UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington DC 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 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	**59-3191743**
(State or other jurisdiction of incorporation or organization)	**(IRS Employer Identification No.)**

121 West Forsyth Street, Suite 200
Jacksonville, Florida 32202
(Address of principal executive offices) (Zip Code)

(904) 598-7000
(Registrant's telephone number, including area code)

Unchanged
(Former name, former address and former fiscal year, if changed since last report)

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 (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act

(Check One): Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

(Applicable only to Corporate Registrants)

As of May 5, 2006, there were 68,582,297 shares outstanding of the Registrant's common stock.

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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

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

	2006 (unaudited)	2005
Assets		
Real estate investments at cost:		
Land	$ 853,078	853,275
Buildings and improvements	1,934,326	1,926,297
	2,787,404	2,779,572
Less: accumulated depreciation	398,371	380,613
	2,389,033	2,398,959
Properties in development	487,717	413,677
Operating properties held for sale	—	36,567
Investments in real estate partnerships	438,228	545,617
Net real estate investments	3,314,978	3,394,820
Cash and cash equivalents	88,056	42,458
Notes receivable	34,284	46,473
Tenant receivables, net of allowance for uncollectible accounts of $3,932 and $3,849 at March 31, 2006 and December 31, 2005, respectively	52,034	56,878
Deferred costs, less accumulated amortization of $33,497 and $31,846 at March 31, 2006 and December 31, 2005, respectively	41,811	41,657
Acquired lease intangible assets, less accumulated amortization of $7,459 and $6,593 at March 31, 2006 and December 31, 2005, respectively	9,315	10,182
Other assets	30,062	23,747
	$3,570,540	3,616,215
Liabilities and Stockholders' Equity		
Liabilities:		
Notes payable	$1,438,848	1,451,942
Unsecured line of credit	108,000	162,000
Accounts payable and other liabilities	103,875	110,800
Acquired lease intangible liabilities, net	3,969	4,207
Tenants' security and escrow deposits	10,206	10,276
Total liabilities	1,664,898	1,739,225
Preferred units	49,158	49,158
Exchangeable operating partnership units	25,743	27,919
Limited partners' interest in consolidated partnerships	11,978	11,088
Total minority interest	86,879	88,165
Stockholders' equity:		
Preferred stock, $.01 par value per share, 30,000,000 shares authorized; 3,000,000 and 800,000 shares issued and outstanding at both March 31, 2006 and December 31, 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; 73,814,374 and 73,263,472 shares issued at March 31, 2006 and December 31, 2005, respectively	738	733
Treasury stock at cost, 5,384,135 and 5,297,129 shares held at March 31, 2006 and December 31, 2005, respectively	(111,414)	(111,414)
Additional paid in capital	1,715,120	1,713,620
Accumulated other comprehensive loss	(8,552)	(11,692)
Distributions in excess of net income	(52,129)	(77,422)
Total stockholders' equity	1,818,763	1,788,825
Commitments and contingencies		
	$3,570,540	3,616,215

See accompanying notes to consolidated financial statements.

REGENCY CENTERS CORPORATION
Consolidated Statements of Operations
For the three months ended March 31, 2006 and 2005
(in thousands, except per share data)
(unaudited)

	2006	2005
Revenues:		
Minimum rent	$ 74,214	69,141
Percentage rent	437	528
Recoveries from tenants	21,403	20,562
Management, acquisition and other fees	7,260	3,318
Equity in income of investments in real estate partnerships	755	2,391
Total revenues	104,069	95,940
Operating expenses:		
Depreciation and amortization	21,147	19,619
Operating and maintenance	12,242	12,670
General and administrative	10,803	8,652
Real estate taxes	10,853	9,910
Other expenses	3,658	1,428
Total operating expenses	58,703	52,279
Other expense (income)		
Interest expense, net of interest income of $1,591 and $486 in 2006 and 2005, respectively	19,464	20,388
Gain on sale of operating properties and properties in development	(15,680)	(6,542)
Total other expense (income)	3,784	13,846
Income before minority interests	41,582	29,815
Minority interest of preferred units	(931)	(2,112)
Minority interest of exchangeable operating partnership units	(658)	(607)
Minority interest of limited partners	(511)	(76)
Income from continuing operations	39,482	27,020
Discontinued operations, net:		
Operating income from discontinued operations	952	2,532
Gain on sale of operating properties and properties in development	30,341	8,796
Income from discontinued operations	31,293	11,328
Net income	70,775	38,348
Preferred stock dividends	(4,919)	(3,662)
Net income for common stockholders	$ 65,856	34,686
Income per common share - basic:		
Continuing operations	$ 0.51	0.37
Discontinued operations	0.46	0.18
Net income for common stockholders per share	$ 0.97	0.55
Income per common share - diluted:		
Continuing operations	$ 0.51	0.37
Discontinued operations	0.46	0.18
Net income for common stockholders per share	$ 0.97	0.55

See accompanying notes to consolidated financial statements.

REGENCY CENTERS CORPORATION
Consolidated Statement of Stockholders' Equity and Comprehensive Income (Loss)
For the three months ended March 31, 2006
(in thousands, except per share data)
(unaudited)

	Preferred Stock	Common Stock	Treasury Stock	Additional Paid In Capital	Accumulated Other Comprehensive Income (Loss)	Distributions in Excess of Net Income	Total Stockholders' Equity
Balance at December 31, 2005	$275,000	733	(111,414)	1,713,620	(11,692)	(77,422)	1,788,825
Comprehensive Income:							
Net income	—	—	—	—	—	70,775	70,775
Amortization of loss on derivative instruments	—	—	—	—	326	—	326
Change in fair value of derivative instruments	—	—	—	—	2,814	—	2,814
Total comprehensive income							73,915
Restricted stock issued, net of amortization	—	3	—	4,177	—	—	4,180
Common stock issued for stock options exercised, net	—	1	—	(5,316)	—	—	(5,315)
Common stock issued for partnership units exchanged	—	1	—	4,614	—	—	4,615
Reallocation of minority interest	—	—	—	(1,975)	—	—	(1,975)
Cash dividends declared:							
Preferred stock	—	—	—	—	—	(4,919)	(4,919)
Common stock ($.595 per share)	—	—	—	—	—	(40,563)	(40,563)
Balance at March 31, 2006	$275,000	738	(111,414)	1,715,120	(8,552)	(52,129)	1,818,763

See accompanying notes to consolidated financial statements.

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REGENCY CENTERS CORPORATION
Consolidated Statements of Cash Flows
For the three months ended March 31, 2006 and 2005
(in thousands)
(unaudited)

	2006	2005
Cash flows from operating activities:		
Net income	$ 70,775	38,348
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	20,908	22,266
Deferred loan cost and debt premium amortization	823	584
Stock based compensation	4,281	4,343
Minority interest of preferred units	931	2,112
Minority interest of exchangeable operating partnership units	1,180	863
Minority interest of limited partners	511	76
Equity in income of investments in real estate partnerships	(755)	(2,391)
Net gain on sale of properties	(46,527)	(17,724)
Distributions from operations of investments in real estate partnerships	8,730	3,761
Changes in assets and liabilities:		
Tenant receivables	4,844	10,860
Deferred leasing costs	(1,935)	(1,668)
Other assets	(4,214)	(5,971)
Accounts payable and other liabilities	(29,734)	(35,399)
Tenants' security and escrow deposits	(70)	(90)
Net cash provided by operating activities	29,748	19,970
Cash flows from investing activities:		
Development of real estate including land acquired	(77,150)	(56,690)
Proceeds from sale of real estate investments	194,467	59,240
Repayment of notes receivable, net	14,589	2,394
Investments in real estate partnerships	(4,791)	(11,166)
Distributions received from investments in real estate partnerships	—	9,814
Net cash provided by investing activities	127,115	3,592
Cash flows from financing activities:		
Net proceeds from common stock issuance	1,637	3,128
Contributions from limited partners in consolidated partnerships	205	29
Distributions to exchangeable operating partnership unit holders	(715)	(757)
Distributions to preferred unit holders	(931)	(2,112)
Dividends paid to common stockholders	(39,596)	(34,654)
Dividends paid to preferred stockholders	(4,919)	(3,662)
Repayment of unsecured line of credit, net	(54,000)	(25,000)
Repayment of notes payable	(11,790)	(352)
Scheduled principal payments	(1,156)	(1,484)
Deferred loan costs	—	(427)
Net cash used in financing activities	(111,265)	(65,291)
Net increase (decrease) in cash and cash equivalents	45,598	(41,729)
Cash and cash equivalents at beginning of the period	42,458	95,320
Cash and cash equivalents at end of the period	$ 88,056	53,591

REGENCY CENTERS CORPORATION
Consolidated Statements of Cash Flows
For the three months ended March 31, 2006 and 2005
(in thousands)
(unaudited)

	2006	2005
Supplemental disclosure of cash flow information - cash paid for interest (net of capitalized interest of $5,145 and $2,721 in 2006 and 2005, respectively)	$ 34,023	31,246
Supplemental disclosure of non-cash transactions:		
Common stock issued for partnership units exchanged	$ 4,615	1,770
Real estate contributed as investments in real estate partnerships	$ —	5,264
Notes receivable taken in connection with sales of operating properties, properties in development and out parcels	$ 2,401	—
Change in fair value of derivative instrument	$ 2,814	—

See accompanying notes to consolidated financial statements.

Regency Centers Corporation

Notes to Consolidated Financial Statements

March 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 98% 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 March 31, 2006, the Partnership directly owned 209 retail shopping centers and held partial interests in an additional 177 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 FIN 46(R). The other 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. 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). The dividends on the Series 3, 4, and 5 preferred stock are cumulative and payable in arrears on or before the last day of each calendar quarter. The Company owns corresponding Series 3, 4, and 5 preferred unit interests (“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

March 31, 2006

(a) Organization and Principles of Consolidation (continued)

Ownership of the Operating Partnership

The Partnership's capital includes general and limited partnership Units, and four classes of preferred units (Series 3, 4, 5, and D Preferred Units). At March 31, 2006 the Company owned approximately 98% or 68,430,239 Partnership Units of the total 69,571,365 Partnership Units outstanding. Each outstanding Partnership Unit not owned by the Company is exchangeable for one share of Regency common stock. 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 are owned by the Company and are eliminated in consolidation. The Series D Preferred Units are owned by institutional investors.

(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. 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 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. Accrued rents are included in tenant receivables.

Substantially all of the lease agreements contain provisions that grant additional rents based on tenants' sales volume (contingent or 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 has transferred to the buyer the usual risks and rewards of ownership; and the Company does not have substantial continuing involvement with the property.

(b) Revenues (continued)

The Company has been engaged by joint ventures to provide asset and property management 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 and are recognized as services are provided.

(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 March 31, 2006 and December 31, 2005, the Company had capitalized pre-development costs of $16.7 million and $12.2 million, respectively.

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.

Maintenance and repairs that do not improve or extend the useful lives of the respective assets are reflected 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 amortized to expense over the remaining initial term of the respective leases.

(c) Real Estate Investments (continued)

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 base rental revenue over the remaining terms of the respective leases. The value of below-market leases is accreted as an increase to base rental revenue 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 those associated with the acquired property 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.

In accordance with Statement 144, when the Company sells a property and will not have continuing involvement after disposition, its operations and gain on sale are reported in discontinued operations when the operations and cash flows are clearly distinguished. Once classified as discontinued operations, these properties are eliminated from ongoing operations. Prior periods are also restated 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.

(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.

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 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. During the three months ended March 31, 2006 and 2005, the Company’s provision for federal and state income taxes was approximately $3.0 million for each period.

(e) Deferred Costs

Deferred costs include deferred leasing costs and deferred 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 $31.3 million and $30.6 million at March 31, 2006 and December 31, 2005, respectively. Deferred loan costs consist of initial direct and incremental costs associated with financing activities. Net deferred loan costs were $10.5 million and $11.1 million at March 31, 2006 and December 31, 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 statement of stockholders’ equity and comprehensive income (loss). Outstanding shares do not include treasury shares.

(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.

Regency Centers Corporation

Notes to Consolidated Financial Statements

March 31, 2006

(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, all of which are employed by the Partnership. 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.

On December 16, 2004, the Financial Accounting Standards Board ("FASB") issued SFAS No. 123 (revised 2004), "Share-Based Payment" ("Statement 123(R)"), which is a revision of SFAS No. 123, "Accounting for Stock-Based Compensation" ("Statement 123"). Statement 123(R) supersedes Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" ("Opinion 25") and generally, the approach is similar to the approach described in Statement 123. However, Statement 123(R) requires all share-based payments to employees, including grants of employee stock options, to be recognized in the statement of operations based on their fair values and pro-forma disclosure is no longer an alternative. Statement 123(R) was effective for fiscal years beginning after December 31, 2005, however the Company elected early adoption effective January 1, 2005. As permitted by Statement 123(R), the Company has 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

March 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 of 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. 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 10% 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 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.

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 immediately in earnings. 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. Historically all of the Company's derivative instruments have qualified for hedge accounting.

To determine the fair value of derivative instruments, 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.

(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. As a result, Statement 150 had no impact on the Company's consolidated statements of operations for the periods ended March 31, 2006 and 2005.

At March 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 $7.3 million at March 31, 2006 as compared to their carrying value of $1.2 million. The Company has no other financial instruments that are affected by Statement 150.

(m) Recent Accounting Pronouncements

In April 2006, the FASB issued FASB Staff Position FIN 46(R)-6, "Determining the Variability to Be Considered in Applying FASB Interpretation No. 46(R)", that will become effective beginning 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 is not expected to have a material effect on the Company's 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".

In June 2005, the FASB ratified the EITF's consensus on 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." This consensus establishes the presumption that general partners in a limited partnership control that limited partnership regardless of the extent of the general partners' ownership interest in the limited partnership. The consensus further establishes that the rights of the limited partners can overcome the presumption of control by the general partners, if the limited partners have either (a) the substantive ability to dissolve (liquidate) the limited partnership or otherwise remove the general partners without cause or (b) substantive participating rights. Whether the presumption of control is overcome is a matter of judgment based on the

(m) Recent Accounting Pronouncements (continued)

facts and circumstances, for which the consensus provides additional guidance. This consensus is currently applicable to the Company for new partnerships created in 2005, and will be applicable to all partnerships beginning January 1, 2006. This consensus applies to limited partnerships or similar entities, such as limited liability companies that have governing provisions that are the functional equivalent of a limited partnership. The Company has applied EITF Issue No. 04-5 to its joint ventures and concluded that it does not require consolidation of additional entities.

In May 2005, the FASB issued SFAS No. 154, “Accounting Changes and Error Corrections” (“Statement 154”). Statement 154 requires restatement of prior periods’ financial statements for changes in accounting principle, unless it is impracticable to determine either the period-specific effects or the cumulative effect of the change. Statement 154 also requires that retrospective application of a change in accounting principle be limited to the direct effects of the change. Statement 154 is effective for accounting changes and corrections of errors made in fiscal years beginning after December 15, 2005. The Company is not currently aware of any future potential accounting changes which would require the retrospective application described in Statement 154.

In March 2005 the FASB issued FIN 47, Accounting for Asset Retirement Obligations (as amended). FIN 47 clarifies that the term conditional asset retirement obligation as used in FASB Statement No. 143, Accounting for Asset Retirement Obligations, refers to a legal obligation to perform an asset retirement activity in which the timing and (or) method of settlement are conditional on a future event that may or may not be within the control of the entity. The obligation to perform the asset retirement activity is unconditional even though uncertainty exists about the timing and (or) method of settlement. Thus, the timing and (or) method of settlement may be conditional on a future event. Accordingly, an entity is required to recognize a liability for the fair value of a conditional asset retirement obligation if the fair value of the liability can be reasonably estimated. FIN 47 is effective for fiscal years ending after December 15, 2005. The Company is not currently aware of any asset retirement obligations beyond those currently recorded in the consolidated balance sheets which would have a material effect on its financial condition.

In December 2004, the FASB issued SFAS No. 153, “Exchange of Non-monetary Assets”, an amendment of APB Opinion No 29 (“Statement 153”). The guidance in APB Opinion No. 29, Accounting for Non-monetary Transactions, is based on the principle that exchanges of non-monetary assets should be measured based on the fair value of the assets exchanged. The guidance in that Opinion, however, included certain exceptions to that principle. Statement 153 amends Opinion No. 29 to eliminate the exception for non-monetary assets that do not have commercial substance. A non-monetary exchange has commercial substance if the future cash flows of the entity are expected to change significantly as a result of the exchange. Statement 153 is effective for non-monetary asset exchanges occurring in fiscal periods beginning after June 15, 2005. The impact of adopting Statement 153 has not had a material adverse impact on the Company’s financial position or results of operations.

