

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

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

For the fiscal year ended December 31, 1996

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

For the transaction period from _____ to _____

Commission File Number 1-12298

REGENCY REALTY CORPORATION
(Exact name of registrant as specified in its charter)

FLORIDA
(State of other jurisdiction of
incorporation or organization)

59-3191743
(I.R.S. Employer
identification No.)

121 West Forsyth Street, Suite 200
Jacksonville, Florida 32202

(904) 356-7000
(Registrant's
telephone No.)

(Address of principal executive
offices) (zip code)

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

Common Stock, \$.01 par value
(Title of Class)

New York Stock Exchange
(Name of exchange on which registered)

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months and (2) has been subject to such filing requirements for the past 90 days. YES (X) NO ()

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

The aggregate market value of the voting stock held by non-affiliates of the Registrant was approximately \$165,638,487 based on the closing price on the New York Stock Exchange for such stock on March 20, 1997. The approximate number of shares of Registrant's Common Stock outstanding was 12,323,183 as of March 21, 1997.

Documents Incorporated by References

Portions of the Registrant's Proxy Statement in connection with its 1997 Annual Meeting of Shareholders are incorporated by reference in Part III.

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PART I

Item 1. Business

General: The principal business of Regency Realty Corporation (the "Company") is owning, operating and developing grocery anchored neighborhood shopping centers in targeted infill markets in the Southeast. The Company, a Florida corporation organized in 1993, commenced operations as a real estate investment trust in 1993 with the completion of its Initial Public Offering ("IPO"), and was the successor to the real estate business of The Regency Group, Inc. which had operated since 1963. Unless the context requires otherwise, all references to the "Company" include (1) its wholly owned real estate properties, an operating partnership and two joint ventures and (2) Regency Realty Group, Inc. (the "Management Company").

The Company owns and operates 50 commercial real estate properties, 40 of which are anchored by grocery stores. At December 31, 1996, the properties contained 5.5 million square feet ("GLA") and were 95.4% leased. The properties are all located in the Southeast, primarily in Florida (71% of GLA) and Georgia (11% of GLA). At December 31, 1996, approximately 10.2%, 4.6%, 3.3%, and 3% of annualized total rent pertains to leases with Publix, Winn-Dixie, Wal-Mart, and Kroger, respectively. For more specific data and information about the properties owned by the Company see Item 2. Properties, included elsewhere in this Form 10-K. In addition, through the Management Company, the Company performs property management, leasing and client services on a selective basis that generate fees and have the potential for creating synergistic relationships that lead to additional acquisition, development, management and leasing opportunities.

Operating and Investment Philosophy: The Company's key operating and investment objectives are (1) to generate superior shareholder returns by sustaining above average annual increases in funds from operations and long term growth in free and clear cash flow, (2) to create the largest real estate portfolio of quality grocery anchored neighborhood shopping centers in targeted

infill markets in the Southeast, (3) to build the strongest possible capital structure through conservative financial management that will cost effectively provide the capital to fund the Company's growth strategy, and (4) to put in place the people and processes necessary to enable the Company to implement its Retail Operating System, a system which incorporates research based investment strategies and value added leasing and management systems.

Management believes that the key to successful implementation of its strategies is to continue to exploit the Company's competitive strengths which include, its cohesive and experienced management team, its research capabilities, its strong capital structure, its access to competitively priced capital, its client relationships, its market expertise in targeted markets, its growing critical mass of quality neighborhood shopping centers focused on convenience and daily necessities, and the vibrant targeted submarkets that enjoy a favorable environment for retail sales.

Since its IPO in 1993, the Company has acquired 27 properties at a cost of \$224.7 million. These acquisitions were financed with \$114.4 of new equity, and \$110.3 million of new debt. The Company's total market capitalization at December 31, 1996 was \$529.1 million vs. \$172.9 million at the completion of its IPO, an increase of 206%. At December 31, 1996, the Company's debt to total market capitalization was 32.4%. The Company intends to continue its emphasis on acquiring and developing grocery anchored neighborhood shopping centers that are the most significant shopping centers serving a targeted submarket that offer daily necessities and convenience.

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Current Developments: During 1996, the Company acquired 13 grocery anchored shopping centers for approximately \$107.1 million, representing 1.4 million square feet (the "1996 Acquisitions"). Total real estate investments, at cost, increased 40.1% from December 31, 1995. The 1996 Acquisitions were located in Florida, Georgia, and North Carolina and included six Publix locations, two Winn-Dixie locations, and two Kroger locations. The Company also acquired a parcel of land for a new Winn-Dixie development and an existing shopping center for redevelopment.

On June 11, 1996, the Company entered into a Stock Purchase Agreement (the "Agreement") with Security Capital U.S. Realty and Security Capital Holdings S.A. (collectively, "US Realty"). As part of the Agreement, the Company agreed to sell 7,499,400 shares of common stock to U.S. Realty for \$132,176,925. During 1996, the Company sold 3,651,800 shares to US Realty for \$64,362,975 and the proceeds were used to reduce the outstanding balance of its acquisition and development line of credit with Wells Fargo Realty Advisors Funding, Incorporated (the "Wells Fargo Line"). Not later than June, 1997, the Company intends to sell the remaining shares committed to US Realty, the proceeds of which will be used to further reduce the balance of its Wells Fargo Line, increasing the capacity for future acquisitions.

During 1996, the Company entered into discussions with Branch Properties, L.P. ("Branch"), an Atlanta based real estate partnership that operates and develops shopping centers in the Southeast, for purposes of evaluating the potential acquisition of the assets of Branch. On March 7, 1997, the Company acquired the assets of Branch for approximately \$190 million. At closing, the Company issued 3,529,598 redeemable partnership units ("Redeemable Units") from Regency Retail Partnership L.P. ("Partnership") in exchange for 100% of the existing partnership units of Branch, and assumed approximately \$112 million of debt, net of minority interests. During the next three years, Branch will have the right to earn an additional \$23.3 million of Redeemable Units based upon the achievement of increased income levels. At closing the Company acquired from Branch 18 shopping centers comprising 1.9 million square feet; 8 shopping centers containing 700,000 square feet that are currently under development or redevelopment, and management contracts on over 4 million square feet owned by third parties. Including the completion of the development and redevelopment properties, the three largest anchor tenants in these properties are Publix, Kroger, and Harris Teeter. Also at closing, the Company reduced Branch's debt by approximately \$25.7 million from a \$26 million sale of common stock to US Realty which funded concurrent with the acquisition.

In December, 1996 the Company negotiated an increase in the commitment amount of the Wells Fargo Line to \$90 million. The Company increased the Wells Fargo Line commitment amount to \$150 million during the first quarter of 1997. The unused balance of the Wells Fargo Line will be used to continue to acquire and develop neighborhood shopping centers in the Southeast. In addition to acquiring single neighborhood shopping centers from individual sellers, the

Company also expects to continue to engage in discussions with public and private real estate entities regarding possible portfolio acquisitions or business combinations.

Matters Relating to the Real Estate Business: The Company is subject to certain business risks arising in connection with owning real estate which include, among others, (1) the bankruptcy or insolvency of, or a downturn in the business of, any of its anchor tenants, (2) the possibility that such tenants will not renew their leases as they expire, (3) vacated anchor space affecting the entire shopping center because of the loss of the departed anchor tenant's customer drawing power, (4) risks relating to leverage, including uncertainty that the Company will be able to refinance its indebtedness, and the risk of higher interest rates, (5) the Company's inability to satisfy its cash requirements for operations and the possibility that the Company may be required to borrow funds to meet distribution requirements in order to maintain its qualification as a REIT, (6) potential liability for unknown or future environmental matters and costs of compliance with the Americans with Disabilities Act, and (7) the risk of uninsured losses. Unfavorable economic conditions could also result in the inability of tenants in certain retail sectors to meet their lease obligations and otherwise could adversely affect the Company's ability to attract and retain desirable tenants. The Company believes that the shopping centers are relatively well positioned to withstand adverse economic conditions since they typically are anchored by grocery stores, drug stores and discount department stores that offer day-to-day necessities rather than luxury goods.

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Compliance with Governmental Regulations: The Company like others in the commercial real estate industry, is subject to numerous environmental laws and regulations particularly as they pertain to dry cleaning plants. Although potential liability could exist for unknown or future environmental matters, the Company believes that dry cleaning tenants are operating in accordance with current laws and regulations and has established procedures to monitor these operations. For additional information, see Management's Discussion and Analysis included elsewhere in this Form 10-K.

Competition: There are numerous shopping center developers, real estate companies and other owners of real estate that operate in the Southeast that compete with the Company in seeking retail tenants to occupy vacant space, for the acquisition of shopping centers, and for the development of new shopping centers.

Changes in Policies: The Company's Board of Directors determines the Company's policies with respect to certain activities, including its debt capitalization, growth, distributions, REIT status, and investment and operating policies. The Board of Directors has no present intention to amend or revise these policies. However, the Board of Directors may do so at any time without a vote of the Company's stockholders.

Employees: The Company presently has four management and leasing offices in Florida and one office in Atlanta, Georgia. As of March 20, 1997, the Company had approximately 160 employees and believes that relations with its employees are good.

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Item 2. Properties

The Company owns and operates 46 neighborhood shopping centers and 4 suburban office complexes in the Southeast. The properties consist of approximately 5.5 million square feet of Company owned gross leasable area (GLA). At December 31, 1996, the locations of properties by GLA were as follows:

	Company Owned GLA	Percent of Total	Anchor Owned GLA	Total GLA	Percent of Total	Number of Properties
Florida	3,958,423	71.8%	297,481	4,255,904	72.0%	34
Georgia	592,351	10.7%	-	592,351	10.0%	6
Alabama	516,080	9.4%	42,848	558,928	9.5%	5
North						

Carolina	260,094	4.7%	-	260,094	4.4%	3
Mississippi	185,061	3.4%	54,962	240,023	4.1%	2
	-----	-----	-----	-----	-----	---
Total	5,512,009	100.0%	395,291	5,907,300	100.0%	50
	=====	=====	=====	=====	=====	==

The Company's neighborhood shopping centers generally have one or more anchor tenants, the majority of which are anchored by Publix (17), Winn-Dixie (9), Wal-Mart (7) or Kroger (3), with 37 of the center's having two or more anchor tenants. The average size of the properties is 118,146 sf. Six of the shopping centers are anchored by four grocery stores and two Wal-Mart stores, where the store operator owns its own building. To the extent that the shopping centers are anchored by store space which the Company does not own, the Company can capitalize on the customer drawing power and other advantages provided by these anchor tenants while not bearing the leasing and operating risks associated with leasing space to such a tenant. In most instances, these stores reimburse the Company for their share of common area maintenance expenses.

The following table sets forth, as of December 31, 1996, information as to retail tenants which individually account for 1.0% or more of total rent:

Tenant	Leased Stores	Company GLA (Sq. Ft.)	Percent of Total Company GLA	Total Rent (1)	Percent of Total Rent (2)
-----	-----	-----	---	-----	-----
Publix	17	723,636	13.1%	\$ 5,372,770	10.2%
Winn Dixie	9	364,393	6.6%	2,432,073	4.6%
Wal-Mart	5	393,487	7.1%	1,765,280	3.3%
Kroger	3	165,435	3.0%	1,566,150	3.0%
Walgreens	9	116,640	2.1%	1,469,878	2.8%
AMC Theater	1	72,616	1.3%	1,003,651	1.9%
K-Mart	2	168,306	3.1%	987,130	1.9%
Eckerd	10	101,095	1.8%	887,746	1.7%
Luria's	3	69,855	1.3%	592,686	1.1%
Waccamaw	1	87,752	1.6%	538,633	1.0%
Jo-Ann Fabrics	4	52,230	.9%	527,396	1.0%
	---	-----	---	-----	-----
Total	64	2,315,445	41.9%	\$17,143,393	32.5%
	==	=====	=====	=====	=====

1) Total rent includes annualized base rent, percentage rent, and reimbursements for common area maintenance, real estate taxes, and insurance.

2) Based on annualized total rent on all properties owned at December 31, 1996.

The Company's leases have lease terms generally ranging from three to five years for tenant space under 5,000 square feet. Leases greater than 10,000 square feet generally have lease terms in excess of ten years, mostly comprised of anchor tenants. Many of the anchor leases contain provisions allowing the tenant the option of extending the term of the lease at expiration. The Company's leases provide for the monthly payment in advance of fixed minimum rentals, additional rents calculated as a percentage of the tenant's sales, the tenant's pro rata share of real estate taxes, insurance, and common area maintenance expenses, and reimbursement for utility costs if not directly metered. At December 31, 1996, 42% of the Company's leases have terms of five years or less, which allows the Company the opportunity to increase rents upon lease expiration. Approximately 42% of the Company's leases expire beyond ten years.

The following table sets forth a schedule of lease expirations for the next ten years, assuming that no tenants exercise renewal options:

Lease Expiration Year	Expiring GLA	Percent of Total Company Square Footage	Future Minimum Rent Under Expiring Leases	Percent of Total Rent (1)
1997	437,545	7.9%	4,966,284	10.7%
1998	616,350	11.2%	6,435,218	13.8%
1999	442,226	8.0%	5,379,912	11.6%
2000	261,023	4.7%	3,334,962	7.2%
2001	334,874	6.1%	3,877,709	8.3%
2002	314,026	5.7%	2,303,083	5.0%
2003	216,386	3.9%	1,565,877	3.4%
2004	133,002	2.4%	1,242,960	2.7%
2005	174,354	3.2%	1,705,906	3.7%
2006	208,155	3.8%	1,562,226	3.4%
2007	40,298	0.7%	512,591	1.1%

(1) Total rent includes current minimum rent and future contractual rent steps for all properties, but excludes additional rent such as percentage rent, common area maintenance, real estate taxes and insurance reimbursements.

Corporate Headquarters: The Company leases 24,263 square feet in a 10 story office building located at 121 West Forsyth Street in Jacksonville, Florida, which serves as the Company's headquarters. The lease, which expires on October 31, 1999, provides that the Company will pay annual base rent of approximately \$286,000. The Company provides property management services to the building's owner, who is unaffiliated with the Company.

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Item 2.

The following table describes the Company's properties owned at December 31, 1996:

Property *****	Year Acquired *****	Year Constructed (r) *****	Land Area ****	Company Owned Gross Leasable Area *****	Percent Leased *****
Florida:					
Jacksonville / North Florida:					
Bolton Plaza	1994	1995	15.1	172,938	98.4%
Courtyard	1987	1987	17.0	67,794	95.5%
Old St. Augustine Plaza	1996	1990	23.9	170,220	97.5%
The Quadrant (o)	1984	1985	17.8	188,502	96.5%
Westland One (o)	1988	1988	3.6	36,304	89.9%
Palm Harbor	1996	1991	24.0	168,448	99.6%
Anastasia Plaza	1993	1988	11.4	102,342	95.5%
Millhopper	1993	1974	11.0	84,444	99.4%
Newberry Square	1994	1986	16.0	181,006	98.0%
Carriage Gate	1994	1978	8.7	76,833	93.2%
Village Commons (j)	1988	1988	23.8	105,827	91.3%
Miami / Ft. Lauderdale:					
Aventura	1994	1974	8.6	102,876	81.1%
North Miami	1993	1988	4.0	42,500	100.0%
Fairway Executive Center (o)	1985	1985	2.0	33,135	83.8%
University Market Place	1990	1990	13.0	124,101	93.1%
Welleby	1996	1982	12.0	109,949	92.3%
Berkshire Commons	1994	1992	12.5	106,434	98.8%
Palm Beach / Treasure Coast:					
Wellington Market Place	1995	1990	18.7	178,555	94.4%
Wellington Town Square	1996	1982	11.3	105,150	94.4%
Tequesta Shoppes	1996	1986	12.5	109,766	97.0%
Chasewood Plaza	1992	1986	17.3	183,844	95.0%
Martin Downs Shoppes	1992	1988	6.4	48,932	67.4%
Martin Downs Town Center	1996	1996	7.6	64,546	100.0%
Martin Downs Village Center	1992	1985	20.1	121,998	93.4%
Ocean Breeze	1992	1985	11.7	111,551	94.6%
Ocean East (d) (j)	1996	1996	11.3	104,772	93.3%
Tampa Bay Area:					

Peachland Promenade	1995	1991	14.5	82,082	96.9%
Market Place	1995	1983	9.3	90,296	98.1%
Paragon Cable Building (o)	1993	1993	3.2	40,298	100.0%
Regency Square at Brandon	1986	1986	52.6	341,751	93.8%
Seven Springs	1994	1986	19.5	162,580	97.0%
Terrace Walk	1990	1990	4.4	50,926	88.0%
University Collections	1996	1984	11.3	106,627	97.6%
Village Center	1995	1993	17.0	181,096	97.4%
			473.1	3,958,423	95.0%
			-----	-----	-----
			=====	=====	=====

<FN>

(a) Tenant owns its own pad and building
 (d) Development or redevelopment property
 (r) or last renovation or major addition
 (o) suburban office building
 (j) ownership is less than 100%
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Property	Major Tenants and Lease Expiration (Mo/Yr)
-----	-----
Florida:	
Jacksonville / North Florida:	
Bolton Plaza	Wal-Mart (6/08), Blockbuster (6/98)
Courtyard	Albertsons (a)
Old St. Augustine Plaza	Publix (10/10), Eckerd Drugs(10/10), Waccamaw (3/02)
The Quadrant (o)	RS&H (10/98), Total System Service (10/00), GTE (8/99), Xerox (10/97)
Westland One (o)	Logistics Services (1/99)
Palm Harbor	Publix (3/11), Eckerd Drugs (12/98), Bealls (4/07), Blockbuster (12/01)
Anastasia Plaza	Publix (2/08)
Millhopper	Publix (4/03), Eckerd Drugs (3/98), Clothworld (3/98)
Newberry Square	Publix (11/06), Kmart (10/11), Jo-Ann Fabrics (1/02)
Carriage Gate	TJ Maxx (11/98)
Village Commons (j)	Wal-Mart (a) , Stein Mart (8/98), Ben Franklin (5/06), Shoe Station (5/02)
Miami / Ft. Lauderdale:	
Aventura	Publix (11/98), Eckerd Drugs (9/97)
North Miami	Publix (10/03), Eckerd Drugs (8/99)
Fairway Executive Center (o)	Tarmac of Florida (5/01)
University Market Place	Albertsons (a), PetsMart (1/4), Linen Supermarket (2/04)
Welleby	Publix (4/15), Walgreens (8/02)
Berkshire Commons	Publix (10/11), Walgreens (8/11)
Palm Beach / Treasure Coast:	
Wellington Market Place	Winn-Dixie (9/09), Walgreens (8/09), United Artists (3/10)
Wellington Town Square	Publix (9/02), Eckerd Drug (10/02)
Tequesta Shoppes	Publix (9/06), Walgreens (10/01)
Chasewood Plaza	Publix (2/06), Walgreen's (3/01), Ben Franklin (2/01)
Martin Downs Shoppes	1st Bank of Indiantown (1/97)
Martin Downs Town Center	Publix (11/16)
Martin Downs Village Center	Coastal Care (9/12), Walgreens (7/00)
Ocean Breeze	Publix (11/03), Walgreens (11/03), Coastal Care (6/06)
Ocean East (d) (j)	Stuart Fine Foods (12/10), Coastal Care (11/16)
Tampa Bay Area:	
Peachland Promenade	Publix (1/12), Ace Hardware (2/99)
Market Place	Publix (7/03), Eckerd Drugs (4/03)
Paragon Cable Building (o)	Paragon Cable (8/07)
Regency Square at Brandon	Marshalls (1/02), Jo-Ann Fabrics (11/02), AMC Theaters (11/15)
	Staples (1/00), Michaels (11/03), TJ Maxx (9/99), S&K Menswear (1/01)
Seven Springs	Winn-Dixie (5/07), Kmart (11/10)
Terrace Walk	-
University Collections	Kash N Karry (a), Eckerd Drug (9/04), Jo-Ann Fabrics (8/05)
Village Center	Publix (6/07), Walgreens (6/07), Stein Mart (7/08)

<FN>

(a) Tenant owns its own pad and building
 (d) Development or redevelopment property
 (r) or last renovation or major addition
 (o) suburban office building
 (j) ownership is less than 100%
 </FN>

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Property	Year Acquired	Year Constructed (r)	Land Area	Company Owned Gross Leasable Area	Percent Leased
-----	-----	-----	-----	-----	-----
Georgia:					
Atlanta:					
Orchard Square	1995	1987	14.8	85,940	91.2%
Cambridge Square	1996	1979	9.5	68,725	91.4%
Russell Ridge	1994	1994	16.5	98,556	100.0%
Sandy Plains Village	1996	1992	19.0	168,513	80.6%
Other Markets:					
LaGrange Marketplace	1993	1989	8.2	76,327	93.7%

Parkway Station	1996	1983	10.5	94,290	94.3%
			----	-----	-----
			78.5	592,351	90.5%
			=====	=====	=====
Alabama:					
Birmingham:					
Village In Trussville	1993	1987	8.0	69,300	97.8%
West County Marketplace	1993	1987	14.0	129,155	100.0%
Other Markets:					
Bonner's Point	1993	1985	11.9	87,280	100.0%
Country Club	1993	1991	5.5	67,622	100.0%
The Marketplace	1993	1995	13.0	162,723	100.0%
			----	-----	-----
			52.4	516,080	99.7%
			=====	=====	=====
North Carolina:					
Charlotte:					
City View	1996	1993	14.5	77,550	98.5%
Union Square	1996	1989	18.8	97,191	98.8%
Raleigh / Durham:					
Woodcroft	1996	1984	11.8	85,353	98.6%
			----	-----	-----
			45.1	260,094	98.6%
			=====	=====	=====
Mississippi:					
Columbia Marketplace	1993	1988	21.7	136,002	100.0%
Lucedale Marketplace	1993	1989	6.1	49,059	100.0%
			----	-----	-----
			27.8	185,061	100.0%
			=====	=====	=====
Total Properties:			676.9	5,512,009	95.4%
			=====	=====	=====

<FN>

(a) Tenant owns its own pad and building
(d) Development or redevelopment property
(r) or last renovation or major addition
(o) suburban office building
(j) ownership is less than 100%

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Property	Major Tenants and Lease Expiration (Mo/Yr)
=====	=====
Georgia:	
Atlanta:	
Orchard Square	A&P (1/08), Big B Drugs (1/08)
Cambridge Square	Winn-Dixie (5/01), Big B Drugs (9/01)
Russell Ridge	Kroger (9/14), Blockbuster (7/00)
Sandy Plains Village	Kroger (8/10), Revco (10/97), Blockbuster (2/01), Ace Hardware (1/98)
Other Markets:	
LaGrange Marketplace	Winn-Dixie (6/09), Eckerd Drugs (1/10)
Parkway Station	Kroger (2/07)
Alabama:	
Birmingham:	
Village In Trussville	Bruno's (10/12), Big B Drugs (2/03), Movie Gallery (12/97)
West County Marketplace	Food World (a), Wal-Mart (2/08), Eckerd Drugs (2/11)
Other Markets:	
Bonner's Point	Winn-Dixie (1/06), Wal-Mart (10/05)
Country Club	Winn-Dixie (5/11), Harco Drugs (4/06)
The Marketplace	Winn-Dixie (2/15), Beall's (1/04)
North Carolina:	
Charlotte:	
City View	Winn-Dixie (6/13), Revco (5/08)
Union Square	Harris Teeter (10/15), Revco (6/04)
Consolidated Theatres	Consolidated Theatres (5/06), Blockbuster (9/99)
Raleigh / Durham:	
Woodcroft	Food Lion (11/04), Kerr Drugs (11/04)
Mississippi:	
Columbia Marketplace	Winn-Dixie (9/12), Wal-Mart (2/08)
Lucedale Marketplace	Delchamps (8/09), Wal-Mart (a)
Total Properties:	

<FN>

(a) Tenant owns its own pad and building
(d) Development or redevelopment property
(r) or last renovation or major addition
(o) suburban office building
(j) ownership is less than 100%

</FN>

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The Company is not presently involved in any litigation nor, to its knowledge, is any litigation threatened against the Company, except for routine litigation arising in the ordinary course of business such as "slip and fall" litigation which is expected to be covered by insurance. In the opinion of management of the Company, such litigation is not expected to have a material adverse effect on the business, financial condition or results of operations of the Company.

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

None

PART II

Item 5. Market for the Registrant's Common Equity and Related Shareholder Matters

Prior to the Company's IPO there was no public market for the Company's common stock. In connection with its IPO, 5,620,779 shares were sold for cash at the initial offering price of \$19.25 per share. The common stock commenced trading on the New York Stock Exchange ("NYSE") under the symbol "REG" on October 29, 1993. There have been no additional public stock offerings since the IPO; however, there have been several private equity transactions since 1994. The high and low sales prices for the common stock on the NYSE during each quarter for the period January 1, 1995 to December 31, 1996 were as follows:

	1996			1995		
	High Price	Low Price	Cash Dividends Declared	High Price	Low Price	Cash Dividends Declared
March 31	\$ 17.500	15.875	.405	17.125	15.250	.395
June 30	21.125	16.500	.405	18.375	15.750	.395
September 30	22.375	19.250	.405	18.125	16.375	.395
December 31	26.250	21.125	.405	17.500	16.375	.395

The approximate number of holders of record of the common stock was 3,000 as of March 20, 1997.

On March 7, 1997, the Company acquired Branch Properties, L.P. ("Branch"), an Atlanta based real estate partnership that owns, operates, and develops shopping centers in the Southeast, for approximately \$190 million. At closing, the Company issued 3,373,801 redeemable partnership units ("Redeemable Units") from Regency Retail Partnership, L.P. ("Partnership") and 155,797 shares of common stock in exchange for 100% of the existing partnership units of Branch, and assumed approximately \$112 million of debt excluding the minority interest amount. During the next three years, Branch will have the right to earn an additional \$23.3 million of Redeemable Units based upon the achievement of increased income levels. Subject to shareholder approval to be held at the Company's 1997 Annual Meeting, the Redeemable Units will be redeemable for Regency common stock.

On June 11, 1996, the Company entered into a Stock Purchase Agreement (the "Agreement") with US Realty. Under the Agreement, the Company has agreed to sell 7,499,400 shares of common stock to US Realty at a price of \$17.625 per share representing total maximum proceeds of \$132,176,925. During 1996, the Company sold 3,651,800 shares to US Realty for \$64,362,975 and the proceeds were used to pay down the Wells Fargo Line. The Company sold 1,475,178 shares to US Realty on March 3, 1997 and the proceeds of \$26 million were primarily used to reduce debt assumed as part of the Branch transaction. Not later than June, 1997, the Company intends to sell the remaining shares committed to US Realty, the proceeds of which will be used to further reduce its outstanding debt. As part of the Agreement, US Realty also has participation rights entitling them to purchase additional equity in the Company at the same price as that offered to other purchasers in order to preserve their pro rata ownership in the Company including common stock and Redeemable Units issued as part of the Branch transaction.

In connection with the acquisition of five shopping centers during 1995,

stockholders	\$9,907	\$4,994	\$5,101	\$895	\$1,245	(\$2,677)
Net income per common share	\$0.96	\$0.75	\$0.80	\$0.14	n/a	n/a
Other Data:						
Weighted average common shares outstanding (2)	10,341	6,630	6,339	6,333	n/a	n/a
Common shares outstanding (2)	13,619	9,704	6,455	6,333	n/a	n/a
Company owned gross leasable area (at end of period)	5,512	3,981	3,182	2,337	1,145	1,145
Number of properties (at end of period)	50	36	30	23	8	8
Balance Sheet Data:						
Real estate, net of accumulated depreciation	\$367,190	\$260,415	\$204,421	\$145,123		\$55,921
Total assets	386,524	271,005	214,082	153,653		60,636
Total debt	171,607	115,617	107,998	53,521		61,049
Stockholders' equity	206,726	147,007	101,760	97,416		(11,143)

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Item 6. Selected Consolidated Financial Data (in thousands, except per share data) -continued-

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- (1) Such Combined Financial Statements have been prepared to reflect the historical combined operations of the Regency Properties associated with the ownership of the properties and the management, leasing, acquisition, development and brokerage business acquired by the Company from TRG on November 5, 1993 in connection with the Company's Initial Public Offering ("IPO") completed November 5, 1993.
- (2) 1996 includes 28,848 Partnership Operating Units issued on February 28, 1996, convertible on a one for one basis into shares of common stock after the first anniversary date of the issuance date. 1996 and 1995 include 2,975,468 common shares, or the weighted average impact thereof, that the Class B common stock, issued December 20, 1995, will be convertible into after three years from the issuance date, subject to certain limitations.

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Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion should be read in conjunction with the accompanying Consolidated Financial Statements and Notes thereto of Regency Realty Corporation (the "Company") appearing elsewhere in this Form 10-K.

Business

The Company's principal business is operating and developing grocery anchored neighborhood shopping centers in targeted infill markets in the Southeast. At December 31, 1996 the Company owned 50 properties or approximately 5.5 million square feet (GLA); 71% of the GLA of the properties are located in Florida, and 40 are grocery anchored. The Company's four largest tenants in order by number of leased store locations are Publix Supermarkets (17), Winn-Dixie Stores (9), Wal-Mart (5), and The Kroger Co. (3).

Acquisition and Development

During 1996, the Company acquired 13 shopping centers (the "1996 Acquisitions") for \$107 million (including certain budgeted capital improvements designed to improve the performance of the acquired property) for a total of 1,417,259 square feet. The Company also acquired a parcel of land to begin development of a Winn-Dixie shopping center, and entered into a joint venture to redevelop an existing shopping center. Total estimated cost at completion of these development projects is \$15.2 million and both are expected to be completed during the first quarter of 1998.

During 1995, the Company acquired five shopping centers and completed the development or expansion of four shopping centers for a total cost of \$62 million (the "1995 Acquisitions").

On March 7, 1997, the Company acquired Branch Properties, L.P.

("Branch"), an Atlanta based real estate partnership that owns, operates, and develops shopping centers in the Southeast, for approximately \$190 million. At closing, the Company issued 3,373,801 redeemable partnership units ("Redeemable Units") from Regency Retail Partnership, L.P. ("Partnership") and 155,797 shares of common stock in exchange for 100% of the existing partnership units of Branch, and assumed approximately \$112 million of debt excluding the minority interest amount. During the next three years, Branch will have the right to earn an additional \$23.3 million of Redeemable Units based upon the achievement of increased income levels. At closing the Company acquired from Branch 18 shopping centers comprising 1.9 million square feet; 8 shopping centers containing 700,000 square feet that are currently under development or redevelopment, and management contracts on over 4 million square feet owned by third parties. Including the completion of the development and redevelopment properties, the three largest tenants in these properties are Publix, Kroger, and Harris Teeter. After the closing, the Company's five largest tenants in order by number of leased store locations are Publix (24), Winn-Dixie (9), Kroger (5) Wal-Mart (5), and Harris Teeter (3). Also at closing, the Company reduced the assumed debt by approximately \$25.7 million funded from a \$26 million sale of common stock to Security Capital U.S. Realty ("US Realty") further discussed below.

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Liquidity and Capital Resources

The Company's total indebtedness at December 31, 1996 and 1995 was \$172 million and \$116 million, respectively, of which \$94 million and \$91 million had fixed interest rates averaging 7.6% and 7.5%, respectively. The weighted average interest rate on total debt at December 31, 1996 and 1995 was 7.5% and 7.7%, respectively. Based upon the Company's total market capitalization (total debt and the market value of equity) at December 31, 1996 of \$529 million (closing common stock price of \$26.25 per share and total common stock and equivalents outstanding of 13,619,221), the Company's debt to total market capitalization ratio was 32.4% vs. 40.6% at December 31, 1996 and 1995, respectively.

During 1996, the Company negotiated an unsecured \$90 million revolving line of credit with Wells Fargo Realty Advisors Funding, Incorporated ("Wells Fargo Line") with an interest rate equal to the London Interbank Offered Rate ("LIBOR") plus 1.625%. The proceeds were used to pay off the balance of the secured line of credit and fund the 1996 Acquisitions. The balance of the Wells Fargo Line at December 31, 1996, was \$74 million. The unused available commitment on the Wells Fargo Line will be used to finance future acquisition and development activity. The Company increased the Wells Fargo Line commitment amount to \$150 million during the first quarter of 1997, and reduced the variable interest rate to LIBOR plus 1.50%.

On June 11, 1996, the Company entered into a Stock Purchase Agreement (the "Agreement") with US Realty. Under the Agreement, the Company has agreed to sell 7,499,400 shares of common stock to US Realty at a price of \$17.625 per share representing total maximum proceeds of \$132,176,925. During 1996, the Company sold 3,651,800 shares to US Realty for \$64,362,975 and the proceeds were used to pay down the Wells Fargo Line. The Company sold 1,475,178 shares to US Realty on March 3, 1997 and the proceeds of \$26 million were primarily used to reduce debt assumed as part of the Branch transaction. Not later than June, 1997, the Company intends to sell the remaining shares committed to US Realty, the proceeds of which will be used to further reduce its outstanding debt. As part of the Agreement, US Realty also has participation rights entitling them to purchase additional equity in the Company at the same price as that offered to other purchasers in order to preserve their pro rata ownership in the Company including common stock and Redeemable Units issued as part of the Branch transaction.

The Company funded the 1995 Acquisitions from borrowings on the Line and the proceeds from a \$50 million private placement (the "Private Placement"). The Private Placement was completed on December 20, 1995 by issuing 2,500,000 shares of non-voting Class B common stock to a single investor. The Class B common shares are convertible into 2,975,468 shares of common stock beginning on the third anniversary of the issuance date subject to limitations that the holder may not beneficially own more than 4.9% of the Company's outstanding common stock except in certain circumstances.

The Company's principal demands for liquidity are dividends to stockholders, the operation, maintenance and improvement of real estate, and scheduled interest and principal payments. The Company paid common and preferred dividends of \$16.2 million and \$10.8 million to its stockholders during 1996 and 1995, respectively. The percentage of funds from operations paid out in common

dividends, or "dividend payout ratio", was 80.7% and 85.2% at December 31, 1996 and 1995, respectively. In January 1997, the Company increased its quarterly common dividend to \$.42 per share or \$1.68 annually. Total dividends expected to be paid by the Company during 1997 will increase substantially over 1996 due to the common stock dividend increase, and the Agreement with US Realty; however, the Company expects the dividend payout ratio to remain below 85%.

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During 1996 and 1995, the Company's net cash used in investing activities was \$109.8 million and \$61.5 million, respectively, related primarily to real estate acquisitions, construction and building improvements. The Company invested approximately \$2.9 million and \$2.0 million for improvements to its properties at December 31, 1996 and 1995, respectively. The Company anticipates that cash provided by operating activities, unused amounts under the Wells Fargo Line, and cash reserves are adequate to meet liquidity requirements. At December 31, 1996, the Company had cash balances of \$8.3 million of which \$1.8 million was restricted.

The Company has made an election to be taxed, and is operating so as to qualify, as a Real Estate Investment Trust ("REIT") for Federal income tax purposes, and accordingly has paid no Federal income tax subsequent to its Initial Public Offering in 1993. While the Company intends to continue to pay dividends to its stockholders, the Company will reserve such amounts of cash flow as it considers necessary for the proper maintenance and improvement of its real estate, while still maintaining its qualification as a REIT.

The Company's real estate portfolio has grown substantially during 1996 and 1995 as a result of the acquisitions and developments discussed above. In addition to the Branch acquisition, during 1997, the Company expects to exceed the 1996 level of growth and intends to meet the related capital requirements, principally for the acquisition or development of new properties, from borrowings on the Wells Fargo Line, and from additional public equity and debt offerings. Because such acquisition and development activities are discretionary in nature, they are not expected to burden the Company's capital resources currently available for liquidity requirements.

Results of Operations

Comparison of 1996 to 1995

Revenues increased \$13.0 million or 38% to \$46.9 million in 1996 due to the 1996 Acquisitions providing \$3.7 million in revenues in 1996 (partial year ownership), and the 1995 Acquisitions providing \$9.5 million in 1996 vs. \$2.3 million in 1995 (partial year ownership). At December 31, 1996, the real estate portfolio contained approximately 5.5 million sf, was 95.4% leased and had average rents of \$8.73 per sf. Minimum rent increased \$9.7 million or 39%, and recoveries from tenants increased \$1.9 million or 32%. On a same property basis (excluding the 1996 and 1995 Acquisitions) revenues increased \$2.0 million or 6.3%, primarily due to higher occupancy levels, and an increase in average rents. At December 31, 1996, the real estate portfolio on a same property basis was 96.2% leased vs. 95.7% leased at December 31, 1995. Same property average rents grew to \$8.13 at December 31, 1996 from \$8.08 at December 31, 1995. Revenues from property management, leasing, brokerage, and development services provided on properties not owned by the Company were \$3.4 million in 1996 compared to \$2.4 million in 1995, the increase due primarily to higher build to suit development activity.

Operating expenses increased \$6.9 million or 34% to \$26.9 million in 1996. Combined operating and maintenance expense and real estate taxes increased \$3.4 million or 39% during 1996 to \$12.1 million due to the 1996 Acquisitions generating \$1.0 million in operating expenses in 1996 (partial year ownership) and the 1995 Acquisitions producing \$2.6 million in operating expenses in 1996 vs. \$.5 million in 1995 (partial year ownership). General and administrative expense increased 24% during 1996 to \$6.0 million due to hiring new employees during 1996 as part of the development of a "retail operating system" that will ensure that the Company has the resources necessary to acquire and manage properties in the future. Depreciation and amortization was 36% higher than 1995 due to the 1996 and 1995 Acquisitions.

Net interest expense increased to \$10.1 million in 1996 from \$8.4 million in 1995 or 21% due primarily to increased average outstanding loan balances. Outstanding debt at December 31, 1996 was \$172 million vs. \$116 million in 1995. Weighted average interest rates were 7.5% in 1996 vs. 7.7% in 1995. Preferred stock dividends declined as a result of the full conversion of the remaining

Series A preferred stock into common stock during 1996. Net income for common stockholders was \$9.9 million or \$.96 per share in 1996 vs. \$5.0 million or \$.75 per share in 1995.

Comparison of 1995 to 1994

Revenues increased \$6.0 million or 21% to \$34.0 million in 1995 due to the 1995 Acquisitions providing \$2.3 million in revenues in 1995 (partial year ownership), and the 1994 Acquisitions providing \$7.6 million in 1995 vs. \$5.0 million in 1994 (partial year ownership). At December 31, 1995, the real estate portfolio contained approximately 4 million sf, was 96.2% leased and had average rents of \$8.54 per sf. Minimum rent increased \$4.3 million or 21%, and recoveries from tenants increased \$1.4 million or 33%. On a same property basis (excluding the 1995 and 1994 Acquisitions) revenues increased \$1.1 million or 4.8%, primarily due to higher occupancy levels, and an increase in average rents. At December 31, 1995, the real estate portfolio on a same property basis was 95.3% leased vs. 93.7% leased at December 31, 1994. Same property average rents grew to \$8.49 at December 31, 1995 from \$8.34 at December 31, 1994. Revenues from property management, leasing, brokerage, and development services provided on properties not owned by the Company were \$2.4 million in 1995 compared to \$2.3 million in 1994.

Operating expenses increased \$3.1 million or 18% to \$20.0 million in 1995. Combined operating and maintenance expense and real estate taxes increased \$1.5 million or 22% during 1995 to \$8.7 million due to the 1995 Acquisitions generating \$.45 million in operating expenses in 1995 (partial year ownership) and the 1994 Acquisitions producing \$1.7 million in operating expenses in 1995 vs. \$1.0 million in 1994 (partial year ownership). General and administrative expense increased 8% during 1995 to \$4.9 million due to increased staffing requirements related to the acquisitions, and nominal increases in employee compensation. Depreciation and amortization was 22% higher than 1994 due to the 1995 and 1994 Acquisitions.

Net interest expense increased to \$8.4 million in 1995 from \$5.7 million in 1994 or 47% due primarily to increased average outstanding loan balances and higher interest rates. Outstanding debt at December 31, 1995 was \$116 million vs. \$108 million in 1994. Weighted average interest rates were 7.7% in 1995 vs. 7.2% in 1994. Preferred stock dividends increased from \$.28 million in 1994 to \$.59 million in 1995 as a result of the Series B preferred stock issued on October 26, 1995 and outstanding through December 20, 1995, partially offset by the conversion of Series A preferred stock into common stock.

Net income for common stockholders was \$5.0 million or \$.75 per share in 1995 vs. \$5.1 million or \$.80 per share in 1994. The reduction is primarily due to the increase in net interest expense and depreciation expense discussed above, and additionally, as it pertains to per share amounts, the dilution from the conversion of the Series A and B preferred stock into common and Class B common stock, respectively.

Funds from Operations

The Company considers funds from operations ("FFO") to be one measure of REIT performance and defines it as net income (computed in accordance with generally accepted accounting principles) excluding gains (or losses) from debt restructuring and sales of property, adjusted for certain noncash amounts, primarily depreciation and amortization, and after adjustments for investments in real estate partnerships. Adjustments for investments in real estate partnerships are calculated to reflect FFO on the same basis. FFO as defined above has become a measure used by many industry analysts; however, FFO should not be considered an alternative to net income as an indication of the Company's performance or to cash flow as a measure of liquidity determined in accordance with generally accepted accounting principles.

FFO for the years ended December 31, 1996, 1995 and 1994 are summarized in the following table:

	1996	1995	1994
Net income for common stockholders	\$ 9,907	4,994	5,101
Add: non-cash amounts:			
Real estate depreciation and amortization	8,049	5,833	4,656
Common stock compensation:			
Board of directors' fees and 401 (k) contributions	613	451	417

Long-term compensation plans	2,173	815	621
Straight-lining of rents charge	28	208	206
	-----	-----	-----
Funds from operations	\$ 20,770	12,301	11,001
	=====	=====	=====
Weighted average shares outstanding	10,341	6,630	6,339
	=====	=====	=====
Funds from operations per share	\$ 2.01	1.86	1.74
	=====	=====	=====

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In May 1995 the National Association of Real Estate Investment Trusts (NAREIT) amended the definition of FFO and recommended the following changes to become effective for fiscal years ending in 1996: (1) amortization of loan costs and depreciation of office furniture and equipment should not be added back to net income, (2) non-recurring gains (losses) should be excluded from FFO, and (3) gains (losses) from the sale of undepreciated real estate considered to be part of a company's recurring business may be included in FFO. The Company modified its definition of FFO for these changes effective January 1, 1996 and has also restated amounts reported for 1995 and 1994 for comparison purposes.

Environmental Matters

The Company like others in the commercial real estate industry, is subject to numerous environmental laws and regulations and the operation of dry cleaning plants at the Company's shopping centers is the principal environmental concern. The Company believes that the dry cleaners are operating in accordance with current laws and regulations and has established procedures to monitor their operations. Based on information presently available, no additional environmental accruals were made and management believes that the ultimate disposition of currently known matters will not have a material effect on the financial position, liquidity, or operations of the Company. Environmental matters are discussed further in note 10, Contingencies, of the notes to Consolidated Financial Statements.

Economic Conditions

A substantial number of the Company's long-term leases contain provisions designed to mitigate the adverse impact of inflation on the Company's net income. Such provisions include percentage rentals, rental escalation clauses and reimbursements for common area maintenance, insurance, and real estate taxes. In addition, 42% of the Company's leases have terms of five years or less, which allows the Company the opportunity to increase rents upon lease expiration. Approximately 42% of the Company's leases expire beyond 10 years and are generally anchor tenants. Unfavorable economic conditions could result in the inability of certain tenants to meet their lease obligations and otherwise could adversely affect the Company's ability to attract and retain desirable tenants. During 1996, Discovery Zone ("DZ") filed for protection under the bankruptcy laws. DZ had two leases with the Company, both of which have been terminated and no longer pay rent. DZ's annualized minimum rent represented approximately .50% of 1996 minimum rent reported by the Company. Luria's currently has three leases with the Company, one store of which was closed during 1995, but continued to pay rent. During 1996, Luria's defaulted on the lease of the closed store and informed the Company that it intends to close its remaining two stores during 1997. Minimum rent from the three Luria's leases represents approximately 1.2% of 1996 total minimum rent reported by the Company. The three leases with Luria's expire beyond 2007, and the Company considers Luria's to be bound by the lease terms.

At December 31, 1996 approximately 11%, 5%, 3% and 3% of the Company's annualized rent is received from Publix, Winn-Dixie, Wal-Mart and Kroger, respectively (the "Four Major Tenants"). During 1996 no tenant had rents in excess of 10% of the Company's minimum rent. In February, 1996, Wal-Mart closed its store located at The Marketplace in Alexander City, Alabama in order to relocate to a new larger store nearby. Wal-Mart will continue to pay rent due under its lease at The Marketplace which expires in October, 2007. The Marketplace is anchored by a Winn-Dixie which opened during 1995. Although the Company considers the financial condition and its relationship with the Four Major Tenants to be very solid, a significant downturn in business or the non-renewal of expiring leases of the Four Major Tenants could adversely affect the Company. Management also believes that the shopping centers are relatively well positioned to withstand adverse economic conditions since they are typically anchored by supermarkets, drug stores and discount department stores that offer day-to-day necessities rather than luxury goods.

Item 8. Consolidated Financial Statements and Supplementary Data

The Consolidated Financial Statements and supplementary data included in this Report are listed in Part IV, Item 14(a).

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

None.

PART III

Item 10. Directors and Executive Officers of the Registrant

Information concerning the directors of the Company is incorporated herein by reference to the Company's definitive proxy statement to be filed with the Securities and Exchange Commission within 120 days after the end of the fiscal year covered by this Form 10-K with respect to its 1997 Annual Meeting of Shareholders.

The following table provides information concerning the executive officers of the Company, all of whom were officers of TRG for five years or more prior to the Company's acquisition of TRG's real estate business in November, 1993.

Name (Age)	Positions with the Company; Principal Occupations During Past Five Years
Martin E. Stein, Jr. (44)	President, Chief Executive Officer and Director of the Company and TRG.
Bruce M. Johnson (49)	Executive Vice President and Chief Financial Officer of the Company and previously Vice President of Investment Management and Acquisitions for TRG.
Robert C. Gillander, Jr. (43)	Executive Vice President of Investments for the Company and previously Vice President of Development for TRG.
James D. Thompson (41)	Executive Vice President of Operations for the Company and previously Vice President of Asset Management in North and Central Florida regions for TRG.

Item 11. Executive Compensation

Incorporated herein by reference to the Company's definitive proxy statement to be filed with the Securities and Exchange Commission within 120 days after the end of the fiscal year covered by this Form 10-K with respect to its 1997 Annual Meeting of Shareholders.

Item 12. Security Ownership of Certain Beneficial Owner and Management

Incorporated herein by reference to the Company's definitive proxy statement to be filed with the Securities and Exchange Commission within 120 days after the end of the fiscal year covered by this Form 10-K with respect to its 1997 Annual Meeting of Shareholders.

Item 13. Certain Relationships and Related Transactions

Incorporated herein by reference to the Company's definitive proxy statement to be filed with the Securities and Exchange Commission within 120 days after the end of the fiscal year covered by this Form 10-K with respect to its 1997 Annual Meeting of Shareholders.

PART IV

Item 14. Exhibits, Financial Statement Schedules, and Reports on Form 8-K

(a) Financial Statements and Financial Statement Schedules:

The Company's 1996 financial statements and financial statement schedule, together with the report of KPMG Peat Marwick LLP dated January 27, 1997, except for Note 11 as to which the date is March 7, 1997 are listed on the index immediately preceding the financial statements at the end of this report.

(b) Reports on Form 8-K:

None

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(c) Exhibits:

3. Articles of Incorporation

*** (i) Restated Articles of Incorporation of Regency Realty Corporation as amended to date.

*(ii) Bylaws of Regency Realty Corporation.

4. See exhibits 3(i) and 3(ii) for provisions of the Articles of Incorporation and Bylaws of Regency Realty Corporation defining rights of security holders.

10. Material Contracts

~*(a) Regency Realty Corporation 1993 Long Term Omnibus Plan

~*(b) Form of Stock Purchase Award Agreement

~*(c) Form of Management Stock Pledge Agreement, relating to the Stock Purchase Award Agreement filed as Exhibit 10(b)

~*(d) Form of Promissory Note, relating to the Stock Purchase Award Agreement filed as Exhibit 10(b)

~*(e) Form of Option Award Agreement for Key Employees

~*(f) Form of Option Award Agreement for Non-Employee Directors

~*(g) Annual Incentive for Management Plan

~*(h) Form of Director/Officer Indemnification Agreement

~*(i) Form of Non-Competition Agreement between Regency Realty Corporation and Joan W. Stein, Robert L. Stein, Richard W. Stein, the Martin E. Stein Testamentary Trust A and the Martin E. Stein Testamentary Trust B. ~***

(j) Form of Employment Agreements entered into with the following:

- (i) Bruce M. Johnson
- (ii) Robert C. Gillander, Jr.
- (iii) James D. Thompson
- (iv) Richard E. Cook
- (v) A. Chester Skinner, III
- (vi) J. Christian Leavitt
- (vii) Robert L. Miller

~ Management contract or compensatory plan or arrangement filed pursuant to S-K 601(10)(iii)(A).

