United States
SECURITIES AND EXCHANGE COMMISSION
Washington DC 20549

FORM 10-Q

(Mark One)

[X] For the quarterly period ended June 30, 1999

-or-

[ ]Transition Report Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

For the transition period from _____ to _____

Commission File Number 1-12298

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

Florida 59-3191743
(State or other jurisdiction of (IRS Employer
incorporation or organization) Identification No.)

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

(904) 356-7000
(Registrant's telephone number, including area code)

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No[ ]

(Applicable only to Corporate Registrants)

As of August 10, 1999, there were 59,562,612 shares outstanding of the Registrant's common stock.

REGENCY REALTY CORPORATION
Consolidated Balance Sheets
June 30, 1999 and December 31, 1998

	1999 (unaudited)	1998
Assets		
Real estate investments, at cost:		
Land	$ 557,375,983	257,669,018
Buildings and improvements	1,801,402,593	925,514,995
Construction in progress - development for investment	54,783,730	15,647,659
Construction in progress - development for sale	84,535,053	20,869,915
	2,498,097,359	1,219,701,587
Less: accumulated depreciation	79,822,694	58,983,738
	2,418,274,665	1,160,717,849
Investments in real estate partnerships	43,737,090	30,630,540
Net real estate investments	2,462,011,755	1,191,348,389
Cash and cash equivalents	14,781,701	19,919,693
Tenant receivables, net of allowance for uncollectible accounts of $1,823,732 and $1,787,686 at June 30, 1999 and December 31, 1998, respectively	29,656,201	16,758,917
Deferred costs, less accumulated amortization of $6,616,985 and $5,295,336 at June 30, 1999 and December 31, 1998	11,002,944	6,872,023
Other assets	6,354,589	5,208,278
	$ 2,523,807,190	1,240,107,300
Liabilities and Stockholders' Equity		
Liabilities:		
Notes payable	787,274,210	430,494,910
Acquisition and development line of credit	243,879,310	117,631,185
Accounts payable and other liabilities	45,322,871	19,936,424
Tenants' security and escrow deposits	6,899,230	3,110,370

Total liabilities	1,083,375,621	571,172,889
Series A preferred units	78,800,000	78,800,000
Exchangeable operating partnership units	46,468,357	27,834,330
Limited partners' interest in consolidated partnerships	11,050,830	11,558,618
Total minority interest	136,319,187	118,192,948
Stockholders' equity:		
Convertible Preferred stock Series 1 and paid in capital $.01 par value per share: 542,532 shares authorized issued and outstanding; liquidation preference $20.83 per share	12,654,570	-
Convertible Preferred stock Series 2 and paid in capital $.01 par value per share: 1,502,532 shares authorized issued and outstanding; liquidation preference $20.83 per share	22,392,000	-
Common stock $.01 par value per share: 150,000,000 shares authorized; 59,560,212 and 25,488,989 shares issued and outstanding at June 30, 1999 and December 31, 1998	595,602	254,889
Special common stock - 10,000,000 shares authorized: Class B $.01 par value per share, 2,500,000 shares issued and outstanding at December 31, 1998	-	25,000
Additonal paid in capital	1,302,631,875	578,466,708
Distributions in excess of net income	(22,180,227)	(19,395,744)
Stock loans	(11,981,438)	(8,609,390)
Total stockholders' equity	1,304,112,382	550,741,463
Commitments and contingencies		
	$ 2,523,807,190	1,240,107,300

See accompanying notes to consolidated financial statements

REGENCY REALTY CORPORATION
Consolidated Statements of Operations
For the Three Months ended June 30, 1999 and 1998
(unaudited)

	1999	1998
Revenues:		
Minimum rent	$ 58,489,977	25,405,644
Percentage rent	466,022	558,514
Recoveries from tenants	15,081,065	5,817,685
Management, leasing and brokerage fees	4,118,783	3,259,509
Equity in income of investments in real estate partnerships	1,395,100	145,425
Total revenues	79,550,947	35,186,777
Operating expenses:		
Depreciation and amortization	12,369,778	5,928,251
Operating and maintenance	9,816,763	4,355,499
General and administrative	5,143,534	3,529,341
Real estate taxes	7,431,874	2,999,053
Other expenses	375,000	300,000
Total operating expenses	35,136,949	17,112,144
Interest expense (income):		
Interest expense	17,171,139	8,015,818
Interest income	(654,485)	(631,179)
Net interest expense	16,516,654	7,384,639
Income before minority interests and sale of real estate investments	27,897,344	10,689,994
Gain on sale of real estate investments	-	508,678
Income before minority interests	27,897,344	11,198,672
Minority interest of exchangeable partnership units	(760,305)	(297,500)
Minority interest of limited partners	(486,094)	(103,009)
Minority interest preferred unit distribution	(1,625,001)	-
Net income	25,025,944	10,798,163
Preferred stock dividends	(696,000)	-
Net income for common stockholders	$ 24,329,944	10,798,163
Net income per share:		
Basic	$ 0.41	0.38
Diluted	$ 0.41	0.36

See accompanying notes to consolidated financial statements

REGENCY REALTY CORPORATION
Consolidated Statements of Operations
For the Six Months ended June 30, 1999 and 1998
(unaudited)

	1999	1998
Revenues:		
Minimum rent	$ 97,622,093	47,660,793
Percentage rent	876,468	1,661,861
Recoveries from tenants	24,324,213	10,638,415
Management, leasing and brokerage fees	6,013,830	5,988,181
Equity in income of investments in real estate partnerships	2,136,203	146,411
Total revenues	130,972,807	66,095,661
Operating expenses:		
Depreciation and amortization	21,781,052	11,384,555
Operating and maintenance	16,801,471	8,471,901
General and administrative	8,780,893	6,962,449
Real estate taxes	12,191,959	5,787,804
Other expenses	525,000	300,000
Total operating expenses	60,080,375	32,906,709
Interest expense (income):		
Interest expense	27,992,343	13,455,183
Interest income	(1,121,003)	(966,383)
Net interest expense	26,871,340	12,488,800
Income before minority interests and sale of real estate investments	44,021,092	20,700,152
Gain on sale of real estate investments	-	10,746,097
Income before minority interests	44,021,092	31,446,249
Minority interest of exchangeable partnership units	(1,338,511)	(891,824)
Minority interest of limited partners	(747,033)	(200,159)
Minority interest preferred unit distribution	(3,250,002)	-
Net income	38,685,546	30,354,266
Preferred stock dividends	(900,000)	-
Net income for common stockholders	$ 37,785,546	30,354,266
Net income per share:		
Basic	$ 0.76	1.11
Diluted	$ 0.76	1.06

See accompanying notes to consolidated financial statements

REGENCY REALTY CORPORATION
Consolidated Statement of Stockholders' Equity
For the Six Months ended June 30, 1999
(unaudited)

	Series 1 Preferred Stock	Series 2 Preferred Stock	Common Stock	Class B Common Stock
Balance at December 31, 1998	$ -	-	254,889	-
Common stock issued as compensation, purchased by directors or officers, or issued under stock options	-	-	1,380	-
Common stock issued for partnership units exchanged	-	-	3,909	-
Common stock issued for class B conversion	-	-	29,755	(25,000)
Preferred stock issued to acquire Pacific Retail Trust	12,654,570	22,392,000	-	-
Common stock issued to acquire Pacific Retail Trust	-	-	305,669	-
Cash dividends declared: Common and preferred stock, $.46 per share	-	-	-	-
Net income for common stockholders	-	-	-	-
Balance at June 30, 1999	$ 12,654,570	22,392,000	595,602	(25,000)

See accompanying notes to consolidated financial statements.

REGENCY REALTY CORPORATION
Consolidated Statement of Stockholders' Equity
For the Six Months ended June 30, 1999
(unaudited)
(continued)

	Additional Paid In Capital	Distributions in exess of Net Income	Stock Loans	Total Stockholders' Equity
Balance at December 31, 1998	$ 578,466,708	(19,395,744)	(8,609,390)	550,741,463
Common stock issued as compensation, purchased by directors or officers, or issued under stock options	1,156,250	-	626,906	1,784,536
Common stock issued for partnership units exchanged	7,579,457	-	-	7,583,366
Common stock issued for class B conversion	(4,755)	-	-	0
Preferred stock issued to acquire Pacific Retail Trust	-	-	-	35,046,570
Common stock issued to acquire Pacific Retail Trust	715,434,215	-	(3,998,954)	711,740,930
Cash dividends declared:				
Common and preferred stock, $.46 per share	-	(41,470,029)	-	(41,470,029)
Net income for common stockholders	-	38,685,546	-	38,685,546
Balance at June 30, 1999	$ 1,302,631,875	(22,180,227)	(11,981,438)	1,304,112,382

See accompanying notes to consolidated financial statements.

REGENCY REALTY CORPORATION
Consolidated Statements of Cash Flows
For the Six Months Ended June 30, 1999 and 1998
(unaudited)

	1999	1998
Cash flows from operating activities:		
Net income	$ 38,685,546	30,354,266
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	21,781,052	11,384,555
Deferred financing cost and debt premium amortization	125,466	46,002
Stock based compensation	1,264,038	1,306,757
Minority interest of exchangeable partnership units	1,338,511	891,824
Minority interest preferred unit distribution	3,250,002	-
Minority interest of limited partners	747,033	200,159
Equity in income of investments in real estate partnerships	(2,136,203)	(146,411)
Gain on sale of real estate investments	-	(10,746,097)
Changes in assets and liabilities:		
Tenant receivables	(9,255,288)	(676,428)
Deferred leasing commissions	(2,086,950)	(554,373)
Other assets	1,791,661	(5,917,878)
Tenants' security deposits	70,943	442,565
Accounts payable and other liabilities	8,577,067	6,100,218
Net cash provided by operating activities	64,152,878	32,685,159
Cash flows from investing activities:		
Acquisition and development of real estate	(45,209,185)	(120,592,104)
Acquisition of Pacific, net of cash acquired	(9,046,230)	-
Investment in real estate partnerships	(10,104,935)	(21,276,350)
Capital improvements	(6,648,509)	(2,842,069)
Construction in progress for sale, net of reimbursement	(30,934,188)	(1,013,407)
Proceeds from sale of real estate investments	-	30,662,197
Distributions received from real estate partnership investments	704,474	21,123
Net cash used in investing activities	(101,238,573)	(115,040,610)
Cash flows from financing activities:		
Net proceeds from common stock issuance	70,809	9,685,435
Proceeds from issuance of exchangeable partnership units	-	7,667
Distributions to partnership unit holders	(1,634,263)	(897,817)
Net distributions to limited partners in consolidated partnerships	(458,450)	(157,292)
Distributions to preferred unit holders	(3,250,002)	-
Dividends paid to stockholders	(40,570,029)	(24,361,304)
Net proceeds from term notes	249,845,300	-
Net proceeds from issuance of Series A preferrerd units	-	78,800,000
(Repayment) proceeds from acquisition and development line of credit, net	(145,351,875)	41,600,000
Proceeds from mortgage loans payable	-	7,345,000
Repayment of mortgage loans payable	(23,138,753)	(32,903,271)
Deferred financing costs	(3,565,034)	(616,359)
Net cash provided by financing activities	31,947,703	78,502,059
Net decrease in cash and cash equivalents	(5,137,992)	(3,853,392)
Cash and cash equivalents at beginning of period	19,919,693	16,586,094
Cash and cash equivalents at end of period	$ 14,781,701	12,732,702

REGENCY REALTY CORPORATION
Consolidated Statements of Cash Flows
For the Six Months Ended June 30, 1999 and 1998
(unaudited)
-continued-

	1999	1998
Supplemental disclosure of cash flow information - cash paid for interest (net of capitalized interest of approximately $3,935,000 and $1,700,000 in 1999 and 1998 respectively)	$ 21,346,560	12,414,983
Supplemental disclosure of non-cash transactions:		
Mortgage loans assumed for the acquisition of Pacific and real estate	$ 402,582,015	113,945,176
Common stock and exchangeable operating partnership units issued to acquire investments in real estate partnerships	$ 1,949,020	-
Exchangeable operating partnership units, preferred and common stock issued for the acquisition of Pacific and real estate	$ 771,351,617	33,938,977
Other liabilities assumed to acquire Pacific	$ 13,897,643	-

See accompanying notes to consolidated financial statements.

REGENCY REALTY CORPORATION

Notes to Consolidated Financial Statements

June 30, 1999
(unaudited)

1. Summary of Significant Accounting Policies

(a) Organization and Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Regency Realty Corporation, its wholly owned qualified REIT subsidiaries, and its majority owned or controlled subsidiaries and partnerships (the "Company" or "Regency"). All significant intercompany balances and transactions have been eliminated in the consolidated financial statements. The Company owns approximately 97% of the outstanding common units of Regency Centers, L.P., ("RCLP" or the "Partnership") and partnership interests ranging from 51% to 93% in five majority owned real estate partnerships (the "Majority Partnerships"). The equity interests of third parties held in RCLP and the Majority Partnerships are included in the consolidated financial statements as preferred or exchangeable operating partnership units and limited partners' interests in consolidated partnerships. The Company is a qualified real estate investment trust ("REIT") which began operations in 1993.

The financial statements reflect all adjustments which are of a normal recurring nature, and in the opinion of management, are necessary to properly state the results of operations and financial position. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted although management believes that the disclosures are adequate to make the information presented not misleading. The financial statements should be read in conjunction with the financial statements and notes thereto included in the Company's December 31, 1998 Form 10-K filed with the Securities and Exchange Commission.

(b) Reclassifications

Certain reclassifications have been made to the 1998 amounts to conform to classifications adopted in 1999.

2. Acquisitions

On September 23, 1998, the Company entered into an Agreement of Merger ("Agreement") with Pacific Retail Trust ("Pacific"), a privately held real estate investment trust. The Agreement, among other matters, provided for the merger of Pacific into Regency, and the exchange of each Pacific common or preferred share into 0.48 shares of Regency common or preferred stock. The stockholders approved the merger at a Special Meeting of Stockholders held February 26, 1999. At the time of the merger, Pacific owned 71 retail shopping centers that are operating or under construction containing 8.4 million SF of gross leaseable area. On February 28, 1999, the effective date of the merger, the Company issued equity instruments valued at $770.6 million to the Pacific stockholders in exchange for their outstanding common and preferred shares and units. The total cost to acquire Pacific was approximately $1.157 billion based on the value of Regency shares issued, including the assumption of $379 million of outstanding debt and other liabilities of Pacific, and estimated closing costs of $7.5 million. The price per share used to determine the purchase price was $23.325 based on the five day average of the closing stock price of Regency's common stock as listed on the New York Stock Exchange immediately before, during and after the date the terms of the merger were agreed to and announced to the public. The merger was accounted for as a purchase with the Company as the acquiring entity.

During 1998, the Company acquired 31 shopping centers fee simple for approximately $355.9 million and also invested $28.4 million in 12 joint ventures ("JV Properties"), for a total investment of $384.3 million in 43 shopping centers ("1998 Acquisitions"). Included in the 1998 Acquisitions are 32 shopping centers acquired from various entities comprising the Midland Group ("Midland"). Of the 32 Midland centers, 31 are anchored by Kroger, and 12 are owned through joint ventures in which the Company's ownership interest is 50% or less. The Company's investment in the properties acquired from Midland is $236.6 million at December 31, 1998. During 1999 and 2000, the Company may pay contingent consideration of up to an estimated $23 million, through the issuance of Partnership units and the payment of cash. The amount of such consideration, if issued, will depend on the satisfaction of certain performance criteria relating to the assets acquired from Midland. Transferors who received cash at the initial Midland closing will receive contingent future consideration in cash rather than units. On April 16, 1999, the Company paid $5.2 million related to this contingent consideration.

The operating results of Pacific and the 1998 Acquisitions 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 Pacific and all 1998 Acquisitions had occurred on January 1, 1998. Such pro forma information reflects adjustments to 1) increase depreciation, interest expense, and general and administrative costs, 2) remove the office buildings sold, and 3) adjust the weighted average common shares, and common equivalent shares outstanding issued to acquire the properties. Pro forma revenues would have been $153.8 and $144.9 million as of June 30, 1999 and 1998, respectively. Pro forma net income for common stockholders would have been $44.3 and $40.5 million as of June 30, 1999 and 1998, respectively. Pro forma basic net income per share would have been $.74 and $.68 as of June 30, 1999 and 1998, respectively. Pro forma diluted net income per share would have been $.74 and $.67, as of June 30, 1999 and 1998, respectively. This data does not purport to be indicative of what would have occurred had Pacific and the 1998 Acquisitions been made on January 1, 1998, or of results which may occur in the future.

3. Segments

The Company was formed, and currently operates, for the purpose of 1) operating and developing Company owned retail shopping centers (Retail segment), and 2) providing services including property management, leasing, brokerage, and construction and development management for third-parties (Service operations segment). The Company had previously operated four office buildings, all of which were sold in 1998 (Office buildings segment). The Company's reportable segments offer different products or services and are managed separately because each requires different strategies and management expertise. There are no material inter-segment sales or transfers.

The Company assesses and measures operating results starting with Net Operating Income for the Retail and Office Buildings segments and Income for the Service operations segment and converts such amounts into a performance measure referred to as Funds From Operations (FFO), on a diluted basis. The operating results for the individual retail shopping centers have been aggregated since all of the Company's shopping centers exhibit highly similar economic characteristics as neighborhood shopping centers, and offer similar degrees of risk and opportunities for growth. FFO as defined by the National Association of Real Estate Investment Trusts consists of net income (computed in accordance with generally accepted accounting principles) excluding gains (or losses) from debt restructuring and sales of income producing property held for investment, plus depreciation and amortization of real estate, and adjustments for unconsolidated investments in real estate partnerships and joint ventures. The Company considers FFO to be the industry standard for reporting the operations of REITs. Adjustments for investments in real estate partnerships are calculated to reflect FFO on the same basis. While management believes that FFO is the most relevant and widely used measure of the Company's performance, such amount does not represent cash flow from operations as defined by generally accepted accounting principles, should not be considered an alternative to net income as an indicator of the Company's operating performance, and is not indicative of cash available to fund all cash flow needs. Additionally, the Company's calculation of FFO, as provided below, may not be comparable to similarly titled measures of other REITs.

The accounting policies of the segments are the same as those described in note 1. The revenues and FFO for each of the reportable segments are summarized as follows for the six month periods ended as of June 30, 1999 and 1998.

	1999	1998
Revenues:		
Retail segment	$ 124,958,977	59,574,786
Service operations segment	6,013,830	5,988,181
Office buildings segment	-	532,694
Total revenues	$ 130,972,807	66,095,661
Funds from Operations:		
Retail segment net operating income	$ 95,965,547	45,384,373
Service operations segment income	6,013,830	5,988,181
Office buildings segment net operating income	-	463,402
Adjustments to calculate consolidated FFO:		
Interest expense	(27,992,343)	(13,455,183)
Interest income	1,121,003	966,383
Earnings from recurring land sales	-	901,854
General and administrative and other expenses	(9,305,893)	(7,262,449)
Non-real estate depreciation	(391,511)	(285,147)
Minority interests of limited partners	(747,033)	(200,159)
Minority interests in depreciation and amortization	(359,452)	(256,722)
Share of joint venture depreciation and amortization	286,549	154,599
Dividends on preferred units	(3,250,002)	-
Funds from Operations	61,340,695	32,399,132
Reconciliation to net income:		
Real estate related depreciation and amortization	(21,389,541)	(11,099,408)
Minority interests in depreciation and amortization	359,452	256,722
Share of joint venture depreciation and amortization	(286,549)	(154,599)
Earnings from property sales	-	9,844,243
Minority interests of exchangeable partnership units	(1,338,511)	(891,824)
Net income	$ 38,685,546	30,354,266

Assets by reportable segment as of June 30, 1999 and December 31, 1998 are as follows. Non-segment assets to reconcile to total assets include cash, accounts receivable and deferred financing costs.

Assets (in thousands):	1999	1998
Retail segment	$ 2,377,477	1,170,478
Service operations segment	84,535	20,870
Office buildings segment	-	-
Cash and other assets	61,795	48,759
Total assets	$ 2,523,807	1,240,107

4. Notes Payable and Acquisition and Development Line of Credit

The Company's outstanding debt at June 30, 1999 and December 31, 1998 consists of the following (in thousands):

	1999	1998
Notes Payable:		
Fixed rate mortgage loans	$ 392,469	298,148
Variable rate mortgage loans	23,862	11,051
Fixed rate unsecured loans	370,944	121,296
Total notes payable	787,275	430,495
Acquisition and development line of credit	243,879	117,631
Total	$ 1,031,154	548,126

During February, 1999, the Company modified the terms of its unsecured line of credit (the "Line") by increasing the commitment to $635 million. This credit agreement also provides for a competitive bid facility of up to $250 million of the commitment amount. Maximum availability under the Line is based on the discounted value of a pool of eligible unencumbered assets (determined on the basis of capitalized net operating income) less the amount of the Company's outstanding unsecured liabilities. The Line matures in February 2001, but may be extended annually for one year periods. The Company is required to comply, and is in compliance, with certain financial and other covenants customary with this type of unsecured financing. These financial covenants include among others (i) maintenance of minimum net worth, (ii) ratio of total liabilities to gross asset value, (iii) ratio of secured indebtedness to gross asset value, (iv) ratio of EBITDA to interest expense, (v) ratio of EBITDA to debt service and reserve for replacements, and (vi) ratio of unencumbered net operating income to interest expense on unsecured indebtedness. The Line is used primarily to finance the acquisition and development of real estate, but is also available for general working capital purposes.

Mortgage loans are secured by certain real estate properties, and may be prepaid subject to a prepayment of a yield-maintenance premium. Mortgage loans are generally due in monthly installments of interest and principal and mature over various terms through 2019. Variable interest rates on mortgage loans are currently based on LIBOR plus a spread in a range of 125 basis points to 150 basis points. Fixed interest rates on mortgage loans range from 7.04% to 9.8%.

During 1999, the Company assumed debt with a fair value of $402.6 million related to the acquisition of real estate, which includes debt premiums of $4.1 million based upon the above market interest rates of the debt instruments. Debt premiums are being amortized over the terms of the related debt instruments.

On April 15, 1999 the Company, through RCLP, completed a $250 million unsecured debt offering in two tranches. The Company issued $200 million 7.4% notes due April 1, 2004, priced at 99.922% to yield 7.42%, and $50 million 7.75% notes due April 1, 2009, priced at 100%. The net proceeds of the offering were used to reduce the balance of the Line.

As of June 30, 1999, scheduled principal repayments on notes payable and the Line were as follows (in thousands):

Scheduled Payments by Year	Scheduled Principal Payments	Term Loan Maturities	Total Payments
1999	$ 3,377	12,899	16,276
2000	5,711	98,590	104,301
2001	5,621	291,689	297,310
2002	4,943	44,120	49,063
2003	4,933	13,286	18,219
Beyond 5 Years	42,205	490,225	532,430
Net unamortized debt payments	-	13,555	13,555
Total	$ 66,790	964,364	1,031,154

Unconsolidated partnerships and joint ventures had mortgage loans payable of $64.0 million at June 30, 1999, and the Company's proportionate share of these loans was $28.1 million.

5. Stockholders' Equity

On June 11, 1996, the Company entered into a Stockholders Agreement (the "Agreement") with SC-USREALTY granting it certain rights such as purchasing common stock, nominating representatives to the Company's Board of Directors, and subjecting SC-USREALTY to certain restrictions including voting and ownership restrictions. In connection with the Units and shares of common stock issued in March 1998 related to earnout payments, SC-USREALTY acquired 435,777 shares at $22.125 per share in accordance with their rights as provided for in the Agreement. In conjunction with the acquisition of Pacific, SC-USREALTY exchanged their Pacific shares for 22.6 million Regency common shares. As of June 30, 1999, SC-USREALTY owned approximately 34.3 million shares of common stock or 57.5% of the outstanding common shares.

In connection with the acquisition of shopping centers, RCLP has issued Exchangeable Operating Partnership Units to limited partners convertible on a one for one basis into shares of common stock of the Company.

On June 29, 1998, the Company through RCLP issued $80 million of 8.125% Series A Cumulative Redeemable Preferred Units ("Series A Preferred Units") to an institutional investor in a private placement. The issuance involved the sale of 1.6 million Series A Preferred Units for $50.00 per unit. The Series A Preferred Units, which may be called by the Partnership at par on or after June 25, 2003, have no stated maturity or mandatory redemption, and pay a cumulative, quarterly dividend at an annualized rate of 8.125%. At any time after June 25, 2008, the Series A Preferred Units may be exchanged for shares of 8.125% Series A Cumulative Redeemable Preferred Stock of the Company at an exchange rate of one share of Series A Preferred Stock for one Series A Preferred Unit. The Series A Preferred Units and Series A Preferred Stock are not convertible into common stock of the Company. The net proceeds of the offering were used to reduce the acquisition and development line of credit.

As part of the acquisition of Pacific Retail Trust, the Company issued Series 1 and Series 2 preferred shares. Series 1 preferred shares are convertible into Series 2 preferred shares on a one-for-one basis and contain provisions for adjustment to prevent dilution. The Series 1 preferred shares are entitled to a quarterly dividend in an amount equal to $0.0271 less than the common dividend and are cumulative. Series 2 preferred shares are convertible into common shares on a one-for-one basis. The Series 2 preferred shares are entitled to quarterly dividends in an amount equal to the common dividend and are cumulative. The Company may redeem the preferred shares any time after October 20, 2010 at a price of $20.83 per share, plus all accrued but unpaid dividends.

During 1999, the holders of all of Regency's Class B stock converted 2,500,000 shares into 2,975,468 shares of common stock.

6. Earnings Per Share

The following summarizes the calculation of basic and diluted earnings per share for the three month periods ended, June 30, 1999 and 1998 (in thousands except per share data):

		1999	1998
Basic Earnings Per Share (EPS) Calculation:			
Weighted average common shares outstanding		58,987	24,945
Net income for common stockholders	$	24,330	10,798
Less: dividends paid on Class B common stock		(235)	(1,344)
Net income for Basic EPS	$	24,095	9,454
Basic EPS		0.41	0.38
Diluted Earnings Per Share (EPS) Calculation:			
Weighted average shares outstanding for Basic EPS		58,987	24,945
Exchangeable operating partnership units		2,142	1,294
Incremental shares to be issued under common stock options using the Treasury Method		6	-
Contingent units or shares for the acquisition of real estate		-	519
Total diluted shares		61,135	26,758
Net income for Basic EPS	$	24,095	9,454
Add: minority interest of exchangeable partnership units		760	297
Net income for Diluted EPS	$	24,855	9,751
Diluted EPS	$	0.41	0.36

The Preferred Series 1 and Series 2 stock and the Class B common stock are not included in the above calculation because they are anti-dilutive.

The following summarizes the calculation of basic and diluted earnings per share for the six month periods ended, June 30, 1999 and 1998 (in thousands except per share data):

		1999	1998
Basic Earnings Per Share (EPS) Calculation:			
Weighted average common shares outstanding		47,824	24,837
Net income for common stockholders	$	37,786	30,354
Less: dividends paid on Class B common stock		(1,410)	(2,689)
Net income for Basic EPS	$	36,376	27,665
Basic EPS	$	0.76	1.11
Diluted Earnings Per Share (EPS)Calculation:			
Weighted average shares outstanding for Basic EPS		47,824	24,837
Exchangeable operating partnership units		1,924	1,135
Incremental shares to be issued under common stock options using the Treasury Method		3	-
Class B common stock		-	2,975
Contingent units or shares for the acquisition of real estate		-	428
Total diluted shares		49,751	29,375
Net income for Basic EPS	$	36,376	27,665
Add: Class B dividends		-	2,689
Add: minority interest of exchangeable partnership units		1,338	892
Net income for Diluted EPS	$	37,714	31,246
Diluted EPS	$	0.76	1.06

The Preferred Series 1 and Series 2 stock and the Class B common stock are not included in the above calculation for 1999 because they are anti-dilutive.

PART II - OTHER INFORMATION

Item 2. Changes in Securities and Use of Proceeds

On February 28, 1999, the Company issued 542,532 shares of its Series 1 Convertible Preferred Stock and 960,000 shares of its Series 2 Convertible Preferred Stock as partial consideration for the Company's acquisition of Pacific. The two classes of Preferred Stock are entitled to a preference in the payment of dividends and both have a liquidation preference of $20.83 per share. See Note 5 to the financial statements included elsewhere herein for additional information concerning the terms of the Preferred Stock. No dividends may be paid to holders of common stock in the event of any arrearages in the payment of dividends on the Preferred Stock, and no liquidating distributions may be made to holders of common stock until the holders of the Preferred Stock have received an amount equal to their liquidation preferences.

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 ("Regency" or "Company") appearing elsewhere within.

Organization

The Company is a qualified real estate investment trust ("REIT") which began operations in 1993. The Company invests in real estate primarily through its general partnership interest in Regency Centers, L.P., ("RCLP" or "Partnership") an operating partnership in which the Company currently owns approximately 97% of the outstanding common partnership units ("Units"). Of the 214 properties included in the Company's portfolio at June 30, 1999, 196 properties were owned either fee simple or through partnerships interests by RCLP. At June 30, 1999, the Company had an investment in real estate, at cost, of approximately $2.5 billion of which $2.4 billion or 95% was owned by RCLP.

Shopping Center Business

The Company's principal business is owning, operating and developing grocery anchored neighborhood infill shopping centers. Infill refers to shopping centers within a targeted investment market offering sustainable competitive advantages such as barriers to entry resulting from zoning restrictions, growth management laws, or limited new competition from development or expansions. The Company's properties summarized by state (including properties under development) in order by their gross leasable areas (GLA) follows:

	June 30, 1999			December 31, 1998		
Location	# Properties	GLA	% Leased	# Properties	GLA	% Leased
Florida	48	5,894,467	90.5%	46	5,728,347	91.4%
Texas	30	4,084,686	85.6%	5	479,900	84.7%
California	36	3,820,264	96.0%	-	-	-
Georgia	27	2,718,554	93.1%	27	2,737,590	93.1%
Ohio	14	1,892,686	93.3%	13	1,786,521	93.4%
North Carolina	12	1,241,633	97.5%	12	1,239,783	98.3%
Colorado	9	865,031	95.8%	5	447,569	89.4%
Washington	8	851,485	93.7%	-	-	-
Oregon	6	583,704	94.3%	-	-	-
Alabama	5	516,060	99.5%	5	516,060	99.0%
Tennessee	4	388,357	96.8%	4	295,179	96.8%
Arizona	2	326,984	99.8%	-	-	-
Delaware	1	232,752	96.1%	1	232,752	94.8%
Kentucky	1	205,060	92.3%	1	205,060	95.6%
Virginia	2	197,324	96.1%	2	197,324	97.7%
Mississippi	2	185,061	94.7%	2	185,061	97.6%
Illinois	1	178,600	85.9%	1	178,600	86.9%
Michigan	2	177,399	81.5%	2	177,929	81.5%
South Carolina	2	162,056	98.2%	2	162,056	100.0%
Missouri	1	82,498	98.4%	1	82,498	99.8%
Wyoming	1	75,000	81.3%	-	-	-
Total	214	24,679,661	92.3%	129	14,652,229	92.9%

The Company is focused on building a platform of grocery anchored neighborhood shopping centers because grocery stores provide convenience shopping of daily necessities, foot traffic for adjacent local tenants, and should withstand adverse economic conditions. The Company's current investment markets have continued to offer strong stable economies, and accordingly, the Company expects to realize growth in net income as a result of increasing occupancy in the portfolio, increasing rental rates, development and acquisition of shopping centers in targeted markets, and redevelopment of existing shopping centers. The following table summarizes the four largest grocery tenants occupying the Company's shopping centers or expected to occupy shopping centers currently under construction at June 30, 1999:

Grocery Anchor	Number of Stores	% of Total GLA	% of Annualized Base Rent
Kroger	49	11.7%	10.42%
Publix	35	6.2%	4.29%
Albertson's	14	3.1%	3.01%
Winn-Dixie	17	3.2%	2.29%

Acquisition and Development of Shopping Centers

On September 23, 1998, the Company entered into an Agreement of Merger ("Agreement") with Pacific Retail Trust ("Pacific"), a privately held real estate investment trust. The Agreement, among other matters, provided for the merger of Pacific into Regency, and the exchange of each Pacific common or preferred share into 0.48 shares of Regency common or preferred stock. The stockholders approved the merger at a Special Meeting of Stockholders held February 26, 1999. At the time of the merger, Pacific owned 71 retail shopping centers that are operating or under construction containing 8.4 million SF of gross leaseable area. On February 28, 1999, the effective date of the merger, the Company issued equity instruments valued at $770.6 million to the Pacific stockholders in exchange for their outstanding common and preferred shares and units. The total cost to acquire Pacific was approximately $1.157 billion based on the value of Regency shares issued including the assumption of $379 million of outstanding debt and other liabilities of Pacific, and estimated closing costs of $7.5 million. The price per share used to determine the purchase price was $23.325 based on the five day average of the closing stock price of Regency's common stock as listed on the New York Stock Exchange immediately before, during and after the date the terms of the merger were agreed to and announced to the public. The merger was accounted for as a purchase with the Company as the acquiring entity.

During 1998, the Company acquired 31 shopping centers fee simple for approximately $355.9 million and also invested $28.4 million in 12 joint ventures ("JV Properties"), for a total investment of $384.3 million in 43 shopping centers ("1998 Acquisitions"). Included in the 1998 Acquisitions are 32 shopping centers acquired from various entities comprising the Midland Group ("Midland"). Of the 32 Midland centers, 31 are anchored by Kroger, and 12 are owned through joint ventures in which the Company's ownership interest is 50% or less. The Company's investment in the properties acquired from Midland is $236.6 million at December 31, 1998. During 1999 and 2000, the Company may pay contingent consideration of up to an estimated $23 million, through the issuance of Partnership units and the payment of cash. The amount of such consideration, if issued, will depend on the satisfaction of certain performance criteria relating to the assets acquired from Midland. Transferors who received cash at the initial Midland closing will receive contingent future consideration in cash rather than units. On April 16, 1999, the Company paid $5.2 million related to this contingent consideration.