(n) Reclassifications

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

Regency Centers Corporation

Notes to Consolidated Financial Statements

March 31, 2006

2. Real Estate Investments

On April 11, 2006, the Company acquired 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 purchase and the results of its operations are included in the consolidated financial statements from the respective date of acquisition.

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 stringent quality standards. This recycling strategy calls for the Company to sell properties that do not measure up 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 four properties for net proceeds of $69 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 2005 as well as operating properties held for sale, were $1.2 million and $6.8 million for the three months ended March 31, 2006 and 2005, 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 as follows for the three months ended March 31, 2006 and 2005 (in thousands):

	2006		2005	
	Operating Income	Gain on sale of properties	Operating Income	Gain on sale of properties
Operations and gain	$ 968	30,847	2,642	11,182
Less: Minority interest	16	506	57	198
Less: Income taxes	—	—	53	2,188
Discontinued operations, net	$ 952	30,341	2,532	8,796

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, 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 $438.2 million and $545.6 million at March 31, 2006 and December 31, 2005, respectively. Any difference between the carrying amount of these investments and the underlying equity in net assets is amortized to equity in income 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 are recorded in equity in income 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, as described below. In addition to the Company earning its pro-rata share of net income in each of the partnerships, these partnerships pay the Company fees for asset management, property management, and acquisition and disposition services. During the three months ended March 31, 2006 and 2005, the Company received fees from these joint ventures of $7.2 million and $3.2 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 March 31, 2006, Columbia owned 16 shopping centers, had total assets of $462.2 million, and net income of $2.9 million. The Company's share of Columbia's total assets and net income was $104.9 million and $571,507, respectively.

The Company co-invests with the California State Teachers' Retirement System ("CalSTRS") in a joint venture called ("RegCal") in which the Company has an ownership interest of 25%. As of March 31, 2006, RegCal owned eight shopping centers, had total assets of $171.7 million, and net income of $391,846. The Company's share of RegCal's total assets and net income was $42.9 million and $122,653, respectively. During 2006, RegCal acquired one shopping center from an unrelated party for a purchase price of $26.0 million. The Company contributed $2.6 million for its proportionate share of the purchase price, which was net of financing obtained by RegCal.

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% ("MCWR II").

As of March 31, 2006, MCWR I owned 50 shopping centers, had total assets of $728.7 million, and net income of $7.9 million. Regency's share of MCWR I's total assets and net income was $182.3 million and $2.3 million, respectively. During 2006, MCWR I sold one shopping center to an unrelated party for $18.2 million for a gain of $5.2 million.

4. Investments in Real Estate Partnerships (continued)

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 for net cash of $113.2 million and reduced its ownership interest from 35% to 24.95%. The proceeds from the sale were used to reduce the unsecured line of credit. At March 31, 2006, MCWR II is owned 75% by MCW's affiliate, 24.90% by Regency and 0.1% by U S Manager. Including its 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.

As of March 31, 2006, MCWR II owned 97 shopping centers, had total assets of $2.8 billion and recorded a net loss of $8.7 million. Regency's share of MCWR II's total assets and net loss was $699.3 million and $2.4 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 three shopping centers for $26.2 million to unrelated parties for a gain of $32,524.

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 earn additional acquisition fees of approximately $9.2 million (the "Contingent Acquisition Fees") subject to achieving certain targeted income levels in 2006 and 2007; and accordingly, the Contingent Acquisition Fee will only be recognized in 2006 and 2007, if earned. As of March 31, 2006, no portion of the Contingent Acquisition Fees had been earned.

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 and operations 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 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.

Regency Centers Corporation

Notes to Consolidated Financial Statements

March 31, 2006

4. Investments in Real Estate Partnerships (continued)

The Company's investments in real estate partnerships as of March 31, 2006 and December 31, 2005 consist of the following (in thousands):

	Ownership	2006	2005
Macquarie CountryWide-Regency (MCWR I)	25.00%	$ 61,550	61,375
Macquarie CountryWide Direct (MCWR I)	25.00%	7,265	7,433
Macquarie CountryWide-Regency II (MCWR II) (1)	24.95%	254,570	363,563
Macquarie CountryWide-Regency III (MCWR II)	24.95%	302	606
Columbia Regency Retail Partners (Columbia)	20.00%	36,415	36,659
Cameron Village LLC (Columbia)	30.00%	21,481	21,633
Columbia Regency Partners II (Columbia)	20.00%	2,117	2,093
RegCal, LLC (RegCal)	25.00%	17,270	14,921
Other investments in real estate partnerships	50.00%	37,258	37,334
Total		$438,228	545,617

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

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

	March 31, 2006	December 31, 2005
Investment in real estate, net	$ 3,923,605	3,957,507
Acquired lease intangible assets, net	237,709	259,033
Other assets	114,764	102,041
Total assets	$ 4,276,078	4,318,581
Notes payable	$ 2,358,195	2,372,601
Acquired lease intangible liabilities, net	81,400	86,108
Other liabilities	71,315	75,282
Partners' equity	1,765,168	1,784,590
Total liabilities and equity	$ 4,276,078	4,318,581

Unconsolidated investments in real estate partnerships had notes payable of $2.4 billion as of March 31, 2006 and December 31, 2005, respectively and the Company's proportionate share of these loans was $593.3 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.

Regency Centers Corporation

Notes to Consolidated Financial Statements

March 31, 2006

4. Investments in Real Estate Partnerships (continued)

The revenues and expenses for the unconsolidated investments on a combined basis are summarized as follows for the three months ended March 31, 2006 and 2005 (in thousands):

	2006	2005
Total revenues	$101,463	40,636
Operating expenses:		
Depreciation and amortization	45,281	10,659
Operating and maintenance	14,255	6,517
General and administrative	1,577	1,421
Real estate taxes	12,020	4,306
Total operating expenses	73,133	22,903
Other expense (income):		
Interest expense, net	30,571	8,845
Gain on sale of real estate	(5,206)	(326)
Other income	116	—
Total other expense (income)	25,481	8,519
Net income	$ 2,849	9,214

5. Notes Receivable

The Company has notes receivables outstanding of $34.3 million and $46.5 million at March 31, 2006 and December 31, 2005, respectively. The notes bear interest ranging from 4.25% to 8.0% with maturity dates through November 2014.

6. Acquired Lease Intangibles

The Company’s acquired lease intangible assets are all related to in-place leases which have a remaining weighted average amortization period of approximately 4.2 years. The aggregate amortization expense from acquired leases was approximately $866,318 and $892,174 for the three months ended March 31, 2006 and 2005, respectively. Acquired lease intangible liabilities are all related to below-market rents and recorded net of previously accreted minimum rent of $3.1 million and $2.9 million at March 31, 2006 and December 31, 2005, respectively. The remaining weighted average amortization period is approximately 4.9 years.

Regency Centers Corporation

Notes to Consolidated Financial Statements

March 31, 2006

7. Notes Payable and Unsecured Line of Credit

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

	2006	2005
Notes Payable:		
Fixed rate mortgage loans	$ 162,292	175,403
Variable rate mortgage loans	77,874	77,906
Fixed rate unsecured loans	1,198,682	1,198,633
Total notes payable	1,438,848	1,451,942
Unsecured line of credit	108,000	162,000
Total	$ 1,546,848	1,613,942

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 with a one-year extension option at an interest rate of LIBOR plus .75%. At March 31, 2006, the balance on the Line was $108 million. Contractual interest rates on the Line, which are based on LIBOR plus .75%, were 5.375% and 5.125% at March 31, 2006 and December 31, 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 Secured Indebtedness to GAV 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.

Mortgage loans are secured by certain real estate properties and may be prepaid, but could be subject to a yield-maintenance premium. 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 150 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 be at 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 financial statements at fair value. Based on the estimates used by the Company, the fair value of notes payable and the Line is approximately $1.5 billion.

Regency Centers Corporation

Notes to Consolidated Financial Statements

March 31, 2006

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

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

Scheduled Payments by Year	Scheduled Principal Payments	Term Loan Maturities	Total Payments
Current year	$ 3,124	16,124	19,248
2007 (includes the Line)	3,577	202,407	205,984
2008	3,429	19,617	23,046
2009	3,435	53,090	56,525
2010	3,281	177,186	180,467
2011	3,289	251,090	254,379
Beyond 5 Years	8,711	796,013	804,724
Unamortized debt premiums	—	2,475	2,475
Total	$ 28,846	1,518,002	1,546,848

8. Derivative Financial Instruments

The Company is exposed to capital market risk, such as changes in interest rates. In order to manage the volatility relating to interest rate risk, the Company may enter into interest rate hedging arrangements from time to time. 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 $200 million ten-year fixed rate financing expected to occur in 2010 and $200 million of ten-year fixed rate financing to occur in 2011. The change in fair value of these swaps was an asset of $2.8 million at March 31, 2006, and is recorded in other assets in the accompanying 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 that will be recorded in 2006 related to the settlement of these swaps is approximately $1.3 million and the unamortized balance at March 31, 2006 is $11.4 million.

All of these swaps qualify for hedge accounting under Statement 133. Realized losses associated with the swaps settled in 2005 and 2003 and unrealized gains associated with the swaps entered into in 2006 have been included in accumulated other comprehensive income (loss) in the consolidated statement 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 gains 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.

Regency Centers Corporation

Notes to Consolidated Financial Statements

March 31, 2006

9. Stockholders' Equity and Minority Interest

(a) Preferred Units

At March 31, 2006 and December 31, 2005, the face value of the Series D Preferred Units was $50 million with a fixed distribution rate of 7.45%, respectively and is recorded on the accompanying 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 March 31, 2006 and December 31, 2005 are summarized as follows:

Units Outstanding	Amount Outstanding	Distribution Rate	Callable by Company	Exchangeable by Unit holder
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.

(b) Preferred Stock

Terms and conditions of the three series of Preferred stock outstanding as of March 31, 2006 and December 31, 2005 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
	3,800,000	8,000,000	$275,000,000		

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.

9. Stockholders' Equity and Minority Interest (continued)

(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 unsecured line of credit and redeem the Series E Preferred Units.

10. Stock-Based Compensation

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

	2006	2005
Restricted stock	$4,179	3,892
Stock options	240	360
Total	$4,419	4,252

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.

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 March 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.

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). The stock option reload right buy-out program was not offered to the non-employee directors. Options granted under the reload buy-out plan do not earn dividend equivalents.

Regency Centers Corporation

Notes to Consolidated Financial Statements

March 31, 2006

10. Stock-Based Compensation (continued)

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 volatility is based on historical volatility of the Company's stock. The Company uses historical data 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 during the three months ended March 31, 2006:

	2006
Per share weighted average fair value of stock options	$8.62
Expected dividend yield	3.6%
Risk-free interest rate	4.8%
Expected volatility	21.0%
Expected life in years	2.3

The following table reports stock option activity during the period ended March 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	7,014	67.40		
Exercised	(577,425)	47.23		$ 10,235
Outstanding - March 31, 2006	1,454,489	$ 48.27	8.3	$ 27,515
Exercisable - March 31, 2006	868,255	$ 46.37	7.9	$ 18,075

Regency Centers Corporation

Notes to Consolidated Financial Statements

March 31, 2006

10. Stock-Based Compensation (continued)

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

	Non-vested Number of Options	Weighted Average Grant-Date Fair Value
Non-vested at December 31, 2005	779,145	$ 5.86
Less: 2006 Vesting	192,911	5.90
Non-vested at March 31, 2006	586,234	$ 5.85

As of March 31, 2006, there was $2.7 million of total unrecognized compensation cost related to non-vested stock options granted under the Plan . That cost is expected to be recognized over a period of three years through 2008.

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 four-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 eight-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.

Regency Centers Corporation

Notes to Consolidated Financial Statements

March 31, 2006

10. Stock-Based Compensation (continued)

As of March 31, 2006, there was $34.5 million of total unrecognized compensation cost related to non-vested restricted stock granted under the Plan, which is recorded when recognized in the additional paid in capital column of the statement of stockholders' equity and comprehensive income (loss). This unrecognized compensation cost will be recognized over the next four years through 2010.

The following table reports restricted stock activity during the period ended March 31, 2006:

	Number of Shares	Intrinsic Value (in thousands)	Weighted Average Grant Price
Unvested at December 31, 2005	923,765		
Shares Granted	266,673		$ 64.20
Shares Vested and Distributed	(418,754)	$ 26,509	
Unvested at March 31, 2006	771,684	$ 51,849	

11. Earnings per Share

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

	2006	2005
Numerator:		
Income from continuing operations	$39,482	27,020
Discontinued operations	31,293	11,328
Net income	70,775	38,348
Less: Preferred stock dividends	4,919	3,662
Net income for common stockholders	65,856	34,686
Less: Dividends paid on unvested restricted stock	415	411
Net income for common stockholders - basic	65,441	34,275
Add: Dividends paid on Treasury Method restricted stock	73	85
Net income for common stockholders – diluted	$65,514	34,360
Denominator:		
Weighted average common shares outstanding for basic EPS	67,408	62,328
Incremental shares to be issued under common stock options using the Treasury method	319	80
Incremental shares to be issued under unvested restricted stock using the Treasury method	122	154
Weighted average common shares outstanding for diluted	67,849	62,562
Income per common share – basic		
Income from continuing operations	$ 0.51	0.37
Discontinued operations	0.46	0.18
Net income for common stockholders per share	$ 0.97	0.55
Income per common share – diluted		
Income from continuing operations	$ 0.51	0.37
Discontinued operations	0.46	0.18
Net income for common stockholders per share	$ 0.97	0.55

The exchangeable operating partnership units were anti-dilutive to diluted EPS for the three months ended March 31, 2006 and 2005, 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

March 31, 2006

12. 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 $4.0 million, all of which has been reserved. 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.

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

Forward-Looking Statements

In addition to historical information, the following information contains forward-looking statements as defined under federal securities laws. These forward-looking statements include statements about anticipated growth in revenues, earnings per share, returns and portfolio value, our debt ratings, our development program and expectations about our liquidity. These statements are based on current expectations, estimates and projections about the industry and markets in which Regency 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 some 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" in our annual report on Form 10-K for the year ended December 31, 2005. The following discussion should be read in conjunction with the accompanying Consolidated Financial Statements and Notes thereto of Regency Centers Corporation appearing elsewhere within.

Overview 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 hope 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. We own, manage, lease, acquire, and develop shopping centers through our operating partnership, Regency Centers, L.P. ("RCLP"), in which we currently own approximately 98% of the outstanding operating partnership units. Regency's operating, investing and financing activities are performed by RCLP, its wholly owned subsidiaries and its joint ventures with third parties.

Currently, we operate and manage a real estate investment portfolio that totals $7.3 billion at cost before depreciation with 386 shopping centers in 27 states and the District of Columbia, including approximately $4.1 billion in real estate assets composed of 177 shopping centers owned by unconsolidated joint ventures in 23 states and the District of Columbia. Portfolio information is presented (a) on a combined basis, including unconsolidated joint ventures ("Combined Basis"), (b) on a basis that excludes the unconsolidated joint ventures ("Consolidated Properties") and (c) on a basis that includes only the unconsolidated joint ventures ("Unconsolidated Properties"). We believe that providing our shopping center portfolio information under these methods provides a more complete understanding of the properties that we own, including those that we partially own and for which we provide property and asset management services. At March 31, 2006, our gross leasable area ("GLA") on a Combined Basis totaled 45.8 million square feet and was 91.9% leased. The portfolio contains 50.4 million square feet when anchor owned buildings are included. The GLA for the 209 Consolidated Properties totaled 24.1 million square feet and was 89.0% leased, including shopping centers under construction and partially pre-leased. The GLA for the Unconsolidated Properties totaled 21.6 million square feet and was 95.2% leased.

We earn revenues and generate operating cash flow by leasing space in our shopping centers to market-leading grocers, and major retail anchors, as well as specialty side-shop retailers, restaurants and out-parcel tenants in our shopping centers. 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, rental rates and rental-rate growth for Regency, 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. 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 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 stringent quality standards. Properties that do not measure up to our standards are sold in combination with non-core development sales. 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 development, 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 grocery and discount (Target and Wal-Mart) anchored shopping centers that conveniently provide daily necessities will minimize the impact of a downturn in the economy. Increased competition from super-centers such as Wal-Mart and industry consolidation could result in grocery store closings. 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 such as the video rental format. We also continue to monitor retail trends and merchandise our shopping centers based on consumer demand. A slowdown in the demand for new shopping centers could cause a corresponding reduction in our shopping center development program and likely reduce our future operating revenues and gains from development sales. We believe that the presence of our development teams in key markets and their excellent relationships with leading anchor tenants will enable us to sustain our development program.