* Included as an exhibit to the Pre-effective Amendment No. 2 to the Company's S-11 filed October 5, 1993, and is incorporated herein by reference

** Included as an exhibit to the Company's Form 10-Q filed December 13, 1993, and is incorporated herein by reference

*** Included as an exhibit to the Company's Form 10-Q filed November 14, 1996, and is incorporated herein by reference

**** Included as an exhibit to the Company's Form 10-Q filed May 12, 1994, and is incorporated herein by reference

***** Filed as appendices to the Registrant's definitive proxy statement dated August 2, 1996 and is incorporated herein by reference.

***** Filed as an exhibit to the Registrant's Form 8-K report filed March 14, 1997 and is incorporated herein by reference.

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*(k) Form of Agreement for Right of First Refusal as to stock in Regency Realty Group, Inc. between The Regency Group, Inc. and Regency Realty Corporation.

(l) The following documents, all dated November 5, 1993, relating to a \$51 million loan from Salomon Brothers Inc. to corporations and subsidiaries wholly owned by the Company.

- ** (i) Loan Agreement between RSP IV Criterion, Ltd., Regency Rosewood Temple Terrace, Ltd., Treasure Coast Investors, Ltd., Landcom Regency Mandarin, Ltd., RRC FL SPC, Inc., RRC AL SPC, Inc., RRC MS SPC, Inc., and RRC GA SPC, Inc. (as borrowers) and RRC Lender, Inc. (as lender)
- ** (ii) Promissory Note in the original principal amount of \$51 million
- ** (iii) Undertaking executed by the Registrant and RRC FL SPC, Inc., RRC AL SPC, Inc., RRC MS SPC, Inc., and RRC GA SPC, Inc.
- ** (iv) Certificate Purchase Agreement between RRC Lender, Inc. (as seller) and Salomon Brothers, Inc. (as lender)

(m) The following documents relating to the purchase by Security Capital U.S. Realty and Security Capital Holdings, S.A. of up to 45% of the Registrant's outstanding common stock:

- ***** (i) Stock Purchase Agreement dated June 11, 1996.
- ***** (ii) Stockholders' Agreement dated July 10, 1996.
 - ***** (A) First Amendment of Stockholders' Agreement dated February 10, 1997.
- ***** (iii) Registration Rights Agreement dated July 10, 1996.

- **** (n) Stock Grant Plan adopted on January 31, 1994 to grant stock to employees.
- (o) Criteria for Restricted Stock Awards under 1993 Long Term Omnibus Plan.
- (p) Form of 1996 Stock Purchase Award Agreement.
- (q) Form of 1996 Management Stock Pledge Agreement relating to the Stock Purchase Award Agreement filed as Exhibit 10(p)..
- (r) Form of Promissory Note relating to 1996 Stock Purchase Award Agreement filed as Exhibit 10 (p).

 ~ Management contract or compensatory plan or arrangement filed pursuant to S-K 601(10)(iii)(A).

* Included as an exhibit to the Pre-effective Amendment No. 2 to the Company's S-11 filed October 5, 1993, and is incorporated herein by reference

** Included as an exhibit to the Company's Form 10-Q filed December 13, 1993, and is incorporated herein by reference

*** Included as an exhibit to the Company's Form 10-Q filed November 14, 1996, and is incorporated herein by reference

**** Included as an exhibit to the Company's Form 10-Q filed May 12, 1994, and is incorporated herein by reference

***** Filed as appendices to the Registrant's definitive proxy statement dated August 2, 1996 and is incorporated herein by reference.

***** Filed as an exhibit to the Registrant's Form 8-K report filed March 14, 1997 and is incorporated herein by reference.

- (s) Purchase and Sale Agreement dated July 11, 1996 between RREFF MA-II Cambridge Square, Inc., a Delaware Corporation as ("Seller") and RRC Acquisitions, Inc., a Florida Corporation and wholly-owned subsidiary of the Company as ("Buyer"), relating to the acquisition of Cambridge Square Shopping Center.
- (t) Purchase and Sale Agreement dated September 23, 1996 between Real Estate Collateral Management Company, Inc., a Delaware Corporation as ("Seller") and RRC Acquisitions, Inc., a Florida Corporation and wholly-owned subsidiary of the Company as ("Buyer"), relating to the acquisition of Old St. Augustine Plaza.
- (u) Purchase and Sale Agreement dated November 7, 1996 between Durham Woodcroft Associates. L.P., a North Carolina limited partnership as ("Seller") and RRC Acquisitions, Inc., a Florida Corporation and wholly-owned subsidiary of the Company as ("Buyer"), relating to the acquisition of Woodcroft Shopping Center.
- (v) Purchase and Sale Agreement dated December 10, 1996 between C. M. Wellington Town Square, L.P., an Illinois limited partnership as ("Seller") and RRC Acquisitions, Inc., a Florida Corporation and wholly-owned subsidiary of the Company as ("Buyer"), relating to the acquisition of Wellington Town Square.
- (w) Agreement to Purchase Real Estate dated December 27, 1996 between Publix Super Markets, Inc., a Florida Corporation as ("Seller") and RRC Acquisitions, Inc., a Florida Corporation and wholly-owned subsidiary of the Company as ("Buyer"), relating to the acquisition of Town Center at Martin Downs.

- 21. Subsidiaries of the Registrant
- 23. Consent of KPMG Peat Marwick LLP
- 27. Financial Data Table

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~ Management contract or compensatory plan or arrangement filed pursuant to S-K 601(10)(iii)(A).

* Included as an exhibit to the Pre-effective Amendment No.2 to the Company's S-11 filed October 5, 1993, and is incorporated herein by reference

** Included as an exhibit to the Company's Form 10-Q filed December 13, 1993, and is incorporated herein by reference

*** Included as an exhibit to the Company's Form 10-Q filed November 14, 1996, and is incorporated herein by reference

**** Included as an exhibit to the Company's Form 10-Q filed May 12, 1994, and is incorporated herein by reference

***** Filed as appendices to the Registrant's definitive proxy statement dated August 2, 1996 and is incorporated herein by reference.

***** Filed as an exhibit to the Registrant's Form 8-K report filed March 14, 1997 and is incorporated herein by reference.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

REGENCY REALTY CORPORATION

Date: March 21, 1997 By: /s/ Martin E. Stein, Jr.

Martin E. Stein, Jr.
President and Chief
Executive Officer

Date: March 21, 1997 By: /s/ Bruce M. Johnson

Bruce M. Johnson
Executive Vice President and
Chief Financial Officer

Date: March 21, 1997 By: /s/ J. Christian Leavitt

J. Christian Leavitt
Secretary and Treasurer
Principal Accounting Officer

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

Date: March 21, 1997 /s/ Joan W. Stein

Joan W. Stein, Chairman

Date: March 21, 1997 /s/ Martin E. Stein, Jr.

Martin E. Stein, Jr., Director

Date: March 21, 1997 /s/ Robert L. Stein

Robert L. Stein, Director

Date: March 21, 1997 /s/ Edward L. Baker

Edward L. Baker, Director

Date: March 21, 1997 /s/ A. R. Carpenter

A. R. Carpenter, Director

Date: March 21, 1997 /s/ J. Dix Druce

J. Dix Druce, Jr., Director

Date: March 21, 1997 /s/ Albert D. Ernest, Jr.

Albert D. Ernest, Jr., Director

Date: March 21, 1997 /s/ Douglas S. Luke

Douglas S. Luke, Director

Date: March 21, 1997 /s/ J. Marshall Peck

J. Marshall Peck, Director

Date: March 21, 1997 /s/ Paul E. Szurek

Paul E. Szurek, Director

REGENCY REALTY CORPORATION
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Regency Realty Corporation

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

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Independent Auditors' Report

The Shareholders and Board of Directors
Regency Realty Corporation:

We have audited the accompanying consolidated balance sheets of Regency Realty Corporation as of December 31, 1996 and 1995, and the related consolidated statements of operations, stockholders' equity, and cash flows for each of the years in the three year period ended December 31, 1996. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. 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 Realty Corporation as of December 31, 1996 and 1995, and the results of their operations and their cash flows for each of the years in the three year period ended December 31, 1996 in conformity with generally accepted accounting principles.

/s/ KPMG Peat Marwick LLP

KPMG Peat Marwick LLP
Certified Public Accountants

Jacksonville, Florida January 27, 1997, except for Note 11, as to which the date is March 7, 1997

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REGENCY REALTY CORPORATION
Consolidated Balance Sheets
December 31, 1996 and 1995

	1996	1995
	----	----
Assets		
Real estate rental property, at cost (notes 2, 4, 5 and 8):		
Land	\$ 84,186,483	61,126,706
Buildings and improvements	304,820,998	217,604,461

Construction in progress	3,360,206	-
	-----	-----
	392,367,687	278,731,167
Less: accumulated depreciation	26,213,225	18,631,310
	-----	-----
	366,154,462	260,099,857
Investments in real estate partnerships (note 3)	1,035,107	315,389
	-----	-----
Real estate, net	367,189,569	260,415,246
Cash and cash equivalents (note 4)	8,293,229	3,401,701
Tenant receivables, net of allowance for uncollectible accounts of \$832,091 and \$474,019 at December 31, 1996 and 1995, respectively	5,281,419	2,620,763
Deferred costs, less accumulated amortization of \$2,519,019 and \$2,547,765 at December 31, 1996 and 1995, respectively	3,961,439	3,598,011
Other assets	1,798,393	969,676
	-----	-----
	\$ 386,524,049	271,005,397
	=====	=====
Liabilities and Stockholders' Equity		
Liabilities:		
Mortgage loans payable (note 4)	97,906,288	93,277,273
Acquisition and development line of credit (note 5)	73,701,185	22,339,803
Accounts payable and other liabilities	6,300,640	7,405,232
Tenants' security and escrow deposits	1,381,673	976,515
	-----	-----
Total Liabilities	179,289,786	123,998,823
	-----	-----
Limited partner's interest in operating partnership (note 6)	508,486	-
Stockholders' Equity (notes 6 and 7)		
Preferred stock - 1,000,000 shares authorized: Series A 8% cumulative convertible, 1,916 shares issued and outstanding at December 31, 1995	-	1,916,268
Common stock \$.01 par value per share: 25,000,000 shares authorized; 10,614,905 and 6,728,723 shares issued and outstanding at December 31, 1996 and 1995, respectively	106,149	67,287
Special common stock - 10,000,000 shares authorized: Class B \$.01 par value per share, 2,500,000 shares issued and outstanding	25,000	25,000
Additional paid in capital	223,080,831	155,221,241
Distributions in excess of net income	(13,981,770)	(8,073,188)
Stock loans	(2,504,433)	(2,150,034)
	-----	-----
Total stockholders' equity	206,725,777	147,006,574
	=====	=====
Commitments and contingencies (notes 8 and 10)		
	\$ 386,524,049	271,005,397
	=====	=====
See accompanying notes to consolidated financial statements.		

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REGENCY REALTY CORPORATION
Consolidated Statements of Operations
Years ended December 31, 1996, 1995 and 1994

1996 1995 1994

	----	-----	----
Revenues:			
Minimum rent (note 8)	\$ 34,705,905	25,044,201	20,716,870
Percentage rent	997,981	672,986	565,711
Recoveries from tenants (note 9)	7,729,404	5,837,773	4,390,894
Management, leasing and brokerage fees	3,444,287	2,425,733	2,331,990
Equity in income of real estate partnership investments (note 3)	69,990	4,226	16,943
	-----	-----	-----
Total revenues	46,947,567	33,984,919	28,022,408
	-----	-----	-----
Operating expenses:			
Depreciation and amortization	8,758,067	6,436,092	5,265,947
Operating and maintenance	7,655,934	5,682,967	4,793,231
General and administrative (note 9)	6,048,140	4,894,432	4,530,682
Real estate taxes	4,409,460	3,000,557	2,347,016
	-----	-----	-----
Total operating expenses	26,871,601	20,014,048	16,936,876
	-----	-----	-----
Interest expense (income):			
Interest expense	10,777,131	8,840,376	6,065,239
Interest income	(666,031)	(454,207)	(364,105)
	-----	-----	-----
Net interest expense	10,111,100	8,386,169	5,701,134
	-----	-----	-----
Net income	9,964,866	5,584,702	5,384,398
Preferred stock dividends	57,721	590,904	283,071
	-----	-----	-----
Net income for common stockholders	\$ 9,907,145	4,993,798	5,101,327
	=====	=====	=====
Net income per common share outstanding	\$.96	.75	.80
	===	===	===
Weighted average common shares outstanding	10,341,239	6,630,385	6,338,648
	=====	=====	=====

See accompanying notes to consolidated financial statements.

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REGENCY REALTY CORPORATION

Consolidated Statements of Stockholders' Equity

Years ended December 31, 1996, 1995 and 1994

	Preferred Stock -----	Common Stock -----	Class B Common Stock -----	Additional Paid In Capital -----	Distributions in excess of Net Income -----	Stock Loans -----
Balance at December 31, 1993	-	63,331	-	98,986,129	895,522	(2,529,450)
Common stock issued as compensation	-	101	-	173,771	-	-
Series A Preferred stock issued (note 6)	7,665,132	-	-	-	-	-
Series A Preferred stock converted to common stock	(1,916,283)	1,114	-	1,915,169	-	-
Series A Preferred stock converted -						

partial share payment	(14)	-	-	-	-	-
Partial forgiveness of stock loans (note 7)	-	-	-	-	-	126,472
Cash dividends declared:						
Preferred stock	-	-	-	-	(283,071)	-
Common stock, \$1.37 per share	-	-	-	-	(8,716,587)	-
Stock issuance costs	-	-	-	(5,775)	-	-
Net income	-	-	-	-	5,384,398	-
	-----	-----	-----	-----	-----	-----
Balance at December 31, 1994	\$ 5,748,835	64,546	-	101,069,294	(2,719,738)	(2,402,978)
Common stock issued as compensation	-	516	-	831,083	-	-
Series B Preferred stock issued (note 6)	18,250,000	-	-	-	-	-
Series B Preferred stock converted						
to Class B common stock	(18,250,000)	-	9,125	18,240,875	-	-
Class B common stock issued (note 6)	-	-	15,875	31,734,125	-	-
Series A Preferred stock converted						
to common stock	(3,832,567)	2,225	-	3,830,342	-	-
Partial forgiveness of stock loans (note 7)	-	-	-	-	-	252,944
Cash dividends declared:						
Preferred stock	-	-	-	-	(590,904)	-
Common stock, \$1.58 per share	-	-	-	-	(10,347,248)	-
Stock issuance costs	-	-	-	(484,478)	-	-
Net income	-	-	-	-	5,584,702	-
	-----	-----	-----	-----	-----	-----
Balance at December 31, 1995	\$ 1,916,268	67,287	25,000	155,221,241	(8,073,188)	(2,150,034)
Common stock issued (note 6)	-	36,518	-	64,326,457	-	-
Common stock purchased by executive officers (note 7)	-	800	-	1,339,200	-	(1,273,000)
Common stock issued as compensation	-	532	-	1,091,375	-	-
Common stock purchased by directors	-	69	-	139,931	-	-
Series A Preferred stock converted						
to common stock	(1,916,282)	943	-	1,915,339	-	-
Series A Preferred stock converted - partial share payment	14	-	-	-	-	-
Partial forgiveness of stock loans (note 7)	-	-	-	-	-	918,601
Cash dividends declared:						
Preferred stock	-	-	-	-	(57,721)	-
Common stock, \$1.62 per share	-	-	-	-	(15,815,727)	-
Stock issuance costs	-	-	-	(952,712)	-	-
Net income	-	-	-	-	9,964,866	-
	-----	-----	-----	-----	-----	-----
Balance at December 31, 1996	\$ -	106,149	25,000	223,080,831	(13,981,770)	(2,504,433)
	=====	=====	=====	=====	=====	=====

See accompanying notes to consolidated financial statements.

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REGENCY REALTY CORPORATION

Consolidated Statements of Stockholders' Equity

Years ended December 31, 1996, 1995 and 1994

-continued-

	Total Stockholders' Equity -----
Balance at December 31, 1993	97,415,532
Common stock issued as compensation	173,872
Series A Preferred stock issued (note 6)	7,665,132
Series A Preferred stock converted	
to common stock	-
Series A Preferred stock converted - partial share payment	(14)
Partial forgiveness of stock loans (note 7)	126,472
Cash dividends declared:	
Preferred stock	(283,071)
Common stock, \$1.37 per share	(8,716,587)
Stock issuance costs	(5,775)
Net income	5,384,398

Balance at December 31, 1994	101,759,959
Common stock issued as compensation	831,599

Series B Preferred stock issued (note 6)	18,250,000
Series B Preferred stock converted to Class B common stock	-
Class B common stock issued (note 6)	31,750,000
Series A Preferred stock converted to common stock	-
Partial forgiveness of stock loans (note 7)	252,944
Cash dividends declared:	
Preferred stock	(590,904)
Common stock, \$1.58 per share	(10,347,248)
Stock issuance costs	(484,478)
Net income	5,584,702

Balance at December 31, 1995	147,006,574
Common stock issued (note 6)	64,362,975
Common stock purchased by executive officers (note 7)	67,000
Common stock issued as compensation	1,091,907
Common stock purchased by directors	140,000
Series A Preferred stock converted to common stock	-
Series A Preferred stock converted - partial share payment	14
Partial forgiveness of stock loans (note 7)	918,601
Cash dividends declared:	
Preferred stock	(57,721)
Common stock, \$1.62 per share	(15,815,727)
Stock issuance costs	(952,712)
Net income	9,964,866

Balance at December 31, 1996	206,725,777
	=====

See accompanying notes to consolidated financial statements.

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REGENCY REALTY CORPORATION
Consolidated Statements of Cash Flows
Years ended December 31, 1996, 1995 and 1994

	1996 ----	1995 ----	1994 ----
Cash flows from operating activities:			
Net income	\$ 9,964,866	5,584,702	5,384,398
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	8,758,067	6,436,092	5,265,947
Equity in income of real estate partnership investments	(69,990)	(4,226)	(16,943)
Changes in assets and liabilities:			
(Increase) decrease in tenant receivables	(2,660,656)	9,879	(397,699)
(Increase) in deferred leasing commissions	(585,889)	(479,454)	(378,563)
(Increase) in other assets	(1,019,637)	(619,800)	(130,012)
Increase in tenants' security and escrow deposits	405,158	304,378	282,568
Increase in accounts payable and other liabilities	1,212,000	4,660,370	1,496,384
	-----	-----	-----
Net cash provided by operating activities	16,003,919	15,891,941	11,506,080
Cash flows from investing activities:			
Investment in real estate	(102,933,980)	(59,537,217)	(43,518,218)
Investment in real estate partnership	(881,309)	-	-
Capital expenditures	(2,898,250)	(1,978,643)	(1,875,963)
Construction in progress	(3,360,206)	-	-
Distributions received from real estate partnership investments	231,581	12,146	29,083
	-----	-----	-----
Net cash used in investing activities	(109,842,164)	(61,503,714)	(45,365,098)
Cash flows from financing activities:			
Proceeds from common stock issuance	64,569,975	-	-
Limited partner distribution	(16,846)	-	-
Series B preferred stock issued	-	18,250,000	-
Class B common stock issued	-	31,750,000	-
Dividends paid in cash	(16,179,518)	(10,760,237)	(8,871,517)

Stock issuance costs	(952,712)	(484,478)	(5,775)
Proceeds (repayments) from acquisition and development line of credit, net	51,361,382	(18,736,629)	38,555,343
Proceeds from construction and mortgage loans payable	1,518,331	26,773,540	5,326,460
Principal payments on mortgage loans payable	(808,068)	(417,851)	(112,581)
Payment of loan closing costs	(762,771)	(221,708)	(422,253)
	-----	-----	-----
Net cash provided by financing activities	98,729,773	46,152,637	34,469,677
	-----	-----	-----
Net increase in cash and cash equivalents	4,891,528	540,864	610,659
	-----	-----	-----
Cash and cash equivalents at beginning of period	3,401,701	2,860,837	2,250,178
	-----	-----	-----
Cash and cash equivalents at end of period	\$ 8,293,229	3,401,701	2,860,837
	=====	=====	=====

See accompanying notes to consolidated financial statements.

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REGENCY REALTY CORPORATION
Consolidated Statements of Cash Flows
Years Ended December 31, 1996, 1995 and 1994
-continued-

	1996	1995	1994
	----	----	----
Supplemental disclosure of cash flow information cash paid for interest (including capitalized interest of approximately \$381,000, \$285,000 and \$216,000 in 1996, 1995 and 1994, respectively)	\$ 10,979,841	9,147,175	5,898,287
	=====	=====	=====
Supplemental disclosure of non cash transactions:			
Mortgage loans assumed from sellers of real estate	\$ 3,918,752	-	10,707,705
	=====	=====	=====
Limited partner interest in operating partnership issued to seller of real estate as partial payment	\$ 525,332	-	-
	=====	=====	=====
Preferred stock issued to seller of real estate	\$ -	-	7,665,132
	=====	=====	=====

See accompanying notes to consolidated financial statements.

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REGENCY REALTY CORPORATION
Notes to Consolidated Financial Statements
December 31, 1996 and 1995

1. Summary of Significant Accounting Policies

(a) General

Regency Realty Corporation (the Company) was formed for the purpose of managing, leasing, brokering, acquiring, and developing shopping centers. The Company also provides management, leasing, brokerage and development services for real estate not owned by the Company (third parties). The Company commenced operations effective with the completion of its initial public offering on November 5, 1993.

The accompanying consolidated financial statements include the accounts of Regency Realty Group, Inc. (the "Management Company"), its wholly owned real estate properties, an operating partnership, and the Company's two joint ventures. All significant intercompany balances and transactions have been eliminated.

(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. Minimum rent has been adjusted to reflect the effects of recognizing rent on a straight line basis. Substantially all of the lease agreements contain provisions which provide additional rents based on tenants' sales volume or reimbursement of the tenants' share of real estate taxes and certain common area maintenance (CAM) costs. These additional rents are reflected on the accrual basis.

Management, leasing, brokerage and development fees are recognized as revenue when earned.

(c) Real Estate Rental Property

Land, buildings and improvements are recorded at cost. All direct and indirect costs clearly associated with the acquisition, development and construction of real estate projects owned by the Company are capitalized as buildings and improvements, while maintenance and repairs which do not improve or extend the useful lives of the respective assets are reflected in operating and maintenance expense. The property cost includes the capitalization of interest expense incurred during construction in accordance with generally accepted accounting principles. Included in land is 30 and 8.4 acres of undeveloped land with a cost basis of approximately \$2,600,000 and \$1,700,000 at December 31, 1996 and 1995, respectively.

Depreciation is computed using the straight line method over estimated useful lives up to forty years for buildings and improvements, term of lease for tenant improvements, and five to seven years for furniture and equipment.

(d) Income Taxes

The Company has made an election to be taxed, and is operating so as to qualify, as a Real Estate Investment Trust (REIT) for Federal income tax purposes. Accordingly, the Company will not pay Federal income tax provided distributions to stockholders equal at least the amount of its REIT taxable income as defined under the Internal Revenue Code.

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REGENCY REALTY CORPORATION

Notes to Consolidated Financial Statements

1. Summary of Significant Accounting Policies, continued

(d) Income Taxes, continued

Regency Realty Group, Inc. files a separate tax return and is subject to Federal and State income taxes. This Management Company had taxable income of \$150,674 for the year ended December 31, 1996 and incurred a taxable loss for the years ended December 31, 1995 and 1994. The Management Company had a net operating loss carryforward of \$484,000 at December 31, 1995, and accordingly paid no income tax in 1996. No income tax benefit has been recorded for the net operating loss carryforwards.

The tax basis of real estate assets exceeds the net book basis by approximately \$1.9 and \$7.0 million at December 31, 1996 and 1995, respectively, primarily due to higher depreciation expense for book purposes and differences in accounting for real estate held in the operating partnership.

(e) Deferred Costs

Deferred costs consist of internal and external commissions associated with leasing the rental property and loan costs incurred in obtaining financing which are limited to initial direct and incremental costs. The net leasing commission balance was \$1,108,374 and \$808,291 at December 31, 1996 and 1995, respectively. The net loan cost balance was \$2,853,065 and \$2,789,720 at December 31, 1996 and 1995, respectively. Such costs are deferred and amortized using the straight-line method over the terms of the respective leases and loans. Fully amortized deferred leasing costs of \$958,398 were removed from the financial statements during 1996.

(f) Fair Value of Financial Instruments

The fair value of the Company's mortgage loans payable and acquisition and development line of credit are estimated based on the current rates available to the Company for debt of the same remaining maturities. Therefore, the Company considers their carrying value to be a reasonable estimation of their fair value.

(g) Per Share Data

Net income per common share outstanding is computed based upon the weighted average shares outstanding during the period. The Company's Class B common stock as well as the redeemable units of the limited partner are convertible into shares of common stock and are included in the weighted average shares calculation as common stock equivalents. The dilutive impact of common stock options is included in the calculation of net income per share when the exercise price falls below the market price. Net income per share on a fully diluted basis is not different from net income per common share outstanding and thus is not disclosed separately.

(h) Cash and Cash Equivalents

Any instruments which have an original maturity of ninety days or less when purchased are considered cash equivalents.

(i) Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the Company's management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

1. Summary of Significant Accounting Policies, continued

(j) Impairment of Long-Lived Assets

The Company adopted the provisions of SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of", on January 1, 1996. This Statement requires that long-lived assets and certain identifiable intangibles be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceed the fair value of the assets. Adoption of this Statement did not have a material impact on the Company's financial position, results of operations, or liquidity.

(k) Stock Option Plan

Prior to January 1, 1996, the Company accounted for its stock option plan in accordance with the provisions of Accounting Principles Board ("APB") Opinion No. 25, "Accounting for Stock Issued to Employees", and related interpretations. As such, compensation expense would be recorded on the date of grant only if the current market price of the underlying stock exceeded the exercise price. On January 1, 1996, the Company adopted SFAS No. 123, "Accounting for Stock-Based Compensation", which permits entities to recognize as expense over the vesting period the fair value of all stock-based awards on the date of grant. Alternatively, SFAS No. 123 also allows entities to continue to apply the provisions of APB Opinion No. 25 and provide pro forma net income and pro forma earnings per share disclosures for employee stock option grants made in 1995 and future years as if the fair-value-based method defined in SFAS No. 123 had been applied. The Company has elected to continue to apply the provisions of APB Opinion No. 25 and provide the pro forma disclosure provisions of SFAS No. 123.

(l) Reclassifications

Certain reclassifications have been made to the 1994 and 1995 amounts to conform to classifications adopted in 1996.

2. Acquisitions of Real Estate Rental Property

During 1996 and 1995, the Company acquired 18 shopping centers (the "Acquisitions") accounted for as purchases with consideration totaling approximately \$160.4 million in cash and the assumption of a mortgage loan. The operating results are included in the Company's consolidated financial statements from the date each property was acquired. The following unaudited pro forma information presents the consolidated results of operations as if the Acquisitions had occurred on January 1, 1995, after giving effect to certain adjustments including depreciation expense, additional general and administration costs, interest expense on new debt incurred, and an increase in the weighted average common shares outstanding for Common and Class B common stock issued to acquire shopping centers as if it had been issued on January 1, 1995. Pro forma revenues would have been \$57.6 million and \$53.5 million in 1996 and 1995, respectively. Pro forma net income for common stockholders would have been \$10.6 million and \$8.0 million in 1996 and 1995, respectively. Pro forma net income per common share would have been \$.98 per share and \$.76 per share in 1996 and 1995, respectively. This data does not purport to be indicative of what would have occurred had the acquisitions been made on January 1, 1995, or of results which may occur in the future.

REGENCY REALTY CORPORATION

Notes to Consolidated Financial Statements

3. Investments In Real Estate Partnerships

The Company has a 10% investment in Village Commons Shopping Center and during 1996 acquired a 25% investment in Ocean East Mall by contributing \$881,307 in cash. These investments are recorded on the equity method of accounting with income being recognized in the year reported by the partnership. The Company's combined investment in these two partnerships was \$1,035,107 and \$315,389 at December 31, 1996 and 1995, respectively. Net income is allocated in accordance with each of the partnership agreements. The Company's combined proportionate share of net income was \$69,990, \$4,226 and \$16,943 for the years ended December 31, 1996, 1995 and 1994, respectively.

At December 31, 1996 and 1995, the combined total assets of the partnerships were \$13,147,083 and \$8,345,732, respectively, and total liabilities were \$7,109,378 and \$5,192,241, respectively. Combined net income was \$323,174, \$42,260 and \$169,432 for the years ended December 31, 1996, 1995 and 1994, respectively.

4. Mortgage Loans Payable

Mortgage loans payable secured by real estate rental property are as follows:

	1996	1995
6.72% mortgage loan, held by a trust created for the benefit of investors who purchased mortgage pass-through certificates, non recourse to the Company, interest only paid monthly, due in full November 5, 2000	\$ 51,000,000	51,000,000
7.60% mortgage notes payable in monthly principal installments of \$26,236 maturing from June 28, 2001 to June 1, 2002	15,932,745	16,238,314
9.80% mortgage note, payable in monthly installments of \$73,899, including principal and interest, maturing on February 1, 1999	8,000,421	8,097,910
9.50% mortgage note, payable in monthly installments of \$78,633 including principal and interest, maturing on March 1, 2002	8,823,403	8,931,412
8.01% mortgage note, payable in monthly principal installments of \$10,411, maturing on August 17, 2002	6,532,665	6,651,967
8.28% mortgage note, payable in monthly installments of \$37,598 including principal and interest, maturing on August 1, 1997	3,801,821	-
8.72% mortgage note, rate adjusts annually, payable in monthly installments of \$23,105 including principal and interest, maturing on March 1, 1997	2,296,902	2,357,670
Construction note payable, interest only payable monthly at Prime + 1/4%	1,518,331	-
	-----	-----
Total mortgage loans payable	\$ 97,906,288	93,277,273
	=====	=====

REGENCY REALTY CORPORATION

Notes to Consolidated Financial Statements

4. Mortgage Loans Payable (continued)

Principal maturities on the mortgage loans are as follows:

Year	Amount
1997	6,774,592
1998	2,253,663
1999	8,443,866
2000	51,726,556
2001	8,869,856
Thereafter	19,837,755

	\$ 97,906,288
	=====

As part of their borrowing arrangements, the Company is expected to maintain escrow balances for the payment of real estate taxes on the mortgaged properties, and in the case of the \$51,000,000 mortgage loan, also maintain interest, insurance and specified capital improvement escrows. Escrow balances recorded as cash and cash equivalents were \$1,069,337 and \$1,255,421 at December 31, 1996 and 1995, respectively.

5. Acquisition and Development Line of Credit

The Company negotiated a \$90 million unsecured acquisition and development revolving line of credit, the Wells Fargo Line, during 1996 which replaced the existing secured line of credit, the Line. The Wells Fargo Line will be used to finance future real estate acquisitions and developments. The interest rate is based on the LIBOR plus 1.625% with interest only for two years, and if then terminated, becomes a two year term loan maturing in May, 2000 with principal due in seven equal quarterly installments. However, the borrower may request a one year extension of the interest only revolving period annually in May of each year beginning in 1997.

6. Stockholders' Equity

On June 11, 1996, the Company entered into a Stock Purchase Agreement (the "Agreement") with Security Capital U.S. Realty and Security Capital Holdings S.A. (collectively, "US Realty"). Under the Agreement, the Company has agreed to sell 7,499,400 shares of Common Stock to US Realty at \$17.625 per share representing total maximum proceeds of \$132,176,925. During 1996, the Company sold 3,651,800 shares to US Realty for \$64,362,975. Not later than June 1, 1997 ("Subsequent Closing"), the Company may sell up to 3,847,600 shares for a total of \$67,813,950. US Realty will have the right, exercisable on a one-time basis in June 1997, to acquire additional shares of common stock to the extent that the shares to be acquired at the Subsequent Closing have not yet been purchased.

In connection with the purchase of a shopping center on February 28, 1996, the Company issued 28,848 Partnership Operating Units to a limited partner convertible on a one for one basis into shares of common stock after the first anniversary of the issuance date.

The Company completed a \$50,000,000 private placement by issuing 2,500,000 shares of non-voting Class B common stock to a single investor on December 20, 1995 (the "Private Placement"). The proceeds from the Private Placement were used to acquire five shopping centers. The Company initially issued \$18,250,000 of Series B preferred stock on October 26, 1995 to fund the acquisition of a shopping center. These shares were subsequently converted into Class B common stock. The Class B common stock is convertible into 2,975,468 shares of common stock beginning on the third anniversary of the issuance date, subject to certain limitations defined in the agreement. The dividend on each share of Class B common is payable when and if declared by the Board of Directors pari passu with any dividend on the common stock of the Company.

In connection with the purchase of a shopping center on June 29, 1994, the

Company issued 7,665 shares of Series A nonvoting preferred stock at a liquidation value of \$1,000 per share. In 1996, the holder converted all of the remaining preferred stock outstanding into 94,282 shares of common stock. In 1995 and 1994, the preferred stock was converted into 222,465 and 111,411 shares of common stock, respectively.

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REGENCY REALTY CORPORATION

Notes to Consolidated Financial Statements

7. Long-term Stock Incentive Plans

In 1993, the Company adopted a Long Term Omnibus Plan (the "Plan") pursuant to which the Board of Directors may grant stock and stock options to officers, directors and other key employees. The Plan provides for the issuance of up to 12% of the Company's common shares outstanding not to exceed 3 million shares of authorized but unissued common stock. Stock options are granted with an exercise price equal to the stock's fair market value at the date of grant. All stock options granted have ten year terms, and with respect to officers and other key employees, become fully exercisable after five years from the date of grant, and with respect to directors, become fully exercisable after one year.

At December 31, 1996, there were approximately 1.1 million shares available for grant under the Plan. The per share weighted-average fair value of stock options granted during 1996 and 1995 was \$3.04 and \$1.08 on the date of grant using the Black Scholes option-pricing model with the following weighted-average assumptions: 1996 - expected dividend yield 6.6%, risk-free interest rate of 5.9%, expected volatility 21%, and an expected life of five years; 1995 - expected dividend yield 9.2%, risk-free interest rate of 5.4%, expected volatility 19%, and an expected life of five years.

The Company applies APB Opinion No. 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 SFAS No. 123, the Company's net income for common stockholders would have been reduced to the pro forma amounts indicated below:

Net income for common stockholders -----	1996 ----	1995 ----
As reported	\$ 9,907,145	\$ 4,993,798
Net income per common share	0.96	0.75
Pro forma	9,896,934	4,993,798 (*)
Net income per common share	0.96	0.75

* The options granted during 1995 were issued on December 31, 1995 and accordingly had no effect to income.

Pro forma net income for common stockholders reflects only options granted in 1996 and 1995. Therefore, the full impact of calculating compensation cost for stock options under SFAS No. 123 is not reflected in the pro forma net income for common stockholders amounts presented above because compensation cost is reflected over the options' vesting period and compensation cost for options granted prior to January 1, 1995 is not considered.

Stock option activity during the periods indicated is as follows:

	Number of Shares -----	Weighted-Average Exercise Price -----
Outstanding, December 31, 1993	187,000	\$19.22

Granted	6,500	\$17.33
Forfeited	(2,500)	\$19.25

Outstanding, December 31, 1994	191,000	\$19.16
Granted	6,000	\$17.25
Forfeited	(11,000)	\$19.25

Outstanding, December 31, 1995	186,000	\$19.09
Granted	12,000	\$24.67

Outstanding, December 31, 1996	198,000	\$19.43
=====		

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REGENCY REALTY CORPORATION

Notes to Consolidated Financial Statements

7. Long-term Stock Incentive Plans (continued)

At December 31, 1996, the range of exercise prices and weighted-average remaining contractual life of the outstanding options was \$16.75 - \$26.25 and 7.5 years, respectively.

At December 31, 1996 and 1995, the number of options exercisable was 186,000 and 31,500, respectively, and the weighted-average exercise price of those options was \$19.09 and \$19.16, respectively.

Also as part of the Plan, in 1993 and 1996, certain officers purchased common stock at fair market value directly from the Company, of which 90% and 95%, respectively, was financed by a stock purchase loan provided by the Plan. These recourse loans are fully secured by stock, bear interest at fixed rates of 7.34% to 7.79% and mature after ten years. The Board of Directors may authorize the forgiveness of all or a portion of the principal balance based on the Company's achievement of specified financial objectives, and total stockholder return performance targets. During 1996, 1995 and 1994, \$646,598 \$379,418 and \$252,944 was forgiven, respectively, and is included as a charge to income on the consolidated statements of operations. The Company also has a performance based restricted stock plan for officers whereby a portion of the shares authorized under the Plan may be granted upon the achievement of certain total stockholder return performance targets. Shares granted under the plan become fully vested by December 31, 2000. During 1996, the initial measurement and grant date, the Company charged \$809,400 to income on the consolidated statement of operations.

8. Operating Leases

The Company's properties are leased to tenants under operating leases with expiration dates extending to the year 2041. Future minimum rent under noncancelable operating leases as of December 31, 1996, excluding tenant reimbursements of operating expenses and excluding additional contingent rentals based on tenants' sales volume are as follows:

Year ending December 31,	Amount
1997	41,544,074
1998	36,779,305
1999	31,659,814
2000	27,375,272
2001	22,728,344
Thereafter	146,240,248

Total	\$ 306,327,057
=====	

At December 31, 1996, the real estate portfolio as a whole was approximately 95.4% leased.

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 which individually represented 10% or more of the Company's combined minimum rent. The combined annualized rent from the Company's four largest retail tenants represented approximately 22% of annualized minimum rent at December 31, 1996.

9. Related Party Transactions

The Company provides management, leasing, and brokerage services for certain commercial real estate properties of The Regency Group, Inc. and its affiliates ("TRG"), a corporation wholly-owned by certain officers and stockholders of the Company. Fees for such services are charged to TRG based on current market rates.

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REGENCY REALTY CORPORATION

Notes to Consolidated Financial Statements

9. Related Party Transactions (continued)

From time to time, certain personnel of the Company may provide administrative services to TRG, pursuant to an agreement. The cost of such services are reimbursed by TRG based on percentage allocations of management time and general overhead made in compliance with applicable regulations of the Internal Revenue Service. The Company received \$95,000, \$194,000 and \$204,000 during the years ended December 31, 1996, 1995 and 1994, respectively, which has been recorded as a reimbursement to general and administrative expenses.

In connection with and as a condition to the Company's acquisition of University Marketplace, TRG entered into a cash flow support agreement with the Company. The agreement provided that TRG guarantee the monthly gross rental revenue, for a period of three years following the Company's initial public offering for a portion of the anchor space vacated by Phar-Mor in July 1993. The Company received \$58,034 and \$88,882 during the years ended December 31, 1995 and 1994, respectively, which has been recorded as recoveries from tenants.

10. Contingencies

The Company like others in the commercial real estate industry, is subject to numerous environmental laws and regulations and the operation of dry cleaning plants at the Company's shopping centers is the principal environmental concern. The Company believes that the dry cleaners are operating in accordance with current laws and regulations and has established procedures to monitor their operations. While the Company has registered the plants located in Florida under a state funded program designed to substantially fund the clean up, if necessary, of any environmental issues, the owner or operator is not relieved from the ultimate responsibility for clean up. The Company also has established due diligence procedures to identify and evaluate potential environmental issues on properties under consideration for acquisition. In connection with acquisitions during 1996 and 1995, the Company established environmental reserves of \$600,000 and \$500,000, respectively. While it is not possible to predict with certainty, management believes that the reserves are adequate to cover future clean-up costs related to these sites. The Company's policy is to accrue environmental clean-up costs when it is probable that a liability has been incurred and that amount is reasonably estimable. Based on information presently available, no additional environmental accruals were made and management believes that the ultimate disposition of currently known matters will not have a material effect on the financial position, liquidity, or operations of the Company.

11. Subsequent Event

On March 7, 1997, the Company acquired Branch Properties, L.P. ("Branch"), an Atlanta based real estate partnership that owns, manages, leases, and develops shopping centers in the Southeastern United States, for approximately \$190 million. At the closing, the Company issued 3,373,801 redeemable partnership units ("Redeemable Units") from Regency Retail Partnership, L.P. ("Partnership") and 155,797 shares of common stock in

exchange for 100% of the existing partnership units of Branch, and assumed approximately \$112 million of debt excluding the minority interest amount. During the next three years, Branch will have the right to earn an additional \$23.3 million of Redeemable Units based upon the achievement of increased income levels. At closing the Company acquired from Branch 18 shopping centers comprising 1.9 million square feet; 8 shopping centers containing 700,000 square feet that are currently under development or redevelopment, and management contracts on over 4 million square feet owned by third parties.

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REGENCY REALTY CORPORATION

Notes to Consolidated Financial Statements

12. Market and Dividend Information (Unaudited)

The Company trades on the New York Stock Exchange under the symbol "REG". The Company currently has approximately 3,000 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 1996 and 1995.

	1996			1995		
	High Price	Low Price	Cash Dividends Declared	High Price	Low Price	Cash Dividends Declared
March 31	\$ 17.500	15.875	.405	17.125	15.250	.395
June 30	21.125	16.500	.405	18.375	15.750	.395
September 30	22.375	19.250	.405	18.125	16.375	.395
December 31	26.250	21.125	.405	17.500	16.375	.395

13. Summary of Quarterly Financial Data (Unaudited)

Presented below is a summary of the consolidated quarterly financial data for the years ended December 31, 1996 and 1995.

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
(amounts in thousands, except per share data)				
1996:				
Revenues	\$ 10,501	10,952	12,030	13,464
Net income for common stockholders	2,576	2,597	3,025	1,709
Net income per share	.26	.26	.28	.16
1995:				
Revenues	\$ 7,863	8,102	8,569	9,451
Net income for common stockholders	1,341	1,313	1,213	1,127
Net income per share	0.20	0.20	0.18	0.17

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Independent Auditors' Report
On Financial Statement Schedule

The Shareholders and Board of Directors
Regency Realty Corporation

Under date of January 27, 1997, except for Note 11 as to which the date is March 7, 1997, we reported on the consolidated balance sheets of Regency Realty Corporation as of December 31, 1996 and 1995, and the related consolidated statements of operations, stockholders' equity, and cash flows for each of the years in the three year period ended December 31, 1996, as contained in the annual report on Form 10-K for the year 1996. In connection with our audits of the aforementioned consolidated financial statements, we also audited the related financial statement schedule as listed in the accompanying index on page F-1 of the annual report on Form 10-K for the year 1996. This financial statement schedule is the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statement schedule based on our audits.

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.

KPMG Peat Marwick LLP
 Certified Public Accountants

Jacksonville, Florida
 January 27, 1997

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REGENCY REALTY CORPORATION

Combined Real Estate and Accumulated Depreciation
 December 31, 1996

	Initial Cost			Total Cost			Accumulated Depreciation
	Land	Building & Improvements	Capitalized Subsequent to Acquisition	Land	Building & Improvements	Total	
University Marketplace	3,250,562	7,044,579	2,161,839	3,532,046	8,924,934	12,456,980	1,288,558
Millhopper	1,073,390	3,593,523	77,826	1,073,390	3,671,349	4,744,739	558,028
Newberry Square	2,341,460	8,466,651	606,591	2,341,460	9,073,242	11,414,702	783,531
Bolton Plaza	2,660,227	6,209,110	1,110,507	2,634,664	7,345,180	9,979,844	489,924
Courtyard	1,761,567	4,187,039	149,000	1,761,567	4,336,039	6,097,606	977,582
Chasewood Plaza	1,675,000	11,390,727	4,294,660	2,476,486	14,883,901	17,360,387	1,710,514
Aventura	2,751,094	9,317,790	110,043	2,751,094	9,427,833	12,178,927	1,165,150
North Miami Shopping Center	603,750	2,021,250	85,432	603,750	2,106,682	2,710,432	372,351
Berkshire Commons	2,294,960	8,151,236	32,531	2,294,960	8,183,767	10,478,727	609,755
Peachland Promenade	1,284,562	5,143,564	40,263	1,284,562	5,183,827	6,468,389	270,430
Anastasia Shopping Plaza	1,072,451	3,617,493	87,595	1,072,451	3,705,088	4,777,539	341,374
Market Place	1,287,000	4,662,740	50,558	1,287,000	4,713,298	6,000,298	126,661
Martin Downs Shoppes	700,000	1,207,861	738,862	817,135	1,829,588	2,646,723	190,898
Martin Downs Village Center	2,000,000	5,133,495	2,303,522	2,437,664	6,999,353	9,437,017	816,085
Ocean Breeze	1,250,000	3,341,199	2,294,970	1,527,400	5,358,769	6,886,169	562,251
Carriage Gate	740,960	2,494,750	503,911	740,960	2,998,661	3,739,621	382,906
Regency Square at Brandon	577,975	18,156,719	7,228,382	4,491,461	21,471,615	25,963,076	4,798,799
Seven Springs	1,737,994	6,290,048	1,417,041	1,757,441	7,687,642	9,445,083	622,809
Terrace Walk	1,196,286	2,935,683	83,406	1,196,286	3,019,089	4,215,375	468,695
Village Center	3,885,444	10,799,316	(38,745)	3,885,443	10,760,572	14,646,015	291,457
Wellington Market Place	5,070,384	13,308,972	197,109	5,070,384	13,506,081	18,576,465	406,180
The Marketplace	1,211,605	4,056,242	2,815,258	1,758,433	6,324,672	8,083,105	497,399
West County Marketplace	1,491,462	4,993,155	120,670	1,491,462	5,113,825	6,605,287	521,915
Villages in Trussville	973,954	3,260,627	50,689	973,954	3,311,316	4,285,270	324,518
Bonner's Point	859,854	2,878,641	87,477	859,854	2,966,118	3,825,972	327,501
Country Club	1,105,201	3,709,452	57,619	1,105,201	3,767,071	4,872,272	340,451

Schedule III

Columbia Marketplace	1,280,158	4,285,745	76,840	1,280,158	4,362,585	5,642,743	408,610
Lucedale Marketplace	641,565	2,147,848	50,334	641,565	2,198,182	2,839,747	200,816
Orchard Square	1,155,000	4,135,353	222,881	1,155,000	4,358,234	5,513,234	107,386
Russell Ridge	2,153,214	-	6,287,829	2,215,341	6,225,702	8,441,043	264,111
LaGrange Marketplace	983,923	3,294,003	58,996	983,923	3,352,999	4,336,922	311,344
Fairway Executive Center	512,169	2,282,314	8,827	512,169	2,291,141	2,803,310	651,916
Quadrant	2,342,823	15,541,967	859,758	2,343,698	16,400,850	18,744,548	3,853,078
Westland One	198,344	1,747,391	51,517	198,344	1,798,908	1,997,252	342,858
Paragon Cable Building	570,000	2,472,537	-	570,000	2,472,537	3,042,537	180,307
Parkway Station	1,123,200	4,283,917	57,681	1,123,200	4,341,598	5,464,798	90,881
Welleby Plaza	1,496,000	5,371,636	175,213	1,496,000	5,546,849	7,042,849	121,615
Union Square	1,578,654	5,933,889	2,010	1,578,654	5,935,899	7,514,553	60,958
City View	1,207,204	4,341,304	3,610	1,207,204	4,344,914	5,552,118	48,763
Palm Harbour	2,899,928	10,998,230	5,968	2,899,928	11,004,198	13,904,126	110,179
Sandy Plains Village	2,906,640	10,412,440	-	2,906,640	10,412,440	13,319,080	108,210
Tequesta Shoppes	1,782,000	6,426,042	9,290	1,782,000	6,435,332	8,217,332	28,363
University Collection	2,530,000	8,971,597	31,000	2,530,000	9,002,597	11,532,597	37,403
Old St. Augustine Plaza	2,047,151	7,355,162	-	2,047,151	7,355,162	9,402,313	15,323
Wellington Town Square	1,914,000	7,197,934	-	1,914,000	7,197,934	9,111,934	14,996
Woodcroft Shopping Center	1,419,000	5,211,981	-	1,419,000	5,211,981	6,630,981	-
Cambridge Square	792,000	2,916,034	-	792,000	2,916,034	3,708,034	-
Town Center at Martin Downs	1,364,000	4,985,410	-	1,364,000	4,985,410	6,349,410	10,386
	77,754,115	276,684,596	34,568,770	84,186,483	304,820,998	389,007,481	26,213,225

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REGENCY REALTY CORPORATION

Combined Real Estate and Accumulated Depreciation
December 31, 1996

-continued-

Schedule III

	Total Cost, Net of Accumulated Depreciation	Mortgages	Date of Construction (c) Acquisition (a)
	-----	-----	-----
University Marketplace	11,168,422	-	1990 (a)
Millhopper	4,186,711	2,401,000	1993 (a)
Newberry Square	10,631,171	6,801,694	1994 (a)
Bolton Plaza	9,489,920	-	1994 (a)
Courtyard	5,120,024	1,378,000	1987 (c)
Chasewood Plaza	15,649,873	8,000,000	1992 (a)
Aventura	11,013,777	8,823,403	1994 (a)
North Miami Shopping Center	2,338,081	1,160,000	1993 (a)
Berkshire Commons	9,868,972	8,000,421	1994 (a)
Peachland Promenade	6,197,959	4,370,784	1995 (a)
Anastasia Shopping Plaza	4,436,165	-	1993 (a)
Market Place	5,873,637	-	1995 (a)
Martin Downs Shoppes	2,455,825	1,313,000	1992 (a)
Martin Downs Village Center	8,620,932	4,150,000	1992 (a)
Ocean Breeze	6,323,918	2,805,000	1992 (a)
Carriage Gate	3,356,715	2,429,176	1994 (a)
Regency Square at Brandon	21,164,277	12,000,000	1986 (c)
Seven Springs	8,822,274	-	1994 (a)
Terrace Walk	3,746,680	683,000	1990 (c)
Village Center	14,354,558	-	1995 (a)
Wellington Market Place	18,170,285	-	1995 (a)
The Marketplace	7,585,706	4,978,091	1993 (a), 1995 (c)
West County Marketplace	6,083,372	3,190,000	1993 (a)
Villages in Trussville	3,960,752	1,775,000	1993 (a)
Bonner's Point	3,498,471	1,613,000	1993 (a)
Country Club	4,531,821	2,264,000	1993 (a)
Columbia Marketplace	5,234,133	2,586,000	1993 (a)
Lucedale Marketplace	2,638,931	1,390,000	1993 (a)
Orchard Square	5,405,848	-	1995 (a)
Russell Ridge	8,176,932	6,532,665	1993 (c)
LaGrange Marketplace	4,025,578	1,645,000	1993 (a)
Fairway Executive Center	2,151,394	-	1985 (a)
Quadrant	14,891,470	-	1985 (c)
Westland One	1,654,394	-	1988 (c)

Paragon Cable Building	2,862,230	2,296,902	1994 (a)
Parkway Station	5,373,917	3,801,821	1996 (a)
Welleby Plaza	6,921,234	-	1996 (a)
Union Square	7,453,595	-	1996 (a)
City View	5,503,355	-	1996 (a)
Palm Harbour	13,793,947	-	1996 (a)
Sandy Plains Village	13,210,870	-	1996 (a)
Tequesta Shoppes	8,188,969	-	1996 (a)
University Collection	11,495,194	-	1996 (a)
Old St. Augustine Plaza	9,386,990	-	1996 (a)
Wellington Town Square	9,096,938	-	1996 (a)
Woodcroft Shopping Center	6,630,981	-	1996 (a)
Cambridge Square	3,708,034	-	1996 (a)
Town Center at Martin Downs	6,339,024	-	1996 (a)
	-----	-----	
	362,794,256	96,387,957	
	=====	=====	

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REGENCY REALTY CORPORATION

Combined Real Estate and Accumulated Depreciation
December 31, 1996

-continued-

Schedule III

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

Buildings	40 years
Improvements	40 years

The aggregate cost for Federal income tax purposes was approximately \$383,644,529 at December 31, 1996.