Results from Operations

Comparison of the six months ended June 30, 1999 to 1998

Revenues increased $64.9 million or 98% to $131 million in 1999. The increase was due primarily to Pacific and the 1998 Acquisitions providing increases in revenues of $62.1 million during 1999. At June 30, 1999, the real estate portfolio contained approximately 24.7 million SF and was 92.3% leased. Minimum rent increased $50 million or 105%, and recoveries from tenants increased $13.7 million or 129%. On a same property basis (excluding Pacific, the 1998 Acquisitions, and the office portfolio sold during 1998) gross rental revenues increased $4.7 million or 9.3%, primarily due to higher base rents. Revenues from property management, leasing, brokerage, and development services (service operation segment) provided on properties not owned by the Company were $6 million in both 1999 and 1998. During 1998, the Company sold four office buildings and a parcel of land for $26.7 million, and recognized a gain on the sale of $10.7 million. As a result of these transactions the Company's real estate portfolio is comprised entirely of retail shopping centers. The proceeds from the sale were used to reduce the balance of the line of credit.

Operating expenses increased $27.2 million or 83% to $60.1 million in 1999. Combined operating and maintenance, and real estate taxes increased $14.7 million or 103% during 1999 to $29 million. The increases are due to Pacific and the 1998 Acquisitions generating operating and maintenance expenses and real estate tax increases of $14.6 million during 1999. On a same property basis, operating and maintenance expenses and real estate taxes increased $580,000 or 4.7%. General and administrative expenses increased 26% during 1999 to $8.8 million due to the hiring of new employees and related office expenses necessary to manage the shopping centers acquired during 1999 and 1998. Depreciation and amortization increased $10.4 million during 1999 or 91% primarily due to Pacific and the 1998 Acquisitions.

Interest expense increased to $28 million in 1999 from $13.5 million in 1998 or 108% due to increased average outstanding loan balances related to the financing of the 1998 Acquisitions on the Line and the assumption of debt for Pacific. Weighted average interest rates decreased .15% during 1999. See further discussion under Acquisition and Development of Shopping Centers and Liquidity and Capital Resources.

Net income for common stockholders was $37.8 million in 1999 vs. $30.4 million in 1998, a $7.4 million or 24.5% increase for the reasons previously described. Diluted earnings per share in 1999 was $.76 vs. $1.06 in 1998 due to the gain offset by the dilutive impact from the increase in weighted average common shares and equivalents of 20.4 million primarily due to the acquisition of Pacific Retail Trust and the issuance of shares to SC-USREALTY during 1998.

Comparison of the three months ended June 30, 1999 to 1998

Revenues increased $44.4 million or 126% to $79.6 million in 1999. The increase was due primarily to Pacific and the 1998 Acquisitions providing increases in revenues of $41.4 million during 1999. At June 30, 1999, the real estate portfolio contained approximately 24.7 million SF and was 92.3% leased. Minimum rent increased $33.1 million or 130%, and recoveries from tenants increased $9.3 million or 159%. On a same property basis (excluding Pacific, the 1998 Acquisitions, and the office portfolio sold during 1998) gross rental revenues increased $3.2 million or 13%, primarily due to higher base rents. Revenues from property management, leasing, brokerage, and development services (service operation segment) provided on properties not owned by the Company were $4.1 million in 1999 compared to $3.3 million in 1998, the increase is due primarily to a increase in brokerage fees. During 1998, the Company sold four office buildings and a parcel of land for $26.7 million, and recognized a gain on the sale of $509,000 relating to the transaction in the second quarter of 1998, after recording a gain of $10.2 million in the first quarter of 1998. As a result of these transactions the Company's real estate portfolio is comprised entirely of retail shopping centers. The proceeds from the sale were used to reduce the balance of the line of credit.

Operating expenses increased $18 million or 105% to $35.1 million in 1999. Combined operating and maintenance, and real estate taxes increased $9.9 million or 134% during 1999 to $17.2 million. The increases are due to Pacific and the 1998 Acquisitions generating operating and maintenance expenses and real estate tax increases of $9.7 million during 1999. On a same property basis, operating and maintenance expenses and real estate taxes increased $430,000 or 7.1%. General and administrative expenses increased 46% during 1999 to $5.1 million due to the hiring of new employees and related office expenses necessary to manage the shopping centers acquired during 1999 and 1998. Depreciation and amortization increased $6.4 million during 1999 or 109% primarily due to Pacific and the 1998 Acquisitions.

Interest expense increased to $17.2 million in 1999 from $8 million in 1998 or 114% due to increased average outstanding loan balances related to the financing of the 1998 Acquisitions on the Line and the assumption of debt for Pacific. Weighted average interest rates decreased .15% during 1999. See further discussion under Acquisition and Development of Shopping Centers and Liquidity and Capital Resources.

Net income for common stockholders was $24.3 million in 1999 vs. $10.8 million in 1998, a $13.5 million or 125% increase for reasons previously described. Diluted earnings per share in 1999 was $.41 vs. $.36 in 1998 due to the increase in net income offset by the dilutive impact from the increase in weighted average common shares and equivalents of 34.4 million primarily due to the acquisition of Pacific Retail Trust and the issuance of shares to SC-USREALTY during 1998.

Funds from Operations

The Company considers funds from operations ("FFO"), as defined by the National Association of Real Estate Investment Trusts as net income (computed in accordance with generally accepted accounting principles) excluding gains (or losses) from debt restructuring and sales of income producing property held for investment, plus depreciation and amortization of real estate, and after adjustments for unconsolidated investments in real estate partnerships and joint ventures, to be the industry standard for reporting the operations of real estate investment trusts ("REITs"). Adjustments for investments in real estate partnerships are calculated to reflect FFO on the same basis. While management believes that FFO is the most relevant and widely used measure of the Company's performance, such amount does not represent cash flow from operations as defined by generally accepted accounting principles, should not be considered an alternative to net income as an indicator of the Company's operating performance, and is not indicative of cash available to fund all cash flow needs. Additionally, the Company's calculation of FFO, as provided below, may not be comparable to similarly titled measures of other REITs.

FFO increased by 89% from 1998 to 1999 as a result of the activity discussed above under "Results of Operations". FFO for the six months ended June 30, 1999 and 1998 are summarized in the following table (in thousands):

	1999	1998
Net income for common stockholders	$ 37,786	30,354
Real estate depreciation and amortization	21,317	10,997
(Gain) on sale of operating property	-	(9,844)
Convertible preferred stock distribution	900	-
Minority interests in net income of exchangeable partnership units	1,338	892
Funds from operations	$ 61,341	32,399
Cash flow provided by (used in):		
Operating activities	$ 64,153	32,685
Investing activities	(101,239)	(115,041)
Financing activities	31,948	78,502

Liquidity and Capital Resources

Management anticipates that cash generated from operating activities will provide the necessary funds on a short-term basis for its operating expenses, interest expense and scheduled principal payments on outstanding indebtedness, recurring capital expenditures necessary to properly maintain the shopping centers, and distributions to share and unit holders. Net cash provided by operating activities was $64.2 million and $32.7 million for the six months ended June 30, 1999 and 1998, respectively. The Company incurred recurring and non-recurring capital expenditures (non-recurring expenditures pertain to immediate building improvements on new acquisitions and anchor tenant improvements on new leases) of $6.6 million and $2.8 million, during 1999 and 1998, respectively. The Company paid scheduled principal payments of $2.7 million and $1.6 during 1999 and 1998, respectively. The Company paid dividends and distributions of $45.5 million and $25.3 million, during 1999 and 1998, respectively, to its share and unit holders.

Management expects to meet long-term liquidity requirements for term debt payoffs at maturity, non-recurring capital expenditures, and acquisition, renovation and development of shopping centers from: (i) excess cash generated from operating activities, (ii) working capital reserves, (iii) additional debt borrowings, and (iv) additional equity raised in the public markets. Net cash used in investing activities was $101.2 million and $115.0 million, during 1999 and 1998, respectively, primarily for purposes discussed above under Acquisitions and Development of Shopping Centers. Net cash provided by financing activities was $31.9 million and $78.5 million during 1999 and 1998, respectively. At June 30, 1999, the Company had 45 retail properties under construction or undergoing major renovations, with costs to date of $203 million. Total committed costs necessary to complete the properties under development is estimated to be $174 million and will be expended through 1999 and 2000.

The Company's outstanding debt at June 30, 1999 and December 31, 1998 consists of the following (in thousands):

	1999	1998
Notes Payable:		
Fixed rate mortgage loans	$ 392,469	298,148
Variable rate mortgage loans	23,862	11,051
Fixed rate unsecured loans	370,944	121,296
Total notes payable	787,275	430,495
Acquisition and development line of credit	243,879	117,631
Total	$ 1,031,154	548,126

The weighted average interest rate on total debt at June 30, 1999 and December 31, 1998 and was 7.2% and 7.4%, respectively. The Company's debt is typically cross-defaulted, but not cross-collateralized, and includes usual and customary affirmative and negative covenants.

During February, 1999, the Company modified the terms of its unsecured line of credit (the "Line") by increasing the commitment to $635 million. Maximum availability under the Line is based on the discounted value of a pool of eligible unencumbered assets (determined on the basis of capitalized net operating income) less the amount of the Company's outstanding unsecured liabilities. The Line matures in February 2001, but may be extended annually for one year periods. The Company is required to comply, and is in compliance, with certain financial and other covenants customary with this type of unsecured financing. These financial covenants include among others (i) maintenance of minimum net worth, (ii) ratio of total liabilities to gross asset value, (iii) ratio of secured indebtedness to gross asset value, (iv) ratio of EBITDA to interest expense, (v) ratio of EBITDA to debt service and reserve for replacements, and (vi) ratio of unencumbered net operating income to interest expense on unsecured indebtedness. The Line is used primarily to finance the acquisition and development of real estate, but is also available for general working capital purposes.

On June 29, 1998, the Company through RCLP issued $80 million of 8.125% Series A Cumulative Redeemable Preferred Units ("Series A Preferred Units") to an institutional investor, Belair Capital Fund, LLC, in a private placement. The issuance involved the sale of 1.6 million Series A Preferred Units for $50.00 per unit. The Series A Preferred Units, which may be called by the Company at par on or after June 25, 2003, have no stated maturity or mandatory redemption, and pay a cumulative, quarterly dividend at an annualized rate of 8.125%. At any time after June 25, 2008, the Series A Preferred Units may be exchanged for shares of 8.125% Series A Cumulative Redeemable Preferred Stock of the Company at an exchange rate of one share of Series A Preferred Stock for one Series A Preferred Unit. The Series A Preferred Units and Series A Preferred Stock are not convertible into common stock of the Company. The net proceeds of the offering were used to reduce the Line.

On April 15, 1999 the Company, through RCLP, completed a $250 million debt offering in two tranches. The Company issued $200 million, 7.4% notes due April 1, 2004, priced at 99.922% to yield 7.42%, and $50 million, 7.75% notes due April 1, 2009, priced at 100%. The net proceeds of the offering were used to reduce the balance of the Line.

Mortgage loans are secured by certain real estate properties, and generally may be prepaid subject to a prepayment of a yield-maintenance premium. Mortgage loans are generally due in monthly installments of interest and principal and mature over various terms through 2019. Variable interest rates on mortgage loans are currently based on LIBOR plus a spread in a range of 125 basis points to 150 basis points. Fixed interest rates on mortgage loans range from 7.04% to 9.8%.

During 1999, the Company assumed debt with a fair value of $402.6 million related to the acquisition of real estate, which includes debt premiums of $4.1 million based upon the above market interest rates of the debt instruments. Debt premiums are being amortized over the terms of the related debt instruments.

As of June 30, 1999, scheduled principal repayments on notes payable and the Line for the next five years were as follows (in thousands):

Scheduled Payments by Year	Scheduled Principal Payments	Term Loan Maturities	Total Payments
1999	$ 3,377	12,899	16,276
2000	5,711	98,590	104,301
2001	5,621	291,689	297,310
2002	4,943	44,120	49,063
2003	4,933	13,286	18,219
Beyond 5 Years	42,205	490,225	532,430
Net unamortized debt payments	-	13,555	13,555
Total	$ 66,790	964,364	1,031,154

Unconsolidated partnerships and joint ventures had mortgage loans payable of $64.0 million at June 30, 1999 and the Company's proportionate share of these loans was $28.1 million.

The Company qualifies and intends to continue to qualify as a REIT under the Internal Revenue Code. As a REIT, the Company is allowed to reduce taxable income by all or a portion of its distributions to stockholders. As distributions have exceeded taxable income, no provision for federal income taxes has been made. While the Company intends to continue to pay dividends to its stockholders, it also 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 1999 as a result of the acquisitions and development discussed above. The Company intends to continue to acquire and develop shopping centers in the near future, and expects to meet the related capital requirements from borrowings on the Line. The Company expects to repay the Line from time to time from additional public and private equity or debt offerings, such as those completed in previous years. 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. The Company expects that cash provided by operating activities, unused amounts available under the Line, and cash reserves are adequate to meet liquidity requirements.

New Accounting Standards and Accounting Changes

The Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities " (FAS 133), which is effective for all fiscal quarters of all fiscal years beginning after June 15, 2000. FAS 133 establishes accounting and reporting standards for derivative instruments and hedging activities. FAS 133 requires entities to recognize all derivatives as either assets or liabilities in the balance sheet and measure those instruments at fair value. The Company does not believe FAS 133 will materially effect its financial statements.

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. The Company has approximately 38 properties that will require or are currently undergoing varying levels of environmental remediation. These remediations are not expected to have a material financial effect on the Company due to financial statement reserves and various state-regulated programs that shift the responsibility and cost for remediation to the state. 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.

Inflation

Inflation has remained relatively low during 1999 and 1998 and has had a minimal impact on the operating performance of the shopping centers; however, substantially all of the Company's long-term leases contain provisions designed to mitigate the adverse impact of inflation. Such provisions include clauses enabling the Company to receive percentage rentals based on tenants' gross sales, which generally increase as prices rise, and/or escalation clauses, which generally increase rental rates during the terms of the leases. Such escalation clauses are often related to increases in the consumer price index or similar inflation indices. In addition, many of the Company's leases are for terms of less than ten years, which permits the Company to seek increased rents upon re-rental at market rates. Most of the Company's leases require the tenants to pay their share of operating expenses, including common area maintenance, real estate taxes, insurance and utilities, thereby reducing the Company's exposure to increases in costs and operating expenses resulting from inflation.

Year 2000 System Compliance

Management recognizes the potential effect Year 2000 may have on the Company's operations and, as a result, has implemented a Year 2000 Compliance Project. The term "Year 2000 compliant" means that the software, hardware, equipment, goods or systems utilized by, or material to the physical operations, business operations, or financial reporting of an entity will properly perform date sensitive functions before, during and after the year 2000.

The Company's Year 2000 Compliance Project includes an awareness phase, an assessment phase, a renovation phase, and a testing phase of our data processing network, accounting and property management systems, computer and operating systems, software packages, and building management systems. The project also includes surveying our major tenants, financial institutions, and utility companies.

The Company's computer hardware, operating systems, general accounting and property management systems and principal desktop software applications are Year 2000 compliant as certified by the various vendors. We have tested, and remedied as needed, our general accounting and property management information system, all servers and their operating systems, all principal desktop software applications, and 70% of our personal computers and PC operating systems. Based on the test results, Management does not anticipate any Year 2000 problems that will materially impact operations or operating results.

An assessment of the Company's building management systems has been completed. This assessment has resulted in the identification of certain lighting, telephone, and voice mail systems that may not be Year 2000 compliant. These non-compliant systems are in the process of being replaced. All such replacements will be completed prior to September 30, 1999. It is expected that the additional costs associated with these replacements will be less than $100,000.

The Company has surveyed its major tenants, financial institutions, and utility companies in order to determine the extent to which the Company is vulnerable to third party Year 2000 failures. We have received responses from 100% of our principal tenants and financial institutions and 98% of the utility companies that provide service to our shopping centers. All parties have indicated that they are Year 2000 compliant or will be by September 30, 1999. However, there are no assurances that these entities will not experience failures that might disrupt the operations of the Company.

Management believes the Year 2000 Compliance Project, summarized above, has adequately addressed the Year 2000 risk. Certain events are beyond the control of Management, primarily related to the readiness of customers and suppliers, and can not be tested. Management believes this risk is mitigated by the fact that the Company deals with numerous geographically disbursed customers and suppliers. Any third party failures should be isolated and short term, however, there can be no guarantee that the systems of unrelated entities will be corrected on a timely basis and will not have an adverse effect on the Company.

While the Company does not expect major business interruptions as a result of the Year 2000 issue, we are currently developing a formal Year 2000 contingency plan, which is expected to be in place by November 1999.

Item 7a. Quantitative and Qualitative Disclosures About Market Risk

Market Risk

The Company is exposed to interest rate changes primarily as a result of its line of credit and long-term debt used to maintain liquidity and fund capital expenditures and expansion of the Company's real estate investment portfolio and operations. The Company's interest rate risk management objective is to limit the impact of interest rate changes on earnings and cash flows and to lower its overall borrowing costs. To achieve its objectives the Company borrows primarily at fixed rates and may enter into derivative financial instruments such as interest rate swaps, caps and treasury locks in order to mitigate its interest rate risk on a related financial instrument. The Company has no plans to enter into derivative or interest rate transactions for speculative purposes, and at June 30, 1999, the Company did not have any borrowings hedged with derivative financial instruments.

The Company's interest rate risk is monitored using a variety of techniques. The table below presents the principal amounts maturing (in thousands), weighted average interest rates of remaining debt, and the fair value of total debt (in thousands), by year of expected maturity to evaluate the expected cash flows and sensitivity to interest rate changes.

	1999	2000	2001	2002	2003	Thereafter	Total	Fair Value
Fixed rate debt	$3,317	104,170	42,660	49,063	18,218	532,430	749,858	763,413
Average interest rate for all debt	7.73%	7.81%	7.78%	7.70%	7.66%	7.81%	-	-
Variable rate LIBOR debt	12,959	132	254,650	-	-	-	267,741	267,741
Average interest rate for all debt	6.13%	6.13%	-	-	-	-	-	-

As the table incorporates only those exposures that exist as of June 30, 1999, it does not consider those exposures or positions which could arise after that date. Moreover, because firm commitments are not presented in the table above, the information presented therein has limited predictive value. As a result, the Company's ultimate realized gain or loss with respect to interest rate fluctuations will depend on the exposures that arise during the period, the Company's hedging strategies at that time, and interest rates.

Forward Looking Statements

This report contains certain forward-looking statements (as such term is defined in the Private Securities Litigation Reform Act of 1995) and information relating to the Company that is based on the beliefs of the Company's management, as well as assumptions made by and information currently available to management. When used in this report, the words "estimate," "project," "believe," "anticipate," "intend," "expect" and similar expressions are intended to identify forward-looking statements. Such statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Company, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, the following: general economic and business conditions; changes in customer preferences; competition; changes in technology; the integration of acquisitions, including Pacific; changes in business strategy; the indebtedness of the Company; quality of management, business abilities and judgment of the Company's personnel; the availability, terms and deployment of capital; and various other factors referenced in this report. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. The Company does not undertake any obligation to publicly release any revisions to these forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

Item 1. Legal Proceedings

None

Item 4. Submission of Matters to a Vote of Security Holders
None

Item 6 Exhibits and Reports on Form 8-K:

3 Articles of Incorporation
(a) Restated Articles of Incorporation of Regency Realty Corporation as amended to date. (i) Amendment to Restated Articles of Incorporation of Regency Realty Corporation as amended to date. (ii) Amendment to Restated Articles of Incorporation, as last amended February 28, 1999.

10. Material Contracts

Purchase and sale agreement, dated September 25, 1998 between James Center Associates, L.P. and Pacific Retail Trust (prior to merger) relating to the acquisition of James Center Shopping Center.
(a) Long-term Omnibus Plan, as last amended to date.

Reports on Form 8-K
None

27. Financial Data Schedule

SIGNATURE

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

Date: August 10, 1999

REGENCY REALTY CORPORATION

By: /s/ J. Christian Leavitt
Senior Vice President
and Secretary

THIS SCHEDULE CONTAINS SUMMARY INFORMATION EXTRACTED FROM REGENCY REALTY CORPORATION'S QUARTERLY REPORT FOR THE PERIOD ENDED 6/30/99

0000910606
REGENCY REALTY CORPORATION
1

6-MOS
DEC-31-1999
JUN-30-1999
14,781,701
0
37,499,517
7,843,316
0
0
2,541,834,449
79,822,694
2,523,807,190
0
0
0
0
595,602
1,303,516,780
2,523,807,190
0
130,972,807
0
28,993,430
21,781,052
0
27,992,343
38,685,546
0
38,685,546
0
0
0
37,785,546
0.76
0.76

ARTICLES OF MERGER
OF
REGENCY RETAIL CENTERS OF OHIO, INC.
WITH AND INTO
REGENCY REALTY CORPORATION

Pursuant to the provisions of Sections 607.1104 and 607.1105 of the Florida Business Corporation Act (the "Florida Act"), the undersigned corporations enter into these Articles of Merger by which Regency Retail Centers of Ohio, Inc., an Ohio corporation shall be merged with and into Regency Realty Corporation, a Florida corporation, and Regency Realty Corporation shall be the surviving corporation, in accordance with an Agreement and Plan of Merger (the "Plan"), adopted pursuant to Section 607.1104 of the Act and Section 1701.80 of the Ohio General Corporation Law (the "Ohio Act"). The undersigned corporations hereby certify as follows:

FIRST, a copy of the Plan is attached hereto and made a part hereof.

SECOND, the merger shall become effective at the close of business on the date on which these Articles of Merger are filed with the Department of State of Florida and a Certificate of Merger is filed with the Secretary of State of Ohio.

THIRD, pursuant to Section 607.1104 of the Florida Act and Section 1701.80 of the Ohio Act, the Plan was adopted the Board of Directors of Regency Realty Corporation, the sole shareholder of Regency Retail Centers of Ohio, Inc., on December 15, 1998. Approval by shareholders of Regency Realty Corporation was not required.

IN WITNESS WHEREOF, these Articles of Merger have been executed by Regency Retail Centers of Ohio, Inc., as the merging corporation, and by Regency Realty Corporation., as the surviving corporation, this 28th day of December, 1998.

WITNESSES

REGENCY RETAIL CENTERS OF OHIO, INC., an Ohio corporation

_____

By:_____
J. Christian Leavitt, Vice President
121 West Forsyth Street, Suite 200
Jacksonville, Florida 32202

_____

REGENCY REALTY CORPORATION., a Florida corporation

_____

By:_____
J. Christian Leavitt, Vice President
121 West Forsyth Street, Suite 200
Jacksonville, Florida 32202

_____

STATE OF FLORIDA
COUNTY OF DUVAL

The foregoing instrument was acknowledged before me this 28th day of December, 1998, by J. Christian Leavitt, Vice President of Regency Retail Centers of Ohio, Inc. Such person did take an oath and: (notary must check applicable box)

is/are personally known to me.
produced a current Florida driver's license as identification.
produced _____ as identification.

{Notary Seal must be affixed}shapeType1fFlipH0fFlipV0fillColor0fillBackColor 0fFilled1lineWidth635fLine0fShadow0fBehindDocument1

- ---

Signature of Notary

- ---

Name of Notary (Typed, Printed or Stamped)
Commission Number (if not legible on seal): _____
My Commission Expires (if not legible on seal): _____

STATE OF FLORIDA
COUNTY OF DUVAL

The foregoing instrument was acknowledged before me this 28th day of December, 1998, by J. Christian Leavitt, Vice President of Regency Realty Corporation Such person did take an oath and: (notary must check applicable box)

is/are personally known to me.
produced a current Florida driver's license as identification.
produced _____ as identification.

{Notary Seal must be affixed}shapeType1fFlipH0fFlipV0fillColor0fillBackColor0f Filled1lineWidth635fLine0fShadow0fBehindDocument1

- ---

Signature of Notary

- ---

Name of Notary (Typed, Printed or Stamped)
Commission Number (if not legible on seal): _____
My Commission Expires (if not legible on seal): _____

EXHIBIT "C"

AMENDMENT TO ARTICLES OF INCORPORATION
OF
REGENCY REALTY CORPORATION

This corporation was incorporated on July 8, 1993 effective July 9, 1993 under the name Regency Realty Corporation. Pursuant to Sections 607.1001, 607.1003, 607.1004 and 607.1006 of the Florida Business Corporation Act, amendments to Section 5.1(r) and Section 5.14 of the Articles of Incorporation of Regency Realty Corporation were approved by the Board of Directors at a meeting held on September 23, 1998, and adopted by the shareholders of the corporation on February 26, 1999.

Section 5.1(r) is hereby amended in its entirety as follows:

(r) "Special Shareholder Limit" for a Special Shareholder shall initially mean 60% of the outstanding shares of Common Stock, on a fully diluted basis, of the Corporation; provided, however, that if at any time after the effective date of this Amendment a Special Stockholder's ownership of Common Stock, on a fully diluted basis, of the Corporation shall have been below 45% for a continuous period of 180 days, then the definition of "Special Shareholder Limit" shall mean 49% of the outstanding shares of Common Stock, on a fully diluted basis, of the Corporation. After any adjustment pursuant to Section 5.8, the definition of "Special Shareholder Limit" shall mean the percentage of the outstanding Common Stock as so adjusted, and the definition of "Special Shareholder Limit" shall also be appropriately and equitably adjusted in the event of a repurchase of shares of Common Stock of the Corporation or other reduction in the number of outstanding shares of Common Stock of the Corporation. Notwithstanding the foregoing, if any Person and its Affiliates (taken as a whole), other than the Special Shareholder, shall directly or indirectly own in the aggregate more than 45% of the outstanding shares of Common Stock, on a fully diluted basis, of the Corporation, the definition of "Special Shareholder Limit" shall be revised in accordance with Section 5.8 of the Stockholders Agreement. Notwithstanding the foregoing provisions of this definition, if, as the result of any Special Shareholder's ownership (taking into account for this purpose constructive ownership under Section 544 of the Code, as modified by Section 856(h)(1)(B) of the Code) of shares of Capital Stock, any Person who is an individual within the meaning of Section 542(a)(2) of the Code (taking into account the ownership attribution rules under Section 544 of the Code, as modified by Section 856(h) of the Code) and who is the Beneficial Owner of any interest in a Special Shareholder would be considered to Beneficially Own more than 9.8% of the outstanding shares of Capital Stock, then unless such individual reduces his or her interest in the Special Shareholder so that such Person no longer Beneficially Owns more than 9.8% of the outstanding shares of Capital Stock, the Special Shareholder Limit shall be reduced to such percentage as would result in such Person not being considered to Beneficially Own more than 9.8% of the outstanding Shares of Capital Stock. Notwithstanding anything contained herein to the contrary, in no event shall the Special Shareholder Limit be reduced below the Ownership Limit. At the request of the Special Shareholders, the Secretary of the Corporation shall maintain and, upon request, make available to each Special Shareholder a schedule which sets forth the then current Special Shareholder Limits for each Special Shareholder.

Section 5.14 is hereby amended in its entirety as follows:

Section 5.14 Certain Transfers to Non-U.S. Persons Void.

(a) At any time that Non-U.S. Persons (including Special Shareholders who will at all times be presumed to be Non-U.S. Persons) own directly or indirectly 50% or more of the fair market value of the issued and outstanding shares of Capital Stock of the Corporation, any Transfer of shares of Capital Stock of the Corporation by any Person (other than a Special Shareholder) on or after the effective date of this Amendment that results in such shares being owned directly or indirectly by a Non-U.S. Person (other than a Special Shareholder) shall be void ab initio to the fullest extent permitted under applicable law and the intended transferee shall be deemed never to have had an interest therein.

(b) At any time that Non-U.S. Persons (including Special Shareholders who will at all times be presumed to be Non-U.S. Persons) own directly or indirectly less than 50% of the fair market value of the issued and outstanding shares of Capital Stock of the Corporation, any Transfer of shares of Capital Stock of the Corporation by any Person (other than a Special Shareholder) to any Person on or after the effective date of this Amendment shall be void ab initio to the fullest extent permitted under applicable law and the intended transferee shall be deemed never to have had an interest therein if such Transfer

(i) occurs prior to the 10% Termination Date and results in the fair market value of the shares of Capital Stock of the Corporation owned directly or indirectly by Non-U.S. Persons (other than Special Shareholders) comprising 4.9 percent (4.9%) or more of the fair market value of the issued and outstanding shares of Capital Stock of the Corporation; or

(ii) results in the fair market value of the shares of Capital Stock of the Corporation owned directly or indirectly by Non-U.S. Persons (including Special Shareholders who will at all times be presumed to be Non-U.S. Persons) comprising fifty percent (50%) or more of the fair market value of the issued and outstanding shares of Capital Stock the Corporation.

(c) If any of the foregoing provisions is determined to be void or

invalid by virtue of any legal decision, statute, rule or regulation, then the shares of Capital Stock of the Corporation held or purported to

Directors or otherwise:e shall, automatically and without the necessity of any action by the Board of

(i) be prohibited from being voted;

(ii) not be entitled to dividends with respect thereto;

(iii) be considered held in trust by the transferee for the benefit of the Corporation and shall be subject to the provisions of Section 5.3(c) as if such shares of Capital Stock were the subject

Transfer that violates Section 5.2; and

(iv) not be considered outstanding for the purpose of determining a quorum at any meeting of shareholders.

(d) The Special Shareholders may, in their sole discretion, with prior notice to the Board of Directors, waive, alter or revise in writing all or any portion of the Transfer restrictions set forth in this Section 5.14 from and after the date on which such notice is given, on such terms and conditions as they in their sole discretion determine.

IN WITNESS WHEREOF, the undersigned President of this corporation has executed these Articles of Amendment this 26th day of February, 1999.

Mary Lou Rogers, President

ARTICLES OF MERGER AND PLAN OF MERGER
Merging
PACIFIC RETAIL TRUST
(a real estate investment trust formed under the laws of the State of Maryland)
with and into
REGENCY REALTY CORPORATION
(a corporation incorporated under the laws of the State of Florida)

Pursuant to Sections 607.1101 and 607.1108, Florida Statutes and Sections 3-109 and 8-501.1 of the Corporations and Associations Article of the Annotated Code of Maryland, as amended.

Regency Realty Corporation, a corporation organized and existing under the laws of the State of Florida ("Regency"), and Pacific Retail Trust, a real estate investment trust formed and existing under the laws of the State of Maryland ("Pacific Retail"), agree that Pacific Retail shall be merged with and into Regency, the latter of which is to survive the merger, and hereby adopt the following Articles of Merger. The terms and conditions of the merger and the mode of carrying the same into effect are as herein set forth in these Articles of Merger.

FIRST: The parties to these Articles of Merger are Pacific Retail, a real estate investment trust formed and existing under the laws of the State of Maryland, and Regency, a corporation organized and existing under the general laws of the State of Florida. Regency was incorporated on July 9, 1993 under the Florida Business Corporation Act (the "Florida Act") and qualified to do business in Maryland on February 9, 1999.

SECOND: Pacific Retail shall be merged with and into Regency in accordance with Title 8 of the Corporations and Associations Article of the Annotated Code of Maryland (the "Maryland Code") and the Florida Act and Regency shall survive the merger and continue under its present name (the "Surviving Entity"). At the effective time of the merger (the "Effective Time"), the separate existence of Pacific Retail shall cease in accordance with the provisions of the Maryland Code. From and after the Effective Time, the Surviving Entity shall continue its existence as a corporation under the Florida Act, shall succeed to all of the rights, privileges, properties, real, personal and mixed, liabilities and other assets without the necessity of any separate deed or other transfer and shall be subject to all of the liabilities and obligations of Pacific Retail without further action by either of the parties hereto, and will continue to be governed by the laws of the State of Florida. If at any time after the Effective Time the Surviving Entity shall consider or be advised that any deeds, bills of sale, assignments or assurances or any other acts or things are necessary, desirable or proper (a) to vest, perfect or confirm, of record or otherwise, in the Surviving Entity, its right, title or interest in, to or under any of the rights, privileges, powers, franchises, properties or assets of Pacific Retail acquired or to be acquired as a result of the merger, or (b) otherwise to carry out the purposes of these Articles, the Surviving Entity and its officers and directors or their designees shall be authorized to execute and deliver, in the name and on behalf of Pacific Retail, all deeds, bills of sale, assignments and assurances, and to do, in the name and on behalf of Pacific Retail, all other acts or things necessary, desirable or proper to vest, perfect or confirm the Surviving Entity's right, title or interest in, to or under any of the rights, privileges, powers, franchises, properties or assets of Pacific Retail acquired or to be acquired as a result of the merger and otherwise to carry out the purposes of these Articles.

THIRD: The principal office of Pacific Retail in the State of Maryland is located at 11 East Chase Street, the City of Baltimore, Maryland. The name and address of the registered agent of Regency is CSC Lawyers Incorporating Service Company, 11 East Chase Street, Baltimore, Maryland 21202 The principal office of Regency is located at 121 W. Forsyth Street, Suite 200, Jacksonville, Florida 32202. Neither Regency nor Pacific Retail owns any interest in land in any county in the State of Maryland or in Baltimore City.

FOURTH: The terms and conditions of the transaction set forth in these Articles of Merger were advised, authorized and approved by each party to these Articles of Merger in the manner and by the vote required by Regency's articles of incorporation and the Florida Act or Pacific Retail's declaration of trust and the Maryland Code, as the case may be.

FIFTH: The merger was duly (a) advised by the board of directors of Regency by the adoption of a resolution declaring that the merger set forth in these Articles of Merger was advisable on substantially the terms and conditions set forth in the resolution and directing that the proposed merger be submitted, together with the board's recommendation, for consideration at a special meeting of the shareholders of Regency and (b) approved by the shareholders of Regency on February 26, 1999 by the vote required by its articles of incorporation and the Florida Act. The only voting group of Regency entitled to vote on the adoption of the Plan was the holders of Regency Common Stock. The number of votes cast by such voting group was sufficient for approval by that group.

SIXTH: The merger was duly (a) advised by the board of trustees of Pacific Retail by the adoption of a resolution declaring that the merger set forth in these Articles of Merger was advisable on substantially the terms and conditions set forth or referred to in the resolution and directing that the proposed merger be submitted for consideration at a special meeting of the shareholders of Pacific Retail and (b) approved by the shareholders of Pacific Retail on February 26, 1999 by the vote required by its declaration of trust and the Maryland Code.

SEVENTH: The total number of shares of beneficial interest of all classes which Pacific Retail has authority to issue is 150,000,000 shares of

beneficial interest, of the par value of $.01 each, all such shares having an aggregate par value of $1,500,000. Of such shares of beneficial interest, 142,739,448 shares are classified as common shares ("Pacific Retail Common Stock"), 1,130,276 shares have been classified as Series A Cumulative Convertible Redeemable Preferred Shares of Beneficial Interest ("Pacific Retail Series A Preferred Stock"), and 6,130,276 shares have been classified as Series B Cumulative Convertible Redeemable Preferred Shares of Beneficial Interest ("Pacific Retail Series B Preferred Stock").