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:

	March 31, 2006	December 31, 2005
Number of Properties (a)	386	393
Number of Properties (b)	209	213
Number of Properties (c)	177	180
Properties in Development (a)	31	31
Properties in Development (b)	30	30
Properties in Development (c)	1	1
Gross Leaseable Area (a)	45,760,829	46,243,139
Gross Leaseable Area (b)	24,142,451	24,382,276
Gross Leaseable Area (c)	21,618,378	21,860,863
Percent Leased (a)	91.9%	91.3%
Percent Leased (b)	89.0%	88.0%
Percent Leased (c)	95.2%	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.

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The following table is a list of the shopping centers summarized by state and in order of largest holdings presented on a Combined Basis:

	March 31, 2006				December 31, 2005			
Location	# Properties	GLA	% of Total GLA	% Leased	# Properties	GLA	% of Total GLA	% Leased
California	70	8,914,058	19.5%	94.4%	70	8,855,638	19.2%	93.3%
Florida	49	5,690,510	12.4%	95.0%	51	5,912,994	12.8%	94.5%
Texas	38	5,091,207	11.1%	85.4%	38	5,029,590	10.9%	84.7%
Virginia	31	3,642,519	8.0%	95.3%	31	3,628,732	7.8%	95.0%
Georgia	32	2,737,446	6.0%	93.9%	33	2,850,662	6.2%	95.4%
Colorado	22	2,509,804	5.5%	91.4%	22	2,507,634	5.4%	84.3%
Maryland	21	2,443,983	5.3%	92.6%	21	2,435,783	5.3%	93.6%
Illinois	16	2,266,602	5.0%	95.6%	17	2,410,178	5.2%	95.9%
Ohio	16	2,066,192	4.5%	80.8%	16	2,045,260	4.4%	82.3%
North Carolina	14	2,017,476	4.4%	90.9%	15	2,114,667	4.6%	91.7%
Pennsylvania	12	1,630,496	3.6%	77.6%	13	1,665,005	3.6%	75.3%
Washington	11	1,166,429	2.5%	95.5%	12	1,334,337	2.9%	93.6%
Oregon	8	854,729	1.8%	96.8%	8	854,729	1.8%	97.1%
Delaware	5	654,687	1.4%	89.5%	5	654,687	1.4%	90.3%
Tennessee	6	624,298	1.4%	98.1%	6	624,450	1.4%	97.4%
South Carolina	8	522,027	1.1%	96.0%	8	522,027	1.1%	96.0%
Arizona	4	496,087	1.1%	98.7%	4	496,087	1.1%	99.4%
Minnesota	3	483,938	1.1%	96.4%	2	299,097	0.6%	97.3%
Kentucky	2	302,670	0.7%	95.3%	2	302,670	0.7%	94.7%
Michigan	3	282,408	0.6%	95.5%	3	282,408	0.6%	95.5%
Wisconsin	2	269,128	0.6%	98.5%	3	372,382	0.8%	94.4%
Alabama	3	267,689	0.6%	83.5%	3	267,689	0.6%	84.8%
Indiana	3	229,619	0.5%	82.5%	3	229,619	0.5%	84.3%
Connecticut	1	167,230	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	136,968	0.3%	72.7%	2	112,752	0.2%	67.8%
Nevada	1	119,313	0.3%	79.3%	1	93,516	0.2%	73.6%
Dist. of Columbia	1	16,834	—	100.0%	1	16,834	—	100.0%
Total	386	45,760,829	100.0%	91.9%	393	46,243,139	100.0%	91.3%

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

	March 31, 2006				December 31, 2005			
Location	# Properties	GLA	% of Total GLA	% Leased	# Properties	GLA	% of Total GLA	% Leased
California	45	5,366,444	22.2%	92.1%	45	5,319,464	21.8%	91.2%
Florida	33	4,002,255	16.6%	95.8%	35	4,185,221	17.2%	95.6%
Texas	30	3,952,530	16.4%	82.6%	30	3,890,913	16.0%	81.6%
Ohio	15	1,957,269	8.1%	79.9%	15	1,936,337	7.9%	81.5%
Georgia	16	1,410,412	5.8%	91.4%	16	1,410,412	5.8%	93.7%
Colorado	14	1,323,250	5.5%	88.2%	14	1,321,080	5.4%	73.4%
Virginia	9	990,370	4.1%	92.5%	9	973,744	4.0%	93.5%
North Carolina	8	873,315	3.6%	96.5%	9	970,506	4.0%	96.6%
Tennessee	6	624,298	2.6%	98.1%	6	624,450	2.6%	97.4%
Pennsylvania	3	573,404	2.4%	42.8%	3	573,410	2.3%	37.0%
Washington	6	549,411	2.3%	91.9%	7	717,319	2.9%	89.4%
Oregon	5	500,059	2.1%	97.0%	5	500,059	2.0%	97.4%
Illinois	3	415,011	1.7%	95.4%	3	415,011	1.7%	95.6%
Arizona	3	388,440	1.6%	98.4%	3	388,440	1.6%	99.3%
Michigan	3	282,408	1.2%	95.5%	3	282,408	1.1%	95.5%
Delaware	2	240,418	1.0%	98.4%	2	240,418	1.0%	97.8%
South Carolina	2	140,900	0.6%	91.2%	2	140,900	0.6%	91.2%
New Hampshire	2	136,968	0.5%	72.7%	2	112,752	0.5%	67.8%
Maryland	1	131,110	0.5%	53.6%	1	121,050	0.5%	49.6%
Nevada	1	119,313	0.5%	79.3%	1	93,516	0.4%	73.6%
Indiana	1	90,735	0.4%	73.7%	1	90,735	0.4%	72.2%
Alabama	1	74,131	0.3%	92.0%	1	74,131	0.3%	96.8%
Total	209	24,142,451	100.0%	89.0%	213	24,382,276	100.0%	88.0%

The Consolidated Properties are encumbered by mortgage loans of $240.2 million.

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

	March 31, 2006				December 31, 2005			
Location	# Properties	GLA	% of Total GLA	% Leased	# Properties	GLA	% of Total GLA	% Leased
California	25	3,547,614	16.4%	97.7%	25	3,536,174	16.2%	96.5%
Virginia	22	2,652,149	12.3%	96.4%	22	2,654,988	12.2%	95.6%
Maryland	20	2,312,873	10.7%	94.8%	20	2,314,733	10.6%	95.9%
Illinois	13	1,851,591	8.6%	95.7%	14	1,995,167	9.1%	95.9%
Florida	16	1,688,255	7.8%	93.3%	16	1,727,773	7.9%	91.7%
Georgia	16	1,327,034	6.1%	96.6%	17	1,440,250	6.6%	97.0%
Colorado	8	1,186,554	5.5%	95.0%	8	1,186,554	5.4%	96.3%
North Carolina	6	1,144,161	5.3%	86.6%	6	1,144,161	5.2%	87.6%
Texas	8	1,138,677	5.3%	95.2%	8	1,138,677	5.2%	95.4%
Pennsylvania	9	1,057,092	4.9%	96.5%	10	1,091,595	5.0%	95.5%
Washington	5	617,018	2.9%	98.6%	5	617,018	2.8%	98.4%
Minnesota	3	483,938	2.2%	96.4%	2	299,097	1.4%	97.3%
Delaware	3	414,269	1.9%	84.2%	3	414,269	1.9%	85.9%
South Carolina	6	381,127	1.8%	97.9%	6	381,127	1.7%	97.9%
Oregon	3	354,670	1.6%	96.6%	3	354,670	1.6%	96.6%
Kentucky	2	302,670	1.4%	95.3%	2	302,670	1.4%	94.7%
Wisconsin	2	269,128	1.2%	98.5%	3	372,382	1.7%	94.4%
Alabama	2	193,558	0.9%	80.2%	2	193,558	0.9%	80.2%
Connecticut	1	167,230	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%	88.2%	2	138,884	0.6%	92.2%
Ohio	1	108,923	0.5%	97.6%	1	108,923	0.5%	97.6%
Arizona	1	107,647	0.5%	100.0%	1	107,647	0.5%	100.0%
Dist. of Columbia	1	16,834	0.1%	100.0%	1	16,834	0.1%	100.0%
Total	177	21,618,378	100.0%	95.2%	180	21,860,863	100.0%	95.1%

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

Grocery Anchor	Number of Stores (a)	Percentage of Company-owned GLA (b)	Percentage of Annualized Base Rent (b)
Kroger	68	9.9%	7.2%
Safeway	69	5.9%	4.3%
Publix	61	6.1%	4.1%
Albertsons (c)	31	3.1%	2.4%

(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.

(c) Albertson's announced that it is selling the majority of its stores to Super Valu with the remainder being sold to a private investment consortium which is expected to be completed during 2006. Of the 31 stores noted above, we believe that 22 stores will be acquired by Super Valu, 9 stores will be acquired by the consortium, and all will continue to operate as either Super Valu or Albertsons, although it is possible that certain stores could be closed. We will continue to monitor the progress of the sale.

Liquidity and Capital Resources

General

We expect that cash generated from operating activities, including gains from the sale of real estate, will provide the necessary funds on a short-term basis 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 $29.7 million and $20.0 million for the three months ended March 31, 2006 and 2005, respectively. For the three months ended March 31, 2006 and 2005, our gains from the sale of real estate were $46.5 million and $17.7 million, the details of which are discussed below under Shopping Center Developments, Acquisitions and Sales. For the three months ended March 31, 2006 and 2005, we incurred capital expenditures of $2.1 million and $2.5 million to improve our shopping centers, we paid scheduled principal payments of $1.2 million and $1.5 million to our lenders on mortgage loans, and we paid dividends of $46.2 million and $41.2 million to our stockholders, respectively. The increase in dividends of 12% during 2006 was primarily related to the $200 million equity offering as described below under Equity Capital Transactions and an annual dividend rate increase of 8.2% in 2006.

Although base rent is supported by long-term lease contracts, tenants who file bankruptcy are able to cancel their leases and close the 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 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 8% of the total of our annual base rental revenues and our pro-rata share of the base revenues of the Unconsolidated Properties.

We expect to meet long-term capital requirements for redeemable preferred stock and units, maturing debt, the acquisition of real estate, investments in joint ventures, and the renovation or development of shopping centers 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 or our line of credit, and (v) equity raised in the private or public markets. At March 31, 2006, we had $123.6 million available for equity securities under our shelf registration and RCLP had $600.0 million available for debt under its shelf registration.

We intend to continue to grow our portfolio through new developments and acquisitions, either directly or through our joint venture relationships. 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. Capital necessary to complete developments-in-process will be funded from our line of credit and our capital recycling program as previously described. We expect that cash provided by operating activities, proceeds from the sale of real estate, unused amounts available under our line of credit and cash reserves are adequate to meet short-term and committed long-term liquidity requirements.

Shopping Center Developments, Acquisitions and Sales

On a Consolidated Basis, we had 30 projects under construction or undergoing major renovations at March 31, 2006, which, when completed, will represent an investment of $792.2 million before the estimated reimbursement of certain tenant-related costs and projected sales proceeds from adjacent land and out-parcels of $88.5 million. We estimate that we will earn an average return on our investment on these projects of 9.5% upon completion. This average return on investment is approximately 50 to 75 basis points less than our experience in prior years and is the result of higher costs associated with the acquisition of land and construction. While the average return on investment has decreased from historical experience, the Company believes the return on a risk adjusted basis is adequate. Costs necessary to complete the current in process developments are estimated to be $437.5 million and will likely be expended through 2009. The costs to complete these developments will be funded from the Company's unsecured line of credit, which had $392.0 million of available funding at March 31, 2006, and also from expected proceeds from the future sale of shopping centers as part of the capital recycling program described above.

During 2006, we sold 100% of our interest in four properties for net proceeds of $69.0 million. The 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 were $1.2 million and $6.8 million for the three months ended March 31, 2006 and 2005, respectively.

On April 11, 2006, we acquired 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 purchase and the results of its operations are included in the consolidated financial statements from the respective date of acquisition.

Off Balance Sheet Arrangements

Investments in Unconsolidated Real Estate Partnerships

At March 31, 2006, we had investments in real estate partnerships of $438.2 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 March 31, 2006 and December 31, 2005 (dollars in thousands):

	2006	2005
Number of Joint Ventures	15	15
Regency's Ownership	20%-50%	20%-50%
Number of Properties	177	180
Combined Assets	$ 4,276,078	$ 4,318,581
Combined Liabilities	2,510,910	2,533,991
Combined Equity	1,765,168	1,784,590
Regency's Share of (1) :		
Assets	$ 1,087,033	$ 1,383,069
Liabilities	632,127	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 the Regency, which include such items on a single line presentation under the equity method in the 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 and 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, as further described below. In addition to earning our pro-rata share of net income in each of these partnerships, they pay us fees for asset management, property management, and acquisition and disposition services. During the three months ended March 31, 2006 and 2005, we received fees from these joint ventures of $7.2 million and $3.2 million, respectively. Our investments in real estate partnerships as of March 31, 2006 and December 31, 2005 consist of the following (in thousands):

	Ownership	2006	2005
Macquarie CountryWide-Regency (MCWR I)	25.00%	$ 61,550	61,375
Macquarie CountryWide Direct (MCWR I)	25.00%	7,265	7,433
Macquarie CountryWide-Regency II (MCWR II) (1)	24.95%	254,570	363,563
Macquarie CountryWide-Regency III (MCWR II)	24.95%	302	606
Columbia Regency Retail Partners (Columbia)	20.00%	36,415	36,659
Cameron Village LLC (Columbia)	30.00%	21,481	21,633
Columbia Regency Partners II (Columbia)	20.00%	2,117	2,093
RegCal, LLC (RegCal)	25.00%	17,270	14,921
Other investments in real estate partnerships	50.00%	37,258	37,334
Total		$438,228	545,617

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

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 March 31, 2006, Columbia owned 16 shopping centers, had total assets of $462.2 million, and net income of $2.9 million for the three months ended. Our share of Columbia’s total assets and net income was $104.9 million and $571,507, respectively. Our share of Columbia represents 2.9% of our total assets and less than 1% of our net income available for common stockholders.

We co-invest with the California State Teachers’ Retirement System (“CalSTRS”) in a joint venture called (“RegCal”) in which we have a 25% ownership interest. As of March 31, 2006, RegCal owned eight shopping centers, had total assets of $171.7 million, and had net income of $391,846 for the three months ended. Our share of RegCal’s total assets and net income was $42.9 million and $122,653, respectively. Our share of RegCal represents 1.2% of our total assets and less than 1% net income available for common stockholders, respectively. During the three months ended March 31, 2006 RegCal acquired one shopping center from an unrelated party for a purchase price of $26.0 million. We contributed $2.6 million for our proportionate share of the purchase price, which was net of financing obtained 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 March 31, 2006, MCWR I owned 50 shopping centers, had total assets of $728.7 million, and net income of $7.9 million. Our share of MCWR I's total assets and net income was $182.3 million and $2.3 million, respectively. During the three months ended March 31, 2006, MCWR I sold one shopping center for $18.2 million to an unrelated party for a gain of $5.2 million.

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 on the partial sale of our interest of $9.5 million. The proceeds from the sale were used to reduce our unsecured line of credit. At March 31, 2006, MCWR II is owned 75% by MCW's affiliate, 24.90% by Regency and 0.1% by U S 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.

As of March 31, 2006, MCWR II owned 97 shopping centers, had total assets of $2.8 billion and a net loss of $8.7 million. Our share of MCWR II's total assets and net loss was $699.3 million and $2.4 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 the three months ended March 31, 2006, MCWR II sold three shopping centers for $26.2 million to unrelated parties for a gain of $32,524.

Our investment in the four joint ventures with MCW totals $323.7 million and represents 9.1% of our total assets at March 31, 2006. Our pro-rata share of the assets and net loss of these ventures was $881.6 million and $91,822, respectively, which represents 24.7% and less than 1% of our total assets and net income available for common stockholders, respectively.

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, and the joint ventures with MCW 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.

Shopping center acquisitions, sales and the net acquisitions or sales activities within our investments in real estate partnerships are included in investing activities in the accompanying consolidated statements of cash flows. Net cash provided by investing activities was $127.1 million and $3.6 million for the three months ended March 31, 2006 and 2005, respectively.

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Notes Payable

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

	2006	2005
Notes Payable:		
Fixed rate mortgage loans	$ 162,292	175,403
Variable rate mortgage loans	77,874	77,906
Fixed rate unsecured loans	1,198,682	1,198,633
Total notes payable	1,438,848	1,451,942
Unsecured line of credit	108,000	162,000
Total	$ 1,546,848	1,613,942

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 150 basis points. Fixed interest rates on mortgage loans range from 5.22% to 8.95% and average 6.61%.