The changes in total real estate assets for the period ended December 31, 1996 and 1995:

	1996	1995
	----	----
Balance, beginning of period	278,731,167	217,215,307
Developed or acquired properties	107,378,064	59,537,217
Improvements	2,898,250	1,978,643
	-----	-----
Balance, end of period	\$ 389,007,481	278,731,167
	=====	=====

The changes in accumulated depreciation for the period ended December 31, 1996 and 1995:

	1996	1995
	----	----
Balance, beginning of period	18,631,310	13,117,581
Depreciation for period	7,581,915	5,513,729
	-----	-----
Balance, end of period	\$ 26,213,225	18,631,310
	=====	=====

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REGENCY REALTY CORPORATION

Criteria for Restricted Stock Awards Under 1993 Long Term Omnibus Plan

1. RESERVATION OF SHARES FOR ISSUANCE:

In order to further align the interests of senior management with the interests of the Company's shareholders, the Compensation Committee hereby reserves for issuance pursuant to the Regency Realty Corporation 1993 Long Term Omnibus Plan (the "Plan") a total of 64,000 shares of Common Stock, which may be issued in the form of shares of restricted stock ("Restricted Stock"). The Restricted Stock will be issued pursuant to the form of Restricted Stock Award Agreement for Key Employees attached as Exhibit A (the "Award Agreement"), subject to fulfillment of the performance standards set forth below and to the other terms and conditions set forth below.

2. PERFORMANCE STANDARDS:

The Restricted Stock will be awarded as promptly as practicable after fiscal 1996 and/or fiscal 1997 in the proportions set forth below if Cumulative Total Shareholder Return reaches the levels set forth below as of the end of the fiscal year in question:

Fiscal Year	Cumulative Total Shareholder Return	Cumulative Percentage of Restricted Stock Awarded
1996	30%	40%
1997	45%	100%

Definitions: "Cumulative Total Shareholder Return" means the sum of (1) the Percentage Stock Price Change from January 1, 1995 to the end of the fiscal year in question, plus (2) the Dividend Yield from January 1, 1995 to the end of the fiscal year in question. The "Percentage Stock Price Change," which shall be expressed to the nearest tenth of a percentage point, means:

the average closing price of the Common Stock on the New York Stock Exchange during the fourth quarter of the fiscal year in question (the "Current Price") minus the average closing price during the fourth quarter of 1994 (the "Initial Price")

divided by

the Initial Price.

1

The "Dividend Yield," which shall be expressed to the nearest tenth of a percentage point, means:

total cash dividends paid each full fiscal year that has elapsed on the measurement date in question, beginning with fiscal 1995

divided by

the Initial Price.

Example: For example, if (a) the Initial Price is \$16, (b) the Current Price at the end of fiscal 1996 is \$20, and (c) cash dividends of \$1.60 and \$1.76 are paid in 1995 and 1996, respectively, then :

- o the Percentage Stock Price Change would be [$\$20 - \16 divided by $\$16$ times 100], or 25%;

- o the Dividend Yield would be [$\$1.60$ plus $\$1.76$ divided by $\$16$ times 100], or 21%; and
- o the Cumulative Total Shareholder Return for the fiscal 1995 and 1996 would be [25% plus 21%], or 46%.

The Cumulative Total Shareholder Return as of the end of fiscal 1996 would be 46%, in excess of the 30% required for 1996 awards, and accordingly, an aggregate of 40% of the Restricted Stock, or 25,600 shares, would be awarded to recipients, subject to the restrictions set forth in the Award Agreement. If Cumulative Total Shareholder Return reaches 45% or more as of the end of fiscal 1996, the remaining 60% of the Restricted Stock, or 38,400 shares, would be awarded to recipients, subject to the restrictions set forth in the Award Agreement. If Cumulative Total Shareholder Return is less than 30% as of the end of fiscal 1996, but is at least 45% as of the end of fiscal 1997, 100% of the Restricted Stock would be awarded to recipients, subject to the restrictions set forth in the Award Agreement.

3. RECIPIENTS OF RESTRICTED STOCK AWARDS

Shares of Restricted Stock awarded hereunder will be divided among the executive officers listed on Exhibit B, in the amounts set forth thereon, provided that they are full-time employees of the Company or any Affiliate (as defined in the Plan) on the date of award. As set forth on Exhibit B, 5,000 shares of Restricted Stock will be available for discretionary awards to one or more of such participants and/or any other executive officers that the Committee may subsequently designate. The number of discretionary shares, if any, allocated to participants other than the President will be determined by the Committee, based on recommendations from the President, and the number of

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discretionary shares, if any, awarded to the President will be determined by the Committee.

4. VESTING; RESTRICTIONS DURING VESTING PERIOD

Restricted Stock awarded hereunder will be subject to vesting requirements and to transfer restrictions during the vesting period, all as set forth in the Award Agreement. The holder of unvested shares will have voting and dividend rights with respect to such shares, as provided in the Award Agreement. Any shares forfeited because the recipient's employment is terminated prior to vesting will be restored to the status of authorized but unissued shares, available for reissuance under the Plan.

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EXHIBIT A

REGENCY REALTY CORPORATION
1993 LONG TERM OMNIBUS PLAN

RESTRICTED STOCK AWARD AGREEMENT FOR KEY EMPLOYEES

THIS AGREEMENT is made and entered into as of the date set forth on the signature page hereof by and between REGENCY REALTY CORPORATION, a Florida corporation ("Company"), and the Key Employee of the Company whose signature is set forth on the signature page hereof (the "Key Employee").

W I T N E S S E T H

WHEREAS, the Company has adopted the Regency Realty Corporation 1993 Long Term Omnibus Plan ("Plan"), the terms of which, to the extent not stated herein, are specifically incorporated by reference in this Agreement;

WHEREAS, the purpose of the Plan is to permit Awards under the Plan to be granted to certain Key Employees of the Company and its Affiliates;

WHEREAS, the Key Employee is now employed or engaged by the Company or an Affiliate in a key employee capacity and the Company desires him or her to remain in such capacity, and to secure or increase his or her ownership of Shares in order to increase his or her incentive and personal interest in the success and growth of the Company; and

WHEREAS, defined terms used herein and not otherwise defined herein shall have the meanings set forth in the Plan.

NOW, THEREFORE, in consideration of the premises and of the covenants and agreements herein set forth, the parties hereby mutually covenant and agree as follows:

1. Grant of Restricted Stock. Subject to the terms and conditions set forth herein, the Company hereby grants to the Key Employee as of the grant date set forth below, in return for services previously provided by the Key Employee to the Company and/or its Affiliates, the aggregate number of Shares (hereinafter referred to as the "Restricted Stock") set forth on the signature page hereof. Stock certificates bearing restrictive legends referring to the transfer restrictions set forth in this Agreement shall be held in escrow by the Company pending the vesting of the Restricted Stock as hereinafter provided, or, at the Company's election, Shares constituting unvested Restricted Stock shall be issued in book entry form only, unless and until vested.

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2. Vesting.

(a) The Key Employee shall have all rights as a shareholder with respect to the Restricted Stock, including dividend and voting rights, except that while Shares of Restricted Stock remain unvested, they shall be subject to the transfer restrictions set forth in Section . Shares of Restricted Stock shall vest on the applicable anniversary date of the grant date set forth below according to the following schedule provided that the Key Employee remained employed by the Company or an Affiliate on the date of vesting:

Date of Vesting	Cumulative Fraction of Shares of Restricted Stock Which Vest
3rd Anniversary Date	34%
4th Anniversary Date	33%
5th Anniversary Date	33%

(b) Promptly upon the vesting of any Shares of Restricted Stock, the Company shall deliver a stock certificate to the Key Employee representing the vested Shares, bearing any restrictive legend deemed necessary by counsel to the Company under the Securities Act of 1933 and counterpart state securities laws.

(c) Except as provided elsewhere herein, the Key Employee shall forfeit any interest in any unvested Shares of Restricted Stock as of the close of business on the date that the Key Employee ceases to be employed by the Company or any of its Affiliates. In the event that the Key Employee who so forfeits unvested Shares holds vested Shares that include a fractional Share, the Company shall purchase such fractional Share promptly following the Key Employee's termination of employment, at a cash price equal to the Fair Market Value of the Company's Common Stock on such date of termination.

(d) Absence of the Key Employee on leave approved by a duly elected officer of the Company, other than the Key Employee, shall not be considered a termination of employment during the period of such leave.

(e) If the Key Employee's employment with the Company and all Affiliates is terminated because of death, Retirement or Total Disability (as such terms are defined below) on or after the initial date of vesting, the full amount of Restricted Stock granted herein shall vest in the hands of the Key Employer, or in the case of his death, his Beneficiary (as defined herein), without regard to the vesting schedule set forth above. If a termination of employment occurs prior to the initial date of vesting for reasons other than Cause, Shares of Restricted Stock shall vest in the hands of the Key Employee, or in the case of his death, his Beneficiary, to the extent, if any, as the Committee may determine.

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(f) As used herein, (i) "Retirement" means termination of employment with the Company and all Affiliates on or after age 65, except that if the Key Employee's employment is terminated for Cause (as hereinafter defined) or because of death or Total Disability, such termination shall not be "Retirement" for purposes hereof, (ii) "Total Disability" means permanent and total disability within the meaning of Code Section 22(e)(3), and (iii) "Cause" means, as determined by the Committee, the Key Employee's failure to perform his duties or intentional dishonest or illegal conduct in connection with his performance of services for the Company or any Affiliate.

3. Transfer Restrictions. Shares of Restricted Stock may not be sold, exchanged, transferred, pledged, hypothecated or otherwise disposed of while they remain unvested.

4. Acceleration.

(a) In the event of a Change of Control (as defined below) any unvested Shares of Restricted Stock shall vest immediately (without regard to the vesting schedule set forth above). "Change of Control" for this purpose means a change of control of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A promulgated under the Exchange Act. Without limiting the inclusiveness of the definition in the preceding sentence, a Change of Control shall be deemed to have occurred if the circumstances described in the following paragraphs shall occur:

(i) Any individual, firm, partnership, corporation or other entity, including any successor (by merger or otherwise) of such entity, or a group of any of the foregoing acting in concert (a "Person") (other than any employee benefit plan of the Company or any entity holding securities of the Company for or pursuant to the terms of any such plan or any trustee, administrator or fiduciary of such a plan) is or becomes the Beneficial Owner of securities of the Company representing at least 30 percent of the combined voting power of the Company's then outstanding securities; a Person shall be deemed to be the "Beneficial Owner" of any securities (1) which such Person or any of such Person's "Affiliates" and "Associates," as such terms are defined in Rule 12b-2 of the General Rules and Regulations of the Exchange Act, has the right to acquire (whether such right is exercisable immediately or only after the passage of time) pursuant to any agreement, arrangement or understanding, or upon the exercise of conversion rights, exchange rights, rights, warrants or options, or otherwise; provided, however, that a Person shall not be deemed the Beneficial Owner of, or to beneficially own, securities tendered pursuant to a tender or exchange offer made by or on behalf of such Person or any of such Person's Affiliates or Associates until such tendered securities are accepted for purchase; or (2) which such Person or any of such Person's Affiliates or Associates, directly or indirectly, has the right to vote or dispose of or has "beneficial ownership" of (as determined pursuant to Rule 13d-3 of the General Rules and Regulations under the Exchange Act), including pursuant to any agreement, arrangement or understanding; provided, however, that a Person shall not be deemed the Beneficial Owner of, or to beneficially own, any security under this subsentence (2) as a result of an agreement, arrangement or understanding to vote such security if the agreement, arrangement or understanding arises solely from a revocable proxy or consent

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given to such Person in response to a public proxy or consent solicitation made pursuant to, and in accordance with, the applicable rules and regulations under the Exchange Act and is not also then reportable on a Schedule 13D under the Exchange Act (or any comparable or successor report); (3) which are beneficially owned, directly or indirectly, by any other Person with which such Person or any of such Person's Affiliates or Associates has any agreement, arrangement or understanding for the purpose of acquiring, holding, voting (except pursuant to a revocable proxy as described in subsentence (2) above) or disposing of any voting securities of the Company.

(ii) One-third or more of the members of the Board of Directors of the Company are not Continuing Directors; a "Continuing Director" means any member of the Board of Directors of the Company who was a member of such Board on December 31, 1993, and any successor of a Continuing Director who is recommended to succeed a Continuing Director by a majority of the Continuing Directors then on such Board.

(iii) There shall be consummated (1) any consolidation or merger of the Company in which the Company is not the continuing or surviving corporation or pursuant to which the Company's Shares would be converted into cash, securities or other property, other than a merger of the Company in which the holders of the Company's Shares immediately prior to the merger have the same proportionate ownership of common stock of the surviving corporation immediately after the merger, or (2) any sale, lease, exchange or other transfer (in one transaction or a series of related transactions) of all, or substantially all, of the assets of the Company.

(iv) The shareholders of the Company approve any plan or proposal for the liquidation or dissolution of the Company.

5. Beneficiary.

(a) The person whose name appears on the signature page hereof after the caption "Beneficiary" or any successor designated by the Key Employee in accordance herewith (the person who is the Key Employee's Beneficiary at the time of his death herein referred to as the "Beneficiary") shall be entitled to receive any Shares that vest as the result of the death of the Key Employee. The Key Employee may from time to time revoke or change his Beneficiary without the consent of any prior Beneficiary by filing a new designation with the Committee. The last such designation received by the Committee shall be controlling; provided, however, that no designation, or change or revocation thereof, shall be effective unless received by the Committee prior to the Key Employee's death, and in no event shall any designation be effective as of a date prior to such receipt.

(b) If no such Beneficiary designation is in effect at the time of a Key Employee's death, or if no designated Beneficiary survives the Key Employee or if such designation conflicts with law, the Key Employee's estate shall be the Beneficiary hereunder. If the Committee is in doubt as to the right of any person to receive Shares that vest hereunder,

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the Company may refuse to recognize such person, without liability for any interest or dividends on the Restricted Stock, until the Committee determines the person entitled to such Shares, or the Company may apply to any court of appropriate jurisdiction and such application shall be a complete discharge of the liability of the Company therefor.

6. Tax Withholding.

(a) It shall be a condition to the vesting of Shares of Restricted Stock in the hands of the Key Employee or the Beneficiary, and the Key Employee agrees, that the Key Employee shall pay to the Company upon its demand, such amount as may be requested by the Company for the purpose of satisfying its liability to withhold federal, state, or local income or other taxes incurred by reason of such vesting. In the event that the Key Employee makes an election under Section 83(b) of the Code (or any successor provision) allowing the Key

Employee to accelerate the Tax Date (as defined below), the Key Employee agrees that payment of such amount to the Company for satisfying such tax obligations shall be a condition to the making of the election.

(b) The Key Employee may elect to deliver to the Company a number of Shares, in each case, having a Fair Market Value on the Tax Date equal to the minimum amount required to be withheld by the Company in connection with such Tax Date. The election must be made in writing and, if the Key Employee is an Insider (as defined below), must be delivered to the Company 6 months or more prior to the Tax Date and shall not be effective until at least 6 months after the Grant Date, provided, however, that this restriction shall not apply in the event death of the Key Employee occurs prior to the expiration of such 6 month period. If the Key Employee is not an Insider, the election must be delivered to the Company prior to the Tax Date. All elections shall be made in a form approved by the Committee and shall be subject to disapproval, in whole or in part by the Committee. Any election under this paragraph by an Insider shall be irrevocable and may not be changed until another irrevocable election is effective. As used herein, (i) Tax Date means the date on which the Key Employee must include in his gross income for federal income tax purposes the fair market value of the Restricted Stock, and (ii) "Insider" means an officer or director of the Company or a beneficial owner of more than 10 percent of the Shares.

7. Powers of Company Not Affected. The existence of the Restricted Stock shall not affect in any way the right or power of the Company or its stockholders to make or authorize any combination, subdivision or reclassification of the Shares or any reorganization, merger, consolidation, business combination, exchange of Shares, or other change in the Company's capital structure or its business, or any issue of bonds, debentures or stock having rights or preferences equal, superior to or affecting the Restricted Stock or the rights thereof or dissolution or liquidation of the Company, or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of a similar character or

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otherwise. Nothing in this Agreement shall confer upon the Key Employee any right to continue in the employment of the Company or any Affiliate, or interfere with or limit in any way the right of the Company or any Affiliate to terminate the Key Employee's employment at any time.

8. Interpretation by Committee. The Key Employee agrees that any dispute or disagreement which may arise in connection with this Agreement shall be resolved by the Committee, in its sole discretion, and that any interpretation by the Committee of the terms of this Agreement or the Plan and any determination made by the Committee under this Agreement or the Plan may be made in the sole discretion of the Committee and shall be final, binding, and conclusive. Any such determination need not be uniform and may be made differently among Key Employees awarded Restricted Stock.

9. Miscellaneous.

(a) This Agreement shall be governed and construed in accordance with the laws of the State of Florida applicable to contracts made and to be performed therein between residents thereof.

(b) This Agreement may not be amended or modified except by the written consent of the parties hereto.

(c) The captions of this Agreement are inserted for convenience of reference only and shall not be taken into account in construing this Agreement.

(d) Any notice, filing or delivery hereunder or with respect to Restricted Stock shall be given to the Key Employee at either his usual work location or his home address as indicated in the records of the Company, and shall be given to the Committee or the Company at 121 West Forsyth Street, Suite 200, Jacksonville, Florida 32202, Attention Corporate Secretary. All such notices shall be given by first class mail, postage prepaid, or by personal delivery.

(e) This Agreement shall be binding upon and inure to the benefit of the Company and its successors and assigns and shall be binding upon and inure

to the personal benefit of the Key Employee, the Beneficiary and the personal representative(s) and heirs of the Key Employee.

IN WITNESS WHEREOF, the Company has caused this instrument to be executed by its duly authorized officer and its corporate seal hereunto affixed, and the Key Employee has hereunto affixed his hand and seal, all on the day and year set forth below.

REGENCY REALTY CORPORATION

[CORPORATE SEAL]

By: _____
Its: _____

_____(SEAL)
Key Employee
[Print Name]: _____

No. of shares of Restricted Stock: _____

Grant Date: _____

Date of Agreement: _____

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1996 STOCK PURCHASE AWARD AGREEMENT

THIS STOCK PURCHASE AWARD AGREEMENT executed this _____ day of _____, 1996, is effective as of January 1, 1996 and documents the grant of a stock purchase award pursuant to action of the compensation committee (the "Committee") appointed by the board of directors (the "Board") of Regency Realty Corporation (the "Company") to _____ (the "Participant") subject to the terms and conditions of the Regency Realty Corporation 1993 Long Term Omnibus Plan (the "Plan") and the terms and conditions set forth herein.

W I T N E S S E T H:

WHEREAS, the purpose of the Plan is to permit Awards under the Plan to be granted to certain employees of the Company and its Affiliates and to further specify the terms and conditions under which such individuals may receive such Awards;

WHEREAS, the Participant is now employed or engaged by the Company or an Affiliate in a key employee capacity and the Company desires him or her to remain in such capacity, and to secure or increase his or her ownership of Shares in order to increase his or her incentive and personal interest in the success and growth of the Company;

WHEREAS, the Company wishes to grant the Participant a stock purchase award for the purchase of shares of Company stock under the Plan financed by a loan from the Company;

WHEREAS, defined terms used herein and not otherwise defined herein shall have the meanings set forth in the Plan.

NOW, THEREFORE, in consideration of the premises and of the covenants and agreements herein set forth, the parties hereby mutually covenant and agree as follows:

1. Grant of Stock Purchase Award. The Company, pursuant to action of the Committee, has offered to the Participant, as of January 1, 1996, the right to purchase up to _____ shares (the "Shares") of the Company's common stock at \$16.75 per share (the "Purchase Price").

2. Exercise of Stock Purchase Award. The Participant has accepted the award and is delivering contemporaneously herewith to the Company the promissory note described in Section , the stock pledge agreement described in Section and a check for five percent (5%) of the Purchase Price of the Shares. The Shares purchased pursuant to this Agreement were issued as of January 1, 1996

3. Stock Purchase Loan.

(a) Grant of Loan. The Company has provided a loan to the Participant for ninety-five percent (95%) of the Purchase Price (the "Loan"), and the Participant is executing

and delivering to the Company contemporaneously herewith a Promissory Note in the form attached as Exhibit 1 (the "Note").

(b) 1996 Management Stock Pledge Agreement. The Participant is executing and delivering to the Company contemporaneously herewith a 1996 Management Stock Pledge Agreement, pledging the Participant's Shares as collateral for the Note in the form attached as Exhibit 2.

(c) Dividends. Any dividends paid by the Company with respect to the Shares subject to the 1996 Management Stock Pledge Agreement shall be automatically credited against amounts then due under the Note, but any dividends in excess of amounts then due under the Note shall be paid to the Participant and shall not be applied to prepay the Note unless the Participant directs otherwise.

4. Loan Forgiveness.

(a) The following definitions shall apply for purposes of this Section 4:

"Cumulative Dividend Yield" for a fiscal year, which shall be expressed to the nearest tenth of a percentage point, means total cash dividends paid since December 31, 1995 through the fiscal year in question, divided by the Initial Price for fiscal 1996.

"Cumulative Percentage Stock Price Change" for a fiscal year, which shall be expressed to the nearest tenth of a percentage point, means the Current Price for the fiscal year divided by the Initial Price for fiscal 1996.

"Cumulative Total Shareholder Return" for a fiscal year means (i) the sum of (x) the Cumulative Percentage Stock Price Change, plus (y) the Cumulative Dividend Yield, divided by (ii) the number of full fiscal years that have elapsed since December 31, 1995.

"Current Price" for a fiscal year means the average closing price of the Common Stock on the New York Stock Exchange during the fourth quarter of the fiscal year.

"Dividend Yield" for a fiscal year, which shall be expressed to the nearest tenth of a percentage point, means total cash dividends paid during the fiscal year divided by the Initial Price for the fiscal year.

"Funds from Operations" shall be as reported by the Company in its periodic reports filed with the Securities and Exchange Commission, or if no figures for Funds from Operations are so reported, "Funds from Operations" shall be as computed by the Company from time to time for internal purposes. In the event of any change from one fiscal year to another in how the Company computes Funds from Operations, the Compensation Committee shall, in its sole discretion, determine the method for taking account of the change so that Funds from Operations for purposes of this Section 4 will be measured on an equitable basis from year to year.

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"Initial Price" for a fiscal year means the average closing price of the Common Stock on the New York Stock Exchange during the fourth quarter of the immediately preceding fiscal year.

"Percentage Stock Price Change" for a fiscal year, which shall be expressed to the nearest tenth of a percentage point, means the Current Price divided by the Initial Price.

"Total Shareholder Return" for a fiscal year means the sum of (1) the Percentage Stock Price change for the fiscal year, plus (2) the Dividend Yield for the fiscal year.

(b) Promptly following the completion of the annual audit of the Company's financial statements each year, five percent (5%) of the original principal amount of the Note shall be forgiven retroactive to January 1 of such year beginning January 1, 1997 if any of the following events shall have occurred for the most recent fiscal year (and if more than one such event shall have occurred, an additional five percent (5%) shall be forgiven for each such event that shall have occurred for such fiscal year):

- (i) Funds from Operations for the fiscal year increased by at least seven percent (7%) over Funds from Operations for the immediately preceding fiscal year;
- (ii) Total Shareholder Return for the fiscal year was at least fifteen percent (15%); or
- (iii) Cumulative Total Shareholder Return through the end of such fiscal year was at least twenty percent (20%).

For example, if for fiscal 1996 (a) the Initial Price is \$17, (b) the Current Price is \$20, and (c) cash dividends of \$1.76 are paid in 1996, then:

- o the Percentage Stock Price Change would be [$\$20$ minus $\$17$ divided

by \$17 times 100], or 17.6%;

- o the Dividend Yield would be [\$1.76 divided by \$17 times 100], or 10.4%;
- o Total Shareholder Return would be [17.6% plus 10.4%], or 28%; and
- o Cumulative Total Shareholder Return would be [17.6% plus 10.4% / by 1], or 28%.

Assume further that Funds from Operations increase by 10% in fiscal 1996 over fiscal 1995. If the original principal amount of the Note were \$100,000, a total of \$15,000 would be forgiven as of January 1, 1997: (1) \$5,000 because Funds from Operations increased by more than 7%, (1) \$5,000 because Total Shareholder Return was more than 15%, and (3) \$5,000 because Cumulative Total Shareholder Return was more than 20%.

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(c) In the event that no forgiveness occurs for one (1) or more fiscal years (each a "Non-Performance Year") because Funds from Operations and/or Total Shareholder Return did not achieve the required level(s) but in a subsequent fiscal year ("Catch-Up Year"), regardless of whether or not consecutive, the increase in Funds from Operations and/or Total Shareholder Return is such that Funds from Operations and/or Total Shareholder Return have reached a level for the Catch-Up Year that would have been attained had Funds from Operations and/or Total Shareholder Return been sufficient to result in forgiveness for the Non-Performance Year(s) and the Catch-Up Year, then in such event an additional five percent (5%) or ten percent (10%) of the original principal amount of the Note for each applicable Non-Performance Year shall be forgiven as of January 1 of the Catch-Up Year, depending on whether the increase is in Funds from Operations and/or Total Shareholder Return. For example, if Funds from Operations increases two percent (2%) in 1996 but increases twelve and one-quarter percent (12.25%) in 1997, Funds from Operations in 1997 will have attained the same level it would have attained had it increased seven percent (7%) in 1996 and seven percent (7%) in 1997. Accordingly, ten percent (10%) of the original principal amount of the Note would be forgiven as of January 1, 1997 instead of five percent (5%).

(d) In addition, in the event that forgiveness does not occur for one or more fiscal years because Cumulative Total Shareholder Return did not reach twenty percent (20%) as of the end of such fiscal year(s), but in a subsequent fiscal year Cumulative Total Shareholder Return reaches twenty percent (20%), then in such event five percent (5%) of the original principal amount of the Note shall be forgiven, plus an additional five percent (5%) for each such other fiscal year for which no forgiveness had previously taken place by reason of Cumulative Shareholder Return being less than twenty percent (20%) as of the end of such fiscal year.

(e) The remaining amount outstanding under the Note shall be forgiven in full upon the occurrence of any of the following events:

- (i) The approval by the Company's shareholders of any plan or proposal for the liquidation or dissolution of the Company; or
- (ii) Any merger, consolidation or share exchange pursuant to which the holders of the Company's common stock receive consideration in exchange for such common stock other than capital stock listed for trading on a national securities exchange or the Nasdaq National Market.

(f) Forgiveness shall be limited to the aggregate amount outstanding under the Note.

5. Change of Control. In the event of a Change of Control (as defined in Section) that does not result in forgiveness in full pursuant to Section , the Note shall become nonrecourse as to the Participant, and the Company shall look only to the collateral securing the Note for the payment thereof. In the event that a Change of Control takes place by reason of a merger, consolidation or share exchange (collectively, a "Transaction") that does not result in

forgiveness in full pursuant to Section , the Current Price for the year in which the

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Transaction occurs shall be the valuation placed by the Company's investment bankers on the Company's Common Stock in the transaction, if such valuation is higher than what the Current Price would otherwise be. For example, if the Company's investment bankers valued the Company's Common Stock exchanged in a Transaction for other publicly traded securities at \$25 per share and the average closing price of the Common Stock during the fourth quarter of such fiscal year was \$22, the Current Price for the fiscal year in which the Transaction took place would be \$25 rather than \$22. Appropriate adjustments shall be made for the fiscal year in the event of a Transaction that takes place other than on the last day of the fiscal year and that does not result in forgiveness in full pursuant to Section so as to achieve comparability in the formula for forgiveness for the period before and after the Transaction.

6. Termination of Employment.

(a) Definitions. For purposes of this Section , the terms "Cause," "Change of Control," "Disability" and "Good Reason" shall have the meanings ascribed to them in the Employment Agreement effective as of January 1, 1996 between the Company and the Participant, as it may be amended from time to time. Absence of the Participant on leave approved by a duly elected officer of the Company, other than the Participant, shall not be considered a termination of employment during the period of such leave.

(b) Termination for Cause. In the event the Participant's employment with the Company is terminated for Cause, whether before or after a Change in Control, any outstanding balance under the Note must be repaid immediately on the date of termination.

(c) Termination Without Cause or by Reason of Death. In the event that the Participant's employment (i) is terminated by the Company without Cause and no Change of Control falling within Section shall have occurred prior to such termination, or (ii) is terminated, whether before or after a Change in Control, by reason of Employee's death, the Participant shall have a period of ninety (90) days following termination without Cause or one (1) year following termination by reason of death to repay any outstanding balance under the Note, unless the repayment period is extended as provided in this Section. Repayment shall be effected by cancellation by the Company of that number of Shares pledged as collateral for the Note the closing price of which on the date of repayment equals the outstanding balance due under the Note (with a cash payment made to the Participant for any fractional Share the value of which exceeds such balance). In the event that the value of the Shares pledged as collateral is less than the outstanding balance of the Note, the due date of the Note shall be extended until the earlier of (i) the date on which the value of the Shares pledged as collateral is at least equal to the outstanding balance of the Note, or (ii) the tenth anniversary date of the Note.

(d) Termination by Reason of Disability. In the event that the Participant's employment is terminated by reason of the Participant's Disability and no Change of Control falling within Section shall have occurred prior to such termination, no acceleration of any amounts outstanding under the Note shall occur, and the Participant shall continue to be eligible for forgiveness of the Note pursuant to Section .

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(e) Termination Following Certain Changes of Control. In the event that, following a Change of Control, the Participant's employment is terminated by the Company without Cause or by the Participant for Good Reason or by either party by reason of the Participant's Disability and the Change of Control is not an event described in Section , no acceleration of any amounts outstanding under the Note shall occur, and the Participant shall continue to be eligible for

forgiveness of the Note pursuant to Section .

7. Securities Law Restrictions. The Participant agrees and acknowledges with respect to any Shares that have not been registered under the Securities Act of 1933, as amended (the "Act") that (i) the Participant will not sell or otherwise dispose of such Shares except pursuant to an effective registration statement under the Act and any applicable state securities laws, or in a transaction which, in the opinion of counsel for the Company, is exempt from such registration, and (ii) a legend will be placed on the certificates for the Shares to such effect.

8. Tax Withholding. The Participant agrees that the Participant shall pay to the Company upon its demand, such amount as may be requested by the Company for the purpose of satisfying its liability to withhold federal, state, or local income or other taxes incurred by reason of any forgiveness of any portion of the Note.

9. Power of Company Not Affected. Nothing in this Agreement shall confer upon the Participant any right to continue in the employment of the Company or any Affiliate, or interfere with or limit in any way the right of the Company or any Affiliate to terminate the Participant's employment at any time.

10. Miscellaneous.

(a) This Agreement shall be governed and construed in accordance with the laws of the State of Florida applicable to contracts made and to be performed therein between residents thereof.

(b) This Agreement may not be amended or modified except by the written consent of the parties hereto.

(c) The captions of this Agreement are inserted for convenience of reference only and shall not be taken into account in construing this Agreement.

(d) Any notice, filing or delivery hereunder or with respect to Shares shall be given to the Participant at either his usual work location or his home address as indicated in the records of the Company, and shall be given to the Committee or the Company at 121 West Forsyth Street, Suite 200, Jacksonville, Florida 32202, Attention Corporate Secretary. All such notices shall be given by first class mail, postage prepaid, or by personal delivery.

(e) This Agreement shall be binding upon and inure to the benefit of the Company and its successors and assigns and shall be binding upon and inure to the personal benefit of the Participant and the personal representative(s) and heirs of the Participant.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

REGENCY REALTY CORPORATION,
a Florida corporation

By: _____
Its _____ President

Participant

Date of execution: _____, 1996

1996 MANAGEMENT STOCK PLEDGE AGREEMENT

Date: As of January 1, 1996

_____, whose address is _____ (the "Debtor") and REGENCY REALTY CORPORATION, a Florida corporation (the "Secured Party"), agree as follows:

1. Security Interest. In consideration of a loan to the Debtor from the Secured Party to enable the Debtor to purchase shares of the Secured Party's Common Stock pursuant to the Secured Party's 1993 Long Term Omnibus Plan, the Debtor hereby pledges to the Secured Party and gives the Secured Party a continuing and unconditional security interest (the "Security Interest") in the following described property and in all increases and profits therefrom, in all substitutions therefor and in all proceeds thereof in any form (the "Collateral"): _____ shares of Common Stock of Regency Realty Corporation purchased from the issuer in a private offering effective as of January 1, 1996. The Debtor has deposited with, and the Secured Party hereby acknowledges receipt of, stock certificates for the Collateral, together with stock powers endorsed in blank by the Debtor.

2. Indebtedness Secured. This Agreement and the Security Interest created by it secure payment of all obligations of any kind owing by the Debtor to the Secured Party pursuant to a 1996 Stock Purchase Award Agreement of even date herewith between the Debtor and the Secured Party and a Promissory Note executed pursuant thereto by the Debtor in favor of the Secured Party (the "Indebtedness"). The 1996 Stock Purchase Award Agreement, the Note, this Agreement and any other documents executed in connection therewith are referred to collectively as the "Transaction Documents."

3. Warranties of Debtor. Debtor represents and warrants and, so long as the Indebtedness remains unpaid, shall be deemed continuously to represent and warrant that (a) each item constituting Collateral is genuine and in all respects what it purports to be; (b) Debtor is the owner of the Collateral free of all security interests or other encumbrances except the Security Interest; and (c) Debtor is authorized to enter into this Security Agreement.

4. Irrevocable Proxy. The Debtor irrevocably constitutes and appoints the Secured Party, as the Debtor's Proxy with full power to (a) attend all meetings of stockholders of the issuer of the Collateral (the Company) held after the date of this Agreement and to vote the Collateral at those meetings in such manner as the Secured Party shall in its sole discretion deem appropriate; (b) to consent in the sole discretion of the Secured Party to any action by or concerning the Company for which the consent of the stockholders of the Company is or may be necessary or appropriate; and (c) without limitation to do all things which the Debtor could do as a stockholder of the Company, giving to the Secured Party full power of substitution and revocation. Notwithstanding the foregoing, the Debtor alone shall have the rights under this paragraph and the Secured Party may not exercise those rights so long as no Event of Default has occurred. The proxy contained in this paragraph shall terminate when this Security Agreement terminates as provided in paragraph 10. The Debtor hereby revokes all proxies

heretofore given to any person or persons and agrees not to give any other proxies in derogation of this proxy so long as this Security Agreement is in force.

5. Covenants of Debtor. So long as this Agreement has not been terminated as provided in paragraph 10, the Debtor (a) will defend the Collateral against the claims of all persons; (b) will keep the Collateral free from all security interests or other encumbrances except the Security Interest; (c) will not assign, sell, transfer, deliver or otherwise dispose of the Collateral or any interest therein or attempt to do the same without the prior written consent of the Secured Party; (d) will notify the Secured Party promptly in writing of any change in the Debtor's address, name or identity specified above; and (e) will pay taxes, assessments and other charges of every nature which may be levied or assessed against the Collateral.

6. Income and Collateral. Any cash dividends paid by the Company with

respect to the Collateral shall be automatically credited against amounts then due under the Indebtedness, but any dividends in excess of amounts then due under the Indebtedness shall be paid to the Debtor and shall not be applied to prepay the Indebtedness unless the Debtor directs otherwise.

7. Increases, Profits or Distributions.

(a) Whether or not an Event of Default has occurred, the Debtor authorizes the Secured Party (i) to receive any increase in or stock dividends on the Collateral (other than cash dividends) and any distribution upon the dissolution and liquidation of the issuer of any Collateral; (ii) to surrender such Collateral or any part thereof in exchange therefor; and (iii) to hold the receipt from any such distribution or increase as part of the Collateral.

(b) If the Debtor receives any such increase, profits or distribution, the Debtor will deliver such receipts promptly to the Secured Party to be held by the Secured Party as provided in this paragraph.

8. Release of Collateral. Promptly upon any reduction in the outstanding principal amount of the Note, provided that the Debtor is not in default under any Transaction Document, the Secured Party shall release whole Shares from the Collateral in such number, if any, that the fair market value of the Collateral on the date of the release is as nearly equal as possible to, but in any event not less than, 100% of the remaining principal balance of the Note.

9. Default.

(a) Any of the following events or conditions shall constitute an "Event of Default" hereunder: (i) non-payment of any Indebtedness when due for more than 15 days after notice of default, or failure by the Debtor to perform any obligations under this Agreement or any other Transaction Document after written notice of default and a reasonable opportunity to cure; (ii) filing by the Debtor of a petition in bankruptcy or for reorganization under any bankruptcy, reorganization, compromise arrangement, insolvency, readjustment or debt dissolution, liquidation or similar law of any jurisdiction; (iii) the making of a general assignment by the Debtor for the benefit of creditors; (iv) filing against the Debtor of any petition in bankruptcy or for reorganization or for the appointment of a receiver, trustee,

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custodian or similar official for the Debtor or for any of the Debtor's assets as to which the Debtor by any act indicates its approval therefor or consent or acquiescence therein, or entry of an order approving such petition or such appointment which remains unstayed and in effect for more than 30 days; or (v) material falsity in any certificate, statement, representation, warranty or audit at any time furnished to the Secured Party by or on behalf of the Debtor.

(b) The Secured Party may declare all or any part of the Indebtedness to be immediately due without notice upon the happening of any Event of Default.

(c) Upon the happening of any Event of Default, the Secured Party's rights with respect to the Collateral shall be those of a secured party under the Uniform Commercial Code and under any other applicable law from time to time in effect. The Secured Party shall also have any additional rights granted herein and any other agreement now or hereafter in effect between the Debtor and the Secured Party. If requested by the Secured Party, the Debtor will assemble the Collateral and make it available to the Secured Party at a place to be designated by the Secured Party.

(d) The Debtor agrees that any notice by the Secured Party of the sale or disposition of Collateral or any other intended action hereunder whether required by the Uniform Commercial Code or otherwise, shall constitute reasonable notice to the Debtor if the notice is mailed by certified mail, postage prepaid, at least fifteen days before the action to the Debtor's address as specified in this Agreement or to any other address which the Debtor has specified in writing to the Secured Party as the address to which notices shall be given to the Debtor.

(e) The Debtor shall be liable for any deficiency in the event that

disposition of the Collateral does not satisfy the Indebtedness in full except in the event that the Indebtedness becomes non-recourse pursuant to the 1996 Stock Purchase Award Agreement.

10. Miscellaneous.

(a) In the event of any litigation arising out of or relating to this Agreement, the prevailing party shall be entitled to reasonable attorney's fees and expenses from the losing party, whether incurred before or at trial, on appeal or in insolvency proceedings.

(b) The Debtor appoints the Secured Party as the Debtor's attorney-in-fact to perform all acts which the Secured Party deems appropriate to perfect and continue the Security Interest, to protect and preserve the Collateral and to indorse and transfer all or any part of the Collateral.

(c) Upon the Debtor's failure to perform any of its duties hereunder, the Secured Party may, but it shall not be obligated to, perform any of such duties and the Debtor shall forthwith upon demand reimburse the Secured Party for any expense incurred by the Secured Party in so doing.

(d) No delay or omission by the Secured Party in exercising any right hereunder or with respect to any Indebtedness shall operate as a waiver of that or any other right

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and no single right, and no single or partial exercise of any right shall preclude the Secured Party from any other or further exercise of that right or the exercise of any other right or remedy. The Secured Party may cure any default by the Debtor in any reasonable manner without waiving the default so cured and without waiving any other prior or subsequent default by the Debtor. All rights and remedies of the Secured Party under this Agreement and under the Uniform Commercial Code shall be deemed cumulative.

(e) The terms "Secured Party" and "Debtor" as used in this Agreement include the heirs, personal representatives and successors or assigns of those parties.

(f) This Agreement may not be modified or amended nor shall any provision of it be waived except by in writing signed by the Debtor and by an authorized officer of the Secured Party.

(g) This Agreement shall be construed under the Uniform Commercial Code of Florida and any other applicable Florida laws in effect from time to time.

(h) This Agreement is a continuing agreement which shall remain in force until all the Indebtedness shall be paid in full.

11. Waiver. The Debtor hereby waives any rights Debtor may have to notice and a hearing before possession or sale of collateral is effected by Secured Party by self-help, replevin, attachment or otherwise.

Debtor

REGENCY REALTY CORPORATION

By:
Its:

Secured Party

Date of execution: , 1996

PROMISSORY NOTE

\$ _____

As of January 1, 1996

FOR VALUE RECEIVED, the undersigned, _____ ("Maker"), hereby promises to pay to the order of REGENCY REALTY CORPORATION ("Payee"), a Florida corporation, at the office of the Payee at 121 West Forsyth Street, Suite 200, Jacksonville, Florida 32202, or such other place as the holder may designate in writing, the sum of _____ (\$ _____) or such lesser amount as may be outstanding from time to time, with interest thereon at a rate equal to Seven and 34/100ths Percent (7.34%) per annum. Interest on this Note shall be computed on the basis of a 360-day year and shall be due and payable on the last day of March, June, September and December each year, except as may be provided otherwise pursuant to the Stock Purchase Award Agreement referred to below.

Nothing contained herein shall entitle the holder of this Note to demand or collect interest or charges in the nature of interest in excess of that permitted by law and if any such excess is collected, it shall be promptly paid to the Maker together with interest thereon at the highest lawful rate in effect at the time of such overcharge.

The entire principal, together with all accrued but unpaid interest, shall be due and payable on the tenth (10th) year anniversary of the date of this Note, or under certain circumstances following termination of Maker's employment, if sooner, as provided in the 1996 Stock Purchase Award Agreement between the Maker and Payee executed contemporaneously herewith.

This Note may be prepaid in whole or in part without penalty at any time. Any partial prepayment shall be applied first against accrued but unpaid interest, and then against outstanding principal.

After maturity, whether normal maturity or upon acceleration, the unpaid principal balance of this Note and, to the extent permitted by law, any accrued but unpaid interest thereon, shall accrue interest until paid in full at the lesser of five percent (5%) per annum in excess of the stated rate or the highest rate permitted by law.

The Maker agrees to pay the holder on demand a late charge of five percent (5%) of any amount payable hereunder which is not paid within fifteen (15) days after notice of default. The parties acknowledge that such charge is necessary and reasonable to compensate the holder for additional administrative expenses relating to the delinquent payment.

This Note is given subject to the terms and conditions of the 1996 Stock Purchase Award Agreement between the Maker and Payee referred to above. The obligations of Maker hereunder are recourse as to Maker (but may become non-recourse under the circumstances described in the Stock Purchase Award Agreement) and are secured by the 1996 Management

Stock Pledge Agreement (the "Stock Pledge") encumbering shares of common stock of Regency Realty Corporation purchased by Maker pursuant to the 1996 Stock Purchase Award Agreement.

If default be made in the payment of any amounts required to be paid under this Note for more than fifteen (15) days after notice of default or if there exists any event of default under the Stock Pledge, then the holder hereof may, at its option, declare the entire principal balance and accrued interest to be immediately due and payable without notice, time being of the essence.

The Maker and all endorsers and guarantors of this Note, now or hereafter becoming liable hereon, waive demand, presentment, protest and notice of protest and dishonor and all other notices or requirements which might otherwise be necessary to bind them.

If the Maker defaults under this Note, it shall be obligated to pay all costs, including reasonable attorneys' fees, incurred by the holder in pursuing its remedies hereunder and under any instrument securing this Note, including costs and fees on appeal and in insolvency proceedings.

This Note shall be governed by the laws of Florida.

STATE OF GEORGIA
COUNTY OF _____

The foregoing instrument was acknowledged before me this ____ day of _____, 1996, by _____. Such person did not take an oath.

{Notary Seal must be affixed}

Notary Public, State of

My commission expires:

FL3274.3

AGREEMENT OF PURCHASE AND SALE

RRC ACQUISITIONS, INC., a Florida corporation, hereinafter referred to as "Purchaser," agrees to purchase, and RREEF MA-II CAMBRIDGE SQUARE, INC., a Delaware corporation, hereinafter referred to as "Seller," agrees to sell, that certain improved real property, hereinafter referred to as the "Property," legally described on Exhibit A attached hereto and made a part hereof, commonly known as Cambridge Square Shopping Center, situated in the City of Atlanta, DeKalb County, Georgia, consisting of an approximately 68,500 square foot shopping center on approximately 9.46 acres of land, together with all rights, privileges, easements and appurtenances thereto.

1. Purchase Price. The purchase price for the Property is Three Million Six Hundred Thousand Dollars (\$3,600,000.00), payable in cash or by wire transfer of funds at Closing.

2. Deposit. Within two (2) working days after the full execution hereof, Purchaser agrees to deposit the amount of Twenty Thousand Dollars (\$20,000.00) (the "Initial Deposit") with Slutzky, Wolfe & Bailey, 2255 Cumberland Parkway, Building 1300, Atlanta, Georgia 30339, ("Escrow Holder") authorized agent for Chicago Title Insurance Company ("CTIC"), as earnest money to secure Purchaser's performance hereunder. If Purchaser notifies Seller pursuant to Paragraph 3 hereof that all matters are acceptable to it prior to the end of the Review Period (as hereinafter defined), then within two (2) working days after the expiration of the Review Period, Purchaser will deposit an additional Eighty Thousand Dollars (\$80,000.00) with the Escrow Holder (the "Second Deposit"; hereinafter, the Initial Deposit and the Second Deposit are collectively referred to as the "Deposit"). If Purchaser fails to make the Initial Deposit by the required date, this Agreement will terminate without liability on the part of Seller or Purchaser. If Purchaser makes the Initial Deposit, but fails to make the Second Deposit by the required date, this Agreement will terminate without further liability on the part of Seller or Purchaser, (except for Purchaser's obligations pursuant to Paragraph 8.17 hereof), and the Initial Deposit will be paid to Seller as liquidated damages. If Purchaser makes both the Initial Deposit and the Second Deposit, but the transaction fails to close for any reason other than a default on the part of Seller or a failure of a condition precedent to Purchaser's obligations to close, this Agreement will terminate without liability on the part of Seller or Purchaser, (except for Purchaser's obligations pursuant to Paragraph 8.17 hereof), and the Deposit will be paid to Seller as liquidated damages. Escrow Holder will invest the Deposit as the installments are received in federally insured accounts or paper as directed by Purchaser. All interest payable with respect to the Deposit will be added to and become a part of the Deposit and will be payable to the party entitled to the Deposit hereunder. Prior to the expiration of the Review Period, Escrow Holder will return the Deposit to Purchaser at its sole demand, which demand must include a notice that Purchaser is terminating this Agreement pursuant to the provisions of Paragraph 3 hereof. Otherwise, the Escrow Holder will return the Deposit only upon a written joint order from Seller and Purchaser. Escrow Holder will not be liable for any action with respect to the Deposit taken in good faith, any such liability hereby being waived by Purchaser and Seller. Without limiting the generality of the foregoing, Purchaser and Seller authorize and direct Escrow Holder to accept, comply

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with, and obey any and all writs, orders, judgments or decrees entered or issued by any court with or without jurisdiction. In the case Escrow Holder obeys or complies with any such writ, order, judgment or decree of any court, it will not be liable to any of the parties hereto or any other person by reason of such compliance. In case Escrow Holder is made a party defendant to any suit or proceedings regarding the Deposit, Purchaser and Seller, jointly and severally, agree to pay to Escrow Holder, upon demand, all costs, attorneys' fees, and expenses incurred with respect thereto. Seller and Purchaser hereby grant Escrow Holder a lien on the Deposit for any and all such costs, fees and expenses. If said costs, fees and expenses are not paid, Escrow Holder will have the right to reimburse itself out of the Deposit. The party at fault will reimburse the other party for all of the fees and expenses of the Escrow Holder deducted from the Deposit upon demand of the other party.

