Risk Factors Comparison 2024-02-16 to 2023-02-17 Form: 10-K

Legend: **New Text** ~~Removed Text~~ Unchanged Text Moved Text Section

Our operations are subject to a number of risks and uncertainties including, but not limited to, those listed below. When considering an investment in our securities, carefully read and consider these risks, together with all other information in our other filings and submissions to the SEC, which provide much more information and detail. If any of the events described in the following risk factors actually occur, our business, financial condition and / or operating results, as well as the market price of our securities, could be materially adversely affected. Risk Factors Related to the Current Economic **and Geopolitical** ~~Environment~~ **Environments** ~~Continued rising interest~~ **Interest** rates in the current economic environment may adversely impact our cost to borrow, real estate valuation, and stock price. On multiple occasions during 2022 **and 2023**, the Board of Governors of the Federal Reserve System (" the U. S. Federal Reserve") raised its benchmark federal funds rate, which has led to numerous increases in interest rates in the credit markets ~~. The U. S. Federal Reserve may continue to raise the federal funds rate~~ , ~~which will likely lead to~~ **with further increases possible.** ~~higher~~ **Higher** interest rates ~~in the credit markets. Additionally, U. S. government policies implemented to address inflation, including actions by the U. S. Federal Reserve to increase interest rates,~~ may negatively impact consumer spending, our tenants' businesses, and / or future demand for space in our shopping centers. ~~Rising~~ **Additionally, higher** interest rates adversely impact our cost of borrowing. Our exposure to **higher** ~~increases in~~ interest rates in the short term includes our variable- rate borrowings, which consist of borrowings under our unsecured senior line of credit and variable rate based secured notes payable. Increases in interest rates could increase our financing costs over time, either through near- term borrowings on our floating- rate line of credit or refinancing of our existing borrowings that may incur higher interest expenses related to the issuance of new debt. Prolonged periods of higher interest rates may negatively impact the valuation of our real estate asset portfolio and could result in ~~the~~ **a** decline of our stock price and market capitalization, which may adversely impact our ability and willingness to raise equity capital on favorable terms through sales of our common shares, including through our At the Market (" ATM") program. Although the extent of any prolonged periods of higher interest rates remains unknown at this time, negative impacts to our cost of capital may also adversely affect our future business plans and growth, at least in the near term. Current economic challenges, including the potential for recession, may adversely impact our tenants and our business. The success of our tenants in operating their businesses and their corresponding ability to pay us rent continue to be significantly impacted by many current economic challenges, which impact their cost of doing business, including, but not limited to, inflation, labor shortages, supply chain constraints, decreasing consumer confidence and discretionary spending, and increasing energy prices and interest rates. Additionally, macroeconomic and geopolitical risks create challenges that may exacerbate current market conditions in the United States, including the potential for a recession. These economic challenges could adversely impact our volume of leasing activity, which could include tenant move outs and / or higher levels of uncollectible lease income, as well as negatively affect the business and financial results of our tenants. The aggregate impacts of these current economic challenges may also negatively affect the overall market for retail space, resulting in decreased demand for space in our centers. This, in turn, could result in pricing pressure on rent that we are able to charge to new or renewing tenants, such that future rent spreads could be adversely impacted. Further, we may experience higher costs for tenant buildouts, as costs of materials and labor may increase and supply and availability of both may become more limited. **Unfavorable developments affecting the banking and financial services industry could adversely affect our business, liquidity and financial condition, and overall results of operations. Actual events, concerns or speculation about disruption or instability in the banking and financial services industry, such as liquidity constraints or lack of available credit, the failure of individual institutions, or the inability of individual institutions or the banking and financial service industry generally to meet their contractual obligations, could significantly impair our access to capital, delay access to deposits or other financial assets, or cause actual loss of funds subject to cash management arrangements. Similarly, these events, concerns or speculation could result in less favorable commercial financing terms, including higher interest rates or costs and tighter financial and operating covenants, or systemic limitations on access to credit and liquidity sources, thereby making it more difficult for us and our tenants to acquire financing on acceptable terms or at all. Additionally, our critical vendors and business partners also could be adversely affected by these risks as described above, which in turn could result in their committing a breach or default under their contractual agreements with us, their insolvency or bankruptcy, or other adverse effects. Any decline in available funding, lack of credit in the commercial real estate market, or access to cash and liquidity resources, or non- compliance of banking and financial services counterparties with their contractual commitments to us, our tenants or our critical vendors and business partners could, among other risks, have material adverse impacts on our ability to meet our operating expenses and other financial needs, could result in breaches of our financial and / or contractual obligations, and could have material adverse impacts on our business, financial condition and results of operations. Current geopolitical challenges could impact the U. S. economy and consumer spending and our results of operations and financial condition. The success of our business, and the businesses of our tenants, largely depends on consumer spending. While we currently own no shopping centers or other assets outside of the U. S. nor have meaningful direct international supply chain exposure, geopolitical challenges and their potential impact on the global macroeconomic environment, including the war involving Russia and Ukraine, Middle East conflicts and wars, and the economic and other possible conflicts involving China (including any slowing of its economy), could impact aspects of the U. S. economy and, therefore, consumer spending. In addition, these geopolitical challenges could impact other areas of the U. S. economy, which could impact our business**

and the businesses of our tenants through rising inflation and interest rates (and, hence, reduced availability and / or increased costs of borrowing), increased energy prices, labor shortages, supply chain constraints and, potentially, a U. S. economic recession. It is unclear whether and when these geopolitical challenges and uncertainties will be mitigated or resolved, and what effects they may have on global political and economic conditions over the long term. However, a substantial delay in or lack of resolution of these challenges could have an adverse impact on the U. S. economy and consumer spending and, therefore, an adverse effect on our results of operations and the financial condition of the Company. Risks Relating to Regency' s Financial Performance Relating to the Urstadt Biddle Merger Regency may not realize the anticipated benefits and synergies from the Urstadt Biddle merger. On August 18, 2023, Regency completed its merger with Urstadt Biddle. The success of the merger will depend, in part, on Regency' s ability to realize the anticipated benefits from successfully combining its and Urstadt Biddle' s businesses. Regency is devoting substantial management attention and resources to integrating its and Urstadt Biddle' s business practices and operations so that Regency can fully realize the anticipated benefits of the mergers. Nonetheless, the business and assets acquired may not be successful or continue to grow at the same rate as when operated independently or may require greater resources and investments than originally anticipated. The mergers could also result in the assumption of unknown or contingent liabilities. Potential difficulties Regency may encounter in the integration process include the following: • the inability to successfully combine the businesses of Regency and Urstadt Biddle in a manner that permits Regency to achieve the cost savings anticipated to result from the mergers, which would result in some anticipated benefits of the mergers not being realized in the time frame currently anticipated, or at all; • the failure to integrate operations and internal systems, programs and controls; • the inability to successfully realize the anticipated