We have 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 balance of the Line on March 31, 2006 was $108 million. Contractual interest rates on the Line, which are based on LIBOR plus .75%, were 5.375% and 5.125% at March 31, 2006 and December 31, 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”), Secured Indebtedness to GAV 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.

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

Scheduled Payments by Year	Scheduled Principal Payments	Term Loan Maturities	Total Payments
Current year	$ 3,124	16,124	19,248
2007 (includes the Line)	3,577	202,407	205,984
2008	3,429	19,617	23,046
2009	3,435	53,090	56,525
2010	3,281	177,186	180,467
2011	3,289	251,090	254,379
Beyond 5 Years	8,711	796,013	804,724
Unamortized debt premiums	—	2,475	2,475
Total	$ 28,846	1,518,002	1,546,848

Our investments in real estate partnerships had notes and mortgage loans payable of $2.4 billion at March 31, 2006, which mature through 2028. Our proportionate share of these loans was $593.3 million, of which 91.9% 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 100 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 consider entering into interest-rate hedging arrangements. We do not utilize derivative financial instruments for trading or speculative purposes. 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 $200 million ten-year fixed rate financing expected to occur in 2010 and $200 million of ten-year fixed rate financing to occur in 2011. The change in fair value of these swaps was an asset of $2.8 million at March 31, 2006, and is recorded in other assets in the accompanying balance sheet and in accumulated other comprehensive income (loss) in the consolidated statement of stockholders' equity and comprehensive income (loss).

At March 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. At March 31, 2006, our variable rate debt represented 12.0% of our total debt. Based upon the variable interest-rate debt outstanding at March 31, 2006, if variable interest rates were to increase by 1%, our annual interest expense would increase by $1.9 million.

Equity Capital 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 March 31, 2006 and December 31, 2005, only the Series D Preferred Units were outstanding, had a face value of $50 million, and had 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 March 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 depository 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 the sale were used to reduce the unsecured line of credit and redeem the Series E Preferred Units.

In summary, net cash used in financing activities was $111.3 million and $65.3 million for the three months ended March 31, 2006 and 2005.

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.

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 substantial 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 have an investment services group with an established infrastructure that supports the due diligence, land acquisition, construction, leasing and accounting of our development properties. All direct costs related to these activities are capitalized. Included in these costs are interest and real estate taxes incurred during construction, as well as estimates for the portion of internal costs that are incremental and deemed directly or indirectly related to our development activity. 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 and 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 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 shopping centers held in the joint ventures in the same way that we conduct the business of our wholly-owned shopping centers; therefore, the Critical Accounting Policies as described are also applicable to our investments in the joint ventures and the fees that we earn. 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 and dispositions, financings, annual budgets and dissolution of the ventures are subject to the approval of all partners.

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 April 2006, the Financial Accounting Standards Board ("FASB") issued FASB Staff Position ("FSP") FIN 46(R)-6, "Determining the Variability to Be Considered in Applying FASB Interpretation No. 46(R)", that will become effective beginning 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 is not expected to have a material effect on the Company's 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".

In June 2005, the FASB ratified the EITF's consensus on 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." This consensus establishes the presumption that general partners in a limited partnership control that limited partnership regardless of the extent of the general partners' ownership interest in the limited partnership. The consensus further establishes that the rights of the limited partners can overcome the presumption of control by the general partners, if the limited partners have either (a) the substantive ability to dissolve (liquidate) the limited partnership or otherwise remove the general partners without cause or (b) substantive participating rights. Whether the presumption of control is overcome is a matter of judgment based on the facts and circumstances, for which the consensus provides additional guidance. This consensus is currently applicable to us for new partnerships created in 2005, and will be applicable to all partnerships beginning January 1, 2006. This consensus applies to limited partnerships or similar entities, such as limited liability companies that have governing provisions that are the functional equivalent of a limited partnership. We have applied EITF Issue No. 04-5 to our joint ventures and concluded that it does not require the consolidation of additional entities.

In May 2005, the FASB issued SFAS No. 154, Accounting Changes and Error Corrections ("Statement 154"). Statement 154 requires restatement of prior periods' financial statements for changes in accounting principle, unless it is impracticable to determine either the period-specific effects or the cumulative effect of the change. Statement 154 also requires that retrospective application of a change in accounting principle be limited to the direct effects of the change. Statement 154 is effective for accounting changes and corrections of errors made in fiscal years beginning after December 15, 2005. We are not currently aware of any future potential accounting changes which would require the retrospective application described in Statement 154.

In March 2005 the FASB issued FIN 47, Accounting for Asset Retirement Obligations (as amended). FIN 47 clarifies that the term conditional asset retirement obligation as used in FASB Statement No. 143, Accounting for Asset Retirement Obligations, refers to a legal obligation to perform an asset retirement activity in which the timing and (or) method of settlement are conditional on a future event that may or may not be within the control of the entity. The obligation to perform the asset retirement activity is unconditional even though uncertainty exists about the timing and (or) method of settlement. Thus, the timing and (or) method of settlement may be conditional on a future event. Accordingly, an entity is required to recognize a liability for the fair value of a conditional asset retirement obligation if the fair value of the liability can be reasonably estimated. FIN 47 is effective for fiscal years ending after December 15, 2005. We are not currently aware of any asset retirement obligations beyond those currently recorded in the consolidated balance sheets which would have a material effect on our financial condition.

In December 2004, the FASB issued Statement No. 153, Exchange of Non-monetary Assets—an amendment of APB Opinion No 29 ("Statement 153"). The guidance in APB Opinion No. 29, Accounting for Non-monetary Transactions, is based on the principle that exchanges of non-monetary assets should be measured based on the fair value of the assets exchanged. The guidance in that Opinion, however, included certain exceptions to that principle. Statement 153 amends Opinion No. 29 to eliminate the exception for non-monetary assets that do not have commercial substance. A non-monetary exchange has commercial substance if the future cash flows of the entity are expected to change significantly as a result of the exchange. Statement 153 is effective for non-monetary asset exchanges occurring in fiscal periods beginning after June 15, 2005. The impact of adopting Statement 153 has not had a material adverse impact on the Company's financial position or results of operations.

Results from Operations

Comparison of the three months ended March 31, 2006 to 2005

At March 31, 2006, on a Combined Basis, we were operating or developing 386 shopping centers, as compared to 393 shopping centers at the end of 2005. We identify our shopping centers as either development properties or stabilized 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 March 31, 2006 and 2005, on a Combined Basis, we were developing 31 properties.

Our revenues increased by $8.1 million, or 8%, to $104.1 million in 2006. The increase in revenues was related to changes in occupancy in the portfolio of stabilized and development properties, growth in re-leasing rental rates and revenues from new developments commencing operations in the current year. In addition to collecting minimum rent from our tenants for the GLA that they lease from us, we also collect percentage rent based upon tenant sales. Tenants are also responsible for reimbursing us for their pro-rata share of the expenses associated with operating our shopping centers. In 2006, our minimum rent increased by $5.1 million, or 7%, and our recoveries from tenants increased $840,698, or 4%. Percentage rent was $437,456 in 2006, compared with $528,333 in 2005.

We receive fees for asset management, property management, and acquisition and disposition services that we provide to our joint ventures. During the three months ended March 31, 2006 and 2005, we received fees from these joint ventures of $7.2 million and $3.2 million, respectively.

The equity in income of real estate partnerships declined $1.6 million to $754,504 in 2006. The decrease was a result of depreciation and amortization expense recorded in accordance with Statement 141 by MCWR II since the 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 $6.4 million, or 12%, to $58.7 million in 2006 related to increased operating and maintenance costs, general and administrative costs and depreciation expense, as further described below.

Our combined operating, maintenance, and real estate taxes increased by $515,372, or 2%, for the three months ended March 31, 2006 to $23.1 million. This increase was primarily due to shopping center developments that recently began operating; and therefore, did not incur operating expenses for the comparable quarter in the previous year.

Our general and administrative expenses increased $2.2 million to $10.8 million during 2006. The increase is related to additional salary costs for new employees hired during 2005 and 2006 to manage the First Washington Portfolio under a property management agreement with MCWR II.

Our depreciation and amortization expense increased $1.5 million to $21.1 million in 2006 primarily related to new development properties placed in service in the current year that had no operations during the comparable prior year period.

Our net interest expense decreased $923,421 to $19.5 million in 2006 from $20.4 million in 2005. This decrease is attributable to a lower line of credit balance at March 31, 2006 of $108 million compared to $175 million at March 31, 2005 and the $350 debt offering completed in July 2005 with a fixed interest rate of 5.25%. Average interest rates on our outstanding debt decreased to 6.34% at March 31, 2006 compared to 6.41% at March 31, 2005. Our weighted average outstanding debt at March 31, 2006 was $1.6 billion compared to $1.5 billion at March 31, 2005.

Gains from the sale of operating properties and properties in development during 2006 includes $6.2 million in gains from the sale of 11 out-parcels for proceeds of $11.5 million; as well as a $9.5 million gain related to the partial sale of our interest in MCWR II discussed previously. In 2005, the gains from the sale of operating and development properties included $2.1 million from the sale of six out-parcels for proceeds of $4.2 million and $4.4 million in gains 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 and 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.

Income from discontinued operations was $31.3 million in 2006 related to four properties sold to unrelated parties for net proceeds of $69.0 million. Income from discontinued operations was $11.3 million in 2005 related to the operations of shopping centers sold or classified as held-for-sale in 2006 as well as 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 partnership units totaling $521,755 and $254,831, for the three months ended March 31, 2006 and 2005, respectively, and income taxes totaling $2.2 million for the three months ended March 31, 2005.

Minority interest of preferred units declined $1.2 million to $931,248 in 2006 as a result of redeeming $54 million of preferred units in 2005. Preferred stock dividends increased $1.3 million to $4.9 million in 2006 as a result of the issuance of $75 million of preferred stock in 2005.

Net income for common stockholders increased $31.2 million to $65.9 million in 2006 as compared with $34.7 million in 2005. Diluted earnings per share were $.97 in 2006, compared with $.55 in 2005, or 76% higher, a result of the increase in net income and an increase in weighted average common shares associated with the sale of approximately 4.3 million shares in August 2005.

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 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 $4.0 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 Regency's 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 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 3. 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 have no plans to 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 March 31, 2006, by year of expected maturity to evaluate the expected cash flows and sensitivity to interest-rate changes.

	2006	2007	2008	2009	2010	2011	Thereafter	Total	Fair Value
Fixed rate debt	$12,312	27,046	23,046	56,525	180,467	254,379	804,724	1,358,499	1,354,608
Average interest rate for all fixed rate debt	6.68%	6.65%	6.64%	6.59%	6.29%	5.79%	5.79%	6.68%	6.65%
Variable rate LIBOR debt	$ 6,936	178,938	—	—	—	—	—	185,874	185,874
Average interest rate for all variable rate debt	5.14%	5.14%	—	—	—	—	—	5.14%	—

As the table incorporates only those exposures that exist as of March 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.

Item 4. Controls and Procedures

Under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer, Chief Operating Officer and Chief Financial Officer, the Company has evaluated the effectiveness of the design and operation of its disclosure controls and procedures as of the end of the period covered by this report, and, based on their evaluation, the Chief Executive Officer, Chief Operating Officer and Chief Financial Officer have concluded that these disclosure controls and procedures are effective. There have been no changes in the Company's internal controls over financial reporting identified in connection with this evaluation that occurred during the period covered by this report and that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

PART I – OTHER INFORMATION

Item 1. Legal Proceedings

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

Item 1A. Risk Factors

There have been no material changes from the risk factors disclosed in Item 1A. of Part I of our Form 10-K for the year ended December 31, 2005.

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

(a) We sold the following equity securities during the quarter ended March 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 a total of four accredited investors in transactions exempt from registration pursuant to Section 4(2) of the Securities Act of 1933, in exchange for an equal number of exchangeable common units of our operating partnership, Regency Centers, L.P.

Date	Number of Shares
1/12/06	5,100
1/30/06	23,116
2/8/06	58,139
2/16/06	9,659
3/10/06	15,000

(b) None

(c) Issuer Purchases of Equity Securities

Period	Total number of shares purchased [(1)]	(a) Average price paid per share	(b) Total number of shares purchased as part of publicly announced plans or programs	(c) Maximum number or approximate dollar value of shares that may yet be purchased under the plans or programs
January 1 through January 31, 2006	91,237	$ 63.76	—	—
February 1 through February 28, 2006	24,868	$ 63.62	—	—
March 1 through March 31, 2006	12,774	68.40	—	—
Total	128,879	64.76	—	—

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

Item 3. Defaults Upon Senior Securities

None

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

None

Item 5. Other Information

None

Item 6. Exhibits

Exhibit No.	Description
3.1	Amended and Restated Bylaws of the Company, as last amended January 31, 2006.
10.1	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 (US) NO. 2 LLC, Regency Centers, L.P., and Macquarie-Regency Management, LLC.
10.2	Amendment 1 to Long Term Omnibus Plan adopted January 31, 2006.
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.

SIGNATURE

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

Date: May 8, 2006	REGENCY CENTERS CORPORATION
	By: */s/ J. Christian Leavitt*
	Senior Vice President and Principal Accounting Officer

AMENDED AND RESTATED BYLAWS

OF

REGENCY CENTERS CORPORATION

formerly Regency Realty Corporation

(a Florida corporation)

as last amended on
January 31, 2006

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ARTICLE 1

Definitions

Section 1.1 Definitions. The following terms shall have the following meanings for purposes of these bylaws:

"Act" means the Florida Business Corporation Act, as it may be amended from time to time, or any successor legislation thereto.

"Deliver" or "delivery" means any method of delivery used in conventional commercial practice, including delivery by hand, mail, commercial delivery and electronic transmission.

"Distribution" means a direct or indirect transfer of money or other property (except shares in the corporation) or an incurrence of indebtedness by the corporation to or for the benefit of shareholders in respect of any of the corporation's shares. A distribution may be in the form of a declaration or payment of a dividend; a purchase, redemption, or other acquisition of shares; a distribution of indebtedness; or otherwise.

"Electronic transmission" or "electronically transmitted" means any process of communication not directly involving the physical transfer of paper that is suitable for the retention, retrieval and reproduction of information by the recipient. For purposes of proxy voting, the term includes, but is not limited to, facsimile transmission, telegrams, cablegrams, telephone transmissions and transmissions through the Internet.

"Notice" means written notice and includes, but is not limited to, notice by electronic transmission. Notice shall be effective if given by a single written notice to shareholders who share an address, to the extent permitted by the Act.

"Principal office" means the office (within or without the State of Florida) where the corporation's principal executive offices are located, as designated in the annual report filed with the Florida Department of State.

ARTICLE 2

Offices

Section 2.1 Principal and Business Offices. The corporation may have such principal and other business offices, either within or without the State of Florida, as the Board of Directors may designate or as the business of the corporation may require from time to time.

Section 2.2 Registered Office. The registered office of the corporation required by the Act to be maintained in the State of Florida may but need not be identical with the principal office if located in the State of Florida, and the address of the registered office may be changed from time to time by the Board of Directors or by the registered agent. The business office of the registered agent of the corporation shall be identical to such registered office.

ARTICLE 3

Shareholders

Section 3.1 Annual Meeting. The annual meeting of shareholders shall be held within five months after the close of each fiscal year of the corporation on a date and at a time and place designated by the Board of Directors, for the purpose of electing directors and for the transaction of such other business as may come before the meeting. If the election of directors shall not be held on the day fixed as herein provided for any annual meeting of shareholders, or at any adjournment thereof, the Board of Directors shall cause the election to be held at a special meeting of shareholders as soon thereafter as is practicable.

Section 3.2 Special Meetings.

(a) Call by Directors or President. Special meetings of shareholders, for any purpose or purposes, may be called by the Board of Directors, the Chairman of the Board, the Lead Director (if any) or the President.

(b) Call by Shareholders. The corporation shall call a special meeting of shareholders in the event that the holders of at least ten percent of all of the votes entitled to be cast on any issue proposed to be considered at the proposed special meeting sign, date, and deliver to the Secretary one or more written demands for the meeting describing one or more purposes for which it is to be held. The corporation shall give notice of such a special meeting within sixty days after the date that the demand is delivered to the corporation.

Section 3.3 Place of Meeting. The Board of Directors may designate any place, either within or without the State of Florida, as the place of meeting for any annual or special meeting of shareholders. If no designation is made, the place of meeting shall be the principal office of the corporation.

Section 3.4 Notice of Meeting.

(a) Content and Delivery. Written notice stating the date, time, and place of any meeting of shareholders and, in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than ten days nor more than sixty days before the date of the meeting by or at the direction of the President or the Secretary, or the officer or persons duly calling the meeting, to each shareholder of record entitled to vote at such meeting and to such other persons as required by the Act. Unless the Act requires otherwise, notice of an annual meeting need not include a description of the purpose or purposes for which the meeting is called. If mailed, notice of a meeting of shareholders shall be deemed to be delivered when deposited in the United States mail, addressed to the shareholder at his or her address as it appears on the stock record books of the corporation, with postage thereon prepaid.

