

REGENCY CENTERS CORP  
Form 8-K  
June 14, 2005  
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# SECURITIES AND EXCHANGE COMMISSION

## UNITED STATES

Washington, DC 20549

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## FORM 8-K

### CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) June 13, 2005

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# REGENCY CENTERS CORPORATION

(Exact name of registrant as specified in its charter)

**Florida**  
(State or other jurisdiction  
of incorporation)

**001-12298**  
(Commission  
File Number)

**59-3191743**  
(IRS Employer  
Identification No.)

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

**32202**  
(Zip Code)

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

**Not Applicable**

**(Former name or former address, if changed since last report)**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- .. Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - .. Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - .. Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - .. Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
-

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**Item 8.01 Other Events**

The Company expects to file shelf registration statements on Form S-3 to register securities during June 2005. In connection with the expected filings, the Company is reclassifying the operations of certain sales of properties that occurred subsequent to December 31, 2004 into discontinued operations within its consolidated financial statements that were previously filed under Form 10-K as of and for the year ended December 31, 2004.

The Company's properties generally have operations and cash flows that can be clearly distinguished from the rest of the Company. In accordance with SFAS No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets (Statement 144), the operations and gains on sales reported in discontinued operations include those properties that were sold or held for sale, and for which operations and cash flows can be clearly distinguished. Held for sale includes only those properties available for immediate sale in their present condition and for which management believes it is probable that a sale of the property will be completed within one year. The operations from properties sold or held for sale have been eliminated from ongoing operations and the Company will have no continuing involvement after disposition. Prior periods are reclassified to reflect the operations of properties sold or held for sale as discontinued operations.

During the three months ended March 31, 2005, the Company sold one property for net proceeds of \$27.8 million which had not been classified as held for sale at December 31, 2004 because completion of the sale was not yet considered probable. On March 31, 2005, the Company reclassified two properties as held for sale which were subsequently sold for net proceeds of \$16.7 million. In accordance with Statement 144, the Company is reclassifying the operations of these three properties from continuing operations into discontinued operations for the years ended December 31, 2004, 2003 and 2002 in the attached financial statements. The reclassified amounts for 2004, 2003 and 2002 are approximately \$841,000, \$271,000 and \$355,000, respectively. These reclassifications represent 0.6%, 0.2% and 0.3%, respectively of net income for each year. The reclassified amounts will have no impact on net income for common stockholders or net income for common stockholders per share as previously reported.

The Company is not revising Management's Discussion and Analysis (MD&A) included in Form 10K as of and for the year ended December 31, 2004 given the insignificance of the reclassified amounts. The Company believes that the reclassifications do not have a material effect on the Company's previously filed MD&A relative to its financial condition and results of operations for the years ended 2004, 2003 and 2002 and has not included any of those elements of its previously filed Form 10K in the attached financial statements.

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**Item 9.01 Financial Statements and Exhibits**

Financial Statements

Regency's 2004 consolidated financial statements reflecting the reclassifications discussed above together with the report of KPMG LLP are listed on the index immediately preceding the consolidated financial statements at the end of this report.

Exhibits

23. Consent of KPMG LLP.

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**SIGNATURES**

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

**REGENCY CENTERS CORPORATION**

(registrant)

Date: June 13, 2005

By: /s/ J. Christian Leavitt  
J. Christian Leavitt, Senior Vice President,  
Finance and Principal Accounting Officer

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**Regency Centers Corporation**

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**Regency Centers Corporation**

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All other schedules are omitted because they are not applicable or because information required therein is shown in the consolidated financial statements or notes thereto.

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**Report of Independent Registered Public Accounting Firm**

The Stockholders and Board of Directors

Regency Centers Corporation:

We have audited the accompanying consolidated balance sheets of Regency Centers Corporation and subsidiaries as of December 31, 2004 and 2003, and the related consolidated statements of operations, stockholders' equity and comprehensive income (loss), and cash flows for each of the years in the three-year period ended December 31, 2004. In connection with our audits of the consolidated financial statements, we also have audited financial statement schedule III. These consolidated financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements and financial statement schedule based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Regency Centers Corporation and subsidiaries as of December 31, 2004 and 2003, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2004 in conformity with U.S. generally accepted accounting principles. Also in our opinion, the related financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of Regency Centers Corporation's internal control over financial reporting as of December 31, 2004, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated March 14, 2005 expressed an unqualified opinion on management's assessment of, and the effective operation of, internal control over financial reporting.

**/s/ KPMG LLP**

March 14, 2005, except as to Notes 3 and 9 which are as of June 10, 2005

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**Report of Independent Registered Public Accounting Firm**

The Stockholders and Board of Directors

Regency Centers Corporation:

We have audited management's assessment, included in the accompanying Management's Report on Internal Control Over Financial Reporting, that Regency Centers Corporation maintained effective internal control over financial reporting as of December 31, 2004, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Regency Centers Corporation's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on management's assessment and an opinion on the effectiveness of the Company's internal control over financial reporting based on our audit.

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

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

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

In our opinion, management's assessment that Regency Centers Corporation maintained effective internal control over financial reporting as of December 31, 2004, is fairly stated, in all material respects, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Also, in our opinion, Regency Centers Corporation maintained, in all material respects, effective internal control over financial reporting as of December 31, 2004, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).



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We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Regency Centers Corporation and subsidiaries as of December 31, 2004 and 2003, and the related consolidated statements of operations, stockholders' equity and comprehensive income (loss), and cash flows for each of the years in the three-year period ended December 31, 2004, and related Financial Statements Schedule and our report dated March 14, 2005 expressed an unqualified opinion on those consolidated financial statements and related Financial Statements Schedule.

/s/ KPMG LLP

Jacksonville, Florida

March 14, 2005

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**Index to Financial Statements****REGENCY CENTERS CORPORATION****Consolidated Balance Sheets****December 31, 2004 and 2003****(in thousands, except share data)**

|  | <u>2004</u>         | <u>2003</u>      |
|--|---------------------|------------------|
| <b><u>Assets</u></b>   |                     |                  |
| Real estate investments at cost (notes 2, 4 and 11):   |                     |                  |
| Land   | \$ 806,207          | 738,101          |
| Buildings and improvements   | 1,915,655           | 1,914,075        |
|  | <u>2,721,862</u>    | <u>2,652,176</u> |
| Less: accumulated depreciation   | 338,609             | 285,665          |
|  | <u>2,383,253</u>    | <u>2,366,511</u> |
| Properties in development  | 426,216             | 369,474          |
| Operating properties held for sale   | 4,916               | 4,200            |
| Investments in real estate partnerships (note 4)   | 179,677             | 140,496          |
|  | <u>2,994,062</u>    | <u>2,880,681</u> |
| Net real estate investments  | 2,994,062           | 2,880,681        |
| Cash and cash equivalents  | 95,320              | 29,869           |
| Notes receivable   | 25,646              | 70,782           |
| Tenant receivables, net of allowance for uncollectible accounts of \$3,393 and \$3,353 at December 31, 2004 and 2003, respectively | 60,911              | 57,041           |
| Deferred costs, less accumulated amortization of \$25,735 and \$29,493 at December 31, 2004 and 2003, respectively                 | 41,002              | 35,804           |
| Acquired lease intangible assets, net (note 5)   | 14,172              | 10,205           |
| Other assets   | 12,711              | 13,847           |
|  | <u>\$ 3,243,824</u> | <u>3,098,229</u> |
| <b><u>Liabilities and Stockholders' Equity</u></b>   |                     |                  |
| Liabilities:   |                     |                  |
| Notes payable (note 6)   | \$ 1,293,090        | 1,257,777        |
| Unsecured line of credit (note 6)  | 200,000             | 195,000          |
| Accounts payable and other liabilities   | 102,443             | 94,280           |
| Acquired lease intangible liabilities, net (note 5)  | 5,161               | 6,115            |
| Tenants' security and escrow deposits  | 10,049              | 9,358            |
|  | <u>1,610,743</u>    | <u>1,562,530</u> |
| Total liabilities  | 1,610,743           | 1,562,530        |
| Preferred units (note 8)   | 101,762             | 223,526          |
| Exchangeable operating partnership units   | 30,775              | 26,544           |
| Limited partners' interest in consolidated partnerships  | 1,827               | 4,651            |
|  | <u>134,364</u>      | <u>254,721</u>   |
| Total minority interest  | 134,364             | 254,721          |

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|   |                   |                   |
|---|-------------------|-------------------|
| Stockholders' equity (notes 7, 8, 9 and 10):  |                   |                   |
| Preferred stock, \$.01 par value per share, 30,000,000 shares authorized; 800,000 and 300,000 shares issued and outstanding at December 31, 2004 and 2003, respectively, liquidation preference \$250 per share | 200,000           | 75,000            |
| Common stock \$.01 par value per share, 150,000,000 shares authorized; 67,970,538 and 64,956,077 shares issued at December 31, 2004 and 2003, respectively  | 680               | 650               |
| Treasury stock at cost, 5,161,559 and 5,048,120 shares held at December 31, 2004 and 2003, respectively   | (111,414)         | (111,414)         |
| Additional paid in capital  | 1,494,312         | 1,394,361         |
| Accumulated other comprehensive (loss) income   | (5,291)           | 175               |
| Distributions in excess of net income   | (79,570)          | (77,794)          |
|   | <u>          </u> | <u>          </u> |
| Total stockholders' equity  | 1,498,717         | 1,280,978         |
|   | <u>          </u> | <u>          </u> |
| Commitments and contingencies (notes 11 and 12)   |                   |                   |
|   | \$ 3,243,824      | 3,098,229         |
|   | <u>          </u> | <u>          </u> |

See accompanying notes to consolidated financial statements.

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## REGENCY CENTERS CORPORATION

## Consolidated Statements of Operations

For the years ended December 31, 2004, 2003 and 2002

(in thousands, except per share data)

|  | <u>2004</u>    | <u>2003</u>    | <u>2002</u>    |
|--|----------------|----------------|----------------|
| Revenues:  |                |                |                |
| Minimum rent (note 11)   | \$ 284,270     | 263,035        | 250,584        |
| Percentage rent  | 4,083          | 4,544          | 5,160          |
| Recoveries from tenants  | 80,469         | 75,866         | 71,604         |
| Management fees and commissions  | 10,663         | 6,419          | 4,617          |
| Equity in income of investments in real estate partnerships  | 10,194         | 11,276         | 5,765          |
|  | <u>389,679</u> | <u>361,140</u> | <u>337,730</u> |
| Total revenues   |                |                |                |
| Operating expenses:  |                |                |                |
| Depreciation and amortization  | 80,556         | 71,407         | 64,767         |
| Operating and maintenance  | 53,511         | 50,405         | 47,024         |
| General and administrative   | 30,282         | 24,229         | 22,757         |
| Real estate taxes  | 40,206         | 37,282         | 35,395         |
| Other expenses   | 8,043          | 4,993          | (1,802)        |
|  | <u>212,598</u> | <u>188,316</u> | <u>168,141</u> |
| Total operating expenses   |                |                |                |
| Other expense (income)   |                |                |                |
| Interest expense, net of interest income of \$3,128, \$2,357, and \$2,333 in 2004, 2003 and 2002, respectively | 80,915         | 82,822         | 83,729         |
| Gain on sale of operating properties and properties in development   | (39,387)       | (48,717)       | (20,905)       |
| Provision for loss on operating properties   | 810            |                | 950            |
| Other income   |                |                | (2,384)        |
|  | <u>42,338</u>  | <u>34,105</u>  | <u>61,390</u>  |
| Total other expense  |                |                |                |
| Income before minority interests   | 134,743        | 138,719        | 108,199        |
| Minority interest of preferred units   | (19,829)       | (29,826)       | (33,475)       |
| Minority interest of exchangeable operating partnership units  | (2,127)        | (2,478)        | (1,831)        |
| Minority interest of limited partners  | (319)          | (501)          | (492)          |
|  | <u>112,468</u> | <u>105,914</u> | <u>72,401</u>  |
| Income from continuing operations  |                |                |                |
| Discontinued operations, net:  |                |                |                |
| Operating income from discontinued operations  | 4,984          | 8,886          | 22,032         |
| Gain on sale of operating properties and properties in development   | 18,875         | 15,989         | 16,091         |
|  | <u>23,859</u>  | <u>24,875</u>  | <u>38,123</u>  |
| Income from discontinued operations  |                |                |                |
| Net income   | 136,327        | 130,789        | 110,524        |
| Preferred stock dividends  | (8,633)        | (4,175)        | (2,858)        |

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|  |            |         |         |
|--|------------|---------|---------|
| Net income for common stockholders           | \$ 127,694 | 126,614 | 107,666 |
| Income per common share basic (note 9):      |            |         |         |
| Continuing operations                        | \$ 1.69    | 1.71    | 1.19    |
| Discontinued operations                      | 0.39       | 0.42    | 0.66    |
| Net income for common stockholders per share | \$ 2.08    | 2.13    | 1.84    |
| Income per common share diluted (note 9):    |            |         |         |
| Continuing operations                        | \$ 1.69    | 1.70    | 1.19    |
| Discontinued operations                      | 0.39       | 0.42    | 0.65    |
| Net income for common stockholders per share | \$ 2.08    | 2.12    | 1.84    |

See accompanying notes to consolidated financial statements.