value from some of Urstadt Biddle' s assets; • lost sales, loss of tenants and other commercial relationships; • the complexities associated with managing the combined company; • the complexities of combining two companies with different histories, cultures, markets, strategies and customer bases; • the failure to retain key employees of either of the two companies that may be difficult to replace; • the disruption of each company' s ongoing businesses or inconsistencies in services, standards, controls, procedures and policies; • potential unknown liabilities and unforeseen increased expenses, delays or regulatory conditions associated with the mergers; and • performance shortfalls as a result of the diversion of management' s attention caused by completing the mergers and integrating Regency' s and Urstadt Biddle' s operations. As a result, the anticipated benefits of the mergers may not be realized fully within the expected time frame or at all or may take longer to realize or cost more than expected, which could adversely affect Regency' s business, financial condition, results of operations and growth prospects. Risk Factors Related to Pandemics or other Health Crises Pandemics or other health crises, such as the COVID- 19 pandemic, may adversely affect our tenants' financial condition, the profitability of our properties, and our access to the capital markets and could have a material adverse effect on our business, results of operations, cash flows and financial condition. In response to the COVID- 19 pandemic, federal, state, and local governments mandated or recommended various actions to reduce or prevent the spread of COVID- 19, which altered customer behaviors and temporarily limited many of our tenants' ability to operate. As a result, certain tenants requested rent concessions or sought to renegotiate future rents based on changes to the economic environment. Some tenants chose not to reopen or to honor the terms of their lease agreements. In addition, moratoria and other legal restrictions in certain states impacted our ability to bring legal action to enforce our leases and our ability to collect rent. Should federal, state, and local governments mandate or recommend lockdowns again in the future due to a pandemic or other similar health crises, tenants could request rent concessions or seek to renegotiate future rents. In the event of future pandemics or similar health crises, consumers could elect to make more of their purchases online instead of in physical stores and businesses could delay executing new or renewals of leases amidst the immediate and uncertain economic impacts. These developments, coupled with potential tenant failures and a reduction in newly- formed businesses, could result in decreased demand for retail space in our centers, which could result in lower occupancy or higher levels of uncollectible lease income, as well as downward pressure on rents. Additionally, delays in construction of tenant improvements due to the impacts of constraints on supply chains and labor, resulting from government ordered lockdowns, could result in delayed rent commencement due to it taking longer for new tenants to open and operate. Although the vast majority of our lease income is derived from contractual rent payments, the ability of certain of our tenants to meet their lease obligations could be negatively impacted by the disruptions and uncertainties of a new virus strain of COVID- 19 or any future pandemic or other health crisis. Our tenants' ability to respond to these disruptions and uncertainties, including adjusting to governmental orders and changes in their customers' shopping habits and behaviors, may impact their ability to survive, and ultimately, their ability to comply with their lease obligations. Our future results of operations and overall financial performance could be uncertain should a new virus strain of COVID- 19, or **any** future ~~pandemics~~ - **pandemic** or other health crises occur. Risk Factors Related to Operating Retail- Based Shopping Centers Economic and market conditions may adversely affect the retail industry and consequently reduce our revenues and cash flow, and increase our operating expenses. Our properties are leased primarily to retail tenants from whom we derive most of our revenue in the form of base rent, expense recoveries and other income. Therefore, our performance and operating results are directly linked to the economic and market conditions occurring in the retail industry. We are subject to the risks that, upon expiration, leases for space in our properties are not renewed by existing tenants, vacant space is not leased to new tenants, and / or tenants demand modified lease terms, including costs for renovations or concessions. The economic and market conditions potentially affecting the retail industry and our properties specifically include the following: • changes in national, regional and local economic conditions; • changes in population and migration patterns to / from the markets in which we operate; • deterioration in the competitiveness and creditworthiness of our retail tenants; • increased competition from the use of e- commerce by retailers and consumers as well as other concepts that could impact more traditional retail; • labor challenges and supply delays and shortages due to a variety of macroeconomic factors, including ~~continuing~~ disruptions to global supply chains as a result of **wars involving Russia and Ukraine, Israel and Gaza,** the ~~COVID- 19~~

slowing of China' s economy, ~~pandemic~~ **pandemics ,** and **/ or** inflationary pressures; • tenant bankruptcies and subsequent rejections of our leases; • reductions in consumer spending and retail sales, including inflationary impacts on consumer behavior; • reduced tenant demand for retail space; • oversupply of retail space; • reduced consumer demand for certain retail categories; • consolidation within the retail sector; • increased operating costs attendant to owning and operating retail shopping centers; • perceptions by retailers and shoppers of the safety, convenience and attractiveness of our properties; and • other factors which could alter shopping habits or otherwise deter customers from visiting our shopping centers, such as criminal activity, including civil unrest, acts of terrorism, or other types of violent crimes. To the extent that any or a combination of these conditions occur, they are likely to impact the retail industry, our retail tenants, the emergence of new tenants, the demand for retail space, market rents and rent growth, capital expenditures, the percent leased levels of our properties, the value of our properties, our ability to sell, acquire or develop properties, our operating results and our cash **flows** ~~available for distributions to stock and unit holders~~ . Shifts in retail trends, sales, and delivery methods between brick and mortar stores, e- commerce, home delivery, and curbside pick- up may adversely impact our revenues, results of operations, and cash flows. Retailers are increasingly impacted by e- commerce and changes in customer buying habits, including shopping from home and the delivery or curbside pick- up of items ordered online. Retailers are considering these customer buying habits and other trends when making decisions regarding their brick and mortar stores and how they will compete and innovate in a rapidly changing retail environment. Many retailers in our shopping centers provide services or sell goods which have historically been less likely to be purchased online; however, the continuing change in customer buying habits, including increase in e- commerce sales in all retail categories may cause retailers to adjust the size or number of their retail locations in the future or close stores. For example, our grocer tenants are incorporating e- commerce concepts through home delivery and curbside pick- up, which could reduce foot traffic at our centers. These alternative delivery methods are more likely to impact foot traffic at our centers in certain higher- income markets where consumers are willing to pay premiums for such services. Changes in customer buying habits and shopping trends may also impact the profitability and financial condition of retailers that do not adapt to changes in market conditions, and therefore may impact their ability to pay rent. This shift may adversely impact our percent leased and rental rates, which would impact our results of operations and cash flows. Changing economic and retail market conditions in geographic areas where our properties are concentrated may reduce our revenues and cash flow. Economic conditions in markets where our properties are concentrated can greatly influence our financial performance. Our properties in California and Florida represent ~~26~~ **23** . ~~0~~ **4** % and ~~21~~ **19** . 