

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

(Mark One)

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

For the quarterly period ended June 30, 1996

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

State or other jurisdiction of (I.R.S. Employer  
incorporation or organization Identification No.)

Florida 59-3191743

REGENCY REALTY CORPORATION  
121 West Forsyth Street  
Suite 200  
Jacksonville, Florida 32202  
(904) 356-7000

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 REGISTRANTS INVOLVED IN BANKRUPTCY  
PROCEEDINGS DURING THE PRECEDING FIVE YEARS:

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.  
Yes \_\_\_\_ No \_\_\_\_

(APPLICABLE ONLY TO CORPORATE REGISTRANTS)

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date. As of August 14, 1996, there were 7,882,683 shares outstanding of the registrant's common stock.

Part I. Financial Information

Item 1. Financial Statements

REGENCY REALTY CORPORATION  
Consolidated Balance Sheets

	June 30, 1996 ----	December 31, 1995 ----
Assets		
Real estate rental property, at cost .....	\$ 291,818,923	278,731,167
Less: accumulated depreciation .....	21,982,528	18,631,310
	-----	-----

Real estate rental property, net .....	269,836,395	260,099,857
Construction in progress .....	6,323,528	0
Investment in unconsolidated real estate partnerships .....	1,209,883	315,389
	-----	-----
Total investments in real estate, net .....	277,369,806	260,415,246
Cash and cash equivalents .....	6,167,003	3,401,701
Accounts receivable, net of allowance for uncollectible accounts of \$405,361 and \$474,019 at June 30, 1996 and December 31, 1995, respectively .....	1,956,072	2,620,763
Deferred costs, less accumulated amortization of \$3,024,573 and \$2,547,765 at June 30, 1996 and December 31, 1995, respectively .....	3,973,378	3,598,011
Other assets .....	1,328,752	969,676
	-----	-----
	\$ 290,795,011	271,005,397
	=====	=====
Liabilities and Stockholders' Equity		
Mortgage loans payable .....	99,243,786	93,277,273
Revolving line of credit .....	38,857,256	22,339,803
Tenant security and escrow deposits .....	1,031,712	976,515
Accrued expenses .....	2,354,089	936,695
Accounts payable and other liabilities .....	2,901,819	6,468,537
	-----	-----
Total liabilities .....	144,388,662	123,998,823
	-----	-----
Convertible operating partnerships units .....	168,467	0
Stockholders' Equity		
Preferred stock - 10,000,000 shares authorized: Series A 8% cumulative convertible, 1,916 shares issued and outstanding at December 31, 1995 .....	0	1,916,268
Common stock \$.01 par value per share: 25,000,000 shares authorized; 6,943,735 and 6,728,723 shares issued and outstanding at June 30, 1996 and December 31, 1995, respectively .....	69,441	67,287
Special common stock - 10,000,000 shares authorized: Class B \$.01 par value per share, 2,500,000 shares issued and outstanding at June 30, 1996 and December 31, 1995, respectively ..	25,000	25,000
Additional paid in capital .....	159,162,745	155,221,241
Distributions in excess of net income .....	(9,849,215)	(8,073,188)
Stock loans .....	(3,170,089)	(2,150,034)
	-----	-----
Total stockholders' equity .....	146,237,882	147,006,574
	-----	-----
	\$ 290,795,011	271,005,397
	=====	=====

See accompanying notes to consolidated financial statements.

REGENCY REALTY CORPORATION  
Consolidated Statements of Operations

	For the Three Month Period Ended	
	June 30, 1996	June 30, 1995
	-----	-----
Real estate operation revenues:		
Minimum rent .....	\$ 8,097,696	6,111,373
Percentage rent .....	233,840	159,970
Recoveries from tenants .....	1,670,257	1,222,089
Other recoveries and income .....	140,635	111,611
Leasing and brokerage .....	669,731	287,263
Management fees .....	139,754	209,208
	-----	-----
Total real estate operation revenues .....	10,951,913	8,101,514
	-----	-----
Real estate operation expenses:		
Depreciation and amortization .....	2,020,658	1,554,127
Operating and maintenance .....	1,757,117	1,322,072
General and administrative .....	1,338,320	1,023,037
Real estate taxes .....	991,792	697,249
	-----	-----
Total real estate operation expenses .....	6,107,887	4,596,485
	-----	-----
Interest expense (income):		
Interest expense .....	2,385,573	2,207,201
Interest income .....	(170,461)	(108,165)
	-----	-----
Net interest expense .....	2,215,112	2,099,036
	-----	-----
Net income .....	2,628,914	1,405,993
Preferred stock dividends .....	32,171	93,208
	-----	-----
Net income for common stockholders .....	\$ 2,596,743	1,312,785
	=====	=====
Net income per common share outstanding .....	\$ 0.26	0.20
	=====	=====
Weighted average common shares outstanding .....	9,849,738	6,496,237
	=====	=====

See accompanying notes to consolidated financial statements

REGENCY REALTY CORPORATION  
Consolidated Statements of Operations

	For the Six Month Period Ended	
	June 30, 1996	June 30, 1995
	-----	-----
Real estate operation revenues:		
Minimum rent .....	\$ 16,001,151	12,006,137
Percentage rent .....	423,720	316,821
Recoveries from tenants .....	3,283,459	2,383,422
Other recoveries and income .....	224,819	254,733
Leasing and brokerage .....	1,243,816	546,321
Management fees .....	276,686	456,793
	-----	-----
Total real estate operation revenues .....	21,453,651	15,964,227
	-----	-----
Real estate operation expenses:		
Depreciation and amortization .....	3,905,109	3,053,763
Operating and maintenance .....	3,459,652	2,657,276
General and administrative .....	2,603,640	2,059,103
Real estate taxes .....	1,911,857	1,345,645
	-----	-----
Total real estate operation expenses .....	11,880,258	9,115,787
	-----	-----
Interest expense (income):		
Interest expense .....	4,630,378	4,191,753
Interest income .....	(287,178)	(205,540)
	-----	-----
Net interest expense .....	4,343,200	3,986,213
	-----	-----
Net income .....	5,230,193	2,862,227
Preferred stock dividends .....	57,721	208,183
	-----	-----
Net income for common stockholders .....	\$ 5,172,472	2,654,044
	=====	=====
Net income per common share outstanding .....	\$ 0.53	0.41
	=====	=====
Weighted average common shares outstanding .....	9,817,812	6,482,144
	=====	=====

See accompanying notes to consolidated financial statements.

REGENCY REALTY CORPORATION  
Consolidated Statements of Cash Flows  
For the Six Months Ended June 30, 1996 and 1995

	1996 ----	1995 ----
Cash flows from operating activities:		
Net income .....	\$ 5,230,193	2,862,227
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization .....	3,905,109	3,053,763
Equity in income of unconsolidated real estate partnership investments .....	(21,345)	(10,251)
Changes in assets and liabilities:		
Decrease in accounts receivable .....	664,691	890,093
(Increase) in deferred leasing commissions ...	(244,959)	(176,298)
(increase) in other assets .....	(436,158)	(386,436)
Increase in tenants' security and escrow deposits .....	55,197	45,909
Increase in accrued expenses .....	1,671,882	1,117,584
(Decrease) increase in accounts payable and other liabilities .....	(2,559,384)	76,553
Net cash provided by operating activities ...	8,265,226	7,473,144
Cash flows from investing activities:		
Investment in real estate .....	(11,796,039)	(12,122,170)
Investment in unconsolidated real estate partnership .....	(881,308)	0
Capital expenditures .....	(1,291,717)	(1,068,216)
Construction in progress .....	(6,323,528)	(1,692,804)
Distribution received from unconsolidated real estate partnership investment .....	8,160	0
Net cash used in investing .....	(20,284,432)	(14,883,190)
Cash flows from financing activities:		
Dividends paid in cash .....	(7,262,093)	(5,367,061)
Proceeds (repayments) from revolving line of credit, net .....	16,517,453	(13,539,955)
Proceeds from mortgage loans payable .....	3,918,750	25,400,000
Net proceeds from construction loans .....	2,435,743	2,764,425
Principal payments on mortgage loans payable ....	(387,981)	(112,164)
Issuance of convertible operating partnership units .....	169,852	0
Payment of loan closing costs .....	(607,216)	(181,338)
Net cash provided by financing activities ...	14,784,508	8,963,907
Net increase in cash and cash equivalents ...	2,765,302	1,553,861
Cash and cash equivalents at beginning of period ..	3,401,701	2,860,837
Cash and cash equivalents at end of period .....	\$ 6,167,003	4,414,698

See accompanying notes to consolidated financial statements.

REGENCY REALTY CORPORATION

Notes to Consolidated Financial Statements

1. The Company

Regency Realty Corporation (the Company) was incorporated in the State of Florida for the purpose of managing, leasing, brokering, acquiring, and developing shopping centers. At June 30, 1996, the Company owned 35 shopping centers and 4 office complexes in four states in the southeastern United States. The Company also provides management, leasing, brokerage and development services for real estate not owned by the Company (third parties). The Company commenced operations effective with the completion of its initial public offering on November 5, 1993.

The accompanying consolidated financial statements include the accounts of Regency Realty Group, Inc. (the "Management Company"), it's wholly owned or majority owned shopping centers and office complexes and its joint ventures. All significant intercompany balances and transactions have been eliminated.

These financial statements should be read in conjunction with the financial statements and notes thereto included in the Company's Form 10-K filed with the Securities and Exchange Commission on March 19, 1996. Certain amounts for 1995 have been reclassified to conform to the presentation adopted in 1996.

2. Basis of Presentation

The accompanying interim unaudited financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission, and 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 pursuant to such rules and regulations, although management believes that the disclosures are adequate to make the information presented not misleading.

3. Acquisition and Development

Through June 30, 1996, the Company has completed the acquisition of three shopping centers and one parcel of land for development of a new shopping center. These properties are 100% owned unless noted otherwise and are summarized as follows:

Shopping Center	Location	Year Built	Date Acquired by the Company	Company GLA
Parkway Station	Warner Robbins, GA	1983/1987	02-28-96	94,290
Welleby Plaza	Sunrise, FL	1982	05-31-96	109,949
Ocean East Mall (1)	Stuart, FL		01-31-96	104,772
South Monroe (2)	Tallahassee, FL		03-21-96	80,440

(1) Redevelopment project to be completed in 1997. The Company acquired a 25% interest.

(2) New shopping center development to be completed in 1997.

4. Secured Line of Credit

The Company closed on a \$75 million unsecured acquisition and development revolving line of credit on May 17, 1996. The initial proceeds were used to pay off the a secured line of credit and will provide financing for new acquisition and development activity. The interest rate is Libor + 162.5 basis points with interest only for two years, and if then terminated, becomes a two year term loan maturing in May, 2000 with principal due in seven equal quarterly installments. However, the borrower may request a one year extension of the interest only revolving period annually, in May of each year beginning in May 1997.

5. Subsequent Event

One June 11, 1996, the Company entered into a Stock Purchase Agreement (the "Agreement") with Security Capital U. S. Realty and Security Capital Holdings S.A. (collectively, "US Realty"). Under the agreement, the Company will sell an aggregate of 7,499,400 shares of Common Stock to

U.S. Realty at a price of \$17.625 per share for an aggregate purchase price of up to \$132,176,925. At the initial closing on July 10, 1996, the Company sold 934,400 shares to US Realty for a total purchase price of \$16,468,000. Not later than December 1, 1996 (the "Second Closing") and June 1, 1997 ("Subsequent Closings"), the Company may sell 2,717,400 shares at the Second Closing for a total of \$47,894,175, and up to 3,847,600 shares at Subsequent Closings for a total of \$67,813,950. The second and subsequent closings are subject to approval by the Company's shareholders at the Special Meeting of Shareholders to be held September 10, 1996.

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

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

### Business

The Company's principal business is owning, managing, and developing neighborhood and community shopping centers in Florida and the Southeast. At June 30, 1996 the Company owned and managed 35 shopping centers and 4 suburban office buildings. Of the total 39 properties owned, 28 are located in Florida, and 29 are anchored by supermarkets. The Company's three largest tenants in order by number of store locations are Publix Supermarkets (13), Winn-Dixie Stores (7), and Wal-Mart (7).

### Acquisition and Development

During 1996, the Company acquired two shopping centers (the "1996 Acquisitions") for \$11.8 million for a total of 204,239 square feet. The Company also acquired a parcel of land to begin development of a new shopping center, and entered into a joint venture to redevelop an existing shopping center. Total cost at completion of these two development projects will be \$12.2 million and are expected to be completed during the second quarter of 1997.

During 1995, the Company acquired five shopping centers and completed the development or expanded four shopping centers for a total cost of \$62 million (the "1995 Acquisitions") of which approximately \$12.1 million were closed during the six months ended June 30, 1995.

### Liquidity and Capital Resources

The Company's total indebtedness at June 30, 1996 was \$138 million, of which \$94 million or 68% bears a fixed rate of interest averaging 7.55%. Based upon the Company's total market capitalization (debt and equity) at June 30, 1996 of \$346.6 million (the stock price was \$21.00 per share and the total shares and common stock equivalents outstanding were 9,928,530), the Company's debt to total market capitalization ratio was 39.8%.

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

On May 17, 1996, the Company obtained an unsecured \$75 million revolving line of credit from Wells Fargo National Bank ("Wells Line") with an interest rate of Libor plus 1.625%. The proceeds were used to pay off the balance of the Line, and will be used to finance future acquisition and development activity. The two shopping centers purchased in 1996 were financed by proceeds from a mortgage loan and the Wells Line.

The Company's principal demands for liquidity are dividends to stockholders, the operations, maintenance and improvement of real estate, and scheduled interest and principal payments. The Company paid common and preferred dividends of \$7.3 million and \$5.4 million to its stockholders during 1996 and 1995, respectively. The percentage of funds from operations paid out in cash dividends, or "dividend payout ratio", was 82.7% and 86.7% during the six months ended June 30, 1996 and 1995, respectively. In January 1996, the Company increased its quarterly common dividend to \$.405 per share or \$1.62 annually. As a result of the Private Placement, the Company has outstanding 2,500,000 shares of Class B common with a current annual dividend rate of \$1.9845 (\$1.6674 on a converted common stock basis). Accordingly, dividends paid by the Company during 1996 have increased substantially over 1995 due to the common stock dividend increase and the Private Placement.

