner will not be allocated Profits, Losses or any other Partnership items with respect to such Common Units attributable to the period beginning after such Redemption Date. With respect to such Common Units, such Partner shall not be entitled to receive distributions under Section 4.1 with respect to calendar quarters beginning after such Redemption Date, but such Partner shall be entitled to receive any distribution paid with respect to the calendar quarter in which the Redemption Date occurs that is paid after the Redemption Date.

(i) The Partnership shall make payments to redeem Common Units as soon as practicable following the applicable Redemption Date for such Common Units and in any event within fifteen (15) Business Days following the determination of Net Asset Value Per Unit as of such Redemption Date. In connection with any redemptions hereunder, the redeeming Partners shall execute such documents and agreements as the General Partner shall reasonably request.

(j) Subject to the next sentence, in no event will the Partnership be obligated to sell or finance, or cause to be sold or financed, Partnership assets in order to satisfy any requests for redemption; provided, however, that the General Partner may, in its sole discretion, cause Partnership assets to be sold or financed in order to satisfy redemption requests. If as of the 180th day following the OP Redemption Notice Effective Date relating to a redemption request set forth in an OP Redemption Notice the Partnership has not fully satisfied the redemption request, the General Partner will use commercially reasonable efforts to sell, finance or refinance properties or otherwise borrow funds in order to achieve the liquidity needed to redeem all Common Units subject to then outstanding effective OP Redemption Notices, and thereafter, the General Partner will continue to use commercially reasonable efforts until all such redemption requests have been satisfied. In no event, however, will the Partnership be required: (i) to sell more than ten percent (10%) of the Partnership's gross asset value (as determined at the end of the one hundred eighty (180) days following the OP Redemption Notice Effective Date) within any four consecutive quarters; (ii) to take any action that would compromise the integrity of the Partnership's portfolio, including incurring borrowings not in compliance with the Partnership's Leverage Policy, taking into account relevant factors, such as the portfolio's diversity by market and retail segment, geography and tenant credit; (iii) to sell any asset under extraordinary, unfavorable market conditions; or (iv) to sell any asset within four (4) years of the acquisition of such asset by the Partnership or if such sale might reasonably be expected to risk the Parent REIT or Subsidiary REIT's status as a REIT or result in the Parent REIT or Subsidiary REIT engaging in any "prohibited transaction" for U.S. federal income tax purposes. The

foregoing provisions of this Section 9.2(j) shall not be construed as to provide any superior, preferential or prior right to the redemption of Common Units by Partners whose redemption requests have not been satisfied as of the 180th day following the Redemption Notice Effective Date related thereto.

(k) Notwithstanding the foregoing, no redemption will be made by the Partnership if as a result thereof the Parent REIT or Subsidiary REIT would cease to qualify as a REIT.

9.3 Redemptions of Preferred Units. In the event that the Parent REIT or the Subsidiary REIT elects to redeem any or all of the Parent REIT Preferred Shares or Subsidiary REIT Preferred Shares in such entity, respectively, the Partnership shall redeem a number of Preferred Units held by the Parent REIT or the Subsidiary REIT, as applicable, equal to the number of Parent REIT Preferred Shares or Subsidiary REIT Preferred Shares redeemed by such entity. Each Preferred Unit shall be redeemed for an amount of cash equal to the sum of (a) \$1,000, plus (b) the per Preferred Unit Redemption Premium due as of such date, plus (c) a fraction, the numerator of which is the balance outstanding in such entity's Preferred Return Account as of the date of the redemption, and the denominator of which is the number of Preferred Units held by such entity immediately prior to the redemption, plus (d) in the case of a redemption of all of the Preferred Units of the Parent REIT or the Subsidiary REIT, the outstanding balance in such entity's Preferred REIT Maintenance Account. The redemption shall occur on the same date that the Parent REIT or the Subsidiary REIT, as applicable, redeems the Parent REIT Preferred Shares or Subsidiary REIT Preferred Shares (the "Preferred Redemption Date"). After a Preferred Redemption Date, the Parent REIT or Subsidiary REIT, as applicable, shall no longer be entitled to distributions with respect to the Preferred Units redeemed, and the return thereon will cease to accrue.

SECTION 10

PRESERVATION OF REIT STATUS

The Partners acknowledge that (i) each of the Subsidiary REIT and the Parent REIT intends to qualify at all times as a REIT and (ii) the ability of the Subsidiary REIT and the Parent REIT to qualify as REITs will depend upon the nature of the Partnership's operations. Accordingly, notwithstanding anything to the contrary contained herein, the General Partner shall cause the Partnership to be operated at all times in a manner that will enable the Subsidiary REIT and the Parent REIT to satisfy all of the REIT rules of the Code and avoid the imposition of any federal income or excise tax liability. The Partnership shall avoid taking any action that would result in the Subsidiary REIT or the Parent REIT ceasing to satisfy any of the REIT rules of the Code or would result in the imposition of any federal income or excise tax liability on the Subsidiary REIT or the Parent REIT. The Partners further acknowledge that the Subsidiary REIT and the Parent REIT shall be entitled to receive information regarding the Capital Account balances of the Partners, the Partnership's items of income, gain, deduction and loss, and such other information regarding the operations of the Partnership and its Subsidiaries as is necessary to permit each of the Subsidiary REIT and the Parent REIT to properly report and allocate to its respective shareholders its allocable share of the Partnership's items of income, gain, deduction and loss in compliance

with its organizational documents and the REIT rules of the Code. The Partners acknowledge that the Subsidiary REIT and the Parent REIT are intended to be third party beneficiaries of this Section 10.

SECTION 11

DUTIES; LIABILITY; INDEMNIFICATION

11.1 Duties of the General Partner. The General Partner shall act, and shall cause Regency or any of its Affiliates that perform services on behalf of the Partnership to act, in good faith in the best interests of the Partnership and with the care an ordinarily prudent institutional real estate advisor or service provider, as applicable, in a like position would exercise under similar circumstances, and the General Partner shall not take any action or fail to take any action or cause or permit Regency or any such Affiliate of Regency to take any action or fail to take any action, which action or failure to act would constitute Disabling Conduct.

11.2 Other Activities. Each Partner, including each of the General Partner, the Limited Partners and each Affiliate of each Partner may, subject to the terms of this Agreement, the other Governing Documents and the establishment and existence of the Partnership, engage in whatever activities such Person may choose, whether such activities are competitive or comparable with the activities of the Partnership or otherwise.

11.3 Limitation of Liability. To the maximum extent permitted under the Act in effect from time to time, none of (A) the General Partner, or any of its Affiliates or any director, officer, shareholder, partner, member, employee, trustee, representative or agent of the General Partner or any of its Affiliates; (B) the Parent REIT, the Subsidiary REIT, the Fund Partnership, the Feeder Partnerships or any of their respective Affiliates or any director, officer, shareholder, partner, member, employee, trustee, representative or agent of the Parent REIT, the Subsidiary REIT, the Fund Partnership, the Feeder Partnerships or any of such Affiliates, including the Fund General Partners, or (C) any member of the Advisory Council (each, an “Exculpated Person” and collectively, the “Exculpated Persons”) shall be liable to the Partnership or to any Partner for (i) any act or omission performed or failed to be performed by such Exculpated Person, or for any losses, claims, costs, damages, or liabilities arising from any such act or omission, except in the case of Persons listed in Clauses (A) and (B) above to the extent such loss, claim, cost damage or liability results from (a) a breach of the duty expressly imposed on the General Partner by Section 11.1 hereof, if applicable, or other material breach of this Agreement, (b) gross negligence, intentional misconduct or a knowing violation of law by such Exculpated Person, or (c) any transaction for which the such Exculpated Person received a benefit in violation or breach of any provision of this Agreement (all items in (a) through (c), collectively, “Disabling Conduct”), (ii) any tax liability imposed on the Partnership, unless, in the case of Persons listed in Clauses (A) and (B) above, such tax liability results from Disabling Conduct, or (iii) any losses due to the fraud, willful misconduct or gross negligence of any agents of the Partnership, as long as such persons are selected and monitored in a manner consistent with the duty set forth in Section 11.1. Without limiting the generality of the foregoing, each Exculpated Person shall, in the performance of his, her or its duties, be fully protected in relying in good faith upon the records of the Fund and upon information, opinions, reports or statements presented to such Person by any of the Fund General Partners or by any other Person

as to matters such Person reasonably believes are within such other Person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Fund, any of the Fund General Partners or their respective Affiliates. Any termination of this Agreement or amendment to this Section 11.3 shall not adversely affect any right or protection of an Exculpated Person existing at the time of such termination or amendment.

11.4 Indemnification. To the fullest extent permitted by law:

(a) The Partnership (and any receiver, liquidator, or trustee of, or successor to, the Partnership) shall indemnify and hold harmless each Exculpated Person from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, claims, proceedings, investigations (internal or otherwise), costs, expenses, and disbursements of any kind or nature whatsoever (including, without limitation, all costs and expenses of defense, appeal, and settlement of any and all suits, actions and proceedings involving such Exculpated Person and all costs of investigation (internal or otherwise) in connection therewith) that may be imposed on, incurred by, or asserted against such Exculpated Person in any way relating to or arising out of, or in connection with, or alleged to relate to or arise out of, or in connection with any action or inaction on the part of such Exculpated Person that relates in any way to the Fund or the business or assets thereof; provided, however, that the indemnification obligations in this Section 11.4(a) shall not apply to the portion of any liability, loss, obligation, damage, penalty, cost, expense or disbursement that results from (i) Disabling Conduct (except in the case of members of the Advisory Council, who shall be indemnified regardless of Disabling Conduct) or (ii) any suit, claim or proceeding brought by or on behalf of any Fund Entity against any Exculpated Person (other than a member of the Advisory Council), unless and until it is finally judicially determined (not subject to appeal) that such Exculpated Person is not liable to any such Fund Entity with respect to such suit, claim or proceeding or upon the dismissal or withdrawal of such suit, claim or proceeding.

(b) The Partnership shall pay expenses as they are incurred by any Exculpated Person in connection with any action, claim, or proceeding that the Exculpated Person asserts in good faith to be subject to the indemnification obligations set forth herein, upon receipt of an undertaking from the Exculpated Person to repay all amounts so paid by the Partnership to the extent that it is finally judicially determined (not subject to appeal) that the Exculpated Person is not entitled to be indemnified therefor under the terms hereof.

(c) If a claim for indemnification or payment of expenses hereunder is not paid in full within ten days after a written claim therefor has been received by the Partnership, the claimant may file suit to recover the unpaid amount of such claim and, if successful in whole or in part, shall be entitled to be paid the expense of prosecuting such claim. In any such action the Partnership shall have the burden of proving that the claimant was not entitled to the requested indemnification or payment of expenses under this Agreement.

(d) If for any reason (other than the Disabling Conduct of such Exculpated Person other than an Advisory Council Member) the indemnification set forth in Section 11.4(a) is unavailable to such Exculpated Person, or is insufficient to hold such Exculpated Person harmless, in respect of any losses, claims, costs, damages or liabilities referred to in Section 11.4(a), then the Partnership shall contribute to the amount paid or payable by such Exculpated Person as a result of such loss, claim, cost, damage, or liability in such proportion as is appropriate to reflect not only the relative benefits received by the Fund on the one hand and such

Exculpated Person harmless, in respect of any losses, claims, costs, damages or liabilities referred to in Section 11.4(a), then the Partnership shall contribute to the amount paid or payable by such Exculpated Person as a result of such loss, claim, cost, damage, or liability in such proportion as is appropriate to reflect not only the relative benefits received by the Fund on the one hand and such Exculpated Person on the other hand, but also the relative fault of the Fund and such Exculpated Person, as well as any relevant equitable considerations.

(e) The reimbursement, indemnity and contribution obligations of the Partnership under this Section 11.4 shall be in addition to any liability which the Partnership may otherwise have and shall be binding upon and inure to the benefit of any successors, assigns, heirs, and personal representatives of the Partnership and each Exculpated Person. Any termination of this Agreement or amendment to this Section 11.4 shall not adversely affect any right or protection of an Exculpated Person existing at the time of such termination or amendment.

(f) The indemnification to be provided by the Partnership hereunder shall be paid only from the assets of the Partnership.

(g) The General Partner shall have power, on behalf of and at the expense of the Partnership, to purchase and maintain insurance on behalf of the Exculpated Persons against any liability asserted against or incurred by them in any such capacity or arising out of any such Exculpated Person's status as the General Partner, the Parent REIT, the Subsidiary REIT, the Fund Partnership, the Feeder Partnerships, the Fund General Partners, any of their respective Affiliates, any member of the Advisory Council or a director, officer, shareholder, partner, member or employee, trustee, representative or agent of any of them, whether or not the Partnership would have the power to indemnify the such Exculpated Person against such liability under the provisions of this Agreement.

SECTION 12

DISSOLUTION AND WINDING UP

12.1 Liquidating Events. The Partnership shall not be dissolved by the admission of additional limited partners, by the admission of a successor General Partner in accordance with the terms of this Agreement or by the Incapacity of any Limited Partner. Upon the withdrawal of the General Partner, any remaining General Partner and any successor General Partner shall continue the business of the Partnership as provided herein. The Partnership shall dissolve, and its affairs shall be wound up, only upon the first to occur of any of the following (each a "Liquidating Event"):

- (a) an election made by the General Partner to dissolve the Partnership;
- (b) the removal of any Fund General Partner upon a For Cause Termination Event;

(c) the removal of any Fund General Partner without a For Cause Termination Event;

(d) the withdrawal of the General Partner from the Partnership or the dissolution of the General Partner other than in connection with a Transfer permitted under Section 9.1;

(e) the sale or disposition of all or substantially all of the Properties and other assets of the Partnership; or

(f) entry of a decree of judicial dissolution of the Partnership pursuant to the provisions of the Act.

12.2 Winding Up.

(a) Upon the occurrence of a Liquidating Event, the Partnership shall continue solely for the purposes of winding up its affairs in an orderly manner, liquidating its assets, satisfying the claims of its creditors, and distributing its remaining assets to the Partners. In connection with the liquidation or winding up of the Partnership, the General Partner may, among other things, cause a sale of all or substantially all of the assets of the Partnership to a third party, without any approval of the Limited Partners. During the period commencing on the date on which a Liquidating Event occurs and ending on the date on which the assets of the Partnership are distributed pursuant to this Section 12.2(a), Profits and Losses and other items of Partnership income, gain, loss, or deduction shall continue to be allocated in the manner provided in Section 3 hereof. No Partner shall take any action that is inconsistent with, or not necessary to or appropriate for, the winding up of the Partnership's business and affairs. The General Partner or, if the General Partner has withdrawn or otherwise been removed from the Partnership, any Person (the "Liquidating Trustee") designated with the approval of the Fund Limited Partners shall be responsible for overseeing the winding up and dissolution of the Partnership. The General Partner or the Liquidating Trustee, as the case may be, shall conduct such winding up over such period of time as the General Partner or the Liquidating Trustee determines to be in the best interests of the Partners. The assets of the Partnership shall be liquidated by the General Partner or the Liquidating Trustee, as the case may be, and the proceeds thereof shall be applied and distributed in the following order:

(i) First, to creditors, including Partners who are creditors, to the extent otherwise permitted by law, in satisfaction of liabilities of the Partnership (whether by payment or by making of reasonable provision for payment) other than liabilities for distribution to Partners on account of their respective interests in the Partnership;

(ii) Second, to the holders of Preferred Units, in the amount of (i) \$1,000 multiplied by the number of Preferred Units outstanding at the time of the Liquidating Event, plus (ii) if the Liquidating Event occurs before the Redemption Premium right expires, the per Unit Redemption Premium in effect on the date of the Liquidating Event (items (i) and (ii), the "Liquidation Preference"); and

(iii) The balance, if any, to the Partners as provided in Section 4.1. The Regency Partner may be entitled to receive the distribution owed to some or all of its Common Units through an in-kind distribution in accordance with Section 12.4.

(b) The General Partner or the Liquidating Trustee, in its sole discretion, may elect not to pay the holders of Preferred Units the sums due pursuant to Section 12.2(a)(ii) immediately upon a Liquidation Event but instead choose to first distribute such amounts as may be due to the holders of the Common Units hereunder. If the General Partner or the Liquidating Trustee elects to exercise this option pursuant to this section, the General Partner or the Liquidating Trustee shall first establish a reserve in an amount equal to not less than 200% of all amounts owed to the holders of the Preferred Units pursuant to this Agreement. In addition, in the event that the Partnership elects to establish a reserve for payment of the Liquidation Preference, the Preferred Units shall remain outstanding until the holders thereof are paid the full Liquidation Preference, which payment shall be made no later than immediately prior to the Partnership making its final liquidating distribution on the Common Units. In the event that the Redemption Premium in effect on the payment date is less than the Redemption Premium on the date that the Liquidation Preference was set apart for payment, the Partnership may make a corresponding reduction to the funds set apart for payment of the Liquidation Preference.

12.3 Right of First Refusal Upon Removal Without Cause. Notwithstanding the provisions of Section 12.2 hereof which require liquidation of the assets of the Partnership, but subject to the order of priorities set forth therein, upon the occurrence of a Liquidating Event pursuant to Section 12.1(c), the Regency Partner shall have a right of first refusal to acquire any Property owned by the Partnership or a Subsidiary (the “Right of First Refusal”). If, at any time after the occurrence of a Liquidating Event pursuant to Section 12.1(c), the General Partner or Liquidating Trustee shall receive a bona fide offer (an “Offer”) from any person or entity for the purchase of any Property, and if the General Partner or Liquidating Trustee desires to accept such Offer, then the General Partner or Liquidating Trustee shall submit written notice of such fact to the Regency Partner, setting forth all of the terms and conditions of such Offer, including copies of all written offers and agreements relating to the Offer (the “ROFR Notice”). The Right of First Refusal shall be exercisable at any time within thirty (30) days from the date of the Regency Partner’s receipt of the ROFR Notice (the “Exercise Period”), to purchase the Property described in the Offer (the “Subject Property”), upon the same terms and conditions as set forth in the Offer. If the Regency Partner elects to exercise the Right of First Refusal, then it shall, prior to the end of the Exercise Period, submit written notice of such exercise to the General Partner or Liquidating Trustee, and the purchase of the Subject Property shall be closed on or before the date specified for closing in the Offer. If the Regency Partner shall not exercise such Right of First Refusal within the Exercise Period, then the General Partner or Liquidating Trustee shall be free to sell the Subject Property upon substantially the same terms and conditions as those set forth in the ROFR Notice, including the date specified for closing in the Offer. If the transaction contemplated by the Offer does not close in accordance with such Offer (or otherwise on terms not materially less favorable to the Partnership than the terms stated in the Offer) on or before the date specified for closing in the Offer, then the Right of First Refusal shall be restored and the Right of First Refusal shall apply with respect to any future sale of the Subject Property, and the General Partner or Liquidating Trustee shall not thereafter sell the Subject Property to any person or entity without again complying with the requirements of the Right of First Refusal.