3. Review of the Property. Within ten (10) days after full execution hereof, Seller will:

3.1 subject to the provisions of Paragraph 8.17 hereof, provide Purchaser and its agents or consultants with access to the Property to inspect each and every part thereof to determine its present condition and to conduct such physical and environmental studies (including a mechanical and roof study) as it deems appropriate.

3.2 deliver to Purchaser, all to the extent in the possession of Seller, a copy of any existing leases, service contracts, maintenance and all other contracts pertaining to the operation of the Property, copies of surveys and tax bills, and any notice of any statute or code, regulatory or insurance violation pertaining to the Property received by Seller or its agents since January 1, 1994 and any documents pertaining to the resolution thereof.

3.3 to the extent in Seller's possession, provide Purchaser with any recent reports prepared by third party consultants regarding hazardous waste or substances and the physical condition of the Property.

Purchaser will have forty-five (45) days from the date that this Agreement is fully executed ("Review Period") to determine in its sole discretion whether all matters relating to the Property, including, without limitation, the title thereto, the physical condition thereof, the terms of the leases thereon and the fiscal feasibility of the purchase thereof, are acceptable to Purchaser. Purchaser will notify Seller prior to the expiration of the Review period whether all matters are acceptable to it. If Purchaser notifies Seller that all matters are not acceptable to it, this Agreement will terminate without liability on the part of Seller or Purchaser, other than Purchaser's indemnity contained in Paragraph 8.17 hereof, and the Deposit will be returned to Purchaser. If Purchaser notifies Seller that all matters are acceptable to it, Purchaser will make the Second Deposit as provided in Paragraph 2. In the event that Purchaser does not timely so notify Seller, Purchaser will be deemed to have concluded that the condition of the Property is not acceptable and to have elected to terminate the transaction, in which event the Deposit will be returned to Purchaser and this Agreement will be terminated without further liability on the part of Seller or Purchaser, other than Purchaser's indemnity contained in Paragraph 8.17 hereof.

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The Review Period will be extended one day for each day beyond thirty-five (35) days after full execution hereof that Seller delays in delivering the materials required by clauses (i), (ii) and (iii) of Paragraph 5 hereof. In the event this Agreement is terminated or deemed terminated pursuant to the provisions of this Paragraph, Purchaser agrees (which agreement survives termination) to deliver to Seller a copy of any third party reports prepared at Purchaser's direction with respect to the physical condition of the Property.

4. Tenant Estoppels. It is a condition precedent to Purchaser's objections hereunder that Seller obtain fully executed Tenant Estoppel Certificates in the form of Exhibit B attached hereto and made a part hereof from (i) Winn-Dixie, Inc., Big "B" Drug Stores, Los Bravos Mexican Restaurant, McDonalds Corporation, SOM Video Wonderland and Cambridge Cleaners and (ii) 80% of all remaining tenants of the Property (computed on the basis of net rentable square feet) ("Other Tenants") and (iii) Tenant Estoppel Certificates executed by Seller on behalf of all Other Tenants who do not furnish Tenant Estoppel Certificates within ten (10) days prior to the Closing hereunder. In the event that (a) Seller does not deliver to Purchaser fully executed Tenant Estoppel Certificates as aforesaid within the time period set forth herein, (b) any Tenant Estoppel Certificate delivered to Purchaser indicates a default by the Landlord under the Lease, which default is not cured by Seller on or prior to Closing or (c) any information contained on any Tenant Estoppel Certificate delivered to Purchaser materially differs from the information set forth in the leases of the Property previously delivered to Purchaser pursuant to the terms of Paragraph 3.2 hereof, (A) Purchaser will have the right to terminate this Agreement upon notice to Seller given at any time on or prior to Closing and, in such event, the Deposit will be returned to Purchaser and this Agreement will terminate without further liability on the part of Seller or Purchaser, other than Purchaser's indemnity contained in Paragraph 8.17 hereof, or (B) if Purchaser has not terminated this

Agreement as aforesaid, the purchase and sale will close without regard to the provisions of this Paragraph 4.

5. Title and Survey. Upon its execution of this Agreement, Seller will order and promptly upon receipt thereof deliver to Purchaser, (i) a title commitment on the Property issued by the Escrow Holder as agent for CTIC, (ii) copies of all documents relating to title exceptions referred to therein, and (iii) a current survey meeting the minimum 1992 standard detail requirements for an Urban ALTA/ASCM Land Title Survey, including Items 1-11 of Table A thereof, except Item 5 and Item 6 (except to the extent such matters are customarily shown in surveys in the Atlanta, Georgia metropolitan area). After receiving said preliminary title report, documents, and survey, Purchaser will have fifteen (15) working days in which to notify Seller in writing of any objection Purchaser may have to any exceptions reported in the title report or matter shown on the survey. Seller will use reasonable efforts to cure any reasonable title or survey objections either by removing same or by insurance over such objected-to exception or survey matter, subject to the provisions set forth below. The commitment will be for an ALTA standard form 1992 owners title insurance policy, subject to the standard and general ALTA exceptions and exclusions, in an amount equal to the purchase price. If, prior to Closing, Seller is unable to remove or provide insurance over any exceptions to title or survey matters objected to, and Purchaser is unwilling to take title subject thereto, Purchaser may terminate this

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Agreement. However, if such objected-to exceptions to title or survey matters are not removed or insured over by the date of Closing, Purchaser may elect to discharge any tax, mortgage, financing or mechanic's lien of any amount or any other unpermitted liens, encumbrances, or restrictions which can be discharged by the payment of \$10,000 in the aggregate or less and to deduct from the purchase price the amount necessary to do so. Seller agrees to furnish the Escrow Holder with customary affidavits at Closing, enabling the Escrow Holder to waive the general exceptions. If the Closing is not consummated for any reason other than Seller's default, Purchaser will be responsible for any title insurer cancellation charges.

6. Representations and Warranties.

6.1 Representations and Warranties of Seller. As used in this Paragraph 6.1, the phrase "to the best knowledge of Seller" means, and is limited to, the actual knowledge of John Turney and Faye Phillips, Seller's executive and management personnel having ongoing management responsibility with respect to the Property. Seller hereby warrants and represents to Purchaser that John Turney and Faye Phillips are the individuals currently working on behalf of Seller who are most likely to have the information requested by Purchaser and:

6.1.1 Status of Seller and Closing Documents. Subject to Paragraph 8.15, that this Agreement has been, and all the documents to be delivered by Seller to Purchaser at Closing will be, duly authorized, executed, and delivered by Seller, will be sufficient to convey title, and this Agreement does not, and will not at Closing, violate any provisions of any agreement to which Seller or the Property is subject. Seller will pay, or credit Purchaser at Closing in an amount equal to, all broker's commissions and tenant improvement costs required to be paid by landlord upon renewal of the following leases if notice of renewal is received by Seller prior to Closing from Big "B" Drug Stores. In addition, if not sooner paid by Landlord to Winn-Dixie, Inc., Seller will credit Purchaser at Closing the amount of approximately \$80,000, representing reimbursement due Winn-Dixie, Inc. for store and storefront renovations. Without limiting the generality of anything contained in this Agreement, Purchaser agrees to pay all amounts due on account of the credits given by Seller and to defend, indemnify and hold Seller harmless from its failure to do so as and when required by the terms of the Leases with respect to which the credits are given.

6.1.2 Non-Foreign Status. Seller is not a "foreign person" within the meaning of Section 1445(f)(3) of the Internal Revenue Code of 1986, as amended, and that Seller will furnish to Purchaser, prior to Closing, an affidavit in form satisfactory to Purchaser confirming the same.

6.1.3 No Default. The execution and delivery of this Agreement, and consummation of the transaction described in this Agreement, will not constitute a default under any contract, lease, or agreement to which Seller is a party.

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6.1.4 No Suits. To the best knowledge of Seller, there is no action, suit or proceeding pending against or materially adversely affecting the Property or any portion thereof, or relating to or arising out of the ownership, management or operation of the Property, in any court or before or by and federal, state, or municipal department, commission, board, bureau or agency or other governmental instrumentality.

6.1.5 Environmental Condition. Each of the following representations is wholly qualified by (a) any matters disclosed in any materials delivered to Purchaser by Seller pursuant to Paragraph 3.3 above or otherwise, (b) any matters disclosed in any environmental reports or studies obtained by Purchaser, and (c) any other matters known to Purchaser. Subject to the foregoing, Seller represents (but does not warrant), to the best knowledge of Seller:

(i) Seller has not released, generated or handled hazardous materials during Seller's ownership of the Property in violation of any applicable laws, nor has Seller knowingly permitted the release, generation or handling of hazardous materials on the Property or the incorporation thereof in any buildings or improvements thereon in violation of any applicable laws; and

(ii) Seller has not received any summons, citation, directive, letter or other communication, written or oral, from the United States or Georgia Environmental Protection Agency with respect to the Property.

6.1.6 Georgia Income Tax Seller is exempt from payment of Georgia income taxes under Georgia Code Section 48-7-25.

6.2 Representations and Warranties of Purchaser. Purchaser hereby warrants and represents to Seller that this Agreement has been, and all the documents to be delivered by Purchaser to Seller will be, duly authorized, executed, and are or will be legal, valid, and binding obligations of Purchaser, are or will be enforceable in accordance with their respective terms, and do not, and will not at Closing, violate any provisions of any agreement to which Purchaser is subject and that Solomon Brothers, Prudential Securities and Robinson Humphry are Purchaser's (or its parent corporation's) sole investment advisors with respect to Purchaser's decision to purchase the Property.

6.3 Continuation. The continued accuracy in all respects of the aforesaid representations and warranties will be a condition precedent to the parties' obligation to close. If any of said representations and warranties are not correct at the time the same is made or as of the Closing, Seller or Purchaser, as its sole remedy, may elect in its discretion to terminate this Agreement and there will be no further liability on the part of either party to the other, except for the obligations of Purchaser pursuant to Paragraph 8.17 hereof.

6.4 Condition of Property. Except as expressly set forth in this Agreement, Seller has not made and does not hereby make any representations, warranties or other statements as to

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the condition of the Property and Purchaser acknowledges that at Closing it is purchasing the Property on an "as is" basis and without relying on any representations and warranties of any kind whatsoever, express or implied, from

Seller, its agents or brokers as to any matters concerning the Property.

7. Closing.

7.1 Closing of Sale. The purchase and sale contemplated herein will close (herein referred to as the "Closing") at the office of the Escrow Holder, or as otherwise mutually agreed, not later than thirty (30) days after the expiration of the Review Period provided for in Paragraph 3, or at such other time agreed to by Purchaser and Seller. At Closing, Seller will deliver to Purchaser a statutory special warranty deed ("Deed") and the other closing documents required hereunder and a policy of title insurance or later dated marked up commitment for title insurance with only such exceptions as are permitted pursuant to the provisions of Paragraph 5 hereof and Purchaser will cause payment of the purchase price to be made to Seller by wire transfer. The sale (payment of purchase price and delivery of deed) will be closed through escrow with the Escrow Holder in accordance with the general provisions of the usual form of escrow agreement used in similar transactions by the Escrow Holder with special provisions inserted as may be required to conform with this Agreement.

7.2 Proration, Adjustments. Taxes, rental, and other income, and operating or other expenses of the Property, will be prorated as of 12:00 Midnight prior to the date of Closing. Any taxes or other expenses of the Property for the period prior to Closing which are payable by tenants of the Property, but are not collected or delinquent as of the Closing, will reduce the credit to Purchaser for such items. Seller will also give Purchaser a credit against the purchase price for all security deposits held pursuant to the leases and all interest due thereon and will assign to Purchaser any other deposits held from tenants. Seller will be entitled to a credit for uncollected, but non-delinquent base rent, capital reimbursements or other income due from tenants, but will not be entitled to credit for delinquent sums at the Closing. Delinquent sums will be considered any sums overdue more than thirty (30) days. Delinquent amounts subsequently paid to Purchaser will be paid by Purchaser to Seller promptly upon receipt; provided that amounts received from tenants by Purchaser will be first applied to current charges, and the balance will be applied to make up delinquencies on a "last-in, first out" basis (i.e., most recent delinquencies relative to receipt of payment are paid first). In the event Seller receives payment of rent and other tenant reimbursements post-Closing for periods post-Closing, Seller will promptly remit such rent and other tenant reimbursement to Purchaser. Upon reconciliation in 1997 of 1996 expenses payable by tenants (whether or not against estimates paid by such tenants during 1996), Purchaser agrees to remit to Seller Seller's share of any amounts thereof collected by Purchaser from tenants who were tenants both before and after the date of Closing, prorated as of 12:00 Midnight prior to the date of Closing. After the Closing, Seller will have no further obligations with respect to any leases or other agreements affecting the Property, including, without limitation, tenant improvement work, leasing commissions and free rent. Purchaser will deliver the purchase price to Seller in good funds by 11:00 a.m. local time on the

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day of Closing. If Seller does not receive the funds by such time, prorations will be made as of Midnight on the day Seller does receive the funds. At Closing, Seller and Purchaser will exchange mutual indemnities in form and substance satisfactory to each in their reasonable discretion, whereby Seller agrees to defend, indemnify and hold Purchaser harmless from all defaults of Seller under the leases of the Property first accruing pre-Closing and Purchaser agrees to defend, indemnify and hold Seller harmless from all defaults of Purchaser under the leases of the Property first accruing at or post-Closing.

7.3 Proration of Utility Charges. To the extent Seller, as opposed to tenants, is responsible for payment of utility charges, Seller will attempt to have utility meters read as of the Closing Date. To the extent that this is not possible and to the extent that any other obligation for continuing services is incurred, and statements are rendered for such services covering periods both before and after the Closing Date, the amount will be adjusted between the parties as of the Closing Date on a time-elapsd basis. Seller will forward any such statements which it receives to Purchaser and Purchaser will pay the same. Seller will remit to Purchaser its proportionate share immediately upon demand.

7.4 Closing Costs. Seller will pay (i) one-half of all escrow and/or closing fees of Escrow Holder, (ii) all recordation or transfer taxes, (iii) the cost of the title commitment and policy, (iv) all recording fees to clear Seller's title and, (v) the cost of the survey. Purchaser will pay (i) one-half of all escrow and/or closing fees of Escrow Holder, (ii) the cost of any endorsements to the title policy required by Purchaser, (iii) all deed recording fees, and (iv) all costs of Purchaser's physical inspections of the Property (environmental, engineering and other) and other due diligence activities. Except as otherwise provided in Paragraph 8.9, each party will be responsible for its own attorneys' and other professional fees. Any other closing costs will be apportioned according to local custom.

7.5 Possession. Possession of the Property will be delivered to the Purchaser on the date of Closing and Seller will thereupon deliver to Purchaser the originals of all leases for tenants of the Property, all correspondence with tenants and any tenant ledger cards, supplies and advertising materials, booklets, keys, or other items used in connection with operation of the Property.

7.6 Closing Documents. As part of the Closing, Seller will deliver to Purchaser: (a) the Deed; (b) an affidavit in customary form that Seller is not a "foreign person" within the meaning of Section 1445(e) of the Internal Revenue Code of 1986; (c) such affidavits as are customarily required by Escrow Holder in connection with issuance of the owner's title insurance policy; (d) assignment of leases; (e) an assignment of contracts; (f) an assignment of warranties; (g) the mutual indemnities described in Paragraph 7.2 hereof; and (h) a bill of sale conveying all personal property of Seller, if any, located at the Property and used in connection with the maintenance or operation thereof; (i) an Audit Representation Letter in the form of Exhibit C attached hereto and made a part hereof; (j) a Broker Lien Waiver as required by Georgia law; and

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(k) whatever documentation is necessary to establish that Seller is exempt from Georgia income tax withholding.

8. Miscellaneous.

8.1 Modifications. This Agreement may be amended only in writing and supersedes any and all agreements between the parties hereto regarding the Property which are prior in time to this Agreement.

8.2 Casualty and Condemnation. If the improvements on the Property are destroyed or damaged to the extent that repairs cost in excess of \$100,000 or in the event such destruction or damage is of such a degree as to permit any tenant of the Property to terminate its lease, or if condemnation proceedings are commenced against the Property between the date hereof and the Closing, Purchaser may terminate this Agreement. If Purchaser elects to accept the Property in its then condition, all proceeds of insurance (plus the applicable deductible) or condemnation awards payable to Seller by reason of such damage or condemnation will be paid or assigned to Purchaser. In the event of any other damage to the Property, which damage Seller is unwilling to repair prior to Closing, Purchaser will accept the Property in its then condition, in which case Purchaser will be entitled to a reduction in the purchase price to the extent of the cost of repairing such damage, as certified by an independent contractor selected by the parties. In the event of any damage where Purchaser does not have the right to terminate or elects not to terminate and Seller elects to repair such damage, the date of Closing will be delayed for the number of days required to repair the damage.

8.3 Time of Essence. Time is of the essence of this Agreement.

8.4 Notices. All tenders and any notice required or permitted to be given under this Agreement must be in writing and will be deemed to have been given as of: (a) the date of personal delivery; (b) two days after deposit in the United States mail, registered or certified mail, postage prepaid, return receipt requested, if a response is required to such tender or notice; otherwise, upon deposit; (iii) the date of receipt if successfully sent by facsimile transmission during business days between 8:00 a.m. and 6:00 p.m. in

the time zone of the recipient; or, (iv) when delivered by a private contract carrier, as the case may be and addressed as follows:

If to Purchaser: RRC Acquisitions, Inc.
121 West Forsythe Street, Suite 200
Jacksonville, Florida 32202
Facsimile Number: (904) 634-3428

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with a copy to: Ulmer, Murchison, Ashby & Taylor
200 West Forsythe Street, Suite 1600
P.O. Box 479
Jacksonville, Florida 32201
Attn: William E. Scheu
Facsimile Number: (904) 354-9100

If to Seller: The RREEF Funds

875 North Michigan Avenue
Suite 4114
Chicago, Illinois 60610
Attn: John Turney
Facsimile Number: (312) 266-9346

with a copy to: D'Ancona & Pflaum
30 North LaSalle Street
Suite 2900
Chicago, Illinois 60602
Attn: Michael D. Miselman
Facsimile Number: (312) 580-0923

If to Escrow Holder: Slutzky, Wolfe & Bailey
2255 Cumberland Parkway
Building 1300
Atlanta, Georgia 30339
Attn: Bernard L. Wolfe, Esq.
Facsimile Number: (770) 438-9657

Either party may by notice to the other designate a different address. Any notice sent by registered or certified mail will be deemed effective two days after deposit thereof, as aforesaid.

8.5 Successors and Assigns. This Agreement is be binding upon and inures to the benefit of the heirs, successors, and assigns of the parties hereto, provided Purchaser may not assign its rights or obligations hereunder without the prior written consent of Seller. Notwithstanding the foregoing, but provided the sale to an assignee hereinafter referred to does not cause this transaction to be a prohibited transaction as described in paragraph 8.16, Purchaser has the right to assign this Agreement and Purchaser's rights and obligations hereunder to any entity owned or controlled by or under common control with Purchaser or any principal of Purchaser.

8.6 Governing Law. The performance and interpretation of this Agreement will be controlled by the law of the State in which the Property is located.

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8.7 Continuation Until Closing. Between the date of execution of this Agreement and the Closing, Seller will keep and perform all of the obligations to be performed by landlord under any leases or applicable laws. Seller will not permit or consent to any new leases, amendments, or subleases

without first submitting them to Purchaser for Purchaser's approval, which approval will not be unreasonably withheld. Purchaser will have five (5) working days to notify Seller of its approval of such leases, amendments, or subleases, and in the event that Purchaser does not so notify Seller, the leases, amendments or subleases, as the case may be, will be deemed approved. Seller will maintain or cause the tenants to maintain the Property and personal property in condition at least as good as at the time of this Agreement and will otherwise operate the Property in the same manner as before the making of this Agreement, the same as though Seller were retaining the Property.

8.8 Brokers. Seller and Purchaser each (a) represents and warrants to the other that it has not dealt with any broker or finder in connection with the transaction contemplated by this Agreement other than the parties, if any, to be paid a commission as specified in Paragraph 8.11, and (b) agrees to defend, indemnify and hold the other harmless from and against any losses, damages, costs, or expenses (including attorneys' fees) incurred by such other party due to a breach of the foregoing warranty by the indemnifying party.

8.9 Attorneys' Fees. If any action is brought by either party against the other party, the party in whose favor final judgment is entered will be entitled to recover court costs incurred and reasonable attorneys' fees, at trial, upon appeal and on any petition for review.

8.10 Remedies for Non-Performance. If Seller defaults hereunder, Purchaser may terminate this Agreement or enforce specific performance of this Agreement. If said sale is not consummated because of a default under this Agreement solely on the part of Purchaser, the Deposit will be paid to and retained by Seller as liquidated damages. The parties have agreed that, in the event of such a default by Purchaser, Seller's damages would be extremely difficult or impracticable to determine. Therefore, by placing their initials below, the parties acknowledge that the Deposit has been agreed upon, after negotiation, as the parties' reasonable estimation of Seller's damages, Seller's exclusive remedy against Purchaser, at law or in equity in the event of such a default under this Agreement solely on the part of Purchaser and as full liquidated damages pursuant to Official Code of Georgia Annotated ss. 13-6-7. Purchaser covenants not to bring any action or suit challenging the amount of liquidated damages provided hereunder in the event of such default. This provision expressly survives termination of this Agreement.

INITIALS: SELLER _____ PURCHASER _____

8.11 Broker's Commission. Seller will be responsible for brokerage commissions payable to Ben Carter Properties, the listing broker. Regency Realty Group, Inc., the cooperating broker, will be paid whatever commission is due it from the commission Seller pays to the listing broker.

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8.12 Continuation and Survival of Covenants. All representations and warranties by the respective parties contained in this Agreement or made in writing pursuant to this Agreement are intended to and will be true and correct as of the Closing. None of Seller's representations and warranties contained herein, nor any claims, damages or injury for the breach thereof, will survive the date of Closing.

8.13 Merger of Prior Agreements. This Agreement constitutes the entire agreement between the parties with respect to the purchase and sale of the Property and supersedes all prior agreements and understandings between the parties hereto relating to the subject matter of this Agreement.

8.14 Invalidity of Provisions. In the event any provisions of this Agreement are declared invalid or are unenforceable for any reason, such provisions will be deleted from such document and will not invalidate any other provision.

8.15 Seller's Investment Approval. INTENTIONALLY DELETED.

8.16 ERISA. Within ten (10) days after full execution of this Agreement, Purchaser will furnish to Seller all information regarding Purchaser,

its affiliates and the shareholders or partners of each of them (collectively, the "Purchaser Related Parties") as Seller requests in order to enable Seller to determine to Seller's sole satisfaction that the transaction contemplated hereby will not constitute a sale to a "party-in-interest" within the meaning of Section 3(14) of the Employee Retirement Security Act of 1974, as amended ("ERISA"), with respect to any investor in Seller. Purchaser agrees not to assign this Agreement to any person on entity Seller believes in good faith to be a "party-in-interest". Any such attempted assignment will be null and void.

8.17 Entry and Indemnity. In connection with any entry by Purchaser, or its agents, employees or contractors onto the Property, Purchaser agrees to give Seller reasonable advance notice of such entry and agrees to conduct such entry and any inspections in connection therewith so as to minimize, to the greatest extent possible, interference with Seller's business and the business of Seller's tenants and otherwise in a manner reasonably acceptable to Seller. Without limiting the foregoing, prior to any entry to perform any on-site testing, Purchaser agrees to give Seller written notice thereof, including the identity of the company or persons who will perform such testing and the proposed scope of the testing. Seller will approve or disapprove the proposed testing within three (3) business days after receipt of such notice. If Purchaser or its agents, employees or contractors take any sample from the Property in connection with any such approved testing, Purchaser will provide to Seller a portion of such sample being tested to allow Seller, if it so chooses, to perform its own testing. Purchaser will offer the opportunity for Seller or its representative to be present to observe any testing or other inspection performed on the Property. Purchaser will promptly deliver to Seller copies of any reports relating to any testing or other inspection of the Property performed by Purchaser or its agents, employees or contractors. Purchaser will maintain, and agrees to assure that its

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contractors maintain, public liability and property damage insurance in amounts and in form and substance adequate to insure against all liability of Purchaser, its agents, employees or contractors, arising out of any entry or inspections of the Property pursuant to the provisions hereof, and Purchaser will provide Seller with evidence of such insurance coverage upon request by Seller. Purchaser agrees to indemnify, defend and hold Seller harmless from and against any costs, damages, liabilities, losses, expenses, liens or claims (including, without limitation, reasonable attorneys' fees) arising out of or relating to any entry on the Property by Purchaser, its agents, employees or contractors in the course of performing the inspections, testings or inquiries provided for in this Agreement, including without limitation damage to the Property or release of hazardous substances or materials onto the Property. The foregoing indemnity will survive beyond the Closing, or if the sale is not consummated, beyond the termination of this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the dates set forth below.

SELLER:

RREEF MA-II Cambridge Square, Inc., a
Delaware corporation

By: _____
John Turney, an authorized
representative

Dated: _____
PURCHASER:

RRC Acquisition, Inc., a Florida
corporation

By: _____
Name: _____
Its: _____

Dated: _____

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EXHIBIT A

TRACT I

All that tract or parcel of property lying and being in Land Lots 301, 302, 305 and 306 of the 18th District of DeKalb County, Georgia, and being more particularly described as follows:

TO FIND THE POINT OF BEGINNING commence at a point at the intersection of the northeastern side of Johnson Ferry Road (Johnson Ferry Road having a 100 foot right-of-way) with the southwestern side of Ashford-Dunwoody Road (Ashford-Dunwoody Road having an 80 foot right-of-way); thence in a northwesterly direction along the northern right-of-way line of Johnson Ferry Road and following the curvature thereof a distance of 271.7 feet to an iron pin and the POINT OF BEGINNING; thence in a westerly direction along the northern right-of-way line of Johnson Ferry Road and following the curvature thereof a distance of 328.0 feet to a point; continuing thence along said right-of-way south 84 degrees 48 minutes 40 seconds west a distance of 480.00 feet to a point; thence leaving said right-of-way north 04 degrees 14 minutes 0 seconds east 486.26 feet to a marker; thence north 84 degrees 53 minutes 0 seconds east a distance of 533.0 feet to a point; thence north 67 degrees 0 minutes 0 seconds east a distance of 215.0 feet to an iron pin on the southwestern side of Ashford-Dunwoody Road; thence in a southeasterly direction along the southwest side of Ashford-Dunwoody Road south 22 degrees 45 minutes 0 seconds east a distance of 459.9 feet to an iron pin; thence leaving said right-of-way south 84 degrees 53 minutes west a distance of 150.0 feet to a point; thence south 05 degrees 07 minutes east a distance of 138.7 feet to the POINT OF BEGINNING.

TRACT II

All that tract or parcel of property lying and being in Land Lots 301 and 306 of the 18th District of DeKalb County, Georgia, and being more particularly described as follows:

BEGINNING at a point in the northeasterly line of the Johnson Ferry Road (100 foot right-of-way) said point being distant 50.68 feet, northwesterly, from its intersection with the southwesterly line of Ashford-Dunwoody Road (80 foot right-of-way) if said right-of-way lines were projected to an intersection; thence, Northwesterly, along the northeasterly line of Johnson Ferry Road on a curve to the left, having a radius of 1050.00 feet an arc distance of 221.02 feet, to a point; thence north 05 degrees 07 minutes west a distance of 138.70 feet to a point; thence north 84 degrees 53 minutes east a distance of 150.00 feet to a point in the southwesterly right-of-way line of Ashford-Dunwoody Road; thence, south 22 degrees 56 minutes east a distance of 30.65 feet to a point of curvature; thence still along the southwesterly line of Ashford-Dunwoody Road, on a curve to the left, having a radius of 1530.3 feet, an arc distance of 176.10 feet to a point; thence, southwesterly on a curve to the right, having a radius of 50.00 feet an arc distance of 22.08 feet to the POINT OF BEGINNING.

Excepting therefrom that part thereof described as follows:

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All that tract or parcel of land lying and being in Land Lot 301 of the 18th District of DeKalb County, Georgia, and more particularly described as follows:

BEGINNING at an iron pin placed at the northerly right of way of Johnson Ferry Road, a 100-foot right of way, in a location such that said iron pin is 59.51 feet perpendicular from the centerline of Ashford-Dunwoody Road, run thence along a curve on said right of way of Johnson Ferry Road an arc distance of

220.83 feet, said curve having a chord bearing of north 77 degrees 53 minutes 00 seconds west for 220.62 feet and a radius of 1450.00 feet, to an iron pin found; thence north 6 degrees 47 minutes 00 seconds west a distance of 138.70 feet to an iron pin placed; thence north 83 degrees 13 minutes 00 seconds east a distance of 150.00 feet to an iron pin placed on the southwesterly right of way of Ashford-Dunwoody Road, an 80-foot right of way; thence along said right of way south 24 degrees 36 minutes 00 seconds east a distance of 30.65 feet to a nail placed in asphalt; thence along said right of way along a curve an arc distance of 176.03 feet, said curve having a chord bearing of south 27 degrees 53 minutes 48 seconds east for 176.00 feet and a radius of 2741.40 feet to an iron pin placed; thence along a curve an arc distance of 22.08 feet, said curve having a chord bearing south 33 degrees 07 minutes 30 seconds west for 21.90 feet and a radius of 50.00 feet, to the POINT OF BEGINNING.

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EXHIBIT B

ESTOPPEL LETTER

RRC Acquisitions, Inc.
c/o The RREEF Funds
875 N. Michigan Avenue
Suite 4114
Chicago, IL 60611

Re: Cambridge Shopping Center Store:
Atlanta, Georgia Tenant:

Ladies and Gentlemen:

The undersigned (Tenant) has been advised you may purchase the above Shopping Center, and we hereby confirm to you that:

1. The undersigned is the Tenant of _____, Landlord, in the above Shopping Center, and is currently in possession and paying rent on the premises known as Store No. _____ [or Address: _____], and containing approximately _____ square feet, under the terms of the lease dated _____, which has (not) been amended by amendment dated _____ (the "Lease"). There are no other written or oral agreements between Tenant and Landlord. Tenant neither expects nor has been promised any inducement, concession or consideration for entering into the Lease, except as stated therein, and there are no side agreements or understandings between Landlord and Tenant.

2. The term of the Lease commenced on _____, expiring on _____, with options to extend of _____ (____) years each.

3. As of _____, monthly minimum rental is \$_____ a month.

4. Tenant is required to pay its pro rata share of Common Expenses and its pro rata share of the Center's real property taxes and insurance cost. Current additional monthly payments for expense reimbursement total \$_____ per month for common area maintenance, property insurance and real estate taxes.

5. Tenant has given [no security deposit] [a security deposit of \$_____].

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6. No payments by Tenant under the Lease have been made for more than one (1) month in advance, and minimum rents and other charges under the Lease are current.
7. All matters of an inducement nature and all obligations of the Landlord under the Lease concerning the construction of the Tenant's premises and development of the Shopping Center, including without limitation, parking requirements, have been performed by Landlord.
8. Tenant knows of no default by either Landlord or Tenant under the Lease, and knows of no situations which, with notice or the passage of time, or both, would constitute a default. Tenant has no rights to off-set or defense against Landlord as of the date hereof.
9. The undersigned has not entered into any sublease, assignment or any other agreement transferring any of its interest in the Lease or the Premises except as follows:_____.

10. Tenant has not generated, used, stored, spilled, disposed of, or released any hazardous substances at, on or in the Premises. "Hazardous Substances" means any flammable, explosive, toxic, carcinogenic, mutagenic, or corrosive substance or waste, including dry cleaning solvents and volatile petroleum products and derivatives. To the best of Tenant's knowledge, no asbestos or polychlorinated biphenyl ("PCB") is located at, on or in the Premises. The term "Hazardous Substances" does not include those materials which are technically within the definition set forth above but which are contained in pre-packaged office supplies, cleaning materials or personal grooming items or other items which are sold for consumer or commercial use and typically used in other similar buildings or space.

The undersigned makes this statement for your benefit and protection with the understanding that you intend to rely upon this statement in connection with your intended purchase of the above

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described Premises from Landlord. The undersigned agrees that it will, upon receipt of written notice from Landlord, commence to pay all rents to you or to any Agent acting on your behalf.

Very truly yours,

 _____ (Tenant)

Mailing Address:

 By: _____
 Its: _____
 - - - - -

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EXHIBIT C

AUDIT REPRESENTATION LETTER

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AGREEMENT OF PURCHASE AND SALE

BY AND BETWEEN

REAL ESTATE COLLATERAL MANAGEMENT COMPANY, INC.
a Delaware corporation

AS SELLER

AND

RRC ACQUISITIONS, INC.
a Florida corporation

AS BUYER

RELATING TO

OLD ST. AUGUSTINE PLAZA

DATED AS OF

September 23, 1996

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AGREEMENT OF PURCHASE AND SALE

THIS AGREEMENT OF PURCHASE AND SALE ("Agreement") is made and entered into as of September __, 1996, by and between Real Estate Collateral Management Company, Inc., a Delaware corporation ("Seller") and RRC Acquisitions, Inc., a Florida corporation ("Buyer").

Buyer and Seller agree as follows:

1. Definitions: For the purposes of this Agreement the following terms will be defined as follows:

(a) "Actual Knowledge of Seller": Actual Knowledge of Seller means and is limited to the actual knowledge of Joan M. Uhler without having conducted any independent inquiry or inspection.

(b) "Assignment and Assumption": Shall have the meaning given thereto in Section 6 hereof.

(c) "Bank": Means Bank of America National Trust and Savings Association, a national banking association, and includes its predecessor by merger Security Pacific National Bank, a national banking association.

d) "Bill of Sale": Shall have the meaning given thereto in Section 5.1 hereof.

(e) "Broker": The Seller's Broker is CB Commercial Realty Group, Inc. There is no Buyer's Broker under this Agreement.

(f) "Closing Date": The Closing Date shall be on or before five (5) days after the expiration of the Due Diligence Period and is the last date on which the Closing can occur, subject to extension as provided for in this Agreement.

(g) "Closing" and "Close of Escrow": Closing and Close of Escrow are terms used interchangeably in this Agreement. The Closing or the Close of Escrow will be deemed to have occurred when Seller delivers to Buyer those items referred to in Section 5.1 hereof, Buyer delivers to Seller those items referred to in Section 5.2 hereof and each of Seller and Buyer, as applicable, delivers any documents required under Section 5.3.

(h) "Deposit": consists of the initial deposit (the "Initial Deposit") of \$25,000.00 which will be placed into escrow on or prior to the Effective Date with Escrow Holder and the additional deposit (the "Additional Deposit") of \$100,000.00 which Buyer will place into escrow with Escrow Holder at the end of the Due Diligence Period as defined in Subparagraph (i) below.

(i) "Due Diligence Period": The Due Diligence Period is the 45 day period starting on the Effective Date during which Buyer must complete its due diligence as described in Section 8.

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(j) "Effective Date": The Effective Date, which is the date from which all dates in this Agreement will be measured, shall be the date that this Agreement is executed by Seller and delivered to Buyer's counsel at the address indicated in Section 1(t) of this Agreement.

(k) "Environmental Audit": Shall have the meaning given thereto in Section 16 hereof.

(l) "Environmental Law": Shall have the meaning given thereto in Section 16 hereof.

(m) "Environmental Report": The Environment Report means that certain Phase I report prepared by PSI Consulting and dated May 8, 1995.

(n) "Escrow Holder": The Escrow Holder is Kirkpatrick & Lockhart LLP.

(o) "Exhibits": Exhibits means the following, each of which is attached hereto and incorporated herein by this reference:

Exhibit A - Legal Description Exhibit B - Special Warranty Deed Exhibit C - FIRPTA Affidavit Exhibit D - No Lien Affidavit Exhibit E - Bill of Sale Exhibit F - Assignment and Assumption Exhibit G - Memorandum of Assignment of Leases Exhibit H - Disclosures Exhibit I - Form of Estoppel Certificate Exhibit J - List of Tenants Exhibit K - Audit Representation Letter

(p) "FIRPTA Certificate": Shall have the meaning given thereto in Section 5 hereof.

(q) "Hazardous Substance": Shall have the meaning given thereto in Section 16 hereof.

(r) "Improvements": All improvements and fixtures actually owned by Seller and situated on the Real Property.

(s) "Memorandum of Assignment of Leases": Shall have the meaning given thereto in Section 5 hereof.

(t) "Notices": will be sent as follows to:

Seller:

Real Estate Collateral Management Company, Inc.
c/o Bank of America NT&SA

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560 Davis Street
San Francisco, California 94111
Attn: Joan M. Uhler
Telephone: (415) 622-5940
Telecopy No. (415) 953-5889

with a copy to:

Kirkpatrick & Lockhart LLP

Miami Center - 2000
201 South Biscayne Blvd.
Miami, Florida 33131
Attn: Laura A. Gangemi, Esq.
Telephone: (305) 539-3371
Telecopy No.(305) 358-7095

Buyer: RRC Acquisitions, Inc.
121 West Forsyth Street, Suite 200
Jacksonville, Florida 32202
Attn: Robert L. Miller
Telephone:(904) 356-7000
Telecopy No.(904) 634-3428

with a copy to: Ulmer, Murchison, Ashby & Taylor
SunTrust Building, Suite 1600
200 W. Forsyth Street
Jacksonville, FL 32202
Attn: William E. Scheu, Esq.
Telephone:(904) 354-9000
Telecopy No.(904) 354-9100

Escrow Holder: Kirkpatrick & Lockhart LLP
Miami Center - 2000
201 South Biscayne Blvd.
Miami, Florida 33131
Attn: Laura A. Gangemi, Esq.
Telephone: (305) 539-3371
Telecopy No.(305) 358-7095

(u) "Permitted Exceptions": Shall have the meaning given thereto in Section 6 hereof.

(v) "Personal Property": The equipment, furniture and fixtures and other personal property, if any, which are actually owned by Seller and located on the Real Property.

(w) "Property": Collectively, (i) the Real Property, (ii) the Improvements, and (iii) the Personal Property.

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(x) "Purchase Price": The Purchase Price for the Property is Nine Million, Five Hundred Thousand and No/100 Dollars (\$9,500,000.00).

(y) "Real Property": That certain real property located in the County of Duval, State of Florida and commonly known as St. Augustine Plaza, and more particularly described in Exhibit A attached hereto.

(z) "Special Warranty Deed" Shall have the meaning given thereto in Section 5 hereof.

(aa) "Title Company": The Title Company is Chicago Title Insurance Company.

(ab) "Title Policy": Shall have the meaning given thereto in Section 7 hereof.

2. Purchase and Sale: Upon and subject to the terms and conditions set forth in this Agreement, Seller agrees to sell to Buyer and Buyer agrees to buy from Seller the Property, together with all easements, hereditaments, entitlements (to the extent transferable) and appurtenances thereto. Seller shall also transfer, by quitclaim, without any representation of warranty, those items of personalty located on the Real Property that are not owned by Seller. In consideration of Seller's sale of the Property to Buyer, Buyer will (a) pay to Seller the Purchase Price at the Closing, and (b) perform all of Buyer's other obligations hereunder, which will include the various indemnities set forth herein whether or not the Closing occurs hereunder.

3. Purchase Price: The Purchase Price for the Property will be paid as follows:

3.1 Deposit. On or prior to the Effective Date, Buyer will deliver to Escrow Holder in cash, by confirmed wire transfer or by certified or cashier's check collectible in same day funds, the Initial Deposit. Escrow Holder will invest the Initial Deposit in an interest bearing account and interest will accrue for the account of Buyer except as otherwise provided in this Agreement and will be applied against the Purchase Price at Closing.

No later than the expiration of the Due Diligence Period, Buyer will deliver the Additional Deposit to Escrow Agent in cash, by wire transfer or by certified or cashier's check collectible in same day funds. Provided Buyer delivers to Escrow Holder an IRS Form W-9, Escrow Holder will invest the Additional Deposit, together with the Initial Deposit (The Initial Deposit and the Additional Deposit shall hereinafter be referred to collectively as the "Deposit") in an interest bearing account and interest will accrue for the account of Buyer except as otherwise provided in this Agreement and will be applied against the Purchase Price at Closing. Except as expressly provided otherwise in this Agreement, the Deposit will become nonrefundable at and as of the first day following the end of the Due Diligence Period unless Buyer terminates this Agreement on or before the end of the Due Diligence Period.

3.2 Cash Balance. At Closing, Buyer will deliver to Seller the balance of the Purchase Price in cash, by confirmed wire transfer of funds, or by certified or cashier's check collectible in same day funds.

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4. Intentionally left blank.

5. Deliveries at Closing:

5.1 By Seller. At Closing, Seller will deliver or cause to be delivered to Buyer the following items:

(a) A Special Warranty Deed ("Special Warranty Deed"), in the form attached to this Agreement as Exhibit B, duly executed and acknowledged by Seller and in recordable form, conveying the Property to Buyer.

(b) A Transferor's Certificate of Non-Foreign Status in the form attached to this Agreement as Exhibit C ("FIRPTA Certificate") properly executed by Seller.

(c) A Seller's No-Lien Affidavit in the form attached to this Agreement as Exhibit D ("No-Lien Affidavit") properly executed by Seller.

(d) An executed bill of sale ("Bill of Sale") in the form attached to this Agreement as Exhibit E.

(e) Two (2) executed counterpart copies of assignment and assumption of leases and contracts, ("Assignment and Assumption") in the form attached to this Agreement as Exhibit F.

(f) If any lease has been recorded, two (2) executed counterpart copies of a memorandum of assignment of leases ("Memorandum of Assignment of Leases") in the form attached to this Agreement as Exhibit G.

(g) A closing statement.

(h) An Audit Representation Letter (the "Audit Representation Letter") in substantially the form attached to this Agreement as Exhibit K, from The Allen Morris Company. If such Audit Representation Letter is not delivered at Closing, then Seller shall not be deemed to be in default under this Agreement and Buyer's sole remedy shall be to cancel this Agreement and receive a return of the Deposit, together with any interest accrued thereon.

5.2 By Buyer. At Closing, Buyer will deliver or cause to be delivered to Seller the following items:

(a) The balance of the Purchase Price in accordance with Section 3.

(b) The amount due Seller, if any, after the prorations are computed in accordance with Section 11.

(c) Such corporate resolutions, certificates of good standing and/or other corporate or partnership documents relating to Buyer as are reasonably required in connection with this transaction.

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(d) Two (2) executed counterparts of the Assignment and Assumption.

(e) If applicable, two (2) executed counterpart copies of the Memorandum of Assignment of Leases.

(f) A closing statement.

5.3 By Buyer and Seller. Buyer and Seller will each deposit such other instruments consistent with this Agreement as are reasonably required by Escrow Holder, Title Company or otherwise required to consummate the Closing. In addition Seller and Buyer hereby designate Buyer as the "Reporting Person" for the transaction pursuant to Section 6045(e) of the Internal Revenue Code.

6. Condition of Title: At Closing, fee simple title to the Property will be conveyed to Buyer by Seller by Special Warranty Deed, subject only to the following matters ("Permitted Exceptions"):

(a) a lien for real property taxes and assessments not yet payable;

(b) matters of title respecting the Property approved or deemed approved by Buyer in accordance with this Agreement, including, without limitation, all leases of the Property;

(c) matters affecting the condition of title to the Property created by or with the written consent of Buyer;

(d) any matters which would be shown by an inspection, a survey of the Property or by inquiry of persons in possession of the Property;

(e) all applicable zoning ordinances and regulations; and

(f) The parties agree that (i) except as specifically provided in the Special Warranty Deed, Seller makes no express or implied warranties regarding the condition of title to the Property, and (ii) Buyer shall rely on the Title Policy for protection against any title defects.

7. Conditions to the Closing:

7.1 Conditions Precedent to Buyer's Obligations. The following conditions must be satisfied not later than the Closing Date or such other period of time as may be specified below:

7.1.1 Title. Seller will furnish or cause to be furnished to Buyer, as soon as available, a standard title insurance commitment ("Commitment") issued by the Title Company agreeing to issue to Buyer, upon recording of the deed to Buyer, an owner's policy of title insurance in the amount of the Purchase Price, subject only to the Permitted Exceptions ("Title Policy").

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Buyer will have 15 days after receipt of the Commitment within which to (1) examine the Commitment (2) review matters referred to in Paragraph 6(d), and (3) notify Seller in writing of any exceptions which Buyer disapproves or other objections to title. If Buyer fails to notify Seller of any exceptions which Buyer disapproves or other objections to title, title will be deemed accepted.

If Buyer timely notifies Seller of specific disapproved exceptions or other objections to title within such 15 day period, Seller will have 10 days after receipt of Buyer's notification of any disapproved exceptions or other objections to title in which to advise Buyer that:

(i) Seller will cause the disapproved exceptions or other objections to title to be removed or remedied or obtain appropriate endorsements to the Title Policy on or before the Closing Date; or

(ii) Seller will not cause the disapproved exceptions or other objections to title to be removed or remedied or cause appropriate endorsements to the Title Policy to be issued.

(iii) If Seller does not notify Buyer of its election within the 10 day period, Seller will be deemed to have elected to not cause the disapproved exceptions to be removed.

In any event, if the Commitment or any supplement thereto reveals either (1) a mechanic's lien affirmatively caused by Seller; or (2) an existing financing lien created by Seller, then Seller; or (3) monetary judgments against Seller, then Seller shall agree to cause these items to be paid off from the closing proceeds.

If Seller elects to not cause the disapproved exceptions or other objections to title to be removed or remedied or cause appropriate endorsement to the Title Policy to be issued, Buyer will have 10 days to elect, as its sole remedy, to:

(i) proceed with the purchase and acquire the Property subject to the disapproved exceptions and other objections to title without reduction in the Purchase Price; or

(ii) cancel this Agreement by written notice to Seller and Escrow Holder, in which case the Deposit and any interest accrued thereon will be returned to Buyer.

If Buyer does not give Seller notice of its election within 10 days, Buyer will be deemed to have elected to proceed with this transaction.

If Seller commits to remove any disapproved exception to title or remedy any other objection to title and fails to do so by the Closing Date, Seller shall not be deemed to be in default under this Agreement and Buyer may, as its sole option, terminate this Agreement and receive a refund of its Deposit plus any interest accrued thereon. Notwithstanding the foregoing, if Seller fails to pay off from closing proceeds either (a) a mechanic's lien affirmatively caused by Seller; or (b) an existing financing lien created by Seller; or (c) monetary judgments against Seller, then Buyer shall have the right to seek specific performance of Seller's obligation to pay off such liens, subject to the limitations of Paragraph 21.1 herein. If Buyer does not terminate

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this Agreement as set forth in this paragraph, Buyer will be deemed to have waived its objections to title, and this Agreement will continue in full force and effect.

7.1.2 Inspections and Studies. If Buyer does not terminate this Agreement prior to the expiration of the Due Diligence Period, Buyer shall be deemed to have approved the results of any and all inspections, investigations, tests and studies as Buyer may have elected to make or obtain within the Due Diligence Period. If Buyer does not terminate this Agreement prior to the expiration of the Due Diligence Period, Buyer will be deemed to have accepted the condition of the Property and all matters relating to the Property as referenced in Paragraph 8.1. Buyer will pay for all such inspections, tests and studies. In the event this Agreement is terminated prior to Closing, Buyer will give copies of all inspections, investigations, tests or studies to Seller as a condition precedent to the return of the Deposit.

7.1.3 Representations, Warranties and Covenants of Seller. Seller will have duly performed each and every agreement to be performed by Seller hereunder and, subject to the provisions of Paragraphs 8.1 and 8.4, Seller's

express representations and warranties set forth in this Agreement will be true and correct as of the Closing Date.

7.1.4 Seller's Deliveries. Seller will have delivered the items described in Paragraph 5.1.

7.1.5 Estoppel Letters. Estoppel certificates in substantially the form as attached hereto as Exhibit I shall have been obtained by Seller and delivered to Buyer by the Closing Date from Lasco Video, Hallmark, Publix, Eckerd's, Waccamaw, McDonalds and eighty percent (80%) of the other tenants who have signed leases for any portion of the Property, without any material exceptions, covenants or changes to the form of estoppel letter attached to this Agreement as Exhibit I and which materially conforms to the information set forth on the rent roll delivered by Seller to Buyer.

7.1.6 Tenant Matters. None of the following shall have occurred with respect to any tenant leasing space in excess of 5,000 square or with respect to more than twenty percent (20%) of the other tenants who have signed leases for any portion of the Property:

(i) The commencement of any voluntary or involuntary case or other proceeding seeking relief under any bankruptcy or insolvency law;

(ii) A vacating of the leased premises;

(iii) An assignment of the lease in violation of the terms of the lease; or

(iv) Any uncured default in payment of base rent or common area maintenance charges, tax and insurance pass-thrus under the terms of the lease for a period of greater than thirty (30) days.