Immediately before the Effective Time, the total number of shares of stock of all classes which Regency had authority to issue is 170,000,000 shares, of the par value of $.01 each, all such shares having an aggregate par value of $1,700,000. Of such 170,000,000 shares, 150,000,000 shares were classified as common stock ("Regency Common Stock"), 10,000,000 shares were classified as Special Common Stock (of which 2,500,000 have been classified as Class B Non-Voting Stock) and 10,000,000 shares were classified as Preferred Stock (of which 1,600,000 have been classified as 8.125% Series A Cumulative Redeemable Preferred Stock). Immediately after the Effective Time, the total number of shares of stock of all classes which Regency has authority to issue is 170,000,000 shares, of the par value of $0.01 each, all such shares having an aggregate par value of $1,700,000. Of such 170,000,000 shares, 150,000,000 shares are classified as Regency Common Stock, 10,000,000 shares are classified as Special Common Stock (of which 2,500,000 are classified as Class B Non-Voting Common Stock) and 10,000,000 shares are classified as Preferred Stock (of which 542,532 shares have been classified as Series 1 Cumulative Convertible Redeemable Preferred Stock and 1,502,532 shares have been classified as Series 2 Cumulative Convertible Redeemable Preferred Stock and 1,600,000 have been classified as 8.125% Series A Cumulative Redeemable Preferred Stock).

EIGHTH: As of the Effective Time, by virtue of the Merger and without any action on the part of Regency, Pacific Retail, or any holder of any of the following securities:

(a) Cancellation of Treasury Stock and Regency-Owned Shares of Beneficial Interest of Pacific Retail. Each share of beneficial interest of Pacific Retail that is owned by Pacific Retail or any subsidiary of Pacific Retail or Regency or any subsidiary of Regency shall automatically be cancelled and retired and shall cease to exist, and no consideration shall be delivered or deliverable in exchange therefor.

(b) Conversion of Pacific Retail Common Stock. Each issued and outstanding share of Pacific Retail Common Stock, other than shares cancelled pursuant to paragraph (a) of this Article or shares as to which a demand for dissenter's rights has been duly perfected in accordance with the Maryland Code, shall be converted into the right to receive 0.48 validly issued, fully paid, and nonassessable shares of Regency Common Stock. The consideration to be issued to the holders of Pacific Retail Common Stock is referred to herein as the "Common Stock Merger Consideration." No fractional shares shall be issued as part of the Common Stock Merger Consideration. (c) Conversion of Pacific Retail Series A Preferred Stock. Each issued and outstanding share of Pacific Retail Series A Preferred Stock, other than shares cancelled pursuant to paragraph (a) of this Article or shares as to which a demand for dissenters rights has been duly perfected in accordance with the Maryland Code, shall be converted into the right to receive 0.48 validly issued, fully paid and nonassessable shares of Series 1 Cumulative Convertible Redeemable Preferred Stock of Regency ("Regency Series 1 Preferred Stock"). The consideration to be issued to holders of Pacific Retail Series A Preferred Stock is referred to as the "Series A Merger Consideration." (d) Conversion of Pacific Retail Series B Preferred Stock. Each issued and outstanding share of Pacific Retail Series B Preferred Stock, other than shares cancelled pursuant to paragraph (a) of this Article or shares as to which a demand for dissenters rights has been duly perfected in accordance with the Maryland Code, shall be converted into the right to receive 0.48 validly issued, fully paid and nonassessable shares of Series 2 Cumulative Convertible Redeemable Preferred Stock of Regency ("Regency Series 2 Preferred Stock"). The consideration to be issued to holders of Pacific Retail Series B Preferred Stock is referred to as the "Series B Merger Consideration." The Common Stock Merger Consideration, Series A Merger Consideration and Series B Merger Consideration are referred to collectively herein as the "Merger Consideration." (e) No Fractional Shares. Each holder of Pacific Retail Common Stock, Pacific Retail Series A Preferred Stock or Pacific Retail Series B Preferred Stock exchanged pursuant to the Merger who would otherwise have been entitled to receive a fraction of a share of (i) Regency Common Stock, (ii) Regency Series A Preferred Stock or (iii) Regency Series B Preferred Stock, as the case may be (after taking into account all shares of Pacific Retail Common Stock, Pacific Retail Series A Preferred Stock or Pacific Retail Series B Preferred Stock held of record by such holder at the Effective Time), shall receive, in lieu of such fraction of a share, cash in an amount arrived at by multiplying such fraction times the average closing price of a share of Regency Common Stock on the New York Stock Exchange on the ten (10) consecutive trading days ending on the fifth day immediately preceding the Effective Time. (f) Cancellation and Retirement of Shares of Beneficial Interest of Pacific Retail. As of the Effective Time, all shares of beneficial interest of Pacific Retail converted into the right to receive the applicable Merger Consideration pursuant to this Article shall no longer be outstanding and shall automatically be cancelled and retired and shall cease to exist, and each holder of a certificate evidencing any such shares of beneficial interest of Pacific Retail shall cease to have any rights with respect thereto, except the right to receive the applicable Merger Consideration in accordance with this Article, and any cash in lieu of fractional shares of Regency Common Stock, Regency Series 1 Preferred Stock or Regency Series 2 Preferred Stock paid in cash by Regency based on the average of the closing price of the Regency Common Stock on the New York Stock Exchange for the ten (10) consecutive trading days ending on the fifth day immediately preceding the Effective Time. (g) Conversion of Pacific Retail Stock Options. Each option granted by Pacific Retail to purchase shares of Pacific Retail Common Stock (a "Pacific Retail Stock Option") which is outstanding and unexercised immediately

prior to the Effective Time shall cease to represent a right to acquire such shares and shall be converted into an option to purchase shares of Regency Common Stock (a "Regency Stock Option") in an amount and at an exercise price determined as provided below and otherwise subject to the terms and conditions of Regency's Long-Term Omnibus Plan and the agreements evidencing grants thereunder but having the same vesting, exercise, and termination dates that such Pacific Retail Stock Options had immediately prior to the Effective Time except that departing officers' options shall fully vest and shall terminate on the dates set forth in agreements between the departing officers and Regency. (i) the number of shares of Regency Common Stock to be subject to the new Regency Stock Option will be equal to the product of (A) the number of shares of Pacific Retail Common Stock subject to the existing Pacific Retail Stock Option immediately prior to the Effective Time and (B) the ratio of the value per share of Pacific Retail Common Stock immediately prior to the Effective Time to the value per share of Regency Common Stock immediately after the Effective Time, and

(ii) the exercise price per share of Regency Common Stock under the new Regency Stock Option will be equal to (A) the value per share of Regency Common Stock immediately after the Effective Time multiplied by (B) the ratio of the exercise price per share of Pacific Retail Common Stock to the value per share of Pacific Retail Common Stock immediately prior to the Effective Time.

NINTH: The parties hereto intend that the execution of these Articles of Merger constitute the adoption of a "plan of reorganization" within the meaning of Section 368 of the Internal Revenue Code of 1996, as amended.

TENTH: The merger shall be effective at 11:59 p.m. Eastern Standard Time on February 28, 1999.

ELEVENTH: The merger may be abandoned at any time prior to the Effective Time by either Pacific Retail or the Surviving Entity, without further shareholder action by filing a Notice of Abandonment with each state authority with which these Articles of Merger are filed.

TWELFTH: The Articles of Incorporation of Regency shall continue to be the Articles of Incorporation of Regency on and after the Effective Time, except for the following amendments:

(a) The Articles of Incorporation of Regency are hereby amended to add the Certificate of Designations, Rights, Preferences and Limitations of Series 1 Cumulative Convertible Redeemable Preferred Stock of Regency attached hereto as Exhibit A.

(b) The Articles of Incorporation of Regency are hereby amended to add the Certificate of Designations, Rights, Preferences and Limitations of Series 2 Cumulative Convertible Redeemable Preferred Stock of Regency attached hereto as Exhibit B. (c) Article V of the Articles of Incorporation of Regency is hereby amended as set forth in Exhibit C hereto.

IN WITNESS WHEREOF, Regency Realty Corporation, a Florida corporation, and Pacific Retail Trust, a Maryland real estate investment trust, the entities parties to the merger, have caused these Articles of Merger to be signed in their respective names and on their behalf and witnessed or attested all as of the 26th day of February, 1999. Each of the individuals signing these Articles of Merger on behalf of Regency Realty Corporation or Pacific Retail Trust acknowledges these Articles of Merger to be the act of such respective entity and, as to all other matters or facts required to be verified under oath, that to the best of his or her knowledge, information and belief, these matters are true in all material respects and that this statement is made under the penalties for perjury.

REGENCY REALTY CORPORATION,
a Florida corporation

By: _____
Mary Lou Rogers, President

Attest:

- ------------------------------
J. Christian Leavitt, Secretary

PACIFIC RETAIL TRUST,
a Maryland real estate investment trust

By: ___________________________________
Jane E. Mody, Managing Director and Chief Financial Officer

Attest:

- --------------------------------
Kelli Hlavenka, Assistant Secretary

shapeType1fFlipH0fFlipV0lineColor16777215fPreferRelativeResize0

EXHIBIT "B"

004.105541.4

ARTICLES OF AMENDMENT TO ARTICLES OF INCORPORATION
OF
REGENCY REALTY CORPORATION
DESIGNATING THE PREFERENCES, RIGHTS AND
LIMITATIONS OF 1,502,532 SHARES OF
SERIES 2 CUMULATIVE CONVERTIBLE REDEEMABLE PREFERRED STOCK
$0.01 Par Value

Pursuant to Section 607.0602 of the Florida Business Corporation Act ("FBCA"), Regency Realty Corporation, a Florida corporation (the "Corporation"), does hereby certify that:

FIRST: Pursuant to the authority expressly vested in the Board of Directors of the Corporation by Section 4.2 of the Restated Articles of Incorporation of the Corporation, as amended (the "Charter") and Section 607.0602 of the FBCA, the Board of Directors of the Corporation, by resolutions duly adopted on September 23, 1998 has classified 1,502,532 shares of the authorized but unissued Preferred Stock par value $.01 per share (the "Series 2 Preferred Stock") as a separate class of Preferred Stock, authorized the issuance of a maximum of 1,502,532 shares of such class of Series 2 Preferred Stock, set certain of the preferences, conversion and other rights, voting powers, restrictions, limitations as to dividends, qualifications, terms and conditions of redemption and other terms and conditions of such class of Series 2 Preferred Stock. Shareholder approval was not required under the Charter with respect to such designation.

SECOND: The class of Series 2 Preferred Stock of the Corporation created by the resolutions duly adopted by the Board of Directors of the Corporation shall have the following designation, number of shares, preferences, conversion and other rights, voting powers, restrictions and limitation as to dividends, qualifications, terms and conditions of redemption and other terms and conditions:

Section 1. Number of Shares and Designation. The number of shares of Series 2 Preferred Stock which shall constitute such series shall not be more than 1,502,532 shares, par value $0.01 per share, which number may be decreased (but not below the number thereof then outstanding plus the number required to fulfill the Corporation's obligations under certain agreements, options, warrants or similar rights issued by the Corporation) from time to time by the Board of Directors of the Corporation. Except as otherwise specifically stated herein, the Series 2 Preferred Stock shall have the same rights and privileges as Common Stock under Florida law.

Section 2. Definitions. For purposes of the Series 2 Preferred Stock, the following terms shall have the eanings indicated:

"Board" shall mean the Board of Directors of the Corporation or any committee authorized by such Board of Directors to perform any of its responsibilities with respect to the Series 2 Preferred Stock.

"Business Day" shall mean any day other than a Saturday, Sunday or a day on which state or federally chartered banking institutions in New York City, New York are not required to be open.

"Call Date" shall mean the date specified in the notice to holders required under subparagraph (d) of Section 5 as the Call Date.

"Common Stock" shall mean the common capital stock of the Corporation, par value $0.01 per share.

"Constituent Person" shall have the meaning set forth in paragraph (e) of Section 6 hereof.

"Conversion Price" shall mean the conversion price per share of Common Stock for which the Series 2 Preferred Stock is convertible, as such Conversion Price may be adjusted pursuant to Section 6. The initial conversion price shall be $20.8333 (equivalent to a conversion rate of one (1) share of Common Stock for each share of Series 2 Preferred Stock).

"Current Market Price" of publicly traded Common Stock or any other class of capital stock or other security of the Corporation or any other issuer for any day shall mean the last reported sales price on such day, regular way, or, if no sale takes place on such day, the average of the reported closing bid and asked prices on such day, regular way, in either case as reported on the New York Stock Exchange ("NYSE") or, if such security is not listed or admitted for trading on the NYSE, on the principal national securities exchange on which such security is listed or admitted for trading or, if not listed or admitted for trading on any national securities exchange, on the National Market System of the National Association of Securities Dealers, Inc. Automated Quotations System ("NASDAQ") or, if such security is not quoted on such National Market System, the average of the closing bid and asked prices on such day in the over-the-counter market as reported by NASDAQ or, if bid and asked prices for such security on such day shall not have been reported through NASDAQ, as reported by the National Quotation Bureau, Incorporated, or, if not so reported, the average of the closing bid and asked prices as furnished by any member of the National Association of Securities Dealers, Inc. selected from time to time by the Corporation for such purpose, or, if no such prices are furnished, the fair market value of the security as determined in good faith by the Board.

"Dividend Payment Date" shall mean the last calendar day of March, June, September and December, in each year, commencing on March 31, 1999; provided, however, that if any Dividend Payment Date falls on any day other than

a Business Day, the dividend payment due on such Dividend Payment Date shall be paid on the Business Day immediately following such Dividend Payment Date.

"Dividend Periods" shall mean quarterly dividend periods commencing on April 1, July 1, October 1 and January 1 of each year and ending on and including the day preceding the first day of the next succeeding Dividend Period (other than the initial Dividend Period, which shall commence on the Issue Date).

"Fully Junior Stock" shall mean any class or series of capital stock of the Corporation now or hereafter issued and outstanding over which the Series 2 Preferred Stock has preference or priority in both (i) the payment of dividends and (ii) the distribution of assets on any liquidation, dissolution or winding up of the Corporation.

"Funds from Operations per Share" shall mean the amount determined by dividing (a) the net income of the Corporation before extraordinary items (determined in accordance with generally accepted accounting principles) as reported by the Corporation in its year-end audited financial statements, minus gains (or losses) from debt restructuring and sales of property, plus real property depreciation and amortization and amortization of capitalized leasing expenses and tenant allowances or improvements (to the extent such allowances or improvements are capital items), and after adjustments for unconsolidated partnerships, corporations and joint ventures (such items of depreciation and amortization and such gains, losses and adjustments as determined in accordance with generally accepted accounting principles and as reported by the Corporation in its year-end audited financial statements) by (b) the weighted average number of shares of common stock of the Corporation outstanding as reported by the Corporation in its year-end audited financial statements. Adjustments for unconsolidated partnerships, corporations and joint ventures shall be calculated to reflect Funds from Operations per Share on the same basis. If the Corporation shall after the Issue Date (A) pay a dividend or make a distribution in shares of common stock on its outstanding shares of common stock, (B) subdivide its outstanding shares of common stock into a greater number of shares, (C) combine its outstanding Common Stock into a smaller number of shares or (D) issue any shares of common stock by reclassification of its outstanding shares of common stock, the Funds from Operations per Share shall be appropriately adjusted to give effect to such events.

"Issue Date" shall mean the first date on which the Series 2 Preferred Stock is issued.

"Junior Stock" shall mean the Common Stock and any other class or series of capital stock of the Corporation now or hereafter issued and outstanding over which the Series 2 Preferred Stock has preference or priority in the payment of dividends or in the distribution of assets on any liquidation, dissolution or winding up of the Corporation.

"Minimum Amount" shall mean the greater of (A) $0.2083 and (B) 65% of the highest amount of Funds from Operations per Share for any preceding fiscal year, beginning with the fiscal year ending December 31, 1996, divided by four.

"Non-Electing Share" shall have the meaning set forth in paragraph (e) of Section 6 hereof.

"Parity Stock" shall have the meaning set forth in paragraph (b) of Section 8.

"Person" shall mean any individual, firm, partnership, corporation, or trust or other entity, and shall include any successor (by merger or otherwise) of such entity.

"Securities" and "Security" shall have the meanings set forth in paragraph (d)(iv) of Section 6 hereof.

"Series 1 Preferred Stock" shall mean the Series 1 Cumulative Convertible Redeemable Preferred Stock of the Corporation, par value $0.01 per share.

"Series 2 Preferred Stock" shall have the meaning set forth in Article FIRST hereof.

"set apart for payment" shall be deemed to include, without any action other than the following, the recording by the Corporation in its accounting ledgers of any accounting or bookkeeping entry which indicates, pursuant to a declaration of dividends or other distribution by the Board, the allocation of funds to be so paid on any series or class of capital stock of the Corporation; provided, however, that if any funds for any class or series of Junior Stock, Fully Junior Stock or any class or series of shares of capital stock ranking on a parity with the Series 2 Preferred Stock as to the payment of dividends are placed in a separate account of the Corporation or delivered to a disbursing, paying or other similar agent, then "set apart for payment" with respect to the Series 2 Preferred Stock shall mean placing such funds in a separate account or delivering such funds to a disbursing, paying or other similar agent.

"Transaction" shall have the meaning set forth in paragraph (e) of Section 6 hereof.

"Transfer Agent" means initially the Corporation and shall include such other agent or agents of the Corporation as may be designated by the Board or their designee as the transfer agent for the Series 2 Preferred Stock.

"Voting Preferred Stock" shall have the meaning set forth in Section 9 hereof.

Section 3. Dividends.

(a) The holders of Series 2 Preferred Stock shall be entitled to receive, when, as and if declared by the Board out of funds legally available for that purpose, quarterly dividends payable in cash in an amount per share equal to the greater of (i) the Minimum Amount or (ii) an amount equal to the dividend (determined on each Dividend Payment Date) on a share of Common Stock, or portion thereof, into which a share of Series 2 Preferred Stock is convertible. For purposes of clause (ii) of the preceding sentence, such dividends shall equal the number of shares of Common Stock, or portion thereof, into which a share of Series 2 Preferred Stock is convertible, multiplied by the most current quarterly dividend paid or payable on a share of Common Stock on or before the applicable Dividend Payment Date. Dividends on the Series 2 Preferred Stock shall begin to accrue and shall be fully cumulative from the Issue Date, whether or not for any Dividend Period or Periods there shall be funds of the Corporation legally available for the payment of such dividends, and shall be payable quarterly, when, as and if declared by the Board, in arrears on Dividend Payment Dates, commencing on the first Dividend Payment Date after the Issue Date. Accrued and unpaid dividends on shares of Series 2 Preferred Stock shall include any accrued and unpaid dividends on the Series B Cumulative Convertible Redeemable Preferred Shares of Beneficial Interest of Pacific Retail Trust which are exchanged by operation of law into such shares of Series 2 Preferred Stock pursuant to the merger of Pacific Retail Trust into the Corporation. Each dividend on the Series 2 Preferred Stock shall be payable to the holders of record of Series 2 Preferred Stock, as they appear on the stock records of the Corporation at the close of business on such record dates as shall be fixed by the Board. Accrued and unpaid dividends for any past Dividend Periods may be declared and paid at any time and for such interim periods, without reference to any regular Dividend Payment Date, to holders of record on such date as may be fixed by the Board.

(b) The amount of dividends payable for any dividend period shorter or longer than a full Dividend Period, on the Series 2 Preferred Stock shall be computed on the basis of twelve 30-day months and a 360-day year. Holders of Series 2 Preferred Stock shall not be entitled to any dividends, whether payable in cash, property or stock, in excess of current and cumulative but unpaid dividends, as herein provided, on the Series 2 Preferred Stock. No interest, or sum of money in lieu of interest, shall be payable in respect of any dividend payment or payments on the Series 2 Preferred Stock that may be in arrears. (c) So long as any Series 2 Preferred Stock is outstanding, no dividends, except as described in the immediately following sentence, shall be declared or paid or set apart for payment on any class or series of Parity Stock for any period unless full cumulative dividends have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof set apart for such payment on the Series 2 Preferred Stock for all Dividend Periods terminating on or prior to the Dividend Payment Date on such class or series of Parity Stock. When dividends are not paid in full or a sum sufficient for such payment is not set apart, as aforesaid, all dividends declared upon Series 2 Preferred Stock and all dividends declared upon any other class or series of Parity Stock shall be declared ratably in proportion to the respective amounts of dividends accumulated and unpaid on the Series 2 Preferred Stock and accumulated and unpaid on such Parity Stock. (d) So long as any Series 2 Preferred Stock is outstanding, no dividends (other than dividends or distributions paid solely in shares of, or options, warrants or rights to subscribe for or purchase shares of, Fully Junior Stock) shall be declared or paid or set apart for payment or other distribution declared or made upon Junior Stock, nor shall any Junior Stock be redeemed, purchased or otherwise acquired (other than a redemption, purchase or other acquisition of Common Stock made for purposes of an employee incentive or benefit plan of the Corporation or any subsidiary) for any consideration (or any moneys be paid to or made available for a sinking fund for the redemption of any shares of any such stock) by the Corporation, directly or indirectly (except by conversion into or exchange for Fully Junior Stock), unless in each case (i) the full cumulative dividends on all outstanding Series 2 Preferred Stock and any other Parity Stock of the Corporation shall have been paid or declared and set apart for payment for all past Dividend Periods with respect to the Series 2 Preferred Stock and all past dividend periods with respect to such Parity Stock and (ii) sufficient funds shall have been paid or declared and set apart for the payment of the dividend for the current Dividend Period with respect to the Series 2 Preferred Stock and the current dividend period with respect to such Parity Stock. Section 4. Liquidation Preference.

(a) In the event of any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, before any payment or distribution of the assets of the Corporation (whether capital or surplus) shall be made to or set apart for payment to the holders of Junior Stock or Fully Junior Stock, the holders of the Series 2 Preferred Stock shall be entitled to receive $20.8333 per share of Series 2 Preferred Stock plus an amount equal to all dividends declared but unpaid thereon to the date of final distribution to such holders; but such holders shall not be entitled to any further payment. If, upon any liquidation, dissolution or winding up of the Corporation, the assets of the Corporation, or proceeds thereof, distributable among the holders of the Series 2 Preferred Stock shall be insufficient to pay in full the preferential amount aforesaid and liquidating payments on any other shares of any class or series of Parity Stock, then such assets, or the proceeds thereof, shall be distributed among the holders of Series 2 Preferred Stock and any such other Parity Stock ratably in accordance with the respective amounts that would be payable on such Series 2 Preferred Stock and any such other Parity Stock if all amounts payable thereon were paid in full. For the purposes of this Section 4, (i) a consolidation or merger of the Corporation with one or more Persons, (ii) a sale or transfer of all or substantially all of the Corporation's assets or (iii) a statutory share exchange shall not be deemed to be a liquidation, dissolution or winding up, voluntary or involuntary, of the Corporation.

(b) Subject to the rights of the holders of shares of any series or class or classes of shares of capital stock ranking on a parity with or prior to the Series 2 Preferred Stock upon liquidation, dissolution or winding up, upon any

liquidation, dissolution or winding up of the Corporation, after payment shall have been made in full to the holders of the Series 2 Preferred Stock, as provided in this Section 4, any other series or class or classes of Junior Stock or Fully Junior Stock shall, subject to the respective terms and provisions (if any) applying thereto, be entitled to receive any and all assets remaining to be paid or distributed, and the holders of the Series 2 Preferred Stock shall not be entitled to share therein. Section 5. Redemption at the Option of the Corporation.

(a) The Series 2 Preferred Stock shall not be redeemable by the Corporation prior to October 20, 2010. On and after October 20, 2010, the Corporation, at its option, may redeem the Series 2 Preferred Stock, in whole at any time or from time to time in part, at the option of the Corporation at a redemption price of $20.8333 per share of Series 2 Preferred Stock, plus the amounts indicated in Section 5(b).

(b) Upon any redemption of Series 2 Preferred Stock pursuant to this Section 5, the Corporation shall pay in full any and all accrued and unpaid dividends (without interest or sum of money in lieu of interest) for any and all Dividend Periods ending on or prior to the Call Date. If the Call Date falls after a dividend payment record date and prior to the corresponding Dividend Payment Date, then each holder of Series 2 Preferred Stock at the close of business on such dividend payment record date shall be entitled to the dividend payable on such shares on the corresponding dividend payment date notwithstanding the redemption of such shares before such Dividend Payment Date. (c) If full cumulative dividends on the Series 2 Preferred Stock and any other class or series of Parity Stock of the Corporation have not been paid or declared and set apart for payment, the Series 2 Preferred Stock may not be redeemed under this Section 5 in part and the Corporation may not purchase or acquire shares of Series 2 Preferred Stock, otherwise than pursuant to a voluntary purchase or exchange offer made on the same terms to all holders of Series 2 Preferred Stock. (d) Notice of the redemption of any Series 2 Preferred Stock under this Section 5 shall be mailed by first-class mail to each holder of record of Series 2 Preferred Stock to be redeemed at the address of each such holder as shown on the Corporation's record, not less than 30 nor more than 90 days prior to the Call Date. Neither the failure to mail any notice required by this paragraph (d), nor any defect therein or in the mailing thereof, to any particular holder, shall affect the sufficiency of the notice or the validity of the proceedings for redemption with respect to the other holders. Any notice which was mailed in the manner herein provided shall be conclusively presumed to have been duly given on the date mailed whether or not the holder receives the notice. Each such mailed notice shall state, as appropriate: (1) the Call Date; (2) the number of shares of Series 2 Preferred Stock to be redeemed and, if fewer than all the shares held by such holder are to be redeemed, the number of such shares to be redeemed from such holder; (3) the place or places at which certificates for such shares are to be surrendered; and (4) that dividends on the shares to be redeemed shall cease to accrue on such Call Date except as otherwise provided herein. Notice having been mailed as aforesaid, from and after the Call Date (unless the Corporation shall fail to make available an amount of cash necessary to effect such redemption), (i) except as otherwise provided herein, dividends on the Series 2 Preferred Stock so called for redemption shall cease to accrue, (ii) said shares shall no longer be deemed to be outstanding and (iii) all rights of the holders thereof as holders of Series 2 Preferred Stock of the Corporation shall cease (except the rights to convert and to receive cash payable upon such redemption, without interest thereon, upon surrender and endorsement of their certificates if so required and to receive any dividends payable thereon). The Corporation's obligation to provide cash in accordance with the preceding sentence shall be deemed fulfilled if, on or before the Call Date, the Corporation shall deposit with a bank or trust company (which may be an affiliate of the Corporation) that has an office in the Borough of Manhattan, City of New York, and that has, or is an affiliate of a bank or trust company that has, capital and surplus of at least $50,000,000, sufficient cash necessary for such redemption, in trust, with irrevocable instructions that such cash be applied to the redemption of the Series 2 Preferred Stock so called for redemption. No interest shall accrue for the benefit of the holders of Series 2 Preferred Stock to be redeemed on any cash so set aside by the Corporation. Subject to applicable escheat laws and other unclaimed property laws, any such cash unclaimed at the end of two years from the Call Date shall revert to the general funds of the Corporation, after which reversion the holders of such shares so called for redemption shall look only to the general funds of the Corporation for the payment of such cash. Notwithstanding the above, at any time after such redemption notice is received and on or prior to the Call Date, any holder may exercise its conversion rights under Section 6 below.

As promptly as practicable after the surrender in accordance with said notice of the certificates for any such shares so redeemed (properly endorsed or assigned for transfer, if the Corporation shall so require and if the notice shall so state), such shares shall be exchanged for any cash (including accumulated and unpaid dividends but without interest thereon) for which such shares have been redeemed. If fewer than all the outstanding shares of Series 2 Preferred Stock are to be redeemed, shares to be redeemed shall be selected by the Corporation from outstanding Series 2 Preferred Stock not previously called for redemption by lot or pro rata (as nearly as may be) or by any other method determined by the Corporation in its sole discretion to be equitable. If fewer than all shares of the Series 2 Preferred Stock represented by any certificate are redeemed, then new certificates representing the unredeemed shares shall be issued without cost to the holder thereof.

Section 6. Conversion. Holders of Series 2 Preferred Stock shall have the right, at any time and from time to time, to convert all or a portion of such shares into Common Stock, as follows:

(a) Subject to and upon compliance with the provisions of this Section 6, a holder of Series 2 Preferred Stock shall have the right, at such holder's option, at any time to convert each share of Series 2 Preferred Stock into the number of fully paid and non-assessable shares of Common Stock obtained by

dividing the aggregate liquidation preference of such shares by the Conversion Price (as in effect at the time and on the date provided for in the last paragraph of paragraph (b) of this Section 6) by surrendering such shares to be converted, such surrender to be made in the manner provided in paragraph (b) of this Section 6.

(b) In order to exercise the conversion right, each holder of shares of Series 2 Preferred Stock to be converted shall surrender the certificate representing such shares, duly endorsed or assigned to the Corporation or in blank, at the office of the Transfer Agent, accompanied by written notice to the Corporation that the holder thereof elects to convert such Series 2 Preferred Stock. Unless the shares issuable on conversion are to be issued in the same name as the name in which such Series 2 Preferred Stock is registered, each share surrendered for conversion shall be accompanied by instruments of transfer, in form satisfactory to the Corporation, duly executed by the holder or such holder's duly authorized attorney and an amount sufficient to pay any transfer or similar tax (or evidence reasonably satisfactory to the Corporation demonstrating that such taxes have been paid).

Holders of Series 2 Preferred Stock at the close of business on a dividend payment record date shall be entitled to receive the dividend payable on such shares on the corresponding dividend payment date notwithstanding the conversion thereof following such dividend payment record date and on or prior to such dividend payment date. In no event shall a holder of Series 2 Preferred Stock be entitled to receive a dividend payment on Common Stock issued or issuable upon conversion of Series 2 Preferred Stock if such holder is entitled to receive a dividend in respect of the Series 2 Preferred Stock surrendered for conversion. The Corporation shall make no payment or allowance for unpaid dividends, whether or not in arrears, on converted shares or for dividends on the Common Stock issued upon such conversion.

As promptly as practicable after the surrender of certificates for Series 2 Preferred Stock as aforesaid, the Corporation shall issue and shall deliver at such office to such holder, or such holder's written order, a certificate or certificates for the number of full shares of Common Stock issuable upon the conversion of such shares in accordance with provisions of this Section 6, and any fractional interest in respect of a share of Common Stock arising upon such conversion shall be settled as provided in paragraph (c) of this Section 6.

Each conversion shall be deemed to have been effected immediately prior to the close of business on the date on which the certificates for Series 2 Preferred Stock shall have been surrendered and such notice received by the Corporation as aforesaid, and the person or persons in whose name or names any certificate or certificates for Common Stock shall be issuable upon such conversion shall be deemed to have become the holder or holders of record of the shares represented thereby at such time on such date and such conversion shall be at the Conversion Price in effect at such time on such date unless the stock transfer books of the Corporation shall be closed on that date, in which event such person or persons shall be deemed to have become such holder or holders of record at the close of business on the next succeeding day on which such stock transfer books are open, but such conversion shall be at the Conversion Price in effect on the date on which such shares shall have been surrendered and such notice received by the Corporation.

(c) No fractional shares or scrip representing fractions of a share of Common Stock shall be issued upon conversion of the Series 2 Preferred Stock. Instead of any fractional interest in a share of Common Stock that would otherwise be deliverable upon the conversion of a share of Series 2 Preferred Stock, the Corporation shall pay to the holder of such share an amount in cash based upon the Current Market Price of Common Stock on the Business Day immediately preceding the date of conversion. If more than one share shall be surrendered for conversion at one time by the same holder, the number of full shares of Common Stock issuable upon conversion thereof shall be computed on the basis of the aggregate number of Series 2 Preferred Stock so surrendered.

(d) The Conversion Price shall be adjusted from time to time as follows:
(i) If the Corporation shall after the Issue Date (A) pay a dividend or make a distribution in shares of Common Stock on its Common Stock, (B) subdivide its outstanding shares of Common Stock into a greater number of shares, (C) combine its outstanding shares of Common Stock into a smaller number of shares or (D) issue any shares of Common Stock by reclassification of its Common Stock, the Conversion Price in effect at the opening of business on the day following the date fixed for the determination of shareholders entitled to receive such dividend or distribution or at the opening of business on the Business Day next following the day on which such subdivision, combination or reclassification becomes effective, as the case may be, shall be adjusted so that the holder of any shares of Series 2 Preferred Stock thereafter surrendered for conversion shall be entitled to receive the number of shares of Common Stock that such holder would have owned or have been entitled to receive after the happening of any of the events described above as if such shares of Series 2 Preferred Stock had been converted immediately prior to the record date in the case of a dividend or distribution or the effective date in the case of a subdivision, combination or reclassification. An adjustment made pursuant to this subparagraph (i) shall become effective immediately after the opening of business on the Business Day next following the record date (except as provided in paragraph (g) below) in the case of a dividend or distribution and shall become effective immediately after the opening of business on the Business Day next following the effective date in the case of a subdivision, combination or reclassification.