During 1996 and 1995, the Company's net cash used in investing activities was \$20.3 million and \$14.9 million, respectively, related to real estate acquisitions, leasing and renewal activity, and building improvements. The

Company invested approximately \$1.3 million and \$1.1 million for improvements to its properties as of June 30, 1996 and 1995, respectively. The Company anticipates that cash provided by operating activities, unused amounts under the Wells Line, and cash reserves are adequate to meet liquidity requirements. At June 30, 1996, the Company has cash of \$6.2 million of which \$1.8 million was restricted.

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

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

## Results of Operations

### Comparison of Three Months Ended June 30, 1996 to 1995

Total real estate operation revenues increased \$2.8 million, or 35.2%, to \$10.9 million for the three months ended June 30, 1996 as compared to \$8.1 million for the comparable period in 1995. The increase in revenue was primarily attributable to a \$2.0 million increase in minimum rent. The Company experienced this growth primarily as a result of its 1996 and 1995 Acquisitions which contributed approximately \$1.56 million of additional minimum rent in the three month period ended June 30, 1996. At June 30, 1996, the real estate portfolio was 95.8% leased compared to 94.8% at June 30, 1995. Average rents per sf were \$8.54 and \$8.25 at June 30, 1996 and 1995, respectively. The increase is due primarily from the 1996 and 1995 Acquisitions which had higher average rents than the average of the portfolio prior to the 1995 Acquisitions. Revenues from property management, leasing, brokerage, and development services provided on properties not owned by the Company were \$.81 million vs. \$.50 million for the period ending June 30, 1996 and 1995, respectively.

Total real estate operation expenses increased \$1.5 million for the three months ended June 30, 1996, or 32.9%, to \$6.1 million as compared to \$4.6 million for the comparable period in 1995. Operating, maintenance and real estate taxes increased \$.73 million to \$2.7 million or 36%. This increase was primarily attributable to \$.55 million in operating expenses associated with the 1996 and 1995 Acquisitions. General and administrative expense increased 31% during 1996 to \$1.3 million due to accruing higher amounts for performance based deferred compensation that potentially could be earned. Performance based compensation earned in 1995 was primarily accrued during the third and fourth quarters of 1995 when the Company determined (primarily as a result of the Private Placement) that such compensation could potentially be earned. Depreciation and amortization was \$2.0 million or 30% higher than 1995, predominately a result of additional depreciation and amortization on the Company's 1996 and 1995 Acquisitions.

Interest expense increased to \$2.4 million in 1996 from \$2.2 million in 1995 or 8% due primarily to increased average outstanding loan balances as a result of the 1996 and 1995 Acquisitions. During the second quarter, preferred stock dividends declined as a result of the full conversion of the remaining Series A preferred stock into common stock.

Net income for common stockholders was \$2.6 million or \$.26 per share in 1996 vs. \$1.3 million or \$.20 per share in 1995. The increase is due primarily to the 1996 and 1995 Acquisitions which contributed to a 35.2% increase in real estate operation revenues, a 36% increase in operating, maintenance and real estate taxes, a 30% increase in depreciation expense and an 8% increase in interest expense.

## Comparison of Six Months Ended June 30, 1996 to 1995

Total real estate operation revenues increased \$5.5 million, or 34.4%, to \$21.4 million for the six months ended June 30, 1996 as compared to \$15.9 million for the comparable period in 1995. The increase in revenue was primarily attributable to a \$3.9 million increase in minimum rent. The Company experienced this growth primarily as a result of its 1996 and 1995 Acquisitions which contributed approximately \$3.2 million of additional minimum rent in the six month period ended June 30, 1996. Revenues from property management, leasing, brokerage, and development services provided on properties not owned by the Company were \$1.52 million vs. \$1.0 million for the period ending June 30, 1996 and 1995, respectively.

Total real estate operation expenses increased \$2.8 million for the six months ended June 30, 1996, or 30%, to \$11.9 million as compared to \$9.1 million for the comparable period in 1995. Operating, maintenance and real estate taxes increased \$1.4 million to \$5.4 million or 34%. This increase was primarily attributable to \$1.1 million in operating expenses associated with the 1996 and 1995 Acquisitions. General and administrative expense increased 26% during 1996 to \$2.6 for the reasons mentioned earlier. Depreciation and amortization was \$3.9 million or 27.9% higher than 1995, predominately a result of additional depreciation and amortization on the Company's 1996 and 1995 Acquisitions.

Interest expense increased to \$4.6 million in 1996 from \$4.2 million in 1995 or 10.5% due primarily to increased average outstanding loan balances as a result of the 1996 and 1995 Acquisitions. The preferred stock dividends declined as a result of the full conversion of the remaining Series A preferred stock into common stock at the end of the second quarter.

Net income for common stockholders was \$5.2 million or \$.53 per share in 1996 vs. \$2.6 million or \$.41 per share in 1995. The increase is due primarily to the 1996 and 1995 Acquisitions which contributed to a 34.4% increase in real estate operation revenues, a 34% increase in operating, maintenance and real estate taxes, a 27.9% increase in depreciation expense and a 10.5% increase in interest expense.

### Funds from Operations

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

FFO for the six months ended June 30, 1996 and 1995 are summarized in the following table:

	1996	1995
Net income for common stockholders	\$ 5,172	2,654
Add: non-cash amounts:		
Real estate depreciation and amortization	3,560	2,752
Common stock compensation:		
Board of directors' fees and 401 (k) compensation	249	215
Long-term compensation plans	623	192
Straight-lining of rents charge	14	94
	-----	-----
Funds from operations	\$ 9,618	5,907
	=====	=====
Weighted average shares outstanding	9,818	6,482
	=====	=====
Funds from operations per share	\$ 0.98	0.91
	=====	=====

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

#### Environmental Matters

The Company like others in the commercial real estate industry, is subject to numerous environmental laws and regulations including the operation of dry cleaning plants by tenants at several of its shopping centers. The Company believes that these dry cleaners are operating in accordance with current laws and regulations. Based on information presently available, no 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.

#### Economic Conditions

A substantial number of the Company's long-term leases contain provisions designed to mitigate the adverse impact of inflation on the Company's net income. Such provisions include percentage rentals, rental escalation clauses and reimbursements for common area maintenance, insurance, and real estate taxes. In addition, 39% of the Company's leases have terms of five years or less, which allows the Company the opportunity to increase rents upon lease expiration. Approximately 39% of the Company's leases expire beyond 10 years and are generally anchor tenants. Unfavorable economic conditions could result in the inability of certain tenants to meet their lease obligations and otherwise could adversely affect the Company's ability to attract and retain desirable tenants. Recently, several national and regional retailers have publicized their financial difficulties and several have filed for protection under the bankruptcy laws. National or regional tenants of which the Company has leases that have filed for bankruptcy protection are Pic N Pay Shoes ("PNP") and Discovery Zone ("DZ"). Total annual rent from PNP is less than one percent of total annual rent from all tenants, and all stores continue to operate and pay rent. Total rent from DZ is less than one percent of total annual rent from all tenants. The Company has two leases with DZ of which the store located at Regency Square in Brandon has closed and the other remains open and has guarantees extending to Blockbuster Entertainment. Regency Square, the Company's only "Power Center" containing approximately 342,000 sf is currently 95% occupied. The Company has had no other significant tenant bankruptcies.

At June 30, 1996 approximately 10%, 5% and 5% of the Company's total rent is received from Publix, Winn-Dixie, and Wal-Mart, respectively (the "Three Major Tenants"). In February, 1996, Wal-Mart closed its store located at The Market Place in Alexander City, Alabama in order to relocate to a new larger store nearby. Wal-Mart will continue to pay rent due under its lease at The Market Place which expires in October, 2007. During 1995, the Company added a new Winn-Dixie store to The Market Place. Although the Company considers the financial condition and its relations with the Three Major Tenants to be very solid, a significant downturn in business or the non-renewal of expiring leases of the Three Major Tenants could adversely effect the Company. Management also believes that the shopping centers are relatively well positioned to withstand adverse economic conditions since they typically are anchored by supermarkets, drug stores and discount department stores that offer day-to-day necessities rather than luxury goods.

Part II. Other Information

Item 1. Legal Proceedings

None

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

The annual meeting of shareholders was held on Tuesday, May 14, 1996 at 2:00 p.m. to elect three Class III Directors to serve for three year terms expiring at the annual meeting of shareholders to be held in 1999 and until their successors have been elected and qualified. Regarding this meeting votes were cast as follows: 4,797,768 Common stock votes For and 304,118 votes Abstained. Accordingly, the proposal passed.

Item 6. Exhibits and Reports on Form 8-K

1.

A report on Form 8-K was filed on June 28, 1996, reporting on a Stock Purchase Agreement dated June 11, 1996 among the Company, Security Capital Holdings S.A. and Security Capital U.S. Realty.

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

REGENCY REALTY CORPORATION

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

Date: August 14, 1996

AMENDED AND RESTATED  
ARTICLES OF INCORPORATION  
OF  
REGENCY REALTY CORPORATION

This corporation was incorporated on July 9, 1993 under the name Regency Realty Corporation. Pursuant to Sections 607.1003, 607.1004 and 607.1007, Florida Business Corporation Act, amended and restated Articles of Incorporation were approved at a special joint meeting of the directors and shareholders of this corporation on September 29, 1993. The only voting group entitled to vote on the adoption of the Amended and Restated 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. The Amended and Restated Articles of Incorporation adopted by the directors and shareholders contain the following amendments and omit items of historical interest only:

Article 4 is amended to read as follows:

"ARTICLE 4  
CAPITAL STOCK

Section 4.1 Authorized Capital. The maximum number of shares of stock which the Corporation is authorized to have outstanding at any one time is twenty-six million (26,000,000) shares (the "Capital Stock") divided into classes as follows:

(a) One million (1,000,000) shares of preferred stock having a par value of \$0.01 per share (the "Preferred Stock"), and which may be issued in one or more classes or series as further described in Section ; and

(b) Twenty-five million (25,000,000) shares of common stock having a par value of \$0.01 per share (the "Common Stock").

All such shares shall be issued fully paid and nonassessable.

Section 4.2 Preferred Stock. The Board of Directors is authorized to provide for the issuance of the Preferred Stock in one or more classes and in one or more series within a class and, by filing the appropriate Articles of Amendment with the Secretary of State of Florida which shall be effective without shareholder action, is authorized to establish the number of shares to be included in each class and each series and the preferences, limitations and relative rights of each class and each series. Such preferences must include the preferential right to receive distributions of dividends or the preferential right to receive distributions of assets upon

the dissolution of the Corporation before shares of Common Stock are entitled to receive such distributions.

Section 4.3 Common Stock. Holders of Common Stock are entitled to one vote per share on all matters required by Florida law to be approved by the shareholders. Subject to the rights of any outstanding classes or series of Preferred Stock having preferential dividend rights, holders of Common Stock are entitled to such dividends as may be declared by the Board of Directors out of funds lawfully available therefor. Upon the dissolution of the Corporation, holders of Common Stock are entitled to receive, pro rata in accordance with the number of shares owned by each, the net assets of the Corporation remaining after the holders of any outstanding classes or series of Preferred Stock having preferential rights to such assets have received the distributions to which they are entitled."

A new Article 5 is added which reads as follows:

"ARTICLE 5  
REIT PROVISIONS

Section 5.1 Definitions. For the purposes of this Article , the following

terms shall have the following meanings:

(a) "Acquire" shall mean the acquisition of Beneficial Ownership of shares of Capital Stock by any means including, without limitation, acquisition pursuant to the exercise of any option, warrant, pledge or other security interest or similar right to acquire shares, but shall not include the acquisition of any such rights, unless, as a result, the acquirer would be considered a Beneficial Owner as defined below.

(b) "Actual Owner" shall mean, with respect to any Capital Stock, that Person who is required to include in its gross income any dividends paid with respect to such Capital Stock.

(c) "Beneficial Ownership" shall mean ownership of Capital Stock by a Person who would be treated as an owner of such shares of Capital Stock, either directly or indirectly, under Section 542(a)(2) of the Code, taking into account for this purpose (i) constructive ownership determined under Section 544 of the Code, as modified by Section 856(h)(1)(B) of the Code (except where expressly provided otherwise) and (ii) any future amendment to the Code which has the effect of modifying the ownership rules under Section 542(a)(2) of the Code. The terms "Beneficial Owner", "Beneficially Owns" and "Beneficially Owned" shall have the correlative meanings.

(d) "Code" shall mean the Internal Revenue Code of 1986, as amended. In the event of any future amendments to the Code involving the renumbering of Code sections, the Board of Directors may, in its sole discretion, determine that any reference to a Code section herein shall mean the successor Code section pursuant to such amendment.

(e) "Constructive Ownership" shall mean ownership of Capital Stock by a Person who would be treated as an owner of such Capital Stock, either directly or constructively, through the application of Section 318 of the Code, as modified by Section 856(d)(5) of the Code. The terms "Constructive Owner", "Constructively Owns" and "Constructively Owned" shall have the correlative meanings.

(f) "Existing Holder" shall mean: (i) The Regency Group, Inc., MEP, Ltd., and The Regency Group II, Ltd.; (ii) any Person who is a Beneficial Owner of Capital Stock as a result of attribution of the Beneficial Ownership from any of the Persons identified in clause (i); and (iii) any Person who Acquires Beneficial Ownership from another Existing Holder, except by Acquisition on the open market.

(g) "Existing Holder Limit" for an Existing Holder shall mean, initially, the percentage by value of the outstanding Capital Stock Beneficially Owned by such Existing Holder at the opening of business on the date after the Initial Public Offering, and after any adjustment pursuant to Section hereof, shall mean such percentage of the outstanding Capital Stock as so adjusted; provided, however, that the Existing Holder Limit shall not be a percentage which is less than the Ownership Limit. Beginning with the date after the Initial Public Offering, the Secretary of the Corporation shall maintain and, upon request, make available to each Existing Holder, a schedule which sets forth the then current Existing Holder Limits for each Existing Holder.

(h) "Initial Public Offering" means the closing of the sale of shares of Common Stock pursuant to the Corporation's first effective registration statement for such Common Stock filed under the Securities Act of 1933, as amended.

(i) "Ownership Limit" shall initially mean 7% by value of the outstanding Capital Stock of the Corporation, and after any adjustment as set forth in Section , shall mean such greater percentage (but not greater than 9.8%) by value of the outstanding Capital Stock as so adjusted.