12.4 Distribution In-Kind Upon Removal Without Cause.

(a) Notwithstanding the provisions of Section 12.2 hereof which require liquidation of the assets of the Partnership, but subject to the order of priorities set forth therein, upon the occurrence of a Liquidating Event pursuant to Section 12.1(c), the Regency Partner may, in its discretion, elect to redeem all or a portion of its Common Units and any units in other Fund entities which comprise the Regency Interest (the “In-Kind Redemption Units”) and receive the redemption price payable with respect to such In-Kind Redemption Units (calculated in accordance with this Section 12.4(a)) in the form of an in-kind distribution of Properties. The amount that the Regency Partner elects to receive pursuant to this Section 12.4 shall be referred to as the “In-Kind Distribution.” To the extent that the Regency Partner elects to redeem units in a Participating Partnership as part of the In-Kind Distribution, the holder of such units shall be deemed to have sent a redemption notice to such Participating Partnership, with instructions that rather than redeeming the units for cash, the units should be redeemed through the In-Kind Redemption provisions of the Partnership. The aggregate redemption price payable to the Regency Partner with respect to the In-Kind Redemption Units (the “In-Kind Redemption Price”) shall be equal to the number of In-Kind Redemption Units multiplied by the Net Asset Value Per Unit as of the date of redemption (calculated in accordance with Section 12.4(b)). The redemption of the In-Kind Redemption Units will be deemed effective as of the completion of the In-Kind Distribution and shall occur to the extent reasonably possible prior to any sale of the Partnership’s assets not distributed to the Regency Partner as part of the In-Kind Distribution.

(b) Upon the Regency Partner’s election to receive an In-Kind Distribution pursuant to Section 12.4(a), the Regency Partner and the Advisory Council shall jointly select an Independent Valuation Firm to conduct an appraisal of the Partnership’s Properties and the Advisory Council shall select an independent consultant (the “In-Kind Distribution Consultant”) to advise it and make Property selections on behalf of the Limited Partners (other than Regency). A copy of all appraisals shall be provided to the Fund Limited Partners, the In-Kind Distribution Consultant and the Partnership’s independent accountants. The Regency Partner will then determine the Established Net Value of each Property, subject to the approval of the Independent Valuation Firm. The Established Net Value of all of the Properties held by the Partnership plus (A) (i) the value of the Partnership’s Temporary Investments and (ii) the carrying value of all other assets of the Partnership and minus (B) the In-Kind Distribution Costs (or estimated In-Kind Distribution Costs, to the extent that such costs have not been finally ascertained) collectively shall be the “Liquidation Value.” The Regency Partner will then determine the In-Kind Redemption Price; provided, however, that for purposes of such calculations (including, without limitation, for purposes of determining the Net Asset Value Per Unit), the “Net Asset Value” shall be equal to the Liquidation Value. The Regency Partner shall promptly provide copies of all such determinations by the Regency Partner and approvals of the Independent Valuation Firm to the Advisory Council, the In-Kind Distribution Consultant and the Partnership’s independent accountants. For purposes of calculating the Established Net Value of any Property and the Liquidation Value, the Independent Valuation Firm shall determine whether assets and liabilities created by new Statement of Financial Accounting Standards or changes to existing Statement of Financial Accounting Standards are appropriately included in the assets and liabilities of the Partnership.

(c) Within 30 days after the determination of the Established Net Value of each Property and the Liquidation Value, the Regency Partner and the In-Kind Distribution Consultant shall meet at the Partnership's offices in Jacksonville, Florida, or at any other location mutually acceptable to the Regency Partner and the In-Kind Distribution Consultant, for the purpose of determining which Properties will be distributed to the Regency Partner as its In-Kind Distribution. At such meeting, the Regency Partner and the In-Kind Distribution Consultant shall alternately select, with the party making the first selection determined at random, individual Properties that are to be distributed to the Regency Partner or retained and sold by the Partnership, with the In-Kind Distribution Consultant making three selections for each one selection made by the Regency Partner. Each party will select Properties by drawing names of Properties using a random selection method mutually agreed upon by the Regency Partner and the In Kind Distribution Consultant. The parties shall continue to select Properties in this manner until such time as the Regency Partner has selected Properties (the "Designated Properties") with aggregate Established Net Values not to exceed 110% of the In-Kind Distribution. In the event that the aggregate Established Net Values of the Designated Properties exceed the amount of the In-Kind Distribution, the Regency Partner shall make a cash contribution to the Partnership upon the closing of the transfer of the Designated Properties equal to such excess in restoration of the negative balance in its Capital Account that would otherwise result. All costs of the In-Kind Distribution Consultant, the Independent Appraiser and the Appraisals (the "In-Kind Distribution Costs") shall be paid by the Partnership.

(d) In connection with the process for determining the Established Net Value of each Property described in Section 12.4(b), the Regency Partner shall provide to the Advisory Council and the Independent Valuation Firm such information as is customarily required by commercial appraisers of properties similar to each Property, including, without limitation, operating statements showing operating revenues and expenses with respect to such Property, and shall also provide the Independent Valuation Firm and the Advisory Council with such additional materials as the Independent Valuation Firm may request and which is reasonably available to the Regency Partner without incurring material additional costs.

(e) Within thirty (30) days after the completion of the selection of the Designated Properties described in Section 12.4(c), the Designated Properties shall be distributed to the Regency Partner. The Designated Properties shall be conveyed by a special warranty deed or other customary deed in the locale of the Designated Property, bill of sale, assignment of leases and any other customary instruments of conveyance. Prorations shall be handled in a manner similar to arms' length transactions between third parties in the jurisdiction in which the property is located.

12.5 Negative Capital Accounts. Except as provided in Section 12.4(c), no Partner with a deficit balance in its Capital Account shall have any obligation to make any contribution to the capital of the Partnership with respect to such deficit, and such deficit shall not be considered a debt owed to the Partnership or to any other Person for any purpose whatsoever.

12.6 Technical Termination. Notwithstanding any other provision of this Section 12, in the event the Partnership is liquidated within the meaning of Regulations Section 1.704-1(b)(2)(ii)(g) but no Liquidating Event has occurred, such liquidation shall not cause a dissolution of the Partnership for purposes of the Act and the Partnership's assets shall not be liquidated, the Partnership's liabilities shall not be paid or discharged, and the Partnership's affairs shall not be wound up.

12.7 Rights of Partners. Each Partner shall look solely to the assets of the Partnership for the return of its Capital Contribution. Except as otherwise provided in this Agreement, no Partner shall have priority over any other Partner as to the return of its Capital Contribution, distributions, or allocations.

12.8 Notice of Dissolution. Upon the dissolution and the completion of winding up of the Partnership, the General Partner (or, in the event there is no General Partner, any Liquidating Trustee designated pursuant to Section 12.2(a) hereof) shall promptly execute and cause to be filed a certificate of termination in accordance with the Act and appropriate instruments under the laws of any other states or jurisdictions in which the Partnership has engaged in business.

SECTION 13

MISCELLANEOUS

13.1 Notices. Any notice, payment, demand, or communication required or permitted to be given pursuant to any provision of this Agreement shall be in writing and shall be (i) delivered personally, (ii) sent by postage prepaid, registered mail (airmail internationally), (iii) transmitted by telecopy, (iv) transmitted by electronic mail, or (v) delivered by nationally recognized overnight courier, addressed as follows, or to such other address as such Person may from time to time specify by notice to the Partners:

- (a) If to the Partnership, to the Partnership at the address of the Partnership's principal place of business set forth in Section 1.4 hereof;
- (b) If to the General Partner, to the address of the principal place of business of the Partnership set forth in Section 1.4 hereof; and
- (c) If to a Limited Partner, to the address set forth opposite such Limited Partner's name on Exhibit A hereto.

Any such notice, payment, demand, or communication shall be deemed to be delivered, given, and received for all purposes hereof (v) on the date of receipt if delivered personally or by courier, (w) five (5) days after posting if transmitted by mail, (x) the date of transmission if transmitted by telecopy, provided that the Person to whom the telecopy was sent acknowledges that such telecopy was received by such Person in legible form, or that such Person responds to the telecopy without indicating that any part of it was received in illegible form, whichever shall first occur, (y) the date of transmission if transmitted by electronic mail, provided that sender receives a receipt indicating that the electronic mail message was received, or (z) the next Business Day, if delivered by nationally recognized overnight courier.

13.2 Binding Effect. Except as otherwise provided in this Agreement, every covenant, term, and provision of this Agreement shall be binding upon and inure to the benefit of the Partners and their respective successors, transferees, and assigns.

13.3 Construction. Every covenant, term, and provision of this Agreement shall be construed simply according to its fair meaning and not strictly for or against any Partner.

13.4 Time. Time is of the essence with respect to this Agreement.

13.5 Headings. Section and other headings contained in this Agreement are for reference purposes only and are not intended to describe, interpret, define, or limit the scope, extent, or intent of this Agreement or any provision hereof.

13.6 Severability. Every provision of this Agreement is intended to be severable. If any term or provision hereof is illegal or invalid for any reason whatsoever, such illegality or invalidity shall not affect the validity or legality of the remainder of this Agreement.

13.7 Incorporation by Reference. Every exhibit referred to herein is hereby incorporated in this Agreement by reference.

13.8 Further Action. Each Partner, upon the request of the General Partner, agrees to perform all further acts and execute, acknowledge, and deliver any documents which may be reasonably necessary, appropriate, or desirable to carry out the provisions of this Agreement.

13.9 Governing Law. The laws of the State of Delaware shall govern the validity of this Agreement, the construction of its terms, and the interpretation of the rights and duties of the Partners.

13.10 Waiver of Action for Partition. Each of the Partners irrevocably waives any right that it may have to maintain any action for partition with respect to any of the Partnership's assets.

13.11 Counterpart Execution. This Agreement may be executed in any number of counterparts, and each Partner may execute a separate Partner Signature Page, with the same effect as if all of the Partners had signed the same document. All counterparts shall be construed together and shall constitute one agreement.

13.12 General Partner's Discretion. Whenever in this Agreement the General Partner is permitted or required to make a decision, it may do so in its sole and absolute discretion.

13.13 Counsel. Each Limited Partner hereby acknowledges and agrees that King & Spalding LLP and any other law firm retained by the General Partner in connection with the organization of the Partnership, or any dispute between the General Partner, on one hand, and any Limited Partner, on the other, is acting as counsel to the General Partner and as such, except as otherwise provided by law, does not represent or owe any duty to such Limited Partner or to the Limited Partners as a group.

13.14 Entire Agreement. This Agreement (including all exhibits and schedules hereto), together with any side letter agreement entered into concurrently by any Participating Partnership and any Fund Limited Partner and the Fund Governing Documents constitute the entire agreement between the parties hereto with respect to the subject matter hereof and thereof, and supersedes all prior understandings or agreements, oral or written, among the parties.

13.15 Confidentiality.

(a) Except as may be required by law or valid subpoena or other lawful process, the failure to comply with which would subject the respective Limited Partner to damages or judicial or administrative censure or contempt (or as may be required in connection with an examination or audit of a Limited Partner by any governmental agencies having regulatory jurisdiction over a Limited Partner), each Limited Partner shall maintain in strict confidence, and shall not disclose to any Person (other than the General Partner, or another Limited Partner, or its or their respective advisors, each of whom shall be bound by this Section 13.15), any and all material, nonpublic information concerning the operations, business, or affairs of the Partnership, the Parent REIT, the Subsidiary REIT, the Fund Partnership, the Feeder Partnerships, any Affiliate of the foregoing Persons or any Fund Limited Partner ("Confidential Information"). Each Limited Partner that is subject by law to requirements of public access and disclosure and/or regulatory review shall nonetheless endeavor by all legally permissive means reasonably available to it (other than the obligation to engage in legal proceedings) to maintain the confidentiality of all Confidential Information. If any Limited Partner is compelled by law, regulation, subpoena, legal process or other demand to which such Limited Partner believes it is legally obligated to comply, to disclose any Confidential Information, such Limited Partner shall use its best efforts to give prompt notice of such fact to the General Partner so that the General Partner may, if it desires, seek a protective order or other governmental or judicial relief to prevent disclosure of such information.

(b) To the extent that the Freedom of Information Act, 5 U.S.C. § 552 ("FOIA"), any state public records access law, any state or other jurisdiction's laws similar in intent or effect to FOIA, or any other similar statutory or regulatory requirement would potentially cause a Limited Partner or any of its Affiliates to disclose Confidential Information, such Limited Partner hereby agrees that, in addition to compliance with the notice requirements set forth in Section 13.1, such Limited Partner shall take commercially reasonable steps to oppose and prevent the requested disclosure unless (i) the General Partner does not object in writing to such disclosure within 10 days after such notice or (ii) such disclosure does not include (A) any information relating to individual Properties or (B) copies of this Agreement and related documents.

(c) Any obligation of a Limited Partner pursuant to this Section 13.15 may be waived by the General Partner in its sole discretion.

13.16 Third Party Beneficiaries. The Fund Limited Partners shall be third party beneficiaries of this Agreement. Other than the Fund Limited Partners and as specifically set forth in Section 11.3 and Section 11.4 hereof, this Agreement is exclusively for the benefit of the parties hereto and their successors and permitted assigns and this Agreement shall not be deemed to confer upon or give to any other third party any remedy, claim, liability, reimbursement, cause of action or other right.

13.17 Jurisdiction; Waiver of Jury Trial.

(a) Each party hereto hereby irrevocably (i) submits to the exclusive jurisdiction of the Delaware Court of Chancery or other state or federal court in the State of Delaware, in any action or proceeding arising out of or relating to this Agreement, the relations between the parties and any matter, action or transaction described in this Agreement, whether in contract, tort or otherwise, (ii) agrees that such courts shall have exclusive jurisdiction over such actions or proceedings, (iii) waives the defense that Delaware is an inconvenient forum to the maintenance and continuation of such action or proceeding, (iv) consents to the service of any and all process in any such action or proceeding by the mailing of copies (postage prepaid, registered mail (airmail internationally)) of such process to them at their addresses specified in Section 13.1 and (v) agrees that a final and non-appealable judgment rendered by a court of competent jurisdiction in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. In the event that an action or proceeding is initiated in one of the courts referenced above and is pending, the parties agree, for the convenience of the parties and subject to any limitations on subject matter jurisdiction of the court, to initiate any counterclaims or related actions in the same proceeding (as opposed to a separate proceeding in any of the other courts specified above).

(b) EACH PARTY HERETO, FOR ITSELF AND ON BEHALF OF ITS AFFILIATES, HEREBY WAIVES ITS RIGHT TO TRIAL BY JURY IN ANY ACTION, LAWSUIT OR PROCEEDING RELATING TO ANY DISPUTE ARISING UNDER OR IN CONNECTION WITH THIS AGREEMENT OR ANY TRANSACTION DESCRIBED IN THIS AGREEMENT, WHETHER IN CONTRACT OR IN TORT, OR DISPUTE BETWEEN THE PARTIES (INCLUDING DISPUTES WHICH ALSO INVOLVE OTHER PERSONS).

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LIMITED PARTNERSHIP AGREEMENT OF RRP OPERATING, LP

GENERAL PARTNER SIGNATURE PAGE

The undersigned hereby executes, enters into and agrees to be bound by the Limited Partnership Agreement of RRP Operating, LP, dated December 21, 2006.

RRP SUBSIDIARY REIT, LP

By: Regency Retail GP, LLC, its general partner

By: Regency Centers, L.P., its sole member

By: Regency Centers Corporation, its
general partner

By: /s/ Lisa Palmer
Name: Lisa Palmer
Title: Senior Vice President
Date: December 21, 2006

LIMITED PARTNERSHIP AGREEMENT OF RRP OPERATING, LP

LIMITED PARTNER SIGNATURE PAGE

The undersigned hereby executes, enters into and agrees to be bound by the Limited Partnership Agreement of RRP Operating, LP, dated December 21, 2006.

Name of Limited Partner (Please type or print):

REGENCY RETAIL GP, LLC

By: Regency Centers, L.P., its sole member

By: Regency Centers Corporation, its general
partner

By: /s/ Lisa Palmer

Name: Lisa Palmer

Title: Senior Vice President

Date: December 21, 2006

Exhibit A

Partners, Common Units and Preferred Units

<u>Name and Address of Partner</u>	<u>Common Units</u>
Regency Retail GP, LLC 121 West Forsyth Street Suite 200 Jacksonville, Florida 32202	1
RRP Subsidiary REIT, LP 121 West Forsyth Street Suite 200 Jacksonville, Florida 32202	31,269

The Parent REIT and Subsidiary REIT will each hold 125 Preferred Units, and will each make a Capital Contribution of \$125,000 to the Partnership in connection with the issuance of such Preferred Units.

Exhibit B

Exclusivity Agreement

[to be attached]

Exhibit C

Allocation Policy.

In order to minimize the potential for conflicts of interest in the allocation of acquisition opportunities among entities in which Regency has an economic interest, Regency has established certain operating policies, including a rotation system for the allocation of acquisition opportunities. In the event that Regency or any of its Affiliates has an opportunity to acquire a community shopping center that would qualify as an Acquisition Opportunity (whether the seller is Regency, a Regency-managed joint venture or an unaffiliated third party) for the Fund and would also satisfy the investment criteria of other investment vehicles with capital available to invest, Regency will offer every other non-grocery anchored Acquisition Opportunity to the Fund and every fourth grocery-anchored Acquisition Opportunity to the Fund. In the event that the community shopping center in question would qualify as an Acquisition Opportunity for the Fund but would not also satisfy the investment criteria of any other investment vehicle with capital available to invest, Regency will offer the community shopping center to the Fund and such offer will not be considered an allocation under the general rotation system. Exceptions to the general rotation system will be made in the following circumstances: (i) a transaction necessary to satisfy Code Section 1031 exchange requirements; (ii) a tax deferred asset contribution in which a property owner contributes property to the Regency Centers, L.P. in exchange for limited partnership units in Regency Centers, L.P.; and (iii) situations in which Regency or any of its affiliates is issuing equity or other securities or in which legal, regulatory, tax or other impediments cannot be eliminated or substantially mitigated on a commercially reasonable basis without imposition of material additional costs on Regency, the Fund or other investment vehicles, including an acquisition by Regency of a portfolio of properties or an entity that holds interests in a portfolio of properties where there are such impediments to severing the portfolio or otherwise transferring individual properties (including impediments to allocating relative valuation and risks within the portfolio) or where the Fund does not have sufficient capital to acquire the entire portfolio or entity.