(b) Notice of Adjourned Meetings. If an annual or special meeting of shareholders is adjourned to a different date, time, or place, the corporation shall not be required to give notice of the new date, time, or place if the new date, time, or place is announced at the meeting before adjournment; provided, however, that if a new record date for an adjourned meeting is or must be fixed, the corporation shall give notice of the adjourned meeting to persons who are shareholders as of the new record date who are entitled to notice of the meeting.

(c) No Notice Under Certain Circumstances. Notwithstanding the other provisions of this Section, no notice of a meeting of shareholders need be given to a shareholder if: (1) an annual report and proxy statement for two consecutive annual meetings of shareholders, or (2) all, and at least two, checks in payment of dividends or interest on securities during a twelve-month period have been sent by first-class, United States mail, addressed to the shareholder at his or her address as it appears on the share transfer books of the corporation, and returned undeliverable. The obligation of the corporation to give notice of a shareholders' meeting to any such shareholder shall be reinstated once the corporation has received a new address for such shareholder for entry on its share transfer books.

Section 3.5 Waiver of Notice.

(a) Written Waiver. A shareholder may waive any notice required by the Act or these bylaws before or after the date and time stated for the meeting in the notice. The waiver shall be in writing and signed by the shareholder entitled to the notice, and be delivered to the corporation for inclusion in the minutes or filing with the corporate records. Neither the business to be transacted at nor the purpose of any regular or special meeting of shareholders need be specified in any written waiver of notice.

(b) Waiver by Attendance. A shareholder's attendance at a meeting, in person or by proxy, waives objection to all of the following: (1) lack of notice or defective notice of the meeting, unless the shareholder at the beginning of the meeting objects to holding the meeting or transacting business at the meeting; and (2) consideration of a particular matter at the meeting that is not within the purpose or purposes described in the meeting notice, unless the shareholder objects to considering the matter when it is presented.

Section 3.6 Fixing of Record Date.

(a) General. The Board of Directors may fix in advance a date as the record date for the purpose of determining shareholders entitled to notice of a shareholders' meeting, entitled to vote, or take any other action. In no event may a record date fixed by the Board of Directors be a date preceding the date upon which the resolution fixing the record date is adopted or a date more than seventy days before the date of meeting or action requiring a determination of shareholders.

(b) Special Meeting. The record date for determining shareholders entitled to demand a special meeting shall be the close of business on the date the first shareholder delivers his or her demand to the corporation.

(c) Shareholder Action by Written Consent. If no prior action is required by the Board of Directors pursuant to the Act, the record date for determining shareholders entitled to take action without a meeting shall be the close of business on the date the first signed written consent with respect to the action in question is delivered to the corporation, but if prior action is required by the Board of Directors pursuant to the Act, such record date shall be the close of business on the date on which the Board of Directors adopts the resolution taking such prior action unless the Board of Directors otherwise fixes a record date.

(d) Absence of Board Determination for Shareholders' Meeting. If the Board of Directors does not determine the record date for determining shareholders entitled to notice of and to vote at an annual or special shareholders' meeting, such record date shall be the close of business on the day before the first notice with respect thereto is delivered to shareholders.

(e) Adjourned Meeting. A record date for determining shareholders entitled to notice of or to vote at a shareholders' meeting is effective for any adjournment of the meeting unless the

Board of Directors fixes a new record date, which it must do if the meeting is adjourned to a date more than 120 days after the date fixed for the original meeting.

Section 3.7 Shareholders' List for Meetings.

(a) Preparation and Availability. After a record date for a meeting of shareholders has been fixed, the corporation shall prepare an alphabetical list of the names of all of the shareholders entitled to notice of the meeting. The list shall be arranged by class or series of shares, if any, and show the address of and number of shares held by each shareholder. Such list shall be available for inspection by any shareholder for a period of ten days prior to the meeting or such shorter time as exists between the record date and the meeting date, and continuing through the meeting, at the corporation's principal office, at a place identified in the meeting notice in the city where the meeting will be held, or at the office of the corporation's transfer agent or registrar, if any. A shareholder or his or her agent or attorney may, on written demand, inspect the list, subject to the requirements of the Act, during regular business hours and at his or her expense, during the period that it is available for inspection pursuant to this Section. The corporation shall make the shareholders' list available at the meeting and any shareholder or his or her agent or attorney may inspect the list at any time during the meeting or any adjournment thereof.

(b) Prima Facie Evidence. The shareholders' list is prima facie evidence of the identity of shareholders entitled to examine the shareholders' list or to vote at a meeting of shareholders.

(c) Failure to Comply. If the requirements of this Section have not been substantially complied with, or if the corporation refuses to allow a shareholder or his or her agent or attorney to inspect the shareholders' list before or at the meeting, on the demand of any shareholder, in person or by proxy, who failed to get such access, the meeting shall be adjourned until such requirements are complied with.

(d) Validity of Action Not Affected. Refusal or failure to prepare or make available the shareholders' list shall not affect the validity of any action taken at a meeting of shareholders.

Section 3.8 Conduct of Meetings by Remote Communication.

The Board of Directors may adopt guidelines and procedures for shareholders and proxy holders not physically present at an annual or special meeting of shareholders to participate in the meeting, be deemed present in person, vote, communicate and read or hear the proceedings of the meeting substantially concurrently with such proceedings, all by means of remote communication. The Board of Directors may adopt procedures and guidelines for the conduct of an annual or special meeting solely by means of remote communication rather than holding the meeting at a designated place.

Section 3.9 Quorum.

(a) What Constitutes a Quorum. Shares entitled to vote as a separate voting group may take action on a matter at a meeting only if a quorum of those shares exists with respect to that matter. If the corporation has only one class of stock outstanding, such class shall constitute a separate voting group for purposes of this Section. Except as otherwise provided in the Act, a majority of the votes entitled to be cast on the matter shall constitute a quorum of the voting group for action on that matter.

(b) Presence of Shares. Once a share is represented for any purpose at a meeting, other than for the purpose of objecting to holding the meeting or transacting business at the meeting, it is considered present for purposes of determining whether a quorum exists for the remainder of the meeting and for any adjournment of that meeting unless a new record date is or must be set for the adjourned meeting.

(c) Adjournment in Absence of Quorum. Where a quorum is not present, the holders of a majority of the shares represented and who would be entitled to vote at the meeting if a quorum were present may adjourn such meeting from time to time.

Section 3.10 Voting of Shares. Except as provided in the Articles of Incorporation or the Act, each outstanding share, regardless of class, is entitled to one vote on each matter voted on at a meeting of shareholders.

Section 3.11 Vote Required.

(a) Matters Other Than Election of Directors. If a quorum exists, except in the case of the election of directors, action on a matter shall be approved if the votes cast favoring the action exceed the votes cast opposing the action, unless the Act or the Articles of Incorporation require a greater number of affirmative votes.

(b) Election of Directors. Each director shall be elected by a plurality of the votes cast by the shares entitled to vote in the election of directors at a meeting at which a quorum is present. Each shareholder who is entitled to vote at an election of directors has the right to vote the number of shares owned by him or her for as many persons as there are directors to be elected. Shareholders do not have a right to cumulate their votes for directors.

Section 3.12 Conduct of Meeting. The Chairman of the Board of Directors, and in his or her absence, the Lead Director (if any), and in his or her absence, the President, and in his or her absence, a Vice President in the order provided under the Section of these bylaws titled "Vice Presidents," and in their absence, any person chosen by the shareholders present shall call a shareholders' meeting to order and shall act as presiding officer of the meeting, and the Secretary of the corporation shall act as secretary of all meetings of the shareholders, but, in the absence of the Secretary, the presiding officer may appoint any other person to act as secretary of the meeting. The presiding officer of the meeting shall have broad discretion in determining the order of business at a shareholders' meeting. The presiding officer's authority to conduct the meeting shall include, but in no way be limited to, recognizing shareholders entitled to speak, calling for the necessary reports, stating questions and putting them to a vote, calling for nominations, and announcing the results of voting. The presiding officer also shall take such actions as are necessary and appropriate to preserve order at the meeting. The rules of parliamentary procedure need not be observed in the conduct of shareholders' meetings; however, meetings shall be conducted in accordance with accepted usage and common practice with fair treatment to all who are entitled to take part.

Section 3.13 Inspectors of Election. Inspectors of election may be appointed by the Board of Directors to act at any meeting of shareholders at which any vote is taken. If inspectors of election are not so appointed, the presiding officer of the meeting may, and on the request of any shareholder shall, make such appointment. The inspectors of election shall determine the number of shares outstanding, the voting rights with respect to each, the shares represented at the meeting, the existence of a quorum, and the authenticity, validity, and effect of proxies; receive votes, ballots, consents, and waivers; hear and determine all challenges and questions arising in connection with the vote; count and tabulate all votes, consents, and waivers; determine and announce the result; and do such acts as are proper to conduct the election or vote with fairness to all shareholders. No inspector, whether appointed by the Board of Directors or by the person acting as presiding officer of the meeting, need be a shareholder.

Section 3.14 Proxies.

(a) Appointment. At all meetings of shareholders, a shareholder or attorney-in-fact for a shareholder may vote the shareholder's shares in person or by proxy. If an appointment form expressly provides, any proxy holder may appoint, in writing, a substitute to act in his or her place. A shareholder or attorney-in-fact for a shareholder may appoint a proxy to vote or otherwise act for the shareholder by signing an appointment form or by electronic transmission. Any type of electronic transmission appearing to have been, or containing or accompanied by such information or obtained under such procedures to reasonably ensure that the electronic transmission was, transmitted or authorized by such person is a sufficient appointment, subject to the verification requested by the corporation under Section 3.17 of these bylaws and Section 607.0724, Florida Statutes. The appointment may be signed by any reasonable means, including, but not limited to, facsimile or electronic signature. Any copy, facsimile transmission or other reliable reproduction of the writing or electronic transmission of the appointment may be substituted or used in lieu of the original writing or electronic transmission for any purpose for which the original writing or electronic transmission could be used if the copy, facsimile transmission or other reproduction is a complete reproduction of the entire original writing or electronic transmission.

(b) When Effective. An appointment of a proxy is effective when received by the Secretary or other officer or agent of the corporation authorized to tabulate votes. An appointment is valid for up to eleven months unless a longer period is expressly provided in the appointment form. An appointment of a proxy is revocable by the shareholder unless the appointment form conspicuously states that it is irrevocable and the appointment is coupled with an interest.

Section 3.15 Shareholder Nominations and Proposals. Any shareholder nomination or proposal for action at a forthcoming shareholder meeting must be delivered to the corporation no later than the deadline for submitting shareholder proposals pursuant to Securities Exchange Commission Regulations Section 240.14a-8. The presiding officer at any shareholder meeting shall not be required to recognize any proposal or nomination which did not comply with such deadline.

Section 3.16 Action by Shareholders Without Meeting.

(a) Requirements for Written Consents. Any action required or permitted by the Act to be taken at any annual or special meeting of shareholders may be taken without a meeting, without prior notice, and without a vote if one or more written consents describing the action taken shall be signed and dated by the holders of outstanding stock entitled to vote thereon having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted. Such consents must be delivered to the principal office of the corporation in Florida, the corporation's principal place of business, the Secretary, or another officer or agent of the corporation having custody of the books in which proceedings of meetings of shareholders are recorded. No written consent shall be effective to take the corporate action referred to therein unless, within sixty days of the date of the earliest dated consent delivered in the manner required herein, written consents signed by the number of holders required to take action are delivered to the corporation by delivery as set forth in this Section.

(b) Revocation of Written Consents. Any written consent may be revoked prior to the date that the corporation receives the required number of consents to authorize the proposed action. No revocation is effective unless in writing and until received by the corporation at its principal office in Florida or its principal place of business, or received by the Secretary or other officer or agent having custody of the books in which proceedings of meetings of shareholders are recorded.

(c) Notice to Nonconsenting Shareholders. Within ten days after obtaining such authorization by written consent, notice must be given in writing to those shareholders who have not consented in writing or who are not entitled to vote on the action. The notice shall fairly summarize the material features of the authorized action and, if the action be such for which dissenters' rights are provided under the Act, the notice shall contain a clear statement of the right of shareholders dissenting therefrom to be paid the fair value of their shares upon compliance with the provisions of the Act regarding the rights of dissenting shareholders.

(d) Same Effect as Vote at Meeting. A consent signed under this Section has the effect of a meeting vote and may be described as such in any document. Whenever action is taken by written consent pursuant to this Section, the written consent of the shareholders consenting thereto or the written reports of inspectors appointed to tabulate such consents shall be filed with the minutes of proceedings of shareholders.

Section 3.17 Acceptance of Instruments Showing Shareholder Action. If the name signed on a vote, consent, waiver, or proxy appointment corresponds to the name of a shareholder, the corporation, if acting in good faith, may accept the vote, consent, waiver, or proxy appointment and give it effect as the act of a shareholder. If the name signed on a vote, consent, waiver, or proxy appointment does not correspond to the name of a shareholder, the corporation, if acting in good faith, may accept the vote, consent, waiver, or proxy appointment and give it effect as the act of the shareholder if any of the following apply:

(a) The shareholder is an entity and the name signed purports to be that of an officer or agent of the entity;

(b) The name signed purports to be that of a administrator, executor, guardian, personal representative, or conservator representing the shareholder and, if the corporation requests, evidence of fiduciary status acceptable to the corporation is presented with respect to the vote, consent, waiver, or proxy appointment;

(c) The name signed purports to be that of a receiver or trustee in bankruptcy, or assignee for the benefit of creditors of the shareholder and, if the corporation requests, evidence of this status acceptable to the corporation is presented with respect to the vote, consent, waiver, or proxy appointment;

(d) The name signed purports to be that of a pledgee, beneficial owner, or attorney-in-fact of the shareholder and, if the corporation requests, evidence acceptable to the corporation of the signatory's authority to sign for the shareholder is presented with respect to the vote, consent, waiver, or proxy appointment; or

(e) Two or more persons are the shareholder as cotenants or fiduciaries and the name signed purports to be the name of at least one of the co-owners and the person signing appears to be acting on behalf of all co-owners.

The corporation may reject a vote, consent, waiver, or proxy appointment if the Secretary or other officer or agent of the corporation who is authorized to tabulate votes, acting in good faith, has reasonable basis for doubt about the validity of the signature on it or about the signatory's authority to sign for the shareholder.

ARTICLE 4

Board of Directors

Section 4.1 General Powers and Number. All corporate powers shall be exercised by or under the authority of, and the business and affairs of the corporation managed under the direction of, the Board of Directors, a majority of whom shall be Independent Directors. The number of directors shall be established from time to time by resolution of the Board of Directors, but no such resolution shall increase or decrease the number of directors by more than one without the approval of shareholders pursuant to Section 3.11(a). For purposes of this section, “Independent Director” shall mean a person other than an officer or employee of the corporation or its subsidiaries or any other individual having a relationship which, in the opinion of the board of directors, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director.

Section 4.2 Qualifications. Directors must be natural persons who are eighteen years of age or older but need not be residents of this state or shareholders of the corporation.

Section 4.3 Term of Office. The term of each director shall expire at the next annual meeting of shareholders following his or her election or until his or her successor is elected and qualifies.

Section 4.4 Removal. The shareholders may remove one or more directors with or without cause. A director may be removed by the shareholders at a meeting of shareholders, provided that the notice of the meeting states that the purpose, or one of the purposes, of the meeting is such removal. If a director is elected by a voting group, only the shareholders of that voting group may participate in the vote to remove the director.

Section 4.5 Resignation. A director may resign at any time by delivering written notice to the Board of Directors or its Chairman or to the corporation. A director’s resignation is effective when the notice is delivered unless the notice specifies a later effective date.

Section 4.6 Vacancies.

(a) Who May Fill Vacancies. Except as provided below, whenever any vacancy occurs on the Board of Directors, including a vacancy resulting from an increase in the number of directors, it may be filled by the affirmative vote of a majority of the remaining directors though less than a quorum of the Board of Directors, or by the shareholders. Any director elected in accordance with the preceding sentence shall hold office until the next annual meeting of the corporation. If the directors first fill a vacancy, the shareholders shall have no further right with respect to that vacancy, and if the shareholders first fill the vacancy, the directors shall have no further rights with respect to that vacancy.

(b) Directors Elected by Voting Groups. Whenever the holders of shares of any voting group are entitled to elect a class of one or more directors by the provisions of the Articles of Incorporation, vacancies in such class may be filled by holders of shares of that voting group or by a majority of the directors then in office elected by such voting group or by a sole remaining director so elected. If no director elected by such voting group remains in office, unless the Articles of Incorporation provide otherwise, directors not elected by such voting group may fill vacancies.