(j) "Person" shall mean an individual, corporation, partnership, estate, trust (including a trust qualified under Section 401(a) or 501(c)(17) of the Code), a portion of a trust permanently set aside for or to be used exclusively for the purposes described in Section 642(c) of the Code, association, private foundation within the meaning of Section 509(a) of the Code, joint stock company or other entity, and also includes a group as that term is used for purposes of Section 13(d)(3) of the Securities Exchange Act of 1934, as amended; but does not include an underwriter retained by the Company which participates in a public offering of the Capital Stock for a period of 90 days following the purchase by such underwriter of the Capital Stock.

(k) "REIT" shall mean a Real Estate Investment Trust under Section 856 of the Code.

(l) "Redemption Price" shall mean the lower of (i) the price paid by the transferee from whom shares are being redeemed and (ii) the average of the last reported

sales price on the New York Stock Exchange of the relevant class of Capital Stock on the ten trading days immediately preceding the date fixed for redemption by the Board of Directors, or if the relevant class of Capital Stock is not then traded on the New York Stock Exchange, the average of the last reported sales prices of such class of Capital Stock (or, if sales prices are not reported, the average of the closing bid and asked prices) on the ten trading days immediately preceding the relevant date as reported on any exchange or quotation system over which the Capital Stock may be traded, or if such class of Capital Stock is not then traded over any exchange or quotation system, then the price determined in good faith by the Board of Directors of the Corporation as the fair market value of such class of Capital Stock on the relevant date.

(m) "Related Tenant Owner" shall mean any Constructive Owner who also owns, directly or indirectly, an interest in a Tenant, which interest is equal to or greater than (i) 10% of the combined voting power of all classes of stock of such Tenant, (ii) 10% of the total number of shares in all classes of stock of such Tenant, or (iii) if such Tenant is not a corporation, 10% of the assets or net profits of such Tenant.

(n) "Related Tenant Limit" shall mean 9.8% by value of the outstanding Capital Stock of the Corporation.

(o) "Restriction Termination Date" shall mean the first day after the date of the Initial Public Offering on which the Corporation determines pursuant to Section that it is no longer in the best interest of the Corporation to attempt to, or continue to, qualify as a REIT.

(p) "Tenant" shall mean any tenant of (i) the Corporation, (ii) a subsidiary of the Corporation which is deemed to be a "qualified REIT subsidiary" under Section 856(i)(2) of the Code, or (iii) a partnership in which the Corporation or one or more of its qualified REIT subsidiaries is a partner.

(q) "Transfer" shall mean any sale, transfer, gift, assignment, devise, or other disposition of Capital Stock or the right to vote or receive dividends on Capital Stock (including (i) the granting of any option or entering into any agreement for the sale, transfer or other disposition of Capital Stock or the right to vote or receive dividends on the Capital Stock or (ii) the sale, transfer, assignment or other disposition or grant of any securities or rights convertible or exchangeable for Capital Stock), whether voluntarily or involuntarily, whether of record or Beneficially, and whether by operation of law or otherwise; provided, however, that any pledge of Capital Stock shall not be deemed a Transfer until such time as the pledgee effects an actual change in ownership of the pledged shares of Capital Stock.

Section 5.2 Restrictions on Transfer. Except as provided in Section 5.11 and Section 5.15, during the period commencing at the Initial Public Offering:

(a) No Person (other than an Existing Holder) shall Beneficially Own Capital Stock in excess of the Ownership Limit, and no Existing Holder shall Beneficially Own Capital Stock in excess of the Existing Holder Limit for such Existing Holder.

(b) No Person shall Constructively Own Capital Stock in excess of the Related Tenant Limit for more than thirty (30) days following the date such Person becomes a Related Tenant Owner unless such Person ceases to be a Related Tenant Owner before the end of such thirty (30) day period.

(c) Any Transfer that, if effective, would result in any Person (other than an Existing Holder) Beneficially Owning Capital Stock in excess of the Ownership Limit shall be void ab initio as to the Transfer of such Capital Stock which would be otherwise Beneficially Owned by such Person in excess of the Ownership Limit, and the intended transferee shall Acquire no rights in such Capital Stock.

(d) Any Transfer that, if effective, would result in any Existing Holder Beneficially Owning Capital Stock in excess of the applicable Existing Holder Limit shall be void ab initio as to the Transfer of such Capital Stock which would be otherwise Beneficially Owned by such Existing Holder in excess of the applicable Existing Holder Limit, and such Existing Holder shall Acquire no rights in such Capital Stock.

(e) Any Transfer that, if effective, would result in any Related Tenant Owner Constructively Owning Capital Stock in excess of the Related Tenant Limit shall be void ab initio as to the Transfer of such Capital Stock which would be otherwise Constructively Owned by such Related Tenant Owner in excess of the Related Tenant Limit, and the intended transferee shall Acquire no rights in such Capital Stock.

(f) Any Transfer that, if effective, would result in the Capital Stock being Beneficially Owned by less than 100 Persons (determined without reference to any rules of attribution) shall be void ab initio as to the Transfer of such Capital Stock which would be otherwise Beneficially Owned by the transferee, and the intended transferee shall Acquire no rights in such Capital Stock.

(g) Any Transfer that, if effective, would result in the Corporation being "closely held" within the meaning of Section 856(h) of the Code shall be void ab initio as to the portion of any Transfer of the Capital Stock which would cause the Corporation to be "closely held" within the meaning of Section 856(h) of the Code, and the intended transferee shall Acquire no rights in such Capital Stock.

(h) Any other Transfer that, if effective, would result in the disqualification of the Corporation as a REIT by virtue of actual, Beneficial or Constructive Ownership of Capital Stock shall be void ab initio as to such portion of the Transfer resulting in the disqualification, and the intended transferee shall Acquire no rights in such Capital Stock.

Section 5.3 Remedies for Breach.

(a) If the Board of Directors or a committee thereof shall at any time determine in good faith that a Transfer has taken place that falls within the scope of Section or that a Person intends to Acquire Beneficial Ownership of any shares of the Corporation that would result in a violation of Section (whether or not such violation is intended), the Board of Directors or a committee thereof shall take such action as it or they deem advisable to refuse to give effect to or to prevent such Transfer, including, but not limited to, refusing to give effect to such Transfer on the books of the Corporation or instituting proceedings to enjoin such Transfer, subject, however, in all cases to the provisions of Section .

(b) Without limitation to Sections and , any purported transferee of shares Acquired in violation of Section and any Person retaining shares in violation of Section 5.2(b) shall be deemed to have acted as agent on behalf of the Corporation in holding those shares Acquired or retained in violation of Section and shall be deemed to hold such shares in trust on behalf of and for the benefit of the Corporation. Such shares shall be deemed a separate class of stock until such time as the shares are sold or redeemed as provided in Section 5.3(c). The holder shall have no right to receive dividends or other distributions with respect to such shares, and shall have no right to vote such shares. Such holder shall have no claim, cause of action or any other recourse whatsoever against any transferor of shares Acquired in violation of Section . The holder's sole right with respect to such shares shall be to receive, at the Corporation's sole and absolute discretion, either (i) consideration for such shares upon the resale of the shares as directed by the Corporation pursuant to Section or (ii) the Redemption Price pursuant to Section . Any distribution by the Corporation in respect of such shares Acquired or retained in violation of Section 5.2 shall be repaid to the Corporation upon demand.

(c) The Board of Directors shall, within six months after receiving notice of a Transfer that violates Section or a retention of shares in violation of Section 5.2(b), either (in its sole and absolute discretion, subject to the requirements of Florida law applicable to redemptions) (i) direct the holder of such shares to sell all shares held in trust for the Corporation pursuant to Section for cash in such manner as the Board of Directors directs or (ii) redeem such shares for the Redemption Price in cash on such date within such six month period as the Board of Directors may determine. If the Board of Directors directs the holder to sell the shares, the holder shall receive such proceeds as the trustee for the Corporation and pay the Corporation out of the proceeds of such sale (i) all expenses incurred by the Corporation in connection with such sale, plus (ii) any remaining amount of such proceeds that exceeds the amount paid by the holder for the shares, and the holder shall be entitled to retain only the amount of such proceeds in excess of the amount required to be paid to the Corporation.

Section 5.4 Notice of Restricted Transfer. Any Person who Acquires, attempts or intends to Acquire, or retains shares in violation of Section shall immediately give written notice to the Corporation of such event and shall provide to the Corporation such other

information as the Corporation may request in order to determine the effect, if any, of such Transfer, attempted or intended Transfer, or retention, on the Corporation's status as a REIT.

Section 5.5 Owners Required to Provide Information. From the date of the Initial Public Offering and prior to the Restriction Termination Date:

(a) Every shareholder of record of more than 5% by value (or such lower percentage as required by the Code or the regulations promulgated thereunder) of the outstanding Capital Stock of the Corporation shall, within 30 days after December 31 of each year, give written notice to the Corporation stating the name and address of such record shareholder, the number and class of shares of Capital Stock Beneficially Owned by it, and a description of how such shares are held; provided that a shareholder of record who holds outstanding Capital Stock of the Corporation as nominee for another Person, which Person is required to include in its gross income the dividends received on such Capital Stock (an "Actual Owner"), shall give written notice to the Corporation stating the name and address of such Actual Owner and the number and class of shares of such Actual Owner with respect to which the shareholder of record is nominee. Each such shareholder of record shall provide to the Corporation such additional information as the Corporation may request in order to determine the effect, if any, of such Beneficial Ownership on the Corporation's status as a REIT.

(b) Every Actual Owner of more than 5% by value (or such lower percentage as required by the Code or Regulations promulgated thereunder) of the outstanding Capital Stock of the Corporation who is not a shareholder of record of the Corporation, shall within 30 days after December 31 of each year, give written notice to the Corporation stating the name and address of such Actual Owner, the number and class of shares Beneficially Owned, and a description of how such shares are held.

(c) Each Person who is a Beneficial Owner of Capital Stock and each Person (including the shareholder of record) who is holding Capital Stock for a Beneficial Owner shall provide to the Corporation such information as the Corporation may request, in good faith, in order to determine the Corporation's status as a REIT.

(d) Nothing in this Section 5.5 or any request pursuant hereto shall be deemed to waive any limitation in Section 5.2.

Section 5.6 Remedies Not Limited. Except as provided in Section , nothing contained in this Article shall limit the authority of the Board of Directors to take such other action as it deems necessary or advisable to protect the Corporation and the interests of its shareholders in preserving the Corporation's status as a REIT.

Section 5.7 Ambiguity. In the case of an ambiguity in the application of any of the provisions of this Article , including without limitation any definition contained in Section and any determination of Beneficial Ownership, the Board of Directors in its sole discretion shall have the power to determine the application of the provisions of this Article with respect to any situation based on the facts known to it.

Section 5.8 Modification of Existing Holder Limits. Subject to the provisions of Section , the Existing Holder Limits may be modified as follows:

(a) Any Existing Holder may Transfer Capital Stock to another Person, and, so long as such Transfer is not on the open market, any such Transfer will decrease the Existing Holder Limit for such transferor Existing Holder (but not below the Ownership Limit) and increase the Existing Holder Limit for such transferee Existing Holder by the percentage of the outstanding Capital Stock so transferred. The transferor Existing Holder shall give the Board of Directors of the Corporation prompt written notice of any such transfer. Any Transfer by an Existing Holder on the open market shall neither reduce its Existing Holder Limit nor increase the Ownership Limit or Existing Holder Limit of the transferee.

(b) Any grant of Capital Stock or a stock option pursuant to any benefit plan for directors or employees shall increase the Existing Holder Limit for the affected Existing Holder to the maximum extent possible under Section to permit the Beneficial Ownership of the Capital Stock granted or issuable under such employee benefit plan.

(c) The Board of Directors may reduce the Existing Holder Limit of any Existing Holder, with the written consent of such Existing Holder, after any Transfer permitted in this Article by such Existing Holder on the open market or after the lapse (without exercise) of a stock option described in Section .

(d) Any Capital Stock issued to an Existing Holder pursuant to a dividend reinvestment plan adopted by the Corporation shall increase the Existing Holder Limit for the Existing Holder to the maximum extent possible under Section to permit the Beneficial Ownership of such Capital Stock.

(e) Any Capital Stock issued to an Existing Holder in exchange for the contribution or sale to the Corporation of real property, including Capital Stock issued pursuant to an "earn-out" provision in connection with any such sale, shall increase the Existing Holder Limit for the Existing Holder to the maximum extent possible under Section to permit the Beneficial Ownership of such Capital Stock.

Section 5.9 Modification of Ownership Limit. Subject to the limitations provided in Section 5.10, the Board of Directors may from time to time increase the Ownership Limit.

Section 5.10 Limitations on Modifications. Notwithstanding any other provision of this Article :

(a) Neither the Ownership Limit nor any Existing Holder Limit may be increased if, after giving effect to such increase, five Persons who are considered individuals pursuant to Section 542(a)(2) of the Code (taking into account all of the then Existing Holders) could Beneficially Own, in the aggregate, more than 49.5% by value of the outstanding Capital Stock.

(b) Prior to the modification of any Existing Holder Limit or Ownership Limit pursuant to Section or , the Board of Directors of the Corporation may require such opinions of counsel, affidavits, undertakings or agreements as it may deem necessary or advisable in order to determine or insure the Corporation's status as a REIT.

(c) No Existing Holder Limit may be a percentage which is less than the Ownership Limit.

(d) The Ownership Limit may not be increased to a percentage which is greater than 9.8%.

Section 5.11 Exceptions. The Board of Directors may, upon receipt of either a certified copy of a ruling of the Internal Revenue Service or an opinion of counsel satisfactory to the Board of Directors, but shall in no case be required to, exempt a Person (the "Exempted Holder") from the Ownership Limit, the Related Party Limit or the Existing Holder Limit, as the case may be, if the ruling or opinion concludes that no Person who is an individual as defined in Section 542(a)(2) of the Code will, as the result of the ownership of the shares by the Exempted Holder, be considered to have Beneficial Ownership of an amount of Capital Stock that will violate the Ownership Limit, Related Tenant Limit, or the applicable Existing Holder Limit, as the case may be.

Section 5.12 Legend. All certificates representing shares of Capital Stock of the Corporation shall bear a legend referencing the restrictions on ownership and transfer as set forth in these Articles.