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## REGENCY CENTERS CORPORATION

## Consolidated Statements of Stockholders Equity and Comprehensive Income (Loss)

For the years ended December 31, 2004, 2003 and 2002

|  | Preferred<br>Stock | Common<br>Stock | Treasury<br>Stock | Additional<br>Paid In<br>Capital | Accumulated<br>Other<br>Comprehensive<br>Income (Loss) | Distributions<br>in Excess of<br>Net Income | Stock<br>Loans | Total<br>Stockholders<br>Equity |
|--|--------------------|-----------------|-------------------|----------------------------------|--|---|----------------|---------------------------------|
| <b>Balance at December 31, 2001</b>  | \$ 34,696          | 610             | (67,346)          | 1,327,579                        |  | (68,226)                                    | (8,262)        | 1,219,051                       |
| Common stock issued as<br>compensation and stock options<br>exercised, net |                    | 16              | (43)              | 14,232                           |  |   |                | 14,205                          |
| Tax benefit for issuance of stock<br>options                               |                    |                 |                   | 1,202                            |  |   |                | 1,202                           |
| Common stock redeemed under<br>stock loans                                 |                    | (2)             | (7,585)           | (419)                            |  |   | 8,262          | 256                             |
| Common stock issued for<br>partnership units exchanged                     |                    | 1               |                   | 1,287                            |  |   |                | 1,288                           |
| Common stock issued for<br>preferred stock exchanged                       | (24,190)           | 10              |                   | 24,180                           |  |   |                |                                 |
| Reallocation of minority interest  |                    |                 |                   | (253)                            |  |   |                | (253)                           |
| Repurchase of common stock   |                    |                 | (2,725)           |                                  |  |   |                | (2,725)                         |
| Cash dividends declared:   |                    |                 |                   |                                  |  |   |                |                                 |
| Preferred stock  |                    |                 |                   |                                  |  | (2,858)                                     |                | (2,858)                         |
| Common stock (\$2.04 per share)  |                    |                 |                   |                                  |  | (118,970)                                   |                | (118,970)                       |
| Net income   |                    |                 |                   |                                  |  | 110,524                                     |                | 110,524                         |
| <b>Balance at December 31, 2002</b>  | \$ 10,506          | 635             | (77,699)          | 1,367,808                        |  | (79,530)                                    |                | 1,221,720                       |
| Comprehensive Income (note 7):   |                    |                 |                   |                                  |  |   |                |                                 |
| Net income   |                    |                 |                   |                                  |  | 130,789                                     |                | 130,789                         |
| Change in fair value of derivative<br>instruments                          |                    |                 |                   |                                  | 175  |   |                | 175                             |
| <b>Total comprehensive income</b>  |                    |                 |                   |                                  |  |   |                | 130,964                         |
| Common stock issued as<br>compensation and stock options<br>exercised, net |                    | 9               | (429)             | 8,362                            |  |   |                | 7,942                           |
| Tax benefit for issuance of stock<br>options                               |                    |                 |                   | 1,682                            |  |   |                | 1,682                           |
| Treasury stock issued for<br>common stock offering                         |                    |                 | 117,216           | 6,279                            |  |   |                | 123,495                         |
| Common stock issued for<br>partnership units exchanged                     |                    | 1               |                   | 3,615                            |  |   |                | 3,616                           |
| Common stock issued for Series 2<br>preferred stock exchanged (note<br>8)  | (10,506)           | 5               |                   | 10,501                           |  |   |                |                                 |
| Series 3 preferred stock issued<br>(note 8)                                | 75,000             |                 |                   | (2,705)                          |  |   |                | 72,295                          |
| Reallocation of minority interest  |                    |                 |                   | (1,181)                          |  |   |                | (1,181)                         |
| Repurchase of common stock<br>(note 8)                                     |                    |                 | (150,502)         |                                  |  |   |                | (150,502)                       |
| Cash dividends declared:   |                    |                 |                   |                                  |  |   |                |                                 |

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|  |            |     |           |           |         |           |           |
|--|------------|-----|-----------|-----------|---------|-----------|-----------|
| Preferred stock  |            |     |           |           |         | (4,175)   | (4,175)   |
| Common stock (\$2.08 per share)                                      |            |     |           |           |         | (124,878) | (124,878) |
| <b>Balance at December 31, 2003</b>                                  | \$ 75,000  | 650 | (111,414) | 1,394,361 | 175     | (77,794)  | 1,280,978 |
| Comprehensive Income (note 7):                                       |            |     |           |           |         |           |           |
| Net income   |            |     |           |           |         | 136,327   | 136,327   |
| Loss on settlement of derivative instruments                         |            |     |           |           |         | (5,895)   | (5,895)   |
| Amortization of loss on derivative instruments                       |            |     |           |           |         | 429       | 429       |
| <b>Total comprehensive income</b>                                    |            |     |           |           |         |           | 130,861   |
| Common stock issued as compensation and stock options exercised, net |            | 12  |           | 18,633    |         |           | 18,645    |
| Tax benefit for issuance of stock options                            |            |     |           | 4,376     |         |           | 4,376     |
| Common stock issued for partnership units exchanged                  |            | 3   |           | 7,151     |         |           | 7,154     |
| Common stock issued in stock offering, net of costs (note 8)         |            | 15  |           | 67,395    |         |           | 67,410    |
| Series 4 preferred stock issued (note 8)                             | 125,000    |     |           | (4,288)   |         |           | 120,712   |
| Reallocation of minority interest                                    |            |     |           | 6,684     |         |           | 6,684     |
| Cash dividends declared:   |            |     |           |           |         |           |           |
| Preferred stock  |            |     |           |           |         | (8,633)   | (8,633)   |
| Common stock (\$2.12 per share)                                      |            |     |           |           |         | (129,470) | (129,470) |
| <b>Balance at December 31, 2004</b>                                  | \$ 200,000 | 680 | (111,414) | 1,494,312 | (5,291) | (79,570)  | 1,498,717 |

See accompanying notes to consolidated financial statements.

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## REGENCY CENTERS CORPORATION

## Consolidated Statements of Cash Flows

For the years ended December 31, 2004, 2003 and 2002

(in thousands)

|   | 2004              | 2003              | 2002              |
|---|-------------------|-------------------|-------------------|
|   | <u>          </u> | <u>          </u> | <u>          </u> |
| Cash flows from operating activities:   |                   |                   |                   |
| Net income  | \$ 136,327        | 130,789           | 110,524           |
| Adjustments to reconcile net income to net cash provided by operating activities: |                   |                   |                   |
| Depreciation and amortization   | 81,936            | 75,023            | 74,417            |
| Deferred loan cost and debt premium amortization                                  | 1,739             | 1,099             | 1,636             |
| Stock based compensation  | 14,432            | 11,327            | 9,517             |
| Minority interest of preferred units  | 19,829            | 29,826            | 33,475            |
| Minority interest of exchangeable operating partnership units                     | 2,579             | 3,044             | 2,797             |
| Minority interest of limited partners   | 319               | 501               | 492               |
| Equity in income of investments in real estate partnerships                       | (10,194)          | (11,276)          | (5,765)           |
| Net gain on sale of properties  | (60,539)          | (65,877)          | (40,083)          |
| Provision for loss on operating properties  | 810               | 1,969             | 4,369             |
| Other income  |                   |                   | (2,384)           |
| Distributions from operations of investments in real estate partnerships          | 13,342            | 8,341             | 5,522             |
| Hedge settlement  | (5,720)           |                   |                   |
| Changes in assets and liabilities:  |                   |                   |                   |
| Tenant receivables  | (5,849)           | (6,590)           | (863)             |
| Deferred leasing costs  | (6,199)           | (11,021)          | (12,917)          |
| Other assets  | 1,449             | 1,245             | (10,885)          |
| Accounts payable and other liabilities  | (574)             | 11,735            | (15,795)          |
| Tenants security and escrow deposits  | 214               | 510               | 699               |
|   | <u>          </u> | <u>          </u> | <u>          </u> |
| Net cash provided by operating activities   | 183,901           | 180,645           | 154,756           |
|   | <u>          </u> | <u>          </u> | <u>          </u> |
| Cash flows from investing activities:   |                   |                   |                   |
| Acquisition of real estate  | (60,358)          | (86,780)          | (57,056)          |
| Development of real estate  | (340,217)         | (328,920)         | (245,011)         |
| Proceeds from sale of real estate investments                                     | 317,178           | 237,033           | 427,808           |
| Repayment of notes receivable, net  | 64,009            | 117,643           | 37,363            |
| Investments in real estate partnerships   | (66,299)          | (14,881)          | (46,019)          |
| Distributions received from investments in real estate partnerships               | 47,369            | 26,902            | 11,784            |
|   | <u>          </u> | <u>          </u> | <u>          </u> |
| Net cash (used in) provided by investing activities                               | (38,318)          | (49,003)          | 128,869           |
|   | <u>          </u> | <u>          </u> | <u>          </u> |
| Cash flows from financing activities:   |                   |                   |                   |
| Net proceeds from common stock issuance   | 81,662            | 127,428           | 9,932             |
| Repurchase of common stock  |                   | (150,502)         | (2,725)           |
| Redemption of preferred units   | (125,000)         | (155,750)         |                   |
| Redemption of exchangeable operating partnership units                            | (20,402)          | (1,794)           | (83)              |
| Contributions (distributions) from limited partners in consolidated partnerships  | 373               | (10,676)          | (384)             |
| Distributions to exchangeable operating partnership unit holders                  | (2,509)           | (2,900)           | (3,157)           |
| Distributions to preferred unit holders   | (16,593)          | (25,954)          | (33,475)          |
| Dividends paid to common stockholders   | (129,470)         | (124,878)         | (118,970)         |
| Dividends paid to preferred stockholders  | (8,633)           | (4,175)           | (2,858)           |



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|   |                   |                   |                   |
|---|-------------------|-------------------|-------------------|
| Net proceeds from issuance of preferred stock             | 120,712           | 72,295            |                   |
| Repayment of fixed rate unsecured notes                   | (200,000)         |                   |                   |
| Proceeds from issuance of fixed rate unsecured notes, net | 148,646           |                   | 249,625           |
| Proceeds (repayment) of unsecured line of credit, net     | 5,000             | 115,000           | (294,000)         |
| Proceeds from notes payable                               | 84,223            | 30,822            | 7,082             |
| Repayment of notes payable, net                           | (8,176)           | (22,840)          | (58,306)          |
| Scheduled principal payments                              | (5,711)           | (4,099)           | (5,630)           |
| Deferred loan costs                                       | (4,254)           | (197)             | (2,082)           |
|   | <u>          </u> | <u>          </u> | <u>          </u> |
| Net cash used in financing activities                     | (80,132)          | (158,220)         | (255,031)         |
|   | <u>          </u> | <u>          </u> | <u>          </u> |
| Net increase (decrease) in cash and cash equivalents      | 65,451            | (26,578)          | 28,594            |
| Cash and cash equivalents at beginning of the year        | 29,869            | 56,447            | 27,853            |
|   | <u>          </u> | <u>          </u> | <u>          </u> |
| Cash and cash equivalents at end of the year              | \$ 95,320         | 29,869            | 56,447            |
|   | <u>          </u> | <u>          </u> | <u>          </u> |

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Index to Financial Statements**REGENCY CENTERS CORPORATION****Consolidated Statements of Cash Flows****For the years ended December 31, 2004, 2003 and 2002****(in thousands)**

|   | <u>2004</u> | <u>2003</u> | <u>2002</u> |
|---|-------------|-------------|-------------|
| Supplemental disclosure of cash flow information - cash paid for interest (net of capitalized interest of \$11,228, \$13,106 and \$13,753 in 2004, 2003 and 2002, respectively) | \$ 85,416   | 84,531      | 78,450      |
| Supplemental disclosure of non-cash transactions:   |             |             |             |
| Mortgage debt assumed by purchaser on sale of real estate   | \$ 44,684   | 13,557      | 4,570       |
| Common stock issued for partnership units exchanged   | \$ 7,154    | 3,616       | 1,288       |
| Mortgage loans assumed for the acquisition of real estate   | \$ 61,717   | 15,342      | 46,747      |
| Real estate contributed as investments in real estate partnerships  | \$ 31,312   | 24,100      | 29,486      |
| Exchangeable operating partnership units issued for the acquisition of real estate  | \$ 38,400   |             |             |
| Notes receivable taken in connection with sales of operating properties, properties in development and out-parcels  | \$ 3,255    | 131,794     | 61,489      |
| Change in fair value of derivative instrument   | \$          | 175         |             |
| Common stock redeemed to pay off stock loans  | \$          |             | 6,089       |

See accompanying notes to consolidated financial statements.

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Regency Centers Corporation

Notes to Consolidated Financial Statements

December 31, 2004

1. Summary of Significant Accounting Policies

(a) Organization and Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Regency Centers Corporation and partnerships in which it has a majority ownership or controlling interest (the Company or Regency). All significant intercompany balances and transactions have been eliminated in the consolidated financial statements.

The Company owns approximately 98% of the outstanding common units (Units) of Regency Centers, L.P. (RCLP). Regency invests in real estate through its partnership interest in RCLP. Generally all of the acquisition, development, operating and financing activities of Regency, including the issuance of Units and preferred units, are executed by RCLP. The equity interests of third parties held in RCLP or its majority owned partnerships are included in the consolidated financial statements as preferred units, exchangeable operating partnership units or limited partners' interest in consolidated partnerships. The Company is a qualified real estate investment trust (REIT), which began operations in 1993.

(b) Revenues

The Company leases space to tenants under agreements with varying terms. Leases are accounted for as operating leases with minimum rent recognized on a straight-line basis over the term of the lease regardless of when payments are due. Accrued rents are included in tenant receivables.

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 financial involvement with the property.

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The Company has been engaged by joint ventures to provide asset and property management services for their 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.

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Regency Centers Corporation

Notes to Consolidated Financial Statements

December 31, 2004

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

The Company incurs costs prior to land acquisition including acquisition contract deposits, as well as legal, engineering and other external professional fees related to evaluating the feasibility of developing a shopping center. These pre-acquisition development costs are included in properties in development. If the Company determines that the development of a shopping center is no longer probable, any pre-development costs previously incurred are immediately expensed. At December 31, 2004 and 2003, the Company had capitalized pre-development costs of \$10.5 million and \$8.8 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 allocates 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 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.

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The value of in-place leases is estimated based on the value associated with the costs avoided in originating leases comparable 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 estimated weighted-average remaining lease lives.

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Regency Centers Corporation

Notes to Consolidated Financial Statements

December 31, 2004

(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 estimates 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 because the customer relationships 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, operating properties held for sale includes only those properties available for immediate sale in their present condition and for which management believes it is probable that a sale of the property will be completed within one year. 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 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 a property is permanently impaired, the Company will write down the asset to fair value for held-and-used assets and to fair value less costs to sell for held-for-sale assets. During 2004, 2003 and 2002 the Company recorded a provision for loss of approximately \$810,000, \$2.0 million and \$4.4 million, based upon the criteria described above. The provision for loss on properties subsequently sold to third parties is included as part of discontinued operations.