Exhibit D

Fund Leverage Policy

The Fund may acquire a Property subject to existing financing or may incur secured or unsecured indebtedness at the Property level, Property-owning entity level, Partnership level or the Subsidiary REIT level (including the potential establishment of a credit facility) (such debt collectively, the “**Fund Indebtedness**”) if the General Partner believes it is appropriate, so long as it complies with this Leverage Policy. The Fund may not incur Fund Indebtedness that would cause the aggregate principal amount of the Fund Indebtedness to exceed, immediately after such incurrence of debt, 60% of the Gross Asset Value of the Fund’s Properties, without obtaining the consent of the Advisory Council pursuant to Section 5.5(d). For example, if immediately after an incurrence of Fund Indebtedness, the Fund has assets with a Gross Asset Value of \$400 million, the Fund Indebtedness, including the new borrowing, could not exceed \$240 million unless the Advisory Council consented to the transaction pursuant to Section 5.5(d). For the purpose of calculating the aggregate principal amount of the Fund Indebtedness and the Gross Asset Value of the Fund’s Properties, Fund Indebtedness and Fund Properties held through subsidiaries and joint ventures will be determined by reference to the Fund’s share of those items under the relevant venture agreements.

Notwithstanding the foregoing, the Fund may incur Fund Indebtedness that causes the aggregate principal amount of the Fund Indebtedness to exceed 60% of the Gross Asset Value of the Fund’s Properties immediately after the incurrence of such new Fund Indebtedness without obtaining the consent of the Advisory Council pursuant to Section 5.5(d) if: (i) the transaction that causes the aggregate principal amount of the Fund Indebtedness to exceed 60% of the Gross Asset Value of the Fund’s Properties immediately after the incurrence of such Fund Indebtedness is a refinancing of the principal amount of any existing Fund Indebtedness (together with refinancing transaction costs and, to the extent required by the lender as a condition to obtaining such refinancing, anticipated tenant improvements, lease commissions and other project related costs to be funded from such refinancing) or (ii) the Fund Indebtedness does not exceed 60% of the Gross Asset Value of the Fund’s Properties for more than two consecutive calendar quarters and during such time the Fund Indebtedness at no time exceeds 65% of the Gross Asset Value of the Fund’s Properties.

In addition to the foregoing, Fund Indebtedness must meet the following criteria:

1. No Fund Indebtedness may be incurred if, at the time of incurrence, such incurrence would cause more than 20% of the outstanding Fund Indebtedness to have a floating or adjustable interest rate (including the newly incurred Fund Indebtedness). If floating rate Fund Indebtedness has been hedged to effectively have a fixed rate, it shall not be considered to have a floating or adjustable interest rate for purposes of calculating this item 1 for the period the hedge is in effect.
2. No Fund Indebtedness may be participating or otherwise entitle the provider of the Fund Indebtedness to any share of or interest based upon the amount of revenue or cash flow, property value or appreciation or other measure of performance of all or any part of the Fund’s assets.

3. No Fund Indebtedness may (a) be cross-collateralized other than within a Permitted Pool (as defined below), or otherwise (b) be structured such that a Property is collateral for a loan that is greater than a Permitted Pool. A "Permitted Pool" shall mean a loan of up to \$250 million in principal amount.
4. No Fund Indebtedness may be cross-defaulted with any other Fund Indebtedness other than within a Permitted Pool.
5. No Fund Indebtedness may be recourse to the Fund Partnership, the Parent REIT, the Subsidiary REIT or any Feeder Partnership (except for (i) indebtedness with a term of not more than one year and (ii) such limited non-recourse "carve-outs" which may be required by an institutional lender and which do not impose recourse liability as to materially different matters or to a materially greater extent than such provisions for non-recourse carve-outs which are commonly required by institutional lenders in connection with similar financings at the time the subject Fund Indebtedness is put in place).
6. No Fund Indebtedness may be recourse to any Fund Limited Partner other than the Regency Partner.
7. After the date that is three (3) years from the date that any Fund Indebtedness is incurred, the subject Fund Indebtedness must permit (a) substitution of at least a portion of the underlying collateral (without cost or fee other than that which is commonly charged by institutional lenders in connection with similar financings at the time the subject Fund Indebtedness is put in place), subject to requirements as to the quality and value of the replacement collateral as are commonly required by institutional lenders in connection with similar financings at the time the subject Fund Indebtedness is put in place, or (b) defeasance or prepayment of all or a portion of such Fund Indebtedness and the release of the underlying collateral without premium or penalty other than customary defeasance expenses or yield maintenance and release premiums (i.e., a premium equivalent to a percentage of the remaining loan value). Whether Fund Indebtedness meets the criteria set forth in this item 7 shall be determined by the General Partner in its reasonable discretion.
8. All Fund Indebtedness must permit the Fund Limited Partners to exercise rights afforded under the Fund Governing Documents to remove any of the Fund General Partners without triggering mandatory prepayment of the Fund Indebtedness, subject to the reasonable consent of the lenders to any replacement general partner.
9. Neither Regency nor any of its Affiliates has any obligation to extend Fund Indebtedness to the Fund or to guarantee Fund Indebtedness incurred by the Fund. In the event that Regency or any of its Affiliates offers to extend Fund Indebtedness to the Fund, the incurrence of such Fund Indebtedness will be subject to the approval of the Advisory Council under Section 5.5(d) of this Agreement. Regency and its Affiliates may from time to time guarantee Fund Indebtedness or contribute assets with Fund Indebtedness in place (so long as such Fund Indebtedness is at or below market rates) at no incremental cost or expense to the Fund.

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10. The restrictions and requirements set forth in items 1-9 above shall not apply to any promissory note issued to an ERISA Partner in connection with any permitted redemption or an ERISA Partner pursuant to the Fund Governing Documents.

Exhibit E

Valuation Policy

Each of the Fund's Properties will be appraised or subject to an appraisal update annually by a nationally-recognized Member Appraisal Institute ("MAI") appraisal firm approved by the Advisory Council as more particularly described herein (an "Independent Valuation Firm"). The appraisals and updates will be signed by an MAI appraiser and staggered on a quarterly basis throughout the year (allowing approximately 25% of the Fund's portfolio to be appraised or updated each calendar quarter, such that each Property will be appraised annually). Any appraisals required under any Fund Governing Document or the Exclusivity Agreement will be a Full Narrative Appraisal (as defined below) and prepared by an Independent Valuation Firm and signed by an MAI appraiser.

To the extent that a Property was not appraised via a Full Narrative Appraisal in connection with its initial acquisition by the Fund, each such Property will receive a Full Narrative Appraisal during the first calendar quarter following its acquisition by the Fund. Each Property will join the annual valuation cycle within 12 months following its acquisition date. After a Property has received a Full Narrative Appraisal and has joined the annual valuation cycle, the appraised value of such Property will be updated annually via a Summary Appraisal Report as defined by the Uniform Standards of Professional Appraisal Practice ("USPAP") based on the income capitalization approach (including both the direct capitalization and discounted cash flow approaches) and sales comparison approach (and including a reconciliation between the two (2) approaches) and otherwise substantially similar in format and content to the sample appraisal attached hereto as Exhibit E-1. For purposes of the foregoing, a "Full Narrative Appraisal" shall appraise the value of a Property based on the income capitalization approach (including both the direct capitalization and discounted cash flow approaches), the sales comparison approach and the cost approach (and including a reconciliation between the three (3) approaches) and otherwise substantially similar in format and content to the sample appraisal attached hereto as Exhibit E-2. The Fund General Partners will use the appraised values and updated annual valuation for purposes of determining Gross Asset Value and Net Asset Value.

Qualifications of the Appraiser

Subject to the approval of the Advisory Council, the General Partner shall appoint one or more Independent Valuation Firms to conduct the appraisals. With respect to the appraisal of any particular Property, the General Partner may select among the Independent Valuation Firms using criteria including, but not limited to, the geographic location of the Property and the availability of any particular Independent Valuation Firm. The appraiser must be (a) an MAI appraiser employed by one of the Independent Valuation Firms and (b) suitably qualified to carry out such appraisals and at least one of the signatories to the valuation must have at least five (5) years appropriate experience. The appraiser must be authorized under the law of the state where the appraisal takes place to practice as an appraiser. The appraiser may have no pecuniary or other potential conflict of interest that could reasonably be regarded as being capable of affecting that person's ability to give an unbiased opinion of the value of the property. The appraiser will

keep all non-public confidential information relating to an engagement with the Fund and the underlying transaction strictly confidential subject to requirements of law and rules of the Appraisal Institute. The appraiser's report will confirm that the appraiser meets the above qualifications.

Appraisal Compliance

Each appraisal should be carried out in accordance with the guidelines and recommendations set forth in the USPAP and the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.

Inspection and Documentation

The valuation shall take into consideration the information provided from an inspection of the Property being valued as well as a review of (i) a schedule of current tenancies and operating expenses, (ii) a capital expenditure report, (iii) all leases and (iv) any other relevant information pertaining to the Property.

Exhibit E-1

Sample Summary Appraisal Report

Exhibit E-2

Sample Full Narrative Appraisal

Exhibit F

Initial Schedule of Fees and Services

Property Management	Regency Realty Group, Inc. will receive an annual property management fee equal to 3.75% of gross property receipts pursuant to the Property Management Agreement between the Partnership and Regency Realty Group, Inc. Gross receipts is defined as all revenues except (1) security deposit payments (unless forfeited for rental payments) and all interest earned on such deposits; (2) prepaid rents (until such rents are earned); (3) real estate taxes; (4) insurance proceeds (unless such proceeds are deemed to cover loss of rents); (5) proceeds from legal settlements above and beyond what would typically be considered gross receipts and (6) proceeds from any sale or financing of a Property.													
Construction Management	Regency Realty Group, Inc. will receive a construction management fee on tenant improvements and other capital improvements to existing structures pursuant to the Property Management Agreement between the Partnership and Regency Realty Group, Inc. The construction management fee will be equal to the sum of 5% of total project costs, including hard and soft costs but excluding land costs and financing fees.													
Debt Placement Fees	Regency will receive debt placement fees of: <table><tr><th><u>Length</u></th><th><u>Fee</u></th></tr><tr><td>10+ year debt</td><td>50 bps</td></tr><tr><td>7-10 year debt</td><td>45 bps</td></tr><tr><td>5-7 year debt</td><td>40 bps</td></tr><tr><td>3-5 year debt</td><td>35 bps</td></tr><tr><td>0-3 year debt</td><td>None</td></tr></table>		<u>Length</u>	<u>Fee</u>	10+ year debt	50 bps	7-10 year debt	45 bps	5-7 year debt	40 bps	3-5 year debt	35 bps	0-3 year debt	None
<u>Length</u>	<u>Fee</u>													
10+ year debt	50 bps													
7-10 year debt	45 bps													
5-7 year debt	40 bps													
3-5 year debt	35 bps													
0-3 year debt	None													
	The debt placement fee shall be reduced by the amount of any fee paid to a correspondent or broker.													
Legal Fee	Regency will be reimbursed for legal services provided to the Fund in lieu of retaining a third party to provide such services. Regency paralegals bill at \$100 per hour. Regency attorneys bill at \$150 per hour. These hourly rates are for non-standard documents. Standard documents (defined as using Regency’s form) are billed at a flat rate of \$750 per document.													

Tax Fee	Regency will be reimbursed for tax related services provided to the Fund in lieu of retaining a third party to provide such services. The fee is a cost sharing arrangement based on Regency’s “all in” cost multiplied by the actual time spent. Tax services are billed at hourly rates ranging from \$25 to \$150 per hour, depending on the level of the Regency employee involved.
Leasing Commissions	Regency Centers, L.P. will receive leasing commissions pursuant to the Leasing Agreement between the Partnership and Regency Centers, L.P.

The schedule of leasing commissions is set forth below:

Commissions for New Leases:

Market:	Tenant <5,000 sf		Tenant 5,000 sf to < 10,000 sf		Tenant 10,000 sf to < 20,000 sf		Tenant 20,000 sf and greater	
	Years 1-5	Rest of term	Years 1-5	Rest of term	Years 1-5	Rest of term		
Atlanta	6%	3%	5%	2.5%	4%	2%	\$	3.00 psf
Bay Area	6%	3%	5%	2.5%	4%	2%	\$	4.00 psf
California	6%	3%	5%	2.5%	4%	2%	\$	4.00 psf
Carolina	6%	3%	5%	2.5%	4%	2%	\$	3.00 psf
Mid-Atlantic	6%	3%	5%	2.5%	4%	2%	\$	4.00 psf
Midwest	6%	3%	5%	2.5%	4%	2%	\$	3.00 psf
North Florida	6%	3%	6%	3%	5%	2.5%	\$	4.00 psf
Northeast	6%	3%	5%	2.5%	4%	2%	\$	4.00 psf
Pacific Northwest	7.5%	3.75%	6.5%	3.25%	5.5%	2.75%	\$	4.00 psf
Rocky Mountain	7%*	3.5%*	6%*	3%*	5%*	2.5%*	\$	3.00 psf
Southern California	6%	3%	5%	2.5%	4%	2%	\$	4.00 psf

* Rocky Mountain commissions marked * are capped at \$5.00 psf

(With respect to new leases, if Leasing Agent is the sole broker the rates shall be reduced by 1% or \$1.00 per square foot, as applicable, with the entire commission payable to Leasing Agent.)

Commissions for Renewals:

Market:	Tenant <5,000 sf		Tenant 5,000 sf to < 10,000 sf		Tenant 10,000 sf to < 20,000 sf		Tenant 20,000 sf and greater	
	Years 1-5	Rest of term	Years 1-5	Rest of term	Years 1-5	Rest of term		
Atlanta	3%	1.5%	1.5%	1.25%	2%	1%	\$	1.50 psf
Bay Area	3%	1.5%	1.5%	1.25%	2%	1%	\$	2.00 psf
California	2%	1%	2%	1%	1%	.5%	\$	2.00 psf
Carolina	3%	1.5%	1.5%	1.25%	2%	1%	\$	1.50 psf
Mid-Atlantic	3%	1.5%	1.5%	1.25%	2%	1%	\$	2.00 psf
Midwest	3%	1.5%	1.5%	1.25%	2%	1%	\$	1.50 psf
North Florida	3%	1.5%	1.5%	1.25%	2%	1%	\$	2.00 psf
Northeast	3%	1.5%	1.5%	1.25%	2%	1%	\$	2.00 psf
Pacific Northwest	5%	2.5%	4%	2%	3%	1.5%	\$	2.00 psf
Rocky Mountain	3%*	1.5%*	2%*	1%*	1%*	0.5%*	\$	1.50 psf
Southern California	2%	1%	2%	1%	1%	0.5%	\$	2.00 psf

* Rocky Mountain commissions marked * are capped at \$3.00 psf

Exhibit B
EXCLUSIVITY AGREEMENT

THIS EXCLUSIVITY AGREEMENT (this “Agreement”), dated as of December 21, 2006 by and among REGENCY CENTERS, LP, a Delaware limited partnership (“Regency”), and RRP OPERATING, LP, a Delaware limited partnership, (the “Operating Partnership”).

RECITALS:

- A. RRP Subsidiary REIT, L.P., a Delaware limited partnership (the “Subsidiary REIT”) is the general partner of the Operating Partnership.
- B. The general partner of the Subsidiary REIT is Regency Retail Partners, LP (the “Fund Partnership”).
- C. The Fund (as defined in the Operating Partnership Agreement) was formed in order to acquire certain community shopping centers owned by, or to be developed by, Regency or its Affiliates (each, a “Regency Party” and, collectively, the “Regency Parties”) or to be acquired from third parties.
- D. Each shopping center shall be owned and held by the Operating Partnership or a Subsidiary.
- E. Subject to the terms and conditions set forth herein, Regency will contribute or cause the Regency Parties to contribute Investment Properties (as hereinafter defined) to the Operating Partnership (or a Subsidiary), and the Operating Partnership (or a Subsidiary) will accept the contribution of such Investment Properties.

NOW, THEREFORE, in consideration of the premises, the mutual covenants set forth herein, and other good and valuable consideration, the receipt and sufficiency of which the parties hereby acknowledge, the parties hereto agree as follows:

ARTICLE 1.
BASIC TERMS/CONTRIBUTION

1.1 Basic Terms. In addition to the terms defined elsewhere in this Agreement, the following terms shall have the meanings set forth below:

“Acquisition Investment Memorandum” means a report delivered to the Advisory Council containing substantially the information as set forth in Paragraph 3.2 hereof, together with any additional information reasonably requested by the Advisory Council that is reasonably available to Regency at the time without incurring material additional costs.

“Acquisition Opportunity” means any opportunity to acquire a community shopping center or a portfolio of such community shopping centers (or any portion thereof or interest therein) located in the United States from a third party or from a Regency Party.

“Advisory Council” means the Advisory Council of the Fund, as defined in the Operating Partnership Agreement, as constituted from time to time.

“Affiliate” means, with respect to a specified Person, any Person that, directly or indirectly through one or more intermediaries, controls, is controlled by or is under common control with the specified Person. For this purpose, (i) the term “control” (including, without limitation, the terms “controlling,” “controlled by” and “under common control with”) shall mean the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise, and (ii) no Regency Party shall be deemed to be an Affiliate of the Fund or its Affiliates.

“Approval Date” means the date the Fund approves or is deemed to have approved the Investment Memorandum for an Investment Property pursuant to the terms of this Agreement.

“Available Capital” means (i) the aggregate amount of Unfunded Fund Capital Commitments of the Fund Limited Partners that are then in effect, that remain binding on the applicable Fund Limited Partner and that are subject to capital calls by a Participating Partnership plus (ii) the Regency Required Investment plus (iii) any additional indebtedness that the Fund could then incur with respect to such Development Asset or Acquisition Opportunity consistent with the Fund’s Leverage Policy as then applied by the General Partner in its professional discretion (capitalized terms used in this definition and not otherwise defined in this Agreement shall have the meanings attributed to them in the Fund Partnership Agreement).

“Closing Date” means, for each Investment Property, the date the Contributor contributes such Investment Property to the Operating Partnership (or a Subsidiary), but in no event later than two hundred seventy (270) days after the date on which the Development Asset comprising the Investment Property becomes a Partially Qualifying Center or a Qualifying Center.

“Contributor” means the particular Person that is contributing an Investment Property.

“Development Asset” means any community shopping center located in the United States that is either (i) developed by a Regency Party and as of the date hereof is under construction or completed but in initial lease-up or (ii) will be developed after the date hereof, including, but not limited to, the assets designated on Schedule 1.1 hereof (either as an “Initial Portfolio Asset” or a “Future Pipeline Asset”).

“Development Investment Memorandum” means a report delivered to the Advisory Council containing substantially the information as set forth in Paragraph 1.3(b) hereof, and in the case of any Partially Qualifying Center, any additional information reasonably requested by the Advisory Council that is reasonably available to Regency at the time without incurring material additional costs.