Section 5.13 Termination of REIT Status. The Board of Directors may revoke the Corporation's election of REIT status as provided in Section 856(g)(2) of the Code if, in its discretion, the qualification of the Corporation as a REIT is no longer in the best interests of the Corporation. Notwithstanding any such revocation or other termination of REIT status, the provisions of this Article 5 shall remain in effect unless amended pursuant to the provisions of Article 10.

Section 5.14 Severability. If any provision of this Article or any application of any such provision is determined to be invalid by any federal or state court having jurisdiction over the issues, the validity of the remaining provisions shall not be affected and the application of such provisions shall be affected only to the extent necessary to comply with the determination of such court.

Section 5.15 New York Stock Exchange Transactions. Nothing in this Article shall preclude the settlement of any transaction entered into through the facilities of the New York Stock Exchange."

Old Article 5 is renumbered as Article 6.

A new Article 7 is added which reads as follows:

"ARTICLE 7

DIRECTORS

Section 7.1 Number. This corporation shall have three directors initially. The number of directors may be increased or diminished from time to time by the bylaws, but shall never be more than fifteen (15) or less than three (3).

Section 7.2 Classification. The Directors shall be classified into three classes, as nearly equal in number as possible: One class to be originally elected for a term expiring at the annual meeting of shareholders to be held in 1994; another class to be originally elected for a term expiring at the annual meeting of shareholders to be held in 1995; and a third class to be originally elected for a term expiring at the annual meeting of shareholders to be held in 1996, with each class to hold office until its successors are elected and qualified. At each annual meeting of the shareholders of the Corporation, the date of which shall be fixed by or pursuant to the Bylaws of the Corporation, the successors of the class of directors whose terms expire at that meeting shall be elected to hold office for a term expiring at the annual meeting of shareholders held in the third year following the year of their election."

Old Article 6 is renumbered as Article 8.

Old Article 8 is renumbered as Article 9.

Old Article 9 is renumbered as Article 10.

NOW, THEREFORE, incorporating the foregoing amendments, the corporation's Articles of Incorporation are hereby amended and restated to read in their entirety as follows:

RESTATED ARTICLES OF INCORPORATION

of

REGENCY REALTY CORPORATION

ARTICLE 1

NAME AND ADDRESS

Section 1.2 Address of Principal Office. The address of the principal office of the Corporation is 121 West Forsyth Street, Jacksonville, Florida 32202.

ARTICLE 2

DURATION

Section 2.1 Duration. The Corporation shall exist perpetually.

ARTICLE 3

PURPOSES

Section 3.1 Purposes. This corporation is organized for the purpose of transacting any or all lawful business permitted under the laws of the United States and of the State of Florida.

ARTICLE 4

CAPITAL STOCK

Section 4.1 Authorized Capital. The maximum number of shares of stock which the Corporation is authorized to have outstanding at any one time is twenty-six million (26,000,000) shares (the "Capital Stock") divided into classes as follows:

(a) One million (1,000,000) shares of preferred stock having a par value of \$0.01 per share (the "Preferred Stock"), and which may be issued in one or more classes or series as further described in Section ; and

(b) Twenty-five million (25,000,000) shares of common stock having a par value of \$0.01 per share (the "Common Stock").

All such shares shall be issued fully paid and nonassessable.

Section 4.2 Preferred Stock. The Board of Directors is authorized to provide for the issuance of the Preferred Stock in one or more classes and in one or more series within a class and, by filing the appropriate Articles of Amendment with the Secretary of State of Florida which shall be effective without shareholder action, is authorized to establish the number of shares to be included in each class and each series and the preferences, limitations and relative rights of each class and each series. Such preferences must include the preferential right to receive distributions of dividends or the preferential right to receive distributions of assets upon the dissolution of the Corporation before shares of Common Stock are entitled to receive such distributions.

Section 4.3 Common Stock. Holders of Common Stock are entitled to one vote per share on all matters required by Florida law to be approved by the shareholders. Subject to the rights of any outstanding classes or series of Preferred Stock having preferential dividend rights, holders of Common Stock are entitled to such dividends as may be declared by the Board of Directors out of funds lawfully available therefor. Upon the dissolution of the Corporation, holders of Common Stock are entitled to receive, pro rata in accordance with the number of shares owned by each, the net assets of the Corporation remaining after the holders of any outstanding classes or series of Preferred Stock having preferential rights to such assets have received the distributions to which they are entitled.

## ARTICLE 5

### REIT PROVISIONS

Section 5.1 Definitions. For the purposes of this Article , the following terms shall have the following meanings:

(a) "Acquire" shall mean the acquisition of Beneficial Ownership of shares of Capital Stock by any means including, without limitation, acquisition pursuant to the exercise of any option, warrant, pledge or other security interest or similar right to acquire shares, but shall not include the acquisition of any such rights, unless, as a result, the acquirer would be considered a Beneficial Owner as defined below.

(b) "Actual Owner" shall mean, with respect to any Capital Stock, that Person who is required to include in its gross income any dividends paid with respect to such Capital Stock.

(c) "Beneficial Ownership" shall mean ownership of Capital Stock by a Person who would be treated as an owner of such shares of Capital Stock, either directly or indirectly, under Section 542(a)(2) of the Code, taking into account for this purpose (i) constructive ownership determined under Section 544 of the Code, as modified by Section 856(h)(1)(B) of the Code (except where expressly provided otherwise) and (ii) any future amendment to the Code which has the effect of modifying the ownership rules under Section 542(a)(2) of the Code. The terms "Beneficial Owner", "Beneficially Owns" and "Beneficially Owned" shall have the correlative meanings.

(d) "Code" shall mean the Internal Revenue Code of 1986, as amended. In the event of any future amendments to the Code involving the renumbering of Code sections, the Board of Directors may, in its sole discretion, determine that any reference to a Code section herein shall mean the successor Code section pursuant to such amendment.

(e) "Constructive Ownership" shall mean ownership of Capital Stock by a Person who would be treated as an owner of such Capital Stock, either directly or constructively, through the application of Section 318 of the Code, as modified by Section 856(d)(5) of the Code. The terms "Constructive Owner", "Constructively Owns" and "Constructively Owned" shall have the correlative meanings.

(f) "Existing Holder" shall mean: (i) The Regency Group, Inc., MEP, Ltd., and The Regency Group II, Ltd.; (ii) any Person who is a Beneficial Owner of Capital Stock as a result of attribution of the Beneficial Ownership from any of the Persons identified in clause (i); and (iii) any Person who Acquires Beneficial Ownership from another Existing Holder, except by Acquisition on the open market.

(g) "Existing Holder Limit" for an Existing Holder shall mean, initially, the percentage by value of the outstanding Capital Stock Beneficially Owned by such Existing Holder at the opening of business on the date after the Initial Public Offering, and after any adjustment pursuant to Section hereof, shall mean such percentage of the outstanding Capital Stock as so adjusted; provided, however, that the Existing Holder Limit shall not be a percentage which is less than the Ownership Limit. Beginning with the date after the Initial Public Offering, the Secretary of the Corporation shall maintain and, upon request, make available to each Existing Holder, a schedule which sets forth the then current Existing Holder Limits for each Existing Holder.

(h) "Initial Public Offering" means the closing of the sale of shares of Common Stock pursuant to the Corporation's first effective registration statement for such Common Stock filed under the Securities Act of 1933, as amended.

(i) "Ownership Limit" shall initially mean 7% by value of the outstanding Capital Stock of the Corporation, and after any adjustment as set forth in Section , shall mean such greater percentage (but not greater than 9.8%) by value of the outstanding Capital Stock as so adjusted.

(j) "Person" shall mean an individual, corporation, partnership, estate, trust (including a trust qualified under Section 401(a) or 501(c)(17) of the Code), a portion of a trust permanently set aside for or to be used exclusively for the purposes described in Section 642(c) of the Code, association, private foundation within the meaning of Section 509(a) of the Code, joint stock company or other entity, and also includes a group as that term is used for purposes of Section 13(d)(3) of the Securities Exchange Act of 1934, as amended; but does not include an underwriter retained by the Company which participates in a public offering of the Capital Stock for a period of 90 days following the purchase by such underwriter of the Capital Stock.

(k) "REIT" shall mean a Real Estate Investment Trust under Section 856 of the Code.

(l) "Redemption Price" shall mean the lower of (i) the price paid by the transferee from whom shares are being redeemed and (ii) the average of the last reported sales price on the New York Stock Exchange of the relevant class of Capital Stock on the ten trading days immediately preceding the date fixed for redemption by the Board of Directors, or if the relevant class of Capital Stock is not then traded on the New York Stock Exchange, the average of the last reported sales prices of such class of Capital Stock (or, if sales prices are not reported, the average of the closing bid and asked prices) on the ten trading days immediately preceding the relevant date as reported on any exchange or quotation system over which the Capital Stock may be traded, or if such class of Capital Stock is not then traded over any exchange or quotation system, then the price determined in good faith by the Board of Directors of the Corporation as the fair market value of such class of Capital Stock on the relevant date.

(m) "Related Tenant Owner" shall mean any Constructive Owner who also owns, directly or indirectly, an interest in a Tenant, which interest is equal to or greater than (i) 10% of the combined voting power of all classes of stock of such Tenant, (ii) 10% of the total number of shares in all classes of stock of such Tenant, or (iii) if such Tenant is not a corporation, 10% of the assets or net profits of such Tenant.

(n) "Related Tenant Limit" shall mean 9.8% by value of the outstanding Capital Stock of the Corporation.

(o) "Restriction Termination Date" shall mean the first day after the date of the Initial Public Offering on which the Corporation determines pursuant to Section

that it is no longer in the best interest of the Corporation to attempt to, or continue to, qualify as a REIT.

(p) "Tenant" shall mean any tenant of (i) the Corporation, (ii) a subsidiary of the Corporation which is deemed to be a "qualified REIT subsidiary" under Section 856(i)(2) of the Code, or (iii) a partnership in which the Corporation or one or more of its qualified REIT subsidiaries is a partner.

(q) "Transfer" shall mean any sale, transfer, gift, assignment, devise, or other disposition of Capital Stock or the right to vote or receive dividends on Capital Stock (including (i) the granting of any option or entering into any agreement for the sale, transfer or other disposition of Capital Stock or the right to vote or receive dividends on the Capital Stock or (ii) the sale, transfer, assignment or other disposition or grant of any securities or rights convertible or exchangeable for Capital Stock), whether voluntarily or involuntarily, whether of record or Beneficially, and whether by operation of law or otherwise; provided, however, that any pledge of Capital Stock shall not be deemed a Transfer until such time as the pledgee effects an actual change in ownership of the pledged shares of Capital Stock.

Section 5.2 Restrictions on Transfer. Except as provided in Section 5.11 and Section 5.15, during the period commencing at the Initial Public Offering:

(a) No Person (other than an Existing Holder) shall Beneficially Own Capital Stock in excess of the Ownership Limit, and no Existing Holder shall Beneficially Own Capital Stock in excess of the Existing Holder Limit for such Existing Holder.

(b) No Person shall Constructively Own Capital Stock in excess of the Related Tenant Limit for more than thirty (30) days following the date such Person becomes a Related Tenant Owner unless such Person ceases to be a Related Tenant Owner before the end of such thirty (30) day period.

(c) Any Transfer that, if effective, would result in any Person (other than an Existing Holder) Beneficially Owning Capital Stock in excess of the Ownership Limit shall be void ab initio as to the Transfer of such Capital Stock which would be otherwise Beneficially Owned by such Person in excess of the Ownership Limit, and the intended transferee shall Acquire no rights in such Capital Stock.

(d) Any Transfer that, if effective, would result in any Existing Holder Beneficially Owning Capital Stock in excess of the applicable Existing Holder Limit shall be void ab initio as to the Transfer of such Capital Stock which would be otherwise Beneficially Owned by such Existing Holder in excess of the applicable Existing Holder Limit, and such Existing Holder shall Acquire no rights in such Capital Stock.

(e) Any Transfer that, if effective, would result in any Related Tenant Owner Constructively Owning Capital Stock in excess of the Related Tenant Limit shall be void ab initio as to the Transfer of such Capital Stock which would be otherwise Constructively Owned by such Related Tenant Owner in excess of the Related Tenant Limit, and the intended transferee shall Acquire no rights in such Capital Stock.

(f) Any Transfer that, if effective, would result in the Capital Stock being Beneficially Owned by less than 100 Persons (determined without reference to any rules of attribution) shall be void ab initio as to the Transfer of such Capital Stock which would be otherwise Beneficially Owned by the transferee, and the intended transferee shall Acquire no rights in such Capital Stock.

(g) Any Transfer that, if effective, would result in the Corporation being "closely held" within the meaning of Section 856(h) of the Code shall be void ab initio as to the portion of any Transfer of the Capital Stock which would cause the Corporation to be "closely held" within the meaning of Section 856(h) of the Code, and the intended transferee shall Acquire no rights in such Capital Stock.

(h) Any other Transfer that, if effective, would result in the disqualification of the Corporation as a REIT by virtue of actual, Beneficial or Constructive Ownership of Capital Stock shall be void ab initio as to such portion of the Transfer resulting in the disqualification, and the intended transferee shall Acquire no rights in such Capital Stock.

### Section 5.3 Remedies for Breach.

(a) If the Board of Directors or a committee thereof shall at any time determine in good faith that a Transfer has taken place that falls within the scope of Section or that a Person intends to Acquire Beneficial Ownership of any shares of the Corporation that would result in a violation of Section (whether or not such violation is intended), the Board of Directors or a committee thereof shall take such action as it or they deem advisable to refuse to give effect to or to prevent such Transfer,

including, but not limited to, refusing to give effect to such Transfer on the books of the Corporation or instituting proceedings to enjoin such Transfer, subject, however, in all cases to the provisions of Section .

(b) Without limitation to Sections and , any purported transferee of shares Acquired in violation of Section and any Person retaining shares in violation of Section 5.2(b) shall be deemed to have acted as agent on behalf of the Corporation in holding those shares Acquired or retained in violation of Section and shall be deemed to hold such shares in trust on behalf of and for the benefit of the Corporation. Such shares shall be deemed a separate class of stock until such time as the shares are sold or redeemed as provided in Section 5.3(c). The holder shall have no right to receive dividends or other distributions with respect to such shares, and shall have no right to vote such shares. Such holder shall have no claim, cause of action or any other recourse whatsoever against any transferor of shares Acquired in violation of Section . The holder's sole right with respect to such shares shall be to receive, at the Corporation's sole and absolute discretion, either (i) consideration for such shares upon the resale of the shares as directed by the Corporation pursuant to Section or (ii) the Redemption Price pursuant to Section . Any distribution by the Corporation in respect of such shares Acquired or retained in violation of Section 5.2 shall be repaid to the Corporation upon demand.