The Company's properties generally have operations and cash flows that can be clearly distinguished from the rest of the Company. In accordance with Statement 144, the operations and gains on sales reported in discontinued operations include those operating properties and properties in development that were sold and for which operations and cash flows can be clearly distinguished. The operations from these properties have been eliminated from ongoing operations and the Company will not have continuing involvement after disposition. Prior periods have been restated to reflect the operations of these properties as discontinued operations. The operations and gains on sales of operating properties sold to real estate partnerships in which the Company has continuing involvement are included in income from continuing operations.

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Regency Centers Corporation

Notes to Consolidated Financial Statements

December 31, 2004

(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 is allowed to reduce taxable income by all or a portion of its distributions to stockholders. As distributions have exceeded taxable income, no provision for federal income taxes has been made in the accompanying consolidated financial statements (except as required for the Company's Taxable REIT Subsidiary as discussed below).

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.

The net book basis of real estate assets exceeds the tax basis by approximately \$103.9 million and \$113.2 million at December 31, 2004 and 2003, respectively, primarily due to the difference between the cost basis of the assets acquired and their carryover basis recorded for tax purposes.

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

|                                | <u>2004</u> | <u>2003</u> | <u>2002</u> |
|--------------------------------|-------------|-------------|-------------|
| Dividend per share             | \$ 2.12     | 2.08        | 2.04        |
| Ordinary income                | 82.00%      | 74.04%      | 71.00%      |
| Capital gain                   | 6.00%       | .49%        | 1.00%       |
| Return of capital              | 3.00%       | 12.84%      | 22.00%      |
| Unrecaptured Section 1250 gain | 9.00%       | 7.16%       | 4.00%       |
| Qualified 5-year gain          |             |             | 2.00%       |
| Post-May 5 gain                |             | 5.47%       |             |

Regency Realty Group, Inc. ( RRG ), a wholly-owned subsidiary of RCLP, is a Taxable REIT Subsidiary as defined in Section 856(l) of the Code. RRG is subject to federal and state income taxes and files separate tax returns. Income tax expense consists of the following for the years ended December 31, 2004, 2003 and 2002 which is included in either other expenses or discontinued operations (in thousands):

2004                      2003                      2002

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|                                    |                   |                   |                   |
|------------------------------------|-------------------|-------------------|-------------------|
|                                    | <u>          </u> | <u>          </u> | <u>          </u> |
| Income tax expense (benefit)       |                   |                   |                   |
| Current                            | \$ 10,730         | 4,179             | 4,054             |
| Deferred                           | (1,978)           | (1,230)           | (4,445)           |
|                                    | <u>          </u> | <u>          </u> | <u>          </u> |
| Total income tax expense (benefit) | \$ 8,752          | 2,949             | (391)             |
|                                    | <u>          </u> | <u>          </u> | <u>          </u> |

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## Regency Centers Corporation

## Notes to Consolidated Financial Statements

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## (d) Income Taxes (continued)

Income tax expense differed from the amounts computed by applying the U.S. Federal income tax rate of 34% to pretax income as follows for the years ended December 31, 2004, 2003 and 2002 (in thousands):

|   | <u>2004</u>     | <u>2003</u>  | <u>2002</u>  |
|---|-----------------|--------------|--------------|
| Computed expected tax expense (benefit)             | \$ 5,759        | 3,539        | (84)         |
| Increase in income taxes resulting from state taxes | 913             | 308          | (41)         |
| All other items                                     | 2,080           | (898)        | (266)        |
| <b>Total income tax expense (benefit)</b>           | <b>\$ 8,752</b> | <b>2,949</b> | <b>(391)</b> |

RRG had net deferred tax assets of \$8.9 million and \$6.9 million at December 31, 2004 and 2003, respectively. The majority of the deferred tax assets relate to deferred interest expense and tax costs capitalized on projects under development. No valuation allowance was provided and the Company believes it is more likely than not that the future benefits associated with these deferred assets will be realized.

## (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. Deferred leasing costs consist of internal and external commissions associated with leasing the Company's shopping centers. Net deferred leasing costs were \$30.8 million and \$28.0 million at December 31, 2004 and 2003, respectively. Deferred loan costs consist of initial direct and incremental costs associated with financing activities. Net deferred loan costs were \$10.2 million and \$7.8 million at December 31, 2004 and 2003, 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 and exchangeable operating partnership units. See note 9 for the calculation of earnings per share (EPS).

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Repurchases of the Company's common stock (net of shares retired) are recorded at cost and are reflected as Treasury stock in the consolidated statements of stockholders' equity. 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 and cash received from the sales of development properties are included in cash flows from operations in the consolidated statements of cash flows.

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Regency Centers Corporation

Notes to Consolidated Financial Statements

December 31, 2004

(h) Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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

The Company follows the provisions of SFAS No. 148, *Accounting for Stock-Based Compensation - Transition and Disclosure* (Statement 148). Statement 148 provides alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. In addition, Statement 148 amends the disclosure requirements of SFAS No. 123, *Accounting for Stock-Based Compensation* (Statement 123), to require more prominent and frequent disclosures in financial statements about the effects of stock-based compensation. As permitted under Statement 123 and Statement 148, the Company currently follows the accounting guidelines pursuant to Accounting Principles Board Opinion No. 25, *Accounting for Stock Issued to Employees* (Opinion 25), for stock-based compensation and furnishes the pro-forma disclosures as required under Statement 148.

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 Statement 123. Statement 123(R) supersedes Opinion 25. Generally, the approach in Statement 123(R) 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. Pro-forma disclosure is no longer an alternative. Statement 123(R) must be adopted no later than July 1, 2005.

Statement 123(R) permits companies to adopt its requirements using one of two methods:

1. 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.

2. The *modified retrospective* method includes the requirements of the modified prospective method described above, but also permits entities to restate based on the amounts previously recognized under Statement 123 for purposes of pro-forma disclosures either (a) all prior periods presented or (b) prior interim periods of the year of adoption.

The Company adopted Statement 123R using the modified prospective method on January 1, 2005.

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Regency Centers Corporation

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(i) Stock-Based Compensation (continued)

As permitted by Statement 123, the Company currently accounts for share-based payments to employees using Opinion 25's intrinsic value method and generally recognizes no compensation cost for employee stock options. Accordingly, the adoption of Statement 123(R)'s fair value method will have an impact on its results of operations in 2005. Had the Company adopted Statement 123(R) in prior periods, the impact of that standard would have approximated the impact of Statement 123 in the disclosure of pro-forma net income and earnings per share described below.

The Company has a Long-Term Omnibus Plan (the Plan) under which the Board of Directors may grant stock options and other stock-based awards to officers, directors and other key employees. The Plan allows the Company to issue up to 5.0 million shares in the form of common stock or stock options, but limits the issuance of common stock excluding stock options to no more than 2.75 million shares. At December 31, 2004, there were approximately 4.3 million shares available for grant under the Plan either through options or restricted stock of which 2.0 million shares are limited to common stock awards other than stock options. 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 may have certain dividend equivalent and stock option reload rights. The reload rights allow for an option holder to receive new options each time existing options are exercised if the existing options are exercised under specific criteria provided for in the Plan. In January 2005, the Company offered to acquire the reload rights of existing stock options from the option holders by issuing them additional stock options that will vest 25% per year and be expensed over a four-year period beginning in 2005 in accordance with Statement 123(R). As a result of the offer, on January 18, 2005, the Company granted 771,645 options with an exercise price of \$51.36, the fair value on the date of grant, and substantially all of the reload rights on existing stock options were cancelled.

Restricted stock granted under the Plan generally vests over a period of four years, although certain grants cliff-vest after eight years, but contain provisions that allow for accelerated vesting over a shorter term if certain performance criteria are met. Compensation expense is measured at the grant date and recognized ratably over the vesting period. The Company considers the likelihood of meeting the performance criteria in determining the amount to expense on a periodic basis. In general, such criteria have been met, thus expense is recognized at a rate commensurate with the actual vesting period. Restricted stock grants also have certain dividend rights under the Plan, which are expensed in a manner similar to the underlying stock.

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## Regency Centers Corporation

## Notes to Consolidated Financial Statements

December 31, 2004

## (i) Stock-Based Compensation (continued)

The following table represents restricted stock granted in January 2005, 2004 and 2003, respectively, for each of the following performance years:

|                                      | <u>2004</u> | <u>2003</u> | <u>2002</u> |
|--------------------------------------|-------------|-------------|-------------|
| Fair value of stock at date of grant | \$ 51.36    | 39.97       | 31.27       |
| 4-year vesting grant                 | 246,375     | 219,787     | 232,758     |
| 8-year vesting grant                 |             | 64,649      | 103,592     |
| Total stock grants                   | 246,375     | 284,436     | 336,350     |

The 4-year stock grants vest at the rate of 25% per year and the 8-year stock grants cliff-vest after eight years, but have the ability for accelerated vesting under the terms described above. Based upon restricted stock vesting in 2004, 2003 and 2002, the Company recorded compensation expense of \$11.8 million, \$7.5 million and \$5.6 million, respectively, including the dividends vesting on restricted stock. During 2004, 2003 and 2002, the Company recorded compensation expense for dividend equivalents related to stock options of \$2.2 million, \$3.5 million and \$3.2 million respectively, related to unexercised stock options. The Company also incurs stock based compensation related to fees paid to its Board of Directors, and non-exempt employee anniversaries.

The following table represents the assumptions used for the Black-Scholes option-pricing model for options granted in the respective year:

|  | <u>2004</u> | <u>2003</u> | <u>2002</u> |
|--|-------------|-------------|-------------|
| Per share weighted average fair value of stock options | \$ 4.75     | 2.23        | 1.94        |
| Expected dividend yield                                | 4.0%        | 5.5%        | 6.8%        |
| Risk-free interest rate                                | 2.9%        | 2.2%        | 2.0%        |
| Expected volatility                                    | 19.0%       | 16.0%       | 19.1%       |
| Expected life in years                                 | 2.1         | 2.4         | 2.5         |



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## Regency Centers Corporation

## Notes to Consolidated Financial Statements

December 31, 2004

## (i) Stock-Based Compensation (continued)

The Company applies Opinion 25 in accounting for its Plan, and accordingly, no compensation cost has been recognized for its stock options in the consolidated financial statements. Had the Company determined compensation cost based on the fair value at the grant date for its stock options under Statement 123, the Company's net income for common stockholders would have been reduced to the pro-forma amounts indicated below (in thousands except per share data):

|  | <u>2004</u>       | <u>2003</u>    | <u>2002</u>    |
|--|-------------------|----------------|----------------|
| Net income for common stockholders as reported:  | \$ 127,694        | 126,614        | 107,666        |
| Add: stock-based employee compensation expense included in reported net income                                   | 14,425            | 11,327         | 9,517          |
| Deduct: total stock-based employee compensation expense determined under fair value based methods for all awards | 21,067            | 15,455         | 13,470         |
| <b>Pro-forma net income</b>  | <b>\$ 121,052</b> | <b>122,486</b> | <b>103,713</b> |
| <b>Earnings per share:</b>   |                   |                |                |
| Basic as reported  | \$ 2.08           | 2.13           | 1.85           |
| Basic pro-forma  | \$ 1.98           | 2.06           | 1.78           |
| Diluted as reported  | \$ 2.08           | 2.12           | 1.84           |
| Diluted pro-forma  | \$ 1.97           | 2.05           | 1.77           |

## (j) Consolidation of Variable Interest Entities

In December 2003, the FASB issued Interpretation No. 46 ( FIN 46 ) (revised December 2003 ( FIN 46R )), Consolidation of Variable Interest Entities , which addresses how a business enterprise should evaluate whether it has a controlling financial interest in an entity through means other than voting rights and accordingly should consolidate the entity. FIN 46R replaces FIN 46, which was issued in January 2003. FIN 46R was applicable immediately to a variable interest entity created after January 31, 2003 and as of the first interim period ending after March 15, 2004 to those variable interest entities created before February 1, 2003 and not already consolidated under FIN 46 in previously issued financial statements. The Company did not create any variable interest entities after January 31, 2003. The Company has adopted FIN 46R, analyzed the applicability of this interpretation to its structures and determined that they are not party to any significant variable interest entities.



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Regency Centers Corporation

Notes to Consolidated Financial Statements

December 31, 2004

(k) Segment Reporting

The Company's business is investing in retail shopping centers through direct ownership or through joint ventures. The Company actively manages its portfolio of retail shopping centers and may from time to time make decisions to sell lower performing properties, or developments not meeting its long-term investment objectives. The proceeds 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 incidental 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 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.

(l) Derivative Financial Instruments

The Company adopted SFAS No. 133 Accounting for Derivative Instruments and Hedging Activities as amended by SFAS No. 149 (Statement 133) on January 1, 2001. 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 or rate locks.

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 qualify 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.



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(m) 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 mandatorily 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 has no impact on the Company's consolidated statements of operations for the year ended December 31, 2004.

At December 31, 2004, 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 are to 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 \$5.1 million at December 31, 2004 as compared to their carrying value of \$851,088. The Company has no other financial instruments that are affected by Statement 150.

(n) Reclassifications

Certain reclassifications have been made to the 2003 and 2002 amounts to conform to classifications adopted in 2004.

2. Real Estate Investments

During 2004, the Company acquired five operating properties from third parties for \$164.4 million. The purchase price included the assumption of \$61.7 million in debt, the issuance of 920,562 exchangeable operating partnership units valued at \$38.4 million, and cash. During 2003, the Company acquired four operating properties from third parties for \$75.4 million. The Company also acquired a redevelopment property for \$26.4 million. In accordance with Statement 141, acquired lease intangible assets of \$6.3 million and \$7.9 million for in-place leases were recorded for the acquisitions in 2004 and 2003, respectively. The acquisitions were accounted for as purchases and the results of their operations are included in the consolidated financial statements from the respective dates of acquisition, and neither was considered significant to the Company's operations in the current or preceding periods.