7.1.7 Environmental Matters. No act, omission or event shall have occurred after the expiration of the Due Diligence Period that causes a violation of applicable Environmental Laws the costs of remediation of which equals or exceeds \$50,000 as determined by an independent third party environmental consultant reasonably acceptable to Seller and

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Buyer. In the event the costs of remediation are determined to be less than \$50,000, then Buyer shall receive a credit against the Purchase Price at Closing for the estimated costs of such remediation as determined by such independent third party environmental consultant.

The conditions set forth in this Section 7.1 are solely for the benefit of Buyer and may be waived only by Buyer. At all times Buyer has the right to waive any condition. Such waiver or waivers must be in writing to Seller. If any conditions are not satisfied on or before the end of the Due Diligence Period or the Closing Date, as applicable (unless such conditions are deemed satisfied for failure to notify Seller of disapproval when such notice of disapproval is required by the terms of this Agreement), and Buyer has not waived the unsatisfied conditions, Seller will not be deemed to be in default and Buyer's sole remedy will be to terminate this Agreement and obtain the refund of the Deposit together with interest accrued thereon.

7.2 Conditions Precedent to Seller's Obligations. The Closing and Seller's obligations with respect to this transaction are subject to the following conditions precedent: (a) Buyer's delivery to Seller on or before the Closing Date, of the Purchase Price and the other items described in Paragraph 5.2, and (b) Buyer having duly performed each and every agreement to be performed by Buyer hereunder, and Buyer's representations, warranties and covenants set forth in this Agreement, continuing to be true and correct as of the Closing Date. The conditions set forth in this Paragraph 7.2 are solely for the benefit of Seller and may be waived only by Seller, with such waiver to be in writing to Buyer.

8. Due Diligence Period:

8.1 Matters To Be Reviewed. During the Due Diligence Period, Buyer may conduct any and all inspections it deems appropriate, subject to the limitations set forth in Paragraphs 20 and 16 below. If Buyer does not terminate the Agreement prior to the expiration of the Due Diligence Period, Buyer shall be

deemed to have approved the following matters within the Due Diligence Period:

(a) the physical condition of the Property, including without limitation:

(i) soil, seismic, hydrological, geological and topographical conditions,

(ii) the availability of adequate utilities and public access,

(iii) the status and nature of any existing or proposed assessment districts and the amount of any assessment liability,

(iv) the character and amount of any fee or charge which may be imposed in connection with the development of the Property,

(v) whether or not the Property is located in a Special Flood Hazard Area,

(vi) the status of the Property with respect to asbestos and other hazardous and toxic materials,

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(vii) all matters disclosed by the Environmental Report, and

(viii) compliance of the Property with all applicable laws, including Environmental Laws (defined below).

Seller will allow Buyer and/or its agents access to the Property to perform any and all investigations and inspections desired by Buyer (provided that any entry will be subject to the provisions of Paragraph 20 and any Environmental Audit (defined below) will be subject to the provisions of Paragraph 16);

(b) applicable government ordinances, rules and regulations and evidence of compliance therewith, including without limitation zoning and building regulations;

(c) all private restrictions applicable to the Property, including without limitation, declarations of covenants, conditions and restrictions, reciprocal easement and operating agreements, architectural restrictions and owners' association governing documents;

(d) all licenses, permits, subdivision maps and conditions, improvement agreements, bonds, development agreements, and any and all other governmental approvals and/or authorizations relating to the Property;

(e) leases, agreements, contracts, documents, instruments, reports, surveys, books and records relating to the Property; and

(f) any and all other matters concerning the current and future use, feasibility or value, or governmental permissions or entitlements pertaining to the Property, or any other matter or circumstance relevant to Buyer in its discretion concerning the Property and its marketability.

8.2 Delivery of Copies. Within 5 days after the Effective Date, Seller will provide to Buyer, or make reasonably available to Buyer for inspecting, copies of all items described in Subparagraphs 8.1(d) and (e) above as well as copies of all other materials related to the Property which are in Seller's possession, except:

(a) the contents of any loan files maintained by Seller or Bank;

(b) appraisals; and

(c) information which is privileged, confidential or proprietary, including, but not limited to: internal memoranda, analyses and business plans; financial information; and correspondence and other materials to or from Seller's attorneys and potential third party buyers.

Buyer expressly agrees that Seller is furnishing copies of all such documents and information to Buyer for informational purposes only and without representation or warranty as to the accuracy or completeness of the contents of such materials. Buyer covenants and agrees that it will not rely on such documents and information and will conduct its own due diligence on all matters referred to in such documents and information, or otherwise relating to the Property.

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The originals of the items described in (d) and (e), if available, will be delivered to Buyer at Closing.

8.3 Termination; Notice of Objections.

(a) Within the Due Diligence Period, Buyer may, in its sole discretion and for any reason or no reason, elect to go forward with this Agreement to Closing, which election shall be made by notice to Seller given within the Due Diligence Period. If such notice is not timely given, this Agreement and all rights, duties and obligations of Buyer and Seller hereunder, except any which expressly survive termination, shall terminate and Escrow Holder shall return to Buyer the Deposit together with any interest earned thereon.

(b) If Buyer does not terminate this Agreement during the Due Diligence Period, then Buyer will be deemed to have approved the matters set forth in paragraphs (a) through (f) of Paragraph 8.1 or otherwise deemed relevant to Buyer in respect of the Property.

(c) If Buyer notifies Seller in writing of any objections to the condition of the Property or any other matters relating to the Property as referred to in Subparagraph (a) through (f) of Paragraph 8.1 within the Due Diligence Period, the parties will have 5 business days to agree upon a resolution of the objection(s). If the parties cannot agree within the 5 business day period, then either party may terminate this Agreement by written notice to the other, which notice must be given within 3 business days after the expiration of the 5 business day period and Buyer, as its sole remedy, will be entitled to the return of the Deposit and any interest accrued thereon.

(d) However, if Buyer gives Seller notice of its election to terminate this Agreement under the preceding subparagraph (c), Seller may elect, by written notice to Buyer and to Escrow Holder within 10 business days following Seller's receipt of Buyer's notice, to correct the objectionable matter prior to the Closing. If Seller elects to correct the objectionable matter, Seller will be entitled to extend the Closing for not more than 30 days in order to correct the objectionable matter and, in such event, this Agreement will not terminate. If Seller fails to correct the objectionable matter by the Closing Date, as extended, Seller shall not be deemed to be in default under this Agreement and Buyer, as Buyer's sole option, may terminate this Agreement and receive a refund of its Deposit and any interest accrued thereon.

(e) If Buyer does not terminate this Agreement under the preceding subparagraph (c), Buyer will be deemed to have waived its objections, and this Agreement will continue in full force and effect.

(f) Nothing in subparagraph (c) above will affect Buyer's right to terminate the Agreement prior to the expiration of the Due Diligence Period, for any reason whatsoever, without giving Seller an opportunity to cure any specific objections under subparagraph (d) above. If Buyer thus terminates the Agreement prior to the expiration of the Due Diligence Period, then this Agreement shall terminate, Buyer shall receive a refund of its Deposit and any interest accrued thereon, and all rights and obligations of the parties hereunder, except those which are specifically designated to survive this Agreement, shall terminate.

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8.4 Material New Matters. If Buyer discovers any new matter between the expiration of the Due Diligence Period and the Closing Date which:

(a) was not disclosed by Seller or any other person or entity during the Due Diligence Period; and

(b) was not reasonably discoverable during the Due Diligence Period; and

(c) that matter is one which:

(i) would appear as an exception in the Title Policy (but excluding any such exception approved or caused by Buyer);

or

(ii) is materially inconsistent with a disclosure by Seller in Exhibit H or with Seller's representations or warranties contained in Paragraphs 12 or 15;

and

(d) such new matter is of such a nature that, in Buyer's reasonable judgment, it would materially and adversely affect the acquisition, development, sale or use of the Property;

then Buyer is entitled to treat such new matter as a failure of condition to the Closing.

If Buyer elects to treat such new matter as a failure of condition to the Closing, Buyer must give notice to Seller of Buyer's election to terminate this Agreement within 3 business days of Buyer's obtaining knowledge of such new matter. If Buyer does not give such notice within the 3 business day period, Buyer will be deemed to have waived its objection to such matter and this Agreement will continue in full force and effect.

However, if Buyer gives Seller notice of its election to terminate this Agreement, Seller may elect, by written notice to Buyer and to Escrow Holder within 10 business days following Seller's receipt of Buyer's notice, to correct the new matter prior to the Closing. If Seller elects to correct the new matter, Seller will be entitled to extend the Closing for not more than 30 days in order to correct the new matter and, in such event, this Agreement will not terminate. If Seller fails to correct the new matter by the Closing Date, as extended, Seller shall not be deemed to be in default under this Agreement and Buyer, as Buyer's sole option, may terminate this Agreement and receive a refund of its Deposit and any interest accrued thereon. Notwithstanding the foregoing, if Seller fails to pay off from closing proceeds either (a) a mechanic's lien affirmatively caused by Seller or (b) an existing financing lien created by Seller or (c) monetary judgments against Seller, then Buyer shall have the right to seek specific performance of Seller's obligation to pay off such liens, subject to the limitations of Paragraph 21.1 herein. If Buyer does not terminate this Agreement pursuant to this Section, Buyer will be deemed to have waived its objections and this Agreement will continue in full force and effect.

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9. Property "As-Is":

9.1 Acquired in Connection with Foreclosure. Buyer acknowledges that Seller acquired the Property pursuant to foreclosure proceedings or proceedings in lieu of foreclosure; and that neither Seller nor Bank developed or constructed the Property.

9.2 NO SIDE AGREEMENTS OR REPRESENTATIONS; AS-IS PURCHASE. BUYER REPRESENTS, WARRANTS AND COVENANTS TO SELLER THAT BUYER WILL, DURING THE DUE DILIGENCE PERIOD, INDEPENDENTLY AND PERSONALLY INSPECT THE PROPERTY AND IMPROVEMENTS, IF ANY, AND THAT BUYER HAS ENTERED INTO THIS AGREEMENT BASED UPON ITS RIGHTS AND INTENTIONS TO MAKE SUCH PERSONAL EXAMINATION AND INSPECTION. BUYER AGREES THAT BUYER WILL ACCEPT THE PROPERTY, IN ITS THEN CONDITION AS-IS AND WITH ALL ITS FAULTS, INCLUDING WITHOUT LIMITATION, ANY FAULTS AND CONDITIONS SPECIFICALLY REFERENCED IN THIS AGREEMENT. NO PERSON ACTING ON BEHALF OF SELLER

IS AUTHORIZED TO MAKE, AND BY EXECUTION HEREOF, BUYER ACKNOWLEDGES AND AGREES THAT, EXCEPT AS SPECIFICALLY PROVIDED IN THIS AGREEMENT, SELLER HAS NOT MADE, DOES NOT MAKE AND SPECIFICALLY NEGATES AND DISCLAIMS ANY REPRESENTATIONS, WARRANTIES, PROMISES, COVENANTS, AGREEMENTS OR GUARANTIES OF ANY KIND OR CHARACTER WHATSOEVER, WHETHER EXPRESS OR IMPLIED, ORAL OR WRITTEN, PAST, PRESENT OR FUTURE, OF, AS TO, CONCERNING OR WITH RESPECT TO:

(I) THE VALUE OF THE PROPERTY;

(II) THE INCOME TO BE DERIVED FROM THE PROPERTY;

(III) THE SUITABILITY OF THE PROPERTY FOR ANY AND ALL ACTIVITIES AND USES WHICH BUYER MAY CONDUCT THEREON, INCLUDING ANY DEVELOPMENT OF THE PROPERTY;

(IV) THE HABITABILITY, MERCHANTABILITY, MARKETABILITY, PROFITABILITY OR FITNESS FOR A PARTICULAR PURPOSE OF THE PROPERTY;

(V) THE MANNER, QUALITY, STATE OF REPAIR OR LACK OF REPAIR OF THE PROPERTY;

(VI) THE NATURE, QUALITY OR CONDITION OF THE PROPERTY, INCLUDING WITHOUT LIMITATION, THE WATER, SOIL AND GEOLOGY;

(VII) THE COMPLIANCE OF OR BY THE PROPERTY OR ITS OPERATION WITH ANY LAWS, RULES, ORDINANCES OR REGULATIONS OF ANY APPLICABLE GOVERNMENTAL AUTHORITY OR BODY;

(VIII) THE MANNER, CONDITION OR QUALITY OF THE CONSTRUCTION OR MATERIALS, IF ANY, INCORPORATED INTO THE PROPERTY;

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(IX) COMPLIANCE WITH ANY ENVIRONMENTAL PROTECTION, POLLUTION OR LAND USE LAWS, RULES, REGULATION, ORDERS OR REQUIREMENTS, INCLUDING BUT NOT LIMITED TO, THE ENDANGERED SPECIES ACT, TITLE III OF THE AMERICANS WITH DISABILITIES ACT OF 1990 OR ANY OTHER LAW, RULE OR REGULATION GOVERNING ACCESS BY DISABLED PERSONS, THE FEDERAL WATER POLLUTION CONTROL ACT, THE FEDERAL RESOURCE CONSERVATION AND RECOVERY ACT, THE U.S. ENVIRONMENTAL PROTECTION AGENCY REGULATIONS AT 40 C.F.R., PART 261, THE COMPREHENSIVE ENVIRONMENTAL RESPONSE COMPENSATION AND LIABILITY ACT OF 1980, AS AMENDED, THE RESOURCES CONSERVATION AND RECOVERY ACT OF 1976, THE CLEAN WATER ACT, THE SAFE DRINKING WATER ACT, THE HAZARDOUS MATERIALS TRANSPORTATION ACT, THE TOXIC SUBSTANCE CONTROL ACT, AND REGULATIONS PROMULGATED UNDER ANY OF THE FOREGOING;

(X) THE PRESENCE OR ABSENCE OF HAZARDOUS MATERIALS AT, ON, UNDER, OR ADJACENT TO THE PROPERTY;

(XI) THE CONTENT, COMPLETENESS OR ACCURACY OF THE DUE DILIGENCE MATERIALS, INCLUDING ANY INFORMATIONAL PACKAGE, COST TO COMPLETE ESTIMATE OR OTHER MATERIALS PREPARED BY SELLER;

(XII) THE CONFORMITY OF THE IMPROVEMENTS TO ANY PLANS OR SPECIFICATIONS FOR THE PROPERTY, INCLUDING ANY PLANS AND SPECIFICATIONS THAT MAY HAVE BEEN OR MAY BE PROVIDED TO BUYER;

(XIII) THE CONFORMITY OF THE PROPERTY TO PAST, CURRENT OR FUTURE APPLICABLE ZONING OR BUILDING REQUIREMENTS;

(XIV) DEFICIENCY OF ANY UNDERSHORING;

(XV) DEFICIENCY OF ANY DRAINAGE;

(XVI) THE EXISTENCE OF VESTED LAND USE, ZONING OR BUILDING ENTITLEMENTS AFFECTING THE PROPERTY, OR

(XVII) WITH RESPECT TO ANY OTHER MATTER CONCERNING THE PROPERTY EXCEPT AS MAY BE OTHERWISE EXPRESSLY STATED HEREIN, INCLUDING ANY AND ALL SUCH MATTERS REFERENCED, DISCUSSED OR DISCLOSED IN ANY DOCUMENTS DELIVERED BY SELLER TO BUYER, IN ANY PUBLIC RECORDS OF ANY GOVERNMENTAL AGENCY OR ENTITY OR UTILITY COMPANY, OR IN ANY OTHER DOCUMENTS AVAILABLE TO BUYER.

BUYER FURTHER ACKNOWLEDGES AND AGREES THAT HAVING BEEN GIVEN THE OPPORTUNITY TO INSPECT THE PROPERTY AND REVIEW INFORMATION AND DOCUMENTATION AFFECTING THE PROPERTY, BUYER IS

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RELYING SOLELY ON ITS OWN INVESTIGATION OF THE PROPERTY AND REVIEW OF SUCH INFORMATION AND DOCUMENTATION, AND NOT ON ANY INFORMATION PROVIDED OR TO BE PROVIDED BY SELLER. BUYER FURTHER ACKNOWLEDGES AND AGREES THAT ANY INFORMATION MADE AVAILABLE TO BUYER OR PROVIDED OR TO BE PROVIDED BY OR ON BEHALF OF SELLER WITH RESPECT TO THE PROPERTY WAS OBTAINED FROM A VARIETY OF SOURCES AND THAT SELLER HAS NOT MADE ANY INDEPENDENT INVESTIGATION OR VERIFICATION OF SUCH INFORMATION AND MAKES NO REPRESENTATIONS AS TO THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION EXCEPT AS MAY OTHERWISE BE PROVIDED HEREIN. BUYER AGREES TO FULLY AND IRREVOCABLY RELEASE ALL SUCH SOURCES OF INFORMATION AND PREPARERS OF INFORMATION AND DOCUMENTATION TO THE EXTENT SUCH SOURCES OR PREPARERS ARE SELLER OR BANK, OR THEIR EMPLOYEES, OFFICERS, DIRECTORS, REPRESENTATIVES, AGENTS, SERVANTS, ATTORNEYS, AFFILIATES, PARENT COMPANIES, SUBSIDIARIES, SUCCESSORS OR ASSIGNS FROM ANY AND ALL CLAIMS THAT THEY MAY NOW HAVE OR HEREAFTER ACQUIRE AGAINST SUCH SOURCES AND PREPARERS OF INFORMATION FOR ANY COSTS, LOSS, LIABILITY, DAMAGE, EXPENSE, DEMAND, ACTION OR CAUSE OF ACTION ARISING FROM SUCH INFORMATION OR DOCUMENTATION. SELLER IS NOT LIABLE OR BOUND IN ANY MANNER BY ANY ORAL OR WRITTEN STATEMENTS, REPRESENTATIONS OR INFORMATION PERTAINING TO THE PROPERTY, OR THE OPERATION THEREOF, FURNISHED BY ANY OF THE FOREGOING ENTITIES AND INDIVIDUALS OR ANY OTHER INDIVIDUAL OR ENTITY. BUYER FURTHER ACKNOWLEDGES AND AGREES THAT TO THE MAXIMUM EXTENT PERMITTED BY LAW, THE SALE OF THE PROPERTY AS PROVIDED FOR HEREIN IS MADE ON AN "AS-IS" CONDITION AND BASIS WITH ALL FAULTS, AND THAT SELLER HAS NO OBLIGATIONS TO MAKE REPAIRS, REPLACEMENTS OR IMPROVEMENTS EXCEPT AS MAY OTHERWISE BE EXPRESSLY STATED HEREIN.

9.3 RELEASE. EXCEPT AS EXPRESSLY PROVIDED IN THIS AGREEMENT, INCLUDING WITHOUT LIMITATION, ARTICLE 16 HEREOF, AND EXCEPT FOR SELLER'S WARRANTIES IN THE SPECIAL WARRANTY DEED, BUYER AND ANYONE CLAIMING BY, THROUGH OR UNDER BUYER HEREBY FULLY AND IRREVOCABLY RELEASES SELLER AND BANK, AND EACH OF THEIR EMPLOYEES, OFFICERS, DIRECTORS, REPRESENTATIVES, AGENTS, SERVANTS, ATTORNEYS, AFFILIATES, PARENT COMPANIES, SUBSIDIARIES, SUCCESSORS AND ASSIGNS, AND ALL PERSONS, FIRMS, CORPORATIONS AND ORGANIZATIONS ACTING ON THEIR BEHALF, FROM ANY AND ALL CLAIMS THAT IT MAY NOW HAVE OR HEREAFTER ACQUIRE AGAINST SELLER OR BANK, OR ANY OF THEIR EMPLOYEES, OFFICERS, DIRECTORS, REPRESENTATIVES, AGENTS, SERVANTS, ATTORNEYS, AFFILIATES, PARENT COMPANIES, SUBSIDIARIES, SUCCESSORS AND ASSIGNS, AND ALL PERSONS, FIRMS, CORPORATIONS AND ORGANIZATIONS ACTING ON THEIR BEHALF FOR ANY COSTS, LOSS, LIABILITY, DAMAGE, EXPENSES, DEMAND, ACTION OR CAUSE OF ACTION ARISING FROM OR RELATED TO ANY CONSTRUCTION DEFECTS, ERRORS, OMISSIONS OR OTHER CONDITIONS, LATENT OR OTHERWISE, GEOTECHNICAL AND SEISMIC, AFFECTING THE PROPERTY OR ANY PORTION THEREOF INCLUDING, WITHOUT LIMITATION, (1) ENVIRONMENTAL MATTERS WHICH WERE:

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(i) DESCRIBED OR REFERRED TO IN THE ENVIRONMENTAL REPORT(S) OR IN ANY ENVIRONMENTAL AUDIT OBTAINED BY BUYER; OR

(ii) REASONABLY DISCOVERABLE BY PRUDENT INVESTIGATION DURING THE DUE DILIGENCE PERIOD; OR

(iii) OTHERWISE DISCLOSED BY SELLER TO BUYER OR DISCOVERED BY BUYER AT ANY TIME PRIOR TO THE CLOSING;

AND (2) THE ITEMS DESCRIBED IN SECTION 9.2 ABOVE.

THIS RELEASE INCLUDES CLAIMS OF WHICH BUYER IS PRESENTLY UNAWARE OR WHICH BUYER DOES NOT PRESENTLY SUSPECT TO EXIST WHICH, IF KNOWN BY BUYER, WOULD MATERIALLY AFFECT BUYER'S RELEASE TO SELLER.

THE FOREGOING SHALL NOT BE DEEMED TO RELEASE THE ALLEN MORRIS COMPANY FROM ANY LIABILITY IN CONNECTION WITH ITS STATEMENTS AND REPRESENTATIONS IN THE AUDIT REPRESENTATION LETTER, NONE OF WHICH SHALL BE IMPUTED TO OR BE DEEMED TO HAVE BEEN MADE BY SELLER.

IT IS UNDERSTOOD AND AGREED THAT THE PURCHASE PRICE HAS BEEN ADJUSTED BY PRIOR NEGOTIATIONS TO REFLECT THAT ALL OF THE PROPERTY IS SOLD BY SELLER AND PURCHASED BY BUYER SUBJECT TO THE FOREGOING. IT IS NOT CONTEMPLATED THAT THE PURCHASE PRICE WILL BE INCREASED IF COSTS TO BUYER ASSOCIATED WITH THE PROPERTY PROVE TO BE LESS THAN EXPECTED NOR WILL THE PURCHASE PRICE BE REDUCED IF THE BUYER'S PLAN FOR THE PROPERTY LEADS TO HIGHER COST PROJECTIONS. THE SOLE REMEDY OF THE BUYER WILL BE TO TERMINATE THIS AGREEMENT AS PROVIDED HEREIN PRIOR TO THE END OF THE DUE DILIGENCE PERIOD.

Buyer's initials

Seller's initials

9.4 Disclosures; Specific Acknowledgment Regarding Condition of Property. Buyer acknowledges the disclosures made by Seller and set forth in Exhibit H attached hereto. Additionally, and without limiting the generality of the foregoing Paragraph 9.4, Buyer is aware that the Environmental Report reveals certain conditions with respect to the Property, and that groundwater contamination from BP Oil may exist on the Property.

9.5 Estoppel Certificates. Seller will use its reasonable efforts to obtain and deliver to Buyer estoppel certificates on the form attached hereto on Exhibit I, from tenants in the Property; however reasonable efforts shall not include calling a default under any existing lease if such lease requires the tenant to deliver an estoppel certificate and the tenant fails to do so.

10. Costs and Expenses:

Seller will pay:

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- (a) all state, county and city surtax and documentary transfer taxes;
- (b) all premiums for the Title Policy; and
- (c) Seller's share of prorations.

Buyer will pay:

- (a) all document recording charges;
- (b) the cost of any survey and the cost of any endorsements required by Buyer; and
- (c) Buyer's share of prorations.

Buyer and Seller will each pay all legal and professional fees and fees of other consultants incurred by Buyer and Seller, respectively. All other normal costs and expenses will be allocated between Buyer and Seller in accordance with the customary practice in the county in which the Property is located.

11. Prorations:

11.1 Taxes and Assessments. All non-delinquent real estate taxes and assessments on the Property will be prorated as of the Closing based on the actual current tax bill. If the Closing takes place before the real estate taxes are fixed for the tax year in which the Closing occurs, the apportionment of real estate taxes will be made on the basis of the real estate taxes for the immediately preceding tax year applied to the latest assessed valuation. All delinquent taxes and all delinquent assessments, if any, on the Property will be paid at the Closing from funds accruing to Seller. All supplemental taxes billed

after the Closing for periods prior to the Closing will be paid promptly by Seller. Any tax refunds received by Buyer which are allocable to the period prior to Closing will be paid by Buyer to Seller.

11.2 Rents and Deposits. If there are any leases of the Property, all rents which are actually received by Seller as of the Closing will be prorated. Delinquent rents and rents not paid by Closing will not be prorated and Seller can continue to collect such rents, provided Seller's collection efforts do not involve dispossession of the delinquent tenant. Rents allocable to the period prior to Closing will be the property of Seller and rents allocable to the period after Closing will be the property of Buyer. All rents collected by Buyer or Seller after Closing will be applied first to current rents due and payable and next in satisfaction of the newest accrued rent.

Buyer acknowledges that (i) Seller acquired title to the Property by foreclosure or deed in lieu of foreclosure, (ii) Seller may not have received a transfer of security deposits from the prior owner, and (iii) except as to rental agreements entered into by Seller, Seller's rent roll is wholly or partially based on information provided by the prior owner or other third parties.

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All security and other deposits of existing tenants, together with all interest accrued thereon, if any, as of the Closing Date shall be transferred and assigned to Buyer or Buyer shall receive a credit at Closing for the amount of such deposits as are actually held by Seller.

Buyer assumes the obligation to repay all security deposits owing to all tenants of the Property and shall indemnify and hold Seller harmless from any claims for damages by tenants in regard to said deposits. The provisions hereof shall survive the Closing. Seller shall not give Buyer a credit at Closing for any security deposits or prepaid rent not paid or received by Seller, unless otherwise stated in the tenant estoppel letters, which shall take priority.

11.3 Utilities. Seller will notify all utility companies servicing the Property of the sale of the Property to Buyer and will request that such companies send Seller a final bill for the period ending on the last day before the Closing. Buyer will notify the utility companies that all utility bills for the period commencing on the Closing Date are to be sent to Buyer. In addition to the Purchase Price, Buyer will pay to Seller an amount equal to the total of all utility deposits held by utility companies and Seller will assign to Buyer all of Seller's right, title and interest in any such utility deposits; provided, however, Seller reserves the right to receive a return of such utility deposits and in such event, Buyer will arrange for substitute deposits with the utility companies as may be required. If following the Closing either Buyer or Seller receives a bill for utilities or other services provided to the Property for the period in which the Closing occurred, Buyer and Seller will equitably prorate the bill.

11.4 Method of Proration. All prorations will be made as of 11:59 p.m. on the date preceding the date of Closing based on a 365 day year or a 30 day month, as applicable.

12. Joint Representations and Warranties: In addition to any express agreements of the parties contained herein, the following constitute representations and warranties of the parties each to the other:

12.1 Authority. Each party has the legal power, right and authority to enter into this Agreement and the instruments referenced herein, and to consummate this transaction.

12.2 Actions. All requisite action (corporate, trust, partnership or otherwise) has been taken by each party in connection with the entering into of this Agreement, the instruments referenced herein, and the consummation of this transaction. No further consent of any partner, shareholder, creditor, investor, judicial or administrative body, governmental authority or other party is required.

12.3 Due Execution. The individuals executing this Agreement and the

instruments referenced herein on behalf of each party and the partners, officers or trustees of each party, if any, have the legal power, right, and actual authority to bind each party to the terms and conditions of those documents.

12.4 Valid and Binding. This Agreement and all other documents required to close this transaction are and will be valid, legally binding obligations of and enforceable against each party in accordance with their terms, subject only to applicable bankruptcy, insolvency, reorganization, moratorium laws or similar laws or equitable principles affecting or limiting the rights of contracting parties generally.

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13. Seller's Warranties and Representations: Seller makes the following representations, covenants and warranties and acknowledges that Buyer will rely on such representations, covenants and warranties in acquiring the Property, each of which will survive the Closing for a period of 1 year; provided that any claims must be made in writing to Seller within the 1 year period.

13.1 Lease. Seller has not entered into any lease or other agreement for possession with any person or entity (except Buyer) pursuant to which such person or entity has any current or future right or interest to occupy, possess or use all or any portion of the Property, except with respect to the tenants listed on Exhibit J attached hereto.

13.2 Non-Foreign Entity. Seller is not a "foreign person" within the meaning of Section 1445(f)(3) of the Internal Revenue Code.

13.3 Pre-Closing Covenants. So long as this Agreement remains in full force and effect:

(a) Without the prior written consent of Buyer, Seller will not convey any interest in the Property and will not subject the Property to any additional liens, encumbrances, covenants, conditions, easements, rights of way or similar matters after the date of this Agreement, except as may be otherwise provided for in this Agreement, which will not be eliminated prior to the Closing.

(b) Seller will not make any material alterations to the Property without Buyer's consent, which will not be unreasonably withheld or delayed.

(c) Seller will not enter into any new leases for any portion of the Property or extend the terms of any existing leases without Buyer's written consent, which will not be unreasonably withheld or delayed.

(d) Seller will not remove from the Improvements or the Real Property any article owned by Seller that is included in the Personal Property.

(e) Seller shall maintain such casualty and liability insurance on the Property as it is presently being maintained.

14. Condemnation and Destruction:

14.1 Eminent Domain or Taking. If proceedings under a power of eminent domain relating to the Property or any part thereof are commenced prior to Closing, Seller will promptly inform Buyer in writing.

(a) If such proceedings involve the taking of title to all or a material interest in the Property, either Buyer or Seller may elect to terminate this Agreement by notice in writing sent within 10 days of Seller's written notice to Buyer of such proceedings, in which case the Deposit and any interest accrued thereon, will be returned to Buyer, and neither party will have any further obligation to or rights against the other except any rights or obligations of either party which are expressly stated to survive termination of this Agreement.

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(b) If the proceedings do not involve the taking of title to all or a material interest in the Property, or if neither Buyer nor Seller elects to terminate this Agreement, this transaction will be consummated as described herein and any award or settlement payable with respect to such proceeding will be paid or assigned to Buyer upon Closing.

(c) If this sale is not consummated for any reason, any condemnation award or settlement will belong to Seller.

(d) For purposes hereof, "material" is deemed to be eminent domain proceedings relating to 10% or more of the Property or a loss that gives a tenant of the Property the right to cancel its lease or abate rent.

14.2 Damage or Destruction. Except as provided in this Paragraph, prior to the Closing the entire risk or loss of damage by earthquake, hurricane, flood, landslide, fire or other casualty is borne and assumed by Seller. If, prior to the Closing, any part of the Improvements is damaged or destroyed by earthquake, hurricane, flood, landslide, fire or other casualty, Seller will promptly inform Buyer of such fact in writing and advise Buyer as to the extent of the damage and whether it is "material" or not "material".

(a) If such damage or destruction is "material", Buyer or Seller may terminate this Agreement upon written notice to the other given not later than 10 days after receipt of Seller's written notice to Buyer advising of such damage or destruction.

(b) For purposes hereof, "material" is deemed to be any damage or destruction to the Improvements where the cost of repair or replacement is estimated to be more than 10% of the Purchase Price of the Property and will take more than 60 days to repair, both as determined by an independent third party contractor reasonably acceptable to Buyer and Seller.

(c) If this Agreement is so terminated, Escrow Holder shall return the Deposit together with any accrued interest to Buyer.

(d) If neither Buyer nor Seller terminates this Agreement, or if the casualty is not material, Seller will reduce the Purchase Price by the value reasonably estimated the third party contractor referred to in subparagraph 14.2(b) above to repair or restore the damaged portion of the Improvements, less any sums expended by Seller to make emergency repairs to the Improvements or the Property or otherwise protect the physical condition of the Improvements or the Property, and this transaction will close pursuant to the terms of this Agreement.

(e) If the damage is not material, Seller's notice to Buyer of the damage or destruction will also set forth Seller's reduced Purchase Price and Seller's allocation of value to the damaged portion of the Improvements, and this transaction shall close pursuant to the terms of this Agreement provided either (i) no tenant of the Property has the right to cancel its lease or abate or reduce rent as a result of the casualty, or (ii) if any tenant has the right to so cancel its lease or abate or reduce rent, Seller either assigns to Buyer at closing the applicable proceeds of Seller's rent insurance or at Seller's sole option, if rent insurance either is not available or is not payable with respect to the tenant(s), provides Buyer with a credit against the

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Purchase Price for the applicable amount. If Seller does not have appropriate rent insurance (or if rent insurance is not payable with respect to the tenant(s)) and Seller elects not to provide Buyer with a credit against the Purchase Price, or in the event any tenant has the right to cancel its lease by reason of such casualty, then Buyer's sole remedy will be to terminate this Agreement and Escrow Holder shall return the Deposit together with any accrued interest to Buyer.

(f) Whether or not the sale of the Property is consummated hereunder, all rights to insurance claims or proceeds in respect of damage or destruction to the Improvements occurring prior to the Closing will belong to

Seller.

15. Indemnification:

15.1 Indemnification By Seller. Seller agrees to indemnify, defend and hold Buyer harmless for, from and against any and all claims, demands, liabilities, costs, expenses, damages and losses, cause or causes of action and suit or suits of any nature whatsoever arising from any misrepresentation or breach of warranty or covenant by Seller in this Agreement. This indemnity does not apply, however, to any item, matter, occurrence or condition which was known to or reasonably discoverable by Buyer prior to the Closing Date.

15.2 Indemnification by Buyer. Buyer agrees to indemnify, defend and hold Seller harmless for, from and against any and all claims, demands, liabilities, costs, expenses, damages and losses, cause or causes of action and suit or suits of any nature whatsoever arising out of the ownership and/or operation of the Property after the Closing Date or any misrepresentation or breach of warranty or covenant by Buyer in this Agreement or any document delivered to Seller pursuant to this Agreement.

15.3 Survival. The provisions of this Paragraph 15 will survive the Close of Escrow.

16. Hazardous Substances:

16.1 Definitions. For the purposes of this Agreement, the following terms have the following meanings:

(a) "Environmental Law" means any law, statute, ordinance or regulation pertaining to health, industrial hygiene or the environment including, without limitation CERCLA (Comprehensive Environmental Response, Compensation and Liability Act of 1980) and RCRA (Resources Conservation and Recovery Act of 1976).

(b) "Hazardous Substance" means any substance, material or waste which is or becomes designated, classified or regulated as being "toxic" or "hazardous" or a "pollutant" or which is or becomes similarly designated, classified or regulated, under any Environmental Law, including asbestos, petroleum and petroleum products.

(c) "Environmental Audit" means an environmental audit, review or testing of the Property performed by Buyer or any third party or consultant engaged by Buyer to conduct such study.

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16.2 Seller's Representations and Warranties:

Seller has obtained the Environmental Report for the Property and will furnish a copy to Buyer. As of the date of this Agreement, to the Actual Knowledge of Seller and except as referred to in the Environmental Report:

(a) since the date of Seller's acquisition of the Property, no Hazardous Substances are now or have been used or stored on or within any portion of the Property except those substances which are or have been used or stored on the Property in the normal course of use and operation of the Property and in compliance with all applicable Environmental Laws;

(b) since the date of Seller's acquisition of the Property, there are and have been no federal, state or local enforcement, clean-up, removal, remedial or other governmental or regulatory actions instituted or completed affecting the Property; and

(c) no claims have been made by any third party against Seller relating to any Hazardous Substances on or within the Property.

16.3 Notices Regarding Hazardous Substances. Except as disclosed in the Environmental Report, from the Effective Date through the Closing Date, Seller will promptly notify Buyer if to the Actual Knowledge of Seller there may be any

Hazardous Substance on the Property, or in the soil, groundwater or soil vapor on or under the Property, or that Seller or the Property may be subject to any threatened or pending investigation by any governmental agency under any law, regulation or ordinance pertaining to any Hazardous Substance. Any new disclosure by Seller made after the end of the Due Diligence Period will be governed by the provisions of Paragraph 8.4.

16.4 Mutual Indemnifications.

(a) Subject to Paragraph 16.5 below, if there are any Third Party Claims against Buyer which arise out of any Hazardous Substances which became located in, on or under the Property during Seller's ownership of the Property, Seller will indemnify, defend (by counsel reasonably acceptable to Buyer) protect and hold Buyer harmless for, from and against any and all claims, liabilities, penalties, forfeitures, losses or expenses (including attorneys' fees) arising therefrom, less any credit received by Buyer pursuant to Paragraph 7.1.7 of this Agreement.

(b) If there are any Third Party Claims against Seller which arise out of any Hazardous Substances which became located in, on or under the Property after the Closing, Buyer will indemnify, defend (by counsel reasonably acceptable to Seller) protect and hold Seller harmless for, from and against any and all claims, liabilities, penalties, forfeitures, losses or expenses (including attorneys' fees) arising therefrom.

(c) As used in this Paragraph 16.4, "Third Party Claims" are defined as any claims or rights of recovery by any person or entity (including governmental agencies):

(i) which result from injury, damage or loss to or of any person or property; or

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(ii) for cost recovery, removal or remedial action.

Third Party Claims will also include any costs paid or payable by either party for damage, loss, injury, investigation, removal, remediation or other liability in response to any third party claim or in anticipation of any enforcement or remedial action undertaken or threatened by any government agency or private party.

16.5 Environmental Release. Nothing in Paragraph 16.4 above is meant to diminish any party's rights or obligations under any federal, state or local law pertaining to or concerning Hazardous Substances; but Seller will not be liable to Buyer under and Buyer hereby releases Seller from any and all liability under any such law, for any Third Party Claims or any other claims (including claims by Buyer) which are attributable to any environmental condition which:

(i) was described or referred to in the Environmental Report or in any Environmental Audit obtained by Buyer; or

(ii) was reasonably discoverable by prudent investigation during the Due Diligence Period; or

(iii) was otherwise disclosed by Seller to Buyer or discovered by Buyer at any time prior to the Closing.

The provisions of Paragraphs 16.4 and 16.5 will survive the Closing. The provisions of this Paragraph 16.5 are not intended to diminish in any way the release set forth in Section 9.3 above.

16.6 Environmental Audit. If during the Due Diligence Period Buyer elects to perform an Environmental Audit:

(a) The Environmental Audit will be conducted pursuant to standard quality control/quality assurance procedures and in accordance with Section 20. Buyer will give Seller at least 2 business days' prior notice of any on-site testing of soil or subsurface conditions.

(b) If any report is prepared as the result of the Environmental Audit, such report will be conspicuously labeled as a draft, and Buyer will promptly give Seller a copy of the draft report. If the report indicates that no further action is required, it may then be delivered in final form. Prior to the Closing, Buyer will keep the draft report and the information contained therein confidential and will not disclose it to any person or entity without Seller's prior written consent; provided, however, that Buyer may furnish a copy of said draft report to any proposed lender in connection with prosecution of an application for a mortgage loan and to any person or entity contemplating an investment in the Property as a partner or permitted assignee of Buyer, or to any consultant engaged in, or commenting upon the results of, said draft report.

(c) If Buyer elects during the Due Diligence Period not to acquire the Property or if the Closing fails to occur for any reason other than a default by Seller, if Seller requests copies of the draft report, then Buyer will deliver all copies of the draft report to, and they will become the property of, Seller provided Seller pays Buyer for the costs of the report. Buyer

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will not disclose to any party the contents of the draft report except pursuant to valid legal process or with the written consent of Seller.

(d) Any ground water, soil or other samples taken from the Property will be properly disposed of by Buyer at Buyer's sole cost and in accordance with all applicable laws.

17. WAIVER OF JURY TRIAL: BUYER AND SELLER DO HEREBY KNOWINGLY, VOLUNTARILY, IRREVOCABLY, UNCONDITIONALLY AND INTENTIONALLY WAIVE THE RIGHT TO TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT AND ALL OTHER DOCUMENTS OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF ANY PERSON. THIS IRREVOCABLE WAIVER OF THE RIGHT TO A JURY TRIAL IS A MATERIAL INDUCEMENT FOR SELLER TO ENTER INTO THIS TRANSACTION.

Buyer's initials

Seller's initials

18. Notices: All notices or other communications required or permitted hereunder must be in writing, and must be personally delivered (including by means of professional messenger service) or sent by overnight courier, or sent by registered or certified mail, postage prepaid, return receipt requested to the addresses set forth in Paragraph 1. All notices sent by mail will be deemed received 4 days after the date of mailing and all notices sent by other means permitted herein shall be deemed received on the date delivered.

19. Broker: Subject to the completion of the transactions contemplated herein and the Closing, Seller will pay Seller's Broker a commission pursuant to a separate agreement between Seller and Seller's Broker. Said Broker may enter into an agreement regarding the sharing of such commission or other compensation which may be paid by Seller to Seller's Broker, but Seller will not be responsible for any such agreement between Seller's Broker and any Buyer's Broker or the implementation thereof. Seller represents and warrants to Buyer, and Buyer represents and warrants to Seller, that no broker or finder has been engaged by them, respectively other than the Broker whose name appear in Section 1, in connection with any of the transactions contemplated by this Agreement, or to its knowledge is in any way connected with any of such transactions. Buyer will indemnify, save harmless and defend Seller from any liability, cost, or expense arising out of or connected with any claim for any commission or compensation made by any person or entity claiming to have been retained or contacted by Buyer in connection with this transaction, other than the Broker. Seller will indemnify, save harmless and defend Buyer from any liability, cost, or expense arising out of or connected with any claim for any commission or compensation made by any person or entity claiming to have been retained or contacted by Seller in connection with this transaction, other than the Broker. This indemnity provision will survive the Closing or any earlier termination of this Agreement.

20. Entry: Buyer and Buyer's representatives, agents and designees will have the right, at reasonable times and upon no less than two (2) business days' written notice to Seller, (which notice must describe the scope of the planned testing and investigations) to enter upon the Property, in connection with

Buyer's proposed purchase of the Property. Buyer shall have the
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right to have due diligence interviews and other discussions or negotiations with tenants provided Buyer affords to Seller reasonable notice of the time and place of the interviews and an opportunity to be present. However, Buyer agrees that:

(a) all tests and investigations will be at Buyer's sole cost and expense;

(b) the persons or entities performing such tests and investigations will be properly licensed and qualified and will have obtained all appropriate permits therefor;

(c) Seller will have the right of approval (which will not be unreasonably withheld or delayed) of any proposed physical testing or drilling;

(d) Buyer will advise Seller in advance of the dates of all tests and investigations and will schedule all tests and investigations during normal business hours whenever feasible unless otherwise requested by Seller;

(e) Seller will have the right to have a representative of Seller accompany Buyer and Buyer's representatives, agents or designees while they are on the Property;

(f) any entry by Buyer, its representatives, agents or designees will not interfere with Seller's or any tenant's use of the Property;

(g) Buyer will indemnify, defend and hold Seller harmless for, from and against any and all claims, damages, costs, liabilities and losses (including mechanics' liens) arising out of any entry by Buyer or its agents, designees or representatives; and

(h) Buyer will restore the Property at Buyer's sole cost and expense if this transaction does not close. Until restoration is complete, Buyer will take all steps necessary to ensure that any conditions on the Property created by Buyer's testing will not interfere with the normal operation of the Property or create any dangerous, unhealthy, unsightly or noisy conditions on the Property.

In addition, prior to any entry involving physical testing, drilling or other physical disturbance, Buyer will obtain, maintain and provide Seller, or shall cause any consultant, contractor or other person entering the Property to obtain, maintain and provide Seller, with proof of comprehensive general liability insurance in the amount of at least \$1,000,000.00 combined, single limit coverage, naming Seller as an additional insured and with coverages reasonably satisfactory to Seller. The foregoing indemnity provision will survive the Closing or any earlier termination of this Agreement.

21. Legal and Equitable Enforcement of this Agreement:

21.1 Default by Seller. (a) In the event the Closing and the consummation of the transaction contemplated by this Agreement do not occur by reason of material default by Seller, Buyer may either:

(i) terminate this Agreement by notice to Seller, whereupon this Agreement will terminate and neither party will have any further rights, obligations or liabilities

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hereunder (except as to any obligations that would otherwise be deemed to survive the termination or Closing) and except that Buyer will be entitled to a return of the Deposit, including any interest accrued thereon; or

(ii) pursue the remedy of specific performance of Seller's obligation to convey the Property under this Agreement and to pay off from

closing proceeds any mechanics' liens affirmatively caused by Seller and any existing financing lien created by Seller and any monetary judgments against Seller.

The foregoing notwithstanding, in order to pursue any remedy under subparagraphs (i) or (ii) above, the following conditions precedent must be met:

(i) Buyer cannot, at any time during this Agreement, have been in material default under the terms of this Agreement;

(ii) Buyer must have given Seller written notice of such default and given Seller 10 days to cure such default;

(iii) If Buyer seeks specific performance as provided above, Seller's sole obligation, if such specific performance is awarded, shall be to convey the Property as provided in this Agreement upon tender by Buyer of the Purchase Price in cash, and to pay off from closing proceeds any mechanics' liens affirmatively caused by Seller and any existing financing lien created by Seller and any monetary judgments against Seller, and under no circumstances shall Seller be obligated or required to otherwise expend any sums to cure any defaults under this Agreement, secure any permits or approvals, change the condition of the Property or restore the Property, or take any other action whatsoever and Seller's failure to expend such sums or conduct any such acts shall not be a basis for the filing of any suit for specific performance;

(iv) Buyer must file a suit for specific performance within 10 business days of the end of Seller's 10 day cure period; and

(v) Buyer must deposit with the Escrow Holder the balance of the Purchase Price and any costs to be paid by Buyer under Section 10 hereof. If Buyer prevails, Seller shall pay the costs Seller is obligated to pay under Section 10 hereof.

Except as set forth in this Section, Buyer hereby expressly waives, relinquishes and releases any other right or remedy available to it at law in equity or otherwise by reason of Seller's failure to perform its obligations hereunder, including without limitation, any rights the Buyer may have to bring an action or proceeding to recover actual, consequential, punitive, and/or speculative damages or any other damages. The provisions of this Section shall in no way impair Seller's rights against Buyer in the event of a Buyer default under Section 21.2 below.

Buyer's Initials: _____ Seller's Initials: _____

21.2 Default by Buyer. IN THE EVENT THE CLOSING AND THE CONSUMMATION OF THE TRANSACTION HEREIN CONTEMPLATED DOES NOT OCCUR AS HEREIN PROVIDED BY REASON OF ANY DEFAULT OF BUYER, BUYER

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AND SELLER AGREE THAT IT WOULD BE IMPRACTICAL AND EXTREMELY DIFFICULT TO ESTIMATE THE DAMAGES SUFFERED BY SELLER AS A RESULT OF BUYER'S FAILURE TO COMPLETE THE PURCHASE OF THE PROPERTY PURSUANT TO THIS AGREEMENT, AND THAT UNDER THE CIRCUMSTANCES EXISTING AS OF THE DATE OF THIS AGREEMENT, THE LIQUIDATED DAMAGES PROVIDED FOR IN THIS PARAGRAPH REPRESENT A REASONABLE ESTIMATE OF THE DAMAGES WHICH SELLER WILL INCUR AS A RESULT OF SUCH FAILURE; PROVIDED, HOWEVER THAT THIS PROVISION WILL NOT LIMIT SELLER'S RIGHT TO RECEIVE REIMBURSEMENT FOR ATTORNEYS' FEES, NOR WAIVE OR AFFECT BUYER'S INDEMNITY OBLIGATIONS AND SELLER'S RIGHTS TO THOSE INDEMNITY OBLIGATIONS UNDER THIS AGREEMENT, NOR WAIVE OR AFFECT BUYER'S OBLIGATIONS TO RETURN OR PROVIDE TO SELLER DOCUMENTS, REPORTS OR OTHER INFORMATION PROVIDED TO OR PREPARED BY OR FOR BUYER PURSUANT TO APPLICABLE PROVISIONS OF THIS AGREEMENT. THEREFORE, BUYER AND SELLER DO HEREBY AGREE THAT A REASONABLE ESTIMATE OF THE TOTAL NET DETRIMENT THAT SELLER WOULD SUFFER IN THE EVENT THAT BUYER DEFAULTS AND FAILS TO COMPLETE THE PURCHASE OF THE PROPERTY IS AN AMOUNT EQUAL TO THE DEPOSIT (WHICH INCLUDES ANY ACCRUED INTEREST THEREON). SAID AMOUNT WILL BE THE FULL, AGREED AND LIQUIDATED DAMAGES FOR THE BREACH OF THIS AGREEMENT BY BUYER. THE PAYMENT OF SUCH AMOUNT AS LIQUIDATED DAMAGES IS NOT INTENDED AS A FORFEITURE OR PENALTY BUT IS INTENDED TO CONSTITUTE LIQUIDATED DAMAGES TO SELLER. UPON DEFAULT BY BUYER, THIS AGREEMENT WILL BE TERMINATED AND, EXCEPT FOR BUYER'S INDEMNITY AND OTHER SPECIFIC OBLIGATIONS REFERRED TO HEREIN

WHICH MAY BE ENFORCED BY SELLER (IN ADDITION TO COLLECTION AND RETENTION BY SELLER OF BUYER'S DEPOSIT AS PROVIDED HEREUNDER), NEITHER PARTY WILL HAVE ANY FURTHER RIGHTS OR OBLIGATIONS HEREUNDER, EACH TO THE OTHER EXCEPT FOR THE RIGHT OF SELLER TO COLLECT SUCH LIQUIDATED DAMAGES FROM BUYER AND ESCROW HOLDER.