(c) The Board of Directors shall, within six months after receiving notice of a Transfer that violates Section or a retention of shares in violation of Section 5.2(b), either (in its sole and absolute discretion, subject to the requirements of Florida law applicable to redemptions) (i) direct the holder of such shares to sell all shares held in trust for the Corporation pursuant to Section for cash in such manner as the Board of Directors directs or (ii) redeem such shares for the Redemption Price in cash on such date within such six month period as the Board of Directors may determine. If the Board of Directors directs the holder to sell the shares, the holder shall receive such proceeds as the trustee for the Corporation and pay the Corporation out of the proceeds of such sale (i) all expenses incurred by the Corporation in connection with such sale, plus (ii) any remaining amount of such proceeds that exceeds the amount paid by the holder for the shares, and the holder shall be entitled to retain only the amount of such proceeds in excess of the amount required to be paid to the Corporation.

Section 5.4 Notice of Restricted Transfer. Any Person who Acquires, attempts or intends to Acquire, or retains shares in violation of Section shall immediately give written

notice to the Corporation of such event and shall provide to the Corporation such other information as the Corporation may request in order to determine the effect, if any, of such Transfer, attempted or intended Transfer, or retention, on the Corporation's status as a REIT.

Section 5.5 Owners Required to Provide Information. From the date of the Initial Public Offering and prior to the Restriction Termination Date:

(a) Every shareholder of record of more than 5% by value (or such lower percentage as required by the Code or the regulations promulgated thereunder) of the outstanding Capital Stock of the Corporation shall, within 30 days after December 31 of each year, give written notice to the Corporation stating the name and address of such record shareholder, the number and class of shares of Capital Stock Beneficially Owned by it, and a description of how such shares are held; provided that a shareholder of record who holds outstanding Capital Stock of the Corporation as nominee for another Person, which Person is required to include in its gross income the dividends received on such Capital Stock (an "Actual Owner"), shall give written notice to the Corporation stating the name and address of such Actual Owner and the number and class of shares of such Actual Owner with respect to which the shareholder of record is nominee. Each such shareholder of record shall provide to the Corporation such additional information as the Corporation may request in order to determine the effect, if any, of such Beneficial Ownership on the Corporation's status as a REIT.

(b) Every Actual Owner of more than 5% by value (or such lower percentage as required by the Code or Regulations promulgated thereunder) of the outstanding Capital Stock of the Corporation who is not a shareholder of record of the Corporation, shall within 30 days after December 31 of each year, give written notice to the Corporation stating the name and address of such Actual Owner, the number and class of shares Beneficially Owned, and a description of how such shares are held.

(c) Each Person who is a Beneficial Owner of Capital Stock and each Person (including the shareholder of record) who is holding Capital Stock for a Beneficial Owner shall provide to the Corporation such information as the Corporation may request, in good faith, in order to determine the Corporation's status as a REIT.

(d) Nothing in this Section 5.5 or any request pursuant hereto shall be deemed to waive any limitation in Section 5.2.

Section 5.6 Remedies Not Limited. Except as provided in Section , nothing contained in this Article shall limit the authority of the Board of Directors to take such other action as it deems necessary or advisable to protect the Corporation and the interests of its shareholders in preserving the Corporation's status as a REIT.

Section 5.7 Ambiguity. In the case of an ambiguity in the application of any of the provisions of this Article , including without limitation any definition contained in Section and any determination of Beneficial Ownership, the Board of Directors in its sole discretion shall have the power to determine the application of the provisions of this Article with respect to any situation based on the facts known to it.

Section 5.8 Modification of Existing Holder Limits. Subject to the provisions of Section , the Existing Holder Limits may be modified as follows:

(a) Any Existing Holder may Transfer Capital Stock to another Person, and, so long as such Transfer is not on the open market, any such Transfer will decrease the Existing Holder Limit for such transferor Existing Holder (but not below the Ownership Limit) and increase the Existing Holder Limit for such transferee Existing Holder by the percentage of the outstanding Capital Stock so transferred. The transferor Existing Holder shall give the Board of Directors of the Corporation prompt written notice of any such transfer. Any Transfer by an Existing Holder on the open market shall neither reduce its Existing Holder Limit nor increase the Ownership Limit or Existing Holder Limit of the transferee.

(b) Any grant of Capital Stock or a stock option pursuant to any benefit plan for directors or employees shall increase the Existing Holder Limit for the affected Existing Holder to the maximum extent possible under Section to permit the Beneficial Ownership of the Capital Stock granted or issuable under such employee benefit plan.

(c) The Board of Directors may reduce the Existing Holder Limit of any Existing Holder, with the written consent of such Existing Holder, after any Transfer permitted in this Article by such Existing Holder on the open market or after the lapse (without exercise) of a stock option described in Section .

(d) Any Capital Stock issued to an Existing Holder pursuant to a dividend reinvestment plan adopted by the Corporation shall increase the Existing Holder Limit

for the Existing Holder to the maximum extent possible under Section to permit the Beneficial Ownership of such Capital Stock.

(e) Any Capital Stock issued to an Existing Holder in exchange for the contribution or sale to the Corporation of real property, including Capital Stock issued pursuant to an "earn-out" provision in connection with any such sale, shall increase the Existing Holder Limit for the Existing Holder to the maximum extent possible under Section to permit the Beneficial Ownership of such Capital Stock.

Section 5.9 Modification of Ownership Limit. Subject to the limitations provided in Section 5.10, the Board of Directors may from time to time increase the Ownership Limit.

Section 5.10 Limitations on Modifications. Notwithstanding any other provision of this Article :

(a) Neither the Ownership Limit nor any Existing Holder Limit may be increased if, after giving effect to such increase, five Persons who are considered individuals pursuant to Section 542(a)(2) of the Code (taking into account all of the then Existing Holders) could Beneficially Own, in the aggregate, more than 49.5% by value of the outstanding Capital Stock.

(b) Prior to the modification of any Existing Holder Limit or Ownership Limit pursuant to Section or , the Board of Directors of the Corporation may require such opinions of counsel, affidavits, undertakings or agreements as it may deem necessary or advisable in order to determine or insure the Corporation's status as a REIT.

(c) No Existing Holder Limit may be a percentage which is less than the Ownership Limit.

(d) The Ownership Limit may not be increased to a percentage which is greater than 9.8%.

Section 5.11 Exceptions. The Board of Directors may, upon receipt of either a certified copy of a ruling of the Internal Revenue Service or an opinion of counsel satisfactory to the Board of Directors, but shall in no case be required to, exempt a Person (the "Exempted Holder") from the Ownership Limit, the Related Party Limit or the Existing Holder Limit, as

the case may be, if the ruling or opinion concludes that no Person who is an individual as defined in Section 542(a)(2) of the Code will, as the result of the ownership of the shares by the Exempted Holder, be considered to have Beneficial Ownership of an amount of Capital Stock that will violate the Ownership Limit, Related Tenant Limit, or the applicable Existing Holder Limit, as the case may be.

Section 5.12 Legend. All certificates representing shares of Capital Stock of the Corporation shall bear a legend referencing the restrictions on ownership and transfer as set forth in these Articles.

Section 5.13 Termination of REIT Status. The Board of Directors may revoke the Corporation's election of REIT status as provided in Section 856(g)(2) of the Code if, in its discretion, the qualification of the Corporation as a REIT is no longer in the best interests of the Corporation. Notwithstanding any such revocation or other termination of REIT status, the provisions of this Article 5 shall remain in effect unless amended pursuant to the provisions of Article 10.

Section 5.14 Severability. If any provision of this Article or any application of any such provision is determined to be invalid by any federal or state court having jurisdiction over the issues, the validity of the remaining provisions shall not be affected and the application of such provisions shall be affected only to the extent necessary to comply with the determination of such court.

Section 5.15 New York Stock Exchange Transactions. Nothing in this Article shall preclude the settlement of any transaction entered into through the facilities of the New York Stock Exchange.

## ARTICLE 6

### INITIAL REGISTERED OFFICE AND AGENT

Section 6.1 Name and Address. The street address of the initial registered office of the Corporation is 121 West Forsyth Street, Jacksonville, Florida 32202, and the name of the initial registered agent of this Corporation at that address is Robert L. Miller.

ARTICLE 7

DIRECTORS

Section 7.1 Number. This corporation shall have three directors initially. The number of directors may be increased or diminished from time to time by the bylaws, but shall never be more than fifteen (15) or less than three (3).

Section 7.2 Classification. The Directors shall be classified into three classes, as nearly equal in number as possible: One class to be originally elected for a term expiring at the annual meeting of shareholders to be held in 1994; another class to be originally elected for a term expiring at the annual meeting of shareholders to be held in 1995; and a third class to be originally elected for a term expiring at the annual meeting of shareholders to be held in 1996, with each class to hold office until its successors are elected and qualified. At each annual meeting of the shareholders of the Corporation, the date of which shall be fixed by or pursuant to the Bylaws of the Corporation, the successors of the class of directors whose terms expire at that meeting shall be elected to hold office for a term expiring at the annual meeting of shareholders held in the third year following the year of their election.

ARTICLE 8

BYLAWS

Section 8.1 Bylaws. The initial Bylaws of the Corporation shall be adopted by the Board of Directors. Bylaws may be amended or repealed from time to time by either the Board of Directors or the shareholders, but the Board of Directors shall not alter, amend or repeal any Bylaw adopted by the shareholders if the shareholders specifically provide that the Bylaw is not subject to amendment or repeal by the Board of Directors.

ARTICLE 9

INDEMNIFICATION

Section 9.1 Indemnification. The Board of Directors is hereby specifically authorized to make provision for indemnification of directors, officers, employees and agents to the full extent permitted by law.

ARTICLE 10

AMENDMENT

Section 10.1 Amendment. The Corporation reserves the right to amend or repeal any provision contained in these Amended and Restated Articles of Incorporation, and any right conferred upon the shareholders is subject to this reservation.

IN WITNESS WHEREOF, the undersigned President of the Corporation has executed these Articles this 1st day of October, 1993.

/s/ Martin E. Stein

Martin E. Stein, Jr., President

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ARTICLES OF AMENDMENT  
OF  
REGENCY REALTY CORPORATION

(To create a class of special common stock ("Special Common Stock"))

This corporation was incorporated on 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, an amendment to the Articles of Incorporation, as amended and restated on October 4, 1993, was approved by the Board of Directors at meetings held on July 31, 1995 and October 23, 1995 and adopted by the shareholders of the corporation at a special meeting on November 21, 1995. The voting groups entitled to vote on the adoption of the amendment to the Articles of Incorporation were the holders of common stock and Series A 8% Cumulative Convertible Preferred Stock, with (i) the holders of common stock and Series A 8% Cumulative Convertible Preferred Stock voting together as a class and (ii) the holders of common stock voting separately as a class. The number of votes cast by each voting group was sufficient for approval by that voting group. The following provisions of the Articles of Incorporation be and they hereby are amended in the following particulars:

Section 4.1 is amended to read as follows:

"Section 4.1 Authorized Capital. The maximum number of shares of stock which the corporation is authorized to have outstanding at any one time is thirty-six million (36,000,000) shares (the "Capital Stock") divided into classes as follows:

(a) One million (1,000,000) shares of preferred stock having a par value of \$0.01 per share (the "Preferred Stock"), and which may be issued in one or more classes or series as further described in Section 4.2;

(b) Twenty-five million (25,000,000) shares of voting common stock having a par value of \$0.01 per share (the "Common Stock"); and

(c) Ten million (10,000,000) shares of common stock having a par value of \$0.01 per share (the "Special Common Stock") and which may be issued in one or more classes or series as further described in Section 4.4.

All such shares shall be issued fully paid and non-assessable."

Section 4.3 is amended to read as follows:

"Section 4.3 Voting Common Stock. Holders of Voting Common Stock are entitled to one vote per share on all matters required by Florida law to be approved by the shareholders. Subject to the rights of any outstanding classes or series of Preferred Stock having preferential dividend rights, holders of

Common Stock are entitled to such dividends as may be declared by the Board of Directors out of funds lawfully available therefor. Upon the dissolution of the Corporation, holders of Common Stock are entitled to receive, pro rata in accordance with the number of shares owned by each, the net assets of the Corporation remaining after the holders of any outstanding classes or series of Preferred Stock having preferential rights to such assets have received the distributions to which they are entitled."

New Section 4.4 is added as follows:

"Section 4.4 Special Common Stock. The Board of Directors is authorized to provide for the issuance of the Special Common Stock in one or more classes and in one or more series within a class and, by filing the appropriate Articles of Amendment with the Secretary of State of Florida which shall be effective without shareholder action, is authorized to establish the number of shares to be included in each class and each series and the limitations and relative rights of each class and each series. Each class or series of Special Common Stock (1) shall bear dividends, pari passu with dividends on the Common Stock, in such amount as the Board of Directors shall determine, (2) shall vote together with the Common Stock, and not separately as a class except where otherwise required by law, on all matters on which the Common Stock is entitled to vote, unless the Board of Directors determines that any such class or series shall have limited voting rights or shall not be entitled to vote except as otherwise required by law, (3) may be convertible or redeemable on such terms as the Board of Directors may determine, and (4) may have such other relative rights and limitations as the Board of Directors is allowed by law to determine."

IN WITNESS WHEREOF, the undersigned Executive Vice President of this corporation has executed these Articles of Amendment this 13th day of December, 1995.

/s/ Bruce M. Johnson  
Bruce M. Johnson, Executive Vice President

ARTICLES OF AMENDMENT TO ARTICLES OF INCORPORATION

of

REGENCY REALTY CORPORATION

DESIGNATING THE PREFERENCES, RIGHTS AND  
LIMITATIONS OF

CLASS B NON-VOTING COMMON STOCK  
\$0.01 PAR VALUE  
-----

Pursuant to Section 607.0602 of the  
Florida Business Corporation Act  
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The undersigned, Bruce M. Johnson, the Executive Vice President of Regency Realty Corporation, a Florida corporation (the "Corporation"),

DOES HEREBY CERTIFY:

That, pursuant to the authority expressly conferred upon the Board of Directors by Section 4.4 of the Restated Articles of Incorporation of the Corporation, as amended, in accordance with the provisions of Section 607.0602 of the Florida Business Corporation Act, the Board of Directors, at meetings duly held on October 23, 1995 and December 14, 1995, duly adopted the following resolution providing for an issue of a class of the Corporation's Special Common Stock to be designated Class B Special Common Stock, \$0.01 par value. Shareholder action was not required with respect to such Designation.