(c) Prospective Vacancies. A vacancy that will occur at a specific later date, because of a resignation effective at a later date or otherwise, may be filled before the vacancy occurs, but the new director may not take office until the vacancy occurs.

Section 4.7 Compensation. The Board of Directors, irrespective of any personal interest of any of its members, may establish reasonable compensation of all directors for services to the corporation as directors, officers, or otherwise, or may delegate such authority to an appropriate committee. The Board of Directors also shall have authority to provide for or delegate authority to an appropriate committee to provide for reasonable pensions, disability or death benefits, and other benefits or payments, to directors, officers, and employees and to their families, dependents, estates, or beneficiaries on account of prior services rendered to the corporation by such directors, officers, and employees.

Section 4.8 Regular Meetings. A regular meeting of the Board of Directors shall be held without other notice than this bylaw immediately after the annual meeting of shareholders and each adjourned session thereof. The place of such regular meeting shall be the same as the place of the meeting of shareholders which precedes it, or such other suitable place as may be announced at such meeting of shareholders. The Board of Directors may provide, by resolution, the date, time, and place, either within or without the State of Florida, for the holding of additional regular meetings of the Board of Directors without notice other than such resolution.

Section 4.9 Special Meetings. Special meetings of the Board of Directors may be called by the Chairman of the Board, the Lead Director (if any), the President or one-third of the members of the Board of Directors. The person or persons calling the meeting may fix any place, either within or without the State of Florida, as the place for holding any special meeting of the Board of Directors, and if no other place is fixed, the place of the meeting shall be the principal office of the corporation in the State of Florida.

Section 4.10 Notice. Special meetings of the Board of Directors must be preceded by at least two days' notice of the date, time, and place of the meeting. The notice need not describe the purpose of the special meeting.

Section 4.11 Waiver of Notice. Notice of a meeting of the Board of Directors need not be given to any director who signs a waiver of notice either before or after the meeting. Attendance of a director at a meeting shall constitute a waiver of notice of such meeting and waiver of any and all objections to the place of the meeting, the time of the meeting, or the manner in which it has been called or convened, except when a director states, at the beginning of the meeting or promptly upon arrival at the meeting, any objection to the transaction of business because the meeting is not lawfully called or convened.

Section 4.12 Quorum and Voting. A quorum of the Board of Directors consists of a majority of the number of directors prescribed by these bylaws. If a quorum is present when a vote is taken, the affirmative vote of a majority of directors present is the act of the Board of Directors. A director who is present at a meeting of the Board of Directors or a committee of the Board of Directors when corporate action is taken is deemed to have assented to the action taken unless: (a) he or she objects at the beginning of the meeting (or promptly upon his or her arrival) to holding it or transacting specified business at the meeting; or (b) he or she votes against or abstains from the action taken.

Section 4.13 Conduct of Meetings.

(a) Presiding Officer. The Board of Directors shall elect from among its members a Chairman of the Board of Directors, who shall preside at meetings of the Board of Directors. If the Chairman is an employee of the corporation, the Board of Directors shall elect from among its members a Lead Director, who shall preside at executive sessions of the Board at which employees of the corporation or any of its subsidiaries shall not be present. The Chairman, and in his or her absence, the Lead Director, and in his or her absence, the President, and in his or her absence, a Vice President in the order provided under the Section of these bylaws titled "Vice Presidents," and in their absence, any director chosen by the directors present, shall call meetings of the Board of Directors to order and shall act as presiding officer of the meeting.

(b) Minutes. The Secretary of the corporation shall act as secretary of all meetings of the Board of Directors but in the absence of the Secretary, the presiding officer may appoint any other person present to act as secretary of the meeting. Minutes of any regular or special meeting of the Board of Directors shall be prepared and distributed to each director.

(c) Adjournments. A majority of the directors present, whether or not a quorum exists, may adjourn any meeting of the Board of Directors to another time and place. Notice of any such adjourned meeting shall be given to the directors who are not present at the time of the adjournment and, unless the time and place of the adjourned meeting are announced at the time of the adjournment, to the other directors.

(d) Participation by Conference Call or Similar Means. The Board of Directors may permit any or all directors to participate in a regular or a special meeting by, or conduct the meeting through the use of, any means of communication by which all directors participating may simultaneously hear each other during the meeting. A director participating in a meeting by this means is deemed to be present in person at the meeting.

Section 4.14 Committees. The Board of Directors, by resolution adopted by a majority of the full Board of Directors, may designate from among its members an Executive Committee and one or more other committees (which may include, by way of example and not as a limitation, a Compensation Committee, an Audit Committee and a Corporate Governance Committee) each of which, to the extent provided in such resolution and in any charter adopted by the Board of Directors for any committee, shall have and may exercise all the authority of the Board of Directors, except that no such committee shall have the authority to:

(a) approve or recommend to shareholders actions or proposals required by the Act to be approved by shareholders;

(b) fill vacancies on the Board of Directors or any committee thereof;

(c) adopt, amend, or repeal these bylaws;

(d) authorize or approve the reacquisition of shares unless pursuant to a general formula or method specified by the Board of Directors; or

(e) authorize or approve the issuance or sale or contract for the sale of shares, or determine the designation and relative rights, preferences, and limitations of a voting group except that the Board of Directors may authorize a committee (or a senior executive officer of the corporation) to do so within limits specifically prescribed by the Board of Directors.

Each committee must have two or more members, who shall serve at the pleasure of the Board of Directors. The Board of Directors, by resolution adopted in accordance with this Section, may designate one or more directors as alternate members of any such committee, who may act in the place and stead of any absent member or members at any meeting of such committee. The Board of Directors may adopt a charter for any such committee specifying requirements with respect to committee chairs and membership, responsibilities of the committee, the conduct of meetings and business of the committee and such other matters as the Board may designate. In the absence of a committee charter or a provision of a committee charter governing such matters, the provisions of these bylaws which govern meetings, notice and waiver of notice, and quorum and voting requirements of the Board of Directors apply to committees and their members as well.

Section 4.15 Lead Director. If the Board of Directors appoints a Lead Director to preside at executive sessions of the Board of Directors, the Board of Directors may assign to the Lead Director by resolutions such additional duties as the Board of Directors determines, in its discretion, including acting as a liaison between the Board of Directors and the officers of the corporation and assisting in the setting of agendas for meetings of the Board of Directors.

Section 4.16 Action Without Meeting. Any action required or permitted by the Act to be taken at a meeting of the Board of Directors or a committee thereof may be taken without a meeting if the action is taken by all members of the Board or of the committee. The action shall be evidenced by one or more written consents describing the action taken, signed by each director or committee member and retained by the corporation. Such action shall be effective when the last director or committee member signs the consent, unless the consent specifies a different effective date. A consent signed under this Section has the effect of a vote at a meeting and may be described as such in any document.

ARTICLE 5

Officers

Section 5.1 Number. The principal officers of the corporation shall be a Chairman, a President, the number of Managing Directors and Vice Presidents as authorized from time to time by the Board of Directors, a Secretary, and a Treasurer, each of whom shall be elected by the Board of Directors. The Board of Directors shall designate from among the officers it elects those who shall be the executive officers of the corporation responsible for all policy making functions, under the direction of the Board of Directors. Such other officers and assistant officers as may be deemed necessary may be elected or appointed by the Board of Directors. The Board of Directors may also authorize any duly appointed officer to appoint one or more officers or assistant officers. The same individual may simultaneously hold more than one office.

Section 5.2 Election and Term of Office. The officers of the corporation to be elected by the Board of Directors shall be elected annually by the Board of Directors at the first meeting of the Board of Directors held after each annual meeting of the shareholders. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as is practicable. Each officer shall hold office until his or her successor shall have been duly elected or until his or her prior death, resignation, or removal.

Section 5.3 Removal. The Board of Directors may remove any officer and, unless restricted by the Board of Directors, an officer may remove any officer or assistant officer appointed by that officer, at any time, with or without cause and notwithstanding the contract rights, if any, of the officer removed. The appointment of an officer does not of itself create contract rights.

Section 5.4 Resignation. An officer may resign at any time by delivering notice to the corporation. The resignation shall be effective when the notice is delivered, unless the notice specifies a later effective date and the corporation accepts the later effective date. If a resignation is made effective at a later date and the corporation accepts the future effective date, the pending vacancy may be filled before the effective date but the successor may not take office until the effective date.

Section 5.5 Vacancies. A vacancy in any principal office because of death, resignation, removal, disqualification, or otherwise, shall be filled as soon thereafter as practicable by the Board of Directors for the unexpired portion of the term.

Section 5.6 Chairman. The Chairman of the Board of Directors shall be the principal executive officer of the corporation and, subject to the direction of the Board of Directors, shall in general supervise all of the business operations and affairs of the corporation, the daily operations of which shall be under the control of the President. The Chairman shall, when present, preside over all meetings of the Board of Directors and shareholders of the corporation. The Chairman shall have authority, subject to such rules as may be prescribed by the Board of Directors, to direct the President in the performance of the President's duties. The Chairman shall have authority, subject to such rules as may be prescribed by the Board of Directors, to appoint such agents and employees of the corporation as he or she shall deem necessary, to prescribe their powers, duties and compensation, and to delegate authority to them. Such agents and employees shall hold office at the discretion of the Chairman. The Chairman shall have authority to sign certificates for shares of the corporation the issuance of which shall have been authorized by resolution of the Board of Directors, and to execute and acknowledge, on behalf of the corporation, all deeds, mortgages, bonds, contracts, leases, reports, and all other documents or instruments necessary or proper to be executed in the course of the corporation's regular business, or which shall be authorized by resolution of the Board of Directors; and except as otherwise provided by law or the Board of Directors, the Chairman may authorize the President, any Managing Director, Vice President or other officer or agent of the corporation to execute and acknowledge such documents or instruments in his or her place and stead. In general, he or she shall perform all duties as may be prescribed by the Board of Directors from time to time.

Section 5.7 President. The President shall be the principal operating officer of the corporation and, subject to the direction of the Board of Directors and the Chairman, shall in general supervise and control all of the business and affairs of the corporation. If the Chairman of the Board is not present, the President shall preside at all meetings of the Board of Directors and shareholders. The President shall have authority, subject to such rules as may be prescribed by the Board of Directors, to appoint such agents and employees of the corporation as he or she shall deem necessary, to prescribe their powers, duties and compensation, and to delegate authority to them. Such agents and employees shall hold office at the discretion of the President. The President shall have authority, subject to such rules as may be prescribed by the Board of Directors and/or the Chairman, to sign certificates for shares of the corporation the issuance of which shall have been authorized by resolution of the Board of Directors, and to execute and acknowledge, on behalf of the corporation, all deeds, mortgages, bonds, contracts, leases, reports, and all other documents or instruments necessary or proper to be executed in the course of the corporation's regular business, or which shall be authorized by resolution of the Board of Directors; and, except as otherwise provided by law or the Board of Directors or the Chairman, the President may authorize any Managing Director, Vice President or other officer or agent of the corporation to execute and acknowledge such documents or instruments in his or her place and stead. In general he or she shall perform all duties incident to the office of President and such other duties as may be prescribed by the Board of Directors from time to time.

Section 5.8 Managing Directors. In the absence of the President or in the event of the President's death, inability or refusal to act, or in the event for any reason it shall be impracticable for the President to act personally, the Managing Director (or in the event there be more than one Managing Director, the Managing Directors in the order designated by the Board of Directors, or in the absence of any designation, then in the order of their seniority with the corporation), shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President. Any Managing Director may sign certificates for shares of the corporation the issuance of which shall have been authorized by resolution of the Board of Directors; and shall perform such other duties and have such authority as from time to time may be delegated or assigned to him or her by the President or by the Board of Directors. The execution of any instrument of the corporation by any Managing Director shall be conclusive evidence, as to third parties, of his or her authority to act in the stead of the President.

Section 5.9 Vice Presidents. The Board of Directors may appoint one or more Executive Vice Presidents, Senior Vice Presidents and other Vice Presidents, prescribe their powers and duties, including performing the duties of a Managing Director in such officer's absence, and specify to which Managing Director or other officer a Vice President should report. The Board of Directors may authorize the President to appoint one or more Vice Presidents, to prescribe their powers, duties and compensation, and to delegate authority to them.

Section 5.10 Secretary. The Secretary shall: (a) keep, or cause to be kept, minutes of the meetings of the shareholders and of the Board of Directors (and of committees thereof) in one or more books provided for that purpose (including records of actions taken by the shareholders or the Board of Directors (or committees thereof) without a meeting); (b) be custodian of the corporate records and of the seal of the corporation, if any, and if the corporation has a seal, see that it is affixed to all documents the execution of which on behalf of the corporation under its seal is duly authorized; (c) authenticate the records of the corporation; (d) maintain a record of the shareholders of the corporation, in a form that permits preparation of a list of the names and addresses of all shareholders, by class or series of shares and showing the number and class or series of shares held by each shareholder; (e) have general charge of the stock transfer books of the corporation; and (f) in general perform all duties incident to the office of Secretary and have such other duties and exercise such authority as from time to time may be delegated or assigned by the President or by the Board of Directors.

Section 5.11 Treasurer. The Treasurer shall: (a) have charge and custody of and be responsible for all funds and securities of the corporation; (b) maintain appropriate accounting records; (c) receive and give receipts for moneys due and payable to the corporation from any source whatsoever, and deposit all such moneys in the name of the corporation in such banks, trust companies, or other depositaries as shall be selected in accordance with the provisions of these bylaws; and (d) in general perform all of the duties incident to the office of Treasurer and have such other duties and exercise such other authority as from time to time may be delegated or assigned by the President or by the Board of Directors. If required by the Board of Directors, the Treasurer shall give a bond for the faithful discharge of his or her duties in such sum and with such surety or sureties as the Board of Directors shall determine.

Section 5.12 Assistant Secretaries and Assistant Treasurers. There shall be such number of Assistant Secretaries and Assistant Treasurers as the Board of Directors may from time to time authorize. The Assistant Treasurers shall respectively, if required by the Board of Directors, give bonds for the faithful discharge of their duties in such sums and with such sureties as the Board of Directors shall determine. The Assistant Secretaries and Assistant Treasurers, in general, shall perform such duties and have such authority as shall from time to time be delegated or assigned to them by the Secretary or the Treasurer, respectively, or by the President or the Board of Directors.

Section 5.13 Other Assistants and Acting Officers. The Board of Directors shall have the power to appoint, or to authorize any duly appointed officer of the corporation to appoint, any person to act as assistant to any officer, or as agent for the corporation in his or her stead, or to perform the duties of such officer whenever for any reason it is impracticable for such officer to act personally, and such assistant or acting officer or other agent so appointed by the Board of Directors or an authorized officer shall have the power to perform all the duties of the office to which he or she is so appointed to be an assistant, or as to which he or she is so appointed to act, except as such power may be otherwise defined or restricted by the Board of Directors or the appointing officer.

Section 5.14 Salaries. The salaries of the principal officers shall be fixed from time to time by the Board of Directors or by a duly authorized committee thereof, and no officer shall be prevented from receiving such salary by reason of the fact that he or she is also a director of the corporation.

ARTICLE 6

Contracts, Checks and Deposits; Special Corporate Acts

Section 6.1 Contracts. The Board of Directors may authorize any officer or officers, or any agent or agents to enter into any contract or execute or deliver any instrument in the name of and on behalf of the corporation, and such authorization may be general or confined to specific instances. In the absence of other designation, all deeds, mortgages, and instruments of assignment or pledge made by the corporation shall be executed in the name of the corporation by the Chairman, the President, one of the Managing Directors or one of the Vice Presidents; the Secretary or an Assistant Secretary, when necessary or required, shall attest and affix the corporate seal, if any, thereto; and when so executed no other party to such instrument or any third party shall be required to make any inquiry into the authority of the signing officer or officers.

Section 6.2 Checks, Drafts, etc. All checks, drafts or other orders for the payment of money, notes, or other evidences of indebtedness issued in the name of the corporation, shall be signed by such officer or officers, agent or agents of the corporation and in such manner as shall from time to time be determined by or under the authority of a resolution of the Board of Directors.

Section 6.3 Deposits. All funds of the corporation not otherwise employed shall be deposited from time to time to the credit of the corporation in such banks, trust companies, or other depositaries as may be selected by or under the authority of a resolution of the Board of Directors.