3 %, respectively, of our annualized base rent. Our revenues and cash flow may be adversely affected by this geographic concentration if market conditions, such as supply of or demand for retail space, deteriorate more significantly in these states compared to other geographic areas. Additionally, there is a risk that businesses and residents in major metropolitan cities may relocate to different states or suburban markets. Our success depends on the continued presence and success of our" anchor" tenants." Anchor Tenants" (tenants occupying 10, 000 square feet or more) operate large stores in our shopping centers, pay a significant portion of the total rent at a property and contribute to the attraction and success of other tenants by drawing shoppers to the property. Our net income and cash flow may be adversely affected by the loss of revenues and incurrence of additional costs in the event a significant Anchor Tenant: • becomes bankrupt or insolvent; • experiences a downturn in its business; • shifts its capital allocation away from brick and mortar formats; • materially defaults on its leases; • does not renew its leases as they expire; • renews at lower rental rates and / or requires a tenant improvement allowance; or • renews but reduces its store size, which results in down- time and additional tenant improvement costs to the landlord to re- lease the vacated space. Some anchors have the right to vacate their space and may prevent us from re- tenanting by continuing to comply and pay rent in accordance with their lease agreement. Vacated" Anchor Space" (spaces 10, 000 square feet or more), including space that may be owned by the anchor (as discussed below), can reduce rental revenues generated by the shopping center in other spaces because of the loss of the departed anchor' s customer drawing power. In addition, if a significant tenant vacates a property, so- called" co- tenancy clauses" in select leases may allow other tenants to modify or terminate their rent payment or other lease obligations. Co- tenancy clauses have several variants: they may allow a tenant to postpone a store opening if certain other tenants fail to open their stores; they may allow a tenant to close its store prior to lease expiration if another tenant closes its store prior to lease expiration; or more commonly, they may allow a tenant to pay reduced levels of rent until a certain number of tenants open their stores within the same shopping center. Additionally, some of our shopping centers are anchored by retailers who own their space in a location that is within or immediately adjacent to our shopping center (" shadow anchors"). In those cases, the shadow anchors appear to the consumer as a retail tenant of the shopping center and, as a result, attract additional consumer traffic to the center. In the event that a shadow Anchor Space becomes vacant, it could negatively impact our center as consumer traffic would likely be reduced. A percentage of our revenues are derived from" local" tenants and our net income may be adversely impacted if these tenants are not successful, or if the demand for the types or mix of tenants significantly change. At December 31, ~~2022~~ **2023** , tenants with less than three locations (" Local Tenants") represent approximately 22 % of annualized base rent. Local Tenants vary from retail shops and restaurants to service providers. These Local Tenants may be more vulnerable to negative economic conditions and changing customer buying habits and retail trends as they may have more limited resources and access to capital than other tenants. As such, in the event of such changing conditions, habits and trends, they may suffer disproportionately greater impacts and be at greater risk of lease default than other tenants. We may be unable to collect balances due from tenants in bankruptcy. Although lease income is supported by long- term lease contracts, tenants who file for bankruptcy have the legal right to reject any or all of their leases and close related stores. Any unsecured claim we hold against a bankrupt tenant for unpaid rent may be paid only to the extent that funds are available and only in the same percentage as is paid to all other holders of unsecured claims. As a result, it is likely that we would recover substantially less than the full value of any unsecured claims we hold. Additionally, we may incur significant expense to recover our claim and to re- lease the vacated space. In the event that a tenant with a significant number of leases in our shopping centers files for bankruptcy and rejects its leases, we may experience a significant reduction in our revenues and may not be able to collect all pre- petition amounts owed by the bankrupt tenant. Many of our costs and expenses associated with operating our properties may remain constant or increase, even if our lease income decreases. Certain costs and expenses associated with our operating our properties, such as real estate taxes, insurance, utilities and common area expenses, generally do not decrease in the event of reduced occupancy or rental rates, non- payment of rents by tenants, general economic downturns, pandemics or other similar circumstances. In fact, in some cases, such as real estate taxes and insurance, they may actually increase despite such events. As such, we may not be able to lower the operating expenses of our properties sufficiently to fully offset such circumstances and may not be able to fully recoup these costs from our tenants. In such cases, our cash flows, operating results and financial performance may be adversely impacted. Compliance with the Americans with Disabilities Act and other building, fire, and safety regulations may have a material negative effect on us. All of our properties are required to comply with the Americans with Disabilities Act (" ADA"), which generally requires that buildings be made accessible to people with disabilities. Compliance with ADA requirements may require removal of access barriers, and noncompliance may result in imposition of fines by the U. S. government or an award of damages to private litigants, or both. While the tenants to whom we lease space in our properties are obligated by law to comply with the ADA provisions, and typically under tenant leases are obligated to cover costs associated with compliance, if required changes involve greater expenditures than anticipated, or if the changes must be made on a more accelerated basis than anticipated, the ability of these tenants to cover costs may be adversely affected. In addition, we are required to operate the properties in compliance with fire and safety regulations and building codes as they may be adopted by governmental entities and become applicable to the properties. Costs to be in compliance with the ADA or any other building, fire, and safety regulations could have a material negative impact on our results of operations. Risk Factors Related to Real Estate Investments Our real estate assets may decline in value and be subject to impairment losses which may reduce our net income. Our real estate properties are carried at cost unless circumstances indicate that the carrying value of these assets may not be recoverable which may result in impairment. We evaluate whether there are any indicators, including declines in property operating performance and general market conditions, such that the value of the real estate properties (including any related tangible or intangible assets or liabilities, including goodwill) may not be recoverable and therefore may be impaired. Our evaluation includes several key assumptions, including rental rates, costs of tenant improvements, leasing commissions, anticipated holding periods, and assumptions regarding the residual value upon disposition, including the exit capitalization rate. These key assumptions are subjective in nature and may differ materially from actual results. Changes in our investment, redevelopment, and disposition strategies or changes in the market where an asset is located may alter management' s intended holding period of an asset or asset group, which may result in an impairment loss and such loss may be material to our financial condition or operating performance. The fair value of real estate assets is subjective and is determined through the use of comparable sales information and other market data if available, or through use of an income approach such as the direct capitalization method or the discounted cash flow approach. Such cash flow projections take into account expected future operating income, trends and prospects, as well as the effects of demand, competition and other relevant criteria, and therefore are subject to management judgment. In estimating the fair value of undeveloped land, we generally use market data and comparable sales information. These subjective assessments have a direct impact on our net income because recording an impairment charge results in an immediate negative adjustment to net income, which may be material. There can be no assurance that we will not record impairment charges in the future related to our assets. We face risks associated with development, redevelopment, and expansion of properties. We actively pursue opportunities for new retail development and existing property redevelopment and / or expansion. Development and redevelopment activities require various government and other approvals for entitlements, and any delay in such approvals may significantly delay development and redevelopment projects. We may not recover our investment in our projects for which approvals are not received, and delays may adversely impact our expected returns. Additionally, changes in political elections and policies may impact our ability to obtain favorable land use and zoning for in-process and future developments and redevelopment projects. We are subject to other risks associated with these activities, including