"RESOLVED, that pursuant to the authority expressly granted to the Corporation's Board of Directors by Section 4.4 of the Restated Articles of Incorporation of the Corporation, as amended, the Board of Directors hereby establishes a class of the Corporation's Special Common Stock, \$0.01 par value per share, and hereby fixes the designation, the number of shares and the relative rights, preferences and limitations thereof as follows:

1. Designation. The designation of the class of Special Common Stock created by this resolution shall be Class B Non-Voting Convertible Common Stock, \$0.01 par value (hereinafter referred to as "Class B Common Stock"), and the number of shares constituting such class shall be two million five hundred thousand (2,500,000) shares.

2. Dividend Rights.

(a) Subject to the rights of classes or series of Preferred Stock now in existence or which may from time to time come into existence, the holders of shares of Class

B Common Stock shall be entitled to receive dividends, when, as and if declared by the Board of Directors, out of any assets legally available therefor, *pari passu* with any dividend (payable other than in voting common stock of the Corporation (hereinafter referred to as the "Common Stock")) on the Common Stock of the Corporation, in the amount per share equal to the Class B Dividend Amount, as in effect from time to time. The initial per share Class B Dividend Amount per annum shall be equal to \$1.9369. Each calendar quarter hereafter (or if the Original Issue Date is not on the first day of a calendar quarter, the period beginning on the date of issuance and ending on the last day of the calendar quarter of issuance) is referred to hereinafter as a "Dividend Period." The amount of dividends payable with respect to each full Dividend Period for the Class B Common Stock shall be computed by dividing the Class B Dividend Amount by four. The amount of dividends on the Class B Common Stock payable with respect to the initial Dividend Period, or any other period shorter or longer than a full Dividend Period, shall be computed ratably on the basis of the actual number of days in such Dividend Period. In the event of any change in the quarterly cash dividend per share applicable to the Common Stock after the date of these Articles of Amendment, the quarterly cash dividend per share on the Class B Common Stock shall be adjusted for the same dividend period by an amount computed by (1) multiplying the amount of the change in the Common Stock dividend (2) times the Conversion Ratio (as defined in Section ).

(b) In the event the Corporation shall declare a distribution payable in (i) securities of other persons, (ii) evidences of indebtedness issued by the Corporation or other persons, (iii) assets (excluding cash dividends) or (iv) options or rights to purchase capital stock or evidences of indebtedness in the Corporation or other persons, then, in each such case for the purpose of this Section, the holders of the Class B Common Stock shall be entitled to a proportionate share of any such distribution as though they were the holders of the number of shares of Common Stock of the Corporation into which their shares of Class B Common Stock are or would be convertible (assuming such shares of Class B Common Stock were then convertible).

3. Liquidation Preference. The holders of record of Class B Common Stock shall not be entitled to any liquidation preference. In the event of any liquidation, dissolution or winding up of the affairs of the Corporation, whether voluntary or involuntary, the holders of record of Class B Common Stock shall be treated *pari passu* with the holders of record of Common Stock, with each holder of record of Class B Common Stock being entitled to receive that amount which such holder would be entitled to receive if such holder had converted all its Class B Common Stock into Common Stock immediately prior to the liquidating distribution in question.

#### 4. Conversion.

(a) Conversion Date and Conversion Ratio. Beginning on the three-year anniversary date of the Original Issue Date thereof (the "Third Anniversary"), the holders of shares of Class B Common Stock shall have the right, at their option, at any time and from time to time, to convert each such shares into 1.1901872 (hereinafter referred to as "Conversion Ratio", which shall be subject to adjustment as hereinafter provided) shares of fully paid and nonassessable shares of Common Stock; provided, however, that no holder of Class B Common

Stock shall be entitled to convert shares of Class B Common Stock into Common Stock pursuant to the foregoing provision, if, as a result of such conversion such person (x) would become the Beneficial Owner of more than 4.9% of the Corporation's outstanding Common Stock (the "Percentage Limit"), or (y) would acquire upon such conversion during any consecutive three-month period more than 495,911 shares of Common Stock (the "Share Limit," which shall be subject to adjustment as hereinafter provided). Beneficial Owner shall have the meaning set forth in Rule 13d-3 under the Securities Exchange Act of 1934 (or any successor provision thereto). Notwithstanding the foregoing, such conversion right may be exercised from time to time after the Third Anniversary irrespective of the Percentage Limit or the Share Limit (and no conversion limit shall apply) as follows:

(A) If the holder duly exercises piggyback registration rights in connection with an underwritten public offering pursuant to a Registration Rights Agreement executed by the Corporation on August 25, 1995, the holder shall be entitled to convert shares of Class B Common Stock effective at the closing of the offering in an amount sufficient to enable the holder to honor its sale obligations to the underwriters at such closing, even though the amount so converted exceeds the Percentage Limit or the Share Limit; and

(B) If (x) the holder arranges for the sale of Common Stock issuable upon conversion of Class B Common Stock in a transaction that complies with applicable securities laws and with the Corporation's Amended and Restated Articles of Incorporation as then in effect which transaction will not be effected on a securities exchange or through an established quotation system or in the over-the-counter market, and (y) the holder provides the Corporation with copies of written documentation relating to the transaction sufficient to enable the Corporation to determine whether the transaction meets the requirements of the preceding clause, the holder shall be entitled to convert shares of Class B Common Stock effective at the closing of the sale in an amount sufficient for the holder to effect the transaction at such closing, even though the amount so converted exceeds the Percentage Limit or the Share Limit.

In addition, notwithstanding the foregoing, the conversion right set forth above may be exercised without regard to the Percentage Limit or the Share Limit (and no conversion limit shall apply) before the Third Anniversary if one of the following conditions has occurred:

(i) For any two consecutive fiscal quarters, the aggregate amount outstanding as of the end of the quarter under (1) all mortgage indebtedness of the Corporation and its consolidated entities and (2) unsecured indebtedness of the Corporation and its consolidated entities for money borrowed that has not been made generally subordinate to any other indebtedness for borrowed money of the Corporation or any consolidated entity exceeds sixty five percent (65%) of the amount arrived at by (A) taking the Corporation's consolidated gross revenues less property-related expenses, including real estate taxes, insurance, maintenance and utilities, but excluding depreciation, amortization and corporate general and administrative expenses, for the quarter in question and the immediately preceding quarter, (B) multiplying the amount in clause A by two (2), and (C) dividing the resulting

product in clause B by nine percent (9%) (all as such items of indebtedness, revenues and expenses are reported in consolidated financial statements contained in the Corporation's Form 10-Ks and Form 10-Qs as filed with the Securities and Exchange Commission); or

(ii) In the event that (1) Martin E. Stein, Jr. has ceased to be an executive officer of the Corporation, or (2) Bruce M. Johnson and any one of (a) Richard E. Cook, (b) Robert C. Gillander, Jr. or (c) James D. Thompson have ceased to be executive officers of the Corporation, or (3) all of Richard E. Cook, Robert C. Gillander, Jr., and James D. Thompson have ceased to be executive officers of the Corporation; or

(iii) If (A) the Corporation shall be party to, or shall have announced or entered into an agreement for, any transaction (including, without limitation, a merger, consolidation, statutory share exchange or sale of all or substantially all of its assets (each of the foregoing being referred to herein as a "Transaction")), in each case as a result of which shares of Common Stock shall have been or will be converted into the right to receive stock, securities or other property (including cash or any combination thereof) or which has resulted or will result in the holders of Common Stock immediately prior to the Transaction owning less than 50% of the Common Stock after the Transaction, or (B) a "change of control" as defined in the next sentence occurs with respect to the Corporation. A change of control shall mean the acquisition (including by virtue of a merger, share exchange or other business combination) by one stockholder or a group of stockholders acting in concert of the power to elect a majority of the Corporation's board of directors. The Corporation shall notify the holder of Class B Common Stock promptly if any of the events listed in this Section shall occur.

Calculations set forth in Section shall be made without regard to unconsolidated indebtedness incurred as a joint venture partner, and the effect of any unconsolidated joint venture, including any income from such unconsolidated joint venture, shall be excluded for purposes of the calculation set forth in Section .

(b) Procedure for Conversion. In order to convert shares of Class B Common Stock into Common Stock, the holder thereof shall surrender the certificate(s) therefor, duly endorsed if the Corporation shall so require, or accompanied by appropriate instruments of transfer satisfactory to the Corporation, at the office of any transfer agent for the Class B Common Stock, or if there is no such transfer agent, at the principal offices of the Corporation, or at such other office as may be designated by the Corporation, together with written notice that such holder irrevocably elects to convert such shares. Such notice shall also state the name(s) and address(es) in which such holder wishes the certificate(s) for the shares of Common Stock issuable upon conversion to be issued. As soon as practicable thereafter, the Corporation shall issue and deliver at said office a certificate or certificates for the number of shares of Common Stock issuable upon conversion of the shares of Class B Common Stock duly surrendered for conversion, to the person(s) entitled to receive the same. Shares of Class B Common Stock shall be deemed to have been converted immediately prior to the close of business on the date on which the certificates therefor and notice of election to convert the same are duly received by the Corporation in accordance with the foregoing provisions, and the person(s) entitled to receive

the Common Stock issuable upon such conversion shall be deemed for all purposes as record holder(s) of such Common Stock as of the close of business on such date.

(c) No Fractional Shares. No fractional shares shall be issued upon conversion of the Class B Common Stock into Common Stock, and the number of shares of Common Stock to be issued shall be rounded to the nearest whole share. Whether or not fractional shares are issuable upon such conversion shall be determined on the basis of the total number of shares of Class B Common Stock the holder is at the time converting into Common Stock and the number of shares of Common Stock issuable upon such aggregate conversion.

(d) Payment of Adjusted Accrued Dividends Upon Conversion. On the next dividend payment date (or such later date as is permitted in this Section following any conversion hereunder, the Corporation shall pay in cash Adjusted Accrued Dividends (as defined below) on shares of Class B Common Stock so converted. The holder shall be entitled to receive accrued and unpaid dividends accrued to and including the conversion date on the shares of Class B Common Stock converted (assuming that such dividends accrue ratably each day that such shares are outstanding), less an amount equal to the pre-conversion portion of the dividends paid on the shares of Common Stock issued upon such conversion the record date for which such Common Stock dividend occurs on or after the conversion date but before the three-month anniversary date of the conversion date (the "Subsequent Record Date"). The pre-conversion portion of such Common Stock dividend means that portion of such dividend as is attributable to the period ending on the conversion date, assuming that such dividend accrues ratably during the period that (i) begins on the day after the last Common Stock dividend record date occurring before such Subsequent Record Date and (ii) ends on such Subsequent Record Date. The term "Adjusted Accrued Dividends" means the amount arrived at through the application of the foregoing formula. Adjusted Accrued Dividends shall not be less than zero. The formula for Adjusted Accrued Dividends shall be applied to effectuate the Corporation's intent that the holder converting shares of Class B Common Stock to Common Stock shall be entitled to receive dividends on such shares of Class B Common Stock up to and including the conversion date and shall be entitled to the dividends on the shares of Common Stock issued upon such conversion which are deemed to accrue beginning on the first day after the conversion date, but shall not be entitled to dividends attributable to the same period for both the shares of Class B Common Stock converted and the shares of Common Stock issued upon such conversion. The Corporation shall be entitled to withhold (to the extent consistent with the intent to avoid double dividends for overlapping portions of Class B Common Stock and Common Stock dividend periods) the payment of Adjusted Accrued Dividends until the Common Stock dividend declaration date for the applicable Subsequent Record Date, even though such date occurs after the applicable dividend payment date with respect to the Class B Common Stock, in which event the Corporation shall mail to each holder who converted Class B Common Stock a check for the Adjusted Accrued Dividends thereon within five (5) business days after such Common Stock dividend declaration date. Adjusted Accrued Dividends shall be accompanied by an explanation of how such Adjusted Accrued Dividends have been calculated. Adjusted Accrued Dividends shall not bear interest.

5. Adjustments.

(a) In the event the Corporation shall at any time (i) pay a dividend or make a distribution to holders of Common Stock in shares of Common Stock, (ii) subdivide its outstanding shares of Common Stock into a larger number of shares, or (iii) combine its outstanding shares of Common Stock into a smaller number of shares, the Conversion Ratio and the Share Limit shall be adjusted on the effective date of the dividend, distribution, subdivision or combination by multiplying the Conversion Ratio or the Share Limit (as the case may be) by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately prior to such dividend, distribution, subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately after such dividend, distribution, subdivision or combination.

(b) Whenever the Conversion Ratio and the Share Limit shall be adjusted as herein provided, the Corporation shall cause to be mailed by first class mail, postage prepaid, as soon as practicable to each holder of record of shares of Class B Common Stock a notice stating that the Conversion Ratio and the Share Limit has been adjusted and setting forth the adjusted Conversion Ratio and the Share Limit, together with an explanation of the calculation of the same.

(c) If the Corporation shall be party to any Transaction in each case as a result of which shares of Common Stock shall be converted into the right to receive stock, securities or other property (including cash or any combination thereof), the holder of each share of Class B Common Stock shall have the right, after such Transaction to convert such share pursuant to the conversion provisions hereof, into the number and kind of shares of stock or other securities and the amount and kind of property receivable upon such Transaction by a holder of the number of shares of Common Stock issuable upon conversion of such share of Class B Common Stock immediately prior to such Transaction. The Corporation shall not be party to any Transaction unless the terms of such Transaction are consistent with the provisions of this Section, and it shall not consent to 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 Class B Common Stock, thereby enabling the holders of the Class B Common Stock to receive the benefits of this Section and the other provisions of these Articles of Amendment. Without limiting the generality of the foregoing, provision shall be made for adjustments in the Conversion Ratio which shall be as nearly equivalent as may be practicable to the adjustments provided for in Section . The provisions of this Section shall similarly apply to successive Transactions. In the event that the Corporation shall propose to effect any Transaction which would result in an adjustment under Section , the Corporation shall cause to be mailed to the holders of record of Class B Common Stock at least 20 days prior to the applicable date hereinafter specified a notice stating the date on which such Transaction is expected to become effective, and the date as of which it is expected that holders of Common Stock of record shall be entitled to exchange their shares of Common Stock for securities or other property deliverable upon such Transaction. Failure to give such notice, or any defect therein, shall not affect the legality or validity of such Transaction.