Section 6.4 Voting of Securities Owned by Corporation. Subject always to the specific directions of the Board of Directors, (a) any shares or other securities issued by any other corporation and owned or controlled by this corporation may be voted at any meeting of security holders of such other corporation by the President of this corporation if he or she be present, or in his or her absence by any Vice President of this corporation who may be present, and (b) whenever, in the judgment of the Chairman, or in his or her absence, of the President, or in his or her absence, of any Managing Director, it is desirable for this corporation to execute a proxy or written consent in respect of any such shares or other securities, such proxy or consent shall be executed in the name of this corporation by the Chairman, the President or one of the Managing Directors of this corporation, without necessity of any authorization by the Board of Directors, affixation of corporate seal, if any, or countersignature or attestation by another officer. Any person or persons designated in the manner above stated as the proxy or proxies of this corporation shall have full right, power, and authority to vote the shares or other securities issued by such other corporation and owned or controlled by this corporation the same as such shares or other securities might be voted by this corporation.

ARTICLE 7

Certificates for Shares; Transfer of Shares

Section 7.1 Consideration for Shares. The Board of Directors may authorize shares to be issued for consideration consisting of any tangible or intangible property or benefit to the corporation, including cash, promissory notes, services performed, promises to perform services evidenced by a written contract, or other securities of the corporation. Before the corporation issues shares, the Board of Directors shall determine that the consideration received or to be received for the shares to be issued is adequate. The determination of the Board of Directors is conclusive insofar as the adequacy of consideration for the issuance of shares relates to whether the shares are validly issued, fully paid, and nonassessable. The corporation may place in escrow shares issued for future services or benefits or a promissory note, or make other arrangements to restrict the transfer of the shares, and may credit distributions in respect of the shares against their purchase price, until the services are performed, the note is paid, or the benefits are received. If the services are not performed, the note is not paid, or the benefits are not received, the corporation may cancel, in whole or in part, the shares escrowed or restricted and the distributions credited.

Section 7.2 Certificates for Shares. Every holder of shares in the corporation shall be entitled to have a certificate representing all shares to which he or she is entitled unless the Board of Directors authorizes the issuance of some or all shares without certificates. Any such authorization shall not affect shares already represented by certificates until the certificates are surrendered to the corporation. If the Board of Directors authorizes the issuance of any shares without certificates, within a reasonable time after the issue or transfer of any such shares, the corporation shall send the shareholder a written statement of the information required by the Act or the Articles of Incorporation to be set forth on certificates, including any restrictions on transfer. Certificates representing shares of the corporation shall be in such form, consistent with the Act, as shall be determined by the Board of Directors. Such certificates shall be signed (either manually or in facsimile) by the Chairman, the President, any Managing Director or any Vice President or any other persons designated by the Board of Directors and may be sealed with the seal of the corporation or a facsimile thereof. All certificates for shares shall be consecutively numbered or otherwise identified. The name and address of the person to whom the shares represented thereby are issued, with the number of shares and date of issue, shall be entered on the stock transfer books of the corporation. Unless the Board of Directors authorizes shares without certificates, all certificates surrendered to the corporation for transfer shall be canceled and no new certificate shall be issued until the former certificate for a like number of shares shall have been surrendered and canceled, except as provided in these bylaws with respect to lost, destroyed, or stolen certificates. The validity of a share certificate is not affected if a person who signed the certificate (either manually or in facsimile) no longer holds office when the certificate is issued.

Section 7.3 Transfer of Shares. Prior to due presentment of a certificate for shares for registration of transfer, the corporation may treat the registered owner of such shares as the person exclusively entitled to vote, to receive notifications, and otherwise to have and exercise all the rights and power of an owner. Where a certificate for shares is presented to the corporation with a request to register a transfer, the corporation shall not be liable to the owner or any other person suffering loss as a result of such registration of transfer if (a) there were on or with the certificate the necessary endorsements, and (b) the corporation had no duty to inquire into adverse claims or has discharged any such duty. The corporation may require reasonable assurance that such endorsements are genuine and effective and compliance with such other regulations as may be prescribed by or under the authority of the Board of Directors.

Section 7.4 Restrictions on Transfer. The face or reverse side of each certificate representing shares shall bear a conspicuous notation as required by the Act or the Articles of Incorporation of the restrictions imposed by the corporation upon the transfer of such shares.

Section 7.5 Lost, Destroyed, or Stolen Certificates. Unless the Board of Directors authorizes shares without certificates, where the owner claims that certificates for shares have been lost, destroyed, or wrongfully taken, a new certificate shall be issued in place thereof if the owner (a) so requests before the corporation has notice that such shares have been acquired by a bona fide purchaser, (b) files with the corporation a sufficient indemnity bond if required by the Board of Directors or any principal officer, and

(c) satisfies such other reasonable requirements as may be prescribed by or under the authority of the Board of Directors.

Section 7.6 Stock Regulations. The Board of Directors shall have the power and authority to make all such further rules and regulations not inconsistent with law as they may deem expedient concerning the issue, transfer, and registration of shares of the corporation.

ARTICLE 8

Seal

Section 8.1 Seal. The Board of Directors may provide for a corporate seal for the corporation.

ARTICLE 9

Books and Records

Section 9.1 Books and Records.

(a) The corporation shall keep as permanent records minutes of all meetings of the shareholders and Board of Directors, a record of all actions taken by the shareholders or Board of Directors without a meeting, and a record of all actions taken by a committee of the Board of Directors in place of the Board of Directors on behalf of the corporation.

(b) The corporation shall maintain accurate accounting records.

(c) The corporation or its agent shall maintain a record of the shareholders in a form that permits preparation of a list of the names and addresses of all shareholders in alphabetical order by class of shares showing the number and series of shares held by each.

(d) The corporation shall keep a copy of all written communications within the preceding three years to all shareholders generally or to all shareholders of a class or series, including the financial statements required to be furnished by the Act, and a copy of its most recent annual report delivered to the Department of State.

Section 9.2 Inspection Rights. Shareholders and directors are entitled to inspect and copy records of the corporation as permitted by the Act.

Section 9.3 Distribution of Financial Information. The corporation shall prepare and disseminate financial statements to shareholders as required by the Act.

Section 9.4 Other Reports. The corporation shall disseminate such other reports to shareholders as are required by the Act, including reports regarding indemnification in certain circumstances and reports regarding the issuance or authorization for issuance of shares in exchange for promises to render services in the future.

ARTICLE 10

Indemnification

Section 10.1 Provision of Indemnification. The corporation shall, to the fullest extent permitted or required by the Act, including any amendments thereto (but in the case of any such amendment, only to the extent such amendment permits or requires the corporation to provide broader indemnification rights than prior to such amendment), indemnify its Directors and Executive Officers against any and all Liabilities, and advance any and all reasonable Expenses, incurred thereby in any Proceeding to which any such Director or Executive Officer is a Party or in which such Director or Executive Officer is deposed or called to testify as a witness because he or she is or was a Director or Executive Officer of the corporation. The rights to indemnification granted hereunder shall not be deemed exclusive of any other rights to indemnification against Liabilities or the advancement of Expenses which a Director or Executive Officer may be entitled under any written agreement, Board resolution, vote of shareholders, the Act, or otherwise. The corporation may, but shall not be required to, supplement the foregoing rights to indemnification against Liabilities and advancement of Expenses by the purchase of insurance on behalf of any one or more of its Directors or Executive Officers whether or not the corporation would be obligated to indemnify or advance Expenses to such Director or Executive Officer under this Article. For purposes of this Article, the term “Directors” includes former directors and any directors who are or were serving at the request of the corporation as directors, officers, employees, or agents of another corporation, partnership, joint venture, trust, or other enterprise, including, without limitation, any employee benefit plan (other than in the capacity as agents separately retained and compensated for the provision of goods or services to the enterprise, including, without limitation, attorneys-at-law, accountants, and financial consultants). The term “Executive Officers” refers to those persons described in Securities Exchange Commission Regulations Section 240.3b-7. All other capitalized terms used in this Article and not otherwise defined herein shall have the meaning set forth in Section 607.0850, Florida Statutes (2003). The provisions of this Article are intended solely for the benefit of the indemnified parties described herein, their heirs and personal representatives and shall not create any rights in favor of third parties. No amendment to or repeal of this Article shall diminish the rights of indemnification provided for herein prior to such amendment or repeal.

ARTICLE 11

Amendments

Section 11.1 Power to Amend. These bylaws may be amended or repealed by either the Board of Directors or the shareholders, unless the Act reserves the power to amend these bylaws generally or any particular bylaw provision, as the case may be, exclusively to the shareholders or unless the shareholders, in amending or repealing these bylaws generally or any particular bylaw provision, provide expressly that the Board of Directors may not amend or repeal these bylaws or such bylaw provision, as the case may be.

PURCHASE AGREEMENT
AND
AMENDMENT TO
AMENDED AND RESTATED
LIMITED LIABILITY COMPANY AGREEMENT

relating to

Macquarie CountryWide-Regency II, LLC,
a Delaware limited liability company

among

Macquarie-Regency Management, LLC,
a Delaware limited liability company

Macquarie CountryWide (US) No. 2 LLC,
a Delaware limited liability company

and

Regency Centers, L.P.,
a Delaware limited partnership

DATED: January 13, 2006

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PURCHASE AGREEMENT
AND
AMENDMENT TO
AMENDED AND RESTATED
LIMITED LIABILITY COMPANY AGREEMENT
relating to
MACQUARIE COUNTRYWIDE-REGENCY II, LLC,
a Delaware limited liability company

THIS PURCHASE AGREEMENT AND AMENDMENT TO AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT is made as of January 13, 2006 (this "Agreement"), by and among MACQUARIE COUNTRYWIDE (US) NO. 2 LLC, a Delaware limited liability company ("MCW LLC"), REGENCY CENTERS, L.P., a Delaware limited partnership ("Regency"), and MACQUARIE-REGENCY MANAGEMENT, LLC, a Delaware limited liability company ("U.S. Manager" and together with Regency and MCW LLC, the "Members" and each individually, a "Member").

WITNESSETH

WHEREAS, the Members are members of Macquarie CountryWide-Regency II, LLC, a Delaware limited liability company (the "Company"), pursuant to an Amended and Restated Limited Liability Company Agreement dated as of June 1, 2005 (the "LLC Agreement");

WHEREAS, Regency currently owns a 34.95% Membership Interest in the Company, and MCW LLC currently owns a 64.95% Membership Interest in the Company;

WHEREAS, Regency desires to sell to MCW LLC, and MCW LLC desire to purchase from Regency, a 10.05% limited liability company interest in the Company including without limitation all rights and obligations relating to such interest under the LLC Agreement or otherwise (the "LLC Interest"), upon the terms and subject to the conditions contained in this Agreement; and

WHEREAS, in connection with the sale of the LLC Interest by Regency to MCW LLC, it is necessary to make certain amendments to the LLC Agreement.

NOW, THEREFORE, in consideration of the premises hereof, and the mutual promises, obligations and agreements contained herein, the parties hereto, intending to be legally bound, do hereby agree as follows:

ARTICLE I.
DEFINED TERMS

Section 1.1 General Definitions. The following terms used in this Agreement, unless the context otherwise requires, shall have the meanings specified in this Section 1.1:

"Agreement" has the meaning set forth in the preamble hereof.

“**<u>Assignment</u>**” means an Assignment of LLC Interest to be executed and delivered by Regency to MCW LLC at the Closing and in the form attached as Exhibit B hereto.

“**<u>Closing</u>**” has the meaning set forth in Section 2.4 hereof.

“**<u>Closing Date</u>**” has the meaning set forth in Section 2.4 hereof.

“**<u>Company</u>**” has the meaning set forth in the first recital hereof.

“**<u>Effective Date</u>**” has the meaning set forth in Section 2.6 hereof.

“**<u>Lien</u>**” means any lien, encumbrance, mortgage, charge, restriction, pledge, adverse claim, security interest, option or right of any third party (other than those set forth in the LLC Agreement).

“**<u>LLC Agreement</u>**” has the meaning set forth in the first recital hereof.

“**<u>LLC Interest</u>**” has the meaning set forth in the third recital hereof.

“**<u>MCW LLC</u>**” has the meaning set forth in the preamble hereof.

“**<u>Payment Date</u>**” has the meaning set forth in Section 2.4 hereof.

“**<u>Purchase Price</u>**” has the meaning set forth in Section 2.2 hereof.

“**<u>U.S. Manager</u>**” has the meaning set forth in the preamble hereof.

Section 1.2 Other Definitions. Capitalized terms not otherwise defined in Section 1.1 shall have the meanings assigned to them in the LLC Agreement.

ARTICLE II.
SALE AND PURCHASE OF LLC INTEREST

Section 2.1 Sale and Purchase. Subject to the terms and conditions of this Agreement, at the Closing, Regency shall sell, assign, convey, transfer and deliver to MCW LLC, and MCW LLC shall purchase and acquire from Regency and take assignment and delivery from Regency of, all right, title and interest in and to the LLC Interest, free and clear of all Liens.

Section 2.2 Purchase Price. The total consideration for the LLC Interest shall be One Hundred Thirteen Million One Hundred Fifty-Six Thousand Eight Dollars ($113,156,008) (the “<u>Purchase Price</u>”).

Section 2.3 Prorations. All increases or decreases since the date of the LLC Agreement in any items of income and expenses, charges, escrows, deposits and fees customarily prorated and adjusted in similar transactions shall be so prorated and adjusted as of the Effective Date. In addition, MCW LLC shall pay to Regency an interest carry equal to Regency’s cost of funds under its unsecured line of credit with Wells Fargo Bank, National Association, as Agent, calculated on the Purchase Price for each day from (but not including) the Effective Date to (and including) the Payment Date.

Section 2.4 Closing. The consummation of the transactions contemplated hereby (the "Closing") shall take place on January 13, 2006 (the "Closing Date"), unless this Agreement is earlier terminated by mutual agreement of the Members. At the Closing, Regency shall execute and deliver to MCW LLC the Assignment. On January 17, 2006 (the "Payment Date"), MCW LLC shall pay to Regency the Purchase Price, subject to any prorations, adjustments and interest carry payments made on the Payment Date pursuant to Section 2.3 hereof, by wire transfer of immediately available funds to an account designated in writing by Regency.

Section 2.5 Consent. In accordance with Section 9.1 of the LLC Agreement, each Member hereby consents to the Transfer of the LLC Interest by Regency to MCW LLC pursuant to the terms and conditions of this Agreement.

Section 2.6 Effectiveness. Notwithstanding the last sentence of Section 4.6 of the LLC Agreement, the Closing, and all transactions to occur at the Closing, shall be deemed to have taken place at, and shall be effective as of, January 1, 2006 (the "Effective Date"). The parties agree that the economic benefits and detriments associated with the LLC Interest will be allocated in the same manner as they would have been allocated if Regency had sold, assigned, conveyed, transferred and delivered to MCW LLC all right, title and interest in and to the LLC Interest on the Effective Date, and the parties shall do all acts and things, and make, execute and deliver all documents, as shall from time to time be reasonably required and lawful to achieve such result.

ARTICLE III.
AMENDMENTS TO
AMENDED AND RESTATED
LIMITED LIABILITY COMPANY AGREEMENT

Section 3.1 Amendments. Upon the Closing, the LLC Agreement shall be hereby amended as follows, effective as of the Effective Date:

(a) The definition of "Percentage Interest" in Section 1.1 of the LLC Agreement shall be amended and restated in its entirety to read as follows:

"Percentage Interest" means 24.9% in the case of Regency, 75.0% in the case of MCW LLC and 0.1% in the case of U.S. Manager.

(b) Clause (d) of Section 3.1 of the LLC Agreement shall be amended and restated in its entirety to read as follows:

(d) Percentage Interests. It is intended that the Percentage Interests of the Members shall be 75.0% for MCW LLC, 24.9% for Regency and 0.1% for U.S. Manager.

(c) Subclause (iii) of clause (b) of Section 7.4 of the LLC Agreement shall be amended by adding the phrase “out of the amount that would otherwise be distributed to MCW LLC” immediately before the final period thereof.

(d) Exhibit A to the LLC Agreement shall be amended and restated in its entirety to read as set forth in Exhibit A hereto.

Section 3.2 No Other Changes. Except as amended hereby, the LLC Agreement shall continue to remain in full force and effect.

Section 3.3 References to LLC Agreement. At and after the Closing, unless the context otherwise requires, each reference to the LLC Agreement shall be deemed to refer to the LLC Agreement as amended by this Agreement.

ARTICLE IV.
REPRESENTATIONS AND WARRANTIES

Section 4.1 Representations and Warranties.