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3. Discontinued Operations

All of the amounts described in the following paragraph have been reclassified from the previously filed consolidated financial statements to reflect the reclassification to discontinued operations for dispositions or properties held for sale through March 31, 2005. During the three months ended March 31, 2005, the Company sold one property for net proceeds of \$27.8 million which had not been classified as held for sale at December 31, 2004 because completion of the sale was not yet considered probable. On March 31, 2005, the Company reclassified two properties as held for sale which were subsequently sold for net proceeds of \$16.7 million. During 2004, the Company sold 100% of its interest in 17 properties for net proceeds of \$130.5 million. The combined operating income from these properties and from properties held for sale including related gains are included in discontinued operations.

In accordance with Statement 144, the Company is reclassifying the operations of the properties sold or held for sale during the three months ended March 31, 2005 from continuing operations into discontinued operations for the years ended December 31, 2004, 2003 and 2002 in the consolidated statements of operations. The reclassified amounts for 2004, 2003 and 2002 are approximately \$841,000, \$271,000 and \$355,000, respectively.

After the effects of the above reclassification, the revenues from properties in discontinued operations were \$12.1 million, \$25.1 million and \$50.7 million for the years ended December 31, 2004, 2003 and 2002, respectively. The operating income from these properties was \$5.0 million, \$8.9 million and \$22.0 million for the years ended December 31, 2004, 2003 and 2002, respectively. Operating income and gains on sales included in discontinued operations are shown net of minority interest of exchangeable operating partnership units totaling \$451,407, \$566,106 and \$965,503 for the years ended December 31, 2004, 2003 and 2002, respectively.

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's combined investment in these partnerships was \$179.7 million and \$140.5 million at December 31, 2004 and 2003, 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 depreciable lives of the properties and other intangible assets which range in lives from 10 to 40 years. Net income, 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 primarily comprised of joint ventures where Regency invests with three co-investment partners, as further described below. In addition to earning its pro-rata share of net income in each of the partnerships, these co-investment partners pay the Company fees for asset management, property management, and acquisition and disposition services. During 2004, 2003 and 2002, the Company received fees from these joint ventures of \$9.3 million, \$5.6 million, and \$3.5 million, respectively.

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The Company co-invests with the Oregon Public Employees Retirement Fund in three joint ventures (collectively Columbia ) in which it has ownership interests of 20% or 30%. As of December 31, 2004, Columbia owned 18 shopping centers, had total assets of \$496.9 million, and net income of \$23.8 million. The Company's share of Columbia's total assets and net income was \$111.5 million and \$4.1 million, respectively. During 2004, Columbia acquired eight shopping centers from unrelated parties for a purchase price of \$250.8 million. The Company contributed \$31.9 million for its proportionate share of the purchase price. Columbia sold three shopping centers during 2004 for \$74.0 million to unrelated parties with a gain of \$10.0 million. During 2003, Columbia acquired two shopping centers for \$39.1 million from unrelated parties and sold one shopping center to an unrelated party for \$46.2 million with a gain of \$9.3 million. There were no properties sold by Columbia during 2002.

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4. Investments in Real Estate Partnerships (continued)

The Company co-invests with Macquarie CountryWide Trust of Australia ( MCW ), in two joint ventures (collectively, MCWR ) in which it has an ownership interest of 25%. As of December 31, 2004, MCWR owned 51 shopping centers, had total assets of \$734.6 million, and net income of \$12.1 million. Regency's share of MCWR's total assets and net income was \$183.6 million and \$3.5 million, respectively. During 2004, MCWR acquired 23 shopping centers from unrelated parties for a purchase price of \$274.5 million. The Company contributed \$34.8 million for its proportionate share of the purchase price. In addition, MCWR acquired three properties from the Company valued at \$69.7 million, for which it received cash of \$63.7 million. MCWR sold one shopping center during 2004 to an unrelated party for \$12.8 million with a gain of \$190,559.

During 2003, MCWR acquired 12 shopping centers from the Company valued at \$232.9 million, for which it received cash of \$79.4 million, and short-term notes receivable of \$95.3 million. MCWR repaid the notes during 2003 and 2004. During 2003, MCWR sold two shopping centers to third parties for \$20.1 million. There were no properties sold by MCWR during 2002.

On February 14, 2005, Regency and MCW entered into a contract with CalPERS/First Washington to acquire 101 shopping centers operating in 17 states, located primarily in the Washington D.C./Baltimore metro area as well as northern and southern California ( FW Portfolio ). The contract purchase price is \$2.74 billion. The portfolio of shopping centers will be owned in a new joint venture ( MCWR II ) between Regency and MCW in which the Company will have an ownership interest of 35%. The acquisition is expected to close during the second quarter of 2005. The Company expects to account for its investment in the venture as an unconsolidated investment in real estate partnerships. The Company has executed a bank commitment to provide the financing for its share of the purchase price discussed further in note 6.

In December 2004, the Company formed a new joint venture with the California State Teachers' Retirement System ( RegCal ) in which it has a 25% ownership interest. As of December 31, 2004, RegCal owned four shopping centers, had total assets of \$126.4 million, and net income of \$70,608. Regency's share of RegCal's total assets and net income was \$31.6 million and \$17,652, at December 31, 2004, respectively. During 2004, RegCal acquired four properties from the Company valued at \$124.5 million, assumed debt of \$34.8 million and the Company received net proceeds of \$73.9 million.

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 continuing involvement in these shopping centers. Columbia, MCWR and RegCal 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.



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With the exception of Columbia, MCWR, and RegCal, all of which intend to continue expanding their investments in shopping centers, the investments in real estate partnerships represent single asset entities formed for the purpose of developing and owning retail shopping centers.

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## 4. Investments in Real Estate Partnerships (continued)

On November 30, 2004, the Company sold a 50% interest in Valleydale, LLC, a single asset entity, to an affiliate of Publix Supermarkets for \$12.8 million and transferred its residual 50% investment interest to unconsolidated investments in real estate partnerships.

In August 2004, Regency sold its membership interest in the Hermosa Venture 2002, LLC to the partner. In March 2004, the only two shopping centers owned by the OTR/Regency Texas Realty Holdings, L.P., an unconsolidated joint venture in which Regency had a 30% equity interest, were sold to an unrelated party for \$28.3 million, resulting in a gain of \$8.2 million. The Company received \$17.2 million, which represents a \$4.3 million distribution for the Company's 30% equity interest and \$12.9 million for the repayment of a loan. The Company recognized a \$1.2 million gain included in equity in income of investments in real estate partnerships in the accompanying consolidated statements of operations. The Company has no remaining investment or commitment in either of these two joint ventures.

The Company's investments in real estate partnerships as of December 31, 2004 and 2003 consist of the following (in thousands):

|   | <u>Ownership</u> | <u>2004</u>       | <u>2003</u>    |
|---|------------------|-------------------|----------------|
| Macquarie CountryWide-Regency (MCWR)          | 25%              | \$ 65,134         | 30,347         |
| Macquarie CountryWide Direct (MCWR)           | 25%              | 8,001             | 8,724          |
| Columbia Regency Retail Partners (Columbia)   | 20%              | 41,380            | 40,267         |
| Cameron Village LLC (Columbia)                | 30%              | 21,612            |                |
| Columbia Regency Partners II (Columbia)       | 20%              | 3,107             |                |
| RegCal, LLC (RegCal)                          | 25%              | 13,232            |                |
| Other investments in real estate partnerships | 27% - 50%        | 27,211            | 61,158         |
|   |                  | <u>\$ 179,677</u> | <u>140,496</u> |

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

| <u>December 31,</u><br><u>2004</u> | <u>December 31,</u><br><u>2003</u> |
|------------------------------------|------------------------------------|
|------------------------------------|------------------------------------|

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| Balance Sheet:                  |                             |                             |
|---------------------------------|-----------------------------|-----------------------------|
| Investment in real estate, net  | \$ 1,325,850                | 727,530                     |
| Acquired lease intangibles, net | 74,261                      | 45,252                      |
| Other assets                    | 39,506                      | 39,408                      |
|                                 | <u>                    </u> | <u>                    </u> |
| Total assets                    | \$ 1,439,617                | 812,190                     |
|                                 | <u>                    </u> | <u>                    </u> |
| Notes payable                   | \$ 665,517                  | 322,238                     |
| Other liabilities               | 24,471                      | 14,102                      |
| Partners' equity                | 749,629                     | 475,850                     |
|                                 | <u>                    </u> | <u>                    </u> |
| Total liabilities and equity    | \$ 1,439,617                | 812,190                     |
|                                 | <u>                    </u> | <u>                    </u> |

Unconsolidated investments in real estate partnerships had notes payable of \$665.5 million as of December 31, 2004 and the Company's proportionate share of these loans was \$168.1 million. The Company does not guarantee any debt of these partnerships and is responsible for only its pro-rata share based upon its ownership percentage.

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## 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 years ended December 31, 2004, 2003 and 2002 (in thousands):

|                                  | <u>2004</u>      | <u>2003</u>   | <u>2002</u>   |
|----------------------------------|------------------|---------------|---------------|
| <b>Statements of Operations:</b> |                  |               |               |
| Total revenues                   | \$ 110,939       | 76,157        | 42,073        |
| Total expenses                   | 82,127           | 50,315        | 25,151        |
| Gain on sale of real estate      | 18,977           | 13,760        | 3,844         |
| <b>Net income</b>                | <b>\$ 47,789</b> | <b>39,602</b> | <b>20,766</b> |

## 5. Acquired Lease Intangibles:

Acquired lease intangible assets are net of accumulated amortization of \$2.6 million and \$405,327 at December 31, 2004 and 2003, respectively. These assets have a remaining weighted average amortization period of six years. The aggregate amortization expense from acquired leases was \$2.2 million, \$368,231 and \$37,096 for the years ended December 31, 2004, 2003 and 2002, respectively. Acquired lease intangible liabilities are net of previously accreted minimum rent of \$1.9 million and \$953,964 at December 31, 2004 and 2003, respectively and have a remaining weighted average amortization period of six years.

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

| <u>Year Ending December 31,</u> | <u>Amortization</u><br><u>Expense</u> | <u>Minimum</u><br><u>Rent</u> |
|---------------------------------|---------------------------------------|-------------------------------|
| 2005                            | \$ 3,569                              | 954                           |
| 2006                            | 3,569                                 | 954                           |
| 2007                            | 2,404                                 | 954                           |
| 2008                            | 1,070                                 | 954                           |

|      |     |     |
|------|-----|-----|
| 2009 | 981 | 954 |
|------|-----|-----|

## 6. Notes Payable and Unsecured Line of Credit

The Company's outstanding debt at December 31, 2004 and 2003 consists of the following (in thousands):

|                              | <u>2004</u>         | <u>2003</u>      |
|------------------------------|---------------------|------------------|
| Notes Payable:               |                     |                  |
| Fixed rate mortgage loans    | \$ 275,726          | 217,001          |
| Variable rate mortgage loans | 68,418              | 41,629           |
| Fixed rate unsecured loans   | 948,946             | 999,147          |
|                              | <u>1,293,090</u>    | <u>1,257,777</u> |
| Total notes payable          |                     |                  |
| Unsecured line of credit     | 200,000             | 195,000          |
|                              | <u>200,000</u>      | <u>195,000</u>   |
| Total                        | <u>\$ 1,493,090</u> | <u>1,452,777</u> |

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

On April 1, 2004, RCLP completed the sale of \$150 million of ten-year senior unsecured notes. The 4.95% notes are due April 15, 2014 and were priced at 99.747% to yield 4.982%. The proceeds of the offering were used to partially repay the \$200 million of 7.4% notes maturing on April 1, 2004 and the remaining balance due was funded from the unsecured line of credit. As a result of two forward-starting interest rate swaps totaling \$144.2 million initiated in 2003 in anticipation of this transaction, the effective interest rate is 5.47%. On March 31, 2004, the interest rate swaps were settled for \$5.7 million, which is recorded in OCI and will be amortized over the ten-year term of the notes to interest expense. The swaps qualified for hedge accounting under Statement 133; therefore, the change in fair value and its settlement was recorded in OCI.

On March 26, 2004, the Company closed on the amended and restated unsecured revolving line of credit (the Line). Under the new agreement, the Company reduced the Line commitment from \$600 million to \$500 million. The Line has a three-year term with a one-year extension option at an interest rate of LIBOR plus .75% which is a reduction of 10 basis points from the prior agreement. At December 31, 2004, the balance on the Line was \$200 million. Interest rates paid on the Line, which are based on LIBOR plus .75%, were 3.1875% at December 31, 2004 and LIBOR plus .85% or 1.975% at December 31, 2003. 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.

On February 15, 2005, the Company executed a commitment letter related to the Line which will temporarily modify certain Line covenants related to borrowing capacity and leverage, and will also add a temporary bridge loan for \$275 million (Bridge Commitment). The temporary modifications will expire and the Bridge Commitment will mature nine months after the closing of the FW Portfolio into MCWR II. The Bridge Commitment combined with existing borrowing capacity under the Line will provide sufficient cash for Regency's equity investment into MCWR II. These borrowings will raise the Company's debt to assets leverage ratio above current levels, which could exceed currently allowable Line covenants. The temporary modification to the leverage covenant is intended to keep Regency from defaulting on the Line during the term that the Bridge Commitment is outstanding. The Company intends to payoff the Bridge Commitment within the nine month term through a combination of issuing equity and selling shopping centers under our capital recycling program.

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. Variable interest rates on mortgage loans are currently based on LIBOR plus a spread in a range of 125 to 150 basis points. Fixed interest rates on mortgage loans range from 5.01% to 9.50%.

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## 6. Notes Payable and Unsecured Line of Credit (continued)

The fair value of the Company's notes payable and Line are estimated based on the current rates available to the Company for debt of the same remaining maturities. Notes payable with variable interest rates and the Line are considered to be at fair value, since the interest rates on such instruments reprice based on current market conditions. Fixed rate loans assumed in connection with real estate acquisitions are recorded in the accompanying financial statements at fair value.

Based on the borrowing rates currently available to the Company for loans with similar terms and average maturities, the fair value of long-term debt is \$1.6 billion.