Buyer's Initials: _____ Seller's Initials: _____

22. Assignment: Buyer will not assign this Agreement without obtaining Seller's prior written consent, which consent may be withheld by Seller in its sole and absolute discretion for any reason whatsoever. Any attempted assignment without Seller's prior written consent will, at Seller's option, be voidable and constitute a material breach of this Agreement. If Seller consents to an assignment, the assignment will not be effective against Seller until Buyer delivers to Seller a fully executed copy of the assignment instrument, which instrument must be satisfactory to Seller in both form and substance and pursuant to which the assignee assumes and agrees to perform for the benefit of Seller the obligations of Buyer under this Agreement, and pursuant to which the assignee makes the warranties and representations required of Buyer under this Agreement and such other representations and warranties as Seller may reasonably require. Any such assignment will not release Buyer from any of its obligations under this Agreement. Notwithstanding the foregoing, Buyer may assign this Agreement to RRC Fl Three, Inc., a Florida corporation, or to any other wholly owned subsidiary of Regency Realty Corporation, a Florida corporation, provided Buyer delivers to Seller a fully executed copy of the assignment instrument not less than three (3) business days prior to the Closing Date, and such instrument

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must be satisfactory to Seller in both form and substance and pursuant to which the assignee assumes and agrees to perform for the benefit of Seller the obligations of Buyer under this Agreement, and pursuant to which the Assignee makes the warranties and representations required of Buyer under this Agreement and such other representations and warranties as Seller may reasonable require.

23. Miscellaneous:

23.1 Counterparts. This Agreement may be executed in counterparts.

23.2 Partial Invalidity. If any term or provision of this Agreement will be deemed to be invalid or unenforceable to any extent, the remainder of this Agreement will not be affected thereby, and each remaining term and provision of this Agreement will be valid and be enforced to the fullest extent permitted by law.

23.3 Possession of the Property. Seller will deliver possession of the Property to Buyer upon the Closing, subject to the right of any tenants.

23.4 Waivers. No waiver of any breach of any covenant or provision contained herein will be deemed a waiver of any preceding or succeeding breach thereof, or of any other covenant or provision contained herein. No extension of time for performance of any obligation or act will be deemed an extension of the time for performance of any other obligation or act except those of the waiving party, which will be extended by a period of time equal to the period of the delay.

23.5 Successors and Assigns. This Agreement is binding upon and inures to the benefit of the permitted successors and assigns of the parties hereto.

23.6 Professional Fees. In the event of the bringing of any action, arbitration or suit by a party hereto against another party hereunder by reason of any breach of any of the covenants, agreements or provisions on the part of the other party arising out of this Agreement, then in that event the prevailing party will be entitled to have the recovery of and from the other party all costs and expenses of the action, arbitration or suit, actual attorneys' fees (including the allocated costs of Seller's in-house counsel), witness fees and any other professional fees resulting therefrom.

23.7 Entire Agreement. This Agreement (including all Exhibits attached hereto) constitutes the entire contract between the parties hereto with respect to the subject matter hereof and may not be modified except by an instrument in writing signed by the party to be charged.

23.8 Time of Essence. Seller and Buyer hereby acknowledge and agree that time is strictly of the essence with respect to each and every term, condition, obligation and provision hereof.

23.9 Construction. This Agreement has been prepared by Seller and its professional advisors and reviewed by Buyer and its professional advisers. Seller and Buyer and their respective advisors believe that this Agreement is the product of all of their efforts, that it expresses their agreement and that it should not be interpreted in favor of or against either Buyer

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or Seller. The parties further agree that this Agreement will be construed to effectuate the normal and reasonable expectations of a sophisticated Seller and Buyer.

23.10 Governing Law. The parties hereto expressly agree that this Agreement will be governed by, interpreted under, and construed and enforced in accordance with the laws of the State in which the Property is located without regard to the provisions thereof regarding conflicts of laws. Any legal suit, action or proceeding arising out of or relating to this Agreement shall be instituted in any federal or state court in Duval County, Florida, and Buyer and Seller waive any objections which either may now or hereafter have to the laying of venue on any such action, suit or proceeding, and Buyer and Seller hereby irrevocably submit to the jurisdiction of any such court in any suit, action or proceeding.

23.11 Confidentiality. Unless otherwise agreed to in writing by Seller and Buyer, each party will keep confidential all documents, financial statements, reports or other information provided to, or generated by the other party relating to the Property and will not disclose any such information to any person other than (i) those employees and agents of Seller or Buyer; (ii) those who are actively and directly participating in the evaluation of the Property and the negotiation and execution of this Agreement or financing of the purchase of the Property and (iii) governmental, administrative, regulatory or judicial authorities in the investigation of the compliance of the Property with applicable legal requirements. However, Buyer expressly covenants and agrees that it will not disclose any code compliance, environmental or other regulatory matters to governmental or other authorities without the express prior written approval by Seller. Upon any termination of this Agreement for any reason, Buyer will promptly return to Seller copies of all documents or other information pertaining to the Property provided to Buyer by Seller, including, without limitation, pursuant to Section 8. The provisions of this Paragraph will survive the termination of this Agreement other than by Closing.

23.12 Wear and Tear. Buyer specifically acknowledges that Seller will continue to use the Property in the course of its business and accepts the fact that reasonable wear and tear will occur after the date of this Agreement. Buyer specifically agrees that Seller is not responsible for repairing such reasonable wear and tear and that Buyer is prohibited from raising such wear and tear as a reason for not consummating this transaction or for requesting a reduction in the Purchase Price.

23.13 No Recordation. No memorandum or other document relating to this Agreement will be recorded without the prior written consent of Seller, and any such consent or approval will be conditioned upon Buyer providing Seller with a quitclaim deed fully executed and acknowledged by Buyer, quitclaiming any and all interests that it may have in the Property to Seller, which quitclaim deed Seller may record in the event that this Agreement is terminated or the transaction contemplated herein is not consummated.

23.14 Financing. Buyer represents and warrants to Seller that Buyer has not and will not obtain any financing in connection with sale of the Property from BankAmerica Corporation or any subsidiary or affiliate of BankAmerica Corporation, including without limitation Bank.

23.15 Survival. All obligations of the parties contained herein which by their terms do not arise until after the Closing and any other provisions of this Agreement which by their terms survives the Closing, shall survive the Closing.

23.16 Back-up Contracts. Seller shall have the right to accept back-up contracts between the Effective Date and the expiration of the Due Diligence Period.

23.17 Not an Offer; Last Date for Submission. Seller's delivery of unsigned copies of this Agreement is solely for the purpose of review by the party to whom delivered, and neither the delivery nor any prior communications between the parties, whether oral or written, will in any way be construed as an offer by Seller, nor in any way imply that Seller is under any obligation to enter the transaction which is the subject of this Agreement. The signing of this Agreement by Buyer constitutes an offer which will not be deemed accepted by Seller unless and until Seller has signed this Agreement and delivered a duplicate original or copy, fully executed, to Buyer. Seller shall not entertain any offer after, and the last date on which this Agreement can be executed by Buyer is, _____, 1996; provided, however, execution of this Agreement by Seller at anytime after execution by Buyer shall be deemed acceptance by Seller of Buyer's offer unless Buyer's offer has previously been revoked in writing by Buyer to Seller.

23.18 Radon Gas. Radon is a naturally occurring radioactive gas which, when it has accumulated in a building in sufficient quantities, may present health risks to persons who are exposed to it over time. Levels of radon which exceed federal and state guidelines have been found in buildings in the state in which the Property is located. Additional information regarding radon and radon testing may be obtained from the county public health unit.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date and year hereinabove written.

"SELLER"

"BUYER"

REAL ESTATE COLLATERAL
MANAGEMENT COMPANY, INC.
a Delaware corporation

RRC ACQUISITIONS, INC.,
a Florida corporation

By: _____
Its: _____

By: _____
Its: _____

By: _____
Its: _____

By: _____
Its: _____

EXHIBIT A TO GRANT DEED
LEGAL DESCRIPTION OF PROPERTY

EXHIBIT B

This Instrument Prepared By:
Rosa Eckstein Schechter, Esq.

Kirkpatrick & Lockhart
Miami Center - Suite 2000
201 So. Biscayne Boulevard
Miami, Florida 33131

SPECIAL WARRANTY DEED

THIS SPECIAL WARRANTY DEED, made the _____ day of _____, 199_, by _____ ("Grantor"), to _____, whose post office address is _____, ("Grantee"):

W I T N E S S E T H:

That Grantor, for and in consideration of the sum of Ten And No/100 Dollars (\$10.00) and other valuable consideration, receipt and sufficiency whereof is hereby acknowledged, hereby grants, bargains, sells, aliens, remises, releases, conveys and confirms unto grantee, all that certain land situate in _____ County, Florida, viz:

See Exhibit "A" Attached Hereto And Made A Part Hereof

Property Identification No. _____

Subject only to:

- 1. Easements, restrictions, and other matters of record, without reimposing same.
- 2. Real Estate Taxes for the current year and subsequent years.

TOGETHER with the all tenements, hereditaments and appurtenances thereto belonging or in anywise appertaining.

TO HAVE AND TO HOLD, the same in fee simple forever.

AND Grantor hereby covenants with Grantee that the Grantor is lawfully seized of said land in fee simple; that Grantor has good right and lawful authority to sell and convey said land; that Grantor hereby fully warrants the title to said land and will defend the same against the lawful claims of all persons claiming by, through or under said Grantor.

IN WITNESS WHEREOF, Grantor has signed and sealed these presents the day and year first above written.

Signed, sealed and delivered in the presence of:

(Signature of Witness)

(Printed Name of Witness)

(Signature of Witness)

(Printed Name of Witness)

By:
Name:
Title:
Address:

STATE OF _____ SS:
COUNTY OF _____

The foregoing instrument was acknowledged before me this ____ day of _____, 199__, by _____, as _____ of _____ . He/she is personally known to me or has produced _____, No. _____, as identification.

My commission expires: NOTARY PUBLIC:

(Signature of Notary Public)

(Printed Name of Notary Public)

STATE OF _____ AT LARGE
(SEAL)

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EXHIBIT C

Seller's FIRPTA Affidavit

CERTIFICATION OF NON-FOREIGN STATUS

Section 1445 of the Internal Revenue Code provides that a transferee of a U.S. real property interest must withhold tax if the transferor is a foreign person. To inform the transferee that withholding of tax is not required upon the disposition of a U.S. real property interest by _____ ("Transferor"), the undersigned hereby certifies the following on behalf of Transferor:

- 1. Transferor is not a foreign corporation, foreign partnership, foreign trust and foreign estate (as those terms are defined in the Internal Revenue Code and Income Tax Regulations);
- 2. Transferor's U.S. employer identification number is _____; and
- 3. Transferor's office address

Transferor understands that this certification may be disclosed to the Internal Revenue Service by transferee and that any false statement contained herein could be punished by fine, imprisonment or both.

Under penalties of perjury I declare that I have examined this certification and to the best of my knowledge and belief it is true, correct and complete, and I further declare that I have authority to sign the document on behalf of the Transferor.

By:
Title:

By:
Title:

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EXHIBIT D

NO LIEN AFFIDAVIT

COUNTY OF)
STATE OF)

Before me, the undersigned authority, personally appeared _____ ("Affiant"), the _____ of _____ (the "Seller"), who being by me duly sworn, on oath, deposes and says:

1 That Seller is the owner of the following described property, to wit:

See Exhibit "A" attached hereto and made a part hereof

2. That the above described property is free and clear of all liens, taxes, encumbrances and claims of every kind, nature and description whatsoever, except for real estate and personal property taxes for the year ____ and subsequent years and except for matters shown on Title Commitment issued under Agent No. _____.

3. That within the past ninety (90) days there have been no improvements, alternations, or repairs to the above described property for which the costs thereof remain unpaid, and that within the past ninety (90) days there have been no claims for labor or material furnished for repairing or improving the same, which remain unpaid, except the following:

NONE

4. That there are no mechanic's, materialmen's or laborer's liens against the above described property.

5. That the personal property contained in the buildings on said property, or on the said premises, and which, if any, is being sold to the purchaser(s) mentioned below, is also free and clear of all liens, encumbrances, claims and demands whatsoever.

6. That this affidavit is made for the purpose of inducing _____ to purchase said property from Seller.

7. That no one except Seller is in possession of said premises or any party thereof, except for the following tenants:

8. That there are no matters pending against the Seller that could give rise to a lien that would attach to the property between the disbursing of the funds and the recording of the interest to be insured, and that the Seller has not and will not execute any instrument that would adversely affect the title or interest to be insured.

9. Affiant(s) further state that he/she is each familiar with the nature of an oath; and with the penalties as provided by the laws of the State aforesaid for falsely swearing to

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statements made in an instrument of this nature. Affiant(s) further certify that he/she has read, or has heard read to him/her, the full facts of this affidavit, and understand its context.

(SEAL)

(SEAL)

(SEAL) of _____, as

COUNTY OF _____)
STATE OF _____)

Sworn to and subscribed before me this ____ day of _____, 199_ by
_____ as _____ of _____.
He/She is personally known to me or who has produced _____ as
identification.

This Document Prepared By: _____ Printed Name:
NOTARY PUBLIC

My Commission Expires:
Rosa Eckstein Schechter, Esq.
Kirkpatrick & Lockhart LLP
201 South Biscayne Boulevard
Miami Center - 20th Floor
Miami, Florida 33131

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EXHIBIT E
BILL OF SALE

For good and valuable consideration, the receipt of which is hereby
acknowledged, _____ ("Seller") does hereby
sell, transfer, and convey to: _____ ("Buyer"), all
personal property of Seller, if any, located on and used in connection with the
operation of the improvements on the real property located in the County of
_____, City of _____, State of Florida, as more
particularly described on Exhibit A attached hereto, except for the following
items:

=====
=====
=====

Buyer accepts such personal property in its "AS-IS" condition and
"WITH ALL FAULTS". Seller specifically disclaims all express or implied
warranties regarding the existence or condition of, or title to, such personal
property, including without limitation the implied warranties of merchantability
and suitability for a particular purpose.

Date: _____, 19

By:
Title:

By:
Title:

EXHIBIT A TO BILL OF SALE

EXHIBIT F

ASSIGNMENT AND ASSUMPTION

FOR VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, _____ (herein referred to as "Assignor"), hereby assigns, transfers and conveys to _____, (herein referred to as "Assignee"), all leases (the "Leases") described on Schedule 1 attached and all contracts (the "Contracts") described on Schedule 2 attached affecting that certain real property in the County of _____, City of _____, State of Florida (the "Property"), commonly known as _____ and more particularly described in Exhibit A attached hereto.

Assignee hereby assumes and agrees to keep, perform and fulfill all of Assignor's obligations under the Leases and under the Contracts which are required to be kept, performed and fulfilled by Assignor thereunder, effective from and after the date on which a deed of the Property from Assignor to Assignee is recorded (the "Closing Date"). Such assumption is subject to and limited by any and all exculpatory provisions expressly contained in such Leases and Contracts.

The covenants and warranties contained herein will survive the closing of the purchase and sale of the Property to which this Assignment relates, and such covenants and warranties will not be deemed merged in the deed delivered by Assignor to Assignee.

This Assignment will be binding on and inure to the benefit of the parties hereto, their heirs, executors, administrators, successors in interest and assigns.

IN WITNESS WHEREOF, the undersigned have executed the within instrument as of , 19 .

ASSIGNOR:

By:
Title:

By:
Title:

ASSIGNEE:

EXHIBIT A TO ASSIGNMENT AND ASSUMPTION

LEGAL DESCRIPTION OF PROPERTY

Schedule 1 - Leases

Schedule 2 - Contracts

EXHIBIT G

FORM OF MEMORANDUM OF ASSIGNMENT OF LEASES

This Instrument Prepared By And
When Recorded, Return To:

Rosa Eckstein Schechter, Esq.
Kirkpatrick & Lockhart LLP
201 South Biscayne Boulevard
Miami Center - 20th Floor
Miami, Florida 33131

Space Above This Line For Recorder's Use

MEMORANDUM OF ASSIGNMENT OF LEASES

THIS MEMORANDUM OF ASSIGNMENT OF LEASES ("Memorandum") is made as of _____, 199_ between _____ ("Assignor"), and _____ ("Assignee"), with respect to the following facts:

A. Assignor (or Assignor's predecessors in interest) is the Landlord under certain leases described more particularly on Exhibit A attached hereto (the "Leases") affecting portions of that certain real property located in _____ County, Florida, more particularly described on Exhibit B attached hereto (the "Property").

B. Pursuant to that certain Assignment and Assumption between Assignor and Assignee dated as of even date herewith ("Assignment"), Assignor assigned to Assignee and Assignee has assumed all of Assignor's right, title and interest as Landlord in and to the Leases, which assumption is subject to and limited by any and all exculpatory provisions expressly contained in such Leases.

C. Assignor and Assignee now desire to record this Memorandum evidencing the Assignment.

NOW, THEREFORE, the parties hereto have entered into this Memorandum which constitutes a memorandum of that certain unrecorded Assignment covering the Leases affecting the Property, all the terms and conditions of which are hereby made a part hereof with the same force and effect as though fully set forth herein.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be assigned as of the date first set forth above.

"ASSIGNOR"

"ASSIGNEE"

By: Its:

By: Its:

EXHIBIT A
TO
MEMORANDUM OF ASSIGNMENT
OF LEASES
LIST OF LEASES

EXHIBIT B
TO
MEMORANDUM OF ASSIGNMENT
OF LEASES
LEGAL DESCRIPTION

COUNTY OF)
STATE OF)

The foregoing instrument was acknowledged before me this ____ day of _____, 199__ by _____ as _____ of _____. He/she is personally known to me or has produced _____ as identification.

Notary Public:

Printed Name:

My Commission Expires: STATE OF _____ AT LARGE

COUNTY OF _____)

STATE OF _____)

The foregoing instrument was acknowledged before me this ____ day of _____, 199__ by _____. He/she is personally known to me or has produced _____ as identification.

Notary Public:

Printed Name:

My Commission Expires: STATE OF _____ AT LARGE

EXHIBIT H

DISCLOSURES

NONE

EXHIBIT I

FORM OF ESTOPPEL LETTER

_____, 199__

RE: _____ (Name of Shopping Center)

Ladies and Gentlemen:

The undersigned (Tenant) has been advised you may purchase the above Shopping Center, and we hereby confirm to you that:

- The undersigned is the Tenant of _____, Landlord, in the above Shopping Center, and is currently in possession and paying rent on premises known as Store No. _____ [or Address: _____], and containing approximately _____ square feet, under the terms of the lease dated _____, which has (not) been amended by amendment dated _____ (the "Lease"). There are no other written or oral agreements between Tenant and Landlord. Tenant neither expects nor has been promised any inducement, concession or consideration for entering into the Lease, except as stated therein, and there are no side agreements or understandings between Landlord and Tenant.

2. The term of the Lease commenced on _____, expiring on _____, with options to extend of _____ (_____) years each.
3. As of _____, monthly minimum rental is \$_____ a month.
4. Tenant is required to pay its pro rata share of Common Area Expenses and its pro rata share of the Center's real property taxes and insurance cost. Current additional monthly payments for expense reimbursement total \$_____ per month for common area maintenance, property insurance and real estate taxes.
5. Tenant has given [no security deposit] [a security deposit of \$_____].
 6. No payments by Tenant under the Lease have been made for more than one (1) month in advance, and minimum rents and other charges under the Lease are current.
 7. All matters of an inducement nature and all obligations of the Landlord under the Lease concerning the construction of the Tenant's premises and development of the Shopping Center, including without limitation, parking requirements, have been performed by Landlord.
 8. The Lease contains no first right of refusal, option to expand, option to terminate, or exclusive business rights, except as follows:
 9. Tenant knows of no default by either Landlord or Tenant under the Lease, and knows of no situations which, with notice or the passage of time, or both, would constitute a default. Tenant has no rights to off-set or defense against Landlord as of the date hereof.
10. The undersigned has not entered into any sublease, assignment or any other agreement transferring any of its interest in the Lease or the Premises except as follows:
 11. Tenant has not generated, used, stored, spilled, disposed of, or released any hazardous substances at, on or in the Premises. "Hazardous Substances" means any flammable, explosive, toxic, carcinogenic, mutagenic, or corrosive substance or waste, including volatile petroleum products and derivatives and drycleaning solvents. To the best of Tenant's knowledge, no asbestos or polychlorinated biphenyl ("PCB") is located at, on or in the Premises. the term "Hazardous Substances" does not include those materials which are technically within the definition set forth above but which are contained in pre-packaged office supplies, cleaning materials or personal grooming items or other items which are sold for consumer or commercial use and typically used in other similar buildings or space.

The undersigned makes this statement for your benefit and protection with the understanding that you intend to rely upon this statement in connection with your intended purchase of the above described Premises from Landlord. The undersigned agrees that it will, upon receipt of written notice from Landlord, commence to pay all rents to you or to any Agent acting on your behalf.

Very truly yours,

(Tenant)

Mailing Address:

By:

Its:

EXHIBIT A TO ESTOPPEL
LEASE

EXHIBIT J
LIST OF TENANTS

PURCHASE AND SALE AGREEMENT

THIS AGREEMENT is made as of the 7th day of November, 1996, between DURHAM WOODCROFT ASSOCIATES LIMITED PARTNERSHIP, a North Carolina limited partnership ("Seller"), and RRC ACQUISITIONS, INC., a Florida corporation ("Buyer").

Background

Buyer wishes to purchase a shopping center in the City of Durham, State of North Carolina, owned by Seller, known as the Woodcroft Shopping Center (the "Shopping Center");

Seller wishes to sell the Shopping Center to Buyer;

In consideration of the mutual agreements herein, and other good and valuable consideration, the receipt of which is hereby acknowledged, Seller agrees to sell and Buyer agrees to purchase the Property (as hereinafter defined) on the following terms and conditions:

1. DEFINITIONS

As used in this Agreement, the following terms shall have the following meanings:

1.1 Agreement means this instrument as it may be amended from time to time.

1.2 Allocation Date means the close of business on the day immediately prior to the Closing Date.

1.3 Audit Representation Letter means the form of Audit Representation Letter attached hereto as Exhibit 1.3.

1.4 Buyer means the party identified as Buyer on the initial page hereof.

1.5 Closing means generally the execution and delivery of those documents and funds necessary to effect the sale of the Property by Seller to Buyer.

1.6 Closing Date means the date on which the Closing occurs.

1.7 Contracts means all service contracts, agreements or other instruments to be assigned by Seller to Buyer at Closing.

1.8 Day means a business day, whether or not the term is capitalized.

1.9 Earnest Money Deposit means the deposit delivered by Buyer to Escrow Agent prior to the Closing under Section 2.2 of this Agreement, together with the earnings thereon, if any.

1.10 Environmental Claim means any investigation, notice, violation, demand, allegation, action, suit, injunction, judgment, order, consent decree, penalty, fine, lien, proceeding, or claim (whether administrative, judicial, or private in nature) arising (a) pursuant to, or in connection with, an actual or alleged violation of, any Environmental Law, (b) in connection with any Hazardous Material or actual or alleged Hazardous Material Activity, (c) from any abatement, removal, remedial, corrective, or other response action in connection with a Hazardous Material, Environmental Law or other order of a governmental authority or (d) from any actual or alleged damage, injury, threat, or harm to health, safety, natural resources, or the environment.

1.11 Environmental Law means any current legal requirement in effect at the Closing Date pertaining to (a) the protection of health, safety, and the indoor or outdoor environment, (b) the conservation, management, protection or use of natural resources and wildlife, (c) the protection or use of source water and groundwater, (d) the management, manufacture, possession, presence, use, generation, transportation, treatment, storage, disposal, Release, threatened Release, abatement, removal, remediation or handling of, or exposure to, any Hazardous Material or (e) pollution (including any Release to air, land, surface

water, and groundwater); and includes, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986, 42 USC 9601 et seq., Solid Waste Disposal Act, as amended by the Resource Conservation Act of 1976 and Hazardous and Solid Waste Amendments of 1984, 42 USC 6901 et seq., Federal Water Pollution Control Act, as amended by the Clean Water Act of 1977, 33 USC 1251 et seq., Clean Air Act of 1966, as amended, 42 USC 7401 et seq., Toxic Substances Control Act of 1976, 15 USC 2601 et seq., Hazardous Materials Transportation Act, 49 USC App. 1801, Occupational Safety and Health Act of 1970, as amended, 29 USC 651 et seq., Oil Pollution Act of 1990, 33 USC 2701 et seq., Emergency Planning and Community Right-to-Know Act of 1986, 42 USC App. 11001 et seq., National Environmental Policy Act of 1969, 42 USC 4321 et seq., Safe Drinking Water Act of 1974, as amended by 42 USC 300(f) et seq., and any similar, implementing or successor law, any amendment, rule, regulation, order or directive, issued thereunder.

1.12 Escrow Agent means Ulmer, Murchison, Ashby & Taylor, Attorneys, whose address is Suite 1600, SunTrust Building, 200 West Forsyth Street, Jacksonville, Florida 32202 (Fax 904/354-9100), or any successor Escrow Agent.

1.13 Governmental Approval means any permit, license, variance, certificate, consent, letter, clearance, closure, exemption, decision, action or approval of a governmental authority.

1.14 Hazardous Material means any petroleum, petroleum product, drycleaning solvent or chemical, biological or medical waste, "sharps" or any other hazardous or toxic substance as defined in or regulated by any Environmental Law in effect at the pertinent date or dates.

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1.15 Hazardous Material Activity means any activity, event, or occurrence at or prior to the Closing Date involving a Hazardous Material, including, without limitation, the manufacture, possession, presence, use, generation, transportation, treatment, storage, disposal, Release, threatened Release, abatement, removal, remediation, handling or corrective or response action to any Hazardous Material.

1.16 Improvements means any buildings, structures or other improvements situated on the Real Property, including but not limited to store buildings containing approximately 85,353 square feet of leasable area, and paved parking areas containing approximately 321 parking spaces.

1.17 Inspection Period means the period of time which expires at the end of business on the forty-fifth (45th) day after the date of execution by the last of Buyer or Seller to execute this Agreement and transmit a copy thereof to the other. If such expiration date is a weekend or national holiday, the inspection period shall expire at the end of business on the next immediately succeeding business day.

1.18 Leases means all leases and other occupancy agreements permitting persons to lease or occupy all or a portion of the Property.

1.19 Materials means all plans, drawings, specifications, soil test reports, environmental reports, market studies, surveys, and similar documentation, if any, owned by or in the possession of Seller with respect to the Property, Improvements and any proposed improvements to the Property, which Seller may lawfully transfer to Buyer except that, as to financial and other records, Materials shall include only photostatic copies.

1.20 Permitted Exceptions means only the following interests, liens and encumbrances:

- (a) Liens for ad valorem taxes not payable on or before Closing;
- (b) Rights of tenants under Leases; and
- (c) Other matters determined by Buyer to be acceptable.

1.21 Personal Property means all (a) sprinkler, plumbing, heating,

air-conditioning, electric power or lighting, incinerating, ventilating and cooling systems, with each of their respective appurtenant furnaces, boilers, engines, motors, dynamos, radiators, pipes, wiring and other apparatus, equipment and fixtures, elevators, partitions, fire prevention and extinguishing systems located in or on the Improvements, (b) all Materials, and (c) all other personal property used in connection with the Improvements, provided the same are now owned or are acquired by Seller prior to the Closing.

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1.22 Property means collectively the Real Property, the Improvements and the Personal Property.

1.23 Prorated means the allocation of items of expense or income between Buyer and Seller based upon that percentage of the time period as to which such item of expense or income relates which has expired as of the date at which the proration is to be made.

1.24 Purchase Price means the consideration agreed to be paid by Buyer to Seller for the purchase of the Property as set forth in Section 2.1 (subject to adjustments as provided herein).

1.25 Real Property means a parcel of land containing approximately 12.613 acres located at the northeast corner of the intersection of NC Highway 54 and Hope Valley Road, in the City of Durham, County of Durham, North Carolina, more particularly described on Exhibit 1.25, together with all easements, licenses, privileges, rights of way and other appurtenances pertaining to or accruing to the benefit of such lands.

1.26 Release means any spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, or disposing into the indoor or outdoor environment, including, without limitation, the abandonment or discarding of barrels, drums, containers, tanks, and other receptacles containing or previously containing any Hazardous Material at or prior to the Closing Date.

1.27 Rent Roll means the list of Leases attached hereto as Exhibit 1.27, identifying with particularity the space leased by each tenant, the term (including extensions), square footage and applicable rent, common area maintenance, tax and other reimbursements, security deposits and similar data.

1.28 Seller means the party identified as Seller on the initial page hereof.

1.29 Seller Financial Statements means the unaudited statements of income, expense and cash flow, and, if available, balance sheets, for the Property, as of and for the two (2) calendar years next preceding the date of this Agreement and all monthly reports of income, expense and cash flow prepared by Seller for the Property, which shall be consistent with past practice for any period beginning after the latest of such calendar years, and ending prior to Closing.

1.30 Shopping Center means the Shopping Center identified on the initial page hereof which is located on the Real Property.

1.31 Survey means a survey of the Real Property which shall comply with Minimum Standard Detail Requirements for ALTA/ACSM Land Title Surveys, jointly established and adopted by ALTA and ACSM in 1992, and includes items 1, 2, 3, 4, 6, 7, 8, 9, 10 and 11 of Table "A" thereof, which meets the accuracy standards (as adopted by ALTA and ACSM and

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in effect on the date of the Survey) of an urban survey, which is dated not earlier than thirty (30) days prior to the Closing, and which is certified to Buyer, Seller, the Title Insurance company providing Title Insurance to Buyer, and Buyer's lender, and dated as of the date the Survey was made.

1.32 Tenant Estoppel Letter means a letter or other certificate from a tenant certifying as to certain matters regarding such tenant's Lease, in substantially the same form as attached hereto as Exhibit 1.32, or in the case of national or regional "credit" tenants identified as such on the Rent Roll, the form customarily used by such tenant provided the information disclosed is acceptable to Buyer.

1.33 Title Defect means any exception in the Title Insurance Commitment or any matter disclosed by the Survey, other than a Permitted Exception.

1.34 Title Insurance means an ALTA Form B Owners Policy of Title Insurance for the full Purchase Price insuring marketable title in Buyer in fee simple, subject only to the Permitted Exceptions, issued by a title insurer acceptable to Buyer.

1.35 Title Insurance Commitment means a binder whereby the title insurer agrees to issue the Title Insurance to Buyer.

1.36 Transaction Documents means this Agreement, the deed conveying the Property, the assignment of leases, the bill of sale conveying the Personal Property and all other documents required or appropriate in connection with the transactions contemplated hereby.

2. PURCHASE PRICE AND PAYMENT

2.1 Purchase Price; Payment.

(a) Purchase Price and Terms. The total Purchase Price for the Property shall be \$6,550,000. The Purchase Price shall be payable in cash at Closing.

(b) Adjustments to the Purchase Price. The Purchase Price shall be adjusted as of the Closing Date by:

(1) prorating the Closing year's real and tangible personal property taxes as of the Allocation Date (if the amount of the current year's property taxes are not available, such taxes will be prorated based upon the prior year's assessment);

(2) prorating as of the Allocation Date cash receipts and expenditures for the Shopping Center and other items customarily prorated in transactions of this sort; and

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(3) subtracting the amount of security deposits, prepaid rents from tenants under the Leases (prorated as of the Allocation Date), and credit balances, if any, of any tenants. Any rents, percentage rents or tenant reimbursements payable after the Allocation Date but applicable to periods on or prior to the Allocation Date shall be remitted to Seller by Buyer within ten (10) days after receipt. Buyer shall have no obligation to collect delinquencies, but should Buyer collect any delinquent rents or other sums which cover periods prior to the Allocation Date and for which Seller have received no proration or credit, Buyer shall remit same to Seller within ten (10) days after receipt, less any costs of collection. Buyer will not interfere in Seller's efforts to collect sums due it prior to the Closing. Seller will remit to Buyer promptly after receipt any rents, percentage rents or tenant reimbursements received by Seller after Closing which are attributable to periods occurring after the Allocation Date. Undesignated receipts after Closing of either Buyer or Seller from tenants in the Shopping Center shall be applied first to then current rents and reimbursements for such tenant(s), then to delinquent rents and reimbursements attributable to post-Allocation Date periods, and then to pre-Allocation Date periods.

2.2 Earnest Money Deposit. An Earnest Money Deposit in the amount of \$25,000 shall be delivered to Escrow Agent within three (3) days after the date of execution by the last of Buyer or Seller to execute and transmit a copy of this Agreement to the other. This Agreement may be terminated by Seller if the Earnest Money Deposit is not received by Escrow Agent by such deadline. The Earnest Money Deposit paid by Buyer shall be held as specifically provided in

this Agreement and shall be applied to the Purchase Price at the Closing.

2.3 Closing Costs.

(a) Seller shall pay:

(1) Documentary stamp and other transfer taxes imposed upon the transactions contemplated hereby;

(2) Cost of satisfying any liens on the Property;

(3) The costs, if any, of curing title defects and recording any curative title documents;

(4) All broker's commissions, finders' fees and similar expenses incurred by either party in connection with the sale of the Property, subject however to Buyer's indemnity given in Section 5.3 of this Agreement; and

(5) Seller's attorneys' fees relating to the sale of the Property.

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(b) Buyer shall pay:

(1) Cost of Buyer's due diligence inspection;

(2) Costs of the Survey and of the environmental site assessments to be obtained by Buyer;

(3) Cost of recording the deed;

(4) Title insurance premium for the policy to be issued at Closing, including the fees of the certifying attorney; and

(5) Buyer's attorneys' fees.

3. INSPECTION PERIOD AND CLOSING

3.1 Inspection Period.

(a) Buyer agrees that it will have the Inspection Period to physically inspect the Property, review the economic data, underwrite the tenants and review their leases, and to otherwise conduct its due diligence review of the Property and all books, records and accounts of Seller related thereto, provided Buyer and its representatives do not unreasonably interfere with the operation of the Shopping Center. Buyer hereby agrees to indemnify and hold Seller harmless from any damages, liabilities or claims for property damage or personal injury arising out of such inspection and investigation by Buyer or its agents or independent contractors. Within the Inspection Period, Buyer may, in its sole discretion and for any reason or no reason, elect to go forward with this Agreement to closing, which election shall be made by notice to Seller given within the Inspection Period. If such notice is not timely given, this Agreement and all rights, duties and obligations of Buyer and Seller hereunder, except any which expressly survive termination, shall terminate and Escrow Agent shall forthwith return to Buyer the Earnest Money Deposit. If Buyer so elects to go forward, the Earnest Money Deposit shall not be refundable except upon the terms otherwise set forth herein.

(b) Subject to the provisions of Section 3.1(a), Buyer, through its officers, employees and other authorized representatives, shall have the right to reasonable access to the Property and all records of Seller related thereto, including without limitation all Leases and Seller Financial Statements, at reasonable times during the Inspection Period for the purpose of inspecting the Property, taking soil borings, conducting Hazardous Materials inspections, reviewing the books and records of Seller concerning the Property and otherwise conducting its due diligence review of the Property. Seller shall cooperate with and assist Buyer in making such inspections and reviews. Seller shall give Buyer any authorizations which may be required by Buyer in order to gain access to records or other information pertaining to the Property or the use thereof

maintained by any governmental or quasi-governmental authority or organization. Buyer, for itself and its agents, agrees not to enter into

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any contract with existing tenants without the written consent of Seller if such contract would be binding upon Seller should this transaction fail to close. Buyer shall have the right to have due diligence interviews and other discussions or negotiations with tenants.

(c) Buyer, through its officers or other authorized representatives, shall have the right to reasonable access to all Materials (other than privileged or confidential litigation materials) for the purpose of reviewing and copying the same. All such information shall be held confidential by Buyer and its representatives, and shall be returned to Seller if the sale of the Shopping Center does not close.

3.2 Hazardous Material. Prior to the end of the Inspection Period Buyer may order an environmental assessment of the Property, and a copy of any assessment report, if made, shall be furnished by Buyer to Seller promptly upon its completion. If the assessment report discloses the existence of any Hazardous Material or any other matters concerning the environmental condition of the Property or its environs, Buyer may notify Seller in writing, within five (5) business days after receipt of the assessment report that it elects to terminate this Agreement, whereupon this Agreement shall terminate and Escrow Agent shall return to Buyer its Earnest Money Deposit.

3.3 Time and Place of Closing. Unless otherwise agreed by the parties, the Closing shall take place at the offices of Escrow Agent at 10:00 A.M. on or before December 17, 1996, provided that Buyer may designate an earlier date for Closing.

4. WARRANTIES, REPRESENTATIONS AND COVENANTS OF SELLER

Seller warrants and represents as follows as of the date of this Agreement and as of the Closing and where indicated covenants and agrees as follows:

4.1 Organization; Authority. Seller is duly organized, validly existing and in good standing under the laws of the State of North Carolina, and has full power and authority to enter into and perform this Agreement in accordance with its terms, and the persons executing this Agreement and other Transaction Documents have been duly authorized to do so on behalf of Seller. Seller is not a "foreign person" under Sections 1445 or 897 of the Internal Revenue Code nor is this transaction subject to any withholding under any state or federal law.

4.2 Authorization; Validity. The execution and delivery of this Agreement by Seller and Seller's consummation of the transactions contemplated by this Agreement have been duly and validly authorized. This Agreement constitutes a legal, valid and binding agreement of Seller enforceable against it in accordance with its terms.

4.3 Title. On the Closing Date Seller will own in fee simple all of the Property, subject only to the Permitted Exceptions. Seller represents to Buyer that Seller currently ground leases the Real Property from Paine Webber Qualified Plan Property Fund Three, L.P., and owns the Improvements and Personal Property in fee simple. The interest of the ground

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lessor shall be acquired by Seller and conveyed to Buyer without additional cost to Buyer at Closing, subject however to Section 8.3 hereof.

4.4 Commissions. Seller has neither dealt with nor does it have any knowledge of any broker or other party who has or may have any claim against Seller, Buyer or the Property for a brokerage commission or finder's fee or like payment arising out of or in connection with the transaction provided herein except for Lat Purser & Associates, Inc. (the individual broker being Rob

Carter), and Seller agrees to indemnify Buyer from any such claim arising by, through or under Seller.

4.5 Sale Agreements. The Property is not subject to any outstanding agreement(s) of sale, option(s), or other right(s) of third parties to acquire any interest therein, except for Permitted Exceptions and this Agreement.

4.6 Litigation. There is no litigation or proceeding pending, or to the best of Seller's knowledge, threatened against Seller relating to the Property.

4.7 Leases. There are no Leases affecting the Property, oral or written, except as listed on the Rent Roll, and any Leases or modifications entered into between the date of this Agreement and the Closing Date with the consent of Buyer. Copies of the Leases, which have been delivered to Buyer or shall be delivered to Buyer within five (5) days from the date hereof, are, to the best knowledge of Seller, true, correct and complete copies thereof, subject to the matters set forth on the Rent Roll. Between the date hereof and the Closing Date, Seller will not terminate or modify existing Leases or enter into any new Leases without the consent of Buyer. All of the Property's tenant leases are in good standing and to the best of Seller's knowledge no defaults exist thereunder except as noted on the Rent Roll. No rent or reimbursement has been paid more than one (1) month in advance and no security deposit has been paid, except as stated on the Rent Roll. No tenants under the Leases are entitled to interest on any security deposits. No tenant under any Lease has or will be promised any inducement, concession or consideration by Seller other than as expressly stated in such Lease, and except as stated therein there are and will be no side agreements between Seller and any tenant.

4.8 Financial Statements. Each of the Seller Financial Statements delivered or to be delivered to Buyer hereunder has or will have been prepared in accordance with the books and records of Seller and presents fairly in all material respects the financial condition, results of operations and cash flows for the Property as of and for the periods to which they relate. All are in conformity with accounting principles generally used in the shopping center industry, applied on a consistent basis. There has been no material adverse change in the operations of the Property or its prospects since the date of the most recent Seller Financial Statements. Seller covenants to furnish promptly to Buyer copies of the Seller Financial Statements together with unaudited updated monthly reports of cash flow for interim periods beginning after December 31, 1995. Buyer and its independent certified accountants shall be given access to Seller's books and records at any time prior to and for six (6) months following

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Closing upon reasonable advance notice in order that they may verify the financial statements prior to Closing. Seller agrees to execute and deliver to Buyer or its accountants the Audit Representation Letter should Buyer's accountants audit the records of the Shopping Center.

4.9 Contracts. Except for Leases and Permitted Exceptions, there are no management, service, maintenance, utility or other contracts or agreements affecting the Property, oral or written, which extend beyond the Closing Date and which would bind Buyer or encumber the Property, at Buyer's option, more than thirty (30) days after Closing. All such Contracts are in full force and effect in accordance with their respective terms, and all obligations of Seller under the Contracts required to be performed to date have been performed in all material respects; no party to any Contract has asserted any claim of default or offset against Seller with respect thereto and no event has occurred or failed to occur, which would in any way affect the validity or enforceability of any such Contract; and the copies of the Contracts delivered to Buyer prior to the date hereof are true, correct and complete copies thereof. Between the date hereof and the Closing, Seller covenants to fulfill all of its obligations under all Contracts, and covenants not to terminate or modify any such Contracts or enter into any new contractual obligations relating to the Property without the consent of Buyer (not to be unreasonably withheld) except such obligations as are freely terminable without penalty by Seller upon not more than thirty (30) days' written notice.

4.10 Maintenance and Operation of Property. From and after the date hereof and until the Closing, Seller covenants to keep and maintain and operate the Property substantially in the manner in which it is currently being maintained

and operated and covenants not to cause or permit any waste of the Property nor undertake any action with respect to the operation thereof outside the ordinary course of business without Buyer's prior written consent. In connection therewith, Seller covenants to make all necessary repairs and replacements until the Closing so that the Property shall be of substantially the same quality and condition at the time of Closing as on the date hereof. Seller covenants not to remove from the Improvements or the Real Property any article included in the Personal Property, unless replaced with article(s) of comparable quality. Seller covenants to maintain through the Closing Date such casualty and liability insurance on the Property as it is presently being maintained.

4.11 Permits and Zoning. To the best knowledge of Seller, there are no material permits and licenses (collectively referred to as "Permits") required to be issued to Seller by any governmental body, agency or department having jurisdiction over the Property which materially affect the ownership or the use thereof which have not been issued. To the best knowledge of Seller, the Property is properly zoned for its present use as a retail shopping center. There are no outstanding assessments, impact fees or other charges related to the Property.

4.12 Rent Roll; Tenant Estoppel Letters. The Rent Roll is true and correct in all respects. Seller agrees to use its best reasonable efforts to obtain current Tenant Estoppel Letters acceptable to Buyer from all Tenants under Leases, which Tenant Estoppel Letters shall

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confirm the matters reflected by the Rent Roll as to the particular tenant and shall be otherwise acceptable to Buyer in all respects.

4.13 Condemnation. Neither the whole nor any portion of the Property, including access thereto or any easement benefitting the Property, is subject to temporary requisition of use by any governmental authority or has been condemned, or taken in any proceeding similar to a condemnation proceeding, nor is there now pending any condemnation, expropriation, requisition or similar proceeding against the Property or any portion thereof. Seller has received no notice nor has any knowledge that any such proceeding is contemplated.

4.14 Governmental Matters. Seller has not entered into any commitments or agreements with any governmental authorities or agencies affecting the Property that have not been disclosed in writing to Buyer and Seller has received no notices from any such governmental authorities or agencies of uncured violations at the Property of building, fire, air pollution or zoning codes, rules, ordinances or regulations, environmental and hazardous substances laws, or other rules, ordinances or regulations relating to the Property. Seller shall be responsible for the remittance of all sales tax for periods occurring prior to the Allocation Date directly to the appropriate state department of revenue.

4.15 Repairs. Seller has received no notice of any requirements or recommendations by any lender, insurance companies, or governmental body or agencies requiring or recommending any repairs or work to be done on the Property which have not already been completed.

4.16 Consents and Approvals; No Violation. Neither the execution and delivery of this Agreement by Seller nor the consummation by Seller of the transactions contemplated hereby will (a) require Seller to file or register with, notify, or obtain any permit, authorization, consent, or approval of, any governmental or regulatory authority; (b) conflict with or breach any provision of the organizational documents of Seller; (c) violate or breach any provision of, or constitute a default (or an event which, with notice or lapse of time or both, would constitute a default) under, any note, bond, mortgage, indenture, deed of trust, license, franchise, permit, lease, contract, agreement or other instrument, commitment or obligation to which Seller is a party, or by which Seller, the Property or any of Seller's material assets may be bound except as provided in Section 8.3; or (d) violate any order, writ, injunction, decree, judgment, statute, law or ruling of any court or governmental authority applicable to Seller, the Property or any of Seller's material assets.

4.17 Environmental Matters.

(a) Seller represents and warrants as of the date hereof and as of the Closing that:

(1) Seller has not, and has no knowledge of any other person who has, caused any Release, threatened Release, or disposal of any Hazardous Material at the Property in any material quantity;

(2) The Property does not now contain and to the best of Seller's knowledge has not contained any: (a) underground storage tank, (b) material amounts of asbestos-containing building material, (c) landfills or dumps, (d) drycleaning plant or other facility using drycleaning solvents; or (e) hazardous waste management facility as defined pursuant to the Resource Conservation and Recovery Act ("RCRA") or any comparable state law. The Property is not a site on or nominated for the National Priority List promulgated pursuant to Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA") or any state remedial priority list promulgated or published pursuant to any comparable state law; and

(3) There are to the best of Seller's knowledge no conditions or circumstances at the Property which pose a risk to the environment or the health or safety of persons.

(b) Seller shall indemnify, hold harmless, and hereby waives any claim for contribution against Buyer for any damages to the extent they arise from the inaccuracy or breach of any representation or warranty by Seller in this Section 4.17. This indemnity shall survive Closing for a period of three (3) months, and shall be in addition to the post-closing indemnities contained in Section 10.01.

(c) It is expressly understood and agreed that the representations and warranties in this Section 4.17 are limited to the actual knowledge of James T. Cobb, who is the general partner of the general partner of Seller and who has personal knowledge of and management responsibility for the Property.

4.18 No Untrue Statement. Neither this Agreement nor any exhibit nor any written statement or Transaction Document furnished or to be furnished by Seller to Buyer in connection with the transactions contemplated by this Agreement contains or will contain any untrue statement of material fact or omits or will omit any material fact necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading.

4.19 Property Conveyed "As Is". Except as expressly set forth in this Agreement the Property is being sold and conveyed to Buyer "as is" and "with all faults". Except as expressly stated in this Agreement, Seller has not made, does not make, and hereby disclaims any and all express or implied representations and warranties regarding or relating to: the condition of the Shopping Center, the Improvements or the Personal Property; their suitability for any particular purpose; the susceptibility to flooding of the Real Property; the value of the Shopping Center; the layout or leasable square footage of the Improvements; the projected income or expenses of the Shopping Center for periods after the Closing Date; use and

occupancy restrictions applicable to the Shopping Center; the current manner of operation of the Shopping Center; and all matters affecting or relating to the Shopping Center. Buyer acknowledges that, except as expressly set forth in this Article 4, and as may be set forth in the closing documents, no such representations or warranties, express or implied, have been made by Seller, or by any other person representing or purporting to represent Seller. In agreeing to purchase the Shopping Center "as is" and without representation or warranty, express or implied, except as expressly set forth in this Agreement, Buyer acknowledges and represents that it has factored the "as is" condition of the Shopping Center into the price it has hereby agreed to pay for the Property, subject however to its findings during the Inspection Period, and any conclusions it may make as a consequence thereof.

5. WARRANTIES, REPRESENTATIONS AND COVENANTS OF BUYER

Buyer hereby warrants and represents as of the date of this Agreement and as of the Closing and where indicated covenants and agrees as follows:

5.1 Organization; Authority. Buyer is a corporation duly organized, validly existing and in good standing under laws of Florida and has full power and authority to enter into and perform this Agreement in accordance with its terms, and the persons executing this Agreement and other Transaction Documents on behalf of Buyer have been duly authorized to do so.

5.2 Authorization; Validity. The execution, delivery and performance of this Agreement and the other Transaction Documents have been duly and validly authorized by the Board of Directors of Buyer. This Agreement has been duly and validly executed and delivered by Buyer and (assuming the valid execution and delivery of this Agreement by Seller) constitutes a legal, valid and binding agreement of Buyer enforceable against it in accordance with its terms.

5.3 Commissions. Buyer has neither dealt with nor does it have any knowledge of any broker or other party who has or may have any claim against Buyer or Seller for a brokerage commission or finder's fee or like payment arising out of or in connection with the transaction provided herein except Lat Purser & Associates, Inc., and its employee Rob Carter, whose commission shall be paid by Seller; and Buyer agrees to indemnify Seller from any other such claim arising by, through or under Buyer.

6. POSSESSION; RISK OF LOSS

6.1 Possession. Possession of the Property will be transferred to Buyer at the conclusion of the Closing.

6.2 Risk of Loss. All risk of loss to the Property shall remain upon Seller until the conclusion of the Closing. If, before the possession of the Property has been transferred to Buyer, any material portion of the Property is damaged by fire or other casualty and will not

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be restored by the Closing Date or if any material portion of the Property is taken by eminent domain or there is a material obstruction of access to the Improvements by virtue of a taking by eminent domain, Seller shall, within ten (10) days of such damage or taking, notify Buyer thereof and Buyer shall have the option to:

(a) terminate this Agreement upon notice to Seller given within ten (10) business days after such notice from Seller, in which case Buyer shall receive a return of its Earnest Money Deposit; or

(b) proceed with the purchase of the Property, in which event Seller shall assign to Buyer all Seller's right, title and interest in all amounts due or collected by Seller under the insurance policies or as condemnation awards. In such event, the Purchase Price shall be reduced by the amount of any insurance deductible to the extent it reduced the insurance proceeds payable.