the following: • we may be unable to lease developments or redevelopments to full occupancy on a timely basis; • the occupancy rates and rents of a completed project may not be sufficient to make the project profitable, or **otherwise** not ~~profitable enough to~~ meet our investment return expectations; • actual costs of a project may exceed original estimates, possibly making the project unprofitable, or not ~~profitable enough to~~ meet our investment return expectations; • delays in the development or construction process may increase our costs; • construction cost increases may reduce investment returns on development and redevelopment opportunities; • we may abandon development or redevelopment opportunities and lose our investment due to adverse market conditions; • the size of our development and redevelopment pipeline may strain our labor or capital capacity to complete the development and redevelopment projects within targeted timelines and may reduce our investment returns; • a reduction in the demand for new retail space may reduce our future development and redevelopment activities, which in turn may reduce our NOI; and • changes in the level of future development and redevelopment activity may adversely impact our results of operations by reducing the amount of internal overhead costs that may be capitalized. We face risks associated with the development of mixed- use commercial properties. If we engage in more complex acquisitions and mixed- use development and redevelopment projects, there could be more unique risks to our return on investment. Mixed- use projects refer to real estate projects that, in addition to retail space, may also include space for residential, office, hotel or other commercial purposes. We have less experience in developing and managing non- retail real estate than we do retail real estate. As a result, if a development or redevelopment project includes a non- retail use, we may seek to develop that component ourselves, sell the rights to that component to a third- party developer, or partner with a developer. • If we decide to develop the non- retail components ourselves, we would be exposed not only to those risks typically associated with the development of commercial real estate, but also to risks associated with developing, owning, operating or selling non- retail real estate, including but not limited to more complex entitlement processes and multiple- story buildings. These unique risks may adversely impact our return on investment in these mixed- use development projects. • If we sell the non- retail components, our retail component will be impacted by the decisions made by the other owners, and actions of those occupying the non- retail spaces in these mixed- use properties. • If we partner with a developer, it makes us dependent upon the partner' s ability to perform and to agree on major decisions that impact our investment returns of the project. In addition, there is a risk that the non- retail developer may default on its obligations necessitating that we complete the other components ourselves, including providing necessary financing. We face risks associated with the acquisition of properties. Our investment strategy includes investing in high- quality shopping centers that are leased to market- leading grocers, category- leading anchors, specialty retailers, and / or restaurants located in areas with above average household incomes and population densities. The acquisition of properties and / or real estate entities entails risks that include, but are not limited to, the following, any of which may adversely affect our results of operations and cash flows: • properties we acquire may fail to achieve the occupancy or rental rates we project, within the time frames we estimate, which may result in the properties' failure to achieve ~~the~~ **expected** investment returns ~~we project~~ ; • our investigation of an entity, property or building prior to our acquisition, and any representation we may have received from such seller, may fail to reveal various liabilities including defects, necessary repairs or environmental matters requiring corrective action, which may increase our costs; • our estimate of the costs to improve, reposition or redevelop a property may prove to be too low, or the time we estimate to complete the improvement, repositioning or redevelopment may be too short, either of which may result in the property failing to achieve our projected return, either temporarily or permanently; • we may not recover our costs from an unsuccessful acquisition; • our acquisition activities may distract or strain our management capacity; and • we may not be able to successfully integrate an acquisition into our existing operations platform. We may be unable to sell properties when desired because of market conditions. Our properties, including their related tangible and intangible assets, represent the majority of our total consolidated assets and they may not be readily convertible to cash. ~~Macro-~~ **Market conditions, including** ~~economic~~ **macroeconomic** events, pandemics and other health crises **,** may impact our ability to sell properties on our preferred timing and at prices and returns we deem acceptable. As a result, our ability to sell one or more of our properties, including properties held in joint ventures, in response to changes in economic, industry, financial market, or other conditions may be limited. The real estate market is affected by many factors, such as general economic conditions, availability and terms of financing, interest rates and other factors, including supply and demand for space, that are beyond our control. There may be less demand for lower quality properties that we have identified for ultimate disposition in markets with uncertain economic or retail environments, and where buyers are more reliant on the availability of third party mortgage financing. If we want to sell a property, we can provide no assurance that we will be able to dispose of it in the desired time period or at all or that the sales price of a property will be attractive at the relevant time or even exceed the carrying value of our investment. Changes in tax laws could impact our acquisition or disposition of real estate. Certain properties we own have a low tax basis, which may result in a meaningful taxable gain on sale. We utilize, and intend to continue to utilize, Internal Revenue Code Section 1031 like- kind exchanges to tax- efficiently buy and sell properties; however, there can be no assurance that we will identify properties that meet our investment objectives for acquisitions or that changes to the tax laws do not eliminate the benefits of effectuating 1031 exchanges, or significantly change the requirements for a transaction to qualify for 1031 exchange treatment. In the event that we cannot or do not utilize 1031 exchanges, we may be required to distribute the gain proceeds to shareholders or pay income tax, which may reduce our cash flow available to fund our commitments or other priorities. Risk Factors Related to the Environment Affecting Our Properties Climate change may adversely impact our properties directly and may lead to additional compliance obligations and costs as well as additional taxes and fees. While we work with experts ~~in the field~~ to plan for the ~~potential~~ impacts of climate change on our business, we cannot reliably predict the extent, rate, timing, or impact of climate change. To the extent climate change causes adverse changes in weather patterns, our properties in certain markets, especially those nearer to the coasts, may experience increases in storm frequency and intensity and rising sea - levels. Further, population migration may occur in response to these or other factors and negatively impact our centers. For example, climate and other environmental changes may result in ~~volatile~~ **more unpredictable** or decreased demand for retail space at certain of our properties, reduced rent or, in extreme cases, our inability to operate certain properties at all. Climate change may also have indirect effects on our business by increasing the cost of insurance or making insurance unavailable. ~~Moreover, while~~ **While** the federal government has not yet enacted comprehensive legislation to address climate change **that would directly impact us** , certain states in which we own and operate shopping centers, including California and New York, have done so. Compliance with these and future new laws or regulations related to climate change may require us to make additional investments in or for our existing properties, resulting in increased capital expenditures and operating costs, implement new or additional processes and controls to facilitate compliance, and / or pay additional energy, insurance, taxes and related fees and costs. At this time, there can be no assurance that we can anticipate all potential material impacts of climate change, or that climate change will not have a material adverse effect on the value of our properties and our financial performance in the future. Geographic concentration of our properties makes our business more vulnerable to natural disasters, severe weather conditions and climate change. A significant number of our properties are located in areas that are susceptible to earthquakes, tropical storms, hurricanes, tornadoes, wildfires, sea- level