(a) MCW LLC hereby represents and warrants to Regency and U.S. Manager that the following are true and correct as of the date hereof:

(i) MCW LLC is a duly formed and validly existing limited liability company under the laws of Delaware with full limited liability company power and authority to enter into and perform its obligations under this Agreement;

(ii) This Agreement (A) has been duly authorized, executed and delivered by MCW LLC, (B) assuming due authorization, execution and delivery by Regency and U.S. Manager, shall be the legal, valid and binding obligation of MCW LLC and (C) does not violate any provisions of MCW LLC’s organizational documents or any document or agreement to which MCW LLC is a party or by which it is bound; and

(iii) MCW LLC has the power and authority to perform the obligations to be performed by it hereunder and no consents, authorizations or approvals are required for the performance of the obligations to be performed by MCW LLC under this Agreement, except those as have been obtained.

(b) Regency hereby represents and warrants to MCW LLC and U.S. Manager that the following are true and correct as of the date hereof:

(i) Regency is a limited partnership that has been duly formed and is validly existing under the laws of the State of Delaware with full partnership power and authority to enter into and perform its obligations under this Agreement; and is duly qualified and in good standing to transact business in any jurisdiction required in order to carry out its duties hereunder;

(ii) This Agreement (A) has been duly authorized, executed and delivered by Regency, (B) assuming due authorization, execution and delivery by MCW LLC and

U.S. Manager, shall be the legal, valid and binding obligation of Regency, and (C) does not violate any provisions of Regency's organizational documents or any document or agreement to which Regency is a party or by which it is bound;

(iii) Regency has the power and authority to perform the obligations to be performed by it hereunder and no consents, authorizations or approvals are required for the performance of the obligations to be performed by Regency under this Agreement except those as have been obtained; and

(iv) Regency is the record and beneficial owner of, and at the Closing will sell, assign, convey, transfer and deliver to MCW LLC, all right, title and interest in and to the LLC Interest, free and clear of all Liens. Except for the LLC Agreement, there are no outstanding contractual obligations of Regency that relate to the purchase, sale, issuance, repurchase, redemption, acquisition, transfer, disposition, holding or voting of the LLC Interest or other limited liability company interests in the Company. There are no actions, suits, proceedings or other litigation pending, or to Regency's knowledge, threatened, by or against Regency with respect to this Agreement or the LLC Interest.

(c) U.S. Manager hereby represents and warrants to MCW LLC and Regency that the following are true and correct as of the date of hereof:

(i) U.S. Manager is a limited liability company that has been duly formed and is validly existing under the laws of the State of Delaware with full limited liability company power and authority to enter into and perform its obligations under this Agreement; and is duly qualified and in good standing to transact business in any jurisdiction required in order to carry out its duties hereunder;

(ii) This Agreement (A) has been duly authorized, executed and delivered by U.S. Manager, (B) assuming due authorization, execution and delivery by MCW LLC and Regency, this Agreement shall be the legal, valid and binding obligation of U.S. Manager, and (C) does not violate any provisions of U.S. Manager's organizational documents or any document or agreement to which U.S. Manager is a party or by which it is bound; and

(iii) U.S. Manager has the power and authority to perform the obligations to be performed by it hereunder and no consents, authorizations or approvals are required for the performance of the obligations to be performed by U.S. Manager under this Agreement except those as have been obtained.

ARTICLE V.
MISCELLANEOUS PROVISIONS

Section 5.1 Applicable Law. This Agreement shall be construed and enforced in accordance with the laws of the State of Delaware applicable to agreements to be performed solely within the State of Delaware.

Section 5.2 Attorneys' Fees. Should any litigation be commenced between the parties hereto or their representatives or should any party institute any proceeding in a bankruptcy or similar court that has jurisdiction over any other party hereto or any or all of such party's or parties' property or assets concerning any provision of this Agreement or the rights and duties of any person or entity in relation thereto, the prevailing party shall be entitled to the payment of its own attorneys' fees and court costs from the losing party.

Section 5.3 Binding Provisions. The covenants and agreements contained herein shall be binding upon, and inure to the benefit of, the successors and permitted assigns of the respective parties hereto; provided that no assignment of any rights or obligations hereunder, by operation of law or otherwise, may be made by any party without the written consent of the other parties. Except as expressly provided herein, no other Person shall have any rights or remedies hereunder.

Section 5.4 Complete Agreement: Amendment. This Agreement, together with each of the exhibits which are incorporated as if expressly set forth herein, constitutes the entire agreement between the parties and supersedes all agreements, representations, warranties, statements, promises and understandings, whether oral or written, with respect to the subject matter hereof, and neither party hereto shall be bound by nor charged with any oral or written agreements, representations, warranties, statements, promises or understandings not specifically set forth in this Agreement or the exhibits hereto. This Agreement may not be amended, altered or modified except by a writing signed by all the Members.

Section 5.5 Confidentiality and Nondisclosure. All confidential information which shall have been furnished or disclosed by the Company or a Member to any other Member pursuant to this Agreement or the negotiations leading to this Agreement that has been furnished prior to the execution of this Agreement or is hereafter furnished, and is identified in writing as confidential shall be held in confidence and shall not be disclosed to any Person other than their respective Affiliates, employees, directors, legal counsel, accountants or financial advisers with a need to have access to such information, except as reasonably necessary to comply with any disclosure obligations under any foreign, federal or state securities laws or the rules of any securities exchange on which the shares of a Member or one of its Affiliates are listed or as otherwise required by law. The obligations of this Section do not apply to information that (a) is or becomes part of the public domain, (b) is disclosed by the disclosing party to third parties without restrictions on disclosure or (c) is received by the receiving party from a third party without breach of a nondisclosure obligation.

Section 5.6 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be an original and all of which together shall constitute one agreement binding on all parties hereto, notwithstanding that all the parties may not have signed the same counterpart.

Section 5.7 Fees and Commissions. Except as may be separately disclosed in writing to the other Members, each Member hereby represents and warrants that, as of the date of this Agreement there are no known claims for brokerage or other commissions or finder's or other similar fees in connection with the transactions covered by this Agreement insofar as such claims shall be based on actions, arrangements or agreements taken or made by or on such Member's behalf, and each Member hereby agrees to indemnify and hold harmless the other Members from and against any liabilities, costs, damages and expenses from any party making any such claims through such Member. At the Closing, Regency shall pay to U.S. REIT a valuation fee of Five Hundred Thousand Dollars ($500,000) in connection with the transactions contemplated by this Agreement. Except as otherwise specified in this Agreement, each Member shall be responsible for all costs and expenses incurred by such Member in connection with this Agreement.

Section 5.8 Execution of Other Documents. Each party hereto agrees to do all acts and things, and to make, execute and deliver all documents, as shall from time to time be reasonably required to carry out the terms and provisions of this Agreement.

Section 5.9 Severability. Each provision of this Agreement shall be considered separable and if for any reason any provision or provisions hereof are determined to be illegal or invalid and contrary to any existing or future law, such illegality or invalidity shall not impair the operation of, or affect, those portions of this Agreement which are legal and valid.

Section 5.10 Survival of Indemnity Obligations. Except as expressly limited in this Agreement, any and all indemnity obligations of any party hereto shall survive any termination of the Company or a Member's interest therein.

Section 5.11 Waiver. No consent or waiver, express or implied, by a Member to or of any breach or default by any other Member in the performance by such other Member of its obligations hereunder shall be deemed or construed to be a consent or waiver to or of any other breach or default in the performance by such Member of the same or any other obligations of such other Member hereunder. Failure on the part of a Member to complain of any act or failure to act of any other Member or to declare such other Member in default, irrespective of how long such failure continues, shall not constitute a waiver by such Member of its rights hereunder. The giving of consent by a Member in any one instance shall not limit or waive the necessity to obtain such Member's consent in any future instance. A matter that is neither approved nor disapproved within the time period set forth herein for such approval or disapproval to be given shall be deemed disapproved by the non-responding party.

Section 5.12 Terminology. All personal pronouns used in this Agreement, whether used in the masculine, feminine or neuter gender, shall include all other genders; and the singular shall include the plural and vice versa. Titles of Articles and Sections are for convenience only, and neither limit nor amplify the provisions of this Agreement itself. The use herein of the word "including," when following any general statement, term or matter, shall not be construed to limit such statement, term or matter to the specific items or matters set forth immediately following such word or to similar items or matters, whether or not non-limiting language (such as "without limitation," or "but not limited to," or words of similar import) is used with reference thereto, but rather shall be deemed to refer to all other items or matters that could reasonably fall within the broadest possible scope of such general statement, term or matter. If any deadline falls on a day that is not a Business Day, the deadline shall be the first Business Day thereafter.

Section 5.13 Equitable Remedies. Any Member hereto shall, in addition to all other rights provided herein or as may be provided by law, and subject to the limitations set forth herein, be entitled to all equitable remedies, including those of specific performance and injunction, to enforce such Member's rights hereunder.

Section 5.14 Remedies Cumulative. Each right, power, and remedy provided for herein or now or hereafter existing at law, in equity, by statute, or otherwise shall be cumulative and concurrent and shall be in addition to every other right, power, or remedy provided for herein or now or hereafter existing at law, in equity, by statute, or otherwise, and the exercise or beginning of the exercise or the forbearance of exercise by any party of any one or more of such rights, powers, or remedies shall not preclude the simultaneous or later exercise by such party of any or all of such other rights, powers, or remedies.

Section 5.15 Press Relations. Except as required by law or the rules of any securities exchange on which the shares of a Member or any of its Affiliates are listed, no Member shall make any public announcements with respect to this Agreement or the Company or its business without the Consent of the other Members.

Section 5.16 Notices. Notification shall be sent as follows:

If to Regency:

Regency Centers, L.P.
121 West Forsyth Street, Suite 200
Jacksonville, Florida 32202
Attention: Lisa Palmer
E-mail: Lpalmer@regencycenters.com
Facsimile: (904) 354-1832

If to MCW LLC:

Macquarie CountryWide (US) No. 2 LLC
c/o Macquarie CountryWide Management Limited
Level 13, No. 1 Martin Place
Sydney NSW 2000
Australia
Attention: Kylie K. Rampa
E-mail: kylie.rampa@macquarie.com
Facsimile: 011 61 2 8232 6510

If to U.S. Manager:

Macquarie-Regency Management, LLC
c/o Regency Centers, L.P.
121 West Forsyth Street, Suite 200
Jacksonville, Florida 32202
Attention: Lisa Palmer
E-mail: Lpalmer@regencycenters.com
Facsimile: (904) 354-1832

Section 5.17 Construction. This Agreement has been negotiated at arm's length and between persons sophisticated and knowledgeable in the matters dealt with in this Agreement. In addition, each party has been represented by experienced and knowledgeable legal counsel.

Accordingly, any rule of law or legal decision that would require interpretation of any ambiguities in this Agreement against either party is not applicable and is waived. The provisions of this Agreement shall be interpreted in a reasonable manner to effect the purpose of the parties.

Section 5.18 Code Section 754 Election Notice. Pursuant to Section 4.7 of the LLC Agreement, MCW LLC hereby requests the Tax Matters Member promptly make an election under Section 754 of the Code on behalf of the Company.

* * * * *

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date first above written.

REGENCY CENTERS, L.P., a Delaware limited partnership

By: Regency Centers Corporation, a Florida corporation, its general partner

By: /s/ Lisa Palmer
Name: Lisa Palmer
Its Senior Vice President

MACQUARIE-REGENCY MANAGEMENT, LLC, a Delaware limited liability company

By: Regency Centers, L.P., a Delaware limited partnership, its managing member

By: Regency Centers Corporation, a Florida corporation, its general partner

By: /s/ Lisa Palmer
Name: Lisa Palmer
Its Senior Vice President

MACQUARIE COUNTYWIDE (US) NO. 2 LLC, a Delaware limited liability company

By: Macquarie CountryWide (US) No. 2 Corporation, a Delaware corporation, its sole member

By: /s/ Kylie Rampa
Name: Kylie Rampa
Its Vice President

EXHIBIT A

Capital Contributions; Percentage Interests

Name and Address	Capital Account	Percentage Interest
Macquarie CountryWide (US) No. 2 LLC c/o Macquarie CountryWide Management Limited Level 13, No. 1 Martin Place Sydney NSW 2000 Australia 75.0%	As set forth in the records of the Company	75.0%
Regency Centers, L.P. 121 West Forsyth Street, Suite 200 Jacksonville, Florida 32202	As set forth in the records of the Company	24.9%
Macquarie-Regency Management, LLC 121 West Forsyth Street, Suite 200 Jacksonville, Florida 32202	As set forth in the records of the Company	0.1%

EXHIBIT B

Assignment of LLC Interest

See attached.

ASSIGNMENT OF LLC INTEREST

THIS ASSIGNMENT OF LLC INTEREST (this "Assignment") is made on January 13, 2006, but effective as of January 1, 2006, by Regency Centers, L.P., a Delaware limited partnership ("Regency"), to Macquarie CountryWide (US) No. 2 LLC, a Delaware limited liability company ("MCW LLC").

WHEREAS, Regency, MCW LLC and Macquarie-Regency Management, LLC have entered into a Purchase Agreement and Amendment to Amended and Restated Limited Liability Company Agreement dated as of January __, 2006 (the "Purchase Agreement"; capitalized terms used herein but not otherwise defined herein shall have the meanings given to such terms in the Purchase Agreement), providing for the sale, assignment, conveyance, transfer and delivery by Regency to MCW LLC of the LLC Interest, subject to the terms and conditions set forth therein;

NOW, THEREFORE, in consideration of the foregoing, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Regency hereby sells, assigns, conveys, transfers and delivers to MCW LLC all right, title and interest in and to the LLC Interest, free and clear of all Liens.

Regency agrees to do all acts and things, and to make, execute and deliver such written instruments, as shall from time to time be reasonably required to carry out the terms and provisions of this Assignment.

This Assignment shall be binding upon Regency and its successors and permitted assigns and shall inure to the benefit of MCW LLC and its sucessors and permitted assigns.

This Assignment shall be construed and enforced in accordance with the laws of the State of Delaware applicable to agreements to be performed solely within the State of Delaware.

IN WITNESS WHEREOF, Regency has caused this Assignment to be duly executed and delivered on January 13, 2006, but effective as of January 1, 2006.

REGENCY CENTERS, L.P.

By: Regency Centers Corporation,
its general partner

By: /s/ Lisa Palmer
Name: Lisa Palmer
Title: Senior Vice President

REGENCY CENTERS CORPORATION

Amendment 1 to Long Term Omnibus Plan

Article VIII-A Anniversary Stock Grant Program for Non-Key Employees

8.1A **General.** In order to reward non-Key Employees for their tenure with the Company, the Committee may grant Shares to employees who are not Key Employees and who therefore are not eligible to receive Awards under other Articles of the Plan. Such grants shall be made in accordance with the provisions of this Article VIII-A, unless the Committee determines to change the criteria for grants.

8.2A **Eligibility.** All employees of the Company or any Affiliate who do not receive Awards under any other Articles of the Plan shall receive Shares after the first anniversary date of their employment, the fifth and tenth anniversary dates of their employment, and each five-year anniversary date thereafter, provided that they have been continuously employed by the Company or one or more of its Affiliates through the applicable anniversary date and have worked at least 1,000 hours per year during such employment.

8.3A **Number of Shares.** Each anniversary grant shall be for $500 of Shares. The number of Shares issued will be determined based on the Fair Market Value of a Share as of the last trading day of the calendar quarter in which the applicable anniversary date occurs. The number of Shares issued will be rounded to the nearest whole Share.

8.4A **Issuance of Shares.** Shares issued under the anniversary stock grant program will be issued as soon as practicable after the end of the calendar quarter in which the anniversary date occurs and will be deposited in an account established in the recipient's name under the Company's Dividend Reinvestment Plan.

Exhibit 31.1

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 Quarterly Report on Form 10-Q 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: May 8, 2006

/s/ Martin E. Stein, Jr.

Martin E. Stein, Jr.
Chief Executive Officer

Exhibit 31.2

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 Quarterly Report on Form 10-Q 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: May 8, 2006

/s/ Bruce M. Johnson

Bruce M. Johnson
Chief Financial Officer

Exhibit 31.3

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 Quarterly Report on Form 10-Q 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: May 8, 2006

/s/ ***Mary Lou Fiala***

Mary Lou Fiala
Chief Operating Officer

EXHIBIT 32.1

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 Quarterly Report on Form 10-Q of the Company for the quarter ended **March 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: May 8, 2006

/s/ ***Martin E, Stein, Jr.***
Martin E. Stein, Jr.
Chief Executive Officer

Exhibit 32.2

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 Quarterly Report on Form 10-Q of the Company for the quarter ended **March 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: May 8, 2006

/s/ ***Bruce M. Johnson***

Bruce M. Johnson
Chief Financial Officer

Exhibit 32.3

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 Quarterly Report on Form 10-Q of the Company for the quarter ended **March 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: May 8, 2006

/s/ ***Mary Lou Fiala***
Mary Lou Fiala
Chief Operating Officer