7. TITLE MATTERS

7.1 Title.

(a) Title Insurance. Prior to the end of the Inspection Period Buyer shall order the Title Insurance Commitment from Chicago Title Insurance Company and the Survey from a reputable surveyor familiar with the Property (Seller agreeing to furnish to Buyer copies of any existing surveys and title information in its possession promptly after execution of this Agreement). Buyer will have until the expiration of the Inspection Period to notify Seller in writing of any Title Defects, encroachments or other matters not acceptable to Buyer which are not permitted by this Agreement. Any Title Defect or other objection disclosed by the Title Insurance Commitment (other than liens removable by the payment of money) or the Survey which is not timely specified in Buyer's written notice to Seller of Title Defects shall be deemed a Permitted Exception. Seller shall notify Buyer in writing within five (5) days of Buyer's

notice if Seller intends to cure any Title Defect or other objection. If Seller elects to cure, Seller shall use diligent efforts to cure the Title Defects and/or objections by the Closing Date (as it may be extended). If Seller elects not to cure or if such Title Defects and/or objections are not cured, Buyer shall have the right, in lieu of any other remedies, to: (i) refuse to purchase the Property, terminate this Agreement and receive a return of the Earnest Money Deposit; or (ii) waive such Title Defects and/or objections and close the purchase of the Property subject to them.

(b) Miscellaneous Title Matters. If a search of the title discloses judgments, bankruptcies or other returns against other persons having names the same as or similar to that of Seller, Seller shall on request deliver to Buyer an affidavit stating, if true, that such judgments, bankruptcies or the returns are not against Seller. Seller further agrees to execute and deliver to the Title Insurance agent at Closing such documentation, if any, as the Title Insurance underwriter shall reasonably require to evidence that the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been

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duly authorized and that there are no mechanics' liens on the Property or parties in possession of the Property other than tenants under Leases and Seller.

8. CONDITIONS PRECEDENT

8.1 Conditions Precedent to Buyer's Obligations. The obligations of Buyer under this Agreement are subject to satisfaction or waiver by Buyer of each of the following conditions or requirements on or before the Closing Date:

(a) Seller's warranties and representations under this Agreement shall be true and correct as of the Closing Date, and Seller shall not be in default hereunder.

(b) All obligations of Seller contained in this Agreement, shall have been fully performed in all material respects and Seller shall not be in default under any covenant, restriction, right-of-way or easement affecting the Property.

(c) There shall have been no material adverse change in the Property, its operations or future prospects, the Leases or the financial condition of tenants leasing space in the Property.

(d) A Title Insurance Commitment in the full amount of the Purchase Price shall have been issued and "marked down" through Closing, subject only to Permitted Exceptions.

(e) The physical and environmental condition of the Property shall be unchanged from the date of this Agreement, ordinary wear and tear excepted.

(f) Seller shall have delivered to Buyer the following in form reasonably satisfactory to Buyer:

(1) A special warranty deed or deeds in proper form for recording, duly executed and acknowledged so as to convey to Buyer the entire fee simple title to the Property, subject only to the Permitted Exceptions;

(2) Originals, if available, or if not, true copies of the Leases and of the contracts, agreements, permits and licenses, and such Materials as may be in the possession or control of Seller;

(3) A blanket assignment to Buyer of all Leases and Contracts, including an indemnity against breach of such instruments by Seller prior to the Closing Date;

(4) A bill of sale with respect to the Personal Property and Materials;

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(5) A current rent roll for all Leases in effect showing no changes from the rent roll attached to this Agreement other than those set forth in the Leases or approved in writing by Buyer;

(6) All Tenant Estoppel Letters obtained by Seller, which must include Food Lion, Kerr Drugs, True Value Hardware, Sushi House Yama and Video Plaza and eighty percent (80%) of the other tenants who have signed leases for any portion of the Property, without any material exceptions, covenants, or changes to the form approved by Buyer and distributed to the tenants by Seller, the substance of which Tenant Estoppel Letters must be acceptable to Buyer in all respects;

(7) A general assignment of all assignable existing warranties relating to the Property;

(8) An owner's affidavit, non-foreign affidavits, non-tax withholding certificates and such other documents as may reasonably be required by Buyer or its counsel in order to effectuate the provisions of this Agreement and the transactions contemplated herein;

(9) The originals or copies of any real and tangible personal property tax bills for the Property for the tax year of Closing and the previous year, and, if requested, the originals or copies of any current water, sewer and utility bills which are in Seller's custody or control;

(10) Resolutions of Seller authorizing the transactions described herein;

(11) All keys and other means of access to the Improvements in the possession of Seller or its agents;

(12) Materials; and

(13) Such other documents as Buyer may reasonably request to effect the transactions contemplated by this Agreement.

In the event that all of the foregoing provisions of this Section 8.1 are not satisfied and Buyer elects in writing to terminate this Agreement, then the Earnest Money Deposit shall be promptly delivered to Buyer by Escrow Agent and, upon the making of such delivery, neither party shall have any further claim against the other by reasons of this Agreement, except as provided in Article 9.

8.2 Conditions Precedent to Seller's Obligations. The obligations of Seller under this Agreement are subject to satisfaction or waiver by Seller of each of the following conditions or requirements on or before the Closing date:

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(a) Buyer's warranties and representations under this Agreement shall be true and correct as of the Closing Date, and Buyer shall not be in default hereunder.

(b) All of the obligations of Buyer contained in this Agreement shall have been fully performed by or on the date of Closing in compliance with the terms and provisions of this Agreement.

(c) Buyer shall have delivered to Seller at or prior to the Closing the following, which shall be reasonably satisfactory to Seller:

(1) Delivery and/or payment of the balance of the Purchase Price in accordance with Section 2.1 at Closing;

(2) An assumption agreement, pursuant to which Buyer shall assume the obligations of Seller under the Leases and the Contracts that are

being assumed by Buyer, and by which Buyer shall indemnify Seller against any and all claims, actions, charges, expenses (including, without limitation, attorney's fees and court costs) and liabilities relating to the Leases or the assumed Contracts arising in connection with acts or omissions occurring after the Closing Date; and pursuant to which Seller shall indemnify Buyer in a reciprocal fashion for all such matters arising prior to the Closing Date;

(3) A certified copy of the Articles of Incorporation and Bylaws of Buyer, or its acquiring affiliate, as well as a copy of Buyer's or Buyer's acquiring affiliate's Certificate of Authority, duly filed with the North Carolina Secretary of State;

(4) A copy of any resolution required under the terms of the Bylaws of Buyer or Buyer's acquiring affiliate authorizing certain officers of Buyer or of such affiliate to execute and deliver the closing documents required by this Section 8.2;

(5) Such other documents as Seller may reasonably request to effect the transactions contemplated by this Agreement.

In the event that all conditions precedent to Buyer's obligation to purchase shall have been satisfied but the foregoing provisions of this Section 8.2 have not, and Seller elects in writing to terminate this Agreement, then the Earnest Money Deposit shall be promptly delivered to Seller by Escrow Agent and, upon the making of such delivery, neither party shall have any further claim against the other by reasons of this Agreement, except as provided in Article 9.

8.3 Special Condition. Seller's obligations under this Agreement shall be conditioned upon the receipt by Seller, on or before November 15, 1996, of the written approval of the Paine Webber Properties Investment Committee to accept \$5,485,000 as payment in full of all obligations of Seller under the ground lease and first deed of trust covering the Shopping Center. Seller agrees to use reasonable good faith efforts to obtain that

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approval, Seller shall have the right, exercisable by delivery of written notice to Buyer on or before November 20, 1996, to terminate this Agreement, and upon such termination, the Deposit and all interest, if any, earned thereon shall be returned to Buyer and this Agreement shall be deemed null and void. If Seller fails to delivery such written notice of termination in a timely manner, Seller shall be deemed to have waived the condition set forth in this Section 8.3.

8.4 Best Efforts. Each of the parties hereto agrees to use reasonable best efforts to take or cause to be taken all actions necessary, proper or advisable to consummate the transactions contemplated by this Agreement.

9. PRE-CLOSING BREACH; REMEDIES

9.1 Breach by Seller. In the event of a breach of Seller's covenants or warranties herein and failure by Seller to cure such breach within the time provided for Closing, Buyer may, at Buyer's election (i) terminate this Agreement and receive a return of the Earnest Money Deposit, and the parties shall have no further rights or obligations under this Agreement (except as survive termination); (ii) enforce this Agreement by suit for specific performance; or (iii) waive such breach and close the purchase contemplated hereby, notwithstanding such breach.

9.2 Breach by Buyer. In the event of a breach of Buyer's covenants or warranties herein and failure of Buyer to cure such breach within the time provided for Closing, Seller's sole remedy shall be to terminate this Agreement and retain Buyer's Earnest Money Deposit as agreed liquidated damages for such breach, and upon payment in full to Seller of such amounts, the parties shall have no further rights, claims, liabilities or obligations under this Agreement (except as survive termination).

10. POST CLOSING INDEMNITIES AND COVENANTS

10.1 Seller's Indemnity. Should this transaction close, Seller, subject to the limitations set forth herein, shall indemnify, defend and hold harmless Buyer from all claims, demands, liabilities, damages, penalties, costs and

expenses, including, without limitation, reasonable attorneys' fees and disbursements, which may be imposed upon, asserted against or incurred or paid by Buyer by reason of, or on account of, any breach by Seller of Seller's warranties, representations and covenants. Seller's warranties, representations and covenants, and the foregoing indemnity, shall survive the Closing for a period of three (3) months, after which Buyer shall have no further remedies against Seller except with respect to warranties and covenants in the closing documents. Buyer's rights and remedies herein against Seller shall be in addition to, and not in lieu of all other rights and remedies of Buyer at law or in equity.

10.2 Buyer's Indemnity. Should this transaction close, Buyer shall indemnify, defend and hold harmless Seller from all claims, demands, liabilities, damages, penalties, costs and

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expenses, including, without limitation, reasonable attorneys' fees and disbursements, which may be imposed upon, asserted against or incurred or paid by Seller by reason of, or on account of, any breach by Buyer of Buyer's warranties, representations and covenants. Buyer's warranties, representations and covenants, and the foregoing indemnity, shall survive the Closing for a period of three (3) months, after which Seller shall have no further remedies against Buyer except with respect to warranties and covenants in the closing documents. Seller's rights and remedies herein against Buyer shall be in addition to, and not in lieu of all other rights and remedies of Seller at law or in equity.

11. MISCELLANEOUS

11.1 Disclosure. Neither party shall disclose the transactions contemplated by this Agreement without the prior approval of the other, except to its attorneys, accountants and other consultants, their lenders and prospective lenders, or where disclosure is required by law.

11.2 Entire Agreement. This Agreement, together with the Exhibits attached hereto, constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and may not be modified, amended or otherwise changed in any manner except by a writing executed by Buyer and Seller.

11.3 Notices. All written notices and demands of any kind which either party may be required or may desire to serve upon the other party in connection with this Agreement shall be served by personal delivery, certified or overnight mail, reputable overnight courier service or facsimile (followed promptly by hard copy) at the addresses set forth below:

As to Seller: Durham Woodcroft Associates Limited Partnership
Attention: James T. Cobb
5821 Fairview Road, Suite 302
Charlotte, North Carolina 28209
Facsimile: (704) 553-0879

With a copy to: Robinson, Bradshaw & Hinson, P.A.
Attention: Brent A. Torstrick
101 North Tryon Street, Suite 1900
Charlotte, North Carolina 28246
Facsimile: (704) 378-4000

As to Buyer: RRC Acquisitions, Inc.
Attention: Robert L. Miller
Suite 200, 121 W. Forsyth St.
Jacksonville, Florida 32202
Facsimile: (904) 634-3428

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With a copy to: Ulmer, Murchison, Ashby & Taylor

Attention: William E. Scheu, Esq.
P. O. Box 479
Suite 1600, 200 W. Forsyth St.
Jacksonville, FL 32201 (32202 for courier)
Facsimile: (904) 354-9100

Any notice or demand so served shall constitute proper notice hereunder upon delivery to the United States Postal Service or to such overnight courier. A party may change its notice address by notice given in the aforesaid manner.

11.4 Headings. The titles and headings of the various sections hereof are intended solely for means of reference and are not intended for any purpose whatsoever to modify, explain or place any construction on any of the provisions of this Agreement.

11.5 Validity. If any of the provisions of this Agreement or the application thereof to any persons or circumstances shall, to any extent, be invalid or unenforceable, the remainder of this Agreement by the application of such provision or provisions to persons or circumstances other than those as to whom or which it is held invalid or unenforceable shall not be affected thereby, and every provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

11.6 Attorneys' Fees. In the event of any litigation between the parties hereto to enforce any of the provisions of this Agreement or any right of either party hereto, the unsuccessful party to such litigation agrees to pay to the successful party all costs and expenses, including reasonable attorneys' fees, whether or not incurred in trial or on appeal, incurred therein by the successful party, all of which may be included in and as a part of the judgment rendered in such litigation. Any indemnity provisions herein shall include indemnification for reasonable attorneys' fees and costs, whether or not suit be brought and including fees and costs on appeal.

11.7 Time of Essence. Time is of the essence of this Agreement.

11.8 Governing Law. This Agreement shall be governed by the laws of North Carolina and the parties hereto agree that any litigation between the parties hereto relating to this Agreement shall take place (unless otherwise required by law) in a court located in Durham County, State of North Carolina. Each party waives its right to jurisdiction or venue in any other location.

11.9 Successors and Assigns. The terms and provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. No third parties, including any brokers or creditors, shall be beneficiaries hereof.

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11.10 Exhibits. All exhibits attached hereto are incorporated herein by reference to the same extent as though such exhibits were included in the body of this Agreement verbatim.

11.11 Gender; Plural; Singular; Terms. A reference in this Agreement to any gender, masculine, feminine or neuter, shall be deemed a reference to the other, and the singular shall be deemed to include the plural and vice versa, unless the context otherwise requires. The terms "herein," "hereof," "hereunder," and other words of a similar nature mean and refer to this Agreement as a whole and not merely to the specified section or clause in which the respective word appears unless expressly so stated.

11.12 Further Instruments, Etc. Seller and Buyer shall, at or after Closing, execute any and all documents and perform any and all acts reasonably necessary to fully implement this Agreement.

11.13 Survival. The obligations of Seller and Buyer intended to be performed after the Closing shall survive the closing.

11.14 No Recording. Neither this Agreement nor any notice, memorandum or other notice or document relating hereto shall be recorded.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

Witnesses:

RRC ACQUISITIONS, INC.,
a Florida corporation

[- - - - -]
Name (Please Print)

By:
Its:
Date: October ____, 1996

[_ _ _ _ _]
Name (Please Print)

Tax Identification No. 59-3210155

"BUYER"

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DURHAM WOODCROFT ASSOCIATES LIMITED
PARTNERSHIP, a North Carolina limited
partnership

By Its General Partner:

Durham Woodcroft Company Limited
Partnership

[- - - - -]
Name (Please Print)

By: James T. Cobb
Managing General Partner

[_ _ _ _ _]
Name (Please Print)

Date: October ____, 1996

Tax Identification No:

"SELLER"

JOINDER OF ESCROW AGENT

1. Duties. Escrow Agent joins herein for the purpose of acknowledging receipt of the initial Earnest Money Deposit and agrees to comply with the terms hereof insofar as they apply to Escrow Agent. Escrow Agent shall receive and hold the Earnest Money Deposit in trust, to be disposed of in accordance with the provisions of this joinder and Section 2.2 of the foregoing Agreement.

2. Indemnity. Escrow Agent shall not be liable to either party except for claims resulting from the gross negligence or willful misconduct of Escrow Agent. If the escrow is involved in any controversy or litigation, the parties hereto shall jointly and severally indemnify and hold Escrow Agent free and harmless from and against any and all loss, cost, damage, liability or expense, including costs of reasonable attorneys' fees to which Escrow Agent may be put or which may incur by reason of or in connection with such controversy or litigation, except to the extent it is finally determined that such controversy or litigation resulted from Escrow Agent's gross negligence or willful misconduct. If the indemnity amounts payable hereunder result from the fault of Buyer or Seller (or their respective agents), the party at fault shall pay, and hold the other party harmless against, such amounts.

3. Conflicting Demands. If conflicting demands are made upon Escrow

Agent with respect to the escrow, the parties hereto expressly agree that Escrow Agent shall have the

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absolute right to do either or both of the following: (i) withhold and stop all proceedings in performance of this escrow and await settlement of the controversy by final appropriate legal proceedings or otherwise as it may require; or (ii) file suit for declaratory relief and/or interpleader and obtain an order from the court requiring the parties to interplead and litigate in such court their several claims and rights between themselves. Upon the filing of any such declaratory relief or interpleader suit and tender of the Earnest Money Deposit to the court, Escrow Agent shall thereupon be fully released and discharged from any and all obligations to further perform the duties or obligations imposed upon it. Buyer and Seller agree to respond promptly in writing to any request by Escrow Agent for clarification, consent or instructions. Any action proposed to be taken by Escrow Agent for which approval of Buyer and/or Seller is requested shall be considered approved if Escrow Agent does not receive written notice of disapproval within fourteen (14) days after a written request for approval is received by the party whose approval is being requested. Escrow Agent shall not be required to take any action for which approval of Buyer and/or Seller has been sought unless such approval has been received. No disbursements shall be made, other than as provided in Sections 2.2 and 3.1(a) of the foregoing Agreement, or to a court in an interpleader action, unless Escrow Agent shall have given written notice of the proposed disbursement to Buyer and Seller and neither Buyer nor Seller shall have delivered any written objection to the disbursement within 14 days after receipt of Escrow Agent's notice. No notice by Buyer or Seller to Escrow Agent of disapproval of a proposed action shall affect the right of Escrow Agent to take any action as to which such approval is not required.

4. Continuing Counsel. Seller acknowledges that Escrow Agent is counsel to Buyer herein and Seller agrees that in the event of a dispute hereunder or otherwise between Seller and Buyer, Escrow Agent may continue to represent Buyer notwithstanding that it is acting and will continue to act as Escrow Agent hereunder, it being acknowledged by all parties that Escrow Agent's duties hereunder are ministerial in nature.

5. Tax Identification. Seller and Buyer shall provide to Escrow Agent appropriate Federal tax identification numbers.

ULMER, MURCHISON, ASHBY & TAYLOR

By:
Its Authorized Agent

Date: October __, 1996

"ESCROW AGENT"

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EXHIBIT 1.3

Audit Representation Letter

(Acquisition Completion Date)

KPMG Peat Marwick LLP
Suite 2700
One Independent Drive
Jacksonville, Florida 32202

Dear Sirs:

We are writing at your request to confirm our understanding that your audit of the Statement of Revenue and Certain Expenses for the twelve months ended _____, was made for the purpose of expressing an opinion as to whether the statement presents fairly, in all material respects, the results of its operations in conformity with generally accepted accounting principles. In connection with your audit we confirm, to the best of our knowledge and belief, the following representations made to you during your audit:

1. We have made available to you all financial records and related data for the period under audit.

2. There have been no undisclosed:

a. Irregularities involving any member of management or employees who have significant roles in the internal control structure.

b. Irregularities involving other persons that could have a material effect on the Statement of Revenue and Certain Expenses.

c. Violations or possible violations of laws or regulations, the effects of which should be considered for disclosure in the Statement of Revenue and Certain Expenses.

3. There are no undisclosed:

a. Unasserted claims or assessments that our lawyers have advised us are probable of assertion and must be disclosed in accordance with Statement of Financial Accounting Standards No. 5 (SFAS No. 5).

b. Material gain or loss contingencies (including oral and written guarantees) that are required to be accrued or disclosed by SFAS No. 5.

c. Material transactions that have not been properly recorded in the accounting records underlying the Statement of Revenue and Certain Expenses.

d. Material undisclosed related party transactions and related amounts receivable or payable, including sales, purchases, loans, transfers, leasing arrangements, and guarantees.

e. Events that have occurred subsequent to the balance sheet date that would require adjustment to or disclosure in the Statement of Revenue and Certain Expenses.

4. All aspects of contractual agreements that would have a material effect on the Statement of Revenue and Certain Expenses have been complied with.

Further, we acknowledge that we are responsible for the fair presentation of the Statements of Revenue and Certain Expenses prepared in conformity with generally accepted accounting principles.

Very truly yours,

"Seller/Manager"

Name
Title

EXHIBIT 1.25

Legal Description of Real Property

EXHIBIT 1.27

Rent Roll

EXHIBIT 1.32

Form of Estoppel Letter

_____, 199_

RE: _____ (Name of Shopping Center)

Ladies and Gentlemen:

The undersigned (Tenant) has been advised you may purchase the above Shopping Center, and we hereby confirm to you that:

1. The undersigned is the Tenant of _____, Landlord, in the above Shopping Center, and is currently in possession and paying rent on premises known as Store No. _____ [or Address: _____], and containing approximately _____ square feet, under the terms of the lease dated _____, which has (not) been amended by amendment dated _____ (the "Lease"). There are no other written or oral agreements between Tenant and Landlord. Tenant neither expects nor has been promised any inducement, concession or consideration for entering into the Lease, except as stated therein, and there are no side agreements or understandings between Landlord and Tenant.
2. The term of the Lease commenced on _____, expiring on _____, with options to extend of _____ (____) years each.
3. As of _____, monthly minimum rental is \$_____ a month.
4. Tenant is required to pay its pro rata share of Common Area Expenses and its pro rata share of the Center's real property taxes and insurance cost. Current additional monthly payments for expense reimbursement total \$_____ per month for common area maintenance, property insurance and real estate taxes.
5. Tenant has given [no security deposit] [a security deposit of \$_____].
6. No payments by Tenant under the Lease have been made for more than one (1) month in advance, and minimum rents and other charges under the Lease are current.
7. All matters of an inducement nature and all obligations of the Landlord under the Lease concerning the construction of the Tenant's premises and development of the Shopping Center, including without limitation, parking requirements, have been performed by Landlord.
8. The Lease contains no first right of refusal, option to expand, option to terminate, or exclusive business rights, except as follows:

9. Tenant knows of no default by either Landlord or Tenant under the Lease, and knows of no situations which, with notice or the passage of time, or both, would constitute a default. Tenant has no rights to off-set or defense against Landlord as of the date hereof.
10. The undersigned has not entered into any sublease, assignment or any other agreement transferring any of its interest in the Lease or the Premises except as follows:
11. Tenant has not generated, used, stored, spilled, disposed of, or released any hazardous substances at, on or in the Premises. "Hazardous Substances" means any flammable, explosive, toxic, carcinogenic, mutagenic, or corrosive substance or waste, including volatile petroleum products and derivatives and drycleaning solvents. To the best of Tenant's knowledge, no asbestos or polychlorinated biphenyl ("PCB") is located at, on or in the Premises. The term "Hazardous Substances" does not include those materials which are technically within the definition set forth above but which are contained in pre-packaged office supplies, cleaning materials or personal grooming items or other items which are sold for consumer or commercial use and typically used in other similar buildings or space.

The undersigned makes this statement for your benefit and protection with the understanding that you intend to rely upon this statement in connection with your intended purchase of the above described Premises from Landlord. The undersigned agrees that it will, upon receipt of written notice from Landlord, commence to pay all rents to you or to any Agent acting on your behalf.

Very truly yours,

_____(Tenant)

Mailing Address:

By: _____
Its: _____

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EXHIBITS

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AGREEMENT
OF
PURCHASE AND SALE
WELLINGTON TOWN SQUARE, WELLINGTON, FLORIDA

AGREEMENT OF PURCHASE AND SALE ("Agreement") made as of the 10th day of December, 1996, by and between C. M. WELLINGTON TOWN SQUARE LIMITED PARTNERSHIP, an Illinois limited partnership the general partner of which is C. M. General, Inc., a Delaware corporation ("Seller") and RRC ACQUISITIONS, INC., a Florida corporation ("Buyer").

W I T N E S S E T H :

|1. Definitions.

For purposes of this Agreement, the following terms have the meanings indicated in this Section 1.

1.1. Assignment of Leases.

An assignment of the Leases, executed and acknowledged by Seller in favor of Buyer, in the form of Exhibit A.

1.2. Assignment of Service Contracts.

An assignment of the Service Contracts, executed and acknowledged by Seller in favor of Buyer, in the form of Exhibit B.

1.3. Bill of Sale.

A good and sufficient bill of sale with respect to the Personal Property, executed by Seller in favor of Buyer, in the form of Exhibit C.

1.4. Closing.

The accomplishment (or waiver by the party in whose favor each such activity runs) of each and every one of the activities described in Section 4.2 below.

1.5. Closing Date.

The date on which the Closing occurs.

1.6. Contract Period.

The period commencing upon the execution by both Buyer and Seller of this Agreement and ending upon the first to occur of the Closing or the termination of this Agreement.

1.7. Deed.

A special warranty deed, executed and acknowledged by Seller in

favor of Buyer.

1.8. Hazardous Material.

Any substance:

(i) the presence of which requires investigation or remediation under any federal, state or local statute, regulation, ordinance, order, action, policy or common law; or

(ii) which is or becomes defined as a "hazardous waste," "hazardous substance," pollutant or contaminant under any federal, state or local statute, regulation, rule or ordinance or amendments thereto including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. section 9601 et seq.) and/or the Resource Conservation and Recovery act (42 U.S.C. section 6901 et seq.); or

(iii) which is toxic, explosive, corrosive, flammable, infectious, radioactive, carcinogenic, mutagenic, or otherwise hazardous and is or becomes regulated by any governmental authority, agency, department, commission, board, agency or instrumentality of the United States, the State of Florida or any political subdivision thereof.

1.9. Improvements.

All buildings, structures, parking lots, walks, and walkways and all fixtures and equipment (including without limitation all plumbing, electrical, heating, air conditioning and ventilating lines and systems and boilers) and each and every other type of physical improvement located at, on or affixed to the Land to the full extent such items constitute or are or can or may be construed as realty under the laws of the state of Florida.

1.10. Land.

All that certain land particularly described in Exhibit D, together with all appurtenances thereto (including an easement for ingress and egress over the private road known as "Club Road" along the westerly line of the Land), including without limitation any land lying in the bed of any street, road or avenue, open or proposed, in front of, within or adjoining or adjacent to the land described in Exhibit D.

1.11. Leases.

The leases described in the Schedule of Leases, and all amendments and modifications thereof.

1.12. Permitted Exceptions.

Those certain matters constituting exceptions to and/or encumbrances against the Land and Improvements, which matters are enumerated in Exhibit E, and such other matters as may be approved by Buyer pursuant to the terms of this Agreement.

1.13. Personal Property.

All tools, equipment, supplies, inventory, fixtures and equipment not deemed or constituting realty, furniture, furnishings and all other items of personal property owned by Seller and used at, on or in connection with the Project, including without limitation all items enumerated in Exhibit F.

1.14. Project.

The Land, the Improvements and the Personal Property, collectively.

1.15. Purchase Price.

The aggregate consideration, specified in Section 3 below, to be paid by Buyer for the Project.

1.16. Schedule of Leases.

Exhibit G hereto, which shall be updated by Seller immediately prior to the Closing.

1.17. Service Contracts.

Those agreements and arrangements entered into by or on behalf of Seller pursuant to which goods, services, supplies or any other items whatever are furnished or to be furnished to the Project, set forth on Exhibit H hereto.

1.18. Survey.

A plot of the results of an instrument survey of the Land made by a surveyor or civil engineer duly licensed in the jurisdiction in which the Project is located, dated not earlier than the date of this Agreement and certified to Buyer and to the Title Insurer in a manner which will permit the issuance of the Title Policy and in form and substance otherwise satisfactory to Buyer and the Title Insurer.

1.19. Tenant.

The holder of any right to occupy or use all or any part of the Project pursuant to a Lease.

1.20. Tenant Estoppel.

A certification substantially in the form of Exhibit I attached hereto, executed by a Tenant.

1.21. Title Insurer.

Chicago Title Insurance Company, whose address is Suite 1000, SunTrust Building, 200 W. Forsythe Street, Jacksonville, FL 32202

1.22. Title Policy.

A most current form ALTA owner's policy of title insurance, or local equivalent, dated the Closing Date and with liability in the amount of the Purchase Price, insuring Buyer as owner of good, marketable and indefeasible fee title to the Land and Improvements, subject only to the Permitted Exceptions.

1.23. Title Report.

A certificate of title or title report issued by the Title Insurer to Buyer, which must disclose Seller as owner of fee simple interest in the Land and Improvements and shall disclose, and shall have attached to it copies of all documents underlying, all exceptions to title and all encumbrances on and other matters of record affecting the Land and Improvements.

|2. Purchase and Sale.

In consideration of the Purchase Price and subject to and in accordance with all terms and conditions and based upon all representations and warranties set forth in this Agreement, Buyer agrees to Purchase from Seller, and Seller agrees to sell Buyer, the Project.

|3. Purchase Price; Payment Thereof.

The Purchase Price is Eight Million Seven Hundred Thousand Dollars (\$8,700,000.00), subject to prorations and adjustments as described in Section 5.1 below, and is payable by Buyer to Seller as follows:

(a) The sum of Two Hundred Fifty Thousand Dollars (\$250,000.00) (the "Deposit") is payable by Buyer to Seller within two (2) business days following the execution by all parties of this Agreement, by wire or other mutually agreeable transfer of immediately available funds. The Deposit shall be held in escrow by the Title Insurer or another escrow agent mutually acceptable to the parties hereto, pursuant to escrow instructions

reasonably acceptable to Buyer, Seller and the escrow agent. The Deposit, together with all accrued interest thereon (which shall be for Buyer's account) shall be paid (i) to Seller, at the Closing as a portion of the Purchase Price; (ii) to Seller, if the Closing does not occur as a result of Buyer's default hereunder, (iii) to Buyer, if the Closing does not occur as a result of Seller's default hereunder or (iv) otherwise as expressly provided in this Agreement.

(c) The balance of the Purchase Price is payable by Buyer to Seller at the Closing by wire or other mutually agreeable transfer of immediately available funds.

4. Closing Date; Closing.

4.1. Closing Date.

The Closing Date shall be December 10, 1996 or such earlier or later date as may be agreed upon in writing by Buyer and Seller, but in no event later than December 31, 1996.

4.2. Closing.

The Closing shall take place at 10:00 a.m. on the Closing Date, at the offices of the Title Insurer. At the Closing, the following actions shall be taken, all of which will be deemed taken simultaneously and no one of which will be deemed completed until all have been completed:

(a) The Deed and such easements as Seller shall be required hereunder to obtain shall be delivered to Buyer.

(b) The balance of the Purchase Price shall be paid to Seller in accordance with Section 3.

(c) The Assignment of Leases shall be delivered to Buyer.

(d) The Bill of Sale shall be delivered to Buyer.

(e) The Title Policy shall be delivered to Buyer.

(f) The Assignment of Service Contracts shall be delivered to Buyer.

(h) The original lessor/landlord counterparts (or, if originals are not in Seller's possession, copies thereof) of all Leases shall be delivered to Buyer.

(i) Tenant Estoppels, each dated not earlier than thirty (30) days prior to the Closing Date, from the Publix, Eckerd Drugs, Great Western Bank and at least 75% of the remaining occupied square footage of the Project shall be delivered to Buyer.

(j) Seller shall deliver to Buyer and the Title Insurer: (i) a certified copy of Seller's certificate of limited partnership issued by the State of Illinois; (ii) a long form good standing certificate of C. M. General, Inc. issued by the State of Delaware; (iii) a certificate of registration of Seller as a foreign limited partnership in Florida issued by the State of Florida; and (iv) a certificate to the effect that Seller's general partner is qualified to do business in Florida, issued by the State of Florida, each dated not earlier than thirty (30) days prior to the Closing Date.

(k) An affidavit of Seller to the effect that Seller is not a "foreign person" for purposes of FIRPTA shall be delivered to Buyer.

(l) Any and all documents, affidavits and agreements reasonably required by the Title Insurer to issue the Title Policy shall be delivered by Seller to the Title Insurer.

(m) An audit representation letter, signed by Seller or the property manager, substantially in the form specified by KMPG Peat Marwick and previously furnished to Seller, shall be delivered to Buyer.

15. Adjustments and Prorations; Closing Expenses.

5.1. Adjustments and Prorations.

The following items are to be apportioned between Buyer and Seller as of 11:59 p.m. of the day next preceding the Closing Date (it being understood and agreed that Buyer and Seller shall endeavor to compute all closing adjustments at least five (5) business days prior to the Closing Date, and Seller, by such time, shall supply satisfactory documentary supporting evidence for all such adjustments):

(a) Rents and charges actually received from Tenants for the month in which the Closing occurs, which rents and charges include, but are not limited to, basic rents, percentage rents and escalation payments for taxes, utilities and operating expenses. Percentage rents and escalation payments allocable to periods prior to the Closing and not fully adjusted at Closing shall be prorated promptly after such rents and charges are paid by Tenants. If at the time of Closing there are past due rents or charges owed by Tenants and Seller is entitled to all or part of the same, then the rents received from and after the closing shall, to the extent designated by tenants as attributable to rents or additional rent accruing prior to the Closing, be applied to Seller's account and to the extent undesignated, be applied to the first monies due under such Lease following Closing. Buyer will make reasonable efforts, without suit, to collect any past due rents and charges for the account of Seller and any such rents and charges received by Buyer for the account of Seller shall upon receipt, be promptly remitted by Buyer to Seller. Any past due rents and charges not so collected by Buyer within the period of ninety (90) days following the Closing shall remain the property of Seller who may pursue such remedies (not including termination of the particular Lease) for collection thereof, for its own account, as it may deem advisable and available to it. All prepaid rents and charges for the period following the Closing and all security or other deposits of Tenants held by Seller shall be paid over by Seller to Buyer. Seller agrees to and does hereby indemnify and hold Buyer harmless against any liability or expense incurred by Buyer in respect of any Tenant security deposit (and interest thereon, if required by law) collected by Seller and not paid (or credited) to Buyer at the Closing. This provision shall survive the Closing.

(b) Real and personal property taxes and assessments for the tax year in which the Closing occurs, based upon the lowest amount payable under applicable bills taking into account all discounts for early payment. In the event a final tax bill is not available for such year at the Closing, the required proration shall be made on the basis of the most recent available final tax bill and a further proration shall be made between the parties when the final tax bill for the tax year in which the Closing occurs becomes available. This provision shall survive the Closing.

(c) Fees and charges under such of the Service Contracts as are being assigned to and assumed by Buyer at the Closing, on the basis of the periods to which such Service Contracts relate.

(d) Utility charges, including water, sewer, electricity and gas, vault taxes and maintenance charges, if any, for sewers. In conjunction with such prorations, Seller will notify, or cause to be notified, all utilities servicing the Project of the change in ownership and direct that all future billings be made to Buyer at the address of the Project with no interruption of service. Seller shall use its best efforts to procure final meter readings for all utilities as of the Closing Date and to have bills rendered directly to Seller.

5.2. Closing Expenses.

The following closing expenses shall be paid by Seller: (a) fees and expenses in connection with the preparation of the Survey, except as provided below; (b) any fees, costs and premiums incurred in connection with the prepayment of the existing mortgage encumbering the Project; (c) one half of any escrow fees and recording costs for recording the Deed and Assignment of Leases, and (d) any state, county and local transfer and/or documentary stamp taxes. The following closing expenses shall be paid by

Buyer: (i) the premium for, and search fees and expenses incurred in connection with, the Title Policy; (ii) fees and expenses incurred in satisfying any special or extraordinary requirements of Buyer with respect to the Survey; and (iii) one half of any escrow fees recording costs for recording the Deed and Assignment of Leases. Each party shall pay the fees and expenses of its own legal counsel and other advisors and consultants, and Buyer shall pay any and all costs and expenses in connection with any financing by Buyer. All other expenses incurred in connection with the Closing shall be allocated between the parties in accordance with local custom.

16. Covenants.

6.1. Covenants of Seller.

Seller hereby covenants and agrees with Buyer as follows:

(a) At all times during the Contract Period, Seller shall operate and manage the Project in the normal and ordinary course of business and in accordance with Seller's past practices, but Seller shall not, without the advance written consent of Buyer, (i) effect any change in any Lease or Service Contract, (ii) renew or extend the term of any Lease or Service Contract, (iii) enter into any new Lease or Service Contract or cancel or terminate any Lease or Service Contract (except as expressly provided herein). Buyer shall not unreasonably withhold or delay its consent to any new Lease proposed by Seller, and Buyer shall, at the Closing assume all liability for any brokerage commissions incurred in connection with any new Lease executed in accordance with the foregoing, and for any tenant improvement allowances and other concessions granted to the Tenant under any such new Lease. If Seller has paid any brokerage commissions or disbursed any tenant improvement allowances or similar concessions to Tenants in respect of such new Leases, Buyer shall reimburse such amounts to Seller at the Closing.

(b) At all times during the Contract Period, Seller shall duly and punctually pay and perform all of its obligations under the Leases and Service Contracts.

(c) At all times during the Contract Period, Seller shall maintain in full force and effect and pay all premiums on any fire and extended coverage or liability insurance policies currently covering the Project.

(d) If there are any title exceptions other than the Permitted Exceptions, then (i) to the extent such exceptions can be cured by the payment of money not to exceed \$50,000 in the aggregate, Seller shall do so or, if Seller so elects, such exceptions shall be satisfied out of the proceeds from this sale, or (ii) with respect to all other exceptions, Seller shall have the right to adjourn the Closing for up to ninety (90) days in which to attempt to cure such defects. If Seller elects not to cure such defects, or fails to do so within such period of time, Buyer shall have the right to proceed with the Closing and take title subject to such exceptions, without reduction of the Purchase Price, or terminate this Agreement by written notice to Seller, in which event the Deposit, together with all accrued interest thereon, shall be returned to Buyer, any documents or other information theretofore delivered to Buyer shall be returned to Seller and thereafter neither party shall have any further rights or obligation hereunder. It is expressly understood that Seller shall cause the existing mortgage in favor of New York Life Insurance Company to be paid off from the proceeds of this sale.

(e) At no time during the Contract Period shall Seller encumber or permit to be encumbered with any lien or other claim or right, the Project, the Leases or any other rights, appurtenances or property or properties, real or personal, to be conveyed pursuant to this Agreement.

(f) Seller shall take all actions required of it in order to properly effectuate the purpose and intent of this Agreement; and, without limitation, Seller shall take all actions and make all deliveries required of it at the Closing.

6.2. Covenants of Buyer.

Buyer hereby covenants and agrees with Seller as follows:

(a) Buyer shall notify Seller in writing of any Service Contracts Buyer does not desire to assume and that is, by its terms, terminable upon written notice from Seller. However, Seller shall assume no responsibility for the termination of any Service Contracts by the Closing Date (and Buyer shall assume any Service Contracts not so terminated) unless Buyer's notice to Seller is given in sufficient time to permit Seller to give any notice of termination required under the terms of such Service Contracts.

6.3. Earn Out.

(a) Suites 6, 7, 29 and 34 of the Project are currently vacant. Such suites together with Suite 26 shall be referred to herein collectively as the "Vacant Space." There shall be withheld from the Purchase Price and deposited in escrow with the Title Insurer, pursuant to an escrow agreement reasonably acceptable to the parties and the Title Insurer, the sum of One Hundred Fifty Thousand Dollars (\$150,000), to be held in connection with the Vacant Space and disbursed in accordance with the terms of this section 6.3. The term of the escrow agreement shall commence on the Closing Date and expire on the first anniversary thereof, subject to extension in accordance with subsection 6.3 (e) below.

(b) Following the Closing, Buyer shall use reasonable, diligent and good faith efforts to lease the Vacant Space, giving preference, if possible, to the Vacant Space over other space in the Project taking into account the size and location of the space required by the tenant, and Seller shall have the right to seek prospective tenants for the Vacant Space, in each case upon terms and conditions consistent with the leasing parameters set forth in Exhibit K hereto (the "Leasing Parameters"). If Seller presents a tenant or tenants for one or more suites of Vacant Space who is willing to enter into a lease which conforms with the Leasing Parameters, who is not related to or affiliated with Buyer or Seller and whose creditworthiness, reputation, experience in the business to be operated at the premises and proposed use of the space are acceptable to Buyer, in its reasonable judgment, Buyer shall use all reasonable and good faith efforts to execute a lease with such tenant. A lease executed in accordance with the foregoing covenants shall be referred to as a "New Lease."

(c) Upon the execution of a New Lease by landlord and tenant, the parties shall execute written instructions authorizing the Title Insurer to disburse from escrow (i) to the leasing broker or brokers, leasing commissions due and payable in connection with the New Lease, provided that the amount disbursed from escrow shall not exceed five percent (5%) of the total fixed minimum or base rents due during the base term of the New Lease, minus any free rent, rent credits or similar rent concessions, (ii) to or as directed by Buyer, the amount of any tenant improvement allowances provided for in the New Lease, not to exceed three dollars (\$3.00) per square foot (and Buyer shall be responsible for disbursing same to the tenant pursuant to the terms of the New Lease) and (iii) to Seller the lesser of the "Earn Out Amount" as hereinafter defined or the balance of the funds held in escrow.

(d) For purposes of calculating the "Earn Out Amount," the term "Effective Rent" shall mean the average annual fixed rent over the term of the New Lease, taking into account the amount of any free rent, rent credits or similar rent concessions but without reduction for tenant improvement allowances and/or leasing commissions. The "Earn Out Amount" shall mean the Effective Rent divided by 0.11 for a particular New Lease.

(e) Upon Seller's request, no more often than once every two (2) months, Buyer shall provide Seller with written reports as to the status of leasing the Vacant Space, which shall provide a list of potential tenants for each suite, the terms and conditions of each potential lease, the status of any negotiations and the anticipated date of signing a New Lease. If any funds remain undisbursed on the first anniversary of the Closing Date, and if Seller is not entitled to receive all or any portion of such funds as a result of the execution of New Leases in accordance with the foregoing, then the balance held in the escrow account shall be disbursed to Buyer. Notwithstanding the foregoing, if active negotiations are pending with any prospective tenants as of such first anniversary, then Seller shall have the right to extend the term of the escrow agreement, and adjourn the date for disbursement of the balance of the escrowed funds, for one additional ninety (90) day period. If a New Lease

is executed during such time, the provisions of Section 6.3 (c) and (d) shall apply.

(f) Notwithstanding the foregoing, if prior to the Closing Seller leases all or a portion of the Vacant Space in accordance with the Leasing Parameters, the amount of the Purchase Price withheld in escrow (if any) shall be \$150,000 minus the Earn Out Amount applicable to such New Lease(s).

7. Representations and Warranties of Seller.

Seller hereby represents and warrants to Buyer as follows, it being expressly understood and agreed that all such representations and warranties shall be true and correct at the date of this Agreement and as of the Closing and shall, except as otherwise expressly provided herein, survive for six (6) months following the Closing. The foregoing period of survival shall not affect or limit any warranties contained in any of the closing documents:

(a) Seller has good and marketable title to the Project free and clear of all liens, covenants, conditions, restrictions, rights of way, easements and encumbrances of any kind or character whatsoever, except the Permitted Exceptions and such exceptions as will be removed at or prior to Closing. This provision shall not survive the Closing.

(b) There is no pending litigation or, to Seller's actual knowledge, threatened litigation which does or will affect the Project.

(c) Seller has not received notice that the Project is in violation of any laws, ordinances, rules and regulations of any government or any agency, body or subdivision thereof bearing on the construction of the Improvements and on the operation, ownership or use of the Project ("Applicable Laws"), and (subject to the environmental conditions described in Section 8 below) to Seller's actual knowledge the Project is not in violation of Applicable Laws. Seller has received notices from Wellington Management, Inc., copies of which are attached hereto as Exhibit L, which have not been cured.

(d) Except as set forth in the Schedule of Leases, there are no leases affecting all or any portion of the Project, and no person other than the Tenants thereunder has any right of possession to the Project or any part thereof; no rent has been paid in advance by any Tenant; no Tenant has any claim against Seller for any security deposit or other deposits; no Tenant has any defense of off-sets to rent accruing after the Closing Date; Seller has received no notice and has no actual knowledge of any defaults by Seller as landlord or any Tenant thereunder, nor does Seller have actual knowledge of any actions or omissions which, with the giving of notice or passage of time, or both, would give rise to such a default. This representation shall survive, as to each Tenant, until the earlier of (i) six (6) months following the Closing or (ii) delivery of a Tenant Estoppel from such Tenant, but only to the extent that the Tenant Estoppel is consistent in scope and substance with the representations of Seller herein.

(e) Seller has not (i) made a general assignment for the benefit of creditors; (ii) filed any voluntary petition in bankruptcy or suffered the filing of an involuntary petition by Seller's creditors; (iii) suffered the appointment of a receiver to take possession of all or substantially all of the Seller's assets; (iv) suffered the attachment or other judicial seizure of all, or substantially all, of Seller's assets; (v) admitted in writing its inability to pay its debts as they come due; or (vi) made an offer of settlement, extension or composition to its creditors generally.

(f) Seller is duly organized and existing and in good standing under the laws of the state of its incorporation; Seller has the full right and authority to enter into this Agreement, consummate the sale, transfers and assignments contemplated herein; and each of the persons signing this Agreement on behalf of Seller is authorized to do so.

(g) There are no contracts or other agreements for services, supplies or materials, affecting the use, operation or management of the Project other than the Service Contracts.

Except as expressly set forth herein, Seller has not, does not and will not make any warranties or representations, and Seller specifically disclaims

any other implied warranties or warranties arising by operation of law, including, without limitation, any warranty of condition, merchantability, habitability or fitness for a particular purpose or use. Furthermore, Seller has not, does not and will not, except as expressly set forth herein, make any representation or warranty with regard to compliance with any environmental laws. Buyer acknowledges that it is a sophisticated purchaser who is familiar with this type of property, that prior to executing this Agreement it has made, or will have made, such inspections and investigations of the Project as it deemed necessary including, without limitation, review of all documents on file with federal, state and/or local government agencies relating to the Project, the physical and environmental features of the Project, review of the Project Documents set forth on Exhibit J and analysis of the economic and financial aspects of this transaction and that, subject only to the express warranties set forth above or that are contained in the closing documents, Buyer is acquiring the Project "AS IS AND WHERE IS" in its current state and physical condition, subject to normal wear and tear between the effective date of this Agreement and the Closing.

The term "Seller's actual knowledge" as used herein shall mean the actual knowledge of Seller, based solely upon inquiry of Christopher J. Carbone and/or Joseph B. Dobronyi, who are officers of UBS Asset Management (New York), Inc., and of Seller's property manager, Southeast Centers Management Service Corp.

8. Environmental Conditions.

(a) Without limiting the generality of the foregoing provisions of Section 7, Buyer is aware that the Project's soil and ground water have been impacted by dry cleaning solvents and other related Hazardous Material and that such contamination (the "Contamination") has been reported to the Florida Department of Environmental Protection. Seller has delivered to Buyer certain environmental reports prepared by Seller's engineers with respect to the Contamination, and Buyer has reviewed such reports and has caused its own engineers to perform such investigations of the Project as Buyer determined to be appropriate. Buyer, on behalf of itself and its successors, assigns and others claiming by, through and under it, hereby releases, acquits and forever discharges Seller, its predecessors, successors, assigns, heirs, officers, partners, attorneys, accountants, advisors, insurers and representatives, of and from any and all manner of federal state or local action or actions, cause or causes of action in law or in equity, suits, debts, liens, contracts, agreements, promises, liabilities, claims, demands, damages, losses, interest, costs or expenses, of any nature whatsoever, known or unknown, fixed or contingent, which Buyer may now or at any time have against Seller in connection with or relating to any obligation to remediate the Contamination. Seller shall at no time have any obligation to remediate, abate or otherwise address the Contamination, or to provide to State and/or Federal environmental agencies or authorities any further site assessments or other information with respect to the Contamination, whether during the Contract Period or on or after the Closing. Buyer hereby indemnifies and agrees to hold harmless and defend Seller from and against any and all loss, cost, liability, expense, claims, response costs, damages, interest or fees (including, without limitation, reasonable attorneys fees) which Seller may incur as a result of any claim, demand, suit, proceeding or action brought by any person, entity or governmental agency or authority in connection with or arising out of any obligation to remediate the Contamination. Buyer shall perform all investigations, characterizations, removal or clean-up of the contamination which is demanded, requested or ordered by any federal, state or local governmental agency with oversight authority. Buyer is not releasing or indemnifying Seller for any claims of third parties for personal injury or property damage arising out of any discharge or release of Hazardous Material that occurred prior to the Closing.