“Financial Partner” means a third party (a) that is a party to a joint venture, fund or other arrangement with Regency or one of its Affiliates for the development of one or more Development Assets and (b) whose sole contribution (except as set forth in the proviso below) to such joint venture or the development of such Development Assets is the contribution of cash; provided, however, that if Regency obtained the opportunity to develop the Development Asset through such third party, such assistance shall not disqualify a third party from being a Financial Partner . Except as set forth in the immediately preceding sentence, a Financial Partner shall not

include any third party to such joint venture, fund or other arrangement, including any owner, developer, broker or finder, that owned or controlled, or participated in locating or procuring, the land or opportunity for the development of such Development Asset or that participated in the development of such Development Asset.

“GAAP” means generally accepted accounting principles applicable in the United States from time to time.

“Gross Contribution Value” of an Investment Property means an amount as follows:

(a) Until the Fund has accepted contributed Investment Property in the aggregate amount of \$225 million, each Investment Property will be contributed at the lower of (x) the appraised value and (y) the value at which such Investment Property would achieve an initial capitalization rate (as defined in the definition of Portfolio Test below) of 6.4% based on the net operating income (as defined in the definition of Portfolio Test below), except for Falcon Ridge Phases I and II, each of which will be contributed at the lower of (A) appraised value and (B) the value at which such Investment Property would achieve an initial capitalization rate (as defined in the definition of Portfolio Test below) of 6.25% based on the net operating income (as defined in the definition of Portfolio Test below);

(b) The Investment Property that causes the Fund to exceed \$225 million in aggregate contributed Investment Properties will be contributed at the value necessary to result in a weighted average capitalization rate of 6.5% for all of the Investment Properties that have been contributed as of that date (the “Initial Test Assets”), but not in an amount that would cause the aggregate contribution value of the Initial Test Assets to exceed the sum of their respective appraised values; and

(c) Thereafter, subject to the other terms of this Agreement, each Investment Property will be contributed at an amount equal to the gross fair market value of the Investment Property as determined by the appraisal submitted in the Investment Memorandum.

(d) Notwithstanding the foregoing, following the calculation of the Gross Contribution Value of an Investment Property for purposes of the Portfolio Test, such value will be reduced or increased for prorations and closing costs to the extent credited or debited at Closing (as opposed to reconciled through a payment in cash) in accordance with this Agreement.

“Identified Development Pipeline” means each of the assets listed on Schedule 1.1 attached hereto as either an “Initial Portfolio Asset” or a “Future Pipeline Asset”.

“Initial Test Assets” shall have the meaning given within the definition of “Gross Contribution Value” above.

“Investment Property” means any Contributor’s direct or indirect interest in a Development Asset contributed to the Fund, including the Contributor’s interest in the Property

Owning Entity. The term “Investment Properties” means all of the foregoing offered to the Fund at the same time and shall include those rights and interests set forth in Paragraph 1.4 hereof.

“Investment Memorandum” means either an Acquisition Investment Memorandum or a Development Investment Memorandum, as applicable.

“Net Contribution Value” of an Investment Property means an amount equal to the Gross Contribution Value (net of any debt assumed by the Operating Partnership) of the Investment Property.

“Non-Strategic Asset” means a community shopping center developed by a Regency Party which Regency determines in its sole discretion is not in the best interest of the Fund, Regency or any other Regency-managed joint venture to own long term, including without limitation, (a) developed for the purpose of maintaining relationships with major tenants or other strategic rationale, where Regency’s intention is to immediately sell the asset based on the less favorable long term performance prospects of the property, the submarket or the tenancy; (b) whose long term performance prospects are impacted negatively during the development process and/or during the stabilization period due to changes to the property, the submarket, the tenancy, or the competitive landscape; or (c) that fail to meet the investment criteria to be a Qualifying Center within twenty-four (24) months of the date on which sixty-five percent (65%) of the gross leaseable area in the center has been leased, occupied and opened for business.

“Operating Partnership Agreement” means the limited partnership agreement of RRP Operating, LP as in effect on the date hereof and as amended or supplemented from time to time.

“Partially Qualifying Center” means a Development Asset that meets the gross leaseable area and occupancy tests set forth on subsections (b) and (c) of the definition of “Qualifying Center”, but which otherwise is not a Qualifying Center. Additionally, each asset comprising part of the Identified Development Pipeline shall be deemed a Partially Qualifying Center if it has satisfied the occupancy test set forth in subsection (c) of the definition of Qualifying Center.

“Permitted Exceptions” means only the following interests, liens and encumbrances: (a) liens securing payment of indebtedness to be assumed by the Operating Partnership or Affiliate in connection with the contribution of the Investment Property; (b) liens for ad valorem taxes not payable on or before the closing of such contribution; (c) Leases, licenses and other occupancy agreements affecting the Investment Property; and (d) utility easements, operating and reciprocal easement agreements, deed restrictions and other matters disclosed on the title commitment or survey relating to the Investment Property which do not, in the reasonable opinion of the Subsidiary REIT, materially and adversely affect the title to, or the use, occupancy or development of the Project.

“Person” means an individual, corporation, limited liability company, partnership, estate, trust (or portion thereof), association, joint stock company, government agency or political subdivision thereof, charitable organization, or other entity.

“Portfolio Test” is a calculation of the cumulative weighted average capitalization rate of the Fund’s Real Estate Assets. The Fund will be deemed to have “satisfied” the Portfolio Test if, at each time of calculation pursuant to Paragraph 1.2(d), the Fund’s Real Estate Assets (including

(a) the Development Asset(s) proposed to be contributed at such time of calculation, (b) all Development Assets contributed to date (including the Initial Test Assets) and (c) all Acquisition Opportunities acquired to date (other than any acquired Acquisition Opportunities that had an initial capitalization rate of less than 6.7%) at the time of such acquisition) have a cumulative weighted average capitalization rate equal to or greater than the following capitalization rates:

<u>Size of the Fund's Portfolio</u>	<u>Capitalization Rate</u>
From the first Real Estate Asset after the Initial Test Assets until the Fund's portfolio reaches \$600 million in aggregate agreed value (excluding Acquisition Opportunities with less than a 6.7% capitalization rate)	6.6%
Greater than \$600 million in aggregate agreed value (excluding Acquisition Opportunities with less than a 6.7% capitalization rate)	6.7%

The Portfolio Test shall be calculated on a cumulative, unleveraged basis and will be based on the net operating income and the agreed values of each Real Estate Asset as of its acquisition or contribution date. For purposes of calculating the Portfolio Test, the following terms shall have the following meanings:

“Agreed value” means (a) with respect to each Development Asset, the Gross Contribution Value attributable thereto, and (b) with respect to each acquired Acquisition Opportunity, the purchase price for such Acquisition Opportunity; provided, however, that the Agreed Value shall be increased, without duplication, by the amount of any (i) in the case of an Acquisition Opportunity or a Development Asset, capital expenditures, tenant improvements and leasing commissions charged to or assumed by the Fund in connection with the contribution or acquisition of such Real Estate Asset, (ii) in the case of an Acquisition Opportunity only, closing and transaction costs borne by the Fund in connection with such acquisition and (iii) in the case of an Acquisition Opportunity only, financing fees and costs in connection with such acquisition, whether related to financing in place prior to the acquisition or incurred in connection with the initial financing of the Real Estate Asset by the Fund.

“Initial capitalization rate” means the net operating income at the acquisition or contribution date (or the pro rata portion thereof with respect to any property in which the Fund holds (directly and indirectly) less than a 100% ownership interest) divided by the Agreed value of the Real Estate Assets. For the avoidance of doubt, once the capitalization rate for each Agreed value is set at the date of each purchase or contribution the capitalization rate that applies to such purchase or contribution shall be deemed to have been fixed and shall not change.

“Net operating income” means the gross revenue less operating expenses, where “gross revenue” is defined as base rents from existing leases, for the twelve months ending after the Closing Date, plus expense reimbursement revenue and miscellaneous revenue, and “operating expenses” are defined as those estimated expenditures relating to

property operations, excluding capital expenditures, for the twelve months ending after the Closing Date, in each case as reasonably estimated by Regency.

If the Advisory Council approves the acquisition of a Development Asset that causes the Fund not to meet the Portfolio Test pursuant to the Operating Partnership Agreement, that asset will be included in the Portfolio Test calculation for purposes of applying the Portfolio Test to future assets. If the Advisory Council approves the acquisition of an Acquisition Asset at a capitalization rate of less than 6.7% pursuant to the Operating Partnership Agreement, that asset will be excluded from the Portfolio Test calculation for purposes of applying the Portfolio Test to future assets. Acquisition Assets approved by the Advisory Council pursuant to the Operating Partnership Agreement at a capitalization rate of 6.7% or more will be included in the Portfolio Test calculation for purposes of applying the Portfolio Test to future assets.

“Property Owning Entity” means the Person that owns directly an Investment Property which Person shall be wholly owned by a Contributor.

“Qualifying Center” means a Development Asset which satisfies each of the following investment criteria:

- (a) two or more anchor tenants, with at least 50% of the center’s total gross leaseable area being occupied by anchor tenants and Shadow Anchor Tenants;
- (b) total gross leaseable area of at least 250,000 square feet (which gross leaseable area shall include the gross leaseable area of any Shadow Anchor Tenants);
- (c) at least 95% of the Development Asset’s gross leaseable area to be owned by the Operating Partnership must be leased and occupied by tenants paying rent;
- (d) a weighted average remaining lease term for anchor tenants (excluding Shadow Anchor Tenants) of at least ten years during which the tenants are required to pay rent (including exercised renewal terms);
- (e) not located within three miles of a non-Operating Partnership owned Regency shopping center; and
- (f) substantially all construction must be complete.

For purposes of this definition, “anchor tenants” include: (i) “super” or larger anchor stores, such as Wal-Mart, Target, The Home Depot and Lowe’s; (ii) “junior” or smaller anchor stores generally containing at least 10,000 square feet of gross leaseable area and typically including super drug stores, discount department stores and value-oriented big box retailers; and (iii) grocery stores, including traditional supermarket formats, such as Kroger or Publix, and also specialty food retailers, such as Whole Foods Market, Trader Joe’s and The Fresh Market. Additionally, each asset comprising part of the Identified Development Pipeline shall be deemed a Qualifying Center if it has satisfied all of the criteria set forth above, with the exception of the minimum gross leaseable area requirement set forth in subsection (b) above.

“Real Estate Assets” means each Development Asset and Acquisition Opportunity acquired by the Fund.

“Shadow Anchor Tenants” means one or more anchor stores that are located on property and which is: (a) owned by the anchor merchants or other third parties, (b) adjacent to the Partnership-owned portion of the center, and (c) together with the portion of the center owned by the Operating Partnership or an Affiliate thereof, operated as a single, integrated community shopping center through reciprocal operating easements (including shared parking).

“Submittal Date” means the respective date the Contributor submits an Investment Memorandum for an Investment Property to the Operating Partnership.

“Subsidiary” means a subsidiary owned, directly or indirectly, by the Operating Partnership.

“Valuation Policy” has the meaning given in the Operating Partnership Agreement.

1.2 Contribution.

(a) Following the date on which a Development Asset becomes a Partially Qualifying Center or a Qualifying Center (but in no event later than twenty (20) days prior to the Closing Date with respect to such Development Asset), the Regency Party that owns such Development Asset shall prepare and deliver an Investment Memorandum to the Advisory Council, in the case of a Partially Qualifying Center, or the Operating Partnership, in the case of a Qualifying Center, in accordance with the provisions of Paragraph 1.3 below and shall offer to contribute to the Operating Partnership the Development Asset in accordance with this Paragraph 1.2.

(b) Subject to the terms and conditions of this Agreement:

(i) Regency shall offer and shall cause each of the Regency Parties to offer to contribute to the Operating Partnership any Development Asset that is a Qualifying Center, and the Operating Partnership shall accept for contribution each such Development Asset, unless the closing and financing costs associated with such asset exceed 1.45% of the Gross Contribution Value (without duplication of such closing and financing costs) of such Qualifying Center, in which case the Operating Partnership shall not be obligated to accept such Qualifying Center unless the Operating Partnership shall have received the prior approval of the Advisory Council. The General Partner shall determine, in its sole discretion whether and to which Subsidiary of the Operating Partnership the Development Asset is to be contributed. Additionally, Regency shall offer and shall cause each of the Regency Parties to offer to contribute to the Operating Partnership any Development Asset that is a Partially Qualifying Center, but the Operating Partnership shall not be obligated to accept such Partially Qualifying Center unless the Operating Partnership shall have received the prior approval of the Advisory Council.

(ii) Regency shall, and shall cause each applicable Regency Party to, use commercially reasonable efforts to ensure that each Development Asset becomes a Qualifying Center.

(c) Notwithstanding the foregoing:

(i) no Regency Party shall be required to offer any Development Asset to the Operating Partnership if:

(A) the appraised value of the Development Asset is less than its capitalized development cost calculated in accordance with GAAP;

(B) the Development Asset has been developed by such Regency Party on a fee basis specifically for purchase by a third-party;

(C) the Development Asset is owned in a joint venture with a third party that is unwilling to consent to its contribution to the Operating Partnership on terms reasonably acceptable to Regency and in the best interest of the Operating Partnership, provided, however, that the exception under this clause (C) shall be available in the case of a Financial Partner only if (1) the Development Asset has total development costs in excess of \$75 million or (2) Regency obtained the opportunity to develop the Development Asset through such Financial Partner;

(D) the Development Asset is a Non-Strategic Asset;

(E) in the reasonable estimation of Regency, there exists a material contractual, legal or tax impediment to conveying the Development Asset to the Operating Partnership that cannot be eliminated or substantially mitigated on a commercially reasonable basis without the imposition of material additional costs to the applicable Regency Party or the Operating Partnership;

(F) the Operating Partnership does not have sufficient Available Capital to acquire such Development Asset.

(ii) Regency shall notify the Advisory Council if, with respect to any Development Asset it is otherwise required to offer to the Operating Partnership pursuant to this Paragraph 1.2, any of the Contributor's Warranties (as defined below), if made by the Contributor with respect to the Investment Property related to such Development Property, would be untrue. In such event, the Operating Partnership shall not be required to accept any such Development Asset (it being understood that the Operating Partnership may accept such a Development Asset upon approval of the Advisory Council; provided, however, that the Contributor shall not be required to make any such representations and warranties which, if made, would be untrue). If the Advisory Council does not approve accepting such Development Asset without any such representation and warranty that if made would be untrue, Regency shall not be required to offer or to cause the Contributor to contribute such Development Asset to the Fund or the Operating Partnership, subject to the last sentence of Paragraph 1.2(d) below.

(iii) Regency shall notify the Advisory Council of its intention to sell any Non-Strategic Asset and shall use commercially reasonable efforts to sell such asset to a party other than Regency or any other Regency Party, as soon as practical thereafter.

(d) Notwithstanding Paragraph 1.2(b)(i) above, in no event shall the Operating Partnership be obligated to accept any Development Asset that is a Qualifying Center if (i) after all Initial Test Assets have been accepted, accepting such Development Asset would result in the Operating Partnership not meeting the Portfolio Test or if the Operating Partnership is not in compliance with the Portfolio Test at the Closing Date or (ii) the Operating Partnership does not have sufficient Available Capital. In the event that the Portfolio Test is not or will not be satisfied upon contribution of a Development Asset or in the event that any representation or warranty required under the Contribution Agreement would be untrue, Regency shall be still be required to offer to contribute or cause the applicable Regency Party to offer to contribute such Development Asset to the Operating Partnership. In connection with such offer, the Regency Party shall give the Operating Partnership written notice of such offer, which notice will include an Investment Memorandum with respect to such Development Asset. The General Partner will promptly deliver such notice, together with a Development Investment Memorandum, to each member of the Advisory Council. Within fifteen (15) business days after receipt of such Development Investment Memorandum by the Advisory Council, the Operating Partnership shall reply by written notice to the Regency Party whether or not the Advisory Council has approved the acquisition of the Development Asset. If within the fifteen (15) business day period the Operating Partnership has replied by written notice that the Advisory Council has approved the acquisition of the Development Asset by the Operating Partnership, the Regency Party shall enter into a Contribution Agreement and contribute the Development Asset to the Operating Partnership and the Operating Partnership shall acquire such Development Asset on terms and conditions as set forth in this Agreement and the Contribution Agreement. If the Operating Partnership fails to deliver any notice to the Regency Party within such fifteen (15) business day period or states in a notice that it has no interest in the acquisition of such Development Asset, then the Regency Party shall be free to sell or otherwise transfer such Development Asset to any Person at a price equal to or in excess of ninety-seven percent (97%) of the price offered to the Operating Partnership and otherwise on substantially the same terms and conditions offered to the Operating Partnership. If the Regency Party shall propose to sell or transfer such Development Asset at less than ninety-seven percent (97%) of such price or on other terms and conditions materially more favorable to the buyer than the terms and conditions offered to the Operating Partnership, then the Regency Party shall not sell or transfer such property at such price or on other terms and conditions materially more favorable than the terms and conditions offered to the Operating Partnership without first re-offering such Development Asset to the Operating Partnership in accordance with the procedures in this Paragraph 1.2(d).

1.3 Submittal to the Operating Partnership.

(a) With respect to Development Assets, the Contributor shall prepare and deliver to the Operating Partnership an investment memorandum relating to each Investment Property that demonstrates that each such Investment Property is a Qualifying Center (or a Partially Qualifying Center, as applicable). The Contributor shall include with such investment memorandum such information or documentation that supports such determination, in the

Contributor's reasonable determination, and shall include the following information, to the extent available:

- (i) complete copies of all existing leases for each such Investment Property ("Leases"), a schedule of which shall be attached to the applicable Investment Memorandum;
- (ii) a true and correct copy of a current rent roll and aging receivables report of each such Investment Property, indicating rents collected, scheduled rents and concessions, delinquencies, and security deposits held (the "Rent Roll");
- (iii) operating statements for the two (2) previous fiscal years, if available, and year-to-date (the "Operating Statements");
- (iv) a list of personal property, if any, and a list and copies of any service or maintenance agreements, if any, relating to each such Investment Property ("Service Contracts");
- (v) at the Operating Partnership's expense, an environmental, engineering or physical condition report of each such Investment Property or reliance letters in favor of the Operating Partnership relating thereto;
- (vi) at the Operating Partnership's expense, an appraisal and valuation of the fair market value of each such Investment Property performed by an MAI appraiser selected by the Operating Partnership prepared in accordance with the Valuation Policy; provided, however, that with respect to Falcon Ridge Town Center (Phase I) and Indian Springs Center, the appraisals shall be obtained by and made out to Regency, as opposed to the Operating Partnership;
- (vii) a site plan for each such Investment Property;
- (viii) an estimate of the Operating Partnership's compliance with the Portfolio Test giving effect to the acquisition of each such Investment Property;
- (ix) a statement indicating whether the contribution is to be effected through the transfer of Real Property or interests in a Property Owning Entity;
- (x) a current title report or commitment for each such Investment Property (the cost of which shall be borne by the Operating Partnership, as buyer, or the Contributor, as seller, in accordance with local custom);
- (xi) at the Operating Partnership's expense, a current land survey of each such Investment Property;
- (xii) at the Operating Partnership's expense, a certificate of occupancy or other evidence of zoning prepared by third parties or reliance letters in favor of the Operating Partnership relating thereto (to the extent available); and

(xiii) a ten (10) year estimated cash flow analysis prepared by the Contributor.