(ii) If the Corporation shall issue after the Issue Date rights, options or warrants to subscribe for or purchase Common Stock, or to subscribe for or purchase any security convertible into Common Stock, and the price per share for which Common Stock is issuable upon exercise of such rights, options or warrants, or upon the conversion or exchange of such convertible securities, is

less than the lesser of the Conversion Price then in effect and the Current Market Price per share of Common Stock on the date such rights, options or warrants are issued, then the Conversion Price in effect at the opening of business on the Business Day next following such issue date shall be adjusted to equal the price determined by multiplying (A) the Conversion Price in effect immediately prior to the opening of business on the date for such issuance by (B) a fraction, the numerator of which shall be the sum of (I) the number of shares of Common Stock outstanding immediately prior to such issuance and (II) the number of shares that the aggregate proceeds to the Corporation from the exercise of such rights, options or warrants for Common Stock, or in the case of rights to purchase convertible securities, the aggregate proceeds from the exercise of such rights, options or warrants and the subsequent conversion of such convertible securities, would purchase at such Conversion Price or Current Market Price, as applicable, and the denominator of which shall be the sum of (A) the number of shares of Common Stock outstanding immediately prior to such issuance and (B) the number of additional shares of Common Stock offered for subscription or purchase pursuant to such rights, options or warrants. Such adjustment shall become effective immediately after the opening of business on the day next following such issue date (except as provided in paragraph (g) below). In determining whether any rights, options or warrants entitle the holders of Common Stock to subscribe for or purchase Common Stock or any security convertible into or exchangeable for Common Stock at less than such Conversion Price or Current Market Price, as applicable, there shall be taken into account any consideration received by the Corporation upon issuance and upon exercise of such rights, options or warrants, and in the case of rights, options or warrants to subscribe for or purchase convertible securities, upon the subsequent conversion of such securities, the value of such consideration, if other than cash, to be determined in good faith by the Board. In the event that the securities referenced in this subparagraph (ii) are only issued to all holders of Common Stock, no adjustment shall be made to the Conversion Price under this subparagraph (ii) if the Corporation shall issue to all holders of Series 2 Preferred Stock, the same number of rights, options or warrants to subscribe for or purchase Common Stock or any security convertible into or exchangeable for Common Stock, as those issued to holders of Common Stock, based upon the number of shares of Common Stock into which each share of Series 2 Preferred Stock is then convertible. (iii) If the Corporation shall issue after the Issue Date any shares of capital stock or security convertible or exchangeable for Common Stock (excluding rights, options or warrants referred to in subparagraph (ii) above) and the price per share for which Common Stock is issuable upon the conversion or exchange of such convertible or exchangeable securities is less than the lesser of the Conversion Price then in effect and the Current Market Price per share of Common Stock on the date such convertible or exchangeable securities are issued, then the Conversion Price in effect at the opening of business on the Business Day next following such issue date shall be adjusted to equal the price determined by multiplying (A) the Conversion Price in effect immediately prior to the opening of business on the Business Day next following the issue date by (B) a fraction, the numerator of which shall be the sum of (I) the number of shares of Common Stock outstanding on the close of business on the Business Day immediately preceding the issue date and (II) the number of shares of Common Stock that the aggregate proceeds to the Corporation from the conversion into or in exchange for Common Stock would purchase at such Conversion Price or Current Market Price, as applicable, and the denominator of which shall be the sum of (A) the number of shares of Common Stock outstanding on the close of business on the Business Day immediately preceding the issue date and (B) the number of additional shares of Common Stock issuable upon conversion or exchange of such convertible or exchangeable securities. Such adjustment shall become effective immediately after the opening of business on the day next following such issue date (except as provided in paragraph (g) below). In determining whether any securities are convertible for or exchangeable into Common Stock at less than such Conversion Price or Current Market Price, as applicable, there shall be taken into account any consideration received by the Corporation upon issuance and upon conversion or exchange of such convertible or exchangeable securities, the value of such consideration, if other than cash, to be determined in good faith by the Board. (iv) If the Corporation shall distribute to all holders of its Common Stock any shares of capital stock of the Corporation (other than Common Stock) or evidence of its indebtedness or assets (excluding cash dividends or distributions) or rights, options or warrants to subscribe for or purchase any of its securities (excluding those rights, options and warrants referred to in subparagraph (ii) above and excluding those convertible or exchangeable securities referred to in subparagraph (iii) above (any of the foregoing being hereinafter in this subparagraph (iv) collectively called the "Securities" and individually a "Security"), then in each such case the Conversion Price shall be adjusted so that it shall equal the price determined by multiplying (A) the Conversion Price in effect immediately prior to the close of business on the date fixed for the determination of shareholders entitled to receive such distribution by (B) a fraction, the numerator of which shall be the lesser of the Conversion Price then in effect and the Current Market Price per share of Common Stock on the record date mentioned below less the then fair market value (as determined in good faith by the Board) of the portion of the shares of capital stock or assets or evidences of indebtedness so distributed or of such rights, options or warrants applicable to one share of Common Stock, and the denominator of which shall be the lesser of the Conversion Price then in effect and the Current Market Price per share of Common Stock on the record date mentioned below. Such adjustment shall become effective immediately at the opening of business on the Business Day next following (except as provided in paragraph (g) below) the record date for the determination of shareholders entitled to receive such distribution. For the purposes of this clause (iv), the distribution of a Security, which is distributed not only to the holders of the Common Stock on the date fixed for the determination of shareholders entitled to such distribution of such Security, but also is distributed with each share of Common Stock delivered to a Person converting Series 2 Preferred Stock after such determination date, shall not require an adjustment of the Conversion Price pursuant to this clause (iv); provided that on the date, if any, on which a Person converting a share of Series 2 Preferred Stock would no longer be

entitled to receive such Security with a share of Common Stock (other than as a result of the termination of all such Securities), a distribution of such Securities shall be deemed to have occurred and the Conversion Price shall be adjusted as provided in this clause (iv) (and such day shall be deemed to be "the date fixed for the determination of the shareholders entitled to receive such distribution" and "the record date" within the meaning of the two preceding sentences). (v) No adjustment in the Conversion Price shall be required unless such adjustment would require a cumulative increase or decrease of at least 1% in such price; provided, however, that any adjustments that by reason of this subparagraph (v) are not required to be made shall be carried forward and taken into account in any subsequent adjustment until made; and provided, further, that any adjustment shall be required and made in accordance with the provisions of this Section 6 (other than this subparagraph (v)) not later than such time as may be required in order to preserve the tax-free nature of a distribution to the holders of Common Stock. Notwithstanding any other provisions of this Section 6, the Corporation shall not be required to make any adjustment of the Conversion Price for the issuance of any Common Stock pursuant to (A) any plan providing for the reinvestment of dividends or interest payable on securities of the Corporation and the investment of additional optional amounts in Common Stock under such plan or (B) any right, option or warrant to acquire Common Stock granted to any employee (as such term is defined in General Instruction A to Form S-8 under the Securities Act) of the Corporation under a plan providing for the granting of such securities to employees; provided, however, that such plan is approved by the shareholders and the aggregate amount of Common Stock issuable under the rights, options and warrants granted under such plan shall not exceed 20% of the shares of Common Stock issued and outstanding on the date such plan is approved by shareholders. In addition, the Corporation shall not be required to make any adjustment of the Conversion Price for the issuance of any Common Stock or any other class or series of shares of capital stock pursuant to the terms of that certain Shareholders' Agreement among Pacific Retail Trust (to which the Corporation is successor by merger), Security Capital Holdings S.A. and Opportunity Capital Partners Limited Partnership. All calculations under this Section 6 shall be made to the nearest cent (with $.005 being rounded upward) or to the nearest one-tenth of a share (with .05 of a share being rounded upward), as the case may be. Anything in this paragraph (d) to the contrary notwithstanding, the Corporation shall be entitled, to the extent permitted by law, to make such reductions in the Conversion Price, in addition to those required by this paragraph (d), as it in its discretion shall determine to be advisable in order that any share dividends, subdivision of shares, reclassification or combination of shares, distribution of rights, options or warrants to purchase stock or securities, or a distribution of other assets (other than cash dividends) hereafter made by the Corporation to its shareholders shall not be taxable. (e) If the Corporation shall be a party to any transaction (including without limitation a merger, consolidation, statutory share exchange, self tender offer for all or substantially all Common Stock, sale of all or substantially all of the Corporation's assets or recapitalization of the Common Stock and excluding any transaction as to which subparagraph (d)(i) of this Section 6 applies) (each of the foregoing being referred to herein as a "Transaction"), in each case as a result of which all or substantially all shares of Common Stock are converted into the right to receive stock, securities or other property (including cash or any combination thereof) of another Person, each share of Series 2 Preferred Stock, which is not converted into the right to receive stock, securities or other property of such Person prior to such Transaction (and each share of Series 2 Preferred Stock issuable after such Transaction upon conversion of securities convertible into Series 2 Preferred Stock), shall thereafter be convertible into the kind and amount of shares of stock, securities and other property (including cash or any combination thereof) receivable upon the consummation of such Transaction by a holder of that number of shares of Common Stock into which one share of Series 2 Preferred Stock was convertible immediately prior to such Transaction, assuming such holder of Common Stock (i) is not a Person with which the Corporation consolidated or into which the Corporation merged or which merged into the Corporation or to which such sale or transfer was made, as the case may be ("Constituent Person"), or an affiliate of a Constituent Person and (ii) failed to exercise his rights of election, if any, as to the kind or amount of stock, securities and other property (including cash) receivable upon such Transaction (provided that if the kind or amount of stock, securities and other property (including cash) receivable upon such Transaction is not the same for each share of Common Stock held immediately prior to such Transaction by other than a Constituent Person or an affiliate thereof and in respect of which such rights of election shall not have been exercised ("Non-Electing Share"), then for the purpose of this paragraph (e) the kind and amount of stock, securities and other property (including cash) receivable upon such Transaction by each Non-Electing Share shall be deemed to be the kind and amount so receivable per share by a plurality of the Non-Electing Shares). The Corporation shall not be a party to any Transaction unless the terms of such Transaction are consistent with the provisions of this paragraph (e), and it shall not consent or agree to the occurrence of any Transaction until the Corporation has entered into an agreement with the successor or purchasing entity, as the case may be, for the benefit of the holders of the Series 2 Preferred Stock (and securities convertible into Series 2 Preferred Stock) that will contain provisions enabling the holders of the Series 2 Preferred Stock that remain outstanding (or are issuable upon conversion of securities convertible into Series 2 Preferred Stock) after such Transaction to convert into the consideration received by holders of Common Stock at the Conversion Price in effect immediately prior to such Transaction. The provisions of this paragraph (e) shall similarly apply to successive Transactions.

(f) Whenever the Conversion Price is adjusted as herein provided, the Corporation shall promptly mail notice of such adjustment of the Conversion Price to each holder of Series 2 Preferred Stock at such holder's last address as shown on the share records of the Corporation. (g) In any case in which paragraph (d) of this Section 6 provides that an adjustment shall become effective on the day next following the record date for an event, the Corporation may defer until the occurrence of such event (A) issuing to the

holder of any Series 2 Preferred Stock converted after such record date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the shares of Common Stock issuable upon such conversion before giving effect to such adjustment and (B) paying to such holder any amount of cash in lieu of any fraction pursuant to paragraph (c) of this Section 6. (h) There shall be no adjustment of the Conversion Price in case of the issuance of any shares of capital stock of the Corporation in a reorganization, acquisition or other similar transaction except as specifically set forth in this Section 6. If any action or transaction would require adjustment of the Conversion Price pursuant to more than one paragraph of this Section 6, only one adjustment shall be made and such adjustment shall be the adjustment that yields the highest absolute value. (i) The Corporation covenants that it will at all times reserve and keep available, free from preemptive rights, out of the aggregate of its authorized but unissued Common Stock, for the purpose of effecting conversion of the Series 2 Preferred Stock, the full number of shares of Common Stock deliverable upon the conversion of all outstanding Series 2 Preferred Stock not theretofore converted. For purposes of this paragraph (i), the number of shares of Common Stock that shall be deliverable upon the conversion of all outstanding Series 2 Preferred Stock shall be computed as if at the time of computation all such outstanding shares were held by a single holder.

The Corporation covenants that any shares of Common Stock issued upon conversion of the Series 2 Preferred Stock shall be validly issued, fully paid and non-assessable. Before taking any action that would cause an adjustment reducing the Conversion Price below the then-par value of the Common Stock deliverable upon conversion of the Series 2 Preferred Stock, the Corporation will take any corporate action that, in the opinion of its counsel, may be necessary in order that the Corporation may validly and legally issue fully paid and non-assessable shares of Common Stock at such adjusted Conversion Price.

Prior to the delivery of any securities that the Corporation shall be obligated to deliver upon conversion of the Series 2 Preferred Stock, the Corporation shall endeavor to comply with all federal and state laws and regulations thereunder requiring the registration of such securities with, or any approval of or consent to the delivery thereof by, any governmental authority.

(j) The Corporation will pay any and all documentary stamp or similar issue or transfer taxes payable in respect of the issue or delivery of Common Stock or other securities or property on conversion of the Series 2 Preferred Stock pursuant hereto; provided, however, that the Corporation shall not be required to pay any tax that may be payable in respect of any transfer involved in the issue or delivery of Common Stock or other securities or property in a name other than that of the holder of the Series 2 Preferred Stock to be converted, and no such issue or delivery shall be made unless and until the person requesting such issue or delivery has paid to the Corporation the amount of any such tax or established, to the reasonable satisfaction of the Corporation, that such tax has been paid.

Section 7. Shares to Be Retired. All shares of Series 2 Preferred Stock which shall have been issued and reacquired in any manner by the Corporation shall be restored to the status of authorized but unissued shares of Preferred Stock of the Corporation, without designation as to class or series.

Section 8. Ranking. Any class or series of shares of capital stock of the Corporation shall be deemed to rank: (a) prior to the Series 2 Preferred Stock, as to the payment of dividends and as to distribution of assets upon liquidation, dissolution or winding up, if the holders of such class or series shall be entitled to the receipt of dividends or of amounts distributable upon liquidation, dissolution or winding up, as the case may be, in preference or priority to the holders of Series 2 Preferred Stock;

(b) on a parity with the Series 2 Preferred Stock, as to the payment of dividends and as to distribution of assets upon liquidation, dissolution or winding up, whether or not the dividend rates, dividend payment dates or liquidation prices per share thereof shall be different from those of the Series 2 Preferred Stock, if the holders of such class or series and the Series 2 Preferred Stock shall be entitled to the receipt of dividends and of amounts distributable upon liquidation, dissolution or winding up in proportion to their respective amounts of accrued and unpaid dividends per share or liquidation preferences, without preference or priority one over the other ("Parity Stock"); (c) junior to the Series 2 Preferred Stock, as to the payment of dividends or as to the distribution of assets upon liquidation, dissolution or winding up, if such class or series shall be Junior Stock; and (d) junior to the Series 2 Preferred Stock, as to the payment of dividends and as to the distribution of assets upon liquidation, dissolution or winding up, if such class or series shall be Fully Junior Stock.

The Corporation's Series 1 Cumulative Convertible Redeemable Preferred Stock and the Corporation's 8.125% Series A Cumulative Redeemable Preferred Stock shall constitute Parity Stock.

Section 9. Voting.

(a) Each issued and outstanding share of Series 2 Preferred Stock shall entitle the holder thereof to the number of votes per share of Common Stock into which such share of Series 2 Preferred Stock is convertible (as of the close of business on the record date for determination of shareholders entitled to vote on a matter) on all matters presented for a vote of shareholders of the Corporation and, except as required by applicable law and subject to the further provisions of this Section 9, the Series 2 Preferred Stock shall be voted together with all issued and outstanding Common Stock and Series 1 Preferred Stock voting as a single class.

(b) If and whenever twelve consecutive quarterly dividends payable on the Series 2 Preferred Stock or any series or class of Parity Stock shall be in arrears

(which shall, with respect to any such quarterly dividend, mean that any such dividend has not been paid in full), whether or not earned or declared, the number of directors then constituting the Board shall be increased by one and the holders of Series 2 Preferred Stock, together with the holders of shares of every other series of Parity Stock, including the Series 1 Preferred Stock (any such other series, the "Voting Preferred Stock"), voting as a single class regardless of series, shall be entitled to elect, at a special meeting of the holders of the Series 2 Preferred Stock and the Voting Preferred Stock called as hereinafter provided, the additional director to serve on the Board. Whenever all arrearages in dividends on the Series 2 Preferred Stock and the Voting Preferred Stock then outstanding shall have been paid and dividends thereon for the current quarterly dividend period shall have been paid or declared and set apart for payment, then the right of the holders of the Series 2 Preferred Stock and the Voting Preferred Stock to elect such additional director shall cease (but subject always to the same provision for the vesting of such voting rights in the case of any similar future arrearages in twelve quarterly dividends), and the terms of office of the person elected as director by the holders of the Series 2 Preferred Stock and the Voting Preferred Stock shall forthwith terminate and the number of members of the Board shall be reduced accordingly. At any time after such voting power shall have been so vested in the holders of Series 2 Preferred Stock and the Voting Preferred Stock (or if any vacancy shall occur in respect of the director previously elected by the holders of the Series 2 Preferred Stock and the Voting Preferred Stock), the secretary of the Corporation shall call a special meeting of the holders of the Series 2 Preferred Stock and of the Voting Preferred Stock for the election of the director to be elected by them as herein provided, such call to be made by notice similar to that provided in the Bylaws of the Corporation for a special meeting of the shareholders or as required by law. If any such special meeting required to be called as above provided shall not be called by the secretary within 30 days after the end of the most recent Dividend Period during which the right to elect such additional director arose or such vacancy occurred, then any holder of Series 2 Preferred Stock may call such meeting, upon the notice above provided, and for that purpose shall have access to the stock records of the Corporation. The director elected at any such special meeting shall hold office until the next annual meeting of the shareholders or special meeting held in lieu thereof if such office shall not have previously terminated as above provided. (c) So long as any Series 2 Preferred Stock is outstanding, in addition to any other vote or consent of shareholders required by law or by the Charter, the affirmative vote of at least 66 2/3% of the votes entitled to be cast by the holders of the Series 2 Preferred Stock, together with the holders of Voting Preferred Stock, at the time outstanding, acting as a single class regardless of series, given in person or by proxy, either in writing without a meeting or by vote at any meeting called for the purpose, shall be necessary for effecting or validating: (i) Any amendment, alteration or repeal of any of the provisions of the Charter or these Articles of

> Amendment that materially and adversely affects the voting powers, rights or preferences of the holders of the Series 2 Preferred Stock or the Voting Preferred Stock; provided, however, that the amendment of the provisions of the Charter so as to authorize or create or to increase the authorized amount of, any Fully Junior Stock, Junior Stock that is not senior in any respect to the Series 2 Preferred Stock, or any stock of any class ranking on a parity with the Series 2 Preferred Stock or the Voting Preferred Stock shall not be deemed to materially adversely affect the voting powers, rights or preferences of the holders of Series 2 Preferred Stock; and provided, further, that if any such amendment, alteration or repeal would materially and adversely affect any voting powers, rights or preferences of the Series 2 Preferred Stock or another series of Voting Preferred Stock that are not enjoyed by some or all of the other series otherwise entitled to vote in accordance herewith, the affirmative vote of at least 66 2/3% of the votes entitled to be cast by the holders of all series similarly affected, similarly given, shall be required in lieu of the affirmative vote of at least 66 2/3% of the votes entitled to be cast by the holders of the Series 2 Preferred Stock and the Voting Preferred Stock otherwise entitled to vote in accordance herewith; or

(ii) A share exchange that affects the Series 2 Preferred Stock, a consolidation with or merger of the Corporation into another Person, or a consolidation with or merger of another Person into the Corporation, unless in each such case each share of Series 2 Preferred Stock (A) shall remain outstanding without a material and adverse change to its terms and rights or (B) shall be converted into or exchanged for convertible preferred stock of the surviving entity having preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends, qualifications and terms or conditions of redemption thereof identical to that of a share of Series 2 Preferred Stock (except for changes that do not materially and adversely affect the holders of the Series 2 Preferred Stock); or (iii) The authorization or creation of, or the increase in the authorized amount of, any shares of any class or any security convertible into shares of any class ranking prior to the Series 2 Preferred Stock in the distribution of assets on any liquidation, dissolution or winding up of the Corporation or in the payment of dividends. (d) For purposes of voting in respect to those matters referred to in subparagraphs (b) and (c) of this Section 9, unless otherwise provided under applicable law, each Series 2 Preferred Stock shall have one (1) vote per share, except that when any other series of Preferred Stock shall have the right to vote with the Series 2 Preferred Stock as a single class on any matter, then the Series 2 Preferred Stock and such other series shall have with respect to such matters one (1) vote per $20.8333 of stated liquidation preference. Except as otherwise required by applicable law or as set forth herein, the Series 2 Preferred Stock shall not have any relative, participating, optional or other special voting rights and powers other than as set forth herein, and the consent of the holders thereof shall not be required for the taking of any corporate action.

Section 10. Record Holders. The Corporation and the Transfer Agent may deem and treat the record holder of any shares of Series 2 Preferred Stock as the true

and lawful owner thereof for all purposes, and neither the Corporation nor the Transfer Agent shall be affected by any notice to the contrary.

Section 11. Sinking Fund. The Series 2 Preferred Stock shall not be entitled to the benefits of any retirement or sinking fund.

THIRD: The Series 2 Preferred Stock has been classified and designated by the Board of Directors under the authority contained in Section 4.2 of the Charter.

FOURTH: These Articles of Amendment have been approved by the Board of Directors in the manner and by the vote required by law.

FIFTH: The undersigned President of the Corporation acknowledges these Articles of Amendment to be the corporate act of the Corporation and, as to all matters or facts required to be verified under oath, the undersigned President acknowledges that to the best of her knowledge, information and belief, these matters and facts are true in all material respects and that this statement is made under the penalties for perjury.

[Signature Page Follows]

IN WITNESS WHEREOF, the Corporation has caused these Articles of Amendment to be executed under seal in its name and on its behalf by its President and attested to by its Secretary on this 26th day of February, 1999.

REGENCY REALTY CORPORATION

By:
Name: Mary Lou Rogers
Title: President

[SEAL]

ATTEST:

Name: J. Christian Leavitt
Title: Secretary

ARTICLES OF AMENDMENT TO ARTICLES OF INCORPORATION OF

REGENCY REALTY CORPORATION

DESIGNATING THE PREFERENCES, RIGHTS AND

LIMITATIONS OF 1,600,000 SHARES OF

8.125% SERIES A CUMULATIVE REDEEMABLE PREFERRED STOCK

$0.01 Par Value

Pursuant to Section 607.0602 of the Florida Business Corporation Act ("FBCA"), Regency Realty Corporation, a Florida corporation (the "Corporation"), does hereby certify that:

FIRST: Pursuant to the authority expressly vested in the Board of Directors of the Corporation by Section 4.2 of the Amended and Restated Articles of Incorporation of the Corporation (the "Charter") and Section 607.0602 of the FBCA, the Board of Directors of the Corporation (the "Board of Directors"), by resolutions duly adopted on May 26, 1998 has classified 1,600,000 shares of the authorized but unissued Preferred Stock par value $.01 per share ("Preferred Stock") as a separate class of Preferred Stock, authorized the issuance of a maximum of 1,600,000 shares of such class of Preferred Stock, set certain of the preferences, conversion and other rights, voting powers, restrictions, limitations as to dividends, qualifications, terms and conditions of redemption and other terms and conditions of such class of Preferred Stock, and pursuant to the powers contained in the Bylaws of the Corporation and the FBCA, appointed a committee (the "Committee") of the Board of Directors and delegated to the Committee, to the fullest extent permitted by the FBCA and the Charter and Bylaws of the Corporation, all powers of the Board of Directors with respect to designating, and setting all other preferences, conversion and other rights, voting powers, restrictions, limitations as to dividends and other distributions, qualifications and terms and conditions of redemption of, such class of Preferred Stock determining the number of shares of such class of Preferred Stock (not in excess of the aforesaid maximum number) to be issued and the consideration and other terms and conditions upon which such shares of such class of Preferred Stock are to be issued. Shareholder approval was not required under the Charter with respect to such designation.

SECOND: Pursuant to the authority conferred upon the Committee as aforesaid, the Committee has unanimously adopted resolutions designating the aforesaid class of Preferred Stock as the A8.125% Series A Cumulative Redeemable Preferred Stock," setting the preferences, conversion and other rights, voting powers, restrictions, limitations as to dividends, qualifications, terms and conditions of redemption and other terms and conditions of such 8.125% Series A Cumulative Redeemable Preferred Stock (to the extent not set by the Board of Directors in the resolutions referred to in Article FIRST of these Articles of Amendment) and authorizing the issuance of up to 1,600,000 shares of 8.125% Series A Cumulative Redeemable Preferred Stock.

THIRD: The class of Preferred Stock of the Corporation created by the resolutions duly adopted by the Board of Directors of the Corporation and by the Committee and referred to in Articles FIRST and SECOND of these Articles of Amendment shall have the following designation, number of shares, preferences, conversion and other rights, voting powers, restrictions and limitation as to dividends, qualifications, terms and conditions of redemption and other terms and conditions:

Section 1.Designation and Number. A series of Preferred Stock, designated the "8.125% Series A Cumulative Redeemable Preferred Stock" (the "Series A Preferred Stock") is hereby established. The number of shares of Series A Preferred Stock shall be 1,600,000.

Section 2. Rank. The Series A Preferred Stock will, with respect to distributions or rights upon voluntary or involuntary liquidation, winding-up or dissolution of the Corporation, or both, rank senior to all classes or series of Common Stock (as defined in the Charter) and to all classes or series of equity securities of the Corporation now or hereafter authorized, issued or outstanding, other than any class or series of equity securities of the Corporation expressly designated as ranking on a parity with or senior to the Series A Preferred Stock as to distributions or rights upon voluntary or involuntary liquidation, winding-up or dissolution of the Corporation, or both. For purposes of these Articles of Amendment, the term "Parity Preferred Stock" shall be used to refer to any class or series of equity securities of the Corporation now or hereafter authorized, issued or outstanding expressly designated by the Corporation to rank on a parity with Series A Preferred Stock with respect to distributions or rights upon voluntary or involuntary liquidation, winding-up or dissolution of the Corporation, or both, as the context may require, whether or not the dividend rates, dividend payment dates or redemption or liquidation prices per share or conversion rights or exchange rights shall be different from those of the Series A Preferred Stock. The term "equity securities" does not include debt securities, which will rank senior to the Series A Preferred Stock prior to conversion.

Section 3. Distributions. (a) Payment of Distributions. Subject to the rights of holders of Parity Preferred Stock as to the payment of distributions and holders of equity securities issued after the date hereof in accordance herewith ranking senior to the Series A Preferred Stock as to payment of distributions, holders of Series A Preferred Stock shall be entitled to receive, when, as and if declared by the Board of Directors of the Corporation, out of funds legally available for the payment of distributions, cumulative cash distributions at the rate per annum of 8.125% of the $50.00 liquidation preference per share of Series A Preferred Stock. Such distributions shall be cumulative, shall accrue from the original date of issuance and will be payable in cash (A) quarterly in arrears, on or before March 31, June 30, September 30 and December 31 of each year commencing on the first of such dates to occur after the original date of issuance and, (B) in the event of a redemption, on the redemption date (each a "Preferred Stock Distribution Payment Date"). The amount of the distribution payable for any period will be computed on the basis of a 360-day year of twelve 30-day months and for any period shorter than a full quarterly period for which distributions are computed, the amount of the distribution payable will be computed on the basis of the actual number of days elapsed in such a 30-day month. If any date on which distributions are to be made on the Series A Preferred Stock is not a Business Day (as defined herein), then payment of the distribution to be made on such date will be made on the next succeeding day that is a Business Day (and without any interest or other payment in respect of any such delay) except that, if such Business Day is in the next succeeding calendar year, such payment shall be made on the immediately preceding Business Day, in each case with the same force and effect as if made on such date. Distributions on the Series A Preferred Stock will be made to the holders of record of the Series A Preferred Stock on the relevant record dates to be fixed by the Board of Directors of the Corporation, which record dates shall be not less than 10 days and not more than 30 Business Days prior to the relevant Preferred Stock Distribution Payment Date (each a "Distribution Record Date"). Notwithstanding anything to the contrary set forth herein, each share of Series A Preferred Stock shall also continue to accrue all accrued and unpaid distributions, whether or not declared, up to the exchange date on any Series A Preference Unit (as defined in the Second Amended and Restated Agreement of Limited Partnership of Regency Centers, L.P., dated as March 5, 1998 as amended by that certain Amendment No. One to Second Amendment and Restatement of Agreement of Limited Partnership dated as of June 25, 1998 (as amended the APartnership Agreement")) validly exchanged into such share of Series A Preferred Stock in accordance with the provisions of such Partnership Agreement.

The term "Business Day" shall mean each day, other than a Saturday or a Sunday, which is not a day on which banking institutions in New York, New York are authorized or required by law, regulation or executive order to close.

(b) Limitation on Distributions. No distribution on the Series A Preferred Stock shall be declared or paid or set apart for payment by the Corporation at such time as the terms and provisions of any agreement of the Corporation (other than any agreement with a holder or affiliate of holder of Capital Stock of the Corporation) relating to its indebtedness, prohibit such declaration, payment or setting apart for payment or provide that such declaration, payment or setting apart for payment would constitute a breach thereof or a default thereunder, or if such declaration, payment or setting apart for payment shall be restricted or prohibited by law. Nothing in this Section 3(b) shall be deemed to modify or in any manner limit the provisions of Section 3(c) and 3(d).

(c) Distributions Cumulative. Distributions on the Series A Preferred Stock will accrue whether or not the terms and provisions of any agreement of the Corporation, including any agreement relating to its indebtedness at any time prohibit the current payment of distributions, whether or not the Corporation has earnings, whether or not there are funds legally available for the payment of such distributions and whether or not such distributions are authorized or declared. Accrued but unpaid distributions on the Series A Preferred Stock will accumulate as of the Preferred Stock Distribution Payment Date on which they first become payable. Distributions on account of arrears for any past distribution periods may be declared and paid at any time, without reference to a regular Preferred Stock Distribution Payment Date to holders of record of the Series A Preferred Stock on the record date fixed by the Board of Directors which date shall be not less than 10 days and not more than 30 Business Days prior to the payment date. Accumulated and unpaid distributions will not bear interest.

(d) Priority as to Distributions. (i) So long as any Series A Preferred Stock is outstanding, no distribution of cash or other property shall be authorized, declared, paid or set apart for payment on or with respect to any class or series of Common Stock or any class or series of other stock of the Corporation ranking junior as to the payment of distributions to the Series A Preferred Stock (such Common Stock or other junior stock, collectively, "Junior Stock"), nor shall any cash or other property be set aside for or applied to the purchase, redemption or other acquisition for consideration of any Series A Preferred Stock, any Parity Preferred Stock with respect to distributions or any Junior Stock, unless, in each case, all distributions accumulated on all Series A Preferred Stock and all classes and series of outstanding Parity Preferred Stock as to payment of distributions have been paid in full. The foregoing sentence will not prohibit (i) distributions payable solely in Junior Stock, (ii) the conversion of Series A Preferred Stock, Junior Stock or Parity Preferred Stock into stock of the Corporation ranking junior to the Series A Preferred Stock as to distributions, and (iii) purchases by the Corporation of such Series A Preferred Stock or Parity Preferred Stock with respect to distributions or Junior Stock pursuant to Article 5 of the Charter to the extent required to preserve the Corporation=s status as a real estate investment trust.

(ii)So long as distributions have not been paid in full (or a sum sufficient for such full payment is not irrevocably deposited in trust for payment) upon the Series A Preferred Stock, all distributions authorized and declared on the Series A Preferred Stock and all classes or series of outstanding Parity Preferred Stock with respect to distributions shall be authorized and declared so that the amount of distributions authorized and declared per share of Series A Preferred Stock and such other classes or series of Parity Preferred Stock shall in all cases bear to each other the same ratio that accrued distributions per share on the Series A Preferred Stock and such other classes or series of Parity Preferred Stock (which shall not include any accumulation in respect of unpaid distributions for prior distribution periods if such class or series of Parity Preferred Stock do not have cumulative distribution rights) bear to each other.

(e) No Further Rights. Holders of Series A Preferred Stock shall not be entitled to any distributions, whether payable in cash, other property or otherwise, in excess of the full cumulative distributions described herein.

Section 4. Liquidation Preference. (a) Payment of Liquidating Distributions. Subject to the rights of holders of Parity Preferred Stock with respect to rights upon any voluntary or involuntary liquidation, dissolution or winding-up of the Corporation and subject to equity securities ranking senior to the Series A Preferred Stock with respect to rights upon any voluntary or involuntary liquidation, dissolution or winding-up of the Corporation, the holders of Series A Preferred Stock shall be entitled to receive out of the assets of the Corporation legally available for distribution or the proceeds thereof, after payment or provision for debts and other liabilities of the Corporation, but before any payment or distributions of the assets shall be made to holders of Common Stock or any other class or series of shares of the Corporation that ranks junior to the Series A Preferred Stock as to rights upon liquidation, dissolution or winding-up of the Corporation, an amount equal to the sum of (i) a liquidation preference of $50 per share of Series A Preferred Stock, and (ii) an amount equal to any accumulated and unpaid distributions thereon, whether or not declared, to the date of payment. In the event that, upon such voluntary or involuntary liquidation, dissolution or winding-up, there are insufficient assets to permit full payment of liquidating distributions to the holders of Series A Preferred Stock and any Parity Preferred Stock as to rights upon liquidation, dissolution or winding-up of the Corporation, all payments of liquidating distributions on the Series A Preferred Stock and such Parity Preferred Stock shall be made so that the payments on the Series A Preferred Stock and such Parity Preferred Stock shall in all cases bear to each other the same ratio that the respective rights of the Series A Preferred Stock and such other Parity Preferred Stock (which shall not include any accumulation in respect of unpaid distributions for prior distribution periods if such Parity Preferred Stock do not have cumulative distribution rights) upon liquidation, dissolution or winding-up of the Corporation bear to each other.

(b) Notice. Written notice of any such voluntary or involuntary liquidation, dissolution or winding-up of the Corporation, stating the payment date or dates when, and the place or places where, the amounts distributable in such circumstances shall be payable, shall be given by (i) fax and (ii) by first class mail, postage pre-paid, not less than 30 and not more that 60 days prior to the payment date stated therein, to each record holder of the Series A Preferred Stock at the respective addresses of such holders as the same shall appear on the share transfer records of the Corporation.

(c) No Further Rights. After payment of the full amount of the liquidating distributions to which they are entitled, the holders of Series A Preferred Stock will have no right or claim to any of the remaining assets of the Corporation.

(d) Consolidation, Merger or Certain Other Transactions. The voluntary sale, conveyance, lease, exchange or transfer (for cash, shares of stock, securities or other consideration) of all or substantially all of the property or assets of the Corporation to, or the consolidation or merger or other business combination of the Corporation with or into, any corporation, trust or other entity (or of any corporation, trust or other entity with or into the Corporation) shall not be deemed to constitute a liquidation, dissolution or winding-up of the Corporation.

(e) Permissible Distributions. In determining whether a distribution (other than upon voluntary liquidation) by dividend, redemption or other acquisition of shares of stock of the Corporation or otherwise is permitted under the FBCA, no effect shall be given to amounts that would be needed, if the Corporation were to be dissolved at the time of the distribution, to satisfy the preferential rights upon dissolution of holders of shares of stock of the Corporation whose preferential rights upon dissolution are superior to those receiving the distribution.