As of December 31, 2004, scheduled principal repayments on notes payable and the Line were as follows (in thousands):

| <b>Scheduled Payments by Year</b> | <b>Scheduled<br/>Principal<br/>Payments</b> | <b>Term<br/>Loan<br/>Maturities</b> | <b>Total<br/>Payments</b> |
|-----------------------------------|---|-------------------------------------|---------------------------|
| 2005                              | \$ 4,042                                    | 176,175                             | 180,217                   |
| 2006                              | 3,775                                       | 21,083                              | 24,858                    |
| 2007 (includes the Line)          | 3,542                                       | 262,255                             | 265,797                   |
| 2008                              | 3,388                                       | 19,617                              | 23,005                    |
| 2009                              | 3,458                                       | 53,089                              | 56,547                    |
| Beyond 5 Years                    | 17,795                                      | 921,338                             | 939,133                   |
| Unamortized debt premiums         |   | 3,533                               | 3,533                     |
| <b>Total</b>                      | <b>\$ 36,000</b>                            | <b>1,457,090</b>                    | <b>1,493,090</b>          |

## 7. 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.

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During 2003, the Company entered into two forward-starting interest rate swaps of \$96.5 million and \$47.7 million. The Company designated the \$144.2 million swaps as cash flow hedges to fix the rate on a refinancing in April 2004. On March 31, 2004, the Company settled the swaps with a payment to the counter-party for \$5.7 million. The swaps qualify for hedge accounting under Statement 133, therefore the losses associated with the swaps have been included in OCI. The unamortized balance of OCI is being amortized over the ten year term of the loan hedged as additional interest expense.

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8. Stockholders' Equity and Minority Interest

(a) Preferred Stock

On August 31, 2004, the Company received proceeds from a \$125 million offering of 5 million depositary shares representing 500,000 shares of Series 4 Cumulative Redeemable Preferred Stock. The depositary shares are perpetual preferred stock, not convertible into common stock of the Company, are redeemable at par upon Regency's election on or after August 31, 2009, pay a 7.25% annual dividend, and have a liquidation value of \$25 per depositary share. The proceeds from this offering were used to redeem \$85 million of Series B 8.75% Preferred Units and \$40 million of Series C 9.0% Preferred Units.

On April 3, 2003, the Company received proceeds from a \$75 million offering of 3 million, depositary shares representing 300,000 shares of Series 3 Cumulative Redeemable Preferred Stock. The depositary shares are perpetual preferred stock, are not convertible into common stock of the Company, are redeemable at par upon Regency's election on or after April 3, 2008, pay a 7.45% annual dividend, and have a liquidation value of \$25 per depositary share.

The terms of the Series 3 and Series 4 Preferred Stock do not contain any unconditional obligations that would require the Company to redeem the securities at any time or for any purpose.

During 2003, the holder of the Series 2 preferred stock converted all of its remaining 450,400 preferred shares into common stock at a conversion ratio of 1:1.

(b) Common Stock

On August 24, 2004, the Company sold 1.5 million shares of common stock in an underwritten public offering and the net proceeds of approximately \$67 million were used to reduce the balance of the Line.

On August 18, 2003, the Company issued 3.6 million shares of common stock at \$35.96 per share in an underwritten public offering. The net proceeds of \$123.5 million were used to redeem the \$80 million Series A Preferred Units and the remainder was used to reduce the balance of the Line.

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Prior to June 24, 2003, Security Capital Group Inc. owned 34,273,236 shares, representing 56.6% of Regency's outstanding common stock. On June 24, 2003 Security Capital (1) sold Regency common stock through (a) an underwritten public offering and (b) the sale of 4,606,880 shares to Regency at the public offering price of \$32.56 per share and (2) agreed to sell the balance of its Regency shares pursuant to forward sales contracts with underwriters. Security Capital settled all of the forward sales contracts in September and December 2003, and as a result, Security Capital no longer owns any Regency shares. Security Capital terminated its Stockholders Agreement with Regency on June 24, 2003 and is now subject to the same 7% ownership limit in Regency's articles of incorporation that applies to other shareholders.

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## (c) Preferred Units

The Company, through RCLP, has issued Cumulative Redeemable Preferred Units ( Preferred Units ) in various amounts since 1998. The issues were sold primarily to institutional investors in private placements for \$100 per unit. The Preferred Units, which may be called by RCLP at par after certain dates, have no stated maturity or mandatory redemption, and pay a cumulative, quarterly dividend at fixed rates. At any time after ten years from the date of issuance, 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. At December 31, 2004 and 2003, the face value of total Preferred Units issued was \$104 million and \$229 million with an average fixed distribution rate of 8.13% and 8.88%, respectively.

On November 11, 2004, the Company renegotiated the distribution rate on the \$50 million Series D Preferred Units from 9.125% to 7.45%. On September 3, 2004, the Company redeemed \$85 million of Series B 8.75% Preferred Units and \$40 million of Series C 9.0% Preferred Units from proceeds of the Series 4 Preferred stock offering described above. At the time of the redemptions, \$3.2 million of previously deferred costs related to the original preferred units issuance were recognized in the consolidated statements of operations as a component of minority interest of preferred units.

During 2003, the Company redeemed \$80 million of Series A 8.125% Preferred Units, which was funded from proceeds from the stock offering completed on August 18, 2003 and described above. At the time of the redemption, \$1.2 million of costs related to the preferred units were recognized in the consolidated statements of operations as a component of minority interest of preferred units. Also during 2003, the Company redeemed \$35 million of Series C 9% Preferred Units and \$40 million of Series E 8.75% Preferred Units. The redemptions were portions of each series and the Company paid a 1% premium on the face value of the redeemed units totaling \$750,000. At the time of redemption, the premium and \$1.9 million of previously deferred costs related to their original issuance were recognized in the consolidated statements of operations as a component of minority interest of preferred units. The redemption of the Series C and E units was funded from proceeds from the Line.

Terms and conditions of the Preferred Units outstanding as of December 31, 2004 are summarized as follows:

| Series   | Units<br>Outstanding | Issue<br>Price | Amount<br>Outstanding | Distribution<br>Rate | Callable by<br>Company | Exchangeable<br>by Unit holder |
|----------|----------------------|----------------|-----------------------|----------------------|------------------------|--------------------------------|
| Series D | 500,000              | \$ 100.00      | \$ 50,000,000         | 7.450%               | 09/29/09               | 01/01/14                       |
| Series E | 300,000              | \$ 100.00      | 30,000,000            | 8.750%               | 05/25/05               | 05/25/10                       |
| Series F | 240,000              | \$ 100.00      | 24,000,000            | 8.750%               | 09/08/05               | 09/08/10                       |
|          | 1,040,000            |                | \$ 104,000,000        |                      |                        |                                |



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## 9. Earnings per Share

The following summarizes the calculation of basic and diluted earnings per share for the three years ended December 31, 2004, 2003 and 2002, respectively. Amounts have been reclassified from the previously filed consolidated financial statements to reflect the reclassification to discontinued operations for dispositions or properties held for sale through March 31, 2005. (in thousands except per share data):

|  | <u>2004</u> | <u>2003</u> | <u>2002</u> |
|--|-------------|-------------|-------------|
| <b><u>Numerator:</u></b>   |             |             |             |
| Income from continuing operations  | \$ 112,468  | 105,914     | 72,401      |
| Discontinued operations  | 23,859      | 24,875      | 38,123      |
| Net income   | 136,327     | 130,789     | 110,524     |
| Less: Preferred stock dividends  | 8,633       | 4,175       | 2,858       |
| Net income for common stockholders - basic   | 127,694     | 126,614     | 107,666     |
| Add: Convertible Preferred stock dividends   |             |             | 582         |
| Add: Minority interest of exchangeable operating partnership units - continuing operations   |             | 2,478       | 1,831       |
| Add: Minority interest of exchangeable operating partnership units - discontinued operations |             | 566         | 966         |
| Net income for common stockholders - diluted   | \$ 127,694  | 129,658     | 111,045     |
| <b><u>Denominator:</u></b>   |             |             |             |
| Weighted average common shares outstanding for basic EPS                                     | 61,264      | 59,411      | 58,193      |
| Exchangeable operating partnership units   |             | 1,436       | 1,523       |
| Incremental shares to be issued under common stock options using the Treasury method         | 217         | 395         | 378         |
| Convertible series 2 preferred stock   |             |             | 344         |
| Weighted average common shares outstanding for diluted EPS                                   | 61,481      | 61,242      | 60,438      |
| <b><u>Income per common share - basic</u></b>  |             |             |             |
| Income from continuing operations  | \$ 1.69     | 1.71        | 1.19        |
| Discontinued operations  | 0.39        | 0.42        | 0.66        |
| Net income for common stockholders per share   | \$ 2.08     | 2.13        | 1.85        |

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|  |    |                   |                   |                   |
|--|----|-------------------|-------------------|-------------------|
| <u>Income per common share - diluted</u>     |    |                   |                   |                   |
| Income from continuing operations            | \$ | 1.69              | 1.70              | 1.19              |
| Discontinued operations                      |    | 0.39              | 0.42              | 0.65              |
|  |    | <u>          </u> | <u>          </u> | <u>          </u> |
| Net income for common stockholders per share | \$ | 2.08              | 2.12              | 1.84              |
|  |    | <u>          </u> | <u>          </u> | <u>          </u> |

In 2004, the exchangeable operating partnership units were anti-dilutive to EPS, therefore, the units and the related minority interest of exchangeable operating partnership units are excluded from the calculation of EPS.

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## Regency Centers Corporation

## Notes to Consolidated Financial Statements

December 31, 2004

## 10. Stock Option Plan

Under the Plan, the Company may grant stock options to its officers, directors and other key employees. Options are granted at fair market value on the date of grant, vest 25% per year, and expire after ten years. Stock option grants also receive dividend equivalents for a specified period of time equal to the Company's dividend yield less the average dividend yield of the S&P 500 as of the grant date. Dividend equivalents are funded in Regency common stock, and vest at the same rate as the options upon which they are based.

The following table reports stock option activity during the periods indicated:

|                                | <b>Number of<br/>Shares</b> | <b>Weighted<br/>Average<br/>Exercise Price</b> |
|--------------------------------|-----------------------------|--|
| Outstanding, December 31, 2001 | 3,682,962                   | \$ 23.94                                       |
| Granted                        | 1,710,093                   | 30.19  |
| Forfeited                      | (177,819)                   | 24.07  |
| Exercised                      | (2,117,376)                 | 23.68  |
| Outstanding, December 31, 2002 | 3,097,860                   | 27.47  |
| Granted                        | 1,622,143                   | 34.97  |
| Forfeited                      | (7,789)                     | 22.95  |
| Exercised                      | (2,215,924)                 | 27.73  |
| Outstanding, December 31, 2003 | 2,496,290                   | 32.13  |
| Granted                        | 1,904,373                   | 45.89  |
| Forfeited                      | (6,493)                     | 28.63  |
| Exercised                      | (2,719,007)                 | 34.27  |
| Outstanding, December 31, 2004 | 1,675,163                   | \$ 44.32                                       |

The following table presents information regarding all options outstanding at December 31, 2004:

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| Number of<br>Options<br>Outstanding | Weighted<br>Average<br>Remaining<br>Contractual<br>Life (in years) | Range of Exercise<br>Prices | Weighted<br>Average<br>Exercise<br>Price |
|-------------------------------------|--|-----------------------------|--|
| 101,984                             | 5.86   | \$ 19.81 29.45              | \$ 25.05                                 |
| 603,650                             | 4.58   | 29.90 44.40                 | 39.53                                    |
| 969,529                             | 4.18   | 44.94 54.52                 | 49.32                                    |
| 1,675,163                           | 4.43   | \$ 19.81 54.52              | \$ 44.32                                 |

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## Regency Centers Corporation

## Notes to Consolidated Financial Statements

December 31, 2004

## 10. Stock Option Plan (continued)

The following table presents information regarding options currently exercisable at December 31, 2004:

| Number of<br>Options<br>Exercisable | Range of<br>Exercise<br>Prices | Weighted<br>Average<br>Exercise<br>Price |
|-------------------------------------|--------------------------------|--|
| 57,882                              | \$ 19.81 29.45                 | \$ 24.30                                 |
| 588,650                             | 29.90 44.40                    | 39.78                                    |
| 969,529                             | 44.94 54.52                    | 49.32                                    |
| <b>1,616,061</b>                    | <b>\$ 19.81 54.52</b>          | <b>\$ 44.95</b>                          |

## 11. Operating Leases

The Company's properties are leased to tenants under operating leases with expiration dates extending to the year 2031. Future minimum rents under noncancelable operating leases as of December 31, 2004, excluding tenant reimbursements of operating expenses and excluding additional contingent rentals based on tenants' sales volume are as follows (in thousands):

| Year Ending December 31, | Amount              |
|--------------------------|---------------------|
| 2005                     | \$ 283,876          |
| 2006                     | 266,018             |
| 2007                     | 232,843             |
| 2008                     | 198,000             |
| 2009                     | 159,719             |
| Thereafter               | 1,041,260           |
| <b>Total</b>             | <b>\$ 2,181,716</b> |

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The shopping centers tenant base includes primarily national and regional supermarkets, drug stores, discount department stores and other retailers and, consequently, the credit risk is concentrated in the retail industry. There were no tenants that individually represented 10% or more of the Company's combined minimum rent.