(b) All of the foregoing items set forth in subparagraphs 1.3(a)(i)-(xiii) above shall be referred to collectively as the “Development Investment Memorandum”. Each of the reports and materials described in clause 1.3(a)(except the copies of leases and site plan [if unchanged]) shall be dated within sixty (60) days of the date of the Development Investment Memorandum or shall have been updated within such time period.

(c) The Contributor or Subsidiary REIT, as applicable, shall make no representations or warranties as to the accuracy or completeness of any portion of an Investment Memorandum that is prepared by a third party, but shall represent that, to its knowledge, none of the information contained in any such third party report is incorrect in any material respect.

1.4 Investment Property. An Investment Property shall include the following:

(a) Fee simple title or, if approved by the Advisory Council, a leasehold estate as a ground lessee to (i) the applicable land (“Land”) associated with the applicable Investment Property and (ii) the improvements located thereon (“Improvements”), together with all rights, privileges, easements, servitudes and appurtenances thereunto belonging or appertaining including all right, title and interest of the Contributor, if any, in and to oil, gas, mineral and other subterranean rights, and the streets, alleys and rights-of-way adjacent to the Land, subject only to Permitted Exceptions (collectively, “Real Property”).

(b) All of the Contributor’s right, title and interest, in and to all fixtures, furniture, equipment, and other tangible personal property, if any, owned by the Contributor (the “Personal Property”) presently located on such Real Property, but excluding any items of personal property owned by tenants.

(c) All of the Contributor’s right and interest, as landlord, in all executed Leases under which a tenant occupies or is to occupy an Investment Property or a portion thereof, and all amendments thereto, together with all cash and non-cash security deposits.

(d) All of the Contributor’s right, title and interest, if any, in and to all of the following items, to the extent assignable and, except as provided herein, free of liens, security interests and encumbrances (the “Intangible Personal Property”): (i) licenses, and permits relating to the operation of the Investment Property, (ii) the right to use the name of the Investment Property (if any) in connection with the Investment Property (but excluding any tradenames or trademarks of the Regency Parties or any entity at least the majority of the equity interest in which is owned, directly or indirectly, by a Contributor), (iii) if still in effect, covenants, representations, indemnifications, guaranties and warranties received by the Contributor from any seller, contractor, manufacturer or other person in connection with the acquisition, construction or operation of the Investment Property (the “Contractor Guaranties”), and (iv) if any of the Contractor Guaranties are unassignable, the beneficial interest of the Contributor in such Contractor Guaranty, to the extent the assignment of such beneficial interest does not void such Contractor Guaranty.

(e) Notwithstanding the foregoing, in the event of an acquisition of interests in a Property Owning Entity, the Investment Property shall consist of all of Contributor's right, title and interest, if any, in and to securities or ownership interests in the Property Owning Entity.

ARTICLE 2. CONTRIBUTION AGREEMENT

2.1 Execution of Contribution Agreement. With respect to a Development Asset, upon (a) the determination that the applicable Development Asset is a Qualifying Center or (b) in the case of Development Asset that is not a Qualifying Center, upon the approval of acquisition thereof by the Advisory Council, then the Operating Partnership (or its designated Affiliate) and the applicable Contributor shall enter into a Stabilized Property Contribution Agreement in substantially the form of Exhibit A attached hereto (the "Contribution Agreement") and consummate the contribution of the Development Asset in accordance therewith.

2.2 Contribution Value. The Gross Contribution Value for each Development Asset to be contributed to the Operating Partnership (or its Subsidiary) shall be determined as provided herein and set forth in the Development Investment Memorandum for such Development Asset. Pursuant to the applicable Contribution Agreement, in connection with the contribution of a Development Asset, the Operating Partnership (or its Subsidiary) shall deliver to Regency (or its designee), in exchange for such contribution, the following:

(a) Cash in an amount set forth in the applicable Contribution Agreement, such cash to be deposited by the Operating Partnership (or the applicable Subsidiary) with the title company acting as escrow for such contribution, in immediate, same-day federal funds wired for credit into such title company's escrow account at a bank satisfactory to the applicable Regency Party for delivery to or at the direction of such Regency Party; and

[The following form of subsection (b) is to be used in the event that Regency will receive Common Units in the Operating Partnership in exchange for the Investment Property:]

(b) Operating Partnership Units. A number of Common Units (as defined in the Operating Partnership Agreement) in the Operating Partnership in an amount equal to (i) the excess of (A) the Net Contribution Value over (B) the amount of cash distributed to the applicable Regency Party pursuant to Section 3.4(a) above, divided by (ii) the Net Asset Value Per Unit (as defined in the Operating Partnership Agreement); provided, however, that if the Regency Required Investment is not, or would not be, satisfied following the consummation of the transactions contemplated by this Agreement, the amount of cash to be distributed to the applicable Regency Party pursuant to Section 2.2(a) above shall be reduced (but not below zero) by the amount that is necessary for the Regency Required Investment to be satisfied upon consummation of the transactions contemplated by this Agreement.

[The following form of subsection (b) is to be used in the event that Regency will receive Units in the Fund Partnership in exchange for the Investment Property:]

(b) Fund Partnership Units. A number of Units (as defined in the Fund Partnership Agreement) in the Fund Partnership in an amount equal to (i) the excess of (A) the Net Contribution Value over (B) the amount of cash distributed to Contributor pursuant to

Section 2.2(a) above, divided by (ii) the Net Asset Value Per Unit (as defined in the Operating Partnership Agreement); provided, however, that if the Regency Required Investment is not, or would not be, satisfied following the consummation of the transactions contemplated by this Agreement, the amount of cash to be distributed to the applicable Regency Party pursuant to Section 2.2(a) above shall be reduced (but not below zero) by the amount that is necessary for the Regency Required Investment to be satisfied upon consummation of the transactions contemplated by this Agreement. To the extent such Regency Party receives Units pursuant to this Paragraph 2.2, (x) the portion of the Investment Property equal to the percentage of the Net Contribution Value paid in cash pursuant to Paragraph 2.2(a) shall be treated for all purposes as having been sold to the Operating Partnership for cash and (y) the portion of the Investment Property equal to the percentage of the Net Contribution Value paid in Units pursuant to this Paragraph 2.2(b) shall be treated for all purposes as having been contributed to the Fund Partnership in exchange for Units (with the Fund Partnership having contributed such portion of the Investment Property to the Parent REIT (as defined in the Fund Partnership Agreement), the Parent REIT having contributed it to the Subsidiary REIT (as defined in the Fund Partnership Agreement), the Subsidiary REIT having contributed it to the Operating Partnership and the Operating Partnership having contributed it to the applicable Subsidiary, in each case in exchange for units or shares in such entity with a value equal to (A) the number of Units delivered pursuant to this Paragraph 2.2(b) multiplied by (B) the Net Asset Value Per Unit (as defined in the Operating Partnership Agreement)).¹

2.3 “AS-IS” Transaction. For each contribution of an Investment Property, the Operating Partnership shall represent to the Regency Parties that the Operating Partnership has reviewed all such information relating to such Investment Property as the Operating Partnership deems necessary or desirable as to the condition of the Investment Property. To the maximum extent permitted by applicable law and except for Contributor’s Warranties (as defined in the applicable Contribution Agreement), the contribution of any interest in any Investment Property to the Operating Partnership (or a Subsidiary) shall be made without representation, covenant, or warranty of any kind (whether express, implied or, to the maximum extent permitted by applicable law, statutory) by the Regency Parties.

ARTICLE 3. OTHER AGREEMENTS OF REGENCY PARTIES

3.1 Prohibited Development Ventures. Neither Regency nor any Regency Party shall enter into any joint venture, fund or other arrangement with a Financial Partner for the development of a Development Asset unless (a) such Development Asset has total development costs in excess of \$75 million or (b) Regency obtained the opportunity to develop such Development Asset through such Financial Partner. To the extent that a Regency Party enters into any joint venture, fund or other arrangement with a third party for the development of community shopping centers in the United States which is not prohibited by operation of this Paragraph 3.1, such Regency Party shall provide prompt written notice thereof to the Advisory Council.

¹ Note: This provision will apply to the contribution of the first two properties, which will be contributed, in part, for Units in the Fund Partnership, and it may apply to future contributions as well.

3.2 Acquisition Opportunities.

(a) In the event that Regency shall determine, in its sole discretion, that an Acquisition Opportunity (whether the seller is Regency, a Regency managed joint venture, or an unaffiliated third party) would be appropriate or desirable for the Operating Partnership and for an entity in which Regency or one of its wholly owned subsidiaries owns an interest and exercises management authority, then, commencing with the second non-grocery anchored Acquisition Opportunity (and at least every second such non-grocery anchored Acquisition Opportunity thereafter) and with the fourth grocery-anchored Acquisition Opportunity (and at least every fourth such grocery anchored Acquisition Opportunity thereafter), Regency shall present such Acquisition Opportunity to the Operating Partnership for its approval by delivering to the Operating Partnership written notice (each, an “Acquisition Notice”) of such Acquisition Opportunity, which Acquisition Notice shall include, to the extent reasonably available at the time, (i) a proposed or executed, as applicable, letter of intent or purchase and sale agreement relating to the proposed Acquisition Opportunity, (i) a detailed breakdown of (A) the total projected due diligence expenses incurred or to-be incurred with respect to such Acquisition Opportunity (the “Due Diligence Costs”) and (B) the projected closing costs with respect to such Acquisition , (iii) the items listed in Section 1.3(a)(viii), (ix) and (xiii) and (iv) such due diligence information referenced in Sections 1.3(a)(i) through (v), Section 1.3(a)(vii) and Sections 1.3(a)(x) through (xii) as shall have been provided to Regency in connection with such acquisition and (in each case, subject to applicable confidentiality restrictions) and such information shall be referred to collectively herein as the “Acquisition Investment Memorandum.” Notwithstanding the foregoing, if the Acquisition Opportunity in question would qualify as an Acquisition Opportunity for the Operating Partnership but would not also satisfy the investment criteria of any other investment vehicle with capital available to invest, Regency will offer such Acquisition Opportunity to the Operating Partnership and such offer will not be considered an allocation under the general rotation system described above. Neither Regency nor any of its Affiliates shall have any liability to the Operating Partnership or any direct or indirect investor therein for any inaccuracy in any of the information provided by third parties with respect to any Acquisition Property, whether contained in the Acquisition Investment Memorandum or otherwise.

(b) The General Partner will promptly deliver such Acquisition Notice, together with the Acquisition Investment Memorandum, to each member of the Advisory Council. Within the period ending on the date specified within the Acquisition Notice (the “Approval Period”) (which date shall not be less than 15 business days following the receipt of such Acquisition Notice, provided that Regency may require a shorter response period if in its discretion it determines that a shorter response period is reasonably necessary for Regency to be competitive with other bidders for such Acquisition Opportunity), the Operating Partnership shall reply by written notice to Regency whether or not the Advisory Council has approved the Acquisition Opportunity. If within the Approval Period the Operating Partnership has replied by written notice that the Advisory Council has approved the acquisition of the Acquisition Opportunity by the Operating Partnership, the Operating Partnership and the seller of such property shall enter into a purchase and sale agreement containing such terms and conditions as the seller and the Operating Partnership shall mutually agree (or if signed prior to the date of such acceptance, then the purchase and sale agreement shall be assigned to the Operating Partnership or its designated Affiliate). If such Acquisition Opportunity is approved by the

Advisory Counsel and Regency's or the Operating Partnership's bid for such Acquisition Opportunity is accepted, then the Operating Partnership shall reimburse Regency for all Due Diligence Costs actually incurred by Regency in connection with identifying and acquiring such Acquisition Opportunity, provided that such amount shall not be greater than the amount of Due Diligence Costs projected pursuant to subclause (a) above and approved by the Advisory Council.

(c) If the Operating Partnership fails to deliver any notice to Regency within the Approval Period or states in a notice that the Advisory Council has determined that the Operating Partnership has no interest in the Acquisition Opportunity, then Regency shall be free to acquire such property on its own behalf or on behalf of its subsidiaries or Affiliates or present such Acquisition Opportunity to any other Person; provided, however, that if the Approval Period is shortened in accordance with Paragraph 3.2(b) above to less than five (5) business days, and the Operating Partnership fails to deliver any notice to Regency prior to the expiration of such Approval Period or states in a notice that the Advisory Council is unable to evaluate such Acquisition Opportunity within such Approval Period, then such offer will not be considered an allocation under the general rotation system described in Paragraph 3.2(a) above.

(d) Notwithstanding the foregoing, neither Regency nor any of its wholly owned subsidiaries shall have any obligation to present any such opportunity to the Operating Partnership unless the Operating Partnership shall have sufficient Available Capital to acquire such Acquisition Opportunity (taking into account any other pending acquisitions).

(e) Regency may from time to time modify the allocation policy set forth in subparagraph (a) above in its discretion, after consulting with the Advisory Council and providing notice to the Limited Partners, where modifications are necessary as a result of changes in law.

3.3 Exceptions. Notwithstanding anything to the contrary in this Agreement, the foregoing provisions of this Article 3 shall not apply to (i) tax deferred exchange transactions pursuant to Section 1031 of the Code, (ii) a tax deferred asset contribution in which a property owner contributes property to Regency Centers, L.P. in exchange for limited partnership units, (iii) transactions pursuant to which Regency or one of its Affiliates proposes to issue securities of Regency or securities convertible or exchangeable into securities of Regency; or (iv) transactions in which legal, regulatory, tax or other impediments cannot be eliminated or substantially mitigated on a commercially reasonable basis without imposition of material additional costs on Regency, the Operating Partnership or other investment vehicles, including an acquisition by Regency of a portfolio of properties or an entity that holds interests in a portfolio of properties where there are such impediments to severing the portfolio or otherwise transferring individual properties (including but not limited to restrictions under financings to be assumed and impediments to allocating relative valuation and risks within the portfolio).

3.4 Additional Capital. Regency agrees that, to the extent necessary to maintain the Regency Required Investment (as defined in the Operating Partnership Agreement), pursuant to Paragraph 3.4(b) of the Contribution Agreement it shall designate a percentage of the Net Contribution Value (not to exceed 100%) to be delivered in Common Units if the Operating

Partnership or Units in the Fund Partnership as is necessary for the Regency Required Investment to be satisfied upon consummation of the transactions contemplated by this Agreement.

ARTICLE 4. MISCELLANEOUS

4.1 Parties Bound. No party may assign this Agreement without the prior written consent of the other parties, and any such prohibited assignment shall be void. Subject to the foregoing, this Agreement shall be binding upon and inure to the benefit of the respective legal representatives, successors, assigns, heirs, and devisees of the parties.

4.2 Default. If any party defaults in its obligations hereunder, the other parties may pursue any remedies available to them at law or in equity.

4.3 Confidentiality. Except as may be required by law or valid subpoena or other lawful process, the failure to comply with which would subject the respective party to damages or judicial or administrative censure or contempt (or as may be required in connection with an examination or audit of a party by any governmental agencies having regulatory jurisdiction over a party), each party shall maintain in strict confidence, and shall not disclose to any Person (other than the partners or members of such party, or its or their respective advisors, each of whom shall be bound by this Section 4.3), any and all material, nonpublic information concerning the matters which are the subject of this Agreement or any information provided in connection herewith ("Confidential Information"). Each party (or its constituent partners or members) that is subject by law to requirements of public access and disclosure and/or regulatory review shall nonetheless endeavor by all legally permissive means reasonably available to it (other than the obligation to engage in legal proceedings) to maintain the confidentiality of all Confidential Information. If any party (or any constituent member or partner therein) is compelled by law, regulation, subpoena, legal process or other demand to which such party (or constituent member or partner) believes it is legally obligated to comply, to disclose any Confidential Information, such Person making such disclosure shall use its best efforts to give prompt notice of such fact to the parties hereto so that the parties may, if they so desire, seek a protective order or other governmental or judicial relief to prevent disclosure of such information.

To the extent that the Freedom of Information Act, 5 U.S.C. § 552 ("FOIA"), any state public records access law, any state or other jurisdiction's laws similar in intent or effect to FOIA, or any other similar statutory or regulatory requirement would potentially cause a party hereto or any of its constituent members or partners or any of their respective Affiliates to disclose Confidential Information, such party hereby agrees that, in addition to notifying the parties, such Person shall take commercially reasonable steps to oppose and prevent the requested disclosure unless (i) the parties do not object in writing to such disclosure within 10 days after such notice or (ii) such disclosure does not include (A) any information relating to individual Asset or (B) copies of this Agreement and related documents.

4.4 Headings. The article and paragraph headings of this Agreement are for convenience only and in no way limit or enlarge the scope or meaning of the language hereof.

4.5 Invalidity and Waiver. If any portion of this Agreement is held invalid or inoperative, then so far as is reasonable and possible the remainder of this Agreement shall be deemed valid and operative, and effect shall be given to the intent manifested by the portion held invalid or inoperative. The failure by a party to enforce against any other party any term or provision of this Agreement shall not be deemed to be a waiver of such party's right to enforce against the other party the same or any other such term or provision in the future.

4.6 Governing Law. This Agreement shall, in all respects, be governed, construed, applied, and enforced in accordance with the law of the State of Delaware.

4.7 Third Party Beneficiaries. The Fund Partnership and the Feeder Partnerships (as defined in the Operating Partnership Agreement) shall be third party beneficiaries of this Agreement. Other than the Fund Partnership and the Feeder Partnerships, this Agreement is not intended to give or confer any benefits, rights, privileges, claims, actions, or remedies to any person or entity as a third party beneficiary or otherwise.

4.8 Entirety and Amendments. This Agreement, and all exhibits and schedules, embodies the entire agreement between the parties and supersedes all prior agreements and understandings relating to the subject matter hereof. This Agreement may be amended or supplemented only by an instrument in writing executed by the party against whom enforcement is sought.

4.9 Time. Time is of the essence in the performance of this Agreement.

4.10 Attorneys' Fees. Should any party employ attorneys to enforce any of the provisions hereof, the party against whom any final judgment is entered agrees to pay the prevailing party all reasonable costs, charges, and expenses, including reasonable attorneys' fees, expended or incurred in connection therewith.