Section 5. Optional Redemption. (a) Right of Optional Redemption. The Series A Preferred Stock may not be redeemed prior to June 25, 2003. On or after such date, the Corporation shall have the right to redeem the Series A Preferred Stock, in whole or in part, at any time or from time to time, upon not less than 30 nor more than 60 days' written notice, at a redemption price, payable in cash, equal to $50 per share of Series A Preferred Stock plus accumulated and unpaid distributions, whether or nor declared, to the date of redemption. If fewer than all of the outstanding shares of Series A Preferred Stock are to be redeemed, the shares of Series A Preferred Stock to be redeemed shall be selected pro rata (as nearly as practicable without creating fractional shares).

(b)Limitation on Redemption. (i) The redemption price of the Series A Preferred Stock (other than the portion thereof consisting of accumulated but unpaid distributions) will be payable solely out of sale proceeds of capital stock of the Corporation and from no other source. For purposes of the preceding sentence, "capital stock" means any equity securities (including Common Stock and Preferred Stock), shares, participation or other ownership interests (however designated) and any rights (other than debt securities convertible into or exchangeable for equity securities) or options to purchase any of the foregoing.

(ii)The Corporation may not redeem fewer than all of the outstanding shares of Series A Preferred Stock unless all accumulated and unpaid distributions have been paid on all Series A Preferred Stock for all quarterly distribution periods terminating on or prior to the date of redemption.

(c) Procedures for Redemption. (i) Notice of redemption will be (i) faxed, and (ii) mailed by the Corporation, postage prepaid, not less than 30 nor more than 60 days prior to the redemption date, addressed to the respective holders of record of the Series A Preferred Stock to be redeemed at their respective addresses as they appear on the transfer records of the Corporation. No failure to give or defect in such notice shall affect the validity of the proceedings for the redemption of any Series A Preferred Stock except as to the holder to whom such notice was defective or not given. In addition to any information required by law or by the applicable rules of any exchange upon which the Series A Preferred Stock may be listed or admitted to trading, each such notice shall state: (i) the redemption date, (ii) the redemption price, (iii) the number of shares of Series A Preferred Stock to be redeemed, (iv) the place or places where such shares of Series A Preferred Stock are to be surrendered for payment of the redemption price, (v) that distributions on the Series A Preferred Stock to be redeemed will cease to accumulate on such redemption date and (vi) that payment of the redemption price and any accumulated and unpaid distributions will be made upon presentation and surrender of such Series A Preferred Stock. If fewer than all of the shares of Series A Preferred Stock held by any holder are to be redeemed, the notice mailed to such holder shall also specify the number of shares of Series A Preferred Stock held by such holder to be redeemed.

(ii) If the Corporation gives a notice of redemption in respect of Series A Preferred Stock (which notice will be irrevocable) then, by 12:00 noon, New York City time, on the redemption date, the Corporation will deposit irrevocably in trust for the benefit of the Series A Preferred Stock being redeemed funds sufficient to pay the applicable redemption price, plus any accumulated and unpaid distributions, whether or not declared, if any, on such shares to the date fixed for redemption, without interest, and will give irrevocable instructions and authority to pay such redemption price and any accumulated and unpaid distributions, if any, on such shares to the holders of the Series A Preferred Stock upon surrender of the certificate evidencing the Series A Preferred Stock by such holders at the place designated in the notice of redemption. If fewer than all Series A Preferred Stock evidenced by any certificate is being redeemed, a new certificate shall be issued upon surrender of the certificate evidencing all Series A Preferred Stock, evidencing the unredeemed Series A Preferred Stock without cost to the holder thereof. On and after the date of redemption, distributions will cease to accumulate on the Series A Preferred Stock or portions thereof called for redemption, unless the Corporation defaults in the payment thereof. If any date fixed for redemption of Series A Preferred Stock is not a Business Day, then payment of the redemption price payable on such date will be made on the next succeeding day that is a Business Bay (and without any interest or other payment in respect of any such delay) except that, if such Business Day falls in the next calendar year, such payment will be made on the immediately preceding Business Day, in each case with the same force and effect as if made on such date fixed for redemption. If payment of the redemption price or any accumulated or unpaid distributions in respect of the Series A Preferred Stock is improperly withheld or refused and not paid by the Corporation, distributions on such Series A Preferred Stock will continue to accumulate from the original redemption date to the date of payment, in which case the actual payment date will be considered the date fixed for redemption for purposes of calculating the applicable redemption price and any accumulated and unpaid distributions.

(d) Status of Redeemed Stock. Any Series A Preferred Stock that shall at any time have been redeemed shall after such redemption, have the status of authorized but unissued Preferred Stock, without designation as to class or series until such shares are once more designated as part of a particular class or series by the Board of Directors.

Section 6. Voting Rights.(a) General. Holders of the Series A Preferred Stock will not have any voting rights, except as set forth below.

(b) Right to Elect Directors. (i) If at any time distributions shall be in arrears (which means that, as to any such quarterly distributions, the same have not been paid in full) with respect to six (6) prior quarterly distribution periods (including quarterly periods on the Series A Preferred Units prior to the exchange into Series A Preferred Stock), whether or not consecutive, and shall not have been paid in full (a "Preferred Distribution Default"), the authorized number of members of the Board of Directors shall automatically be increased by two and the holders of record of such Series A Preferred Stock, voting together as a single class with the holders of each class or series of Parity Preferred Stock upon which like voting rights have been conferred and are exercisable, will be entitled to fill the vacancies so created by electing two additional directors to serve on the Corporation's Board of Directors (the "Preferred Stock Directors") at a special meeting called in accordance with Section 6(b)(ii) at the next annual meeting of stockholders, and

at each subsequent annual meeting of stockholders or special meeting held in place thereof, until all such distributions in arrears and distributions for the current quarterly period on the Series A Preferred Stock and each such class or series of Parity Preferred Stock have been paid in full.

(ii) At any time when such voting rights shall have vested, a proper officer of the Corporation shall call or cause to be called, upon written request of holders of record of at least 10% of the outstanding Shares of Series A Preferred Stock, a special meeting of the holders of Series A Preferred Stock and all the series of Parity Preferred Stock upon which like voting rights have been conferred and are exercisable (collectively, the AParity Securities@) by mailing or causing to be mailed to such holders a notice of such special meeting to be held not less than ten and not more than 45 days after the date such notice is given. The record date for determining holders of the Parity Securities entitled to notice of and to vote at such special meeting will be the close of business on the third Business Day preceding the day on which such notice is mailed. At any such special meeting, all of the holders of the Parity Securities, by plurality vote, voting together as a single class without regard to series will be entitled to elect two directors on the basis of one vote per $25.00 of liquidation preference to which such Parity Securities are entitled by their terms (excluding amounts in respect of accumulated and unpaid dividends) and not cumulatively. The holder or holders of one-third of the Parity Securities then outstanding, present in person or by proxy, will constitute a quorum for the election of the Preferred Stock Directors except as otherwise provided by law. Notice of all meetings at which holders of the Series A Preferred Shares shall be entitled to vote will be given to such holders at their addresses as they appear in the transfer records. At any such meeting or adjournment thereof in the absence of a quorum, subject to the provisions of any applicable law, a majority of the holders of the Parity Securities present in person or by proxy shall have the power to adjourn the meeting for the election of the Preferred Stock Directors, without notice other than an announcement at the meeting, until a quorum is present. If a Preferred Distribution Default shall terminate after the notice of a special meeting has been given but before such special meeting has been held, the Corporation shall, as soon as practicable after such termination, mail or cause to be mailed notice of such termination to holders of the Series A Preferred Shares that would have been entitled to vote at such special meeting.

(iii) If and when all accumulated distributions and the distribution for the current distribution period on the Series A Preferred Stock shall have been paid in full or a sum sufficient for such payment is irrevocably deposited in trust for payment, the holders of the Series A Preferred Stock shall be divested of the voting rights set forth in Section 6(b) herein (subject to revesting in the event of each and every Preferred Distribution Default) and, if all distributions in arrears and the distributions for the current distribution period have been paid in full or set aside for payment in full on all other classes or series of Parity Preferred Stock upon which like voting rights have been conferred and are exercisable, the term and office of each Preferred Stock Director so elected shall terminate. Any Preferred Stock Director may be removed at any time with or without cause by the vote of, and shall not be removed otherwise than by the vote of, the holders of record of a majority of the outstanding Series A Preferred Stock when they have the voting rights set forth in Section 6(b) (voting separately as a single class with all other classes or series of Parity Preferred Stock upon which like voting rights have been conferred and are exercisable). So long as a Preferred Distribution Default shall continue, any vacancy in the office of a Preferred Stock Director may be filled by written consent of the Preferred Stock Director remaining in office, or if none remains in office, by a vote of the holders of record of a majority of the outstanding Series A Preferred Stock when they have the voting rights set forth in Section 6(b) (voting separately as a single class with all other classes or series of Parity Preferred Stock upon which like voting rights have been conferred and are exercisable). The Preferred Stock Directors shall each be entitled to one vote per director on any matter.

(c) Certain Voting Rights. So long as any Series A Preferred Stock remains outstanding, the Corporation shall not, without the affirmative vote of the holders of at least two-thirds of the Series A Preferred Stock outstanding at the time (i) designate or create, or increase the authorized or issued amount of, any class or series of shares ranking prior to the Series A Preferred Stock with respect to payment of distributions or rights upon liquidation, dissolution or winding-up or reclassify any authorized shares of the Corporation into any such shares, or create, authorize or issue any obligations or securities convertible into or evidencing the right to purchase any such shares, (ii) designate or create, or increase the authorized or issued amount of, any Parity Preferred Stock or reclassify any authorized shares of the Corporation into any such shares, or create, authorize or issue any obligations or securities convertible into or evidencing the right to purchase any such shares, but only to the extent such Parity Preferred Stock is issued to an affiliate of the Corporation (other than Security Capital U.S. Realty, Security Capital Holdings, S.A. or their affiliates), or (iii) either (A) consolidate, merge into or with, or convey, transfer or lease its assets substantially as an entirety, to any corporation or other entity, or (B) amend, alter or repeal the provisions of the Corporation=s Charter (including these Articles of Amendment) or By-laws, whether by merger, consolidation or otherwise, in each case that would materially and adversely affect the powers, special rights, preferences, privileges or voting power of the Series A Preferred Stock or the holders thereof; provided, however, that with respect to the occurrence of a merger, consolidation or a sale or lease of all of the Corporation=s assets as an entirety, so long as (a) the Corporation is the surviving entity and the Series A Preferred Stock remains outstanding with the terms thereof unchanged, or (b) the resulting, surviving or transferee entity is a corporation organized under the laws of any state and substitutes the Series A Preferred Stock for other preferred stock having substantially the same terms and same rights as the Series A Preferred Stock, including with respect to distributions, voting rights and rights upon liquidation, dissolution or winding-up, then the occurrence of

any such event shall not be deemed to materially and adversely affect such rights, privileges or voting powers of the holders of the Series A Preferred Stock and no vote of the Series A Preferred Stock shall be required in such case and provided further that any increase in the amount of authorized Preferred Stock or the creation or issuance of any other class or series of Preferred Stock, or any increase in an amount of authorized shares of each class or series, in each case ranking either (a) junior to the Series A Preferred Stock with respect to payment of distributions and the distribution of assets upon liquidation, dissolution or winding-up, or (b) on a parity with the Series A Preferred Stock with respect to payment of distributions and the distribution of assets upon liquidation, dissolution or winding-up to the extent such Preferred Stock is not issued to a affiliate of the Corporation, shall not be deemed to materially and adversely affect such rights, preferences, privileges or voting powers and no vote of the Series A Preferred Stock shall be required in such case.

Section 7. No Conversion Rights. The holders of the Series A Preferred Stock shall not have any rights to convert such shares into shares of any other class or series of stock or into any other securities of, or interest in, the Corporation.

Section 8. No Sinking Fund. No sinking fund shall be established for the retirement or redemption of Series A Preferred Stock.

Section 9. No Preemptive Rights. No holder of the Series A Preferred Stock of the Corporation shall, as such holder, have any preemptive rights to purchase or subscribe for additional shares of stock of the Corporation or any other security of the Corporation which it may issue or sell.

FOURTH: The Series A Preferred Stock have been classified and designated by the Board of Directors under the authority contained in the Charter.

FIFTH: These Articles of Amendment have been approved by the Board of Directors in the manner and by the vote required by law.

SIXTH: The undersigned President of the Corporation acknowledges these Articles of Amendment to be the corporate act of the Corporation and, as to all matters or facts required to be verified under oath, the undersigned President acknowledges that to the best of his knowledge, information and belief, these matters and facts are true in all material respects and that this statement is made under the penalties for perjury.

[Signature Page Follows]

IN WITNESS WHEREOF, the Corporation has caused these Articles of Amendment to be executed under seal in its name and on its behalf by its Executive Vice President and attested to by its Secretary on this 24th day of June, 1998.

REGENCY REALTY CORPORATION

By:_____
Name: Bruce M. Johnson
Title: Executive Vice President

[SEAL]

ATTEST:

Name: J. Christian Leavitt
Title: Secretary

REGENCY REALTY CORPORATION

AMENDMENT TO ARTICLES OF INCORPORATION

This corporation was incorporated on July 8, 1993 effective July 9, 1993 under the name Regency Realty Corporation. Pursuant to Sections 607.1001, 607.1003, 607.1004 and 607.1006, Florida Business Corporation Act, amendments to Section 5.14 of the Articles of Incorporation, as restated on November 4, 1996, were approved by the Board of Directors at a meeting held on December 5, 1997 and adopted by the shareholders of the corporation on May 26, 1998. The only voting group entitled to vote on the adoption of the amendment to Section 5.14 of the Articles of Incorporation consists of the holders of the corporation's common stock. The number of votes cast by such voting group was sufficient for approval by that voting group. Section 5.14 of the Restated Articles of Incorporation of the Company is hereby amended in its entirety to read as follows:

"Section 5.14 Certain Transfers to Non-U.S. Persons Void. Any Transfer of shares of Capital Stock of the Corporation to any Person on or after the effective date of this Amendment shall be void ab initio to the fullest extent permitted under applicable law and the intended transferee shall be deemed never to have had an interest therein if the Transfer:

1. occurs prior to the 15% Termination Date and results in the fair market value of the shares of Capital Stock of the Corporation owned directly or indirectly by Non-U.S. Persons (other than a Special Shareholder who is a Non-U.S. Person) comprising five percent (5%) or more of the fair market value of the issued and outstanding shares of Capital Stock of the Corporation; or

2. results in the fair market value of the shares of Capital Stock of the Corporation owned directly or indirectly by Non-U.S. Persons (including Special Shareholders who are Non-U.S. Persons) comprising fifty percent (50%) or more of the fair market value of the issued and outstanding shares of Capital Stock of the Corporation.

If either of the foregoing provisions is determined to be void or invalid by virtue of any legal decision, statute, rule or regulation, then the shares held or purported to be held by the transferee shall, automatically and without the necessity of any action by the Board of Directors or otherwise:

(i) be prohibited from being voted at any time such securities result in the fair market value of the shares of Capital Stock of the Corporation owned directly or indirectly by Non-U.S. Persons (other than Special Shareholders who are Non-U.S. Persons) or by Non-U.S. Persons (including Special Shareholders who are Non-U.S. Persons) comprising five percent (5%) or more or fifty percent (50%) or more, respectively, of the fair market value of the issued and outstanding shares of Capital Stock of the Corporation;

(ii) not be entitled to dividends with respect thereto;

(iii) be considered held in trust by the transferee for the benefit of the Corporation and shall be subject to the provisions of Section 5.3(c) as if such shares of Capital Stock were the subject of a Transfer that violates Section 5.2; and

(iv) not be considered outstanding for the purpose of determining a quorum at any meeting of shareholders.

The Special Shareholders may, in their sole discretion, with prior notice to the Board of Directors, waive, alter or revise in writing all or any portion of the Transfer restrictions set forth in this Section 5.14 from and after the date on which such notice is given, on such terms and conditions as they in their sole discretion determine."

IN WITNESS WHEREOF, the undersigned Chairman of this corporation has executed these Articles of Amendment this day of May, 1998.

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

C:\WP51\REIT\CORP\AMENDMNT.598|8/13/98|JAXC14|KRP:krp

AMENDMENT NO. 1 TO
REGENCY REALTY CORPORATION
1993 LONG TERM OMNIBUS PLAN

WHEREAS, Regency Realty Corporation ("Regency") has entered into an Agreement and Plan of Merger dated September 23, 1998 (as it may be amended, the "Merger Agreement") with Pacific Retail Trust ("PRT"), pursuant to which PRT will be merged into Regency, and

WHEREAS, pursuant to the Merger Agreement, Regency has agreed (a) to provide PRT officers and employees and continuing non-employee directors who hold PRT options and become Regency officers or employees or non-employee directors with substitute options and (b) to grant substitute options in lieu of severance compensation to three departing PRT executives even though they will not be employed by Regency after the merger, and

WHEREAS, in order to satisfy its obligations under the Merger Agreement, the Board of Directors hereby amends the 1993 Long Term Omnibus Plan (the "Plan") as set forth herein pursuant to Section 13.1 of the Plan, and

WHEREAS, capitalized terms used and not defined herein have the meanings assigned thereto in the Plan.

(1) Section 2.10 is hereby amended and restated in its entirety as follows (added language is underscored):

2.10 Key Employee means any officer or other key employee of the Company or of any Affiliate who is responsible for or contributes to the management, growth, or profitability of the business of the Company or any Affiliate as determined by the Committee. For purposes of the grant of substitute options pursuant to the Agreement and Plan of Merger dated September 23, 1998 between the Company and Pacific Retail Trust (as it may be amended, the "Merger Agreement"), each of Dennis H. Alberts, Jane E. Mody and Joshua M. Brown shall be deemed to be a Key Employee even though such person is not a Key Employee of the Company or of any Affiliate Agreement.

(2) The introductory paragraph of Section 6.1 is hereby amended and restated in its entirety as follows (added language is underscored):

6.1 Grant of Option. The Committee is hereby authorized to grant Options to Key Employee Participants as set forth below and with such additional terms and conditions, in either case not inconsistent with the provisions of the Plan, as the Committee shall determine. Non-Employee Directors shall not be eligible to be grant Options under this Article. Notwithstanding the foregoing, Non-Employee Directors who

(a) were directors of Pacific Retail Trust immediately prior to the effective time of the merger of Pacific Retail Trust into the Company, (b) hold unexercised options under the Pacific Retail Trust 1996 Share Incentive Plan, and (c) become non-employee directors of the Company, shall be eligible to receive substitute options pursuant to and on the terms set forth in the Merger Agreement.

(3) Section 4.1 is hereby amended and restated in its entirety as follows (added language is underscored):

4.1 Number of Shares Available. The maximum number of Shares which may be issued under the Plan and as to which Awards may be granted is 6 percent of the Shares issued and outstanding on the Registration Date, plus 6 percent of any Shares issued pursuant to the exercise by the underwriters of an over-allotment option described in the Registration Statement, increased on December 31 of each year by the sum of (i) 6 percent of any increase in the number of Shares outstanding for such year as a result of any subsequent public offering of Shares, and (ii) 2 percent of the number of Shares outstanding on such December 31 prior to the application of this formula. In no event, however, except as subject to adjustment as provided hereunder, shall more than the lesser of (i) 12 percent of all Shares outstanding on December 31 of the immediately preceding year, or (ii) 3 million Shares be cumulatively available for issuance under the Plan. In addition to the number of Shares available under the Plan pursuant to the foregoing, there may be issued under the Plan an additional 2,520,000 Shares (the number of shares originally authorized under Pacific Retail Trust's long-term incentive plan multiplied by 0.48). Shares available for Awards which are not awarded in one particular year may be awarded in subsequent years. Any and all Shares may be issued in respect of any of the types of Awards. The Shares to be offered under the Plan may be authorized and unissued Shares or treasury Shares. The number of Shares covered by an Award

under the Plan, or to which such Award relates, shall be counted on the date of grant of such Award against the number of Shares available for granting Awards under the Plan.

(4) In the event that the Merger Agreement shall be terminated prior to any merger, or in the event that this Amendment No. 1 shall not be approved by shareholders of the Company within one year after the date of adoption hereof, this Amendment No. 1 shall be null and void. This Amendment No. 1 shall take effect simultaneously with the effectiveness of the merger contemplated by the Merger Agreement.

AGREEMENT OF PURCHASE AND SALE

James Center, Tacoma Washington

ARTICLE 1: PROPERTY/PURCHASE PRICE

1.1 Certain Basic Terms.

(a) Seller and Notice Address:

JS - JAMES CENTER ASSOCIATES, L.P., a _____.
Attn: Theodore M. Johnson, Jr.
1019 Pacific Avenue, Suite 1119
Tacoma, Washington 98402
Telephone: 253/272-4499
Facsimile: 253/272-6226

With a copy to:Gordon, Thomas, Honeywell, Malanca, Peterson & Daheim, P.L.L.C.
Attn: Dale L. Carlisle
1201 Pacific Avenue, Suite 2200
Tacoma, Washington 98401
Telephone: 253/620-6401
Facsimile: 253/620-6565

(b) Purchaser and Notice Address:

PACIFIC RETAIL TRUST, a Maryland real estate investment trust
Attn: Craig Ramey
Five Centerpointe Drive, Suite 100
Lake Oswego, Oregon 97035
Telephone: 503/624-6503
Facsimile: 503/624-9132

With a copy to: Pacific Retail Trust
Attn: Morgan L. Scott
8140 Walnut Hill Lane, Suite 400
Dallas, Texas 75231
Telephone: 214/696-9500
Facsimile: 214/750-9033

With a copy to: Mayer, Brown & Platt
Attn: Linda H. Earle, Esq.
700 Louisiana, Suite 3600
Houston, Texas 77002
Telephone: 713/547-9678
Facsimile: 713/224-6410

(c) Date of this Agreement: The later date of execution by Seller and Purchaser, as indicated on the signature page.

(d) Purchase Price: Twelve Million Five Hundred Thousand and No/100 Dollars ($12,500,000.00).

(e) Earnest Money: Two Hundred Thousand and No/100 Dollars ($200,000.00), plus interest thereon.

(f) Due Diligence Period: The period ending sixty (60) days after September 25, 1998.

(g) Closing Date: As designated by Purchaser upon not less than 5 days' prior notice to Seller, but except as set forth herein, no later than thirty (30) days after the Due Diligence Period. However, in no event shall the Closing Date occur prior to January 4, 1999 or after January 14, 1999.

(h) Title Company: Chicago Title Insurance Company
700 South Flower Street, Suite 920
Los Angeles, California 90017
Attn: Frank Jansen
Telephone: 213/488-4300
Facsimile: 213/891-0834

(i) Escrow Agent: Chicago Title Insurance Company
2601 South 35th Street, Suite 100
Tacoma, Washington 98409
Attn: Bruce Judson
Telephone: 253/474-2377 Ext. 617
Facsimile: 253/475-4351

(j) Brokers: Pacific NW Partners, LLC and Northwest Retail Partners, LTD.

1.2 Property. Subject to the terms and conditions of this Purchase and Sale Agreement (this "Agreement"), Seller agrees to sell to Purchaser, and Purchaser agrees to purchase from Seller, the following property (collectively, the "Property"):

(a) The "Real Property," being the land described in Exhibit A attached hereto, together with the following: all improvements and fixtures (other than trade fixtures owned by tenants pursuant to the Leases, a term which is defined below) located thereon, including but not limited to the retail building or buildings located on such land, commonly known as "James Center" (the "Improvements"); all and singular the rights, benefits, privileges, easements, tenements, hereditaments, and appurtenances thereon or in anywise appertaining to such real property; and all right, title, and interest of Seller in and to all strips and gores and any land lying in the bed of any street, road or alley, open or proposed, adjoining such real property.

(b) The landlord's interest in the "Leases," being all leases of space in the Improvements (including leases which may be made by Seller after the date hereof and before Closing as permitted by this Agreement), and any and all amendments and supplements thereto, and any and all guarantees and security received by landlord in connection therewith.

(c) The "Personal Property," being all right, title and interest of Seller in and to all tangible personal property now or hereafter used in connection with the operation, ownership, maintenance, management, or occupancy of the Real Property, including, without limitation, all equipment, machinery, heating, ventilating and air conditioning units, furniture, art work, furnishings, trade fixtures, office equipment and supplies, and, whether stored on or off-site, all tools and maintenance equipment, supplies, and construction and finish materials not incorporated in the Improvements and held for repairs and replacements.

(d) The "Intangible Property," being all right, title and interest of Seller in and to all intangible personal property now or hereafter used in connection with the operation, ownership, maintenance, management, or occupancy of the Real Property, including, without limitation, any and all of the following: trade names and trade marks associated

with the Real Property, including, without limitation the name of the Real Property; the plans and specifications for the Improvements, including as-built plans; unexpired warranties, guarantees, indemnities and claims against third parties; contract rights related to the construction, operation, repair, renovation, ownership or management of the Real Property that are expressly assumed by Purchaser pursuant to this Agreement; pending permit or approval applications, permits, approvals and licenses (to the extent assignable); insurance proceeds and condemnation awards to the extent provided in Paragraphs 4.2 or 4.3; and books and records relating to the Property.

1.3 Earnest Money. Within three (3) business days after the Date of this Agreement, Purchaser shall deposit the Earnest Money with the Escrow Agent. The Escrow Agent shall pay the Earnest Money to Seller pursuant to the terms of Paragraph 10.3 or at and upon Closing, or otherwise, to the party entitled to receive the Earnest Money in accordance with this Agreement. The Earnest Money shall be held and disbursed by the Escrow Agent pursuant to Article 10 of this Agreement. In the event Purchaser does not elect to terminate this Agreement prior to the expiration of the Due Diligence Period, the Earnest Money is to be delivered by Escrow Agent to Seller upon Purchaser's receipt of the SEPA Approval (as described in Paragraph 2.8) for the Property, and the Earnest Money shall not be returned to Purchaser unless this transaction fails to close as a result of an adverse condition as described in Paragraph 2.5 or Seller's failure to provide the Tenant Estoppels and required updates as described in Paragraph 2.3. For purposes of this paragraph, it is understood and agreed that the SEPA Approval must be without conditions or restrictions that are unacceptable to Purchaser, as determined by Purchaser in its sole discretion, and that all appeal periods with respect to the SEPA Approval shall have expired without any appeal having been filed, or, if filed, such appeal shall have been resolved to the satisaction of the Purchaser.

1.4 Fred Meyer Approvals. It is understood and agreed that Purchaser will have to obtain certain approvals and waivers from Fred Meyer in order to proceed with Purchaser's planned redevelopment of the Property. Purchaser and Seller shall cooperate and work together in an effort to reduce or eliminate the fee to be paid to Fred Meyer for such approvals and waivers. However, in the event Buyer, in its sole and absolute discretion, determines that a fee must be paid to Fred Meyer or the rental rate under the Fred Meyer lease must be reduced to insure the receipt of the necessary approvals and waivers, Purchaser shall receive a credit against the Purchase Price in an amount equal to (i) fifty percent (50%) of such fee, up to a maximum credit of One Hundred Thousand and No/100 Dollars ($100,000.00) or (ii) the aggregate rental reduction to Fred Meyer for a full lease year divided by ten percent (10%), up to a maximum credit of One Hundred Thousand and No/100 Dollars ($100,000.00) provided the rental reduction is approved by the Lender (as hereafter defined). Purchaser shall deliver to Seller and Escrow Agent written verification of the amount of the fee paid or to be paid to Fred Meyer or the rental reduction to Fred Meyer prior to the Closing.

ARTICLE 2: INSPECTION

2.1 Seller's Delivery of Specified Documents. Within 5 business days after the Date of this Agreement, Seller shall provide to Purchaser or make available to Purchaser copies of each and every item set forth on Exhibit B to this Agreement (the "Property Information"). The terms "Rent Roll," "Operating Statements," "Commission Schedule," and "Service Contracts," used herein are defined in Exhibit B. Upon delivery of, or making available to Purchaser, the last item of Property Information, Seller shall deliver to Purchaser a written notice (the "Property Information Notice") certifying that this obligation has been satisfied together with an itemization of the matters delivered or made available to Purchaser. If any such item is not in Seller's possession or control, Seller shall provide to Purchaser a written acknowledgment to that effect. The term "Commencement Date" shall mean the date, not earlier than the Date of this Agreement, upon which the Property Information Notice is received by Purchaser, or, if Seller does not send a Property Information Notice, then the date Purchaser reasonably determines that it has received all of the Property Information. Seller shall have the continuing obligation during the pendency of this Agreement to provide Purchaser with any document described above and coming

into Seller's possession or produced by Seller after the initial delivery of the Property Information.

2.2 Due Diligence. Purchaser shall have through the last day of the Due Diligence Period in which to examine, inspect, and investigate the Property and, in Purchaser's sole and absolute judgment and discretion, to determine whether the Property is satisfactory to Purchaser and to obtain appropriate internal approval to proceed with this transaction. Purchaser may terminate this Agreement pursuant to this Paragraph 2.2 by giving notice of termination to Seller on or before the last day of the Due Diligence Period. This Agreement shall continue in full force and effect if Purchaser does not give the notice of termination. Upon such termination, the Earnest Money shall be refunded to Purchaser immediately upon request, and all further rights and obligations of the parties under this Agreement shall terminate, except any obligation which by its terms survives any termination of this Agreement.

Purchaser and its agents, employees and representatives shall have reasonable access to the Property and all books and records for the Property that are in Seller's possession or control for the purpose of conducting analyses, surveys, architectural, engineering, geotechnical and environmental inspections and tests (including intrusive inspection and sampling), and any other inspections, studies, or tests reasonably required by Purchaser. Prior to Closing, Purchaser agrees that all information obtained during the Due Diligence Period shall be kept in confidence and shall not be disclosed to unrelated third parties other than to its investors, officers, employees, affiliates, attorneys, accountants, or agents or as otherwise required by law or for any valid business purpose of Purchase. During the pendency of this Agreement, Purchaser and its agents, employees, and representatives shall have a continuing right of reasonable access to the Property and any office where the records of the Property are kept for the purpose of examining and making copies of all books and records and other materials relating to the Property in Seller's or its property manager's possession. Purchaser shall have the right to conduct a "walk-through" of the Property before Closing upon appropriate notice to tenants as permitted under the Leases. In the course of its investigations, Purchaser may make inquiries to third parties, including, without limitation, tenants, lenders, contractors, property managers, parties to Service Contracts and municipal, local and other government officials and representatives, and Seller consents to such inquiries. In the event of termination hereunder, and at the request of Seller, Purchaser shall promptly deliver to Seller, without representation or warranty, complete copies of any non-proprietary written reports or documents relating to the Property prepared by a third party for Purchaser during the Due Diligence Period, including engineering reports, environmental reports, surveys, roof reports and prospective tenant letters of intent and related correspondence, but it is understood and agreed that Purchaser shall have no obligation to provide Seller with copies of any information or reports prepared by Purchaser or financial summaries prepared by a third party for Purchaser with respect to the Property. Purchaser shall keep the Property free and clear of any liens and will indemnify, defend, and hold Seller harmless from all liens or any claims asserted by third parties against Seller to recover for personal injury or property damage as a result of Purchaser's entry onto the Property. If any inspection or test disturbs the Property, Purchaser will restore the Property to its condition before any such inspection or test. Purchaser's obligations under the preceding two sentences shall survive Closing or any termination of this Agreement.

Notwithstanding anything to the contrary contained herein, it is understood and agreed that Purchaser shall notify Seller of any objections to environmental matters, the physical condition of the Property or Leases (subject to receipt and approval of Tenant Estoppels) within the first thirty (30) days of the Due Diligence Period. Prior to the expiration of the Due Diligence Period, Seller shall notify Purchaser of those objections, if any, which Seller has attempted to cure.

2.3 Tenant Estoppels. Seller shall endeavor to secure and shall deliver to Purchaser, as and when received, but in any event by at least 3 business days before the expiration of the Due Diligence Period, estoppel certificates (including such additions or modifications thereto as Purchaser may request based on its review of the Leases) from tenants under all Leases in the form of Exhibit C attached hereto or such other form as may be approved by Purchaser in its sole discretion (the "Tenant Estoppels"). Seller shall provide Purchaser with copies of the Tenant Estoppels for Purchaser's review and comment before delivering the Tenant Estoppels to tenants. Purchaser's obligation to close this transaction is subject to the condition that (a) at least 3 business days prior to the expiration of the Due Diligence Period, Purchaser shall have received from Fred Meyer, Kinkos, Ivars, U.S. Bank and 80% of the balance of the tenants in the Property, Tenant Estoppels in the form of Exhibit C and consistent with the rent roll delivered as part of the Property Information (the "Rent Roll") and the representations of Seller in Paragraph 7.1; (b) as of the Closing Date, the Leases shall be in full force and effect and no material default or claim by landlord or tenant shall exist or have arisen under any Leases that was not specifically disclosed in the Rent Roll included in the initial delivery of the Property Information; (c) as of the Closing Date, no tenant shall have initiated or had initiated against it any insolvency, bankruptcy, receivership or other similar proceeding; and (d) at least 5 days before the Closing Date, Purchaser shall have received updated Tenant Estoppels from the tenants specified above which are dated no earlier than 30 days prior to the Closing Date. Except for a current date, the updated Tenant Estoppels shall not contain any additions or deletions to the Tenant Estoppels delivered prior to the expiration of the Due Diligence Period other than changes which are acceptable to Purchaser in its sole discretion. If the required Tenant Estoppels are not delivered to Purchaser, or if any Tenant Estoppel either does not meet the foregoing requirements or discloses any facts objectionable to Purchaser in its reasonable opinion, Purchaser may elect to either: (i) terminate this Agreement by delivering written notice to Seller on or before Closing (in which event the Earnest Money shall be promptly returned to Purchaser); or (b) waive the satisfaction of this condition (and failure to provide such written notice of termination shall be deemed a waiver) and proceed with Closing.

2.4 Service Contracts. During the Due Diligence Period, Purchaser shall notify Seller as to which Service Contracts Purchaser will assume and which Service Contracts will be terminated by Seller at Closing. Purchaser will assume the obligations arising from and after the Closing Date under those Service Contracts that are not in default as of the Closing Date and which Purchaser has elected to assume. Seller shall terminate at Closing all Service Contracts that are not so assumed. At Purchaser's option, Seller shall terminate or assign to Purchaser at Closing, any property management agreement affecting the Property.