rise, and other natural disasters. At December 31, ~~2022~~ **2023** , ~~20~~ **18** . ~~6~~ **7** % of the GLA of our portfolio is located in the state of California, including a number of properties in the San Francisco Bay and Los Angeles areas. Additionally, ~~22~~ **20** . ~~4~~ **1** % and 7. ~~8~~ **1** % of the GLA of our portfolio is located in the states of Florida and Texas, respectively. Insurance costs for properties in these areas have increased **significantly** , and recent intense weather conditions may cause property insurance premiums to increase significantly in the future. We recognize that the frequency and / or intensity of extreme weather events, and other climatic changes may continue to increase, and as a result, our exposure to these events may increase. These weather conditions may disrupt our business and the business of our tenants, which may affect the ability of some tenants to pay rent and may reduce the willingness of tenants or residents to remain in or move to these affected areas. Therefore, as a result of the geographic concentration of our properties, we face risks, including disruptions to our business and the businesses of our tenants and higher costs, such as uninsured property losses, higher insurance premiums, and potential additional regulatory requirements by government agencies in response to perceived risks. Costs of environmental remediation may adversely impact our financial performance and reduce our cash flow. Under various federal, state, and local laws, an owner or manager of real property may be liable for **some or all** the costs to assess and remediate the presence of hazardous substances on the property, which in our case most typically arise from current or former dry cleaners, gas stations, asbestos usage, and historic land use practices. These laws often impose liability without regard to whether the owner knew of, or was responsible for, the presence of hazardous substances, which may adversely impact our financial performance and reduce our cash flow. The presence of, or the failure to properly address the presence of, hazardous substances may adversely affect our ability to sell or lease the property or borrow using the property as collateral. We can provide no assurance that we are aware of all potential environmental liabilities or their ultimate cost to address; that our properties will not be affected by tenants or nearby properties or other unrelated third parties; and that future uses or conditions, or changes in environmental laws and regulations, or their interpretation, will not result in additional material environmental liabilities to us. Risk Factors Related to Corporate Matters An increased focus on metrics and reporting related to environmental, social and governance (" ESG") factors, may impose additional costs and expose us to new risks. Investors have become more focused on understanding how companies address a variety of ESG factors. As they evaluate investment decisions, many investors look not only at company disclosures but also to ESG rating systems that have been developed by third parties to allow ESG comparisons between companies. Although we participate in a number of these ratings systems, we do not participate in all such systems, and may not score as well in all of the available ratings systems as other REITs and real estate operators. Further, the criteria used in these ratings systems may conflict with each other and change frequently, and we cannot guaranty that we will be able to score well in the future. We supplement our participation in ratings systems ~~with published disclosures of~~ **by disclosing on our website information about** our ESG activities, but some investors may desire ~~other~~ **additional** disclosures that we do not provide. In addition, ~~as noted above,~~ the SEC is currently ~~evaluating potential~~ **considering adopting** new regulations that ~~could~~ **would** impose additional ESG disclosure and other compliance requirements on us. **California has adopted a number of climate disclosure laws which will increase our compliance costs and require us to make additional climate disclosures. Other states are considering legislation similar to California' s new laws.** Failure to participate in certain of the third **-** party ratings systems, failure to score well in those ratings systems or failure to provide certain ESG disclosures could adversely impact us when investors compare us against similar companies in our industry, and could cause certain investors to be unwilling to invest in our stock, which could adversely impact our stock price and our ability to raise capital. **In addition, failure to comply with new government climate and other ESG disclosure obligations could subject us to significant fines and penalties.** An uninsured loss or a loss that exceeds the insurance coverage on our properties may subject us to loss of capital and revenue on those properties. We carry ~~comprehensive~~ liability, fire, flood, terrorism, business interruption, and environmental insurance for our properties. Some types of losses, such as losses from named windstorms, earthquakes, terrorism, or wars may have more limited coverage, or in some cases, can be excluded from insurance coverage. In addition, it is possible that the availability of insurance coverage in certain areas may decrease in the future, and the cost to procure such insurance may increase due to factors beyond our control. ~~We~~ **As a result, we** may reduce the insurance we procure ~~as a result of the foregoing~~ or ~~other factors~~ **we may elect or be compelled to self- insure or otherwise assume some of this risk** . Should a loss occur at any of our properties that is in excess of the property or casualty insurance limits of our policies, we may lose part or all of our invested capital and revenues from such property, which may have a material adverse impact on our operating results, financial condition, and our ability to make distributions to stock and unit holders. Terrorist activities or violence occurring at our properties also may directly affect the value of our properties through damage, destruction or loss. Insurance for such acts may be unavailable or cost more resulting in an increase to our operating expenses and adversely affect our results of operations. To the extent that our tenants are affected by such attacks and threats of violence, their businesses may be adversely affected, including their ability to continue to meet obligations under their existing leases. Failure to attract and retain key personnel may adversely affect our business and operations. The success of our business depends, in **significant** part, on the leadership and performance of our executive management team and other key personnel, and our ability to attract, retain and motivate talented and diverse employees may significantly impact our future performance. Competition for these individuals is intense, and we cannot be assured that we will retain all of our executive management team and other key personnel or that we will be able to attract and retain other highly qualified individuals for these positions in the future. Losing any key personnel may have an adverse effect on us . The unauthorized access, use,...... incur additional costs to remedy such damages . Risk Factors Related to Our Partnerships and Joint Ventures We do not have voting control over all of the properties owned in our **real estate** ~~co-investment~~ partnerships and joint ventures, so we are unable to ensure that our objectives will be pursued. We have invested substantial capital as a partner in a number of partnerships and joint ventures to acquire, own, lease, develop or redevelop properties. These activities are subject to the same risks as our investments in our wholly- owned properties. However, these investments, and other future similar investments may involve risks that would not be present were a third party not involved, including the possibility that partners or other owners might become bankrupt, suffer a deterioration in their creditworthiness, or fail to fund their share of required capital contributions. Partners or other owners may have economic or other business interests or goals that are inconsistent with our own business interests or goals, and may be in a position to take actions contrary to our policies or objectives. These investments, and other future similar investments, also have the potential risk of creating impasses on decisions, such as a sale or financing, because neither we nor our partner or other owner has full control over the partnership or joint venture. Disputes between us and partners or other owners might result in a premature termination of the applicable partnership or joint venture, or potentially litigation or arbitration, that may increase our investment and related risk as well as our costs and expenses associated with the investment, and distract management from sufficiently focusing their time and efforts on others areas of our business. In addition, we risk the possibility of being held liable for the actions of our partners or other owners. These factors may limit the return that we receive from such investments or cause our cash flows to be lower than our estimates. The termination of our partnerships may adversely affect our cash flow, operating results, and