4.11 Notices. Any notice, payment, demand, or communication required or permitted to be given pursuant to any provision of this Agreement shall be in writing and shall be (i) delivered personally, (ii) sent by postage prepaid, registered mail (airmail internationally), (iii) transmitted by telecopy, (iv) transmitted by electronic mail, or (v) delivered by nationally recognized overnight courier, addressed to the parties at their addresses set forth on the signature page hereto, or to such other address as such party may from time to time specify by notice to the other. Any such notice, payment, demand, or communication shall be deemed to be delivered, given, and received for all purposes hereof (v) on the date of receipt if delivered personally or by courier, (w) five (5) days after posting if transmitted by mail, (x) the date of transmission if transmitted by telecopy, provided that the Person to whom the telecopy was sent acknowledges that such telecopy was received by such Person in legible form, or that such Person responds to the telecopy without indicating that any part of it was received in illegible form, whichever shall first occur, (y) the date of transmission if transmitted by electronic mail, provided that sender receives a receipt indicating that the electronic mail message was received, or (z) the next business day, if delivered by nationally recognized overnight courier.

4.12 Construction. The parties acknowledge that the parties and their respective counsel have reviewed and revised this Agreement and that the normal rule of construction — to

the effect that any ambiguities are to be resolved against the drafting party — shall not be employed in the interpretation of this Agreement or any exhibits or amendments hereto.

4.13 Calculation of Time Periods. Unless otherwise specified, in computing any period of time described herein, the day of the act or event after which the designated period of time begins to run is not to be included and the last day of the period so computed is to be included, unless such last day is a Saturday, Sunday or legal holiday for national banks in the location where the Property is located, in which event the period shall run until the end of the next day which is neither a Saturday, Sunday, or legal holiday. The last day of any period of time described herein shall be deemed to end at 5:00 p.m. Jacksonville, Florida time.

4.14 Execution in Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, and all of such counterparts shall constitute one Agreement. To facilitate execution of this Agreement, the parties may execute and exchange by telephone facsimile counterparts of the signature pages.

4.15 WAIVER OF JURY TRIAL. TO THE EXTENT PERMITTED BY APPLICABLE LAW, THE PARTIES HEREBY WAIVE ANY RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

4.16 Limitation of Liability. With respect to a contribution made hereunder by Regency, notice is hereby given that all persons dealing with Regency shall look to the assets of Regency for the enforcement of any claim against Regency, as none of the trustees, officers, employees and shareholders of Regency assume any personal liability for obligations entered into by or on behalf of Regency.

4.17 Termination. This Agreement shall terminate without further action of the parties upon the occurrence of a liquidating event of the Operating Partnership as set forth in Section 12.1 of the Operating Partnership Agreement.

4.18 Regency Guarantee. Regency hereby unconditionally and irrevocably guarantees the full and timely payment, performance and observance of all of the terms, covenants and conditions, whether monetary or non-monetary, to be paid, performed and observed by any Regency Party and/or Contributor under each and every provision of this Agreement to the extent and only to the extent of the Regency Party's and/or Contributor's obligation or liability thereunder.

[signatures follow on next page]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year first written above.

REGENCY CENTERS, L.P., a Delaware limited partnership

By: Regency Centers, Inc., a Florida corporation, its general partner

By: _____
Name: _____
Title: _____
Address: 121 West Forsyth Street Suite 200
 Jacksonville, Florida 32202

RRP OPERATING, LP, a Delaware limited partnership

By: RRP Subsidiary REIT, a Delaware limited partnership, its general partner

By: _____
Name: _____
Title: _____
Address: 121 West Forsyth Street Suite 200
 Jacksonville, Florida 32202

EXHIBIT A

Form of Contribution Agreement

[see attached]

Schedule 1.1
Identified Development Pipeline

Initial Portfolio Assets

Property	Owned Square Feet
Vista Village Phase I	129
Vista Village Phase II	55
Vista Village Phase IV	11
Falcon Ridge Phase II	67
Orchard Market Center Phase I	52
Orchard Market Center Phase II	120
Culpeper Colonnade	204
Silver Spring	347
Clovis Commons	182
Total Initial Portfolio Assets	1,167

Note: The Initial Portfolio Assets are based on current and projected leasing status. Actual contribution of assets will depend on timing of lease-up.

Future Pipeline Assets

Property	Owned Square Feet
Pleasanton Gateway	159
Indio—Monroe	182
Wadsworth Crossing	150
East Washington Place	150
Commons at French Valley	360
Indio—Jackson	372
Yucaipa	276
DiManto	458
Woodlands West	191
Total Future Pipeline Assets	2,298

Exhibit 21

REGENCY CENTERS CORPORATION

Subsidiaries and Equity Ownership Thereof

Entity	Jurisdiction	Owner(s)	Nature of Interest	% of Ownership
Regency Centers Texas, LLC	Florida	Regency Centers Corporation	Member	100%
Regency Centers, L.P.	Delaware	Regency Centers Corporation	General Partner	1.0%
		Regency Centers Texas, LLC	Limited Partner	96.3%
		Outside Investors	Limited Partners	2.7%
Columbia Cameron Village SPE, LLC	Delaware	Regency Centers, L.P.	Member	30%
		Columbia Perfco Partners, L.P.	Member	70%
Columbia Cameron Village, LLC	Delaware	Columbia Cameron Village SPE, LLC	Member	100%
Columbia Regency Retail Partners, LLC	Delaware	Regency Centers, L.P.	Member	20%
		Columbia Perfco Partners, L.P.	Member	80%
Columbia Retail Baker Hill, LLC	Delaware	Columbia Regency Retail Partners, LLC	Member	100%
Columbia Retail Deer Grove, LLC	Delaware	Columbia Regency Retail Partners, LLC	Member	100%
Columbia Retail Deer Grove Center, LLC	Delaware	Columbia Retail Deer Grove, LLC	Member	100%
Columbia Retail Dulles, LLC	Delaware	Columbia Regency Retail Partners, LLC	Member	100%
Columbia Retail Geneva Crossing, LLC	Delaware	Columbia Regency Retail Partners, LLC	Member	100%

<u>Entity</u>	<u>Jurisdiction</u>	<u>Owner(s)</u>	<u>Nature of Interest</u>	<u>% of Ownership</u>
Columbia Retail Shorewood Crossing, LLC	Delaware	Columbia Regency Retail Partners, LLC	Member	100%
Columbia Retail Special Member (GLP), LLC	Delaware	Columbia Perfco, L.P. Regency Centers, L.P.	Member	80% 20%
Columbia Retail Stearns Crossing, LLC	Delaware	Columbia Regency Retail Partners, LLC	Member	100%
Columbia Retail Texas 3, LLC	Delaware	Columbia Regency Retail Partners, LLC	Member	100%
Columbia Retail Sweetwater Plaza, LP	Delaware	Columbia Retail Texas 3, LLC Columbia Regency Retail Partners, LLC	General Partner Limited Partner	1% 99%
Columbia Retail Washington 1, LLC	Delaware	Columbia Regency Retail Partners, LLC	Member	100%
Columbia Cascade Plaza, LLC	Delaware	Columbia Retail Washington 1, LLC	Member	100%
Columbia Regency Partners II, LLC	Delaware	Regency Centers, L.P. Columbia Perfco Partners, L.P.	Member Member	20% 80%
Columbia Lorton Station Marketplace, LLC	Delaware	Columbia Regency Partners II, LLC	Member	100%
Columbia Lorton Station Town Center, LLC	Delaware	Columbia Regency Partners II, LLC	Member	100%
Columbia Plantation Plaza Member, LLC	Delaware	Columbia Regency Partners II, LLC	Member	100%
Columbia Plantation Plaza, LLC	Delaware	Columbia Plantation Plaza Member, LLC	Member	100%
Columbia Shorewood Crossing Phase 2 Member, LLC	Delaware	Columbia Regency Partners II, LLC	Member	100%
Columbia Shorewood Crossing Phase 2, LLC	Delaware	Columbia Shorewood Crossing Phase 2 Member, LLC	Member	100%
Columbia Speedway Plaza Member, LLC	Delaware	Columbia Regency Partners II, LLC	Member	100%

<u>Entity</u>	<u>Jurisdiction</u>	<u>Owner(s)</u>	<u>Nature of Interest</u>	<u>% of Ownership</u>
Columbia Speedway Plaza, LLC	Delaware	Columbia Speedway Plaza Member, LLC	Member	100%
Columbia Sutton Square, LLC	Delaware	Columbia Regency Partners II, LLC	Member	100%
Macquarie CountryWide-Regency, LLC	Delaware	Regency Centers, L.P.	Member	25%
		Macquarie CountryWide (US) Corporation	Member	75%
MCW-RC AL-Southgate, LLC	Delaware	Macquarie CountryWide-Regency, LLC	Member	100%
MCW-RC CA-Bear Creek Village, LLC	Delaware	Macquarie CountryWide-Regency, LLC	Member	100%
MCW-RC CA-Campus, LLC (fka MCW-RC California, LLC)	Delaware	Macquarie CountryWide-Regency, LLC	Member	100%
MCW-RC CA-Garden Village, LLC	Delaware	Macquarie CountryWide-Regency, LLC	Member	100%
MCW-RC CO-Cheyenne, LLC	Delaware	Macquarie CountryWide-Regency, LLC	Member	100%
MCW-RC CO-Greeley Holding, LLC	Delaware	Macquarie CountryWide-Regency, LLC	Member	100%
MCW-RC CO-Greeley, LLC	Delaware	MCW-RC CO-Greeley Holding, LLC	Member	100%
MCW-RC FL-Anastasia, LLC	Delaware	Macquarie CountryWide-Regency, LLC	Member	100%
MCW-RC FL-Highlands, LLC	Delaware	Macquarie CountryWide-Regency, LLC	Member	100%
MCW-RC FL-King's, LLC (fka MCW-RC Florida, LLC)	Delaware	Macquarie CountryWide-Regency, LLC	Member	100%

<u>Entity</u>	<u>Jurisdiction</u>	<u>Owner(s)</u>	<u>Nature of Interest</u>	<u>% of Ownership</u>
MCW-RC FL-Lynn Haven, LLC	Delaware	Macquarie CountryWide-Regency, LLC	Member	100%
MCW-RC FL-Merchant's Crossing Member, LLC	Delaware	Macquarie CountryWide-Regency, LLC	Member	100%
MCW-RC FL- Merchant's Crossing, LLC	Delaware	MCW-RC FL-Merchant's Crossing Member, LLC	Member	100%
MCW-RC FL-Ocala, LLC (fka MCW-RC Florida 2, LLC)	Delaware	Macquarie CountryWide-Regency, LLC	Member	100%
MCW-RC FL-Palm Harbour, LLC	Delaware	Macquarie CountryWide-Regency, LLC	Member	100%
MCW-RC FL-Peachland Promenade, LLC	Delaware	Macquarie CountryWide-Regency, LLC	Member	100%
MCW-RC FL Pebblebrooke, LLC	Delaware	Macquarie CountryWide-Regency, LLC	Member	100%
MCW-RC FL-Shoppes at 104, LLC	Delaware	Macquarie CountryWide-Regency, LLC	Member	100%
MCW-RC GA-Bethesda Walk, LLC	Delaware	Macquarie CountryWide-Regency, LLC	Member	100%
MCW-RC GA-Brookwood Village, LLC	Delaware	Macquarie CountryWide-Regency, LLC	Member	100%
MCW-RC GA-Buckhead Crossing Member, LLC	Delaware	Macquarie CountryWide-Regency, LLC	Member	100%
MCW-RC GA-Buckhead Crossing, LLC	Delaware	MCW-RC GA-Buckhead Crossing Member, LLC	Member	100%
MCW-RC GA-Cobb Center, LLC	Delaware	Macquarie CountryWide-Regency, LLC	Member	100%
MCW-RC GA-Coweta Crossing, LLC	Delaware	Macquarie CountryWide-Regency, LLC	Member	100%

<u>Entity</u>	<u>Jurisdiction</u>	<u>Owner(s)</u>	<u>Nature of Interest</u>	<u>% of Ownership</u>
MCW-RC GA-Howell Mill Village, LLC	Delaware	Macquarie CountryWide-Regency, LLC	Member	100%
MCW-RC GA-Killian Hill, LLC	Delaware	Macquarie CountryWide-Regency, LLC	Member	100%
MCW-RC GA-Lindbergh Crossing, LLC	Delaware	Macquarie CountryWide-Regency, LLC	Member	100%
MCW-RC GA-Orchard, LLC	Delaware	Macquarie CountryWide-Regency, LLC	Member	100%
MCW-RC GA-Northlake Promenade, LLC	Delaware	Macquarie CountryWide-Regency, LLC	Member	100%
MCW-RC GA-Peachtree Parkway Plaza, LLC	Delaware	Macquarie CountryWide-Regency, LLC	Member	100%
MCW-RC GA-Powers Ferry Kroger, LLC	Delaware	Macquarie CountryWide-Regency, LLC	Member	100%
MCW-RC GA-Rose Creek, LLC	Delaware	Macquarie CountryWide-Regency, LLC	Member	100%
MCW-RC GA-Roswell Holding, LLC	Delaware	Macquarie CountryWide-Regency, LLC	Member	100%
MCW-RC GA-Roswell Crossing, LLC	Delaware	MCW-RC GA-Roswell Holding, LLC	Member	100%
MCW-RC GA-Thomas Crossroads, LLC	Delaware	Macquarie CountryWide-Regency, LLC	Member	100%
MCW-RC GA-Trowbridge Crossing, LLC	Delaware	Macquarie CountryWide-Regency, LLC	Member	100%
MCW-RC GA-Woodstock Crossing, LLC	Delaware	Macquarie CountryWide-Regency, LLC	Member	100%
MCW-RC IL-Heritage Plaza, LLC	Delaware	Macquarie CountryWide-Regency, LLC	Member	100%

<u>Entity</u>	<u>Jurisdiction</u>	<u>Owner(s)</u>	<u>Nature of Interest</u>	<u>% of Ownership</u>
MCW-RC IL-Heritage Plaza Phase II, LLC	Delaware	Macquarie CountryWide-Regency, LLC	Member	100%
MCW-RC KY-Franklin, LLC	Delaware	Macquarie CountryWide-Regency, LLC	Member	100%
MCW-RC KY-Silverlake, LLC (fka MCW-RC Kentucky, LLC)	Delaware	Macquarie CountryWide-Regency, LLC	Member	100%
MCW-RC NC-Bent Tree, LLC	Delaware	Macquarie CountryWide-Regency, LLC	Member	100%
MCW-RC NC-Greystone Village, LLC	Delaware	Macquarie CountryWide-Regency, LLC	Member	100%
MCW-RC NV-Centennial Crossroads Phase I Member, LLC	Delaware	Macquarie CountryWide-Regency, LLC	Member	100%
MCW-RC NV-Centennial Crossroads Phase I, LLC	Delaware	MCW-RC NV-Centennial Crossroads Phase I Member, LLC	Member	100%
MCW-RC NV-Centennial Crossroads Phase II Member, LLC	Delaware	Macquarie CountryWide-Regency, LLC	Member	100%
MCW-RC NV-Centennial Crossroads Phase II, LLC	Delaware	MCW-RC NV-Centennial Crossroads Phase II Member, LLC	Member	100%
MCW-RC OR-Cherry Park, LLC	Delaware	Macquarie CountryWide-Regency, LLC	Member	100%
MCW-RC OR-Hillsboro, LLC	Delaware	Macquarie CountryWide-Regency, LLC	Member	100%
MCW-RC SC-Fairview Market, LLC	Delaware	Macquarie CountryWide-Regency, LLC	Member	100%
MCW-RC SC-Merchant's, LLC (fka MCW-RC South Carolina, LLC)	Delaware	Macquarie CountryWide-Regency, LLC	Member	100%
MCW-RC SC-North Pointe, LLC	Delaware	Macquarie CountryWide-Regency, LLC	Member	100%
MCW-RC SC-Poplar Springs, LLC	Delaware	Macquarie CountryWide-Regency, LLC	Member	100%

<u>Entity</u>	<u>Jurisdiction</u>	<u>Owner(s)</u>	<u>Nature of Interest</u>	<u>% of Ownership</u>
MCW-RC SC-Poplar Springs Land, LLC	Delaware	Macquarie CountryWide-Regency, LLC	Member	100%
MCW-RC SC-Rosewood, LLC	Delaware	Macquarie CountryWide-Regency, LLC	Member	100%
MCW-RC Texas GP, LLC	Delaware	Macquarie CountryWide-Regency, LLC	Member	100%
MCW-RC TX-Hebron, LLC (fka MCW-RC Texas, L.P.)	Delaware	MCW-RC Texas GP, LLC	General Partner	.01%
		Macquarie CountryWide-Regency, LLC	Limited Partner	99.99%
MCW-RC VA-Brookville, LLC (fka MCW-RC Virginia, LLC)	Delaware	Macquarie CountryWide-Regency, LLC	Member	100%
MCW-RC VA-Somerset Crossing, LLC	Delaware	Macquarie CountryWide-Regency, LLC	Member	100%
MCW-RC WA-James, LLC (fka MCW-RC Washington, LLC)	Delaware	Macquarie CountryWide-Regency, LLC	Member	100%
Macquarie CountryWide Regency II, LLC	Delaware	Macquarie CountryWide (US) No. 2 LLC	Member	75.00%
		Macquarie-Regency Management, LLC	Member	.01%
		Regency Centers, L.P.	Member	24.99%
U.S. Retail Partners Holding, LLC	Delaware	Macquarie CountryWide Regency II, LLC	Member	100%
FW CA-Brea Marketplace Member, LLC	Delaware	Macquarie CountryWide Regency II, LLC	Member	100%
FW CA-Brea Marketplace, LLC	Delaware	FW CA-Brea Marketplace Member, LLC	Member	100%