2.5 Adverse Conditions. As a condition to Purchaser's obligation to close, there shall be no material change in any condition of or affecting the Property not caused by Purchaser or its contractors, employees, affiliates or other related or similar parties that has occurred after the first thirty (30) days of the Due Diligence Period including without limitation (i) any additions or modifications to the Title Commitment (as hereafter defined) or Survey (as hereafter defined) which are not acceptable to Purchaser and are not removed or modified prior to Closing in accordance with Paragraph 3.2, (ii) any dumping or discovery of refuse or environmental contamination (excluding any information disclosed in the environmental report prepared for Buyer during the Due Diligence Period), or (iii) any default by Seller under this Agreement which is not cured by Seller to Purchaser's satisfaction within ten (10) days of receipt of written notice specifying such defaults.

2.6 Transition Information. No later than 5 days prior to the Closing or on such other date as may be specified in this Paragraph 2.6, Seller will provide Purchaser with the following information: (i) a tenant contact list that includes the legal notification address, telephone number and emergency contact (including individual

and telephone numbers) for each tenant: (ii) an aged accounts receivable list for the Property to be generated and delivered to Purchaser on the day preceding the Closing Date; (iii) a list of all vendors for the Property, including contacts, addresses and telephone numbers; (iv) a list of all utility providers and account numbers for the Property; and (v) copies of invoices forwarded to tenants for the month preceding Closing, and, if then prepared, for the month of Closing.

2.7 Loan Assumption. The Property is subject to a mortgage lien in favor of Aegon USA Realty Advisers, Inc. ("Lender"), securing a loan in the original principal amount of $6,450,000.00 (the "Loan"). The Property is also subject to a mortgage lien in favor of Seafirst which will be released by Seller on or before Closing. The Property is to be conveyed without release of, and Purchaser shall assume, the lien of the existing mortgage and related security instruments and documents, as so amended and modified (collectively, the "Existing Mortgage") in favor of Lender, which secures payment of the Loan:

(a) Conditions to Assumption. It shall be a condition precedent to the obligation of Purchaser to close the transactions contemplated hereby that as of the Closing: (1) any required consent of Lender to the conveyance of the Property subject to the Existing Mortgage and the assumption of the Existing Mortgage by Purchaser shall have been obtained from Lender; (2) such consent of Lender shall have been granted upon terms and conditions which are satisfactory to Purchaser in its sole discretion and Seller and which do not obligate Purchaser to assume any personal liability for any of the undertakings under the Existing Mortgage, other than exceptions to non-recourse provisions in the Existing Mortgage that relate to events, acts or omissions first arising from and after the Closing Date; (3) Lender shall have executed and delivered, and performed its obligations under, agreements pursuant to which Purchaser shall assume the borrower's obligations with respect to the Loan under the Existing Mortgage from and after Closing, which agreements shall be satisfactory to Purchaser in its sole discretion; (4) as of the Closing there shall not exist any uncured default under the Existing Mortgage, and Purchaser shall have obtained from Lender an acknowledgment that it is not aware of any such uncured default under the Existing Mortgage; and (5) as of the Closing Date the principal balance of the Loan shall not exceed $6,000,000.00.

(b) Assumption Costs. All transfer or other fees charged by Lender and any costs and expenses charged by Lender in connection with the transfer of the Property, recording costs and expenses relating to the recordation of any mortgage assignment agreement or other documentation relating to the transfer of the Property, attorneys' fees incurred by Lender, any title insurance premiums or costs for endorsements required by Lender, and any other costs and expenses relating to the transfer of the Loan ("Assumption Costs") up to, but not exceeding, Fifty Thousand and No/100 Dollars ($50,000.00) shall be paid by Purchaser. All Assumption Costs in excess of $50,000.00 shall be paid by Seller.

(c) Cooperation. The parties shall cooperate in good faith and with reasonable diligence to secure the approval of the Lender to the conveyance of the Property to Purchaser. Purchaser shall have the right to negotiate directly with Lender concerning Lender's consent. Purchaser shall promptly provide to Lender all information it may reasonably require in order to obtain Lender's consent. If the conditions set forth in this Paragraph 2.7 have not been satisfied as of Closing, then Purchaser shall elect, by delivering written notice to Seller on or before the Closing Date, (i) to terminate this Agreement, in which event the Earnest Money shall promptly be refunded to Purchaser; or (ii) to proceed with the Closing, but only if any required consent of Lender to the assumption of the Existing Mortgage by Purchaser has been obtained. Seller shall not be obligated to pay off the Loan at Closing.

(d) Adjustment of Purchase Price. At Closing, Purchaser shall receive a credit against the Purchase Price in the amount of the principal balance of the

Loan, all accrued and unpaid interest and other sums, if any, then due and payable pursuant to the Existing Mortgage.

2.8 SEPA Approval. Within forty-five (45) days from the Date of this Agreement, Purchaser shall submit to the City of Tacoma the SEPA Checklist and related information necessary to receive environmental approval of the Property ("SEPA Approval"). It shall be a condition to Purchaser's obligation to close that the SEPA Approval must be received without conditions or restrictions that are unacceptable to Purchaser, as determined by Purchaser in its sole discretion, and that all appeal periods with respect to the SEPA Approvals shall have expired without any appeal having been filed or, if filed, such appeal shall have been resolved to the satisfaction of Purchaser. In the event the required SEPA Approval has not been received on or before five (5) days prior to the Closing Date, Purchaser may elect to (i) terminate this Agreement and receive a refund of the Earnest Money, (ii) waive the requirement and proceed with the Closing or (iii) extend the Closing Date for up to thirty (30) days in an attempt to obtain the SEPA Approval. In the event Purchaser elects to extend the Closing Date, Purchaser shall notify Seller and Escrow Agent of the extension at least three (3) days prior to the Closing Date.

ARTICLE 3: TITLE AND SURVEY REVIEW

3.1 Delivery of Title Commitment and Survey. Seller shall cause to be prepared and delivered to Purchaser within ten (10) business days after the Date of this Agreement: (a) a current, effective commitment for title insurance (the "Title Commitment") issued by the Title Company, in the amount of the Purchase Price with Purchaser as the proposed insured, and accompanied by true, complete, and legible copies of all documents referred to in the Title Commitment; (b) a copy of the survey of the Property that was prepared for Lender in connection with the Loan (the "Existing Survey"); and (c) copies of Uniform Commercial Code searches in the name of Seller and the Property issued by the Title Company or a search company acceptable to Purchaser ("UCC Searches").

3.2 Title Review and Cure. During the first thirty (30) days of the Due Diligence Period, Purchaser shall review title to the Property as disclosed by the Title Commitment, the Existing Survey and UCC Searches. Within such thirty (30) day period, Purchaser shall advise Seller, the Title Company and the surveyor in writing of any matters set forth on those documents to which Purchaser objects. In the event the Title Commitment, copies of the title exceptions, the Existing Survey and UCC Searches are not delivered to Purchaser within ten (10) business days after the Date of this Agreement, the thirty (30) day period in which Purchaser must object to such matters shall automatically be extended by the number of days that Seller is delinquent in providing the specified materials. Seller will reasonably cooperate with Purchaser in curing Purchaser's objections, but Seller shall not be obligated to cure any such objections except liens and security interests created by, through or under Seller (including, without limitation,

those disclosed by the UCC Searches), all of which liens and security interests Seller shall cause to be released at Closing. Seller also agrees to remove or cause to be removed any exceptions or encumbrances to title which arise after the date of this Agreement. Prior to the expiration of the Due Diligence Period, the parties shall memorialize in writing those objections which Seller is obligated to cure as aforesaid, or has elected to cure at Closing, and together with the Title Company cause a revised Title Commitment to be issued. The term "Permitted Exceptions" means all those exceptions shown on the Title Commitment, the Existing Survey and UCC Searches as of the expiration of the first thirty (30) days of the Due Diligence Period other than those objections that Seller has elected to cure in writing prior to the expiration of the Due Diligence Period.

If after the expiration of the first thirty (30) days of the Due Diligence Period the Title Company revises the Title Commitment to add or modify exceptions or to add or modify the conditions to obtaining any endorsement requested by Purchaser during the first thirty (30) days of the Due Diligence Period, then Purchaser may terminate this Agreement and receive a refund of the Earnest Money if provision for their removal or modification satisfactory to Purchaser is not made. Purchaser shall have been deemed to have approved any title exception that Seller is not obligated to remove and to which either Purchaser did not object as provided above, or to which Purchaser did object, but with respect to which Purchaser did not terminate this Agreement.

On or before November 11, 1998, Seller shall cause to be prepared and delivered to Purchaser a current ALTA/ACSM Urban survey of the Property (the "Survey") including a certification addressed to Purchaser, in the form attached hereto as Exhibit D. Within ten (10) days after Purchaser's receipt of the Survey, Purchaser shall advise Seller, the Title Company and the surveyor in writing of any matters set forth on the Survey (which were not set forth on the Existing Survey) to which Purchaser objects. Seller will reasonably cooperate with Purchaser in curing Purchaser's objections, but Seller shall not be obligated to cure any such objections except for items that have been created by, through or under Seller. No later than five (5) days prior to the expiration of the Due Diligence Period, Seller shall notify Purchaser of those objections to the Survey that Seller is obligated or has agreed to cure prior to Closing. If Seller fails to cure the objections specified in such notice in a manner acceptable to Purchaser, in its sole discretion, on or before the Closing Date, Purchaser may elect to (i) terminate this Agreement and receive a refund of the Earnest Money or (ii) waive the Survey objections and proceed with the Closing.

3.3 Delivery of Title Policy at Closing. As a condition to Purchaser's obligation to close, the Escrow Agent shall deliver to

Purchaser at Closing an ALTA Owner's Policy (Revised 10-17-70 and 10-17-84) (or other form if required by state law) of title insurance, with extended coverage (i.e., with ALTA General Exceptions 1 through 5 deleted, or with corresponding deletions if the Property is located in a non-ALTA state), issued by the Title Company as of the date and time of the recording of the Deed, in the amount of the Purchase Price, containing the Purchaser's Endorsements, insuring Purchaser as owner of good, marketable and indefeasible fee simple title to the Property, and subject only to the Permitted Exceptions (the "Title Policy"). "Purchaser's Endorsements" shall mean, to the extent such endorsements are available under the laws of the state in which the Property is located: (a) owner's comprehensive; (b) access; (c) survey (accuracy of survey); (d) location (survey legal matches title legal); (e) separate tax lot; (f) legal lot; (g) zoning 3.1, with parking and loading docks; and (h) such other endorsements as Purchaser may require during the Due Diligence Period based on its review of the Title Commitment and Survey. Seller shall execute at Closing an ALTA Statement (Owner's Affidavit) and any other documents or agreements required by the Title Company to issue the Title Policy in accordance with the provisions of this Agreement.

3.4 Title and Survey Costs. Seller shall pay for the cost of the Survey, including any revisions necessary to make the Survey conform to the requirements of this Agreement, the ALTA portion of the premium for the Title Policy and the cost of the UCC Searches. Purchaser shall pay the premium for upgrading the Title Policy to meet the requirements herein set forth, including the cost of Purchaser's Endorsements.

ARTICLE 4: OPERATIONS AND RISK OF LOSS

4.1 Ongoing Operations. During the pendency of this Agreement, Seller covenants and agrees as follows:

(a) Preservation of Business. Seller shall cause the Property to be operated only in the ordinary and usual course of business and consistent with past practice, shall preserve intact the Property, preserve the good will and advantageous relationships of Seller with tenants, customers, suppliers, independent contrac tors, employees and other persons or entities material to the operation of its business, shall perform its obligations under Leases and other agreements affecting the Property and shall not take any action or omission which would cause any of the representations or warranties of Seller contained herein to become inaccurate or any of the covenants of Seller to be breached.

(b) Maintenance of Insurance. Seller shall continue to carry its existing insurance through the Closing Date, and shall not terminate or cancel such insurance policies.

(c) New Contracts. Without Purchaser's prior written consent in each instance, Seller will not amend, terminate, grant concessions regarding, or enter into any contract or agreement that will be an obligation affecting the Property or binding on Purchaser after Closing.

(d) Listings and Other Offers. Seller will not list the Property with any broker or otherwise solicit or make or accept any offers to sell the Property, engage in any discussions or negotiations with any third party with respect to the sale or other disposition of the Property, or enter into any contracts or agreements (whether binding or not) regarding any disposition of the Property.

(e) Leasing Arrangements. Seller will not amend, terminate, grant concessions regarding, or enter into any Lease without Purchaser's prior written consent in each instance.

(f) Removal and Replacement of Tangible Personal Property. Seller will not remove any Tangible Personal Property unless it is replaced with a comparable item of equal quality and quantity as existed as of the time of such removal.

(g) Maintenance of Permits. Seller shall maintain in existence all licenses, permits and approvals, if any, in its name necessary or reasonably appropriate to the ownership, operation or improvement of the Property.

4.2 Damage. Seller shall promptly give Purchaser written notice of any damage to the Property, describing such damage, whether such damage is covered by insurance and the estimated cost of repairing such damage. If such damage is not material, then: (a) Seller shall, to the extent possible, begin repairs prior to Closing out of any insurance proceeds received by Seller for the damage; (b) Purchaser shall receive all insurance proceeds not applied to the repair of any such Property prior to Closing (including rent loss insurance applicable to any period from and after the Closing Date) due to Seller for the damage; (c) any uninsured damage or deductible (including rent abatement not covered by rent loss insurance) shall be credited to Purchaser at Closing; and (d) Purchaser shall assume the responsibility for the repair after Closing. If such damage is material, then by notice to Seller given within 14 days after Purchaser is notified of such damage (and Closing shall be extended, if necessary, to give Purchaser such 14 day period to respond to such notice), Purchaser may elect to either: (i) proceed in the same manner as in the case of damage that is not material; or (ii) terminate this Agreement, in which event the Earnest Money shall be immediately returned to Purchaser. Damage as to any one or multiple occurrences is material if the cost to repair the damage, plus the cost of rent abatement after Closing resulting from the damage, exceeds $500,000

or entitles any Major Tenant or 2 or more other tenants occupying at least 5% of the rentable area of the Property to terminate its/their Lease(s).

4.3 Condemnation. By notice to Seller given within 14 days after Purchaser receives notice of proceedings in eminent domain that are contemplated, threatened or instituted by any body having the power of eminent domain with respect to the Property (and if necessary the Closing Date shall be extended to give Purchaser the full 14 day period to make such election), Purchaser may either: (a) terminate this Agreement, whereupon the Earnest Money shall be returned to Purchaser; or (b) proceed under this Agreement, in which event Seller shall, at Closing, assign to Purchaser its entire right, title and interest in and to any condemnation award. Purchaser shall have the right during the pendency of this Agreement to participate in negotiations and other dealings with the condemning authority in respect of such matter.

ARTICLE 5: CLOSING

5.1 Closing and Escrow. The consummation of the transaction contemplated herein ("Closing") shall occur on the Closing Date through an escrow with the Escrow Agent at the offices of the Escrow Agent. Funds shall be deposited into and held by Escrow Agent in a closing escrow account with a bank satisfactory to Purchaser and Seller. Upon satisfaction or completion of all closing conditions and deliveries, the parties shall direct the Escrow Agent to immediately record and deliver the closing documents to the appropriate parties and make disbursements according to the closing statements executed by Seller and Purchaser. The Escrow Agent shall agree in writing with Seller and Purchaser that: (a) recordation of the Deed constitutes its representation that it is holding the closing documents, closing funds and closing statement and is prepared and irrevocably committed to disburse the closing funds in accordance with the closing statements; and (b) release of funds to Seller shall irrevocably commit it to issue the Title Policy in accordance with this Agreement. Provided such supplemental escrow instructions are not in conflict with this Agreement as it may be amended in writing from time to time, Seller and Purchaser agree to execute such supplemental escrow instructions as may be appropriate to enable Escrow Agent to comply with the terms of this Agreement.

5.2 Conditions to the Parties' Obligations to Close. In addition to all other conditions set forth herein, the obligation of Seller, on the one hand, and Purchaser, on the other hand, to consummate the transactions contemplated hereunder shall be contingent upon the following:

(a) The other party's representations and warranties contained herein shall be true and correct as of the date of this Agreement and the Closing Date;

(b) As of the Closing Date, the other party shall have performed its obligations hereunder and all deliveries to be made by the other party at Closing have been tendered;

(c) As of the Closing Date, no action or proceeding by or before any governmental authority shall have been instituted or threatened (and not subsequently dismissed, settled or otherwise terminated) which is reasonably expected to restrain, prohibit or invalidate the transactions contemplated by this Agreement, other than an action or proceeding instituted or threatened by such party;

(d) Any other condition set forth in this Agreement to such party's obligation to close is not satisfied by the applicable date; and

(e) As a condition to Purchaser's obligation to close, at Closing Seller shall not be in default under any agreement to be assigned to, or obligation to be assumed by, Purchaser under this Agreement.

So long as a party is not in default hereunder, if any condition to such party's obligation to proceed with Closing hereunder has not been satisfied as of the Closing Date or other applicable date, such party may, in its sole discretion, terminate this Agreement by delivering written notice to the other party on or before the Closing Date or other applicable date, or elect to close, notwithstanding the non-satisfaction of such condition, in which event such party shall be deemed to have waived any such condition except for breach by a party of a covenant in which case Closing shall not relieve such breaching party from any liability it would otherwise have hereunder.

5.3 Seller's Deliveries in Escrow. Seller shall deliver in escrow to the Escrow Agent the following:

(a) Deed. A general warranty or grant deed (warranting title against any party) in form provided for under the law of the state where the Property is located and materially satisfactory to the parties, executed and acknowledged by Seller, conveying good, indefeasible and marketable fee simple title to the Property to Purchaser subject only to the Permitted Exceptions (the "Deed");

(b) Bill of Sale and Assignment of Leases and Contracts. A Bill of Sale and Assignment of Leases and Contracts in the form of Exhibit E attached hereto (the "Assignment"), executed and acknowledged by Seller, vesting in Purchaser good title to the

property described therein free of any claims, except for the Permitted Exceptions to the extent applicable;

(c) Certificate. A certificate from Seller that each of the representations and warranties contained in Paragraph 7.1 hereof is true and correct as set forth herein as of the Closing Date. Such certificate shall contain an updated list of the Leases and Service Contracts which Seller shall certify to be true and correct as of Closing;

(d) Notice to Tenants. A notice to each tenant in the form of Exhibit F attached hereto;

(e) State Law Disclosures. Such disclosures and reports as are required by applicable state and local law in connection with the conveyance of real property;

(f) FIRPTA. A Foreign Investment in Real Property Tax Act affidavit executed by Seller. If Seller fails to provide the necessary affidavit and/or documentation of exemption on the Closing Date, Purchaser may proceed in accordance with the withholding provisions in such Act;

(g) Tenant Estoppels and Service Contract Estoppels. Estoppel certificates satisfying the conditions in Paragraph 2.3, dated (or recertified and updated as of a date) not earlier than 30 days before the Closing Date;

(h) Terminations. Terminations, effective no later than Closing, of those Service Contracts which Purchaser has elected not to assume, including any management agreements affecting the Property;

(i) Permits and Approvals. Evidence reasonably satisfactory to Purchaser to the effect that the Seller possesses all licenses, permits, approvals, zoning exceptions and approvals, consents and orders of governmental, municipal or regulatory authorities required as of the Closing Date for the full and unrestricted ownership, operation and use of the Property, including, without limitation, a certificate of occupancy for each of the buildings which comprise the Improvements; and written acknowledgments from governmental authorities with respect to licenses, permits and approvals to be assigned to Purchaser;

(j) CCRs. If the Property is subject to a declaration of covenants, conditions and restrictions or similar instrument ("CCRs") governing or affecting the use, operation, maintenance, management or improvement of the Property, (i) estoppel certificates in form and substance satisfactory to Purchaser from the declarant, association, committee, agent and/or other person or entity having governing or approval rights under the CCRs, or if

Seller is unable to obtain the estoppel certificates, an affidavit, in form and substance satisfactory to Purchaser, from the Seller stating that the Seller is not in default under the CCRs, and (ii) a recordable assignment, in form and substance satisfactory to Purchaser, assigning any and all developer, declarant or other related rights or interests of Seller (or any affiliate of Seller), if any, in or under the CCRs;

(k) Authority. Evidence of the existence, organization and authority of Seller and of the authority of the persons executing documents on behalf of Seller reasonably satisfactory to the Escrow Agent and the Title Company; and

(l) Other Deliveries. Any other Closing deliveries required to be made by or on behalf of Seller hereunder.

5.4 Purchaser's Deliveries in Escrow. At least 3 business days before the Closing Date (except as otherwise permitted below), Purchaser shall deliver in escrow to the Escrow Agent the following:

(a) Purchase Price. On the Closing Date, the Purchase Price, less the Earnest Money that is applied to the Purchase Price and any credit due Purchaser pursuant to Paragraph 1.4, plus or minus applicable prorations, deposited by Purchaser with the Escrow Agent in immediate, same-day federal funds wired for credit into the Escrow Agent's escrow account;

(b) Bill of Sale and Assignment of Leases and Contracts. The Assignment, executed by Purchaser;

(c) State Law Disclosures. Such disclosures and reports as are required by applicable state and local law in connection with the conveyance of real property; and

(d) Other Deliveries. Any other Closing deliveries required to be made by or on behalf of Purchaser hereunder.

5.5 Closing Statements/Escrow Fees. Seller and Purchaser shall deposit with the Escrow Agent executed closing statements consistent with this Agreement in the form required by the Escrow Agent. The Escrow Agent's escrow fee, closing charges, and any cancellation fee shall be divided equally between and paid by Seller and Purchaser. If Seller and Purchaser cannot agree on the closing statement to be deposited as aforesaid because of a dispute over the prorations and adjustments set forth therein, the Closing nevertheless shall occur, and the amount in dispute shall be withheld from the Purchase Price and placed in an escrow with the Title Company, to be paid out upon the joint direction of the parties or pursuant to court order upon resolution or other final determination of the dispute.

5.6 Sales, Transfer, and Documentary Taxes. Seller shall pay all sales, gross receipts, compensating, stamp, excise, documentary, transfer, deed or similar taxes and fees imposed in connection with this transaction under applicable state or local law.

5.7 Possession. At the time of Closing, Seller shall deliver to Purchaser possession of the Property, subject only to the Permitted Exceptions.

5.8 Delivery of Books and Records. On the Closing Date, and as a condition to Purchaser's obligation to close, Seller shall deliver to the Purchaser's corporate office in Dallas, Texas: the original Leases and Service Contracts or copies thereof if originals are not available; copies or originals of all books and records of account, contracts, copies of correspondence with tenants and suppliers, receipts for deposits, unpaid bills and other papers or documents which pertain to the Property; all permits and warranties; all advertising materials, booklets, and other items, if any, used in the operation of the Property. The keys and, if in Seller's possession or control, the original "as-built" plans and specification; all other available plans and specifications and all operation manuals shall be delivered to the offices of Purchaser's property manager on the Closing Date. Seller shall cooperate with Purchaser after Closing to transfer to Purchaser any such information stored electronically. The obligations of Seller under this Paragraph 5.8 shall survive Closing.

ARTICLE 6: PRORATIONS AND ADJUSTMENTS

6.1 Prorations. At least 3 business days prior to Closing, Seller shall provide to Purchaser such information and verification reasonably necessary to support the prorations and adjustments under this Article 6. The items in subparagraphs (a) through (e) of this Paragraph 6.1 shall be prorated between Seller and Purchaser as of the close of the day immediately preceding the Closing Date (the"Adjustment Date"), the Closing Date being a day of income and expense to Purchaser:

(a) Taxes and Assessments. Purchaser shall receive a credit for any accrued but unpaid real estate taxes (and any assessments imposed by private covenant) applicable to any period before the Adjustment Date, even if such taxes and assessments are not yet due and payable. If the amount of any such taxes have not been determined as of the Adjustment Date, such credit shall be based on 110 percent of the most recent ascertainable taxes and shall be re-prorated upon issuance of the final tax bill. Purchaser shall receive a credit for any special assessments which are levied or charged against the Property, whether or not then due and payable.

(b) Rents. Purchaser shall receive a credit for all rent and other recurring and periodic income for the month in which the Closing occurs (excluding any income that is specifically treated elsewhere in this Paragraph 6.1) applicable to any period after the Adjustment Date under Leases in effect on the Adjustment Date based on the Rent Roll. Delinquent tenant rentals shall be prorated, but if and when collected by Purchaser, shall be applied first to current months' rents, and then to delinquent rent in the inverse order of delinquency, with any remaining amounts allocable to the period prior to the Adjustment Date being paid to Seller. Seller shall have the right to seek collection from any tenants who are no more than 30 days in arrears as of the Closing, but shall not have a right to seek recovery from tenants more than 30 days in arrears. In seeking such collection, however, Seller shall not have the right to terminate any Lease or dispossess a tenant.

(c) Percentage Rents. Percentage rents shall be separately prorated under each Lease on the basis of the lease year set forth in such Lease for the payment of percentage rents. All percentage rent payments for the lease year in which the Closing Date occurs that are made prior to the Adjustment Date shall be credited to Purchaser. All payments of percentage rent for the lease year in which the Closing Date occurs that are received by either party on or after the Adjustment Date shall be retained by, or remitted to, Purchaser, as the case may be, until determination of Seller's allocable share thereof in each instance, as provided in Paragraph 6.2 below. Upon final determination of percentage rents owed by a tenant under its Lease for the lease year in which Closing occurs, Seller and Purchaser shall adjust between themselves amounts owed for such lease year on account of percentage rents, and Seller's allocable share of such percentage rents shall be an amount equal to the amount of percentage rent owed by such tenant for the lease year multiplied by a fraction, the numerator of which is the number of days in such lease year prior to and including the Adjustment Date, and the denominator of which is the total number of days in such lease year.

(d) Operating Expense Pass-throughs.

(i) Information Provided at Closing. Seller, as landlord under the Leases, is currently collecting from tenants under the Leases additional rent to cover taxes, insurance, utilities, maintenance and other operating costs and expenses (collectively, "Operating Expense Pass-throughs") incurred by Seller in connection with the ownership, operation, maintenance and management of the Property. In order for the parties to determine the credits and adjustments herein provided for, no later than 3 business days prior to the Closing Date, Seller will deliver to Purchaser copies of all relevant portions of its books and records and all back-up or supporting documentation, including without limitation, copies of invoices, evidence of payment and all other information

corroborating the amount paid by Seller and the amount received from the tenants in respect of Operating Expense Pass-throughs as of the Adjustment Date, and at Closing Seller will also deliver to Purchaser copies of the same information for each year prior to the Closing for which any tenant has audit rights and the ability to challenge any prior year's reconciliations. With respect to any Operating Expense Pass-throughs which cannot be billed prior to the Closing, Purchaser shall bill the tenant(s) for such items in accordance with the respective Lease terms. Purchaser shall remit to Seller its pro rata portion of any amounts collected within 30 days after receipt of same.

(ii) Reconciliation as of Adjustment Date. As of the Adjustment Date, Seller shall, to the extent possible under the terms of the Leases and the information then available to Seller, make a final determination of the amount, if any, by which Seller has been over or under collecting from tenants in respect of Operating Expense Pass-throughs for the period prior to and including the Adjustment Date. If such reconciliation results in a net amount due to tenants for the period prior to and including the Adjustment Date, Seller shall credit such amount to Purchaser and Purchaser will be responsible for paying or crediting to the tenants, as applicable, amounts due to them in respect of such over-collections. If amounts are due from tenants, Seller shall bill tenants for such amounts promptly after Closing.

(iii) Final Reconciliation. As to any Leases for which a final reconciliation of Operating Expense Pass-throughs cannot be completed between the Seller, as landlord, and the tenants as of the Adjustment Date in accordance with Subparagraph (ii), the parties will adjust their prorations made at Closing when the correct amount of Operating Expense Pass-throughs can be determined (including without limitation with respect to any amounts under- collected by Seller) and when, under the terms or the respective Leases, all information required to make such landlord/tenant adjustment is available. Seller shall be responsible for providing Purchaser with the final reconciliation for Seller's period of ownership. If Seller fails timely to provide Purchaser with it final reconciliation, Seller acknowledges and agrees that Purchaser's ability to make a final determination of any amounts due to Seller or any additional amounts due from Seller in respect of Operating Expense Pass-throughs for the period prior to the Adjustment Date is dependent upon, and expressly conditioned upon, Seller's delivering all information required by Purchaser, as provided for Subparagraph (i), and Seller's delivering to Purchaser subsequent to the Closing Date copies of all invoices and bills received by Seller subsequent to the Adjustment Date for Operating Expense Pass-through items applicable to the period on or before the Adjustment Date, as well as evidence of payments made by Seller in respect of such invoices and bills. Seller agrees to cooperate in good faith and with reasonable diligence in providing to

Purchaser as and when needed copies of all invoices, bills, evidence of payment and other information required by Purchaser to confirm the final reconciliation performed by Seller for its period of ownership and/or to make any required post-Closing reconciliations of Operating Expense Pass-throughs.

If when Seller is able to make its year end reconciliation for the period prior to the Closing, it is determined, after giving effect to any applicable credit received by Purchaser at Closing under this Paragraph 6.1(d), that Seller has under- collected from any tenants, then Purchaser shall bill such tenants for the amounts due to Seller within 60 days after year end, and remit to Seller Seller's portion of any amounts collected monthly, within 30 days after receipt of same. If, however, it is determined that Seller over-collected from tenants, again after giving effect to any credits received by Purchaser at Closing as aforesaid, Seller will pay to Purchaser the amount over-collected and not previously credited to Purchaser, within 30 days after receipt from Purchaser of written notice setting forth the amount due, accompanied by documentation reasonably establishing such amount, and Purchaser shall be responsible for crediting or repaying amounts to the appropriate tenants. In order to assist Seller in its confirmation of any required post-closing adjustments, Purchaser shall make available to Seller upon request, copies of the tax bills and any other bills and invoices needed by Seller. Each party shall have the right to audit the other party's books and records, upon reasonable prior notice and during normal business hours, for purposes of confirming any calculations made by Purchaser.

(e) Service Contracts. Seller or Purchaser, as the case may be, shall receive a credit for regular charges under Service Contracts assumed by Purchaser pursuant to this Agreement paid and applicable to Purchaser's period of ownership or payable and applicable to Seller's period of ownership, respectively.

(f) Utilities. Seller shall cause the meters, if any, for utilities to be read the day on which the Closing Date occurs and to pay the bills rendered on the basis of such readings. If any such meter reading for any utility is not available, then adjustment therefor shall be made on the basis of the most recently issued bills therefor which are based on meter readings no earlier than 30 days before the Closing Date; and such adjustment shall be re-prorated when the next utility bills are received.

6.2 Tenant Improvements and Allowances. All Tenant improvement expenses (including all hard and soft construction costs, whether payable to the contractor or the tenant), tenant allowances, rent abatement, moving expenses and other out-of-pocket costs which are the obligation of the landlord under Leases shall be paid by Seller on or before the Closing Date.

(a) Evidence of Payment. At Closing, Seller shall provide lien waivers, payment affidavits, certificates of completion, Tenant Estoppels and other evidence reasonably necessary to confirm Seller's compliance with its obligations pursuant to this Paragraph 6.2, and, to the extent such coverage is available, shall provide such indemnity or other assurance to enable the Title Company to insure against any claims against the Property arising from work performed before the Closing.

6.3 Leasing Commissions. On or before the Closing Date, Seller shall pay in full all leasing commissions due to leasing or other agents for the current remaining term of each Lease (determined without regard to any unexercised termination or cancellation right); provided, however, that if any leasing agent will not accept such payment, then Purchaser shall receive a credit against the Purchase Price at Closing in an amount equal to the then-unpaid leasing commissions and Purchaser shall assume, in writing, the obligation to pay any such leasing commissions due thereunder after the Closing Date up to the amount of such credit.

6.4 Post-Closing Adjustments. Either party shall be entitled to a post-Closing adjustment for any incorrect proration or adjustment. This obligation, as well as every other provision in the Article 6 providing for post-closing adjustments, shall survive the Closing hereunder. No other expense related to the ownership or operation of the Property shall be charged to or paid or assumed by Purchaser, whether allocable to any period before or after Closing, other than those obligations expressly assumed by Purchaser.

6.5 Tenant Deposits. All tenant security deposits (and interest thereon if required by law or contract to be earned thereon) shall be transferred or credited to Purchaser at Closing. As of the Closing Date, Purchaser shall assume Seller's obligations related to tenant security deposits, but only to the extent they are properly credited and transferred to Purchaser.

6.6 Wages. Purchaser shall not be liable for any wages, fringe benefits, payroll taxes, unemployment insurance contributions, accrued vacation pay, accrued pay for unused sick leave, accrued severance pay and other compensation accruing before Closing for employees at the Property. Purchaser shall not be liable for any obligations accruing before Closing under any union contract or multi-employer pension plan applicable to any such employees or arising from the termination of any such employees at or prior to Closing.

6.7 Utility Deposits. Seller shall receive a credit for the amount of deposits, if any, with utility companies that are transferable and that are assigned to Purchaser at Closing.

6.8 Sales Commissions. Seller and Purchaser represent and warrant each to the other that they have not dealt with any real estate broker, sales person or finder in connection with this

transaction other than Brokers. If this transaction is closed, Seller shall pay Pacific Northwest Partners, LLC in accordance with their separate agreement, and Pacific Northwest Partners, LLC shall pay Northwest Retail Partners, Ltd. its share of the commission in accordance with their separate agreement. Brokers are independent contractors and are not authorized to make any agreement or representation on behalf of either party. Except as expressly set forth above, in the event of any claim for broker's or finder's fees or commissions in connection with the negotiation, execution or consummation of this Agreement or the transactions contemplated hereby, each party shall indemnify and hold harmless the other party from and against any such claim based upon any statement, representation or agreement of such party.

ARTICLE 7: REPRESENTATIONS AND WARRANTIES

7.1 Seller's Representations and Warranties. As a material inducement to Purchaser to execute this Agreement and consummate this transaction, Seller represents and warrants to Purchaser that:

(a) Organization and Authority. Seller has been duly organized, is validly existing, and is in good standing and qualified to do business in the state of its organization and the state in which the Property is located. Seller has the full right and authority and has obtained any and all consents required to enter into this Agreement and to consummate or cause to be consummated the transactions contemplated hereby. This Agreement has been, and all of the documents to be delivered by Seller at Closing will be, authorized and properly executed and constitute, or will constitute, as appropriate, the valid and binding obligations of Seller, enforceable in accordance with their terms.