our ability to make distributions to stock and unit holders. If partnerships owning a significant number of properties were dissolved for any reason, we could lose the asset, property management, leasing and construction management fees from these partnerships as well as the operating income of the properties, which may adversely affect our operating results and our cash available for distribution to stock and unit holders. Certain of our partnership operating agreements provide either member the ability to elect buy / sell clauses. The election of these dissolution provisions could require us to invest additional capital to acquire the partners' interest or to sell our share of the property thereby losing the operating income and cash flow. Risk Factors Related to Funding Strategies and Capital Structure Our ability to sell properties and fund acquisitions and developments may be adversely impacted by higher market capitalization rates and lower NOI at our properties which may dilute earnings. As part of our funding strategy, we sell properties that no longer meet our strategic objectives or investment standards and / or those with a limited future growth profile. These sales proceeds are used to fund debt repayment, acquisition of other properties, and new developments and redevelopments. An increase in market capitalization rates (which may or may not be driven by an increase in interest rates) or a decline in NOI may cause a reduction in the value of centers identified for sale, which would have an adverse impact on the amount of cash generated. Additionally, the sale of properties resulting in significant tax gains may require higher distributions to our stockholders or payment of additional income taxes in order to maintain our REIT status. We depend on external sources of capital, which may not be available in the future on favorable terms or at all. To qualify as a REIT, the Parent Company must, among other things, distribute to its stockholders each year at least 90 % of its REIT taxable income (excluding any net capital gains). Because of these distribution requirements, we may not be able to fund all future capital needs with income from operations. In such instances, we would rely on third- party sources of capital, which may or may not be available on favorable terms or at all. Our access to third- party sources of capital depends on a number of things, including the market' s perception of our growth potential and our current and potential future earnings. Our access to debt depends on our credit rating, the willingness of creditors to lend to us and conditions in the capital markets. In addition to finding lenders willing to lend to us, we are dependent upon our joint venture partners to contribute their pro rata share of any amount needed to repay or refinance existing debt when lenders reduce the amount of debt our partnerships and joint ventures are eligible to refinance. In addition, our existing debt arrangements also impose covenants that limit our flexibility in obtaining other financing. Additional equity offerings may result in substantial dilution of stockholders' interests and additional debt financing may substantially increase our degree of leverage. Without access to external sources of capital, we would be required to pay outstanding debt with our operating cash flows and proceeds from property sales. Our operating cash flows may not be sufficient to pay our outstanding debt as it comes due and real estate investments generally cannot be sold quickly at a return we believe is appropriate. If we are required to deleverage our business with operating cash flows and proceeds from property sales, we may be forced to reduce the amount of, or eliminate altogether, our distributions to stock and unit holders or refrain from making investments in our business. Our debt financing may adversely affect our business and financial condition. Our ability to make scheduled payments or to refinance our indebtedness will depend primarily on our future performance, which to a certain extent is subject to economic, financial, competitive and other factors beyond our control. In addition, we do not expect to generate sufficient operating cash flow to make balloon principal payments on our debt when due. If we are unable to refinance our debt on acceptable terms, we may be forced (i) to dispose of properties, which might result in losses, or (ii) to obtain financing at unfavorable terms, either of which may reduce the cash flow available for distributions to stock and unit holders. If we cannot make required mortgage loan payments, the mortgagee may foreclose on the property securing the mortgage. Covenants in our debt agreements may restrict our operating activities and adversely affect our financial condition. Our unsecured notes and unsecured line of credit (the" Line") contain customary covenants, including compliance with financial ratios, such as ratio of indebtedness to total asset value and fixed charge coverage ratio. These covenants may limit our operational flexibility and our investment activities. Moreover, if we breach any of the covenants in our debt agreements, and do not cure the breach within the applicable cure period, our lenders may require us to repay the debt immediately, even in the absence of a payment default. Many of our debt arrangements, including our unsecured notes and the Line, are cross- defaulted, which means that the lenders under those debt arrangements can require immediate repayment of their debt if we breach and fail to cure a default under certain of our other material debt obligations. As a result, any default under our debt covenants may have an adverse effect on our financial condition, our results of operations, our ability to meet our obligations, and the market value of our stock. Increases in interest rates would cause our borrowing costs to rise and negatively impact our results of operations. Although a significant amount of our outstanding debt has fixed interest rates, we do borrow funds at variable interest rates under our credit facility, ~~term loan,~~ and certain secured borrowings. As of December 31, ~~2022~~ **2023** , less than 1. 0 % of our outstanding debt was variable rate debt not hedged to fixed rate debt. Increases in interest rates would increase our interest expense on any variable rate debt to the extent we have not hedged our exposure to changes in interest rates. In addition, increases in interest rates will affect the terms under which we refinance our existing debt as it matures, to the extent we have not hedged our exposure to changes in interest rates. This would reduce our future earnings and cash flows, which may adversely affect our ability to service our debt and meet our other obligations and also may reduce the amount we are able to distribute to our stock and unit holders. Hedging activity may expose us to risks, including the risks that a counterparty will not perform and that the hedge will not yield the economic benefits we anticipate, which may adversely affect us. We manage our exposure to interest rate volatility by using interest rate hedging arrangements. These arrangements involve risk, such as the risk that counterparties may fail to honor their obligations under these arrangements, and that these arrangements may not be effective in reducing our exposure to interest rate changes. There can be no assurance that our hedging arrangements will qualify for hedge accounting or that our hedging activities will have the desired beneficial impact on our results of operations. Should we desire to terminate a hedging arrangement, there may be significant costs and cash requirements involved to fulfill our obligations under the hedging arrangement. In addition, failure to effectively hedge against interest rate changes may adversely affect our results of operations. Risk Factors Related to **.** ~~Information Management and Technology~~ The unauthorized access,use,theft or destruction of tenant or employee personal,financial **,** or other data ~~,~~ or of Regency' s proprietary or confidential information stored in our information systems or by third parties on our behalf could impact our reputation and brand and expose us to potential ~~liabilities~~ **liability** and ~~adverse financial impact~~ **loss of revenues** .Many of our information technology systems (including **those we use for administration,accounting,and communications,as well as** the systems of our ~~real estate~~ **co- investment** partners and other third- party business partners and service providers,whether cloud- based or hosted in ~~our~~ **proprietary** servers) contain personal,financial or other information that is entrusted to us by our tenants and employees.Many of our information technology systems **also** contain our proprietary information and other confidential information related to our business.We are **frequently** subject to attempts to compromise our information technology systems.To the extent we or a third party were to experience a material breach of our **or such third party' s** information technology systems that results in the unauthorized access,theft,use,destruction or other compromises of tenants' or employees' data or our confidential information stored in such systems,including through cyber- attacks ~~such as ransomware,denial of service~~ or other **external or internal** methods,such a breach may damage our reputation and cause us to lose tenants ~~and~~ **,** employees, **and revenues** ~~result in adverse financial impact~~ ,incur third party claims and cause disruption to our business and plans. **Additionally,a successful ransomware attack,denial of service,or other impactful type of cyber- attack may occur.