The Company has shopping centers that are subject to non-cancelable long-term ground leases where a third party owns and has leased the underlying land to Regency to construct and/or operate a shopping center. In addition, the Company has non-cancelable operating leases pertaining to office space where it conducts its business. The following table summarizes the obligations under non-cancelable operating leases as of December 31, 2004 (in thousands):

| <u>Year Ending December 31,</u> | <u>Amount</u> |
|---------------------------------|---------------|
| 2005                            | \$ 2,944      |
| 2006                            | 2,791         |
| 2007                            | 1,814         |
| 2008                            | 1,339         |
| 2009                            | 998           |

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Regency Centers Corporation

## Notes to Consolidated Financial Statements

December 31, 2004

## 12. 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.

## 13. Market and Dividend Information (Unaudited)

The Company's common stock is traded on the New York Stock Exchange ( NYSE ) under the symbol REG . The Company currently has approximately 18,000 shareholders. The following table sets forth the high and low prices and the cash dividends declared on the Company's common stock by quarter for 2004 and 2003:

| Quarter Ended | 2004       |           |                         | 2003       |           |                         |
|---------------|------------|-----------|-------------------------|------------|-----------|-------------------------|
|               | High Price | Low Price | Cash Dividends Declared | High Price | Low Price | Cash Dividends Declared |
| March 31      | \$ 46.73   | 38.90     | .53                     | 33.53      | 30.40     | .52                     |
| June 30       | 47.35      | 34.52     | .53                     | 35.72      | 32.41     | .52                     |
| September 30  | 47.70      | 41.98     | .53                     | 36.95      | 34.09     | .52                     |
| December 31   | 55.40      | 46.03     | .53                     | 40.43      | 35.56     | .52                     |

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## Regency Centers Corporation

## Notes to Consolidated Financial Statements

December 31, 2004

## 14. Summary of Quarterly Financial Data (Unaudited)

Presented below is a summary of the consolidated quarterly financial data for the years ended December 31, 2004 and 2003. Amounts have been reclassified from the previously filed consolidated financial statements to reflect the reclassification to discontinued operations for dispositions or properties held for sale through March 31, 2005. (in thousands except per share data):

|   | <u>First<br/>Quarter</u> | <u>Second<br/>Quarter</u> | <u>Third<br/>Quarter</u> | <u>Fourth<br/>Quarter</u> |
|---|--------------------------|---------------------------|--------------------------|---------------------------|
| <b>2004:</b>                            |                          |                           |                          |                           |
| Revenues as originally reported         | \$ 95,810                | 95,935                    | 98,991                   | 107,024                   |
| Reclassified to discontinued operations | (3,357)                  | (3,059)                   | (974)                    | (691)                     |
| Adjusted revenues                       | <u>\$ 92,453</u>         | <u>92,876</u>             | <u>98,017</u>            | <u>106,333</u>            |
| Net income for common stockholders      | <u>\$ 21,420</u>         | <u>25,059</u>             | <u>35,569</u>            | <u>45,646</u>             |
| Net income per share:                   |                          |                           |                          |                           |
| Basic                                   | <u>\$ .36</u>            | <u>.41</u>                | <u>.58</u>               | <u>.73</u>                |
| Diluted                                 | <u>\$ .35</u>            | <u>.41</u>                | <u>.58</u>               | <u>.73</u>                |
| <b>2003:</b>                            |                          |                           |                          |                           |
| Revenues as originally reported         | \$ 95,119                | 94,041                    | 94,847                   | 99,226                    |
| Reclassified to discontinued operations | (6,875)                  | (5,827)                   | (5,284)                  | (4,107)                   |
| Adjusted revenues                       | <u>\$ 88,244</u>         | <u>88,214</u>             | <u>89,563</u>            | <u>95,119</u>             |
| Net income for common stockholders      | <u>\$ 17,924</u>         | <u>25,632</u>             | <u>29,769</u>            | <u>53,289</u>             |
| Net income per share:                   |                          |                           |                          |                           |
| Basic                                   | <u>\$ .30</u>            | <u>.43</u>                | <u>.52</u>               | <u>.89</u>                |
| Diluted                                 | <u>\$ .30</u>            | <u>.42</u>                | <u>.51</u>               | <u>.89</u>                |

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## REGENCY CENTERS CORPORATION

## Combined Real Estate and Accumulated Depreciation

December 31, 2004

|                               | Initial Cost |                         |                               | Cost Capitalized | Total Cost |                         |                          |       | Total Cost               |                                 |
|-------------------------------|--------------|-------------------------|-------------------------------|------------------|------------|-------------------------|--------------------------|-------|--------------------------|---------------------------------|
|                               | Land         | Building & Improvements | Subsequent to Acquisition (a) |                  | Land       | Building & Improvements | Properties held for Sale | Total | Accumulated Depreciation | Net of Accumulated Depreciation |
| ALDEN BRIDGE                  | 12,937       | 10,146                  | 1,902                         | 13,810           | 11,175     |                         | 24,985                   | 1,311 | 23,674                   | 10,105                          |
| ANTHEM MARKETPLACE            | 6,846        | 13,563                  | (111)                         | 6,846            | 13,452     |                         | 20,298                   | 596   | 19,702                   | 14,870                          |
| ASHBURN FARM MARKET CENTER    | 9,869        | 4,747                   | (11)                          | 9,835            | 4,770      |                         | 14,605                   | 791   | 13,814                   |                                 |
| ASHFORD PLACE                 | 2,804        | 9,944                   | (399)                         | 2,584            | 9,765      |                         | 12,349                   | 2,577 | 9,772                    | 3,883                           |
| AVENTURA SHOPPING CENTER      | 2,751        | 9,318                   | 961                           | 2,751            | 10,279     |                         | 13,030                   | 5,262 | 7,768                    |                                 |
| BECKETT COMMONS               | 1,625        | 5,845                   | 4,839                         | 1,625            | 10,684     |                         | 12,309                   | 1,486 | 10,823                   |                                 |
| BELLEVUE SQUARE               | 8,132        | 8,610                   | 8                             | 8,132            | 8,618      |                         | 16,750                   | 192   | 16,558                   | 9,894                           |
| BENEVA VILLAGE SHOPS          | 2,484        | 8,851                   | 887                           | 2,484            | 9,738      |                         | 12,222                   | 1,596 | 10,626                   |                                 |
| BERKSHIRE COMMONS             | 2,295        | 8,151                   | 281                           | 2,295            | 8,432      |                         | 10,727                   | 2,529 | 8,198                    |                                 |
| BETHANY PARK PLACE            | 4,605        | 5,792                   | (230)                         | 4,290            | 5,877      |                         | 10,167                   | 1,864 | 8,303                    |                                 |
| BLOOMINGDALE                  | 3,862        | 14,101                  | 615                           | 3,862            | 14,716     |                         | 18,578                   | 2,746 | 15,832                   |                                 |
| BLOSSOM VALLEY                | 7,804        | 10,321                  | 419                           | 7,804            | 10,740     |                         | 18,544                   | 1,623 | 16,921                   |                                 |
| BOLTON PLAZA                  | 2,660        | 6,209                   | 1,821                         | 2,635            | 8,055      |                         | 10,690                   | 2,448 | 8,242                    |                                 |
| BOULEVARD CENTER              | 3,659        | 9,658                   | 661                           | 3,659            | 10,319     |                         | 13,978                   | 1,607 | 12,371                   |                                 |
| BOYNTON LAKES PLAZA           | 2,783        | 10,043                  | 1,376                         | 2,783            | 11,419     |                         | 14,202                   | 2,089 | 12,113                   |                                 |
| BRIARCLIFF LA VISTA           | 694          | 2,463                   | 775                           | 694              | 3,238      |                         | 3,932                    | 1,166 | 2,766                    |                                 |
| BRIARCLIFF VILLAGE            | 4,597        | 16,304                  | 8,125                         | 4,597            | 24,429     |                         | 29,026                   | 6,185 | 22,841                   | 12,069                          |
| BUCKHEAD COURT                | 1,738        | 6,163                   | 1,778                         | 1,628            | 8,051      |                         | 9,679                    | 2,052 | 7,627                    |                                 |
| BUCKLEY SQUARE                | 2,970        | 5,126                   | 376                           | 2,970            | 5,502      |                         | 8,472                    | 1,003 | 7,469                    |                                 |
| CAMBRIDGE SQUARE SHOPPING CTR | 792          | 2,916                   | 1,391                         | 792              | 4,307      |                         | 5,099                    | 949   | 4,150                    |                                 |
| CARMEL COMMONS                | 2,466        | 8,903                   | 3,538                         | 2,466            | 12,441     |                         | 14,907                   | 2,367 | 12,540                   |                                 |
| CARRIAGE GATE                 | 741          | 2,495                   | 1,872                         | 741              | 4,367      |                         | 5,108                    | 1,859 | 3,249                    |                                 |
| CASA LINDA PLAZA              | 4,515        | 30,809                  | 640                           | 4,515            | 31,449     |                         | 35,964                   | 4,780 | 31,184                   |                                 |
| CENTERPLACE OF GREELEY        | 378          |                         |                               | 378              |            |                         | 378                      |       | 378                      |                                 |
| CHAMPIONS FOREST              | 2,666        | 8,679                   | (20)                          | 2,584            | 8,741      |                         | 11,325                   | 1,358 | 9,967                    |                                 |
| CHASEWOOD PLAZA               | 1,675        | 11,391                  | 12,153                        | 4,612            | 20,607     |                         | 25,219                   | 5,998 | 19,221                   |                                 |
| CHERRY GROVE                  | 3,533        | 12,710                  | 2,472                         | 3,533            | 15,182     |                         | 18,715                   | 2,629 | 16,086                   |                                 |
| CHESHIRE STATION              | 10,182       | 8,443                   | (421)                         | 9,896            | 8,308      |                         | 18,204                   | 1,528 | 16,676                   |                                 |
| COCHRAN S CROSSING            | 13,154       | 10,066                  | 2,194                         | 13,154           | 12,260     |                         | 25,414                   | 1,377 | 24,037                   |                                 |
| COOPER STREET                 | 2,079        | 10,682                  | 84                            | 2,079            | 10,766     |                         | 12,845                   | 1,605 | 11,240                   |                                 |
| COSTA VERDE COURTYARD         | 12,740       | 25,261                  | 473                           | 12,740           | 25,734     |                         | 38,474                   | 5,165 | 33,309                   |                                 |
| SHOPPING CENTER               | 1,762        | 4,187                   | (82)                          | 5,867            |            |                         | 5,867                    |       | 5,867                    |                                 |
| CROMWELL SQUARE               | 1,772        | 6,285                   | 507                           | 1,772            | 6,792      |                         | 8,564                    | 1,702 | 6,862                    |                                 |
| CUMMING 400                   | 2,375        | 8,421                   | 1,277                         | 2,375            | 9,698      |                         | 12,073                   | 2,301 | 9,772                    |                                 |
| DELK SPECTRUM                 | 2,985        | 11,049                  | 338                           | 2,985            | 11,387     |                         | 14,372                   | 2,054 | 12,318                   |                                 |

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|                     |       |        |         |       |        |        |       |        |       |
|---------------------|-------|--------|---------|-------|--------|--------|-------|--------|-------|
| DIABLO PLAZA        | 5,300 | 7,536  | 425     | 5,300 | 7,961  | 13,261 | 1,317 | 11,944 |       |
| DICKSON TN          | 675   | 1,568  |         | 675   | 1,568  | 2,243  | 204   | 2,039  |       |
| DUNWOODY HALL       | 1,819 | 6,451  | 5,705   | 2,529 | 11,446 | 13,975 | 2,488 | 11,487 |       |
| DUNWOODY VILLAGE    | 2,326 | 7,216  | 8,425   | 3,336 | 14,631 | 17,967 | 2,911 | 15,056 |       |
| EAST POINTE         | 1,868 | 6,743  | 172     | 1,730 | 7,053  | 8,783  | 1,495 | 7,288  | 4,316 |
| EAST PORT PLAZA     | 3,257 | 11,611 | (1,718) | 3,257 | 9,893  | 13,150 | 996   | 12,154 |       |
| EAST TOWNE          |       |        |         |       |        |        |       |        |       |
| SHOPPING CENTER     | 2,957 | 4,881  |         | 2,957 | 4,881  | 7,838  | 274   | 7,564  |       |
| EL CAMINO           | 7,600 | 10,852 | 544     | 7,600 | 11,396 | 18,996 | 1,851 | 17,145 |       |
| EL CERRITO PLAZA    | 2,109 |        |         | 2,109 |        | 2,109  |       | 2,109  |       |
| EL NORTE PKWY       |       |        |         |       |        |        |       |        |       |
| PLAZA               | 2,834 | 6,332  | 745     | 2,834 | 7,077  | 9,911  | 1,108 | 8,803  |       |
| ENCINA GRANDE       | 5,040 | 10,379 | 612     | 5,040 | 10,991 | 16,031 | 1,706 | 14,325 |       |
| FENTON              |       |        |         |       |        |        |       |        |       |
| MARKETPLACE         | 3,020 | 10,153 | (350)   | 2,615 | 10,208 | 12,823 | 882   | 11,941 |       |
| FLEMING ISLAND      | 3,077 | 6,292  | 4,920   | 3,077 | 11,212 | 14,289 | 1,608 | 12,681 | 2,668 |
| FOLSOM PRAIRIE CITY |       |        |         |       |        |        |       |        |       |
| CROSSING            | 3,944 | 11,258 | 1,753   | 4,164 | 12,791 | 16,955 | 1,079 | 15,876 |       |
| FORT BEND CENTER    | 6,966 | 4,197  | (308)   | 6,690 | 4,165  | 10,855 | 522   | 10,333 |       |

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## REGENCY CENTERS CORPORATION