(b) Conflicts and Pending Actions or Proceedings. There is no agreement to which Seller is a party or, to Seller's knowledge, binding on Seller which is in conflict with this Agreement, or which challenges or impairs Seller's ability to execute or perform its obligations under this Agreement. There is not now pending or, to the best of Seller's knowledge, threatened, any action, suit or proceeding before any court or governmental agency or body against Seller that would prevent Seller from performing its obligations hereunder or against or with respect to the Property.

(c) Leases and Rent Roll. The documents constituting the Leases that are delivered to Purchaser pursuant to Paragraph 2.1 are true, correct and complete copies of all of the Leases affecting the Property, including and all amendments and guarantees. All information set forth in each Rent Roll is true, correct, and complete in all material respects as of its date. Except as set forth in the Rent Roll first delivered hereunder, there are no leasing or other fees or commissions due, nor will any

become due, in connection with any Lease or any renewal or extension or expansion of any Lease, and no understanding or agreement with any party exists as to payment of any leasing commissions or fees regarding future leases or as to the procuring of tenants. To Seller's knowledge, except as disclosed in the Property Information, no tenants have asserted nor are there any defenses or offsets to rent accruing after the Closing Date and no default or breach exists on the part of any tenant. Seller has not received any notice of any default or breach on the part of the landlord under any Lease, nor, to the best of Seller's knowledge, does there exist any such default or breach on the part of the landlord. Except as set forth in the Rent Roll, all of the landlord's obligations to construct tenant improvements or reimburse the tenants for tenant improvements under the Leases have been paid and performed in full and all concessions (other than any unexpired rent abatement set forth in the Leases) from the landlord under the Leases have been paid and performed in full.

(d) Service Contracts and Operating Statements. The list of Service Contracts delivered to Purchaser pursuant to this Agreement is true, correct, and complete as of the date of its delivery. The documents constituting the Service Contracts that are delivered to Purchaser are true, correct and complete copies of all of the Service Contracts affecting the Property. Neither Seller nor, to Seller's knowledge, any other party is in default in any material respect under any Service Contract. The Operating Statements to be delivered to Purchaser pursuant to this Agreement show all items of income and expense (operating and capital) incurred in connection with Seller's ownership, operation, and management of the Property for the periods indicated and are true, correct, and complete in all material respects.

(e) Permits, Legal Compliance, and Notice of Defects. Seller has all licenses, permits and certificates necessary for the use and operation of the Property, including, without limitation, all certificates of occupancy necessary for the occupancy of the Property, all of which are in full force and effect, and Seller has not taken or failed to take any action that would result in their revocation, and has not received any written notice of an intention to revoke any of them. To Seller's knowledge, neither the Property nor the use thereof violates any governmental law or regulation or any covenants or restrictions encumbering the Property. To Seller's knowledge there are no material physical defects in the Improvements. Seller has not received any written notice from any insurance company or underwriter of any defects that would materially adversely affect the insurability of the Property or cause an increase in insurance premiums. Seller has received no written notice from any governmental authority or other person of, and has no knowledge of any violation of zoning, building, fire, health, environmental, or other statutes, ordinances, regulations or orders (including those respecting the Americans with

Disabilities Act), or any restriction, condition, covenant or consent in regard to the Property or any part thereof which have not been corrected to the satisfaction of the issuer.

(f) Environmental. Seller has no knowledge of any violation of Environmental Laws related to the Property or the presence or release of Hazardous Materials on or from the Property except as disclosed in the Property Information. Neither Seller nor, to Seller's knowledge, any tenant or other occupant has manufactured, introduced, released or discharged from or onto the Property any Hazardous Materials or any toxic wastes, substances or materials (including, without limitation, asbestos) in violation of any Environmental Laws, and neither Seller, nor to Seller's knowledge any tenant or other occupant has used the Property or any part thereof for the generation, treatment, storage, handling or disposal of any Hazardous Materials in violation of any Environmental Laws. The term "Environmental Laws" includes without limitation the Resource Conservation and Recovery Act and the Comprehensive Environmental Response Compensation and Liability Act and other federal laws governing the environment as in effect on the Date of this Agreement together with their implementing regulations and guidelines as of the Date of this Agreement, and all state, regional, county, municipal and other local laws, regulations and ordinances that are equivalent or similar to the federal laws recited above or that purport to regulate Hazardous Materials. The term "Hazardous Materials" includes petroleum, including crude oil or any fraction thereof, natural gas, natural gas liquids, liquified natural gas, or synthetic gas usable for fuel (or mixtures of natural gas or such synthetic gas), and any substance, material waste, pollutant or contaminant listed or defined as hazardous or toxic under any Environmental Law.

(g) Utilities. All water, sewer, gas, electric, telephone, and drainage facilities, and other utilities required for the normal and proper operation of the Property are installed and connected to the Property with valid permits, and are adequate to serve the Property for its current use and to permit full compliance with all requirements of law and the Leases. All permits and connection fees are fully paid and no action is necessary on the part of Purchaser to transfer such permits to it. To Seller's knowledge, all utilities serving the Property enter it through publicly-dedicated roads or through currently effective public or private easements. To Seller's knowledge, no fact or condition exists which would result in the termination of such utilities services to the Property.

(h) Independent Unit. The Property is an independent unit which does not now rely on any facilities (other than facilities covered by easements appurtenant to the Property or facilities of municipalities or public utilities) located on any property that is not part of the Property to fulfill any municipal or other

governmental requirement, or for the furnishing to the Property of any essential building systems or utilities (including drainage facilities, catch basins, and retention ponds). No other building or other property that is not part of the Property relies upon any part of the Property to fulfill any municipal or other governmental requirement, or to provide any essential building systems or utilities, other than CCR's covered by Paragraph 5.3(j).

(i) Withholding Obligation. Seller's sale of the Property is not subject to any federal, state or local withholding obligation of Purchaser under the tax laws applicable to Seller or the Property.

(j) Disclosure. Other than this Agreement, the documents delivered at Closing pursuant hereto, the Permitted Exceptions, Leases, Service Contracts, and any commission agreements described in the Commission Schedule, there are no contracts or agreements of any kind relating to the Property to which Seller or its agents is a party and which would be binding on Purchaser after Closing. Copies of Property Information delivered to Purchaser pursuant to Paragraph 2.1 hereof are or will be true, correct and complete copies; and Seller is not aware of any material inaccuracy or omission in the Property Information delivered pursuant to Paragraph 2.1. To Seller's knowledge, there are no other facts or events which could materially affect the Property which have not been disclosed in writing to Purchaser pursuant to this Agreement.

7.2 Purchaser's Representations and Warranties. As a material inducement to Seller to execute this Agreement and consummate this transaction, Purchaser represents and warrants to Seller that:

(a) Organization and Authority. Purchaser has been duly organized and is validly existing as a Maryland real estate investment trust, in good standing in the State of Maryland, and will be qualified to do business in the state in which the Real Property is located on the Closing Date. Purchaser has the full right and authority and has obtained any and all consents required to enter into this Agreement and, subject only to obtaining certain internal approvals on or before the expiration of the Due Diligence Period, to consummate or cause to be consummated the transactions contemplated hereby. This Agreement has been, and all of the documents to be delivered by Purchaser at Closing will be, authorized and properly executed and constitutes, or will constitute, as appropriate, the valid and binding obligation of Purchaser, enforceable in accordance with their terms.

(b) Conflicts and Pending Action. There is no agreement to which Purchaser is a party or to Purchaser's knowledge binding on Purchaser which is in conflict with this Agreement. There is no action or proceeding pending or, to Purchaser's knowledge,

threatened against Purchaser which challenges or impairs Purchaser's ability to execute or perform its obligations under this Agreement.

7.3 Survival of Representations and Warranties. The representations and warranties set forth in this Article 7 are made as of the date of this Agreement and are remade as of the Closing Date and shall not be deemed to be merged into or waived by the instruments of Closing, but shall survive Closing for a period of one (1) year. Seller and Purchaser shall have the right to bring an action thereon only if Seller or Purchaser, as the case may be, has given the other party written notice of the circumstances giving rise to the alleged breach within such 1 year period.

ARTICLE 8: INDEMNIFICATION

8.1 Seller's Indemnity. Seller agrees to indemnify, defend and hold Purchaser harmless from any liability, claim, demand, loss, expense or damage (collectively, "loss") that is: (a) suffered by, or asserted by any person or entity against, Purchaser arising from any act or omission of Seller, its agents, employees or contractors occurring on or before Closing; or (b) arising from any breach by Seller of any obligation related to the Property other than those obligations which by this Agreement, or any closing delivery, specifically becomes the obligation of Purchaser.

8.2 Purchaser's Indemnity. Purchaser agrees to indemnify, defend and hold Seller harmless of and from any loss that is: (a) suffered by, or asserted by any person or entity against, Seller arising from any act or omission of Purchaser, its agents, employees or contractors occurring on or after Closing; or (b) arising from any breach by Purchaser of any obligation of Purchaser related to the Property which by this Agreement, or any closing delivery, specifically becomes the obligation of Purchaser.

8.3 Procedure. The following provisions govern all actions for indemnity under this Article 8 and any other provision of this Agreement. Promptly after receipt by an indemnitee of notice of any claim, such indemnitee will, if a claim in respect thereof is to be made against the indemnitor, deliver to the indemnitor written notice thereof and the indemnitor shall have the right to participate in and, if the indemnitor agrees in writing that it will be responsible for any costs, expenses, judgments, damages, and losses incurred by the indemnitee with respect to such claim, to assume the defense thereof, with counsel mutually satisfactory to the parties; provided, however, that an indemnitee shall have the right to retain its own counsel, with the fees and expenses to be paid by the indemnitee, if the indemnitee reasonably believes that representation of such indemnitee by the counsel retained by

the indemnitor would be inappropriate due to actual or potential differing interests between such indemnitee and any other party represented by such counsel in such proceeding. The failure of indemnitee to deliver written notice to the indemnitor within a reasonable time after indemnitee receives notice of any such claim shall relieve such indemnitor of any liability to the indemnitee under this indemnity only if and to the extent that such failure is prejudicial to the indemnitor's ability to defend such action, and the omission so to deliver written notice to the indemnitor will not relieve it of any liability that it may have to any indemnitee other than under this indemnity. If an indemnitee settles a claim without the prior written consent of the indemnitor, then the indemnitor shall be released from liability with respect to such claim unless the indemnitor has unreasonably withheld such consent.

ARTICLE 9: DEFAULT

9.1 Seller's Default. If this transaction fails to close as a result of Seller's default, the Earnest Money shall be returned to Purchaser. In addition, Purchaser shall be entitled to such remedies for breach of contract as may be available at law and in equity, including without limitation, the remedy of specific performance.

9.2 Purchaser Default. If this transaction fails to close due to the default of Purchaser, Seller's sole remedy in such event shall be to terminate this Agreement and to retain the Earnest Money as liquidated damages, Seller waiving all other rights or remedies in the event of such default by Purchaser. The parties acknowledge that Seller's actual damages in the event of a default by Purchaser under this Agreement will be difficult to ascertain, and that such liquidated damages represent the parties' best estimate of such damages.

9.3 Other Expenses. If this Agreement is terminated due to the default of a party, then the defaulting party shall pay any fees due to the Escrow Agent for holding the Earnest Money and any fees due to the Title Company for cancellation of the Title Commitment.

ARTICLE 10: EARNEST MONEY PROVISIONS

10.1 Investment and Use of Funds. The Escrow Agent shall invest the Earnest Money in government insured interest-bearing accounts satisfactory to Purchaser, shall not commingle the Earnest Money with any funds of the Escrow Agent or others, and shall promptly provide Purchaser and Seller with confirmation of the investments made. If the Closing under this Agreement occurs, the Earnest Money shall be applied as a credit against the Purchase Price.

10.2 Termination before Expiration of Due Diligence Period. The Purchaser shall notify the Escrow Agent of the date that the

Due Diligence Period ends promptly after such date is established under this Agreement, and Escrow Agent may rely upon such notice. If Purchaser elects to terminate the Purchase Agreement pursuant to Paragraph 2.2, Escrow Agent shall pay the entire Earnest Money to Purchaser one business day following receipt of a copy of the Due Diligence Termination Notice from Purchaser (as long as the current investment can be liquidated in one day). No notice to Escrow Agent from Seller shall be required for the release of the Earnest Money to Purchaser by Escrow Agent. The Earnest Money shall be released and delivered to Purchaser from Escrow Agent upon Escrow Agent's receipt of a copy of the Due Diligence Termination Notice despite any objection or potential objection by Seller. Seller agrees it shall have no right to bring any action against Escrow Agent which would have the effect of delaying, preventing, or in any way interrupting Escrow Agent's delivery of the Earnest Money to Purchaser pursuant to this paragraph, any remedy of Seller being against Purchaser, not Escrow Agent.

10.3 Payment to Seller. In the event Purchaser does not elect to terminate this Agreement prior to the expiration of the Due Diligence Period, Escrow Agent shall pay the entire Earnest Money to Seller one (1) business day following the expiration of the Due Diligence Period. The Earnest Money shall be applied as a credit against the Purchase Price, but it shall not be refunded to Purchaser unless this transaction fails to close as a result of an adverse condition as described in Paragraph 2.5 or the occurrence of any event for which Purchaser has the express right to terminate this Agreement. If Purchaser elects to terminate this Agreement as a result of any event described in the preceding sentence, Seller shall return the Earnest Money to Purchaser within one (1) business day of such termination.

10.4 Interpleader. Seller and Purchaser mutually agree that in the event of any controversy regarding the Earnest Money, unless mutual written instructions are received by the Escrow Agent directing the Earnest Money's disposition, the Escrow Agent shall not take any action, but instead shall await the disposition of any proceeding relating to the Earnest Money or, at the Escrow Agent's option, the Escrow Agent may interplead all parties and deposit the Earnest Money with a court of competent jurisdiction in which event the Escrow Agent may recover all of its court costs and reasonable attorneys' fees. Seller or Purchaser, whichever loses in any such interpleader action, shall be solely obligated to pay such costs and fees of the Escrow Agent, as well as the reasonable attorneys' fees of the prevailing party in accordance with the other provisions of this Agreement.

10.5 Liability of Escrow Agent. The parties acknowledge that the Escrow Agent is acting solely as a stakeholder at their request and for their convenience, that the Escrow Agent shall not be deemed to be the agent of either of the parties, and that the

Escrow Agent shall not be liable to either of the parties for any action or omission on its part taken or made in good faith, and not in disregard of this Agreement, but shall be liable for its negligent acts and for any loss, cost or expense incurred by Seller or Purchaser resulting from the Escrow Agent's mistake of law respecting the Escrow Agent's scope or nature of its duties. Seller and Purchaser shall jointly and severally indemnify and hold the Escrow Agent harmless from and against all costs, claims and expenses, including reasonable attorneys' fees, incurred in connection with the performance of the Escrow Agent's duties hereunder, except with respect to actions or omissions taken or made by the Escrow Agent in bad faith, in disregard of this Agreement or involving negligence on the part of the Escrow Agent.

10.6 Escrow Fee. Except as expressly provided herein to the contrary, the escrow fee, if any, charged by the Escrow Agent for holding the Earnest Money or conducting the Closing shall be shared equally by Seller and Purchaser.

ARTICLE 11: MISCELLANEOUS

11.1 Parties Bound. Neither party may assign this Agreement without the prior written consent of the other, and any such prohibited assignment shall be void; provided, however, that Purchaser may assign this Agreement without Seller's consent to an Affiliate or to effect an Exchange pursuant to Paragraph 11.18 hereof. Subject to the foregoing, this Agreement shall be binding upon and inure to the benefit of the respective legal representatives, successors, assigns, heirs, and devisees of the parties. For the purposes of this paragraph, the term "Affiliate" means: (a) an entity that directly or indirectly controls, is controlled by or is under common control with Purchaser; or (b) an entity at least a majority of whose economic interest is owned by Purchaser; and the term "control" means the power to direct the management of such entity through voting rights, ownership or contractual obligations.

11.2 Headings. The article and paragraph headings of this Agreement are for convenience only and in no way limit or enlarge the scope or meaning of the language hereof.

11.3 Expenses. Except as otherwise expressly provided herein, each party hereto shall pay its own expenses incident to this Agreement and the transactions contemplated hereunder, including all legal and accounting fees and disbursements.

11.4 Invalidity and Waiver. If any portion of this Agreement is held invalid or inoperative, then so far as is reasonable and possible the remainder of this Agreement shall be deemed valid and operative, and, to the greatest extent legally possible, effect

shall be given to the intent manifested by the portion held invalid or inoperative. The failure by either party to enforce against the other any term or provision of this Agreement shall not be deemed to be a waiver of such party's right to enforce against the other party the same or any other such term or provision in the future.

11.5 Governing Law. This Agreement shall, in all respects, be governed, construed, applied, and enforced in accordance with the law of the state in which the Real Property is located.

11.6 Survival. The provisions of this Agreement that contemplate performance after Closing and the obligations of the parties not fully performed at Closing shall survive Closing and shall not be deemed to be merged into or waived by the instruments of Closing.

11.7 No Third Party Beneficiary. This Agreement is not intended to give or confer any benefits, rights, privileges, claims, actions, or remedies to any person or entity as a third party beneficiary, decree, or otherwise.

11.8 Entirety and Amendments. This Agreement embodies the entire agreement between the parties and supersedes all before agreements and understandings relating to the Property. This Agreement may be amended or supplemented only by an instrument in writing executed by the party against whom enforcement is sought.

11.9 Time. Time is of the essence in the performance of this Agreement.

11.10 Confidentiality. Seller shall make no public announcement or disclosure of any information related to this Agreement to outside brokers or third parties, before or after Closing, without the specific, prior written consent of Purchaser, except for such disclosures to Seller's lenders, creditors, officers, employees and agents as are necessary to perform Seller's obligations hereunder.

11.11 Attorneys' Fees. Should either party employ attorneys to enforce any of the provisions hereof, the party against whom any final judgment is entered agrees to pay the prevailing party all reasonable costs, charges, and expenses, including reasonable attorneys' fees, expended or incurred by the prevailing party in connection therewith.

11.12 Notices. All notices required or permitted hereunder shall be in writing and shall be served on the parties at the addresses set forth in Paragraph 1.1. Any such notices shall be either: (a) sent by overnight delivery using a nationally recognized overnight courier, in which case notice shall be deemed delivered one business day after deposit with such courier; (b)

sent by telefax, in which case notice shall be deemed delivered upon transmission of such notice; or (c) sent by personal delivery, in which case notice shall be deemed delivered upon receipt. A party's address may be changed by written notice to the other party; provided, however, that no notice of a change of address shall be effective until actual receipt of such notice. Copies of notices are for informational purposes only, and a failure to give or receive copies of any notice shall not be deemed a failure to give notice.

11.13 Construction. The parties acknowledge that the parties and their counsel have reviewed and revised this Agreement and that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement or any exhibits or amendments hereto.

11.14 Remedies Cumulative. The remedies provided in this Agreement shall be cumulative and, except as otherwise expressly provided shall not preclude the assertion or exercise of any other rights or remedies available by law, in equity or otherwise.

11.15 Calculation of Time Periods. Unless otherwise specified, in computing any period of time described herein, the day of the act or event after which the designated period of time begins to run is not to be included and the last day of the period so computed is to be included at, unless such last day is a Saturday, Sunday or legal holiday for national banks in the location where the Property is located, in which event the period shall run until the end of the next day which is neither a Saturday, Sunday, or legal holiday. The last day of any period of time described herein shall be deemed to end at 6 p.m, Pacific Standard Time.

11.16 Information and Audit Cooperation. At Purchaser's request, at any time before or after Closing, Seller shall provide to Purchaser's designated independent auditor access to the books and records of the Property, and all related information regarding the period for which Purchaser is required to have the Property audited under the regulations of the Securities and Exchange Commission, and Seller shall provide to such auditor a representation letter regarding the books and records of the Property, in substantially the form of Exhibit G attached hereto, in connection with the normal course of auditing the Property in accordance with generally accepted auditing standards. The Purchaser agrees to indemnify and hold harmless the Seller from any claim, damage, loss, or liability to which Seller is at any time subjected by any person who is not a party to this Agreement as a result of Seller's compliance with this paragraph.

11.17 Execution in Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, and all of such counterparts shall constitute one Agreement. To facilitate execution of this Agreement, the parties may execute and exchange by telephone facsimile counterparts of the signature pages.

11.18 Section 1031 Exchange. Purchaser and/or Seller may consummate the purchase and sale of the Property as part of a so-called like kind exchange (the "Exchange") pursuant to ss. 1031 of the Internal Revenue Code of 1986, as amended (the "Code"), provided that: (a) Closing shall not be delayed or affected by reason of the Exchange nor shall the consummation or accomplishment of the Exchange be a condition precedent or condition subsequent to Purchaser's obligations under this Agreement; (b) Purchaser and/or Seller shall effect the Exchange through an assignment of this Agreement, or their respective rights under this Agreement, to a qualified intermediary; (c) neither Seller nor Purchaser shall be required to take an assignment of the purchase agreement for the relinquished property or be required to acquire or hold title to any real property for purposes of consummating the Exchange; and (d) neither party shall pay any additional costs that would not otherwise have been incurred by such party had the other party not consummated its purchase through the Exchange. Purchaser and Seller shall not, by this agreement or acquiescence to the Exchange, have their respective rights under this Agreement affected or diminished in any manner or be responsible for compliance with or be deemed to have warranted to the other party that the Exchange in fact complies with ss. 1031 of the Code.

11.19 Further Assurances. In addition to the acts and deeds recited herein and contemplated to be performed, executed and/or delivered by either party at Closing, each party agrees to perform, execute and deliver, on or after Closing any further actions, documents, and will obtain such consents, as may be reasonably necessary or as may be reasonably requested to fully effectuate the purposes, terms and conditions of this Agreement or to further perfect the conveyance, transfer and assignment of the Property to Purchaser.

11.20 Limitation of Liability. In accordance with the declaration of trust of Purchaser, notice is hereby given that all persons dealing with Purchaser shall look solely to the assets of Purchaser for the enforcement of any claim against Purchaser, as neither the trustees, officers, employees nor shareholders of Purchaser assume any personal liability for obligations entered into by or on behalf of Purchaser.

11.21 Waiver of Jury Trial. TO THE EXTENT PERMITTED BY APPLICABLE LAW, THE PARTIES HEREBY IRREVOCABLY WAIVE ANY AND ALL

RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

[Signature Page Follows]

SIGNATURE PAGE TO PURCHASE AND SALE AGREEMENT BETWEEN PACIFIC RETAIL TRUST
AND
JS - JAMES CENTER ASSOCIATES, L.P.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year written below.

JS - JAMES CENTER ASSOCIATES, L.P.,
a _____

By: _____
Name: _____
Title:_____

Dated:_____

"Seller"

PACIFIC RETAIL TRUST, a Maryland
realestate investment trust

By: _____
Name: _____
Title:_____

Dated:

"Purchaser"

[signatures continue on following page]

CONTINUATION OF SIGNATURE PAGE TO PURCHASE AND SALE AGREEMENT
BETWEEN PACIFIC RETAIL TRUST
AND
JS - JAMES CENTER ASSOCIATES, L.P.

Escrow Agent has executed this Agreement in order to confirm that Escrow Agent has received and shall hold the Earnest Money and the interest earned thereon, in escrow, and shall disburse the Earnest Money, and the interest earned thereon, pursuant to the provisions of Article 10 hereof.

CHICAGO TITLE INSURANCE COMPANY

By: _____
Name: _____
Title: _____

Dated: _____ "Escrow Agent"

EXHIBIT A

LEGAL DESCRIPTION OF REAL PROPERTY

EXHIBIT B

PROPERTY INFORMATION

- Rent Roll. A rent roll ("Rent Roll") of the Property (and, in addition, Seller's most recent rent roll of the Property), containing the following information for each tenant:
  - Full name of tenant as shown on the Lease
  - Description of space leased to tenant, including suite number and square feet of net rentable area o Date of Lease and any amendments or guarantees thereto o Term of Lease with commencement and expiration dates o Options to extend term o Options to expand space o Annual base rental o Annual reimbursements for taxes, CAM, merchants' association, and other expenses
  - Percentage rental
  - Concessions, including free rent, construction allowances, etc.
  - Dates through which base and percentage rental have been paid
  - Rental collected in advance
  - Defaults by tenant
  - Security deposit and interest accrued thereon

- Operating Statements. Operating statements of the Property for the 36 months preceding the date of this Agreement ("Operating Statements").

- Commission Schedule and Agreements. A schedule ("Commission Schedule") and copies of all commission agreements related to the Leases or the Property.

- Service Contracts. A list together with copies of all management, service, supply, equipment rental and other contracts related to the operation of the Property ("Service Contracts").

- Leases. Copies of all leases and occupancy agreements including all amendments, guarantees, side letters and other relevant documents.

- Tax Statements. Copies or a summary of ad valorem tax statements for the current or most recently available tax period and for the prior 36 months including the Property's tax identification number(s).

- Tangible Personal Property. A current inventory of all tangible personal property and fixtures.

- Tenant Information:
  - Financial statements of all tenants under Leases covering prior 2 years
  - Information relative to tenant payment history
  - CAM, real estate taxes and insurance reconciliations by tenant
  - Tenants' allocation of CAM, real estate taxes and insurance reimbursements for the prior 2 years
  - A gross sales report for the last 3 years (and current year if available) for each tenant paying percentage rent
  - All tenant correspondence

- Maintenance Records. All maintenance work orders for the prior 12 months.

- List of Capital Improvements. A list of all capital improvements performed on the Property within the prior 24 months.

- Reports. Any environmental, soil, structural engineering and drainage reports, assessments, audits and surveys.

- As-Built Survey. All existing as-built surveys of the Property.

- Site Plans. All site plans relating to the Property.

- Square Footage. A square footage breakdown of the Property by building.

- As-Built Plans and Specifications. All as-built construction, architectural, mechanical, electrical, plumbing, landscaping and grading plans and specifications relating to the Property and any major capital repairs or tenant improvements (including bay depths and fire protection specifications).

- Parking Information. A parking plan (which may be reflected in the Survey) showing the number of parking spaces for the Property, and a comparison to the number of parking spaces for the Property required by zoning requirements applicable to the Property.

- Permits and Warranties. Copies of all warranties and guaranties, permits, certificates of occupancy, licenses and other approvals.

- Financial Statements. Copies of financial statements reflecting the operation of the Property for the prior 3 calendar years, including statements of cash flow and year-end balance sheets, and statements of income, expense, accounts

payable and accounts receivable for each such year, each prepared in accordance with generally accepted accounting principles consistently applied, and fairly presenting the financial position of Seller with respect to the Property at the end of each such year and the results of the operations thereof for such year.

- Operating Information. Copies of all utilities bills relating to the Property for the prior 12 calendar months and a list of any utility company deposits, all service contract billings, all certificates of insurance of each tenant, all tax returns relating to the Property for the past calendar year, details of any reserves and the back-up for any projections upon which the reserves are based, year-to-date general ledger, and accounts receivable aging report.

- Management Report. Copies of monthly management reports for the Property for the past 3 calendar years and for the current year-to-date.

- Budget. Seller's most recent budget for the Property, including the forthcoming year, if applicable.

- Insurance. Copies of Seller's certificate of insurance for the Property, all insurance policies, a loss history, a list of any current claims relating to the Property, and any notices received by insurance carriers.

- Proceedings. Copies of any documents or materials relating to any litigation, investigation, condemnation, or proceeding of any kind pending or threatened affecting any of the Property or the ability of Seller to consummate the transaction contemplated by this Agreement.

- General. Any other documents or information pertaining to the Property in Seller's possession or control or in the possession or control of Seller's agents or independent contractors.

- CCR'S. Copies of all covenants, conditions and restrictions or similar instruments governing or affecting the use, operation, maintenance, management or improvement of the Property including all amendments, modifications, supplements and other relevant documents.

EXHIBIT C

TENANT ESTOPPEL CERTIFICATE

The undersigned ("Tenant") hereby certifies to Pacific Retail Trust, a Maryland Real Estate Investment Trust, its successors and assigns (collectively, "Buyer") and each of their mortgagees and their respective successors and assigns (collectively "Lender") as follows:

1. [Name of Tenant] is the lessee of square feet of leasable area (the "Premises") in the James Center Shopping Center located in County, Washington ("Property"), under a lease agreement dated , 199 (as modified or amended, the "Lease") entered into between Tenant and JS - James Center Associates, L.P., or its predecessor in interest as lessor ("Lessor") as modified by the documents, if any, attached hereto as Exhibit A.

2. The Lease is in full force and effect, and, to the best of Tenant's knowledge, Tenant is not in default thereunder. To the best of Tenant's knowledge, there exist no facts that would constitute a basis for any default under the Lease upon the lapse of time or the giving of notice or both.

3. The Lease, in the form of Exhibit A hereto, constitutes the entire agreement between the Lessor and Tenant and there are no amendments, written or oral, to the Lease except as included in Exhibit A. Tenant has no options or rights to extend the term of the Lease, expand the Premises, or purchase the Property or any portion thereof except as set forth in the Lease. The Lease has not been assigned, transferred or hypothecated by Tenant, nor the Premises or any portion thereof sublet, except as set forth in the documents attached as Exhibit A hereto.

4. All construction, maintenance, and repair obligations of Lessor have been performed in full and all allowances or other amounts payable to Tenant under the Lease have been paid in full by Lessor. All conditions of the Lease to be performed by Lessor and necessary to the obligation of Tenant to perform its obligations under the Lease have been performed. All portions of the Premises and any additional space required to be delivered to Tenant under the Lease have been delivered. Tenant does not currently have, and hereby waives, any and all termination, abatement, or offset rights based on the failure of Lessor to timely and adequately perform any of its obligations under the Lease prior to the date hereof. To the extent Tenant's Lease affords Tenant any right to approve or confirm any matters relating to permitting, signage, zoning or variances, and other matters pertaining to the use and occupancy of

the Premises, all such matters have been approved by Tenant and Tenant waives any right to object to any such matters.

5. Tenant has accepted the Premises and is paying rent under the Lease. Tenant has not made any prepayment of rent or other charges more than one (1) month in advance and no payments have been made by Tenant except as provided in the Lease.

6. The term of the Lease commenced on , 199 and will end on , 199 at a monthly base rental (exclusive of Tenant's obligation to pay common area maintenance costs, percentage rents, expenses, taxes, or insurance) of [Base Rent] [Increase details]. There are no concessions, bonuses, free rental periods, rebates, credits or other matters affecting the rental for Tenant under the Lease except as described in Exhibit A hereto. Tenant is currently paying [pass-through details] as Tenant's share of common area maintenance costs and other expense pass-throughs.

7. As of the date of this certificate, to the knowledge of Tenant, there exist no offsets, abatements, reductions in rent, counterclaims or defenses of Tenant under the Lease against Lessor, except as expressly described in Exhibit A, and, to the knowledge of Tenant, there exist no events that would constitute a basis for such offset, abatement, reduction, counterclaim or defense against Lessor upon the lapse of time or the giving of notice or both. Tenant has no right to or claims for the refund of any rents or other sums heretofore paid to Lessor (excluding the right to a refund of any security deposit paid by Tenant in the amount set forth in Paragraph 8 hereof).

8. The amount of prepaid rent or lease deposit, however referred to, paid under the terms of the Lease is $. To Tenant's knowledge, no portion of the foregoing amount has been applied by Lessor to the payment of rent or any other amounts due under the Lease.

9. Tenant acknowledges that the Lessor's interest in the Lease will be assigned to Buyer and agrees, upon receipt of notice of such assignment from Buyer, to attorn to Buyer, to recognize Buyer as the Lessor for all purposes, and to perform all of Tenant's obligations as lessee under the Lease, including, without limitation, the payment of rent, directly to Buyer, or its agent, as the Lessor under the Lease, from and after the date of such notice.

10. To the extent Tenant's Lease affords Tenant such rights, Tenant has approved the site plan for the Property and approves the design, configuration, location, use, and operation of all improvements located on the Property as complying with the approved site plan. All common areas located on the Property

comply in full with the requirements of the Lease. All parking requirements of the Lease have been satisfied in full. The exclusive rights and other restrictions contained in the Lease have been satisfied and there is no violation thereof by any previous or existing lessor or by any third party. Tenant has no right to terminate the Lease or cease operating based upon a breach of any cotenancy provisions or any other provision of the Lease conditioning Tenant's performance of its obligations under the Lease on the occupancy of other premises by other tenants.

11. Tenant has not filed and is not the subject of any filing for bankruptcy or reorganization under federal bankruptcy laws.

12. The address for notices to Tenant under the Lease is correctly set forth in the Lease.

13. All exhibits attached hereto are by this reference incorporated fully herein and are true, correct, and complete. The term "this certificate" shall be considered to include all such exhibits.

14. All guarantors of the Lease ("Guarantor") are identified below and by their execution below consent to and confirm all obligations under any such guaranty and all covenants and certifications set forth in this estoppel certificate.

15. This certificate may be executed in any number of counterparts, any of which may contain the signatures of less than all of the parties, and all of which shall be construed together as but a single instrument.

16. This certificate may be relied upon and shall inure to the benefit of Buyer and Lender and shall be binding upon Tenant, Guarantor and each of their respective successors and assigns.

[Signature block continued on next page.]

[Signature block continued from previous page.]

EXECUTED_____, 1998.

TENANT:

_____

By:
Name:
Title:

GUARANTOR 1:

_____

By:
Name:
Title:

GUARANTOR 2:

_____

By:
Name:
Title:

STATE OF _____)
) ss.
COUNTY OF _____)

Sworn to and subscribed before me by _____ on this day of _____, 1998.

_____
Notary Public

_____
Printed Name of Notary

My Commission Expires:

STATE OF _____)
) ss.
COUNTY OF _____)

Sworn to and subscribed before me by _____ on this _____ day of_____, 1998.

Notary Public

Printed Name of Notary

My Commission Expires:

STATE OF)

) ss.
COUNTY OF)

Sworn to and subscribed before me by _____ on this_____ day of _____, 1998.