** Despite planning,preparation,and preventative measures,such attacks may be successful ~~in the future~~ and our business may be significantly disrupted if unable to quickly recover.Such security breaches also could result in a violation of applicable U.S.privacy and other laws,and ~~potentially~~ subject us to **private consumer,business partner,or securities** litigation and governmental investigations and proceedings,any of which could result in our exposure to material civil or criminal liability,and we may not be able to recover these expenses from our service providers,responsible parties,or insurance carriers.Despite the ongoing significant investments in technology and training we make **in** ~~relating to~~ cybersecurity,we can provide no assurance that we will avoid or prevent such breaches or attacks. **Additionally** ~~In addition~~ , **federal,state** ~~despite the implementation of security measures for our disaster recovery~~ and ~~business~~ **local authorities** ~~continuity~~ **continue** ~~plans,our information systems may be vulnerable~~ to **develop laws** ~~damage or other adverse impact from multiple sources other than cybersecurity risks,including computer viruses,energy blackouts,natural disasters,terrorism,war,and telecommunication failure.Any system failure or accident that causes disruption or interruptions~~ to **address data privacy protection.Monitoring such changes** ~~our information systems could result in a material disruption to our operations and business~~ ,and ~~cause us~~ **taking steps** to ~~incur material~~ **comply,involves significant** costs ~~to remedy such damages or adverse impacts.The use of technology based on artificial intelligence presents risks relating to confidentiality,creation of inaccurate~~ and **effort by management** ~~flawed outputs and emerging regulatory risk~~ , ~~any or all of~~ which may adversely affect our **operating** ~~business and~~ results **and cash flows.Despite the implementation** of **security measures for our disaster recovery and business continuity plans,our systems are vulnerable to damage from multiple sources other than cybersecurity risks,including computer viruses,energy blackouts,natural disasters,terrorism,war,and telecommunication failure.Any system failure or accident that causes interruptions in our** operations ~~.As with many technological innovations,artificial intelligence (" AI") presents great promise but also risks and challenges that~~ could ~~adversely affect~~ **result in a material disruption to** our **business and cause us to incur additional costs to remedy such damages** the Market Price for Our Securities Changes in economic and market conditions may adversely affect the market price of our securities. The market price of our debt and equity securities may fluctuate significantly in response to many factors, many of which are out of our control, including: • actual or anticipated variations in our operating results; • changes in our funds from operations or earnings estimates; • publication of research reports about us or the real estate industry in general and recommendations by financial analysts or actions taken by rating agencies with respect to our securities or those of other REITs ~~; • the ability of our tenants to pay rent and meet their other obligations to us under current lease terms and our ability to re- lease space as leases expire~~ ; • increases in market interest rates that drive investors in, or potential purchasers of, our stock to seek other investments or demand a higher dividend yield; • changes in market valuations of similar companies; • adverse market reaction to any additional debt we incur in the future; • any future issuances of equity securities; • additions or departures of key management personnel; • strategic actions by us or our competitors, such as acquisitions or restructurings; • actions by institutional stockholders; • reports by corporate governance rating companies; • increased investor focus on sustainability- related risks, including climate change; • changes in our dividend payments; • potential tax law changes relating to REITs; • speculation in the press or investment community; and • general market and economic conditions. These factors may cause the market price of our securities to decline, regardless of our financial condition, results of operations, business or prospects. It is impossible to ensure that the market price of our securities, including our common stock, will not fall in the future. A decrease in the market price of our common stock may reduce our ability to raise additional equity capital in the public markets. Selling common stock at a decreased market price would have a dilutive impact on existing stockholders. There is no assurance that we will continue to pay dividends at current or historical rates. Our ability to continue to pay dividends at current or historical rates or to increase our dividend rate will depend on a number of factors, including, among others, the following: • our financial condition and results of future operations; • the terms of our loan covenants; and • our ability to acquire, finance, develop or redevelop and lease additional properties at attractive rates. If we do not maintain or periodically increase the dividend on our common stock, it may have an adverse effect on the market price of our common stock and other securities. Risk Factors Related to **Taxes and the Parent** the Company' s Qualification as a REIT If the Parent Company fails to qualify as a REIT for federal income tax purposes, it would be subject to federal income tax at regular corporate rates. We believe that the Parent Company qualifies for taxation as a REIT for federal income tax purposes, and we plan to operate so that the Parent Company can continue to meet the requirements for taxation as a REIT. If the Parent Company continues to qualify as a REIT, it generally will not be subject to federal income tax on income that we distribute to our stockholders. Many REIT requirements, however, are highly technical and complex. The determination that the Parent Company is a REIT requires an analysis of various factual matters and circumstances, some of which may not be totally within our control and some of which involve questions of interpretation. For example, to qualify as a REIT, at least 95 % of our gross income must come from specific passive sources, like rent, that are itemized in the REIT tax laws. There can be no assurance that the Internal Revenue Service (" IRS") or a court would agree with the positions we have taken in interpreting the REIT requirements. The Parent Company is also required to distribute to the stockholders at least 90 % of its REIT taxable income, excluding net capital gains. The Parent Company will be subject to U. S. federal income tax on undistributed taxable income and net capital gains and to a 4 % nondeductible excise tax on any amount by which distributions the Parent Company pays with respect to any calendar year are less than the sum of 85 % of our ordinary income, 95 % of our capital gain net income and 100 % of our undistributed income from prior years. The fact that we hold many of our assets through **real estate** ~~co- investment~~ partnerships and their subsidiaries further complicates the application of the REIT requirements. Furthermore, Congress and the IRS might make changes to the tax laws and regulations, and the courts might issue new rulings, that make it more difficult for the Parent Company to remain qualified as a REIT. Also, unless the IRS granted relief under certain statutory provisions, the Parent Company would remain disqualified as a REIT for four years following the year it first failed to qualify. If the Parent Company failed to qualify as a REIT (currently and / or with respect to any tax years for which the statute of limitations has not expired), the Parent Company would have to pay significant income taxes, reducing cash available to pay dividends, which would likely have a significant adverse effect on the value of our securities. In addition, we would no longer be required to pay any dividends to stockholders in order to maintain our REIT status. Although we believe that the Parent Company qualifies as a REIT, we cannot be assured that the Parent Company will continue to qualify or remain qualified as a REIT for tax purposes. Even if the Parent Company qualifies as a REIT for federal income tax purposes, the Parent Company is required to pay certain federal, state, and local taxes on its income and property. For example, if we have net income from" prohibited transactions," that income will be subject to a 100 % tax. In general, prohibited transactions include sales or other dispositions of property held primarily for sale to customers in the ordinary course of business. The determination as to whether a particular sale is a prohibited transaction depends on the facts and circumstances related to that sale. While we have undertaken a significant number of asset sales in recent years, we do not believe that those sales