## Combined Real Estate and Accumulated Depreciation

December 31, 2004

|                                | Initial Cost |                         |                               | Cost Capitalized | Total Cost |                         |                          |       | Total Cost               |                                 |           |
|--------------------------------|--------------|-------------------------|-------------------------------|------------------|------------|-------------------------|--------------------------|-------|--------------------------|---------------------------------|-----------|
|                                | Land         | Building & Improvements | Subsequent to Acquisition (a) |                  | Land       | Building & Improvements | Properties held for Sale | Total | Accumulated Depreciation | Net of Accumulated Depreciation | Mortgages |
| FRANKFORT                      |              |                         |                               |                  |            |                         |                          |       |                          |                                 |           |
| CROSSING SHPG CTR              | 8,325        | 6,067                   | 905                           | 7,874            | 7,423      |                         | 15,297                   | 811   | 14,486                   |                                 |           |
| FRIARS MISSION                 | 6,660        | 27,277                  | 431                           | 6,660            | 27,708     |                         | 34,368                   | 4,009 | 30,359                   | 15,827                          |           |
| GARDEN SQUARE                  | 2,074        | 7,615                   | 608                           | 2,136            | 8,161      |                         | 10,297                   | 1,568 | 8,729                    |                                 |           |
| GARNER                         | 5,591        | 19,897                  | 1,911                         | 5,591            | 21,808     |                         | 27,399                   | 3,438 | 23,961                   |                                 |           |
| GATEWAY SHOPPING CENTER        | 51,719       | 4,545                   | 73                            | 51,765           | 4,572      |                         | 56,337                   | 153   | 56,184                   | 22,615                          |           |
| GELSON S WESTLAKE MARKET PLAZA | 2,332        | 8,316                   | 3,265                         | 3,145            | 10,768     |                         | 13,913                   | 530   | 13,383                   |                                 |           |
| GILROY                         | 18,735       | 31,679                  |                               | 18,735           | 31,679     |                         | 50,414                   | 788   | 49,626                   | 49,000                          |           |
| GLENWOOD VILLAGE               | 1,194        | 4,235                   | 709                           | 1,194            | 4,944      |                         | 6,138                    | 1,251 | 4,887                    |                                 |           |
| GRANDE OAK                     | 5,569        | 5,900                   | (609)                         | 4,976            | 5,884      |                         | 10,860                   | 720   | 10,140                   |                                 |           |
| KROGER NEW ALBANY CENTER       | 2,770        | 6,379                   | 1,231                         | 3,844            | 6,536      |                         | 10,380                   | 1,431 | 8,949                    | 7,479                           |           |
| HANCOCK                        | 8,232        | 24,249                  | 3,186                         | 8,232            | 27,435     |                         | 35,667                   | 4,305 | 31,362                   |                                 |           |
| HARPETH VILLAGE FIELDSTONE     | 2,284        | 5,559                   | 3,747                         | 2,284            | 9,306      |                         | 11,590                   | 1,616 | 9,974                    |                                 |           |
| HERITAGE LAND                  | 12,390       |                         |                               | 12,390           |            |                         | 12,390                   |       | 12,390                   |                                 |           |
| HERITAGE PLAZA                 |              | 23,676                  | 1,736                         |                  | 25,412     |                         | 25,412                   | 4,049 | 21,363                   |                                 |           |
| HERSHEY                        | 7            | 807                     | 1                             | 7                | 808        |                         | 815                      | 83    | 732                      |                                 |           |
| HILLCREST VILLAGE              | 1,600        | 1,798                   | 78                            | 1,600            | 1,876      |                         | 3,476                    | 278   | 3,198                    |                                 |           |
| HILLTOP VILLAGE                | 3,867        | 5,036                   |                               | 3,867            | 5,036      |                         | 8,903                    | 398   | 8,505                    |                                 |           |
| HINSDALE                       | 4,218        | 15,040                  | 2,099                         | 5,734            | 15,623     |                         | 21,357                   | 2,548 | 18,809                   |                                 |           |
| HYDE PARK                      | 9,240        | 33,340                  | 5,442                         | 9,768            | 38,254     |                         | 48,022                   | 7,313 | 40,709                   |                                 |           |
| INGLEWOOD PLAZA                | 1,300        | 1,862                   | 176                           | 1,300            | 2,038      |                         | 3,338                    | 343   | 2,995                    |                                 |           |
| KELLER TOWN CENTER             | 2,294        | 12,239                  | 424                           | 2,294            | 12,663     |                         | 14,957                   | 1,816 | 13,141                   |                                 |           |
| KERNERSVILLE PLAZA             | 1,742        | 6,081                   | 552                           | 1,742            | 6,633      |                         | 8,375                    | 1,134 | 7,241                    | 4,678                           |           |
| KINGSDALE SHOPPING CENTER      | 3,867        | 14,020                  | 5,833                         | 4,028            | 19,692     |                         | 23,720                   | 3,708 | 20,012                   |                                 |           |
| LAKE PINE PLAZA                | 2,008        | 6,909                   | 641                           | 2,008            | 7,550      |                         | 9,558                    | 1,297 | 8,261                    | 5,274                           |           |
| LAKESHORE                      | 1,618        | 5,371                   | 312                           | 1,618            | 5,683      |                         | 7,301                    | 1,037 | 6,264                    | 3,285                           |           |
| LEBANON/LEGACY CENTER          | 3,906        | 7,391                   |                               | 3,906            | 7,391      |                         | 11,297                   | 557   | 10,740                   |                                 |           |
| LEETSDALE MARKETPLACE          | 3,420        | 9,934                   | 128                           | 3,420            | 10,062     |                         | 13,482                   | 1,510 | 11,972                   |                                 |           |
| LITTLETON SQUARE               | 2,030        | 8,255                   | 125                           | 2,030            | 8,380      |                         | 10,410                   | 1,239 | 9,171                    |                                 |           |
| LLOYD KING CENTER              | 1,779        | 8,855                   | 229                           | 1,779            | 9,084      |                         | 10,863                   | 1,430 | 9,433                    |                                 |           |
| LOEHMANN'S PLAZA GEORGIA       | 3,982        | 14,118                  | 1,264                         | 3,982            | 15,382     |                         | 19,364                   | 3,955 | 15,409                   |                                 |           |
| LOEHMANN'S PLAZA CALIFORNIA    | 5,420        | 8,679                   | 406                           | 5,420            | 9,085      |                         | 14,505                   | 1,494 | 13,011                   |                                 |           |
| MACARTHUR PARK REPURCHASE      | 1,930        |                         |                               | 1,930            |            |                         | 1,930                    |       | 1,930                    |                                 |           |
| MAINSTREET SQUARE              | 1,274        | 4,492                   | (850)                         |                  |            | 4,916                   | 4,916                    |       | 4,916                    |                                 |           |

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|                               |       |        |       |       |        |        |       |        |        |
|-------------------------------|-------|--------|-------|-------|--------|--------|-------|--------|--------|
| MARINERS VILLAGE              | 1,628 | 5,908  | 2,757 | 1,751 | 8,542  | 10,293 | 1,513 | 8,780  |        |
| MARKET AT PRESTON FOREST      | 4,400 | 10,753 | 92    | 4,400 | 10,845 | 15,245 | 1,566 | 13,679 |        |
| MARKET AT ROUND ROCK          | 2,000 | 9,676  | 158   | 2,000 | 9,834  | 11,834 | 1,500 | 10,334 | 6,507  |
| MARKETPLACE ST PETE           | 1,287 | 4,663  | 636   | 1,287 | 5,299  | 6,586  | 1,275 | 5,311  |        |
| MARTIN DOWNS VILLAGE CENTER   | 2,000 | 5,133  | 4,352 | 2,438 | 9,047  | 11,485 | 3,222 | 8,263  |        |
| MARTIN DOWNS VILLAGE SHOPPES  | 700   | 1,208  | 3,643 | 817   | 4,734  | 5,551  | 1,444 | 4,107  |        |
| MAXTOWN ROAD (NORTHGATE)      | 1,753 | 6,244  | 111   | 1,753 | 6,355  | 8,108  | 1,150 | 6,958  | 4,712  |
| MAYNARD CROSSING              | 4,066 | 14,084 | 1,336 | 4,066 | 15,420 | 19,486 | 2,646 | 16,840 | 10,498 |
| MCMINNVILLE MARKET CENTER     | 1,511 | 5,775  |       | 1,511 | 5,775  | 7,286  | 95    | 7,191  |        |
| MEMORIAL BEND SHOPPING CENTER | 3,256 | 11,547 | 2,660 | 3,366 | 14,097 | 17,463 | 3,853 | 13,610 | 6,517  |
| MILLHOPPER                    | 1,073 | 3,594  | 1,717 | 1,073 | 5,311  | 6,384  | 2,420 | 3,964  |        |
| MOCKINGBIRD COMMON            | 3,000 | 9,676  | 458   | 3,000 | 10,134 | 13,134 | 1,662 | 11,472 |        |
| MONUMENT JACKSON CREEK        | 2,999 | 6,476  | 12    | 2,999 | 6,488  | 9,487  | 1,369 | 8,118  |        |
| MORNINGSIDE PLAZA             | 4,300 | 13,120 | 223   | 4,300 | 13,343 | 17,643 | 2,065 | 15,578 |        |
| MURRAY LANDING                | 3,655 | 4,587  |       | 3,655 | 4,587  | 8,242  | 335   | 7,907  |        |
| MURRAYHILL MARKETPLACE        | 2,600 | 15,753 | 2,086 | 2,670 | 17,769 | 20,439 | 2,954 | 17,485 | 9,000  |
| NASHBORO                      | 1,824 | 7,168  | 474   | 1,824 | 7,642  | 9,466  | 1,110 | 8,356  |        |

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## REGENCY CENTERS CORPORATION

## Combined Real Estate and Accumulated Depreciation

December 31, 2004

|                            | Initial Cost |                         |                               | Cost Capitalized | Total Cost |                         |                          |        | Total Cost               |                                 |
|----------------------------|--------------|-------------------------|-------------------------------|------------------|------------|-------------------------|--------------------------|--------|--------------------------|---------------------------------|
|                            | Land         | Building & Improvements | Subsequent to Acquisition (a) |                  | Land       | Building & Improvements | Properties held for Sale | Total  | Accumulated Depreciation | Net of Accumulated Depreciation |
| NEWBERRY SQUARE            | 2,341        | 8,467                   | 1,507                         | 2,341            | 9,974      |                         | 12,315                   | 3,344  | 8,971                    |                                 |
| NEWLAND CENTER             | 12,500       | 12,221                  | (1,974)                       | 12,500           | 10,247     |                         | 22,747                   | 2,148  | 20,599                   |                                 |
| NORTH HILLS                | 4,900        | 18,972                  | 191                           | 4,900            | 19,163     |                         | 24,063                   | 2,835  | 21,228                   | 6,982                           |
| NORTHLAKE VILLAGE I        | 2,662        | 9,685                   | 757                           | 2,662            | 10,442     |                         | 13,104                   | 1,176  | 11,928                   | 6,378                           |
| OAKBROOK PLAZA             | 4,000        | 6,366                   | 172                           | 4,000            | 6,538      |                         | 10,538                   | 1,174  | 9,364                    |                                 |
| OCEAN BREEZE               | 1,250        | 3,341                   | 4,293                         | 1,527            | 7,357      |                         | 8,884                    | 2,348  | 6,536                    |                                 |
| OLD ST AUGUSTINE PLAZA     | 2,047        | 7,355                   | 1,576                         | 2,107            | 8,871      |                         | 10,978                   | 2,264  | 8,714                    |                                 |
| PACES FERRY PLAZA          | 2,812        | 9,968                   | 2,265                         | 2,812            | 12,233     |                         | 15,045                   | 3,035  | 12,010                   |                                 |
| PALM TRAILS PLAZA          | 2,439        | 5,819                   | (142)                         | 2,022            | 6,094      |                         | 8,116                    | 1,067  | 7,049                    |                                 |
| PANTHER CREEK              | 14,414       | 12,079                  | 2,134                         | 14,414           | 14,213     |                         | 28,627                   | 1,587  | 27,040                   | 10,315                          |
| PARK PLACE SHOPPING CENTER | 2,232        | 7,974                   | 403                           | 2,232            | 8,377      |                         | 10,609                   | 1,328  | 9,281                    |                                 |
| PASEO VILLAGE              | 2,550        | 7,780                   | 562                           | 2,559            | 8,333      |                         | 10,892                   | 1,385  | 9,507                    |                                 |
| PEACHLAND PROMENADE        | 1,285        | 5,144                   | 309                           | 1,285            | 5,453      |                         | 6,738                    | 1,575  | 5,163                    |                                 |
| PEARTREE VILLAGE           | 5,197        | 8,733                   | 10,768                        | 5,197            | 19,501     |                         | 24,698                   | 3,884  | 20,814                   | 11,547                          |
| PHENIX CROSSING            | 1,544        |                         |                               | 1,544            |            |                         | 1,544                    |        | 1,544                    |                                 |
| PIKE CREEK                 | 5,077        | 18,860                  | 1,170                         | 5,077            | 20,030     |                         | 25,107                   | 3,594  | 21,513                   |                                 |
| PIMA CROSSING              | 5,800        | 24,892                  | 1,136                         | 5,800            | 26,028     |                         | 31,828                   | 3,852  | 27,976                   |                                 |
| PINE LAKE VILLAGE          | 6,300        | 10,522                  | 139                           | 6,300            | 10,661     |                         | 16,961                   | 1,584  | 15,377                   |                                 |
| PINE TREE PLAZA            | 539          | 1,996                   | 3,504                         | 539              | 5,500      |                         | 6,039                    | 954    | 5,085                    |                                 |
| PLAZA HERMOSA              | 4,200        | 9,370                   | 609                           | 4,200            | 9,979      |                         | 14,179                   | 1,508  | 12,671                   |                                 |
| POWELL STREET PLAZA        | 8,248        | 29,279                  | 226                           | 8,248            | 29,505     |                         | 37,753                   | 2,250  | 35,503                   |                                 |
| POWERS FERRY SQUARE        | 3,608        | 12,791                  | 4,499                         | 3,608            | 17,290     |                         | 20,898                   | 4,278  | 16,620                   |                                 |
| POWERS FERRY VILLAGE       | 1,191        | 4,224                   | 287                           | 1,191            | 4,511      |                         | 5,702                    | 1,162  | 4,540                    | 2,682                           |
| PRESTONBROOK               | 4,704        | 10,762                  | (2,704)                       | 4,200            | 8,562      |                         | 12,762                   | 1,879  | 10,883                   |                                 |
| PRESTON PARK               | 6,400        | 46,896                  | 2,652                         | 6,400            | 49,548     |                         | 55,948                   | 7,276  | 48,672                   |                                 |
| PRESTONWOOD PARK           | 8,077        | 14,938                  | 182                           | 8,077            | 15,120     |                         | 23,197                   | 2,316  | 20,881                   |                                 |
| REGENCY COURT              | 3,571        | 12,664                  | (456)                         | 3,571            | 12,208     |                         | 15,779                   | 1,159  | 14,620                   |                                 |
| REGENCY SQUARE BRANDON     | 578          | 18,157                  | 10,505                        | 4,770            | 24,470     |                         | 29,240                   | 10,695 | 18,545                   |                                 |
| RIVERMONT STATION          | 2,887        | 10,445                  | 164                           | 2,887            | 10,609     |                         | 13,496                   | 2,034  | 11,462                   |                                 |
| RONA PLAZA                 | 1,500        | 4,356                   | 72                            | 1,500            | 4,428      |                         | 5,928                    | 649    | 5,279                    |                                 |
| RUSSELL RIDGE              | 2,153        |                         | 6,695                         | 2,215            | 6,633      |                         | 8,848                    | 1,739  | 7,109                    | 5,900                           |
| SAMMAMISH HIGHLAND         | 9,300        | 7,553                   | 136                           | 9,300            | 7,689      |                         | 16,989                   | 1,174  | 15,815                   |                                 |
| SAN LEANDRO                | 1,300        | 7,891                   | 225                           | 1,300            | 8,116      |                         | 9,416                    | 1,286  | 8,130                    |                                 |
| SANTA ANA DOWNTOWN         | 4,240        | 7,319                   | 837                           | 4,240            | 8,156      |                         | 12,396                   | 1,406  | 10,990                   |                                 |
| SEQUOIA STATION            | 9,100        | 17,900                  | 162                           | 9,100            | 18,062     |                         | 27,162                   | 2,687  | 24,475                   |                                 |