_____
Notary Public

_____
Printed Name of Notary

My Commission Expires:

EXHIBIT D

SURVEY CERTIFICATION FORM

To: Pacific Retail Trust ("Purchaser"), Wells Fargo Realty Advisors Funding, Incorporated, and Chicago Title Insurance Company

The undersigned Registered Public Engineer (the "Engineer") hereby certifies that (a) this plat of survey and the property description set forth hereon are true and correct and prepared from an actual on-the-ground survey of the real property (the "Property") shown hereon and is the same property that is described in Chicago Title Insurance Company Commitment No. dated , 1998; (b) such survey was conducted by the Engineer, or under his supervision and was made in accordance with "Minimum Standard Detail Requirements for ALTA/ACSM Land Title Surveys, "jointly established and adopted by ALTA and ACSM in 1997, as defined therein and includes Items 1, 2, 3, 4, 6, 7(a), 7(c), 8, 9, 10, 11, 13, 14, 15, and 16 of Table A thereof, indicates all access easements and off-site easements appurtenant, and meets the accuracy requirements of an Urban Survey, as defined therein; (c) all monuments shown hereon actually exist, and the location, size and type of material thereof are correctly shown; (d) except as shown hereon, there are no encroachments onto the Property or protrusions therefrom, there are no visible easements or rights-of-way on the Property and there are no visible discrepancies, conflicts, shortages in area or boundary line conflicts; (e) the size, location and type of improvements are as shown hereon, and all are located within the boundaries of the Property and set back from the Property lines the distances indicated; (f) the distance from the nearest intersecting street or road is as shown; (g) the Property has access to and from a public roadway; (h) all recorded easements have been correctly platted hereon; and (i) the boundaries, dimensions and other details shown hereon are true and correct.

The survey correctly shows the zone designation of any area shown as being within a Special Flood Hazard Area according to current Federal Emergency Management Agency Maps which make up a part of the National Flood Insurance Administration Report; Community No. , Panel No. dated .

EXECUTED this _____day of_____,1998.

Registered Public Engineer
No.

No._____

Address:_____
_____
_____

(SEAL)

EXHIBIT E

BILL OF SALE AND
ASSIGNMENT OF LEASES, CONTRACTS AND PERSONAL PROPERTY

This instrument is executed and delivered pursuant to that certain Purchase and Sale Agreement (the "Agreement") dated _____ between JS - - JAMES CENTER ASSOCIATES, L.P. ("Seller") and PACIFIC RETAIL TRUST ("Purchaser") covering the real property described in Schedule 1 attached hereto ("Real Property"). All capitalized terms that are used by not defined herein shall have the same meanings ascribed to such terms in the Agreement.

1. Assignment and Assumption. For good and valuable consideration Seller hereby assigns and conveys to Purchaser, and Purchaser hereby accepts:

(a) Leases. All of Seller's right, title and interest in and to the leases ("Leases") as set forth on the Rent Roll attached hereto as Schedule 2, and Purchaser hereby assumes all of Seller's obligations under the Leases arising from and after Closing (as defined in the Agreement) but as to Seller's obligations with regard to security deposits and other deposits, only to the extent the security deposits have been transferred or credited to Purchaser;

(b) Tangible Personalty. All right, title and interest of Seller in and to all tangible personal property now owned by Seller and used in connection with the operation, ownership, maintenance, management, or occupancy of the Real Property, including, without limitation, all equipment, machinery, heating, ventilating and air conditioning units, furniture, art work, furnishings, trade fixtures, office equipment and supplies, and, whether stored on or off-site, all tools and maintenance equipment, supplies, and construction and finish materials not incorporated in the Improvements and held for repairs and replacements, except any such tangible personal property belonging to tenants under the Leases and specifically including the personal property listed on Schedule 3 attached hereto;

(c) Intangible Personalty. All right, title and interest of Seller in and to all intangible personal property now owned by Seller and used in connection with the operation, ownership, maintenance, management, or occupancy of the Real Property, including, without limitation, any and all of the following: trade names and trade marks associated with the Real Property, including, without limitation the name of the Real Property ("James Center"); the plans and specifications for the Improvements, including as-built plans; unexpired warranties, guarantees, indemnities and claims against third parties; contract rights related to the

construction, operation, repair, renovation, ownership or management of the Real Property that are expressly assumed by Purchaser pursuant to this Agreement; pending permit or approval applications, permits, approvals and licenses (to the extent assignable); insurance proceeds and condemnation awards to the extent provided in the Agreement; and books and records relating to the Property; and

(d) Contracts. All of Seller's right, title and interest in and to the contracts ("Contracts") described in Schedule 4 attached hereto, and Purchaser hereby assumes the obligations of Seller under such contracts arising from and after Closing.

2. Warranty. Seller represents and warrants to Purchaser that it is the owner of the property described above, that such property is free and clear of all liens, charges and encumbrances other than the Permitted Exceptions (as defined in the Agreement), and Seller warrants and defends title to the above-described property unto Purchaser, its successors and assigns, against any person or entity claiming, or to claim, the same or any part thereof, subject only to the Permitted Exceptions as defined in the Agreement.

3. Indemnification. Seller shall defend, indemnify and hold harmless Purchaser from and against any liability, damages, causes of action, expenses, and attorneys' fees incurred by Purchaser by reason of the failure of Seller to fulfill, perform, discharge, and observe its obligations with respect to the Leases and the Contracts arising before the Closing Date (as defined in the Agreement). Purchaser shall defend, indemnify and hold harmless Seller from and against any liability, damages, causes of action, expenses, and attorneys' fees incurred by Seller by reason of the failure of Purchaser to fulfill, perform, discharge, and observe the obligations assumed by it under this instrument with respect to the Leases or the Service Contracts arising after the date hereof.

4. Limitation of Liability of Trustees. In accordance with the declaration of trust of Purchaser, notice is hereby given that all persons dealing with Purchaser shall look to the assets of Purchaser for the enforcement of any claim against Purchaser, as neither the trustees, officers, employees nor shareholders of purchasers assume any personal liability for obligations entered into by or on behalf of Purchaser.

SELLER:

JS - JAMES CENTER ASSOCIATES, L.P.,
a _____

By:_____
Name:_____
Title:_____

PURCHASER:

PACIFIC RETAIL TRUST, a Maryland real estate investment trust

By:_____
Name:_____
Title:_____

EXHIBIT F

NOTICE TO TENANTS

[Date of Sale]

CERTIFIED MAIL
RETURN RECEIPT REQUESTED
P_____

FirstName LastName
Job Title
Company
Address
City, State Postal Code

Re: Sale of Property - James Center, Tacoma, Washington
Lease Agreement dated _____ by and between _____
("Tenant") and _____ ("Landlord")

Dear _____:

As required in the Notice Provision of your Lease Agreement and by applicable Washington law, if any, notice from both Seller and Purchaser is hereby given that effective _____, 199__, Landlord has sold James Center Shopping Center, located in Tacoma, Washington to Pacific Retail Trust. All future rental payments should be sent as follows:

Please note the following:

1) All future rental payments should be sent as follows:

Make checks payable to: Pacific Retail Trust - [Insert Property]

Mail payment to: Pacific Retail Trust - [Insert Property]
P.O. Box [Insert Box #]
Dallas, TX [Insert Zip Code]

2) All questions regarding financial payment should be directed to [Insert Lease Administrator], Lease Administration at 800/529-4506 or 214/340-2330 and 214/503-6026 (fax), 10675 East Northwest Highway, Suite 2630, Dallas, Texas 75238.

3) Please contact your insurance agent immediately and instruct them to change the name of the Certificate Holder and Additional Insured as required in your Lease Agreement to reflect the new owner, Pacific Retail Trust. Promptly forward a copy via fax and mail the original to the Dallas address noted above within the next ten days:

4) Your Contact for property management is:

Property Manager: [Insert Director, Property Operations]
Pacific Retail Trust
[Insert Street Address]
[Insert City], [Insert State] [Insert Zip Code]
Telephone Number: [Insert #]
FAX Number: [Insert #]

5) Attached is an Emergency Contact Form. Please complete as requested and return to [Insert Director, Property Operations] at the above address.

6) Attached you will find a Certificate of Non-Foreign status in which the Purchaser, Pacific Retail Trust certifies Purchaser is not a foreign entity. Additionally, the Purchaser's U.S. employer identification number and Purchaser's principal place of business is also provided for your records.

All of the Landlord's interest in your lease will be held by the new owner, Pacific Retail Trust, including transfer and recognition of tenant's security deposit in the amount of ($Secdep) and the new owner will from and after the date hereof be responsible for such deposit.

Service of Legal Notice shall be addressed to:

Pacific Retail Trust
8140 Walnut Hill Lane, Suite 400
Dallas, TX 75231
Attn: Dennis H. Alberts

Very truly yours,

[Insert Seller's Signature Block]
[Insert Corporation/Partnership, State]

By:

Name:

Title:

"SELLER"

PACIFIC RETAIL TRUST,
a Maryland real estate investment trust

By:

Name: [Name of VP/Due Diligence]

Its: Vice President

"PURCHASER"

30177448.6 40899 1702C 98484215

CERTIFICATE OF NON-FOREIGN STATUS

To: Lessee

Definitions: Lessee: [Tenant]
Lease: Lease Agreement by and between Lessee, JS - James Center Associates, L.P., a _____ ("Seller")

Certain provisions of the Internal Revenue Code of the United Stats (the "Code") provide that a lessee of a U.S. real property interest must, under certain circumstances, withhold tax from lease payments if the lessor is a "foreign person," as that term is used in the Code. The undersigned ("Purchaser") has purchased the James Center Shopping Center from Seller and assumed the position of lessor under the Lease, and associated documents. With respect to the applicable Code provisions, the undersigned hereby certifies:

Purchaser is not a foreign person, foreign corporation, foreign partnership, foreign trust, or foreign estate (as those terms are defined in the Code and associated regulations);

Purchaser's U.S. employer identification number is ID 74-6426985;

Purchaser's principal place of business is:

Pacific Retail Trust
8140 Walnut Hill Lane, Suite 400
Dallas, TX 75231

Purchaser understands and agrees that this certificate may be relied upon by Lessee and may be disclosed to the Internal Revenue Service by Lessee.

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 this document on behalf of Purchaser, either as an officer or an authorized agent of the Purchaser's corporation.

PURCHASER: PACIFIC RETAIL TRUST

By:
Name:
Title:

EXHIBIT G

AUDIT LETTER

[Company Letterhead]

(Date)
(date of the auditor's report)

Price Waterhouse LLP
2001 Ross Avenue
Suite 1800
Dallas, Texas 75201

Dear Sirs:

We confirm, to the best of our knowledge and belief, the following representations made to you during your audit of the financial statements of for the year ended December 31, 199 for the purpose of expressing an opinion as to whether the financial statements present fairly the results of operations of in conformity with generally accepted accounting principles.

1. We acknowledge management's responsibility for the fair presentation in the financial statements of results of operations in conformity with generally accepted accounting principles.

2. All financial and accounting records and related data have been made available to you. We are not aware of any accounts, transactions or material agreements not fairly described and properly recorded in the financial and accounting records underlying the financial statements.

3. We are not aware of (a) any irregularities involving management or employees who have significant roles in the system of internal accounting control, or any irregularities involving other employees that could have a material effect on the financial statements, or (b) any violations or possible violations of laws or regulations, the effects of which should be considered for disclosure in the financial statements or as a basis for recording a loss contingency. There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in financial reporting practices that could have a material effect on the financial statements. The company has complied with all aspects of contractual agreements that would have a material effect on the financial statements.

4. There are no other material liabilities or gain or loss contingencies that are required to be accrued or disclosed by

Statement of Financial Accounting Standards No. 5 and no unasserted claims or assessments that our legal counsel has advised us are probable of assertion and required to be disclosed in accordance with that Statement.

5. No matters or occurrences have come to our attention up to the date of this letter that would materially affect the financial statements for the year ended December 31, 199 or, although not affecting such financial statements, have caused or are likely to cause any material change, adverse or otherwise, in the results of operations of the property.

(Signatures)

FIRST AMENDMENT TO AGREEMENT OF PURCHASE AND SALE
[James Center, Tacoma, Pierce County, Washington]

THIS FIRST AMENDMENT TO PURCHASE AND SALE AGREEMENT (this "First Amendment") is made as of the ___ day of November, 1998, by and among JS - JAMES CENTER ASSOCIATES, L. P., a Washington limited partnership, acting herein by and through its general partner, Johnson Capital Corp. ("Seller") and PACIFIC REALTY TRUST, a Maryland real estate investment trust ("Purchaser").

W I T N E S S E T H:

WHEREAS, Seller and Purchaser have heretofore entered into that certain Agreement of Purchase and Sale dated October 6, 1998 (the "Agreement"), pertaining to the real property located in Tacoma, Pierce County, Washington, such real property being more particularly described in the Agreement;

WHEREAS, Seller and Purchaser hereby desire to amend the Agreement as more particularly set forth below;

NOW THEREFORE, for and in consideration of Ten Dollars ($10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the parties hereto, Seller and Purchaser agree as follows:

1. All capitalized terms used herein shall have the same meaning as defined in the Agreement, unless otherwise defined in this First Amendment.

2. The Due Diligence Period as defined in Paragraph 1.1(f) and used in the Agreement is hereby amended to reflect that the Due Diligence Period shall be the period ending on December 24, 1998 (the "First Extension Period"), and the Purchaser shall have the right to extend the Due Diligence Period for an additional thirty (30) day period thereafter, ending on January 25, 1999 (the "Second Extension Period").

3. The outside Closing Date described in Paragraph 1.1(g) of the Agreement is hereby revised to read "or after February 24, 1999 unless further extended as provided in Paragraph 2.8 below."

4. Notwithstanding anything to the contrary in the Agreement, as consideration for the extensions, Purchaser and Seller hereby agree that $12,500.00 of the Earnest Money shall become non refundable and be paid by Escrow Agent to Seller, subject to the conditions set forth below, upon the beginning of the First Extension Period and upon the beginning of the Second Extension Period (the "Extension Fee"). Escrow Agent shall be authorized to release the Extension Fee for the First Extension Period and, if extended by Purchaser, the Second

Extension Period immediately upon receipt of written notification from Purchaser that it has elected to proceed with the applicable extension. In the event Purchaser elects to terminate the Agreement pursuant to any of the termination rights set forth in Sections 2.3, 2.5, 2.7(c) or 2.8 of the Agreement, the Earnest Money (including, but not limited to, any Extension Fee) shall be returned to Purchaser. In the event the Purchaser elects to purchase the Property, the Extension Fee for the First Extension Period and, if applicable, the Second Extension Period, shall be treated as Earnest Money and applied to the Purchase Price.

5. Except as amended herein, the Agreement shall remain in full force and effect. In the event of any conflicts or inconsistencies between the provisions of this First Amendment and the provisions of the Agreement, the provisions of this First Amendment shall control.

6. This First Amendment may be executed in any number of counterparts, each of which shall be deemed to be an original, and all of such counterparts shall constitute one agreement. To facilitate execution of this First Amendment, the parties may execute and exchange facsimile counterparts of the signature pages, and facsimile counterparts shall serve as originals.

IN WITNESS WHEREOF, the parties hereto have executed this First Amendment as of the date first above written.

JS - JAMES CENTER ASSOCIATES, L.P.,
a Washington limited partnership

By: JOHNSON CAPITAL CORP.,
its general partner

By: _____
Name: _____
Title:_____

"Seller"

PACIFIC RETAIL TRUST,
a Maryland real estate investment trust

By: _____
Name:_____
Title:_____
"Purchaser"

30182176.3 40899 1705C 98484215

SECOND AMENDMENT TO AGREEMENT OF PURCHASE AND SALE
[James Center, Tacoma, Pierce County, Washington]

THIS SECOND AMENDMENT TO PURCHASE AND SALE AGREEMENT (this "Second Amendment") is made as of the ___ day of December, 1998, by and among JS - JAMES CENTER ASSOCIATES, L. P., a Washington limited partnership, acting herein by and through its general partner, Johnson Capital Corp. ("Seller") and PACIFIC RETAIL TRUST, a Maryland real estate investment trust ("Purchaser").

W I T N E S S E T H:

WHEREAS, Seller and Purchaser have heretofore entered into that certain Agreement of Purchase and Sale dated October 6, 1998, as amended by that certain First Amendment to Agreement of Purchase and Sale dated November 24, 1998 (the "Agreement"), pertaining to the real property located in Tacoma, Pierce County, Washington, such real property being more particularly described in the Agreement;

WHEREAS, Seller and Purchaser hereby desire to amend the Agreement as more particularly set forth below;

NOW THEREFORE, for and in consideration of Ten Dollars ($10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the parties hereto, Seller and Purchaser agree as follows:

1. All capitalized terms used herein shall have the same meaning as defined in the Agreement, unless otherwise defined in this Second Amendment.

2. Purchaser hereby exercises its right to extend the Due Diligence Period for an additional thirty (30) day period ending on January 25, 1999 (the "Second Extension Period").

3. Purchaser hereby instructs Escrow Agent to release $12,500.00 of the Earnest Money to Seller as the Extension Fee for the Second Extension Period, subject to the conditions set forth below and in the Agreement. In the event Purchaser elects to terminate the Agreement pursuant to any of the termination rights set forth in Section 3.2 of the Agreement, the Earnest Money (including, but not limited to, any Extension Fee) shall be returned to Purchaser.

4. Except as amended herein, the Agreement shall remain in full force and effect. In the event of any conflicts or inconsistencies between the provisions of this Second Amendment and the provisions of the Agreement, the provisions of this Second Amendment shall control.

5. This Second Amendment may be executed in any number of counterparts, each of which shall be deemed to be an original, and all of such counterparts shall constitute one agreement. To facilitate execution of this Second Amendment, the parties may execute and exchange facsimile counterparts of the signature pages, and facsimile counterparts shall serve as originals.

IN WITNESS WHEREOF, the parties hereto have executed this Second Amendment as of the date first above written.

JS - JAMES CENTER ASSOCIATES, L.P.,
a Washington limited partnership

By: JOHNSON CAPITAL CORP.,
its general partner

By: _____
Name:_____
Title:_____
"Seller"

PACIFIC RETAIL TRUST,
a Maryland real estate investment trust

By: _____
Name:_____
Title:_____
"Purchaser"

THIRD AMENDMENT TO AGREEMENT OF PURCHASE AND SALE
[James Center, Tacoma, Pierce County, Washington]

THIS THIRD AMENDMENT TO PURCHASE AND SALE AGREEMENT (this "Third Amendment") is made as of the ___ day of January, 1999, by and among JS - JAMES CENTER ASSOCIATES, L. P., a Washington limited partnership, acting herein by and through its general partner, Johnson Capital Corp. ("Seller") and PACIFIC RETAIL TRUST, a Maryland real estate investment trust ("Purchaser").

W I T N E S S E T H:

WHEREAS, Seller and Purchaser have heretofore entered into that certain Agreement of Purchase and Sale dated October 6, 1998, as amended by that certain First Amendment to Agreement of Purchase and Sale dated November 24, 1998 and that certain Second Amendment to Agreement of Purchase and Sale dated December __, 1998 (as amended, the "Agreement"), pertaining to the real property located in Tacoma, Pierce County, Washington, such real property being more particularly described in the Agreement;

WHEREAS, Seller and Purchaser hereby desire to amend the Agreement as more particularly set forth below;

NOW THEREFORE, for and in consideration of Ten Dollars ($10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the parties hereto, Seller and Purchaser agree as follows:

1. All capitalized terms used herein shall have the same meaning as defined in the Agreement, unless otherwise defined in this Third Amendment.

2. The Due Diligence Period is hereby extended and will expire at 6:00 p.m., Pacific Standard Time on February 8, 1999 (the "Third Extension Period").

3. As consideration for the Third Extension Period, Purchaser and Seller hereby agree that $12,500.00 of the Earnest Money shall be released by Escrow Agent to Seller upon the full execution of this Third Amendment (the "Third Extension Fee"). Notwithstanding anything to the contrary in the Agreement, it is understood and agreed that (i) the Extension Fee for the First Extension Period and Second Extension Period and the Third Extension Fee (being in the aggregate amount of $37,500.00 and collectively referred to as the "Extension Fees") shall be treated as Earnest Money and applied to the Purchase Price in the event Purchaser elects to purchase the Property and (ii) the Earnest Money (including, but not limited to, the Extension Fees) shall be fully refunded to Purchaser in the event Purchaser elects to terminate the Agreement pursuant to any of the termination rights set forth in Paragraphs 2.3, 2.5, 2.7(c), 2.8 or 3.2 of the Agreement or in the event that certain Assignment and

Assumption of Lease and Second Amendment to Lease has not been fully executed by Fred Meyer and Associated Grocers, the form and content of which document must be acceptable to Purchaser, prior to the expiration of the Due Diligence Period.

4. With respect to the termination rights in Paragraph 3.2 of the Agreement, Purchaser has objected, and continues to object, to numerous title exceptions which relate to the Real Property. In the event each of these title exceptions is not resolved to Purchaser's satisfaction prior to the expiration of the Due Diligence Period and Purchaser elects to terminate the Agreement, the Earnest Money (including, but not limited to the Extension Fees) shall be fully refunded to Purchaser.

5. Except as amended herein, the Agreement shall remain in full force and effect. In the event of any conflicts or inconsistencies between the provisions of this Third Amendment and the provisions of the Agreement, the provisions of this Third Amendment shall control.

6. This Third Amendment may be executed in any number of counterparts, each of which shall be deemed to be an original, and all of such counterparts shall constitute one agreement. To facilitate execution of this Third Amendment, the parties may execute and exchange facsimile counterparts of the signature pages, and facsimile counterparts shall serve as originals.

IN WITNESS WHEREOF, the parties hereto have executed this Third Amendment as of the date first above written.

JS - JAMES CENTER ASSOCIATES, L.P.,
a Washington limited partnership

By: JOHNSON CAPITAL CORP.,
its general partner

By: _____
Name:_____
Title: _____
"Seller"

30186522.3 40899 1707C 98484215

PACIFIC RETAIL TRUST,
a Maryland real estate investment trust

By: _____
Name:_____
Title:_____
"Purchaser"

FOURTH AMENDMENT TO AGREEMENT OF PURCHASE AND SALE
[James Center, Tacoma, Pierce County, Washington]

THIS FOURTH AMENDMENT TO PURCHASE AND SALE AGREEMENT (this "Fourth Amendment") is made as of the 8th day of February, 1999, by and among JS - JAMES CENTER ASSOCIATES, L. P., a Washington limited partnership, acting herein by and through its general partner, Johnson Capital Corp. ("Seller") and PACIFIC RETAIL TRUST, a Maryland real estate investment trust ("Purchaser").

W I T N E S S E T H:

WHEREAS, Seller and Purchaser have heretofore entered into that certain Agreement of Purchase and Sale dated October 6, 1998, as amended by that certain First Amendment to Agreement of Purchase and Sale dated November 24, 1998, that certain Second Amendment to Agreement of Purchase and Sale dated December __, 1998 and that certain Third Amendment to Agreement of Purchase and Sale dated January 25, 1999 (as amended, the "Agreement"), pertaining to the real property located in Tacoma, Pierce County, Washington, such real property being more particularly described in the Agreement;

WHEREAS, Seller and Purchaser hereby desire to amend the Agreement as more particularly set forth below;

NOW THEREFORE, for and in consideration of Ten Dollars ($10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the parties hereto, Seller and Purchaser agree as follows:

1. All capitalized terms used herein shall have the same meaning as defined in the Agreement, unless otherwise defined in this Fourth Amendment.

2. The Purchase Price is hereby reduced to Twelve Million Four Hundred Thousand and No/100 Dollars ($12,400,000.00).

3. Purchaser has agreed to give Fred Meyer an aggregate rental reduction of $30,000.00 per year. Accordingly, it is understood and agreed that Purchaser shall receive a credit against the Purchase Price at Closing in the amount of One Hundred Thousand and No/100 Dollars ($100,000.00) pursuant to Paragraph 1.4 of the Agreement, which will result in a net Purchase Price to Purchaser of $12,300,000.00.

4. Notwithstanding anything to the contrary set forth in the Agreement, in the event that certain Assignment and Assumption of Lease and Second Amendment to Lease (the form and content of which must be acceptable to Purchaser) has not been fully executed by Associated Grocers, on or before 6:00 p.m., Pacific Standard Time, on February 15, 1999, Purchaser

shall have the right to terminate the Agreement, and the Earnest Money (including, but not limited to, the Extension Fees) shall be fully refunded to Purchaser.

5. Purchaser has provided Seller with specific written comments and objections to the Tenant Estoppels that were previously submitted to Purchaser which have not been resolved to Purchaser's satisfaction. The expiration of the Due Diligence Period shall not be deemed a waiver by Purchaser of any such comments and objections. At least five (5) days before the Closing Date, Purchaser shall have received updated Tenant Estoppels from the tenants specified in Paragraph 2.3 of the Agreement which are dated no earlier than thirty (30) days prior to the Closing Date and contain all of the revisions requested by Purchaser but no other changes other than those which are acceptable to Purchaser in its sole discretion. If the required Tenant Estoppels are not delivered to Purchaser, Purchaser shall have the rights described in Paragraph 2.3.

6. Purchaser has objected, and continues to object, to those certain title exceptions which relate to the Real Property and are described on Exhibit A attached hereto. Seller agrees that it is obligated to cure each of the title objections described on Exhibit A prior to Closing. In the event each of these title exceptions is not resolved to Purchaser's satisfaction prior to the Closing, Purchaser shall have the right to terminate the Agreement, and the Earnest Money (including, but not limited to the Extension Fees) shall be fully refunded to Purchaser.

7. Except as amended herein, the Agreement shall remain in full force and effect. In the event of any conflicts or inconsistencies between the provisions of this Fourth Amendment and the provisions of the Agreement, the provisions of this Fourth Amendment shall control.

8. This Fourth Amendment may be executed in any number of counterparts, each of which shall be deemed to be an original, and all of such counterparts shall constitute one agreement. To facilitate execution of

this Fourth Amendment, the parties may execute and exchange facsimile counterparts of the signature pages, and facsimile counterparts shall serve as originals.

IN WITNESS WHEREOF, the parties hereto have executed this Fourth Amendment as of the date first above written.

JS - JAMES CENTER ASSOCIATES, L.P.,
a Washington limited partnership

By: JOHNSON CAPITAL CORP.,
its general partner

By: _____
Name:_____
Title:_____

"Seller"

PACIFIC RETAIL TRUST,
a Maryland real estate investment trust

By: _____
Name:_____
Title:_____

"Purchaser"

EXHIBIT A

All exception references relate to Schedule B exceptions as shown on A.L.T.A. Commitment (Fifth Report) issued by Chicago Title Insurance Company dated effective January 13, 1999

Exception No.:	Objection
36	Disapproved, subject to review and approval of unrecorded Supplemental Agreement
49	Disapprove, subject to (i) recordation of replacement easement, the form and content of which must be acceptable to Purchaser, which removes the encroachments into the water line by the Fred Meyer Building and the U.S. Bank and (ii) receipt of revised survey which shows no permanent structures constructed on the replacement easement
53	Disapprove, subject to review and approval of unrecorded Supplemental Agreement
54	Disapprove, subject to review and approval of unrecorded Easement Modification Agreement
55	Disapprove, subject to review and approval of unrecorded Easement Modification Agreement
58	Disapprove, subject to receipt of revised Commitment which indicates that affirmative title insurance coverage will be available for the Ivars encroachment into the gas line easement
64	Disapprove. Seller to provide evidence of identity and authority for individuals signing on behalf of the managing general partners of Seller.

30187496.1 40899 1709C 98484215

FIFTH AMENDMENT TO AGREEMENT OF PURCHASE AND SALE
[James Center, Tacoma, Pierce County, Washington]

THIS FIFTH AMENDMENT TO PURCHASE AND SALE AGREEMENT (this "Fifth Amendment") is made as of the 15th day of February, 1999, by and among JS - JAMES CENTER ASSOCIATES, L. P., a Washington limited partnership, acting herein by and through its general partner, Johnson Capital Corp. ("Seller") and PACIFIC RETAIL TRUST, a Maryland real estate investment trust ("Purchaser").

W I T N E S S E T H:

WHEREAS, Seller and Purchaser have heretofore entered into that certain Agreement of Purchase and Sale dated October 6, 1998, as amended by that certain First Amendment to Agreement of Purchase and Sale dated November 24, 1998, that certain Second Amendment to Agreement of Purchase and Sale dated December __, 1998, that certain Third Amendment to Agreement of Purchase and Sale dated January 25, 1999, and that certain Fourth Amendment to Agreement of Purchase and Sale dated February 8, 1999 (as amended, the "Agreement"), pertaining to the real property located in Tacoma, Pierce County, Washington, such real property being more particularly described in the Agreement;

WHEREAS, Seller and Purchaser hereby desire to amend the Agreement as more particularly set forth below;

NOW THEREFORE, for and in consideration of Ten Dollars ($10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the parties hereto, Seller and Purchaser agree as follows:

1. All capitalized terms used herein shall have the same meaning as defined in the Agreement, unless otherwise defined in this Fifth Amendment.

2. The Closing Date, as defined in Paragraph 1.1(g) of the Agreement is hereby deleted in its entirety and replaced with the following:

> March 24, 1999, unless further extended as provided in Paragraph 2.8 below. However, in the event Purchaser elects to extend the Closing Date, the Closing shall occur on or before five (5) days after the Purchaser obtains the SEPA Approval provided all of the conditions relating to the SEPA Approval set forth in the second sentence of Paragraph 2.8 have been satisfied.

3. Purchaser has received that certain Assignment and Assumption of Lease and Second Amendment to Lease (the form and content of which is acceptable to Purchaser) fully executed by Associated Grocers, and this requirement is no longer a contingency to Closing.

4. Except as amended herein, the Agreement shall remain in full force and effect. In the event of any conflicts or inconsistencies between the provisions of this Fifth Amendment and the provisions of the Agreement, the provisions of this Fifth Amendment shall control.

5. This Fifth Amendment may be executed in any number of counterparts, each of which shall be deemed to be an original, and all of such counterparts shall constitute one agreement. To facilitate execution of this Fifth Amendment, the parties may execute and exchange facsimile counterparts of the signature pages, and facsimile counterparts shall serve as originals.

IN WITNESS WHEREOF, the parties hereto have executed this Fifth Amendment as of the date first above written.

JS - JAMES CENTER ASSOCIATES, L.P.,
a Washington limited partnership

By: JOHNSON CAPITAL CORP.,
its general partner

By: _____
Name:_____
Title:_____
"Seller"

PACIFIC RETAIL TRUST,
a Maryland real estate investment trust

By: _____
Name:_____

Title:_____

"Purchaser"

SIXTH AMENDMENT TO AGREEMENT OF PURCHASE AND SALE
[James Center, Tacoma, Pierce County, Washington]

THIS SIXTH AMENDMENT TO PURCHASE AND SALE AGREEMENT (this "Sixth Amendment") is made as of the 24th day of March, 1999, by and among JS - JAMES CENTER ASSOCIATES, L. P., a Washington limited partnership, acting herein by and through its general partner, Johnson Capital Corp. ("Seller") and REGENCY CENTERS, L.P. , a Delaware limited partnership ("Purchaser").

W I T N E S S E T H:

WHEREAS, Seller and Pacific Retail Trust have heretofore entered into that certain Agreement of Purchase and Sale dated October 6, 1998, as amended by that certain First Amendment to Agreement of Purchase and Sale dated November 24, 1998, that certain Second Amendment to Agreement of Purchase and Sale dated December 23, 1998, that certain Third Amendment to Agreement of Purchase and Sale dated January 25, 1999, that certain Fourth Amendment to Agreement of Purchase and Sale dated February 8, 1999 and that certain Fifth Amendment to Agreement of Purchase and Sale dated February 15, 1999 (as amended, the "Agreement"), pertaining to the real property located in Tacoma, Pierce County, Washington, such real property being more particularly described in the Agreement;

WHEREAS, Regency Realty Corporation, a Florida corporation and the successor by merger of Pacific Retail Trust, assigned its rights as purchaser under the Agreement to Purchaser by that certain assignment dated March 22, 1999;

WHEREAS, Seller and Purchaser hereby desire to amend the Agreement as more particularly set forth below;

NOW THEREFORE, for and in consideration of Ten Dollars ($10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the parties hereto, Seller and Purchaser agree as follows:

1. All capitalized terms used herein shall have the same meaning as defined in the Agreement, unless otherwise defined in this Sixth Amendment.

2. The Closing Date, as defined in Paragraph 1.1(g) of the Agreement is hereby deleted in its entirety and replaced with the following:

> As designated by Purchaser upon not less than three (3) days prior notice to Seller, but in no event later than April 7, 1999. However, in the event the assumption documents for the Loan have not been approved by Purchaser on or before April 5, 1999, Purchaser shall have the right, at its

> sole discretion and for no additional consideration, to extend the outside Closing Date from April 7, 1999 to April 21, 1999. If Purchaser elects to exercise such option, Purchaser shall notify Seller and Escrow Agent.

3. Purchaser hereby instructs Escrow Agent to release the previously unreleased portion of the Earnest Money in the amount of $162,500.00 to Seller. In the event Purchaser elects, in its sole and absolute discretion, to terminate the Agreement because it has been unable to negotiate acceptable terms for the assumption of the Loan, all Earnest Money (including the $37,500.00 which has previously been released to Seller and the $162,500.00 which is to be released to Seller pursuant to this Sixth Amendment) shall be promptly returned to Purchaser.

4. Purchaser hereby acknowledges that the updated Tenant Estoppels and the SEPA Approval have been received and approved by Purchaser, and the title objections described on Exhibit A to the Fourth Amendment to Agreement of Purchase and Sale have been satisfied with the exception of Exception No. 64 which is to be satisfied by Seller prior to Closing.

5. Except as amended herein, the Agreement shall remain in full force and effect. In the event of any conflicts or inconsistencies between the provisions of this Sixth Amendment and the provisions of the Agreement, the provisions of this Sixth Amendment shall control.

6. This Sixth Amendment may be executed in any number of counterparts, each of which shall be deemed to be an original, and all of such counterparts shall constitute one agreement. To facilitate execution of this Sixth Amendment, the parties may execute and exchange facsimile counterparts of the signature pages, and facsimile counterparts shall serve as originals.

IN WITNESS WHEREOF, the parties hereto have executed this Sixth Amendment as of the date first above written.

JS - JAMES CENTER ASSOCIATES, L.P.,
a Washington limited partnership

By: JOHNSON CAPITAL CORP.,
its general partner

By: _____
Name:_____
Title:_____

"Seller"

30190763.1 40899 1711C 98484215

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

By: REGENCY REALTY CORPORATION,
a Florida corporation, General Partner

By: _____
Name:_____
Title:_____

"Purchaser"

30190763.1 40899 1711C 98484215