(b) Seller reserves to itself the exclusive right to file, pursue, prosecute, settle, release or otherwise deal with any and all claims, causes of action, rights or remedies that may exist against Dry Clean USA, its predecessors, successors, assigns, parent companies, affiliates, officers, employees, consultants or advisors or any other tenant or occupant of the Project who may be responsible for the environmental conditions described above, whether under the covenants set forth in the Dry Clean USA Lease, or under applicable Federal, State or local law (the "Responsible Party"). Buyer shall, at Seller's request, cooperate with Seller in pursuing any such legal action against the Responsible Party, all at Seller's sole cost and expense, which cooperation shall include, without limitation, giving Seller access to the Project in order to perform any further environmental investigations or studies thereon, giving Seller access to the books and records with respect to the Project, and making available for interview, declaration, affidavit, deposition,

trial, arbitration or mediation, any witnesses Seller may call in connection with any such legal action. Access to the Project and the books and records with respect to the Project shall be at reasonable times and upon prior written notice, and Seller shall be obligated to restore any damage caused by the activities of Seller or its agents or consultants, and shall indemnify Buyer against any loss, cost, damage, liability or expense arising from Seller's such activities. At Seller's request, Buyer shall execute a specific assignment of Seller's rights against such Responsible Party in respect of the environmental contamination at the Project, including, without limitation, any rights under any operational or maintenance covenants or indemnifications provided under the Dry Clean USA Lease. Seller shall have no right, nor shall Buyer have any obligation, to terminate, or seek termination of, the Dry Clean USA Lease. Seller shall have no liability whatsoever to Buyer in the event that Dry Clean USA shall, during the Contract Period or on or after the Closing, cease operations at the Project, abandon its premises or terminate its Lease as a result of any such legal action taken by Seller or for any other reason.

9. Representations and Warranties of Buyer.

Buyer hereby represents and warrants to Seller (such representations and warranties to be true and correct at the date of this Agreement and as of the Closing) that (i) Buyer is duly organized and in good standing under the laws of the jurisdiction of its formation, (ii) Buyer has the full right, power and authority to enter into and fully perform its obligations under this Agreement, and (iii) each person signing this Agreement on behalf of Buyer is authorized to do so.

10. Damage or Destruction.

The risk of loss of or damage to the Project by reason of any insured or uninsured casualty shall be borne by Seller. In the event of any damage to or destruction of the Project or any portion thereof (notice of which shall be given to Buyer by Seller promptly following its occurrence), which damage or destruction can reasonably be repaired or replaced by Seller prior to the Closing Date, Seller shall do so. If the cost of such repair or replacement exceeds \$500,000, Buyer may, at its option, by notice to Seller given within thirty (30) days after Buyer is notified of such damage or destruction, (a) unilaterally terminate this Agreement, or (b) elect to continue this Agreement and purchase the Project. In the event of (b) above, or if the cost of repair or replacement is \$500,000 or less, Seller shall assign to Buyer at the Closing any insurance proceeds payable in respect of such casualty and Buyer shall be entitled to a credit against the Purchase Price in the amount of any deductible that is applicable under Seller's casualty insurance policy to such casualty.

11. Eminent Domain.

In the event of any threatened, contemplated, commenced or consummated proceedings in eminent domain (notice of which shall be given to Buyer by Seller promptly) respecting all or any material portion of the Project, Buyer may, at its option, by notice to Seller given thirty (30) days after Buyer is notified of such actual or possible proceedings, (a) unilaterally terminate this Agreement, in which event the Deposit together with accrued interest thereon shall be returned to Buyer and neither party shall have any further rights or obligations hereunder, or (b) elect to continue this Agreement, in which event Seller shall, at the Closing, assign to Buyer its entire right, title and interest in and to any condemnation award and Buyer shall have the sole right during the Contract Period to negotiate and otherwise deal with the condemning authority in respect of such matter.

12. Conditions to Closing.

12.1. Buyer's Conditions.

Buyer's obligation to purchase the Project is expressly conditioned upon the following (unless waived by Buyer), and absent satisfaction of same at the Closing Date Buyer may unilaterally and forthwith terminate this Agreement:

- (a) At the Closing Date, no suit, action or other proceedings shall

be pending or threatened which seeks, nor shall there exist any judgment the effect of which is, to restrain the purchase and sale of the Project; and

(b) Seller's representations and warranties set forth herein shall be true and correct in all material respects at the Closing Date; and

(c) As the Closing Date, the Leases with Publix, Eckerd Drugs and Great Western shall be in full force and effect, and at least 75% of the remaining gross leasable area of the Project shall be leased in accordance with the Schedule of Leases or otherwise in accordance with this Agreement. Except as expressly provided in this subparagraph, Buyer shall have no right to terminate this Agreement, nor shall Buyer be entitled to any credits against the Purchase Price, as a result of any changes in the Leases and/or the Tenants of the Project as of the Closing Date.

12.2. Seller's Conditions.

Seller's obligation to sell the Project is expressly conditioned upon the following (unless waived by Seller) and, absent satisfaction of same at the Closing Date, Seller may unilaterally and forthwith terminate this Agreement: (a) Buyer's representations and warranties set forth herein shall be true and correct at the Closing Date; and (b) Buyer shall be ready, willing and able to deliver the Purchase Price at the Closing.

13. Brokerage.

Each party represents and warrants to the other that it has neither engaged nor employed any broker or finder in connection with the transactions contemplated by this Agreement, other than Sonnenblick-Goldman Company, One Biscayne Tower, 2 South Biscayne Boulevard, Miami, Florida 33131 Attn: Manuel De Zarraga, for whose compensation Seller shall be responsible pursuant to a separate agreement, and each party hereby indemnifies and agrees to hold the other harmless from and against any loss, cost, damage or expense (including reasonable attorneys' fees) by reason of the incorrectness of such representation and warranty. This provision shall survive the Closing.

14. Notices.

All notices, demands, requests, consents, approvals or other communications (for the purposes of this Section collectively called "Notices") required or permitted to be given hereunder or which are given with respect to this Agreement shall be in writing and shall be delivered personally or sent by either registered or certified mail, return receipt requested, postage prepaid or Federal Express or another nationally recognized air courier service, addressed as follows:

TO SELLER:

Chamanreal Inc., N.V.
c/o UBS Asset Management (New York), Inc.
1345 Avenue of the Americas
New York, NY 10105
Attn: Real Estate Asset Management Department

with a copy to:

Gibson, Dunn & Crutcher, LLP
200 Park Avenue
New York, NY 10166
Attn: Joanne Franzel, Esq.

TO BUYER:

RRC Acquisitions, Inc.
c/o Regency Realty Corporation
121 West Forsyth Street
Suite 200
Jacksonville, FL 32202
Attn: Richard E. Cook

with a copy to:

Ulmer, Murchison, Ashby & Taylor
200 West Forsyth Street
Suite 1600
Jacksonville, FL 32201
Attn: William E. Scheu, Esq.

or such other address as such party shall have specified most recently by like Notice. Notices mailed as provided herein shall be deemed given on the third New York business day following the date so mailed.

15. Counterparts.

This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which taken together shall constitute but one and the same instrument.

16. Governing Law.

This Agreement shall be governed by, interpreted under, and construed and enforced in accordance with, the laws of the State of Florida applicable to agreements made and to be performed wholly within the State of Florida.

17. Entire Agreement.

This Agreement (including the Exhibits attached here) contains the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior understandings, if any, with respect thereto. This Agreement may not be modified, changed or supplemented, nor may any obligations hereunder be waived, except by written instrument signed by the party to be charged or by its agent duly authorized in writing or as otherwise expressly permitted herein. The parties do not intend to confer any benefit hereunder on any person, firm or corporation other than the parties hereto. This provision shall survive the Closing.

18. Attorneys' Fees.

Should either party institute any action or proceeding to enforce this Agreement or any provision hereof, or for damages by reason of any alleged breach of this Agreement or of any provision hereof, or for a declaration of rights hereunder, the prevailing party in any such action or proceeding shall be entitled to receive from the other party all costs and expenses, including reasonable attorneys' fees, incurred by the prevailing party in connection with such action or proceeding.

19. Titles and Headings.

Titles and headings of Articles and Sections of this Agreement are for convenience of reference only and shall not affect the construction of any provision of this Agreement.

20. Non-Waiver of Rights.

No failure or delay of either party in the exercise of any right given to such party hereunder shall constitute a waiver thereof unless the time specified herein for exercise of such right has expired, nor shall any single or partial exercise of any right preclude other or further exercise thereof or of any other right. The waiver of any breach hereunder shall not be deemed to be a waiver of any other or any subsequent breach hereof.

21. Exhibits.

Each of the Exhibits referred to herein and attached hereto is an integral part of this Agreement and is incorporated herein by this reference.

22. Pronouns; Joint and Several Liability.

All pronouns and any variation thereof shall be deemed to refer to the masculine, feminine or neuter, singular of plural, as the identity of the parties may require. If the Buyer consists of two or more parties, the liability of such parties shall be joint and several.

23. Further Assurances.

Seller and Buyer each agrees to do such further acts and things and to execute and deliver such additional agreements and instruments as the other may reasonably require to consummate, evidence or confirm the sale or any other agreement contained herein in the manner contemplated hereby.

24. No Assignment.

Buyer shall have no right to assign this Agreement or its rights hereunder without the express written consent of Seller. A sale of a controlling interest in the shares or partnership interests of Buyer shall be deemed an assignment for purposes of this Agreement. Notwithstanding the foregoing, Buyer shall have the right to assign this Agreement to, or to designate as the grantee under the Deed, an entity controlled by, controlling or under common control with Buyer, where "control" means the capacity to control the business operations and policies of the entity, whether by share ownership, contract or otherwise.

25. Time of Essence.

Time is of the essence of each and every term, condition and particular of this Agreement.

26. Radon Gas.

Radon is a naturally occurring radioactive gas which, when it has accumulated in a building in sufficient quantities, may present health risks to persons who are exposed to it over time. Levels of radon which exceed federal and state guidelines have been found in buildings in the state in which the Property is located. Additional information regarding radon and radon testing may be obtained from the county public health unit.

IN WITNESS WHEREOF, the Seller and Buyer have duly executed this Agreement as of the day and year first above written.

SELLER:

BUYER:

C. M. WELLINGTON TOWN SQUARE
LIMITED PARTNERSHIP,
an Illinois limited partnership

RRC ACQUISITIONS, INC.,
a Florida corporation

By: C. M. General, Inc.,
a Delaware corporation, its
general partner

By: _____
Name:
Title:

By: _____
Name:
Title:

By: _____
Name:
Title:

1. Fixed minimum or base rent: No less than \$14 per square foot of net rentable area
2. Common Area Maintenance (which shall include reasonable and customary management fees), Insurance and Real Estate Taxes to be paid prorata by tenant.
3. Term: No less than 3 years
4. Free Rent: No more than 3 months following substantial completion
5. Tenant Improvement Allowance: No more than \$3.00 per square foot
6. The lease shall be on Buyer's standard form for the Project.
7. The tenant shall not have received any inducements to execute the lease other than free rent and/or tenant improvement allowance consistent with these Leasing Parameters, and other concessions which are customarily given by prudent landlords in leasing space in shopping centers comparable to and within the vicinity of the Project.

NA962760.012/20+

AGREEMENT TO PURCHASE REAL ESTATE

THIS AGREEMENT made this 27th day of December, 1996, by and between:

SELLER: PUBLIX SUPER MARKETS, INC.
Post Office Box 407
Lakeland FL 33802-0407

BUYER: RRC ACQUISITIONS, INC.
Attention: Robert L. Miller
Suite 200, 121 W. Forsyth Street
Jacksonville, Florida 32202

ESCROW AGENT: James P. Hahn
HAHN, McCLURG, WATSON GRIFFITH & BUSH, P.A.
Post Office Box 38
Lakeland, FL 33802-0038

W I T N E S S E T H

WHEREAS, Seller has title to certain real property as is more particularly described in Exhibit "A" attached hereto and made a part hereof (hereinafter the "Real Property"); and

WHEREAS, Seller desires to sell and Buyer desires to buy the Real Property under terms and conditions contained herein.

NOW, THEREFORE, in consideration of the mutual recitals, the mutual covenants and agreements set forth herein and good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Seller agrees to sell and Buyer agrees to buy the following described subject property upon the following terms and conditions:

10/29/96

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I
DEFINITIONS

1. As used in this Agreement, the following terms shall have the following meanings:

1.01 "Agreement" means this Agreement to Purchase Real Estate as it may be amended from time to time.

1.02 "Buyer's Intended Use" means the operation upon the Real Property of the existing shopping center.

1.03 "Closing" means the execution and delivery of those documents and funds necessary to transfer fee simple title to the Subject Property to the Buyer in accordance with the terms of the Agreement.

1.04 "Effective Date" means the last date on which Seller and

Buyer have both executed this Agreement.

1.05 "Subject Property" means:

(a) The Real Property, including but not limited to, all buildings, tenements, hereditaments, easements, rights-of-way, appurtenances, passages, water rights, drainage rights, and any and all other rights, liberties and privileges thereon or in any way now or hereafter appertaining, and including all right, title, and interest of the Seller in and to all rights-of-way, easements, public and private streets, roads, avenues, alleys, passageways and water rights (including any of the foregoing lying in any road beds), in front of or abutting the Real Property or any portion thereof; and

(b) All of Seller's right, title and interest in, to and under any and all site plans, surveys, engineering soil reports and studies, licenses, permits, approvals, sewer permits, utility permits, drainage permits, rights and agreements and similar or equivalent private and governmental documents of every kind and character whatsoever pertaining to, applicable to or in any way connected with the Real Property, all to the extent transferable; and

(c) Buyer shall notify Seller within thirty (30) days following the Effective Date of which contracts described Buyer desires to have assigned, which shall then be deemed to constitute the "Assigned Contracts." Buyer acknowledges that Seller's assignment of any of the Assigned Contracts may require the consent of the third party thereto over which Seller has no control. Seller shall use reasonable efforts to obtain such consent; provided, however, Seller's inability to obtain such

10/29/96

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consent shall not constitute a default hereunder, and shall not constitute a condition to closing. However, in any event, the Seller shall assign to the Buyer all warranties under the construction contracts and equipment purchase agreements. Seller shall furnish to Buyer within fifteen days from the Effective Date a list of contracts, leases, construction, warranties and equipment purchase warranties, if they have not already been heretofore furnished prior to the Effective Date.

1.06 "Title Insurance" means preliminary reports of title, title insurance commitments and policies issued by Chicago Title Insurance Company, (the "Title Insurance Company").

II
PURCHASE PRICE AND TERMS

2.01 Purchase Price. Buyer agrees to pay a total purchase price consisting of Six Million Two Hundred Thousand and NO/100 Dollars (\$6,200,000.00) cash at Closing.

2.02 Earnest Money Deposit. Within three (3) days after the Effective Date, Buyer shall deposit with the Escrow Agent the amount of Fifty Thousand and NO/100 Dollars (\$50,000.00), which Earnest Money Deposit shall be held in an interest bearing account in accordance with the provisions hereinafter stated. "Earnest Money Deposit" as used in this Agreement shall include all interest earned on the Earnest Money Deposit. At the Closing as set forth in this Agreement Buyer shall receive a credit against the cash payable at Closing for the total amount of the Earnest Money Deposit including any and all interest that has accrued thereon.

III
TITLE INSURANCE

3.01 Title Insurance.

(a) Within fifteen (15) days after the Effective Date, Buyer shall furnish Buyer, at Buyer's sole cost and expense, with a title insurance commitment (the "Commitment") committing the Title Insurance Company to insure Buyer's title to the Real Property, together with copies of all documents listed in the Commitment as exceptions or matters required to be corrected prior to Closing. The Commitment and resulting title insurance policy (the "Policy") shall be in the amount of the purchase price.

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All costs of the Commitment and Policy shall be paid by Seller. The Commitment and resulting Policy shall be an ALTA standard form as currently authorized and approved by the Insurance Commissioner of the State of Florida. There shall be no exceptions to the Commitment or Policy except ad valorem taxes for the year of Closing and subsequent years, the lease set forth in XVII hereof, and the matters of record relating to the Real Property listed on Attorneys' Title Insurance Policy #OPM-1073331 dated 5/25/96 as amended by Endorsement #1 dated 10/2/95, all in Exhibit "B" attached hereto to which Buyer waives any and all objections unless objections are made within thirty (30) days from the Effective Date (which items shall be the "Permitted Exceptions" unless objection is made as aforesaid). If any future title commitment prior to Closing (including one which Seller will cause to be delivered to Buyer's attorney within two (2) days prior to the date of Closing) reveals other restrictions or easements which are not caused by Buyer and which would prohibit or materially and adversely affect Buyer's Intended Use of the Real Property, Seller shall make all reasonable efforts as set forth herein to cure any such objections provided such objections are made to Seller by Buyer in writing within fifteen (15) days of delivery to Buyer of such title commitment revealing such objections, otherwise, Buyer shall be deemed to have waived its right to so object, in which event such objections shall constitute Permitted Exceptions. The Policy shall insure marketable title. The Commitment shall be delivered to Buyer's attorney, unless Buyer directs otherwise. Buyer or Buyer's attorney shall give written notice to the Seller of any objections by the Buyer to the title. The Buyer shall not be required to make objection to the existence of any mortgage lien, materialmen or mechanic's lien, assessment lien or any other lien encumbering all or any part of the Real Property, all of which are hereby deemed to be title objections. After due notice, Seller shall have a reasonable time, not to exceed sixty (60) days, to (i) cure any title defect, or (ii) have the exception waived or bonded over by the Title Insurance Company, or (iii) have the Title Insurance Company provide affirmative coverage regarding such exception, or (iv) have such exception otherwise deleted from the Commitment and Policy, none of which (i) through (iv) shall cause the title to be unmarketable, and, if necessary, the Closing shall be delayed for that period. If Seller fails to cure or otherwise eliminate as provided herein any title defect as to which due notice has been given within said time period, Buyer shall have the option to terminate this Agreement by providing notice thereof to Seller within five (5) days following said sixty (60) day period whereupon this Agreement shall terminate and the Buyer shall be paid all Earnest Money Deposits. In the event Buyer terminates this Agreement, Seller shall bear all title insurance charges. In the alternative, Buyer shall have the right to accept the title in its then existing condition and proceed to Closing as otherwise provided herein by providing notice thereof to Seller within five (5) days following said sixty (60) day period. Buyer's failure to provide either the notice of termination or acceptance shall be

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deemed to constitute an acceptance of title and the transaction shall close subject to the terms of this Agreement. Seller agrees to use reasonable efforts to cure all title defects.

(b) Seller shall cause the Title Insurance

Company to issue such endorsements to the Commitment and Policy as shall be required by Buyer subject to the terms of this Agreement.

3.02 Affidavits. At Closing, Seller shall provide the Title Insurance Company with an Affidavit of No Lien and such additional documentation as is required in such form as is necessary to enable the Title Insurance Company issuing said Commitment to remove the mechanic's lien and parties in possession exceptions from the Commitment and the Policy.

IV
CLOSING

4.01 Closing. The Closing shall take place on or before ten (10) days after the completion of the Property Inspection and Buyer has not cancelled and terminated this agreement, as provided in paragraph 10.01 hereof, at the offices of Seller's attorneys in Lakeland, Florida. The parties mutually agree that time is of the essence and that each party shall pursue in good faith preparation for closing.

4.02 Closing Costs.

(a) Seller: Seller will pay all costs of (i) preparation and recordation of any instruments necessary to correct title subject to the terms of this agreement; and (ii) Seller's attorney's fees.

(b) Buyer: Buyer will pay all costs of (i) the Title Insurance Commitment and Policy premium plus endorsements; (ii) documentary stamps to be affixed to the Deed; (iii) recording the deed; (iv) Buyer's attorney's fees; and (v) for any additional survey desired by the Buyer.

4.03 Documents to be Delivered by Seller at Closing. At the time of Closing, the Seller and Buyer, as appropriate, shall execute and deliver or cause to be delivered executed originals of the following documents:

(a) Customary Special Warranty Deed (the "Deed") conveying good and marketable title of the Real Property to

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Buyer subject to the Permitted Exceptions.

(b) Affidavit of No Lien as required by Article 3.02 above.

(c) Affidavit in compliance with the Foreign Investment in Real Property Tax Act of 1980, as amended, affirming that the Seller is not a "foreign person" as defined by the Internal Revenue Code.

(d) The Assignment and Assumption Agreement assigning the Assigned Contracts and transferring the matters covered by Article 1.05(b) to the extent transferable.

(e) Such other documents as the Parties may reasonably require to be executed and delivered to complete the transaction contemplated hereunder.

(f) Mechanic's lien, possession and gap affidavits, and any other such affidavits or documents as may be required by the Title Insurance Company.

(g) Closing Statement.

(h) Restrictions described in XVI hereof.

(i) Lease described in XVII hereof.

Seller shall deliver copies of all documents to be delivered at Closing to Buyer's attorney not less than three (3) days prior to Closing.

4.04 Prorations. The following adjustments to the Purchase Price shall be made at the Closing by proration of the amounts as specified below as of 11:59 p.m. of the date preceeding the closing:

(a) Ad valorem real estate and personal property taxes applicable to the Properties for 1996, such apportionment to be made on the basis of the previous year's taxes unless the bill therefor is available. Once the taxes for 1996 are established, upon written demand by either party, the parties shall promptly recompute such proration in accordance with the current tax figures, and any excess payment or credit received by a party shall promptly be reimbursed by it to the other party. Buyer shall have the right to contest the 1996 taxes and Seller shall provide Buyer with any information in Seller's possession to assist such contest. The provisions for readjustment of taxes are intended to and shall survive the Closing of this transaction.

(b) Water and sewer rentals, charges for the

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supply of electricity, gas, trash collection and other utility and service charges.

(c) Charges and receipts under service, maintenance, and other like contracts affecting the Subject Property. The amount of charges paid by Seller prior to the Closing and attributable to a period after the Closing shall be credited to Seller. The amount of receipts received prior to the Closing and attributable to a period after the Closing shall be credited to Buyer.

(d) All other proratable items with respect to the Subject Property, including, but not limited to, rents. Security deposits shall be transferred as an escrow item which shall not adjust the Purchase Price. Rents and reimbursements for periods prior to Closing which have not been collected as of Closing, shall be applied first to post-Closing date delinquencies, and then to pre-Closing date delinquencies.

(e) All items to be adjusted for which figures are not available at the Closing, including real estate taxes for the year 1996, will be adjusted, and payment therefor will be made by Seller to Buyer or by Buyer to Seller, as appropriate, as soon as figures are available after the Closing and, in the case of revenues, if any, when they are collected.

V

WARRANTIES AND REPRESENTATIONS

5.01 Seller's Warranties. Seller hereby warrants, represents and covenants (which warranties, representations and covenants shall be effective as of the date of Closing) the following:

(a) The Seller has neither assigned nor pledged, nor will assign or pledge this Agreement to any other person, and that Seller has full power and authority to execute this Agreement.

(b) That Seller has not entered into any outstanding agreements of sale, options or other rights of third parties to acquire an interest in the Subject Property, except for leases in existence on the date of this Agreement.

(c) That Seller has not entered into any agreements which are not of record with any state, county or local governmental authority or agency other than (i) those approved in writing by Buyer with respect to the Subject Property, or (ii)

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those that will not have a material adverse effect on Buyer's Intended Use.

(d) That Seller has full power to sell, convey, transfer and assign the Subject Property on behalf of all parties having an interest therein. That Seller is a Florida corporation duly organized and validly existing in good standing under the laws of the State of Florida; this Agreement and all documents executed by Seller which are to be delivered to Buyer at Closing are, or at the time of Closing will be, (i) duly authorized, executed and delivered by Seller, (ii) the legal, valid and binding obligation of Seller, and (iii) sufficient to convey title as required by this Agreement. Buyer will give a warranty, representation and covenant like this 5.01(d) to Seller.

(e) That except as may be set forth in any existing Environmental Audits of the Real Property which will be provided by Seller to Buyer within five (5) working days from the Effective Date, Seller will inform Buyer within the inspection period in Article 10.01 hereof of any violations of any federal or state environmental law or regulation, including, but not limited to, 42 U.S.C., Section 59601 et. seq. (CERCLA) and 42 U.S.C., Section 6901 et. seq. (RCRA) that affect the Real Property of which the Seller has knowledge.

(f) That to the best of Seller's knowledge, there are no pending condemnation or similar proceedings affecting the Real Property, and Seller will inform Buyer within the inspection period in Article 10.01 hereof of any threatened condemnation of which the Seller has knowledge.

(g) That to the best of Seller's knowledge, there are no violations of any law, statute, regulation, governmental code or ordinance with respect to the Real Property, other than those that would not have a material affect on the Real Property.

(h) That to the best of Seller's knowledge, there is no litigation or administrative proceeding pending which affects the Real Property, and Seller will inform Buyer within the inspection period in Article 10.01 hereof of any such matters that are threatened of which the Seller has knowledge.

(i) There are no leases affecting the Real Property, oral or written, except as listed on the Rent Roll, and any Leases or modifications entered into between the date of this Agreement and the Closing Date with the Consent of Buyer. Copies of the leases, which have been delivered to Buyer or shall be delivered to Buyer within five (5) days from the date hereof, are, to the best knowledge of Seller, true, correct and complete copies thereof, subject to the matters set forth on the Rent Roll. Between the date hereof and the Closing Date, Seller will not

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terminate or modify existing leases or enter into any new leases without the consent of Buyer. All of the Property's tenant leases are in good standing and to the best of Seller's knowledge no defaults exist thereunder except as noted on the Rent Roll. No rent or reimbursement has been paid more than one (1) month in advance and no security deposit has been paid, except as stated on the Rent Roll. No tenants under the leases are entitled to interest on any security deposits. No tenant under any lease has or will be promised any inducement, concession or consideration by Seller other than as expressly stated in such

lease, and except as stated therein there are and will be no side agreements between Seller and any tenant.

(j) Each of the seller financial statements for the Property ("Seller Financial Statements") delivered or to be delivered to Buyer hereunder has or will have been prepared in accordance with the books and records of Seller and presents fairly in all material respects the financial condition, results of operations and cash flows for the Property as of and for the periods to which they relate. All are in conformity with generally accepted accounting principles applied on a consistent basis. There has been no material adverse change in the operations of the Property or its prospects since the date of the most recent Seller Financial Statements. Seller covenants to furnish promptly to Buyer copies of the Seller Financial Statements together with unaudited updated monthly reports of cash flow for interim periods beginning after December 31, 1995. Buyer and its independent certified accountants shall be given access to Seller's books and records at any time prior to and for six (6) months following Closing upon reasonable advance notice in order that they may verify the financial statements prior to Closing. Seller agrees to execute and deliver to Buyer or its accountants the Audit Representation Letter should Buyer's accountants audit the records of the Shopping Center.

(k) On the date of Closing, Seller will recertify to Buyer, in writing, that all of Seller's representations and warranties, as contained in this Agreement, remain true and correct except in such respects as are not likely to have a material adverse effect on Buyer's Intended Use, but the same shall not survive closing.

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VI SURVEY

6.01 Seller, at Seller's sole cost and expense, will furnish to Buyer an existing previous ALTA/ACSM Land Title Survey of the Real Property (the "Survey") within ten (10) working days after the Effective Date. The Survey will be dated and signed by a registered and/or licensed land surveyor in Florida. The Buyer may obtain such additional surveys as Buyer desires, at Buyer's expense.

VII SELLER'S COOPERATION: PLANS AND TECHNICAL DATA

7.01 Access to Information. Within ten (10) working days after the Effective Date Seller shall provide Buyer and its representatives full and free access to all documents of Seller pertaining to the Subject Property, including but not limited to maintenance, improvement, repair, and other records, utility agreements, plans and specifications, studies, reports, correspondence and files, if any, all architectural and building plans, engineering plans and technical data including but not limited to all sewer, water, grading, drainage and paving plans, surveys and all letters, applications, permits or licenses from applicable governmental agencies prepared which are in the possession of Seller, and all other records relating to the Subject Property. All information gained by the Buyer hereunder shall be maintained in confidence, shall not be disclosed to any third party and shall be used only for purposes of carrying out the transaction contemplated by this Agreement, except that said information may be shown to lenders, attorneys and prospective purchasers.

VIII
EMINENT DOMAIN

8.01 If, prior to the Closing, any or all of the Real Property shall be condemned or taken by any governmental or quasigovernmental authority under its power of eminent domain, or if proceedings for such condemnation or taking shall be commenced, the Buyer, at Buyer's option, to be exercised by written notice within ten (10) days of Buyer receiving written notice of such condemnation, may cancel this Agreement, or at

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Buyer's option, the Buyer may agree to close this transaction and the Seller shall assign all awards from the eminent domain proceedings to the Buyer.

IX
ACCESS TO PROPERTY

9.01 Possession. Seller shall deliver to Buyer the sole and exclusive possession of the Real Property as of the date of Closing subject to the Permitted Exceptions.

X
PROPERTY INSPECTION

10.01 Property Inspection. For and in consideration of the sum of Ten Dollars (\$10.00) and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, Seller agrees that Buyer shall have until thirty (30) days after the "Effective Date" of this Agreement (the "Inspection Period") to conduct such inspections, tests, surveys or studies, subject to Seller's right to be present at or during any such activities and to be provided with any samples or test results relating thereto. Buyer agrees that it will have the Inspection Period to physically inspect the Property, review the economic data, underwrite the tenants and review their leases, and to otherwise conduct its due diligence review of the Property and all books, records and accounts of Seller related thereto. Buyer hereby agrees to indemnify and hold Seller harmless from any damages, liabilities or claims for property damage or personal injury arising out of such inspection and investigation by Buyer or its agents or independent contractors. Within the Inspection Period, Buyer may, in its sole discretion and for any reason or no reason, elect to go forward with this Agreement to closing, which election shall be made by notice to Seller given within the Inspection Period. If such notice is not timely given, this Agreement and all rights, duties and obligations of Buyer and Seller hereunder, except any which expressly survive termination, shall terminate and Escrow Agent shall forthwith return to Buyer the Earnest Money Deposit. If Buyer so elects to go forward, the Earnest Money Deposit shall not be refundable except upon the terms otherwise set forth herein. The Inspection Period may be extended by Buyer for three successive periods of thirty (30) days each, by written notice to Seller given within the Inspection Period, as

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extended, as the case may be. Buyer, through its officers, employees and other authorized representatives, shall have the right to reasonable access to the

Property and all records of Seller related thereto, including without limitation all leases and Seller Financial Statements, at reasonable times during the Inspection Period for the purpose of inspecting the Property, taking soil borings, conducting Hazardous Materials inspections, reviewing the books and records of Seller concerning the Property and otherwise conducting its due diligence review of the Property. Seller shall cooperate with and assist Buyer in making such inspections and reviews. Seller shall give Buyer any authorizations which may be required by Buyer in order to gain access to records and other information pertaining to the Property or the use thereof maintained by any governmental or quasi-governmental authority or organization. Buyer, for itself and its agents, agrees not to enter into any contract with existing tenants without the written consent of Seller if such contract would be binding upon Seller should this transaction fail to close. Buyer shall have the right to have due diligence interviews and other discussions or negotiations with tenants. Buyer, through its officers or other authorized representatives, shall have the right to reasonable access to all Materials (other than privileged or confidential litigation materials) for the purpose of reviewing and copying the same.

10.02 Property Condition And Release. Buyer hereby acknowledges that it is responsible for inspecting the Subject Property, all fixtures and attached equipment and articles of personal property and the Buyer accepts the Subject Property, the fixtures and attached equipment and articles of personal property in their AS IS, WHERE IS condition as of the date of Buyer's completion of inspection without cancellation and termination as per Article 10.01 hereof, subject to the provisions of Article 5.01 hereof. Further, Buyer hereby releases Seller as hereafter set forth.

(a) Each of the following terms used in this paragraph shall have the meaning set forth below:

(i) "Released Parties" means Seller and its officers, directors, shareholders, employees, agents, any entity controlling, controlled by, or under common control with Seller, and the successors, and assigns of any of the foregoing persons or entities.

(ii) "Environmental Laws" means any and all applicable (a) federal, state and local environmental laws, rules, and regulations; (b) rules, regulations, guidelines or policy statements, orders, or requests promulgated under or issued in connection with such laws, rules, or regulations; and (c) amendments to any of the foregoing.

(iii) "Hazardous Substances" means, collectively and without regard to quantity, concentration,

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location, physical state, or other reporting, clean-up, or other regulatory threshold, (a) any "hazardous substance" under the Comprehensive, Environmental Response, Compensation, and Liability Act, 42 U.S.C. 9601 et. seq., (b) any hazardous substances under applicable Florida environmental laws, (c) petroleum or petroleum-based products (or any derivative or hazardous constituents thereof or additives thereto), including without limitation, fuel and lubricating oils, and (d) any asbestos containing materials, any "hazardous chemicals" or "toxic chemicals" under the Occupational Safety and Health Act, 29 U.S.C. ss.ss. 651 et. seq. References to particular acts or modifications in this definition include all past and future amendments thereto, as well as applicable rules and regulations as now or hereafter promulgated thereunder.

(iv) "Presence" means the presence on the Subject Property of any Hazardous Substances and the use, possession, storage, disposal, burial, or deposit of any Hazardous Substances on the Subject Property.

(v) "Release" means the threatened or actual release, discharge, spillage, uncontrolled loss, seepage or filtration of Hazardous Substances onto the Subject Property, or from the Subject Property onto any adjacent or contiguous property.

(b) As material consideration for the purchase of the Subject Property, Buyer hereby knowingly, intentionally, unconditionally, irrevocably, and permanently waives, releases, discharges, and agrees not to assert or seek damages or other relief from any of the Released Parties for or on account of, any claim, demand, cause of action, or other right or remedy of any kind or character that Buyer or any of its employees, agents, successors, and assigns may now or hereafter have or acquire against any of the Released Parties, whether known or unknown to Buyer or any of the Released Parties, disclosed or not disclosed to Buyer by any of the Released Parties, liquidated or unliquidated, contingent or matured, relating in whole or in part, or directly or indirectly to, or in any way arising out of (i) the violation of any Environmental Law on the Subject Property by any Released Party, (ii) the Presence of any Hazardous Substances on the Subject Property, or (iii) the Release of any Hazardous Substances onto the Subject Property, or from the Subject Property onto any adjacent or contiguous property. The foregoing release is specifically intended to include (but not be limited to) any claims, demands, causes of action, or other rights and remedies of Buyer under the Comprehensive, Environmental Response, Compensation, and Liability Act, as amended, 42 U.S.C. 9601 et. seq., including claims for response costs or contribution.

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XI
CONDITIONS PRECEDENT TO CLOSING

11.01 This Agreement and the obligation of Buyer to close this transaction and to pay any portion of the Purchase Price to Seller is exclusively conditioned upon satisfaction of each of the following Conditions Precedent (any of which may be waived by Buyer in writing) prior to Closing.

11.02 Agreement To Remain in Effect. That this Agreement remain in full force and effect and that there shall not exist a right on the part of the Seller to either terminate the rights of Buyer under this Agreement, or seek the recovery of damages against Buyer provided Buyer's right not to close shall not be in derogation of Seller's right to retain the earnest money deposit as provided in 13.01(3) below.

11.03 Performance of Seller. That Seller shall comply fully in all material respects with all of Seller's obligations and duties under this Agreement.

11.04 Representations. That all representations, covenants and warranties of Seller contained in this Agreement including, but not limited to, those set forth in Paragraph V hereof, shall be true, satisfied and documented in all material respects as of the date of Closing.

In the event any of the foregoing conditions precedent have not been satisfied prior to closing as required herein, which will cause a material adverse effect, and the Buyer has not waived such condition in writing, then Buyer shall have the option to (i) cancel and terminate this Agreement and have the right to immediate return of the Earnest Money Deposit described in Paragraph 2.02 above, whereupon this Agreement shall be terminated; or (ii) waive said condition and close on the transaction in accordance with the terms hereof.

11.05 That reasonably acceptable Tenant Estoppel Letters shall be obtained, that there shall be no material adverse change in the condition of the Subject Property nor as to the tenant's leasing space in the Subject Property and that Publix and the other two tenants in the Subject Property shall have opened business in the shopping center and shall have commenced paying rent, all as of Closing Date.

XII

RISK OF LOSS

12.01 Damage or Destruction. In the event of loss or damage to the Subject Property prior to Closing either by fire or other casualty, the Buyer, at Buyer's option, may rescind Buyer's obligations to close on this Agreement and receive an immediate refund of the Earnest Money Deposit, or Buyer may elect to close on this Agreement and take title to the Subject Property together with whatever insurance proceeds accrue by virtue of said loss or damage, plus a credit at Closing in the amount of any deductible payable under any insurance policy.

XIII
REMEDIES

13.01 Default. In the event of a default by the Seller, the Buyer shall have the following options:

1. Sue Seller for specific performance including recovery of court costs and attorney's fees with respect thereto.

2. Rescind Buyer's obligations to close on this agreement and demand refund of the Escrow Deposit together with interest thereon.

3. In the event that all conditions precedent have been fulfilled and Buyer fails to close this transaction, the Seller shall have, as Seller's sole and exclusive remedies, the right to retain the Earnest Money Deposit as liquidated damages or to sue for specific performance including court costs and attorney's fees with respect thereto. The Buyer and Seller hereby acknowledge that it is impossible to more precisely estimate the damages to be suffered by Seller upon Buyer's default and the parties expressly acknowledge that retention of the Earnest Money Deposit is intended not as a penalty but as fully liquidated damages. In the event of a default hereunder by Buyer and if Seller retains the Earnest Money Deposit, Seller hereby waives and releases any right, and hereby covenants that it shall not sue Buyer (a) for specific performance of this Agreement or (b) to prove that Seller's actual damages exceed the Earnest Money Deposit.

13.02 Interest on Escrow Funds. In the event that the Closing shall take place, then any interest earned on the Earnest Money Deposit shall be credited to the Buyer as a portion

of the cash required to be paid at Closing. In the event that the Closing fails to take place through default of the Seller and the Buyer shall demand a refund of the Earnest Money Deposit in accordance with any of the terms of this Agreement, then said interest shall be paid to the Buyer. In the event that the Closing fails to take place through a default of the Buyer, Seller shall be entitled to the Earnest Money Deposit paid hereunder, together with all interest earned on the Earnest Money Deposit if the Seller accepts same as liquidated damages.

XIV
BROKER'S COMMISSION

14.01 Seller warrants and represents that no broker or finder has been engaged by or represents Seller as to this Agreement. Buyer warrants and represents that no broker or finder has been engaged by or represents Buyer as to this Agreement. Seller and Buyer each agree to indemnify, defend and hold the other harmless from and against any claim by any other real estate broker or finder engaged by the respective indemnitor.

XV
ESCROW AGENT

15.01 Duties. It is agreed that the duties of any Escrow Agent appointed under this Agreement are only such as are specifically provided herein being purely ministerial in nature, and that such Escrow Agent shall incur no liability whatsoever except for willful misconduct or negligence so long as the Escrow Agent has acted in good faith. The Seller and Buyer release any Escrow Agent from any act done or omitted to be done by the Escrow Agent in good faith in the performance of such Escrow Agent's duties hereunder.

15.02 Responsibilities. The Escrow Agent shall be under no responsibility in respect to the Earnest Money Deposit other than faithfully to follow the instructions herein contained. The Escrow Agent may advise with counsel and shall be fully protected in any actions taken in good faith, in accordance with such advice. The Escrow Agent shall not be required to defend any legal proceedings which may be instituted against such Escrow Agent in respect to the subject matter of these instructions unless requested to do so by Seller and Buyer and is indemnified to the satisfaction of such Escrow Agent against the cost and expense of

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such defense. The Escrow Agent shall not be required to institute legal proceedings of any kind; such Escrow Agent shall have no responsibility for the genuineness or validity of any document or other item deposited with such Escrow Agent, and shall be fully protected in acting in accordance with any written instructions given to such Escrow Agent hereunder and believed by such Escrow Agent to have been signed by the proper parties.

15.03 Sole Liability. The Escrow Agent assumes no liability under this Agreement except that of a stake holder. If there is any dispute as to whether the Escrow Agent is obligated to deliver the Earnest Money Deposit or as to whom such Earnest Money Deposit is to be delivered, the Escrow Agent will not be obligated to make any delivery thereof, but in such event may hold the Earnest Money Deposit until receipt by such Escrow Agent of any authorization in writing signed by all of the persons having an interest in such dispute, directing the disposition thereof, or in the absence of such authorization, the Escrow Agent may hold the Earnest Money Deposit until the final determination of the rights of the parties in an appropriate proceeding. If such written authorization is not given, or proceedings for such determinations are not begun and diligently continued, the Escrow Agent may, but is not required, bring an appropriate action or proceeding for leave to deposit the Earnest Money Deposit into the Registry of the Court pending such determination. In making delivery of the Earnest Money Deposit in the manner provided for in this Agreement, the Escrow Agent shall have no further liability in the matter.

15.04 Confirmation of Deposit. The Escrow Agent for the Earnest Money Deposit has executed this Agreement at the bottom hereof to confirm that such Escrow Agent is holding and/or will hold the Earnest Money Deposit in Escrow pursuant to the provisions of this Agreement. The Earnest Money Deposit shall be deposited in an interest bearing account.

15.05 Successor Escrow Agent. The foregoing requirements of

the Escrow Agent shall be applicable to the initial Escrow Agent and all subsequent Escrow Agents following the transfer of the Escrow Deposit upon completion of the Property Inspection Period. It is understood and agreed that all times prior to the closing and transfer of title that the Earnest Money Deposits shall be the subject of an Escrow and governed according to the terms set forth herein. Any and all Escrow Agents as set forth herein and at various times herein shall at the request of either party provide written acknowledgment of the continued escrow of the Escrow Deposit and the amount of interest that has accrued thereon.

XVI
RESTRICTIONS

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Parcel B on Exhibit "C" attached hereto, Martin Downs Village Center (former Publix location) as shown on Exhibit "D" attached hereto, and Ocean East Shopping Center in which Stuart Fine Foods is located as shown on Exhibit "E" attached hereto, shall all be restricted against use as a grocery supermarket (except for the existing Stuart Fine Foods), and an appropriate restriction thereon shall be recorded at closing, all of which shall be in accordance with the Restrictions as to defined in the form of lease attached hereto as Exhibit "F."

XVII

Seller as Tenant and Buyer as Landlord agree at closing to enter into the form of lease attached hereto as Exhibit "F," with an amount of rental set forth in a separate memorandum.

XVIII
MISCELLANEOUS

18.01 Notices. Any notice required or permitted to be given hereunder shall be sufficient in writing and sent by registered or certified mail, postage prepaid, or sent by expedited courier service to the party being given such notice at the address heretofore given herein or at such other address as to which notice is to be given in accordance with the provisions herein. A copy of any notice shall also be given to James P. Hahn, Esquire, HAHN, McCLURG, WATSON GRIFFITH & BUSH, P.A., 101 South Florida Avenue, Post Office Box 38, Lakeland, Florida, 33802, attorney for Seller, and to ULMER, MURCHISON, ASHBY & TAYLOR, Attn: William E. Scheu, Esquire, Post Office Box 479, Suite 1600, 200 West Forsyth Street, Jacksonville, Florida, 32201 (32202 for courier), attorney for Buyer.

18.02 Entire Agreement. This Agreement is the entire Agreement of the parties with regard to the transaction dealt with herein.

18.03 Assignment. Buyer shall not have the right to assign any part or all of this Agreement without the written consent of the Seller, which consent shall not be unreasonably withheld. However, the Seller does hereby consent to the assignment of this agreement and the lease attached hereto, to RRC FL THREE.

18.04 Survival of Agreement. The terms and

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conditions of this Agreement shall survive the Closing hereof and the delivery of all related documents subject to any applicable period of survivability as provided herein including warranties and representations not surviving closing.

18.05 Time is of the Essence. The parties acknowledge that time is of the essence for each time and date specifically set forth in this Agreement.

18.06 Modification. The parties acknowledge that this Agreement is the entire agreement between the parties and that this Agreement may be modified only by a written instrument signed by all parties.

18.07 Attorney's Fees. In the event of any litigation between the parties arising out of this Agreement or the collection of any funds due the Buyer or the Seller pursuant to this Agreement, the prevailing party shall be entitled to recover all costs incurred, such costs to include without limitation reasonable attorney's fees, also including attorney's fees on appeal and in any bankruptcy proceedings, and this provision shall survive the termination of this Agreement.

18.08 Waiver. No waiver hereunder of any condition or breach shall be deemed to be a continuing waiver of any subsequent breach and all waivers shall be in writing.

18.09 Headings. Headings used herein are for convenience only and do not constitute a substantive part of this agreement.

18.10 Choice of Law. This Agreement shall be governed by the laws of the State of Florida.

18.11 Extension of Time Periods. In the event that the last day of any period of time specified in this Agreement shall fall on a weekend or legal holiday, such period of time shall be extended through the end of the next work day.

18.12 Time for Acceptance. In order for this Agreement to have any legal force and effect, this Agreement shall be accepted and executed by the Seller and delivered to the Buyer within seven (7) business days after execution hereof by the Buyer and delivery thereof to Seller. In the event this Agreement is not accepted, executed and delivered by Seller as stated herein, the Agreement shall be considered null and void and of no legal force and effect.

18.13 Radon Gas Notification. Radon is a naturally occurring radioactive gas that, when it has accumulated in a building in sufficient quantities, may present health risks to

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persons who are exposed to it over time. Levels of radon that exceed federal and state guidelines have been found in buildings in Florida. Additional information regarding radon and radon testing may be obtained some from your local county public health unit.

IN WITNESS WHEREOF, the parties have hereunto set their hands and seals the day and year first above written.

AS TO SELLER:
PUBLIX SUPER MARKETS, INC.
A Florida corporation

WITNESSES:

By: CHARLES H. JENKINS, JR.

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RECEIPT

Receipt of the Earnest Money Deposit is herewith acknowledged in the amount and in accordance with the foregoing Agreement.

This day of , 1996.

ESCROW AGENT:
HAHN, McCLURG, WATSON, GRIFFITH & BUSH

BY:
 JAMES P. HAHN, President

C:\WP\MARTINDO.2ND

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Description

All of Village Shoppes at the Downs according to the plat thereof as recorded in Plat Book 10, Page 65, Public Records of martin County, Florida. Said lands lying in Martin County, Florida.

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EXHIBIT "E"

10/29/96

EXHIBIT "F"

10/29/96

AUDIT REPRESENTATION LETTER

10/29/96

REGENCY REALTY CORPORATION

Subsidiaries

Regency Realty Corporation (the "Company") has the following direct and indirect subsidiaries (unless otherwise noted, the immediate parent company's ownership interest is 100%)

RRC General SPC, Inc., a Florida corporation RRC Limited SPC, Inc., a Florida corporation

RRC General SPC, Inc. and RRC Limited SPC, Inc. are the general and limited partners, respectively, of the following Florida limited partnerships:

RSP Criterion IV, Ltd.
Treasure Coast Investors, Ltd.
Regency Rosewood Temple Terrace, Ltd.
Landcom Regency Mandarin, Ltd.

RRC FL SPC, Inc., a Florida corporation RRC GA SPC, Inc., a Georgia corporation RRC AL SPC, Inc., an Alabama corporation RRC MS SPC, Inc., a Mississippi corporation

RRC FL One, Inc., a Florida corporation RRC FL Two, Inc., a Florida corporation

RRC FL One, Inc. and RRC FL Two, Inc. are the general and limited partners, respectively, of the following Delaware limited partnership:

Regency Office Partnership, L.P.

Regency Centers, Inc., a Florida corporation

Regency Centers, Inc. is the general partner of the following Georgia limited partnership:

RRC Operating Partnership of Georgia, L.P.

RRC FL Five, Inc., a Florida corporation RRC FL Seven, Inc., a Florida corporation RRC Acquisitions, Inc., a Florida corporation RRC JV One, Inc., a Florida corporation

RRC JV One, Inc. is the general partner of the following Florida limited partnership:

Regency Ocean East Partnership Limited

Subsidiaries - continued

Regency Atlanta, Inc., a Georgia corporation

Regency Atlanta, Inc. is the general partner of the following Delaware limited partnership:

Regency Retail Partnership, L.P.
Regency Realty Group, II, Inc., a Florida corporation

(Regency Retail Partnership, L.P. owns 5% of the voting common stock and 100% of the non-voting preferred stock of this corporation.) Regency Retail Partnership, L.P. is the

general partner of the following Georgia limited partnerships:

Equiport Associates, L.P.
Branch/HOP Associates, L.P.
Old Fort Associates, L.P.
Fieldstone Associates, L.P.

Regency Realty Group, Inc., a Florida corporation (the Company owns 5% of the voting common stock and 100% of the non-voting preferred stock of this subsidiary). Regency Realty Group, Inc. owns all of the capital stock of the following:

RRC Lender, Inc., a Florida corporation
Regency Realty Group GA, Inc., a Georgia corporation

Independent Auditors' Consent

The Board of Directors
Regency Realty Corporation:

We consent to incorporation by reference in the registration statements (No. 33-86886, No. 333-930 and No. 333-2546) on Form S-3 of Regency Realty Corporation of our reports dated January 27, 1997, except for Note 11 as to which the date is March 7, 1997, relating to the consolidated balance sheets of Regency Realty Corporation as of December 31, 1996 and 1995, and the related consolidated statements of operations, stockholders' equity, and cash flows for each of the years in the three year period ended December 31, 1996, and related schedule, which reports appear in the December 31, 1996 annual report of Form 10-K of Regency Realty Corporation.

/s/ KPMG Peat Marwick LLP

KPMG Peat Marwick LLP
Certified Public Accountants

Jacksonville, Florida
March 24, 1997

WARNING: THE EDGAR SYSTEM ENCOUNTERED ERROR(S) WHILE PROCESSING THIS SCHEDULE.

<ARTICLE>	5
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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM REGENCY REALTY CORPORATION'S FORM 10-K FOR THE YEAR ENDED DECEMBER 31,1996	
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