6. Other.

(a) The Corporation shall at all times reserve and keep available out of its authorized but unissued Common Stock the maximum number of shares of Common Stock issuable upon the conversion of all shares of Class B Common Stock then outstanding and if, at any time, the number of authorized but unissued shares of Common Stock shall not be sufficient to effect the conversion of all then outstanding shares of the Class B Common Stock, in addition to such other remedies as shall be available to the holder of such Class B Common Stock, the Corporation shall take such corporate action as may, in the opinion of its counsel, be necessary to increase its authorized but unissued shares of Common Stock to such number of shares as shall be sufficient for such purposes.

(b) The Corporation shall pay any taxes that may be payable in respect of the issuance of shares of Common Stock upon conversion of shares of Class B Common Stock, but the Corporation shall not be required to pay any taxes which may be payable in respect of any transfer of shares of Class B Common Stock or any transfer involved in the issuance of shares of Common Stock in a name other than that in which the shares of Class B Common Stock so converted are registered, and the Corporation shall not be required to transfer any such shares of Class B Common Stock or to issue or deliver any such shares of Common Stock unless and until the person(s) requesting such transfer or issuance shall have paid to the Corporation the amount of any such taxes, or shall have established to the satisfaction of the Corporation that such taxes have been paid.

(c) The Corporation will not, by amendment of the Articles of Incorporation or through any reorganization, recapitalization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed hereunder by the Corporation, but will at all times in good faith assist in carrying out of all the provisions of these Articles of Amendment and in the taking of all such action as may be necessary or appropriate to protect the conversion rights of the holders of the Class B Common Stock against impairment.

(d) Holders of Class B Common Stock shall be entitled to receive copies of all communications by the Corporation to its holders of Common Stock, concurrently with the distribution to such shareholders.

7. Voting Rights. The holders of record of Class B Common Stock shall not be entitled to vote on any matter on which the holders of record of Common Stock are entitled to vote, except where a separate vote of the Class B Common Stock is required by law.

8. Recquired Shares. Shares of Class B Common Stock converted, redeemed or otherwise purchased or acquired by the Corporation shall be restored to the status of authorized but unissued shares of Non-Voting Common Stock without designation as to class or series.

IN WITNESS WHEREOF, the undersigned Executive Vice President of this Corporation has executed these Articles of Amendment this 20th day of December, 1995.

/s/ Bruce M. Johnson  
Bruce M. Johnson, Executive Vice President

ARTICLES OF AMENDMENT  
OF  
REGENCY REALTY CORPORATION

(To increase the authorized number of shares of preferred stock)

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, an amendment to the Articles of Incorporation, as amended and restated on October 4, 1993, was approved by the Board of Directors at meetings held on July 31, 1995 and October 23, 1995 and adopted by the shareholders of the corporation on March 20, 1996. The voting groups entitled to vote on the adoption of the amendment to the Articles of Incorporation were the holders of common stock and Series A 8% Cumulative Convertible Preferred Stock, with (i) the holders of common stock and Series A 8% Cumulative Convertible Preferred Stock voting together as a class and (ii) the holders of common stock voting separately as a class. The number of votes cast by each voting group was sufficient for approval by that voting group. The following provisions of the Articles of Incorporation be and they hereby are amended in the following particulars:

Section 4.1 is amended to read as follows:

"Section 4.1 Authorized Capital. The maximum number of shares of stock which the corporation is authorized to have outstanding at any one time is forty-five million (45,000,000) shares (the "Capital Stock") divided into classes as follows:

(a) Ten million (10,000,000) shares of preferred stock having a par value of \$0.01 per share (the "Preferred Stock"), and which may be issued in one or more classes or series as further described in Section 4.2;

(b) Twenty-five million (25,000,000) shares of voting common stock having a par value of \$0.01 per share (the "Common Stock"); and

(c) Ten million (10,000,000) shares of common stock having a par value of \$0.01 per share (the "Special Common Stock") and which may be issued in one or more classes or series as further described in Section 4.4.

All such shares shall be issued fully paid and non-assessable."

IN WITNESS WHEREOF, the undersigned Executive Vice President of this corporation has executed these Articles of Amendment this 7th day of June, 1996.

/s/ Bruce M. Johnson  
Bruce M. Johnson, Executive Vice President

CREDIT AGREEMENT

dated as of

May 17, 1996

among

REGENCY REALTY CORPORATION,  
as the Borrower

THE FINANCIAL INSTITUTIONS PARTY HERETO AND THEIR ASSIGNEES  
UNDER SECTION 12.8. HEREOF,  
as the Lenders

and

WELLS FARGO REALTY ADVISORS FUNDING, INCORPORATED,  
as the Agent

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Annex I            List of the Lenders, Credit Percentages and Lending Offices

Exhibit A	Form of Assignment and Acceptance Agreement
Exhibit B	Form of Note
Exhibit C	Form of Notice of Borrowing
Exhibit D	Form of Notice of Continuation
Exhibit E	Form of Notice of Conversion
Exhibit F	Form of Extension Request
Exhibit G	Form of Opinion of Borrower's Counsel
Exhibit H	Form of Guaranty
Exhibit I	Form of Unencumbered Pool Certificate
Exhibit J	Form of Compliance Certificate
Schedule 4.1.	Unencumbered Pool Properties
Schedule 7.2.	Ownership Structure
Schedule 7.6.	Existing Indebtedness
Schedule 7.10.	Material Contracts
Schedule 7.12.	Transactions with Affiliates
Schedule 7.15.	Litigation
Schedule 7.16.	ERISA



## CREDIT AGREEMENT

THIS CREDIT AGREEMENT (this "Agreement") dated as of May 17, 1996 by and among REGENCY REALTY CORPORATION, a Florida corporation (the "Borrower"), each of the financial institutions initially a signatory hereto together with their assignees under Section 12.8. (the "Lenders"), and WELLS FARGO REALTY ADVISORS FUNDING, INCORPORATED, as the Agent for the Lenders to the extent and in the manner provided in Article XI. below (in such capacity, the "Agent").

WHEREAS, the Lenders are willing to extend to the Borrower a credit facility subject to the terms hereof;

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the parties hereto, the parties hereto agree as follows:

### ARTICLE I. DEFINITIONS

SECTION 1.1 Definitions. The following terms, as used herein, have the following meanings:

"Acquisition" means any transaction, or any series of related transactions, by which a Person directly or indirectly acquires any assets of another Person, whether through purchase of assets, merger or otherwise.

"Additional Costs" has the meaning given that term in Section 5.1.

"Adjusted Base Rents" means the total rentals from a given Property which are denominated as base rent or minimum rent under the applicable leases which shall in any event exclude all percentage rent and reimbursements for operating expenses, taxes or insurance, and shall be based on actual rents presently being paid without any rent leveling adjustments.

"Affiliate" means any Person (other than the Agent or any Lender): (a) directly or indirectly controlling, controlled by, or under common control with, the Borrower; (b) directly or indirectly owning or holding ten percent (10%) or more of any equity interest in the Borrower; or (c) ten percent (10%) or more of whose voting stock or other equity interest is directly or indirectly owned or held by the Borrower. For purposes of this definition, "control" (including with correlative meanings, the terms "controlling", "controlled by" and "under common control with") means the possession directly or indirectly of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities or by contract or otherwise.

"Applicable Law" means all applicable provisions of local, state, federal and foreign constitutions, statutes, rules, regulations, ordinances, decrees, permits, concessions and orders of all governmental bodies and all orders and decrees of all courts, tribunals and arbitrators.

"Applicable Margin" shall mean, as of any date of determination, the percentage rate set forth below for LIBOR Loans corresponding to the rating assigned to the senior long-term unsecured debt obligations of the Borrower, as rated by the Rating Agencies:

Level	Rating	Applicable Margin
1	BBB/Baa2 or higher	1.50%
2	BBB- or Baa3 or lower or unrated	1.625%

The Agent shall determine the Applicable Margin from time to time in accordance with the above table and notify the Borrower and the Lenders of such determination. If the Rating Agencies assign ratings which correspond to different levels on the above table resulting in different Applicable Margin determinations, the Applicable Margin will correspond to the lower of the two levels. If only one Rating Agency exists or continues rating the Borrower's senior long-term unsecured debt obligations, such agency's rating shall be used for purposes of the above table. Each change in the Applicable Margin resulting from a change in the rating of the Borrower's senior long-term unsecured debt obligations shall take effect on the first calendar day of the month following the month in which such rating is publicly announced by the relevant Rating Agency.

"Assignee" has the meaning given that term in Section 12.8.(c).

"Assignment and Acceptance Agreement" means an Assignment and Acceptance Agreement among a Lender, an Assignee and the Agent, substantially in the form of Exhibit A.

"Base Rate" means the greater of (a) the rate of interest per annum established from time to time by Wells Fargo Bank, N.A., San Francisco, California and designated as its prime rate (which rate of interest may not be the lowest rate charged by such bank, the Agent or any of the Lenders on similar loans) and (b) the Federal Funds Rate plus one-half of one percent (0.5%). Each change in the Base Rate shall become effective without prior notice to the Borrower or the Lenders automatically as of the opening of business on the date of such change in the Base Rate.

"Base Rate Loan" means any Loan hereunder with respect to which the interest rate is calculated by reference to the Base Rate.

"Business Day" means (a) any day other than Saturday, Sunday or other day on which commercial banks in Atlanta, Georgia or San Francisco, California are authorized or required to close and (b) with reference to LIBOR Loans, any such day on which dealings in Dollar deposits are carried out in the London interbank market.

"Capitalized EBITDA" means, with respect to a Person and as of a given date, (a) such Person's EBITDA for the fiscal quarter most recently ended times (b) 4 and divided by (c) 10.0%. In determining Capitalized EBITDA (i) EBITDA attributable to real estate properties either acquired or disposed of by such Person during such fiscal quarter shall be disregarded and (ii) distributions of cash received by such Person during such period from any of its Unconsolidated Affiliates shall be excluded from EBITDA.

"Capitalized Lease Obligation" means Indebtedness represented by obligations under a lease that is required to be capitalized for financial reporting purposes in accordance with GAAP, and the amount of such Indebtedness shall be the capitalized amount of such obligations determined in accordance with such principles.

"Commitment" means, as to a Lender, such Lender's obligation to make Revolving Loans in an amount up to but not exceeding the amount set forth for such Lender on Annex I as such Lender's "Initial Commitment Amount", as the same may be reduced from time to time pursuant to Section 2.9.

"Compliance Certificate" means the certificate described in Section 8.1.(c).

"Consolidated Subsidiary" means, with respect to a Person at any date, any Subsidiary or other entity the accounts of which would be consolidated with those of such Person in its consolidated financial statements in accordance with GAAP, if such statements were prepared as of such date.

"Construction Budget" means the budget for the construction and development of a given Development Property, such budget to include an adequate operating deficiency reserve.

"Construction in Process" means construction in process as determined in accordance with GAAP.

"Contingent Obligation" means, for any Person, any commitment, undertaking, Guarantee or other obligation constituting a contingent liability that must be accrued under GAAP.

"Continue", "Continuation" and "Continued" each refers to the continuation of a LIBOR Loan from one Interest Period to the next Interest Period pursuant to Section 2.5.

"Convert", "Conversion" and "Converted" each refers to the conversion of a Loan of one Type into a Loan of another Type pursuant to Section 2.6.

"Credit Tenant" means any Person which has entered into, and continues to be subject to, a lease of any portion of a Property and has a rating of at least BBB- assigned to its senior long-term debt obligations by Standard and Poor's Ratings Services, a Division of the McGraw-Hill Companies, Inc. For purposes of this Agreement, Publix Super Markets, Inc. shall be deemed a Credit Tenant.

"Debt Service" means, with respect to any Person and for any period, the sum of (a) Interest Expense of such Person for such period plus (b) regularly scheduled principal payments on Indebtedness of such Person during such period, other than any balloon, bullet or similar principal payment payable on any Indebtedness of such Person which repays such Indebtedness in full.

"Default" means any condition or event which constitutes an Event of Default or which with the giving of notice or lapse of time or both would, unless cured or waived, become an Event of Default.

"Defaulting Lender" has the meaning given that term in Section 3.5.

"Development Property" means either a real estate project acquired by a Loan Party as unimproved real estate to be developed as a Property or a Property acquired by a Loan Party on which such Loan Party is to increase materially the rentable square footage of such Property, in each case for which an 85% Occupancy Rate has not been achieved.

"Dollars" or "\$" means the lawful currency of the United States of America.

"EBITDA" means, for any period and without duplication, net earnings (loss) of the Borrower for such period (excluding equity in net earnings or net loss of Unconsolidated Affiliates) plus the sum of the following amounts (but only to the extent included in determining net income (loss) for such period): (a) depreciation and amortization expense and other non-cash charges of the Borrower for such period plus (b) interest expense of the Borrower for such period plus (c) income tax expense of the Borrower in respect of such period plus (d) extraordinary losses of the Borrower, losses from sales of assets of the Borrower and losses resulting from forgiveness by the Borrower of Indebtedness, all for such period minus (e) extraordinary gains of the Borrower and gains from sales of assets of the Borrower for such period plus (f) distributions of cash received by the Borrower during such period from any of its Unconsolidated Affiliates.

"Eckerd Property" means a build-to-suit store leased to Eckerd Corporation with respect to which The Regency Group, Inc. and a third party have entered into a bona fide sale contract. If the sale contemplated by any such sale contract shall not have been consummated within 9 months following the commencement of construction of such store, then the Construction in Process for such Eckerd Property shall be excluded when determining Gross Asset Value.

"Effective Date" means the date this Agreement becomes effective in accordance with Section 6.1.