should be considered prohibited transactions, but there can be no assurance that the IRS would not contend otherwise. New legislation, as well as new regulations, administrative interpretations, or court decisions may be introduced, enacted, or promulgated from time to time, that may change the tax laws or interpretations of the tax laws regarding qualification as a REIT, or the federal income tax consequences of that qualification, in a manner that is adverse to our stockholders. Dividends paid by REITs generally do not qualify for reduced tax rates. Subject to limited exceptions, dividends paid by REITs (other than distributions designated as capital gain dividends, qualified dividends or returns of capital) are not eligible for reduced rates for qualified dividends paid by" C" corporations and are taxable at ordinary income tax rates. Under the Tax Cuts and Jobs Act of 2017 (the" TCJA"), however, domestic shareholders that are individuals, trusts, and estates generally may deduct up to 20 % of the ordinary dividends (e. g., dividends not designated as capital gain dividends or qualified dividend income) received from a REIT for taxable years beginning after December 3, 2017, and before January 1, 2026. Although these rules do not adversely affect the taxation of REITs or dividends payable by REITs, investors who are individuals, trusts and estates may perceive investments in REITs to be relatively less attractive than investments in the stocks of non- REIT corporations that pay dividends, which may adversely affect the value of the shares of REITs, including the per share trading price of the Parent Company' s capital stock. Certain foreign stockholders may be subject to U. S. federal income tax on gain recognized on a disposition of our common stock if we do not qualify as a" domestically controlled" REIT. A foreign person, other than a" qualified shareholder" or a" qualified foreign pension fund," as each is defined for purposes of the Code, disposing of a U. S. real property interest, including shares of a U. S. corporation whose assets consist principally of U. S. real property interests is generally subject to U. S. federal income tax on ~~any~~ **the** gain recognized on the disposition. This tax does not apply, however, to the disposition of stock in a REIT if the REIT is" domestically controlled." In general, the Parent Company will be a domestically controlled REIT if **,** at all times during the five- year period ending on the applicable stockholder’ s disposition of our stock, less than 50 % in value of our stock was held directly or indirectly by non- U. S. persons. If the Parent Company were to fail to qualify as a domestically controlled REIT, gain recognized by a foreign stockholder on a disposition of our common stock would be subject to U. S. federal income tax unless our common stock was traded on an established securities market and the foreign stockholder did not at any time during a specified testing period directly or indirectly own more than 10 % of our outstanding common stock. We seek to act in the best interests of the Parent Company as a whole and do not take into consideration the particular tax consequences to any specific holder of our stock. Foreign persons should inform themselves as to the U. S. tax consequences, and the tax consequences within the countries of their citizenship, residence, domicile, and place of business, with respect to the purchase, ownership, and disposition of shares of our common stock. Legislative or other actions affecting REITs may have a negative effect on us or our investors. The rules dealing with federal income taxation are constantly under review by persons involved in the legislative process and by the IRS and the U. S. Department of the Treasury. Changes to the tax laws, with or without retroactive application, may adversely affect the Parent Company or our investors. We cannot predict how changes in the tax laws might affect the Parent Company or our investors. New legislation, Treasury Regulations, administrative interpretations or court decisions may significantly and negatively affect our ability to qualify as a REIT or the federal income tax consequences of such qualification, or the federal income tax consequences of an investment in us. There is also a risk that REIT status may be adversely impacted by a change in tax or other laws. Also, the law relating to the tax treatment of other entities, or an investment in other entities, may change, making an investment in such other entities more attractive relative to an investment in a REIT. Complying with REIT requirements may limit our ability to hedge effectively and may cause us to incur tax liabilities. The REIT provisions of the Code limit our ability to hedge our liabilities. Generally, income from a hedging transaction does not constitute" gross income" for purposes of the 75 % or 95 % gross income tests, provided that we properly identify the hedging transaction pursuant to the applicable sections of the Code and Treasury Regulations. To the extent that we enter into other types of hedging transactions, or fail to make the proper tax identifications, the income from those transactions is likely to be treated as non- qualifying income for purposes of both gross income tests. As a result of these rules, we may need to limit our use of otherwise advantageous hedging techniques or implement those hedges through a TRS. **Partnership tax audit rules could have a material adverse effect. Under current federal partnership tax audit rules, subject to certain exceptions, any audit adjustment to items of income, gain, loss, deduction, or credit of a partnership (and a partner' s allocable share thereof) is determined, and taxes, interest, and penalties attributable thereto are assessed and collected, at the partnership level. With respect to any partnership in which we invest, unless such partnership makes an election or takes certain steps to require the partners to pay their tax on their allocable shares of the adjustment, it is possible that such partnership would be required to pay additional taxes, interest, and penalties as a result of an audit adjustment. We could be required to bear the economic burden of those taxes, interest, and penalties even though we may not otherwise have been required to pay additional taxes had we owned the assets of the partnership directly.** Risk Factors Related to the Company' s Common Stock Restrictions on the ownership of the Parent Company' s capital stock to preserve its REIT status may delay or prevent a change in control. Ownership of more than 7 % by value of our outstanding capital stock is prohibited, with certain exceptions, by the Parent Company' s articles of incorporation, for the purpose of maintaining its qualification as a REIT. This 7 % limitation may discourage a change in control and may also (i) deter tender offers for our capital stock, which offers may be attractive to our stockholders, or (ii) limit the opportunity for our stockholders to receive a premium for their capital stock that might otherwise exist if an investor attempted to assemble a block in excess of 7 % of our outstanding capital stock or to affect a change in control. The issuance of the Parent Company' s capital stock may delay or prevent a change in control. The Parent Company' s articles of incorporation authorize our Board of Directors to issue up to 30, 000, 000 shares of preferred stock **(less the shares of preferred stock already issued and outstanding)** and 10, 000, 000 shares of special common stock and to establish the preferences and rights of any shares issued. The issuance of preferred stock or special common stock may have the effect of delaying or preventing a change in control. The provisions of the Florida Business Corporation Act regarding affiliated transactions may also deter potential acquisitions by preventing the acquiring party from consummating a merger or other extraordinary corporate transaction without the approval of our disinterested stockholders. Ownership in the Parent Company may be diluted in the future. In the future, a stockholder' s percentage ownership in the Company may be diluted because of equity issuances for acquisitions, capital market transactions or other corporate purposes, including equity awards we will grant to our directors, officers and employees. In the past we have issued equity in the secondary market and may do so again in the future, depending on the price of our stock and other factors. In addition, our restated articles of incorporation, as amended, authorizes our Board of Directors to issue, without the approval of our stockholders, one or more classes or series of preferred stock having such preferences, limitations, and relative rights, including preferences over our common stock respecting dividends and distributions, as our Board of Directors generally may determine. The terms of one or more classes or series of preferred stock could dilute the voting power or reduce the value of our common stock. For example, we could grant the holders of preferred stock the right to elect some number of our directors in all events or on the happening of specified events or the right to veto specified transactions. Similarly, the repurchase or redemption rights or liquidation preferences we could assign to holders of preferred stock could affect the residual value of the common stock.