<u>Entity</u>	<u>Jurisdiction</u>	<u>Owner(s)</u>	<u>Nature of Interest</u>	<u>% of Ownership</u>
FW Lake Forest Holding, LLC	Delaware	Macquarie CountryWide Regency II, LLC	Member	100%
FW CA-Lake Forest Village, LLC	Delaware	FW Lake Forest Holding, LLC	Member	100%
U.S. Retail Partners Member, LLC	Delaware	Macquarie CountryWide Regency II, LLC	Member	100%
U.S. Retail Partners, LLC	Delaware	U.S. Retail Partners Holding, LLC	Member	1%
		U.S. Retail Partners Member, LLC	Member	99%
USRP I Holding, LLC	Delaware	Macquarie CountryWide Regency II, LLC	Member	100%
USRP I Member, LLC	Delaware	Macquarie CountryWide Regency II, LLC	Member	100%
USRP I, LLC	Delaware	USRP I Holding, LLC	Member	1%
		USRP I Member, LLC	Member	99%
FW MCW-Reg II Holdings, LLC	Delaware	Macquarie CountryWide Regency II, LLC	Member	100%
FW CA-Auburn Village, LLC	Delaware	FW MCW-Reg II Holdings, LLC	Member	100%
FW CA-Bay Hill Shopping Center, LLC	Delaware	FW MCW-Reg II Holdings, LLC	Member	100%
FW CA-Five Points Shopping Center, LLC	Delaware	FW MCW-Reg II Holdings, LLC	Member	100%
FW CA-Mariposa Gardens Shopping Center, LLC	Delaware	FW MCW-Reg II Holdings, LLC	Member	100%
FW CA-Navajo Shopping Center, LLC	Delaware	FW MCW-Reg II Holdings, LLC	Member	100%

<u>Entity</u>	<u>Jurisdiction</u>	<u>Owner(s)</u>	<u>Nature of Interest</u>	<u>% of Ownership</u>
FW CA-Point Loma Plaza, LLC	Delaware	FW MCW-Reg II Holdings, LLC	Member	100%
FW CA-Rancho San Diego Village, LLC	Delaware	FW MCW-Reg II Holdings, LLC	Member	100%
FW CA-Silverado Plaza, LLC	Delaware	FW MCW-Reg II Holdings, LLC	Member	100%
FW CA-Snell & Branham Plaza, LLC	Delaware	FW MCW-Reg II Holdings, LLC	Member	100%
FW CA-Stanford Ranch Village, LLC	Delaware	FW MCW-Reg II Holdings, LLC	Member	100%
FW CA-Twin Oaks Shopping Center, LLC	Delaware	FW MCW-Reg II Holdings, LLC	Member	100%
FW CA-Ygnacio Plaza, LLC	Delaware	FW MCW-Reg II Holdings, LLC	Member	100%
FW CT-Corbins Corner Shopping Center, LLC	Delaware	FW MCW-Reg II Holdings, LLC	Member	100%
FW DC-Spring Valley Shopping Center, LLC	Delaware	FW MCW-Reg II Holdings, LLC	Member	100%
FW The Oaks Holding, LLC	Delaware	Macquarie CountryWide Regency II, LLC	Member	100%
FW IL-The Oaks Shopping Center, LLC	Delaware	FW The Oaks Holding, LLC	Member	100%
FW IL-Brentwood Commons, LLC	Delaware	FW MCW-Reg II Holdings, LLC	Member	100%
FW IL-Mallard Creek, LLC	Delaware	FW MCW-Reg II Holdings, LLC	Member	100%
FW IL-Riverside/Rivers Edge, LLC	Delaware	FW MCW-Reg II Holdings, LLC	Member	100%
FW IL-Riverview Plaza, LLC	Delaware	FW MCW-Reg II Holdings, LLC	Member	100%
FW IL-Stonebrook Plaza, LLC	Delaware	FW MCW-Reg II Holdings, LLC	Member	100%
USRP Willow East, LLC	Delaware	FW MCW-Reg II Holdings, LLC	Member	100%
USRP Willow West, LLC	Delaware	FW MCW-Reg II Holdings, LLC	Member	100%
Parkville Shopping Center, LLC	Maryland	FW MCW-Reg II Holdings, LLC	Member	100%
FW MD-Clinton Square, LLC	Delaware	FW MCW-Reg II Holdings, LLC	Member	100%
FW MD-Rosecroft Shopping Center, LLC	Delaware	FW MCW-Reg II Holdings, LLC	Member	100%
FW MCW-Reg II Holding Company Two, LLC	Delaware	Macquarie CountryWide-Regency II, LLC	Member	100%

<u>Entity</u>	<u>Jurisdiction</u>	<u>Owner(s)</u>	<u>Nature of Interest</u>	<u>% of Ownership</u>
FW CA-Granada Village, LLC	Delaware	FW MCW-Reg II Holding Company Two, LLC		
FW CA-Laguna Niguel Plaza, LLC	Delaware	FW MCW-Reg II Holding Company Two, LLC		
FW CA-Pleasant Hill Shopping Center, LLC	Delaware	FW MCW-Reg II Holding Company Two, LLC		
FW Newark, LLC	Delaware	FW MCW-Reg II Holding Company Two, LLC		
FW IL-Civic Center Plaza, LLC	Delaware	FW MCW-Reg II Holding Company Two, LLC		
FW IL-McHenry Commons Shopping Center, LLC	Delaware	FW MCW-Reg II Holding Company Two, LLC		
FW NJ-Westmont Shopping Center, LLC	Delaware	FW MCW-Reg II Holding Company Two, LLC		
FW NC-Shoppes of Kildaire, LLC	Delaware	FW MCW-Reg II Holding Company Two, LLC		
FW OR-Greenway Town Center, LLC	Delaware	FW MCW-Reg II Holding Company Two, LLC		
USRP Towamencin, LLC	Delaware	FW MCW-Reg II Holding Company Two, LLC		
FW VA-Brafferton Shopping Center, LLC	Delaware	FW MCW-Reg II Holding Company Two, LLC		
FW WI Racine Centre, LLC	Delaware	FW MCW-Reg II Holding Company Two, LLC		
USRP LP, LLC	Delaware	Macquarie CountryWide Regency II, LLC	Member	100%
USRP GP, LLC	Delaware	Macquarie CountryWide Regency II, LLC	Member	100%
US Retail Partners Limited Partnership	Delaware	USRP GP, LLC USRP LP, LLC Preferred Partners	General Partner Limited Partner Limited Partners	1% 99% profit sharing

<u>Entity</u>	<u>Jurisdiction</u>	<u>Owner(s)</u>	<u>Nature of Interest</u>	<u>% of Ownership</u>
Enterprise Associates	Maryland	USRP GP, LLC US Retail Partners Limited Partnership	General Partner General Partner	
FW Bowie Plaza GP, LLC	Delaware	Macquarie CountryWide Regency II, LLC	Member	100%
Capitol Place I Investment Limited Partnership	Maryland	FW Bowie Plaza GP, LLC Eastern Shopping Centers I, LLC	General Partner Limited Partner	1% 99%
FW Elkridge Corners GP, LLC	Delaware	Macquarie CountryWide Regency II, LLC	Member	100%
L and M Development Company Limited Partnership	Maryland	FW Elkridge Corners GP, LLC Eastern Shopping Centers I, LLC	General Partner Limited Partner	1% 99%
FW Woodholm GP, LLC	Delaware	Macquarie CountryWide Regency II, LLC	Member	100%
Woodholme Properties Limited Partnership	Maryland	FW Woodholm GP, LLC Eastern Shopping Centers I, LLC	General Partner Limited Partner	1% 99%
FW Penn Station GP, LLC	Delaware	Macquarie CountryWide Regency II, LLC	Member	100%
SP Associates Limited Partnership	Maryland	FW Penn Station GP, LLC Eastern Shopping Centers I, LLC	General Partner Limited Partner	1% 99%
FW Southside Marketplace GP, LLC	Delaware	Macquarie CountryWide Regency II, LLC	Member	100%
Southside Marketplace Limited Partnership	Maryland	FW Southside Marketplace GP, LLC Eastern Shopping Centers I, LLC	General Partner Limited Partner	1% 99%

Entity	Jurisdiction	Owner(s)	Nature of Interest	% of Ownership
FW Valley Centre GP, LLC	Delaware	Macquarie CountryWide Regency II, LLC	Member	100%
Greenspring Associates Limited Partnership	Maryland	FW Valley Centre GP, LLC	General Partner	1%
		Eastern Shopping Centers I, LLC	Limited Partner	99%
FW Northway GP, LLC	Delaware	Macquarie CountryWide Regency II, LLC	Member	100%
Northway Limited Partnership	Maryland	FW Northway GP, LLC	General Partner	1%
		Eastern Shopping Centers I, LLC	Limited Partner	99%
Eastern Shopping Centers I, LLC	Delaware	Macquarie CountryWide Regency II, LLC	Member	100%
Cloppers Mill Village Center, LLC	Maryland	FW MCW-Reg II Holdings, LLC	Member	100%
		Eastern Shopping Centers I, LLC		
City Line Shopping Center Associates	Pennsylvania	US Retail Partners Limited Partnership	General Partner	1%
		City Line LP, LLC	Limited Partner	99%
City Line LP, LLC	Delaware	USRP LP, LLC	Member	100%
FW Allenbeth GP, LLC	Delaware	Macquarie CountryWide Regency II, LLC	Member	100%
Allenbeth Associates Limited Partnership	Maryland	FW Allenbeth GP, LLC	General Partner	1%
		Eastern Shopping Centers I, LLC	Limited Partner	99%
USRP Towamencin Land, LLC	Delaware	Macquarie CountryWide Regency II, LLC	Member	100%

<u>Entity</u>	<u>Jurisdiction</u>	<u>Owner(s)</u>	<u>Nature of Interest</u>	<u>% of Ownership</u>
FW First Colony GP, LLC	Delaware	Macquarie CountryWide Regency II, LLC	Member	100%
FW TX-First Colony Marketplace, L.P.	Delaware	FW First Colony GP, LLC	General Partner	1%
		U.S. Retail Partners Holding, LLC	Limited Partner	99%
FW Memorial GP, LLC	Delaware	Macquarie CountryWide Regency II, LLC	Member	100%
FW TX-Memorial Collection, L.P.	Delaware	FW Memorial GP, LLC	General Partner	1%
		U.S. Retail Partners Holding, LLC	Limited Partner	99%
FW Wesleyan GP, LLC	Delaware	Macquarie CountryWide Regency II, LLC	Member	100%
		U.S. Retail Partners Holding, LLC		
FW TX-Weslyan Plaza, L.P.	Delaware	FW Wesleyan GP, LLC	General Partner	1%
			Limited Partner	99%
FW Westheimer GP, LLC	Delaware	Macquarie CountryWide Regency II, LLC	Member	100%
FW TX-Westheimer Marketplace, L.P.	Delaware	FW Westheimer GP, LLC	General Partner	1%
		U.S. Retail Partners Holding, LLC	Limited Partner	99%
FW Woodway GP, LLC	Delaware	Macquarie CountryWide Regency II, LLC	Member	100%
FW TX-Woodway Collection, L.P.	Delaware	FW Woodway GP, LLC	General Partner	1%
		U.S. Retail Partners Holding, LLC	Limited Partner	99%

<u>Entity</u>	<u>Jurisdiction</u>	<u>Owner(s)</u>	<u>Nature of Interest</u>	<u>% of Ownership</u>
FW VA-601 Kings Street, LLC	Delaware	FW MCW-Reg II Holdings, LLC	Member	100%
FW VA-Ashburn Farm Village Center, LLC	Delaware	FW MCW-Reg II Holdings, LLC	Member	100%
FW VA-Centre Ridge Marketplace, LLC	Delaware	FW MCW-Reg II Holdings, LLC	Member	100%
FW VA-Fox Mill Shopping Center, LLC	Delaware	FW MCW-Reg II Holdings, LLC	Member	100%
FW VA-Greenbriar Pad, LLC	Delaware	Macquarie CountryWide II, LLC	Member	100%
FW VA-Kings Park Shopping Center, LLC	Delaware	FW MCW-Reg II Holdings, LLC	Member	100%
FW VA-Laburnum Square, LLC	Delaware	FW MCW-Reg II Holdings, LLC	Member	100%
FW VA-Saratoga Shopping Center, LLC	Delaware	FW MCW-Reg II Holdings, LLC	Member	100%
FW VA-The Village Shopping Center, LLC	Delaware	FW MCW-Reg II Holdings, LLC	Member	100%
FW Gayton Holding, LLC	Delaware	Macquarie CountryWide Regency II, LLC	Member	100%
FW VA-Gayton Crossing Shopping Center, LLC	Delaware	FW Gayton Holding, LLC	Member	100%
FW WA-Aurora Marketplace, LLC	Delaware	FW MCW-Reg II Holdings, LLC	Member	100%
FW WA-Eastgate Plaza, LLC	Delaware	FW MCW-Reg II Holdings, LLC	Member	100%
FW WA-Overlake Fashion Plaza, LLC	Delaware	FW MCW-Reg II Holdings, LLC	Member	100%
FW WI-Cudahy Center, LLC	Delaware	FW MCW-Reg II Holdings, LLC	Member	100%
FW WI-Whitnall Square, LLC	Delaware	FW MCW-Reg II Holdings, LLC	Member	100%
Macquarie CountryWide-Regency III, LLC	Delaware	Macquarie CountryWide (US) No. 2 LLC	Member	75.00%
		Macquarie-Regency Management, LLC	Member	.01%
		Regency Centers, L.P.	Member	24.99%
MCW RC III Hilltop Village Member, LLC	Delaware	Macquarie CountryWide-Regency III, LLC	Member	100%

<u>Entity</u>	<u>Jurisdiction</u>	<u>Owner(s)</u>	<u>Nature of Interest</u>	<u>% of Ownership</u>
MCW RC III Hilltop Village, LLC	Delaware	MCW RC III Hilltop Village Member, LLC	Member	100%
MCW-RC III Kleinwood GP, LLC	Delaware	Macquarie CountryWide-Regency III, LLC	Member	100%
MCW-RC III Kleinwood Center, LP	Delaware	MCW-RC III Kleinwood GP, LLC	General Partner	.05%
		Macquarie CountryWide-Regency III, LLC	Limited Partner	99.95%
MCW-RC III Murray Landing Member, LLC	Delaware	Macquarie CountryWide-Regency III, LLC	Member	100%
MCW-RC III Murray Landing, LLC	Delaware	MCW-RC III Murray Landing Member, LLC	Member	100%
MCW-RC III Vineyard Member, LLC	Delaware	Macquarie CountryWide-Regency III, LLC	Member	100%
MCW-RC III Vineyard Shopping Center, LLC	Delaware	MCW RC III Vineyard Member, LLC	Member	100%
MCW/MDP-Regency, LLC	Delaware	Regency Centers, L.P.	Member	25%
		MCW/MDP, LLC	Member	75%
MCD-RC CA-Amerige, LLC	Delaware	MCW/MDP-Regency, LLC	Member	100%
MCD-RC El Cerrito Holdings, LLC	Delaware	MCW/MDP-Regency, LLC	Member	100%
MCD-RC CA-El Cerrito, LLC	Delaware	MCD-RC El Cerrito Holdings, LLC	Member	100%
MCD-RC OH-Milford, LLC	Delaware	MCW/MDP-Regency, LLC	Member	100%
RegCal, LLC	Delaware	California State Teachers Retirement System	Member	75%
		Regency Centers, L.P.	Member	25%

<u>Entity</u>	<u>Jurisdiction</u>	<u>Owner(s)</u>	<u>Nature of Interest</u>	<u>% of Ownership</u>
RegCal Holding, LLC	Delaware	RegCal, LLC	Member	100%
CAR Apple Valley Square Member, LLC	Delaware	RegCal, LLC	Member	100%
CAR Apple Valley Square, LLC	Delaware	CAR Apple Valley Square Member, LLC	Member	100%
CAR Apple Valley Lane, LLC	Delaware	RegCal, LLC		
CAR Braemar Village, LLC	Delaware	RegCal, LLC	Member	100%
CAR Corral Hollow, LLC	Delaware	RegCal Holding, LLC	Member	100%
CAR Five Corners Plaza, LLC	Delaware	Five Corners Plaza Member, LLC	Member	100%
Five Corners Plaza Member, LLC	Delaware	RegCal, LLC	Member	100%
CAR Fuquay Holding, LLC	Delaware	RegCal, LLC	Member	100%
CAR Fuquay Crossing, LLC	Delaware	CAR Fuquay Holding, LLC	Member	100%
CAR Fuquay Property, LLC	Delaware	RegCal, LLC	Member	100%
CAR Jetton Village, LLC	Delaware	Jetton Village Member, LLC	Member	100%
Jetton Village Member, LLC	Delaware	RegCal, LLC	Member	100%
CAR Shops at the Columbia, LLC	Delaware	RegCal, LLC	Member	100%
KF-BRE, LLC	Delaware	RegCal, LLC	Member	100%
KF-REG Holding, LLC	Delaware	RegCal, LLC	Member	100%

<u>Entity</u>	<u>Jurisdiction</u>	<u>Owner(s)</u>	<u>Nature of Interest</u>	<u>% of Ownership</u>
KF-REG Associates, LLC	Delaware	KF-REG Holding, LLC	Member	100%
King Farm Center, LLC	Delaware	KF-REG Associates, LLC	Member	100%
Regency Retail GP, LLC	Delaware	Regency Centers, L.P.	Member	100%
Regency Retail Partners, LP	Delaware	Regency Retail GP, LLC	General Partner	49.7%
		Investors	Limited Partner	50.3%
RRP Parent REIT, Inc.	Maryland	Regency Retail Partners, LP	Common Stock	100%
RRP GIC Feeder, LP	Delaware	Regency Retail GP, LLC	General Partner	.007%
		Investors	Limited Partner	99.993%
RRP Subsidiary REIT, LP	Delaware	Regency Retail GP, LLC	General Partner	0.0%
		Regency Retail Partners, LP	Limited Partner	.003%
		RRP Parent REIT, Inc.	Limited Partner	53.922%
		RRP GIC Feeder, LP	Limited Partner	46.075%
RRP Operating, LP	Delaware	Regency Retail GP, LLC	General Partner	.003%
		RRP Subsidiary REIT, LP	Common LP	99.204%
			Preferred LP	.397%
		RRP Parent REIT, Inc.	Preferred LP	.397%
RRP Falcon Ridge GP, LLC	Delaware	RRP Operating, LP	Member	100%
RRP Falcon Ridge Town Center, LP	Delaware	RRP Falcon Ridge GP, LLC	General Partner	.5%
		RRP Operating, LP	Limited Partner	99.5%
RRP Indian Springs GP, LLC	Delaware	RRP Operating, LP	Member	100%
RRP Indian Springs, LP	Delaware	RRP Indian Springs GP, LLC	General Partner	.5%
		RRP Operating, LP	Limited Partner	99.5%
RRP Vista Village Phase I GP, LLC	Delaware	RRP Operating, LP	Member	100%