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|                          |        |        |       |        |        |        |       |        |        |
|--------------------------|--------|--------|-------|--------|--------|--------|-------|--------|--------|
| SHERWOOD CROSSROADS      | 2,731  | 3,612  | 1,692 | 2,731  | 5,304  | 8,035  | 388   | 7,647  |        |
| SHERWOOD MARKET CENTER   | 3,475  | 15,898 | 92    | 3,475  | 15,990 | 19,465 | 2,489 | 16,976 |        |
| SHILOH SPRINGS           | 4,968  | 7,859  | 4,461 | 5,739  | 11,549 | 17,288 | 3,733 | 13,555 |        |
| SHOPPES AT MASON         | 1,577  | 5,358  | 64    | 1,577  | 5,422  | 6,999  | 949   | 6,050  | 3,458  |
| SOUTH MOUNTAIN           | 934    |        |       | 934    |        | 934    |       | 934    |        |
| SOUTH POINT PLAZA        | 5,000  | 10,086 | 144   | 5,000  | 10,230 | 15,230 | 1,539 | 13,691 |        |
| SOUTHPOINT CROSSING      | 4,399  | 11,116 | 957   | 4,399  | 12,073 | 16,472 | 1,903 | 14,569 |        |
| SOUTHCENTER              | 1,300  | 12,251 | 210   | 1,300  | 12,461 | 13,761 | 1,812 | 11,949 |        |
| STARKE                   | 71     | 1,674  | 9     | 71     | 1,683  | 1,754  | 170   | 1,584  |        |
| STATLER SQUARE PHASE 1   | 2,228  | 7,480  | 783   | 2,228  | 8,263  | 10,491 | 1,506 | 8,985  | 4,842  |
| STERLING RIDGE           | 12,846 | 10,085 | 1,924 | 12,846 | 12,009 | 24,855 | 1,344 | 23,511 | 10,569 |
| STRAWFLOWER VILLAGE      | 4,060  | 7,233  | 352   | 4,060  | 7,585  | 11,645 | 1,194 | 10,451 |        |
| STROH RANCH              | 4,138  | 7,111  | 968   | 4,280  | 7,937  | 12,217 | 1,587 | 10,630 |        |
| SUNNYSIDE 205            | 1,200  | 8,703  | 281   | 1,200  | 8,984  | 10,184 | 1,394 | 8,790  |        |
| TALL OAKS VILLAGE CENTER | 1,858  | 6,736  | 75    | 1,858  | 6,811  | 8,669  | 479   | 8,190  | 6,261  |

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## REGENCY CENTERS CORPORATION

## Combined Real Estate and Accumulated Depreciation

December 31, 2004

|                              | Initial Cost |                         | Cost Capitalized<br>Subsequent to Acquisition (a) | Total Cost |                         |                          | Total Cost<br>Net of |                          |                          |           |
|------------------------------|--------------|-------------------------|---|------------|-------------------------|--------------------------|----------------------|--------------------------|--------------------------|-----------|
|                              | Land         | Building & Improvements |   | Land       | Building & Improvements | Properties held for Sale | Total                | Accumulated Depreciation | Accumulated Depreciation | Mortgages |
| TASSAJARA CROSSING           | 8,560        | 14,900                  | 166   | 8,560      | 15,066                  |                          | 23,626               | 2,223                    | 21,403                   |           |
| THE MARKET AT OPITZ CROSSING | 9,902        | 8,339                   | 803   | 9,903      | 9,141                   |                          | 19,044               | 748                      | 18,296                   | 12,352    |
| THE SHOPS OF SANTA BARBARA   | 3,293        | 2,320                   | 822   | 3,293      | 3,142                   |                          | 6,435                | 200                      | 6,235                    | 4,714     |
| THOMAS LAKE                  | 9,477        | 1,323                   | 6   | 9,477      | 1,329                   |                          | 10,806               | 354                      | 10,452                   | 7,916     |
| TOWN CENTER AT MARTIN DOWNS  | 6,000        | 10,302                  | 205   | 6,000      | 10,507                  |                          | 16,507               | 1,543                    | 14,964                   |           |
| TOWN SQUARE TRACE            | 1,364        | 4,985                   | 145   | 1,364      | 5,130                   |                          | 6,494                | 1,046                    | 5,448                    |           |
| CROSSING                     | 438          | 1,555                   | 6,948   | 883        | 8,058                   |                          | 8,941                | 1,293                    | 7,648                    |           |
| TROPHY CLUB                  | 4,356        | 4,896                   |   | 4,356      | 4,896                   |                          | 9,252                | 417                      | 8,835                    | 8,438     |
| TWIN PEAKS                   | 2,595        | 10,467                  | 161   | 2,595      | 10,628                  |                          | 13,223               | 1,344                    | 11,879                   |           |
| UNION SQUARE SHOPPING CENTER | 5,200        | 25,120                  | 182   | 5,200      | 25,302                  |                          | 30,502               | 3,795                    | 26,707                   |           |
| UNIVERSITY COLLECTION        | 1,579        | 5,934                   | 454   | 1,579      | 6,388                   |                          | 7,967                | 1,452                    | 6,515                    |           |
| VALENCIA CROSSROADS          | 2,530        | 8,972                   | 771   | 2,530      | 9,743                   |                          | 12,273               | 2,185                    | 10,088                   |           |
| VALLEY RANCH CENTRE          | 17,913       | 17,357                  |   | 17,913     | 17,357                  |                          | 35,270               | 1,479                    | 33,791                   |           |
| VENTURA VILLAGE              | 3,021        | 10,728                  | 35  | 3,021      | 10,763                  |                          | 13,784               | 1,610                    | 12,174                   |           |
| VILLAGE CENTER 6             | 4,300        | 6,351                   | 223   | 4,300      | 6,574                   |                          | 10,874               | 990                      | 9,884                    |           |
| VILLAGE IN TRUSSVILLE        | 3,885        | 10,799                  | 1,042   | 3,885      | 11,841                  |                          | 15,726               | 2,924                    | 12,802                   |           |
| VINEYARD SHOPPING CENTER     | 974          | 3,261                   | 486   | 1,142      | 3,579                   |                          | 4,721                | 1,184                    | 3,537                    |           |
| WALKER CENTER                | 2,802        | 3,916                   |   | 2,802      | 3,916                   |                          | 6,718                | 426                      | 6,292                    |           |
| WATERFORD TOWNE CENTER       | 3,840        | 6,418                   | 405   | 3,840      | 6,823                   |                          | 10,663               | 1,057                    | 9,606                    |           |
| WELLEBY                      | 5,650        | 6,844                   | 1,927   | 6,493      | 7,928                   |                          | 14,421               | 1,806                    | 12,615                   |           |
| WELLINGTON TOWN SQUARE       | 1,496        | 5,372                   | 2,223   | 1,496      | 7,595                   |                          | 9,091                | 2,289                    | 6,802                    |           |
| WEST PARK PLAZA              | 1,914        | 7,198                   | 4,472   | 2,150      | 11,434                  |                          | 13,584               | 1,867                    | 11,717                   |           |
| WESTBROOK COMMONS            | 5,840        | 4,992                   | 311   | 5,840      | 5,303                   |                          | 11,143               | 802                      | 10,341                   |           |
|                              | 3,366        | 11,928                  | 863   | 3,366      | 12,791                  |                          | 16,157               | 1,208                    | 14,949                   |           |
|                              | 1,857        | 6,456                   | 871   | 1,857      | 7,327                   |                          | 9,184                | 1,656                    | 7,528                    | 5,052     |

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|                                    |                |                  |                |                |                  |              |                  |                |                  |
|------------------------------------|----------------|------------------|----------------|----------------|------------------|--------------|------------------|----------------|------------------|
| WESTCHESTER PLAZA                  |                |                  |                |                |                  |              |                  |                |                  |
| WESTRIDGE                          | 9,516          | 10,789           |                | 9,516          | 10,789           | 20,305       | 453              | 19,852         |                  |
| WESTLAKE VILLAGE CENTER            |                |                  |                |                |                  |              |                  |                |                  |
|                                    | 7,043          | 25,744           | 888            | 7,043          | 26,632           | 33,675       | 4,463            | 29,212         |                  |
| WHITE OAK - DOVER, DE              |                |                  |                |                |                  |              |                  |                |                  |
|                                    | 2,147          | 2,927            | 138            | 2,143          | 3,069            | 5,212        | 366              | 4,846          |                  |
| WILLA SPRINGS SHOPPING CENTER      |                |                  |                |                |                  |              |                  |                |                  |
|                                    | 2,004          | 9,266            | (117)          | 2,143          | 9,010            | 11,153       | 1,086            | 10,067         |                  |
| WINDMILLER PLAZA PHASE I           |                |                  |                |                |                  |              |                  |                |                  |
|                                    | 2,620          | 11,190           | 1,338          | 2,619          | 12,529           | 15,148       | 2,046            | 13,102         |                  |
| WOODCROFT SHOPPING CENTER          |                |                  |                |                |                  |              |                  |                |                  |
|                                    | 1,418          | 5,211            | 547            | 1,418          | 5,758            | 7,176        | 1,369            | 5,807          |                  |
| WOODMAN VAN NUYS                   |                |                  |                |                |                  |              |                  |                |                  |
|                                    | 5,499          | 6,834            | 346            | 5,499          | 7,180            | 12,679       | 1,132            | 11,547         | 4,806            |
| WOODMEN PLAZA                      |                |                  |                |                |                  |              |                  |                |                  |
|                                    | 6,013          | 10,077           | (40)           | 6,644          | 9,406            | 16,050       | 2,651            | 13,399         |                  |
| WOODSIDE CENTRAL                   |                |                  |                |                |                  |              |                  |                |                  |
|                                    | 3,499          | 8,845            | 117            | 3,499          | 8,962            | 12,461       | 1,326            | 11,135         |                  |
| WORTHINGTON PARK CENTRE            |                |                  |                |                |                  |              |                  |                |                  |
|                                    | 3,345          | 10,053           | 1,037          | 3,345          | 11,090           | 14,435       | 2,666            | 11,769         |                  |
| OPERATING BUILD TO SUIT PROPERTIES |                |                  |                |                |                  |              |                  |                |                  |
|                                    | 4,315          | (202)            |                | 4,315          | (202)            | 4,113        | 3,810            | 303            |                  |
|                                    | <u>788,453</u> | <u>1,719,495</u> | <u>218,830</u> | <u>806,207</u> | <u>1,915,655</u> | <u>4,916</u> | <u>2,726,778</u> | <u>338,609</u> | <u>2,388,169</u> |
|                                    |                |                  |                |                |                  |              |                  |                | <u>315,409</u>   |

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

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## REGENCY CENTERS CORPORATION

## Combined Real Estate and Accumulated Depreciation

December 31, 2004

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

Buildings and improvements                      up to 40 years

The aggregate cost for Federal income tax purposes was approximately \$2.7 billion at December 31, 2004.

The changes in total real estate assets for the years ended December 31, 2004, 2003 and 2002:

|  | <u>2004</u>         | <u>2003</u>      | <u>2002</u>      |
|--|---------------------|------------------|------------------|
| Balance, beginning of year   | \$ 2,656,376        | 2,692,503        | 2,673,164        |
| Developed or acquired properties   | 322,659             | 238,964          | 402,035          |
| Sale of properties   | (261,098)           | (287,547)        | (397,203)        |
| Provision for loss on operating properties   | (810)               | (1,969)          | (4,369)          |
| Reclass accumulated depreciation to adjust building basis  | (1,010)             | 440              | (7,021)          |
| Reclass accumulated depreciation related to properties held for sale   | (997)               | (2,537)          | (3,409)          |
| Reclass accumulated depreciation related to properties held for sale recharacterized in 2002 to properties to be held and used |                     |                  | 10,772           |
| Improvements   | 11,658              | 16,522           | 18,534           |
| Balance, end of year   | <u>\$ 2,726,778</u> | <u>2,656,376</u> | <u>2,692,503</u> |

The changes in accumulated depreciation for the years ended December 31, 2004, 2003 and 2002:

|  | <u>2004</u> | <u>2003</u> | <u>2002</u> |
|--|-------------|-------------|-------------|
| Balance, beginning of year   | \$ 285,665  | 244,596     | 202,325     |
| Sale of properties   | (16,152)    | (23,708)    | (23,593)    |
| Reclass accumulated depreciation to adjust building basis            | (1,010)     | 440         | (7,021)     |
| Reclass accumulated depreciation related to properties held for sale | (997)       | (2,537)     | (3,409)     |
|  |             |             | 10,772      |

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|  |                   |                   |                   |
|--|-------------------|-------------------|-------------------|
| Reclass accumulated depreciation related to properties held for sale recharacterized in 2002 to properties to be held and used |                   |                   |                   |
| Depreciation for year  | 71,103            | 66,874            | 65,522            |
|  | <u>          </u> | <u>          </u> | <u>          </u> |
| Balance, end of year   | \$ 338,609        | 285,665           | 244,596           |
|  | <u>          </u> | <u>          </u> | <u>          </u> |

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