Entity	Jurisdiction	Owner(s)	Nature of Interest	% of Ownership
RRP Vista Village Phase I, LP	Delaware	RRP Vista Village Phase I GP, LLC RRP Operating, LP	General Partner Limited Partner	.5% 99.5%
RRP Vista Village Phase II GP, LLC	Delaware	RRP Operating, LP	Member	100%
RRP Vista Village Phase II, LP	Delaware	RRP Vista Village Phase II GP, LLC RRP Operating, LP	General Partner Limited Partner	.5% 99.5%
Bammel North Houston Center, Ltd.	Texas	Regency Centers, L.P. HEB Grocery Company, LP	General Partner Limited Partner	Varies
Bartram Park Center, LLC	Delaware	Regency Centers, L.P. Real Sub, LLC	Member Member	Varies
Belleview Square, LLC	Delaware	Regency Centers, L.P.	Member	100%
Clayton Valley Shopping Center, LLC	Delaware	Regency Centers, L.P.	Member	100%
Gateway Azco GP, LLC	Delaware	Regency Centers, L.P.	Member	100%
Gateway Azco LP, LLC	Delaware	Regency Centers, L.P.	Member	100%
AZCO Partners	Pennsylvania	Gateway Azco Partners GP, LLC Gateway Azco LP, LLC	General Partner Limited Partner	1% 99%
Gateway Azco Manager, LLC	Delaware	Regency Centers, L.P.	Member	100%
Indian Springs GP, LLC	Delaware	Regency Woodlands/Kuykendahl Retail, Ltd.	Member	100%
Indian Springs at Woodlands, Ltd.	Texas	Indian Springs GP, LLC Regency Woodlands/Kuykendahl Retail, Ltd.	General Partner Limited Partner	0.1% 99.9%
Langston Center, LLC	Delaware	Regency Centers, L.P.	Member	100%
NSHE Winnebago, LLC	Arizona	Regency Centers, L.P.	Member	100%
Northlake Village Shopping Center, LLC	Florida	Regency Centers, L.P.	Member	100%
Queensboro Associates, L.P.	Georgia	Regency Centers, L.P. Real Sub, LLC	General Partner Limited Partner	50% 50%

<u>Entity</u>	<u>Jurisdiction</u>	<u>Owner(s)</u>	<u>Nature of Interest</u>	<u>% of Ownership</u>
Regency Centers Advisors, LLC	Florida	Regency Centers, L.P.	Member	100%
RC CA Santa Barbara, LLC	Delaware	Regency Centers, L.P.	Member	100%
RC Georgia Holdings, LLC	Georgia	Regency Centers, L.P.	Member	100%
Regency Centers Georgia, L.P.	Georgia	RC Georgia Holdings, LLC	General Partner	1%
		Regency Centers, L.P.	Limited Partner	99%
Regency Opitz, LLC	Delaware	Regency Centers, L.P.	Member	100%
Regency Remediation, LLC	Florida	Regency Centers, L.P.	Member	100%
Regency Tall Oaks Village Center, LLC	Delaware	Regency Centers, L.P.	Member	100%
Regency Woodlands/Kuykendahl Retail, Ltd.	Texas	Regency Centers, L.P.	General Partner	50%
		HEB Grocery Company, LP	Limited Partner	50%
Shops at Saugus, LLC	Delaware	Regency Centers, L.P.	Member	Interests Vary
		John H. Donegan	Member	
T&M Shiloh Development Company	Texas	Regency Centers, L.P.	General Partner	100%
T&R New Albany Development Company, LLC	Ohio	Regency Centers, L.P.	Member	50%
		Topvalco	Member	50%
Twin City Plaza Member, LLC	Delaware	Regency Centers, L.P.	Member	100%
Twin City Plaza, LLC	Delaware	Twin City Plaza Member, LLC	Member	100%
Vista Village, LLC	Delaware	Regency Realty Group, Inc.	Member	50%
		Civic Partners Vista Village I, LLC	Member	50%

<u>Entity</u>	<u>Jurisdiction</u>	<u>Owner(s)</u>	<u>Nature of Interest</u>	<u>% of Ownership</u>
RRG Holdings, LLC	Florida	Regency Centers, L.P.	Member	100%
Regency Realty Group, Inc.	Florida	Regency Centers, L.P.	Preferred Stock	100%
		RRG Holdings, LLC	Common Stock	7%
			Common Stock	93%
1488-2978 SC GP, LLC	Delaware	Regency Realty Group, Inc.	Member	100%
1488-2978 SC, L.P.	Texas	1488-2978 SC GP, LLC	General Partner	1%
		Regency Realty Group, Inc.	Limited Partner	99%
4S Regency Partners, LLC	Delaware	Regency Realty Group, Inc.	Member	100%
Alameda Bridgeside Shopping Center, LLC	Delaware	Regency Realty Group, Inc.	Member	100%
Amherst Street Shopping Center, LLC	Delaware	Regency Realty Group	Member	Interests Vary
		J. Donagan	Member	
Applegate Ranch, LLC	Delaware	Regency Realty Group, Inc.	Member	100%
Bammel Center, LLC	Delaware	Regency Realty Group, Inc.	Member	100%
Bordeaux Development, LLC	Florida	Regency Realty Group, Inc.	Member	100%
Buckwalter-Bluffton, LLC	Delaware	Regency Realty Group, Inc.	Member	100%
Castaic Vine, LLC	Delaware	Regency Realty Group, Inc.	Member	100%
Cathedral City Rio Vista Town Centre, LLC	Delaware	Regency Realty Group, Inc.	Member	100%

<u>Entity</u>	<u>Jurisdiction</u>	<u>Owner(s)</u>	<u>Nature of interest</u>	<u>% of Ownership</u>
Chestnut Powder, LLC	Georgia	Regency Realty Group, Inc.	Member	100%
Clarksburg Retail Partners, LLC	Delaware	Regency Realty Group, Inc.	Member	100%
Corvallis Market Center, LLC	Delaware	Regency Centers, L.P.	Member	100%
Culpeper Regency, LLC	Delaware	Regency Realty Group, Inc.	Member	100%
Deer Springs Town Center, LLC	Delaware	Regency Realty Group, Inc.	Member	100%
Dixon, LLC	Florida	Regency Realty Group, Inc.	Member	100%
East Towne Center, LLC	Delaware	Regency Realty Group, Inc. Lake McLeod, LLC	Member Member	Interests Vary
Edmunson Orange Corp.	Tennessee	Regency Realty Group, Inc.	Common Stock	100%
Fort Collins Center, LLC	Delaware	Regency Realty Group, Inc.	Member	100%
Fortuna Regency, LLC	Delaware	Regency Realty Group, Inc.	Member	100%
FV Commons, LLC	Delaware	Regency Realty Group, Inc.	Member	100%
Harding Place, LLC	Delaware	Regency Realty Group, Inc. RFM Harding, LLC	Member Member	50% 50%
Tennessee-Florida Investors, LLC	Delaware	Harding Place, LLC	Member	100%
Hasley Canyon Village, LLC	Delaware	Regency Realty Group, Inc. Community Company, LLC	Member Member	50% 50%

<u>Entity</u>	<u>Jurisdiction</u>	<u>Owner(s)</u>	<u>Nature of Interest</u>	<u>% of Ownership</u>
Hermitage Development II, LLC	Florida	Regency Realty Group, Inc.	Member	100%
Hibernia North, LLC	Delaware	Regency Realty Group, Inc.	Member	100%
Hickory Creek Plaza, LLC	Delaware	Regency Realty Group, Inc.	Member	100%
Hoadly Regency, LLC	Delaware	Regency Realty Group, Inc. John H. Donegan	Member Member	Interests Vary
Hollymead Town Center, LLC	Delaware	Regency Realty Group, Inc.	Member	50%
		DRG-Charlottesville Developers, LLC	Member	50%
Indio Jackson, LLC	Delaware	Regency Realty Group, Inc.	Member	100%
Jog Road, LLC	Florida	Regency Realty Group, Inc.	Member	50%
		Bentz Capital Group, LLC	Member	50%
Southland Centers II, LLC	Florida	Jog Road, LLC	Member	100%
K&G/Regency II, LLC	Delaware	Regency Realty Group, Inc.	Member	50%
		K&G Equities VII, LLC		50%
Kulpsville Village Center LP, LLC	Delaware	Regency Realty Group, Inc.	Member	100%
Kulpsville Village Center, LP	Delaware	Kulpsville Village Center LP, LLC	General Partner	.5%
		Regency Realty Group, Inc.	Limited Partner	99.5%
Lee Regency, LLC	Delaware	Regency Realty Group, Inc.	Member	100%
Lonestar Retail, LLC	Delaware	Regency Realty Group, Inc.	Member	100%
Longmont Center, LLC	Delaware	Regency Realty Group, Inc.	Member	100%

<u>Entity</u>	<u>Jurisdiction</u>	<u>Owner(s)</u>	<u>Nature of Interest</u>	<u>% of Ownership</u>
Loveland Shopping Center, LLC	Delaware	Regency Realty Group, Inc.	Member	100%
Luther Properties, Inc.	Tennessee	Regency Realty Group, Inc.	Common Stock	100%
Marietta Outparcel, Inc.	Georgia	Regency Realty Group, Inc.	Common Stock	100%
The Marketplace at Briargate, LLC	Delaware	Regency Realty Group, Inc.	Member	100%
Menifee Marketplace, LLC	Delaware	Regency Realty Group, Inc.	Member	100%
Merrimack Office Properties, LLC	Delaware	Regency Realty Group, Inc. JDC Merrimack, LLC	Member Member	25% 50%
Merrimack Shopping Center, LLC	Delaware	Regency Realty Group, Inc.	Member	100%
Middle Creek Commons, LLC	Delaware	Regency Realty Group, Inc.	Member	100%
Middle Tennessee Development, LLC	Delaware	Regency Realty Group, Inc.	Member	100%
Mitchell Service, LLC	Delaware	Regency Realty Group, Inc.	Member	100%
Mountain Meadow, LLC	Delaware	Regency Realty Group, Inc.	Member	100%
Murieta Gardens Shopping Center, LLC	Delaware	Regency Realty Group, Inc.	Member	100%
New Smyrna Regency, LLC	Delaware	Regency Realty Group, Inc.	Member	100%
New Windsor Marketplace, LLC	Delaware	Regency Realty Group, Inc.	Member	100%
Ocala Retail Partners, LLC	Delaware	Regency Realty Group, Inc.	Member	100%

<u>Entity</u>	<u>Jurisdiction</u>	<u>Owner(s)</u>	<u>Nature of Interest</u>	<u>% of Ownership</u>
Otay Mesa Crossing, LLC	Delaware	Regency Realty Group, Inc.	Member	100%
Paso Golden Hill, LLC	Delaware	Regency Realty Group, Inc.	Member	100%
R2 Media, LLC	Florida	Regency Realty Group, Inc.	Member	100%
RB Airport Crossing, LLC	Delaware	Regency Realty Group, Inc.	Member	100%
RB Augusta, LLC	Delaware	Regency Realty Group, Inc.	Member	100%
RRG Net, LLC	Florida	Regency Realty Group, Inc.	Member	100%
Red Bank Village, LLC	Delaware	Regency Realty Group, Inc.	Member	100%
Regency Afton Willow-Paso Robles, LLC	Delaware	Regency Realty Group, Inc. Afton Willow-Paso Robles, LLC	Member Member	Interests vary
Regency-Alliance Santa Rosa, LLC	Delaware	Regency Realty Group, Inc.	Member	100%
Regency Bayside Business Park, LLC	Delaware	Regency Realty Group, Inc.	Member	100%
Regency Blue Ash, LLC	Delaware	Regency Realty Group, Inc.	Member	100%
Regency Cahan-Clovis, LLC	Delaware	Regency Realty Group, Inc. Cahan Properties, Inc.	Member Member	50% 50%
Regency I-45/Spring Cypress Retail, L.P.	Delaware	Regency Realty Group, Inc. HEB Grocery Company, L.P.	General Partner Limited Partner	Interests Vary
Regency Magi, LLC	Delaware	Regency Realty Group, Inc. Magi, LLC	Member Member	Interests Vary

<u>Entity</u>	<u>Jurisdiction</u>	<u>Owner(s)</u>	<u>Nature of Interest</u>	<u>% of Ownership</u>
Regency Marinita-LaQuinta, LLC	Delaware	Regency Realty Group, Inc. Marinita Development Co.	Member Member	Interests Vary
Regency Petaluma, LLC	Delaware	Regency Realty Group, Inc.	Member	100%
Regency/PGM-Burkitt, LLC	Delaware	Regency Realty Group, Inc. PGM-Burkitt, LLC	Member Member	Interests Vary
Regency Realty Colorado, Inc.	Florida	Regency Realty Group, Inc Snowden Leftwich (see Note 1)	Common Stock Common Stock	80% 20%
Regency Realty Group-NE, Inc.	Florida	Regency Realty Group, Inc.	Common Stock	100%
RB Schererville Crossings, LLC	Delaware	Regency Realty Group, Inc.	Member	100%
SS Harbour GP, LLC	Delaware	Regency Realty Group, Inc.	Member	100%
SS Harbour, L.P.	Texas	SS Harbour GP, LLC Regency Realty Group, Inc.	General Partner Limited Partner	1% 99%
Shops at Highland Village GP, LLC	Delaware	Regency Realty Group, Inc.	Member	100%
Shops at Highland Village Development, Ltd.	Texas	Shops at Highland Village GP, LLC Regency Realty Group, Inc.	General Partner Limited Partner	1% 99%
Signal Hill Two, LLC	Delaware	Regency Realty Group, Inc. John H. Donegan	Member Member	Interests Vary
Signature Plaza, LLC	Delaware	Regency Realty Group, Inc.	Member	100%
Silver Spring Square II, L.P.	Delaware	Silver Spring GP, Inc. TCH Realty & Development Co., LLC	General Partner Limited Partner	Interests Vary

<u>Entity</u>	<u>Jurisdiction</u>	<u>Owner(s)</u>	<u>Nature of Interest</u>	<u>% of Ownership</u>
Slausen Central, LLC	Delaware	Regency Realty Group, Inc.	Member	100%
Spring Hill Town Center, LLC	Delaware	Regency Realty Group, Inc.	Member	100%
Stanley Bernal, LLC	Delaware	Regency Realty Group, Inc.	Member	100%
State Street Crossing, LLC	Delaware	Regency Realty Group, Inc.	Member	100%
Stonewall Regency, LLC	Delaware	Regency Realty Group, Inc.	Member	100%
Summerville-Orangeburg, LLC	Delaware	Regency Realty Group, Inc.	Member	100%
RRG Pennsylvania GP, Inc.	Florida	Regency Realty Group, Inc.	Common Stock	100%
Swatara Marketplace LP	Delaware	RRG Pennsylvania GP, Inc. Regency Realty Group, Inc.	General Partner Limited Partner	.5% 99.5%
Tinwood, LLC	Florida	Regency Realty Group, Inc.	Member Member	50% 50%
Valleydale, LLC	Delaware	Regency Realty Group, Inc.	Member	100%
West End Properties, LLC	Florida	Regency Realty Group, Inc.	Member	100%

Note 1: Snowden Leftwich is a Regency employee who is the licensed broker for this entity. Colorado requires that the broker must own a minimum of 20% of the equity in a licensed entity.

Consent of Independent Registered Public Accounting Firm

The Board of Directors

Regency Centers Corporation:

We consent to the incorporation by reference in the registration statements (No. 333-930, No. 333-52089, No. 333-37911, No. 333-44724, No. 333-58966, No. 333-114567, No. 333-125858, No. 333-125886-1, and No. 333-125913) on Forms S-3 and (No. 333-134286) on Form S-3ASR and (No. 333-127274-1) on Form S-4 and (No. 333-24971, No. 333-55062, No. 333-125857) on Forms S-8 of Regency Centers Corporation and (No. 333-58966 and No. 333-125886) on Forms S-3 and (No. 333-127274) on Form S-4 of Regency Centers, L.P. of our reports dated February 27, 2007, with respect to the consolidated balance sheets of Regency Centers Corporation as of December 31, 2006 and 2005, and the related consolidated statements of operations, stockholders' equity and comprehensive income (loss), and cash flows for each of the years in the three-year period ended December 31, 2006, and related financial statement schedule, management's assessment of the effectiveness of internal control over financial reporting as of December 31, 2006 and the effectiveness of internal control over financial reporting as of December 31, 2006, which reports appear in the December 31, 2006 annual report on Form 10-K of Regency Centers Corporation.

/s/ KPMG LLP

Certified Public Accountants

Jacksonville, Florida

February 27, 2007

**Certification of Chief Executive Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act and Rule 13a-14(a)
or 15d-14(a) under the Securities Exchange Act of 1934**

I, **Martin E. Stein, Jr.**, certify that:

1. I have reviewed this Annual Report on Form 10-K of **Regency Centers Corporation** ("registrant");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 27, 2007

/s/ **Martin E. Stein, Jr.**

Martin E. Stein, Jr.
Chief Executive Officer

Certification of Chief Financial Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act and Rule 13a-14(a)
or 15d-14(a) under the Securities Exchange Act of 1934

I, **Bruce M. Johnson**, certify that:

1. I have reviewed this Annual Report on Form 10-K of **Regency Centers Corporation** ("registrant");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 27, 2007

/s/ **Bruce M. Johnson**

Bruce M. Johnson
 Chief Financial Officer

**Certification of Chief Operating Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act and Rule 13a-14(a)
or 15d-14(a) under the Securities Exchange Act of 1934**

I, **Mary Lou Fiala**, certify that:

1. I have reviewed this Annual Report on Form 10-K of **Regency Centers Corporation** ("registrant");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 27, 2007

/s/ **Mary Lou Fiala**

Mary Lou Fiala
Chief Operating Officer

**Written Statement of the Chief Executive Officer
Pursuant to 18 U.S.C. §1350**

Solely for the purposes of complying with 18 U.S.C. §1350, I, the undersigned Chairman and Chief Executive Officer of **Regency Centers Corporation** (the “Company”), hereby certify, based on my knowledge, that the Annual Report on Form 10-K of the Company for the year ended **December 31, 2006** (the “Report”) fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 and that information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 27, 2007

/s/ **Martin E. Stein, Jr.**

Martin E. Stein, Jr.

Chief Executive Officer

Written Statement of the Chief Financial Officer
Pursuant to 18 U.S.C. §1350

Solely for the purposes of complying with 18 U.S.C. §1350, I, the undersigned Managing Director and Chief Financial Officer of **Regency Centers Corporation** (the “Company”), hereby certify, based on my knowledge, that the Annual Report on Form 10-K of the Company for the year ended **December 31, 2006** (the “Report”) fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 and that information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 27, 2007

/s/ **Bruce M. Johnson**

Bruce M. Johnson
Chief Financial Officer

**Written Statement of the Chief Operating Officer
Pursuant to 18 U.S.C. §1350**

Solely for the purposes of complying with 18 U.S.C. §1350, I, the undersigned President and Chief Operating Officer of **Regency Centers Corporation** (the “Company”), hereby certify, based on my knowledge, that the Annual Report on Form 10-K of the Company for the year ended **December 31, 2006** (the “Report”) fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 and that information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 27, 2007

/s/ **Mary Lou Fiala**

Mary Lou Fiala

Chief Operating Officer