"Eligible Property" means a Property which satisfies all of the following requirements as determined by the Agent: (a) such Property is owned in fee simple by the Borrower or a Wholly Owned Subsidiary of the Borrower; (b) neither such Property, nor any interest of the Borrower or such Wholly Owned Subsidiary therein, is subject to any Lien other than Permitted

Liens or to any agreement (other than this Agreement or any other Loan Document) that prohibits the creation of any Lien thereon as security for Indebtedness; (c) if such Property is owned by a Wholly Owned Subsidiary, none of the Borrower's direct or indirect ownership interest in such Wholly Owned Subsidiary is subject to any Lien other than Permitted Liens or to any agreement (other than this Agreement or any other Loan Document) that prohibits the creation of any Lien thereon as security for Indebtedness; (d) such Property has an Occupancy Rate of at least 80% and (e) such Property is free of all structural defects, title defects, environmental conditions or other adverse matters except for defects, conditions or matters individually or collectively which are not material to the profitable operation of such Property. For purposes of this definition only, when determining the Occupancy Rate for a given Property which is a retail shopping center, an anchor tenant who has vacated its space shall nonetheless be deemed to occupy such space if such tenant is continuing to pay all rental payments when due under its lease and either of the following two conditions apply, as the case may be: (a) if such Property has two or more anchor tenants and the other anchor tenants still actually occupy their respective spaces or (b) such space is undergoing construction to meet the specific needs of a new anchor tenant who has either subleased the space from the existing tenant or who is obligated to lease such space upon substantial completion of such construction.

"Environmental Laws" means any Applicable Law relating to environmental protection or the manufacture, storage, disposal or clean-up of Hazardous Materials including, without limitation, the following: Clean Air Act, 42 U.S.C. ss. 7401 et seq.; Federal Water Pollution Control Act, 33 U.S.C. ss. 1251 et seq.; Solid Waste Disposal Act, 42 U.S.C. ss. 6901 et seq.; Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. ss. 9601 et seq.; National Environmental Policy Act, 42 U.S.C. ss. 4321 et seq.; regulations of the Environmental Protection Agency and any applicable rule of common law and any judicial interpretation thereof relating primarily to the environment or Hazardous Materials.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended, or any successor statute.

"ERISA Group" means all members of a controlled group of corporations and all trades or businesses (whether or not incorporated) under common control that are treated as a single employer under Section 414 of the Internal Revenue Code.

"ERISA Plan" means any employee benefit plan subject to Title I of ERISA.

"Event of Default" means the occurrence of any of the events specified in Section 10.1., whatever the reason for such event and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment or order of any court or any order, rule or regulation of any governmental or nongovernmental body; provided that any requirement for notice or lapse of time or any other condition has been satisfied.

"Extension Request" has the meaning given that term in Section 2.10.

"Federal Funds Rate" means, on any day, the rate per annum (rounded upward, if necessary, to the nearest 1/100th of 1%) equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers on such day, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day, provided that (a) if such day is not a Business Day, the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Business Day as so published on the next succeeding Business Day, and (b) if no such rate is published on such next succeeding Business Day, the Federal Funds Rate for such day shall be the average rate quoted to the Agent on such day on such transactions as reasonably determined by the Agent.

"Funds From Operations" means, with respect to a Person and for a given period, net earnings (loss) of such Person for such period (excluding equity in net earnings or net loss of Unconsolidated Affiliates) plus the sum of the following amounts (but only to the extent included in determining net income (loss) for such period): (a) depreciation and amortization expense and other non-cash charges of such Person with respect to its real estate assets for such period plus (b) losses from sales of assets of such Person and losses resulting from restructuring of Indebtedness of such Person, all for such period minus (c) gains from sales of assets of such Person and gains resulting from restructuring of Indebtedness of such Person, all for such period plus (d) such Person's pro rata share of Funds From Operations of such Person's Unconsolidated Affiliates plus (e) adjustments for straight-line rent leveling for such period plus (f) fees paid to members of the Borrower's Board of Directors and the amount of contributions by the Borrower paid in the Borrower's capital stock to the 401(k) plan maintained by the Borrower for such period plus (g) the amount of contributions paid by the Borrower to the Borrower's Long-term Omnibus Plan for such period.

"GAAP" shall mean generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other entity as may be approved by a significant segment of the accounting profession, which are applicable to the circumstances as of the date of determination.

"Governmental Approvals" means all authorizations, consents, approvals, licenses and exemptions of, registrations and filings with, and reports to, all Governmental Authorities.

"Governmental Authority" means any national, state or local government (whether domestic or foreign), any political subdivision thereof or any other governmental, quasi-governmental, judicial, public or statutory instrumentality, authority, body, agency, bureau or entity (including, without limitation, the Federal Deposit Insurance Corporation, the Comptroller of the Currency or the Federal Reserve Board, any central bank or any comparable authority) or any arbitrator with authority to bind a party at law.

"Gross Asset Value" means, at a given time, the sum of (a) the Borrower's Capitalized EBITDA at such time, plus (b) the purchase price paid by the Borrower (less any amounts paid to the Borrower as a purchase price adjustment, held in escrow, retained as a contingency reserve, or other similar arrangements) for any real property acquired for development by the Borrower as a Property during the Borrower's fiscal quarter most recently ended, plus (c) all of Borrower's cash and cash equivalents as of the end of such fiscal quarter, plus (d) the lesser of (i) \$20,000,000 and (ii) with respect to each of the Borrower's Unconsolidated Affiliates, (1) with respect to any of such Unconsolidated Affiliate's Properties under construction, the Borrower's pro rata share of the book value of Construction in Process for such Property as of the end of such fiscal quarter and (2) with respect to any of such Unconsolidated Affiliate's Properties which have been completed, the Borrower's pro rata share of Capitalized EBITDA of such Unconsolidated Affiliate attributable to such Properties, plus (e) with respect to any Eckerd Properties under construction, the Borrower's pro rata share of the book value of Construction in Process for such Property as of the end of such fiscal quarter.

"Guarantee" by any Person means any obligation, contingent or otherwise, of such Person directly or indirectly guaranteeing any Indebtedness or other obligation of any other Person and, without limiting the generality of the foregoing, any obligation, direct or indirect, contingent or otherwise, of such Person (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation (whether arising by virtue of partnership arrangements, by agreement to keep-well, to purchase assets, goods, securities or services, to take-or-pay, or to maintain financial statement conditions or otherwise) or (b) entered into for the purpose of assuring in any other manner the obligee of such Indebtedness or other obligation of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part), provided that the term Guarantee shall not include endorsements for collection or deposit in the ordinary course of business. The term "Guarantee" used as a verb has a corresponding meaning.

"Guarantor" means any Wholly Owned Subsidiary who executes and delivers a Guaranty pursuant to Section 4.1.(a)(xi)(A) or Section 6.1.

"Guaranty" means a Guaranty executed and delivered by a Wholly Owned Subsidiary substantially in the form of Exhibit H.

"Hazardous Materials" means all or any of the following: (a) substances that are defined or listed in, or otherwise classified pursuant to, any applicable Environmental Laws as "hazardous substances", "hazardous materials", "hazardous wastes", "toxic substances" or any other formulation intended to define, list or classify substances by reason of deleterious properties such as ignitability, corrosivity, reactivity, carcinogenicity, reproductive toxicity or "TLCP" toxicity, "EP toxicity"; (b) oil, petroleum or petroleum derived substances, natural gas, natural gas liquids or synthetic gas and drilling fluids, produced waters and other wastes associated with the exploration, development or production of crude oil, natural gas or geothermal resources; (c) any flammable substances or explosives or any radioactive materials;

and (d) asbestos in any form or (e) electrical equipment which contains any oil or dielectric fluid containing levels of polychlorinated biphenyls in excess of fifty parts per million.

"Indebtedness" means, with respect to a Person, at the time of computation thereof, all of the following (without duplication and determined on a consolidated basis): (a) obligations of such Person in respect of money borrowed; (b) obligations of such Person (other than trade debt incurred in the ordinary course of business), whether or not for money borrowed (i) represented by notes payable, or drafts accepted, in each case representing extensions of credit, (ii) evidenced by bonds, debentures, notes or similar instruments, or (iii) constituting purchase money indebtedness, conditional sales contracts, title retention debt instruments or other similar instruments, upon which interest charges are customarily paid or that are issued or assumed as full or partial payment for property; (c) Capitalized Lease Obligations of such Person; (d) all reimbursement obligations of such Person under any letters of credit or acceptances (whether or not the same have been presented for payment); and (e) all Indebtedness of other Persons which (i) such Person has Guaranteed or (ii) are secured by a Lien on any property of such Person.

"Interest Expense" means, with respect to a Person and for any period, (a) the total consolidated interest expense (including, without limitation, capitalized interest expense and interest expense attributable to Capitalized Lease Obligations) of such Person and in any event shall include all interest expense with respect to any Indebtedness in respect of which such Person is wholly or partially liable, plus (b) such Person's proportionate share of all paid or accrued interest expense for such period of Unconsolidated Affiliates of such Person.

"Interest Period" means, with respect to any LIBOR Loan, each period commencing on the date such LIBOR Loan is made or the last day of the next preceding Interest Period for such Loan and ending on the numerically corresponding day in the first, second, third or sixth calendar month thereafter, as the Borrower may select in a Notice of Borrowing, Notice of Continuation or Notice of Conversion, as the case may be, except that each Interest Period that commences on the last Business Day of a calendar month (or on any day for which there is no numerically corresponding day in the appropriate subsequent calendar month) shall end on the last Business Day of the appropriate subsequent calendar month. Notwithstanding the foregoing: (a) if any Interest Period for a Revolving Loan would otherwise end after the Revolving Credit Termination Date, such Interest Period shall end on the Revolving Credit Termination Date; (b) if any Interest Period would otherwise end after the Termination Date, such Interest Period shall end on the Termination Date; (c) each Interest Period that would otherwise end on a day which is not a Business Day shall end on the next succeeding Business Day (or, if such next succeeding Business Day falls in the next succeeding calendar month, on the next preceding Business Day); and (e) notwithstanding either of the immediately preceding clauses (a) and (b), no Interest Period for any LIBOR Loan shall have a duration of less than one month and, if the Interest Period for any LIBOR Loan would otherwise be a shorter period, such Loan shall not be available hereunder for such period.

"Interest Rate Agreement" means any interest rate swap agreement, interest rate cap agreement, interest rate collar agreement or other similar contractual agreement or arrangement

entered into by the Borrower with a nationally recognized then rated investment grade financial institution for the purpose of protecting the Borrower against fluctuations in interest rates.

"Internal Revenue Code" means the Internal Revenue Code of 1986, as amended, or any successor statute.

"Investment" means, with respect to any Person and whether or not such investment constitutes a controlling interest in such Person: (a) the purchase or other acquisition of any share of capital stock or other equity interest, evidence of Indebtedness or other security issued by any other Person; (b) any loan, advance or extension of credit to, or contribution to the capital of, any other Person; (c) any Guaranty of the Indebtedness of any other Person; (d) the subordination of any claim against a Person to other Indebtedness of such Person; and (e) any other investment in any other Person.

"Lending Office" means, for each Lender and for each Type of Loan, the office of each Lender specified for such Lender on Annex I or in its applicable Assignment and Acceptance Agreement, and for the Agent, the Lending Office of the Agent in its capacity as a Lender.

"LIBO Rate" means, with respect to each Interest Period, the average rate of interest per annum (rounded upwards, if necessary, to the next highest 1/16th of 1%) at which deposits in immediately available funds in Dollars are offered to Wells Fargo Bank, N.A. (at approximately 9:00 a.m., two Business Days prior to the first day of such Interest Period) by first class banks in the interbank Eurodollar market, for delivery on the first day of such Interest Period, such deposits being for a period of time equal or comparable to such Interest Period and in an amount equal to or comparable to the principal amount of the LIBOR Loan to which such Interest Period relates. Each determination of the LIBO Rate by the Agent shall, in absence of demonstrable error, be conclusive and binding.

"LIBOR Loan" means any Loan hereunder with respect to which the interest rate is calculated by reference to the LIBO Rate for a particular Interest Period.

"Lien" as applied to the property of any Person means: (a) any mortgage, deed to secure debt, deed of trust, pledge, lien, charge or lease constituting a Capitalized Lease Obligation, conditional sale or other title retention agreement, or other security interest, security title or encumbrance of any kind in respect of any property of such Person, or upon the income or profits therefrom; (b) any arrangement, express or implied, under which any property of such Person is transferred, sequestered or otherwise identified for the purpose of subjecting the same to the payment of Indebtedness or performance of any other obligation in priority to the payment of the general, unsecured creditors of such Person; and (c) the filing of, or any agreement to give, any financing statement under the Uniform Commercial Code or its equivalent in any jurisdiction.

"Loan" means a Revolving Loan or the Term Loan.

"Loan Document" means this Agreement, each of the Notes, each of the Guaranties, any agreement evidencing the fees referred to in Section 3.1.(d) and each other document or instrument executed and delivered by the Borrower or any other Loan Party in connection with this Agreement or any of the other foregoing documents.

"Loan Party" means each of the Borrower and each Guarantor.

"Majority Lenders" means, as of any date, (a) all Lenders, if there are fewer than three Lenders party hereto at such time and (b) the Lenders whose combined Pro Rata Shares equal or exceed 66-2/3%, if there are three or more Lenders party hereto at such time.

"Material Contract" means any agreement, lease, Mortgage, indenture, or other contract or other arrangement (other than Loan Documents), whether written or oral, to which the Borrower, any Guarantor or any other Subsidiary is a party as to which the breach, nonperformance, cancellation or failure to renew by any party thereto could have a Materially Adverse Effect.

"Materially Adverse Effect" means a materially adverse effect on (a) the business, assets, liabilities, financial condition, results of operations or business prospects of the Borrower and Consolidated Subsidiaries taken as a whole, (b) the ability of the Borrower or any other Loan Party to perform its obligations under any Loan Document to which it is a party, (c) the validity or enforceability of any of such Loan Documents, (d) the rights and remedies of the Lenders and the Agent under any of such Loan Documents or (e) the timely payment of the principal of or interest on the Loans or other amounts payable in connection therewith. Except with respect to representations made or deemed made by the Borrower under Article VII. or in any of the other Loan Documents to which it is a party, all determinations of materiality shall be made by the Agent in its reasonable judgment unless expressly provided otherwise.

"Maximum Loan Availability" means, at any time, the lesser of (a) an amount equal to the positive difference, if any, of (i) the Unencumbered Pool Value divided by 1.75, minus (ii) all Unsecured Liabilities (other than the Loans) of the Borrower and its Subsidiaries determined on a consolidated basis and (b) the Revolving Commitment.

"Mortgage" means a mortgage, deed of trust, deed to secure debt or similar security instrument made or to be made by a Person owning an interest in real estate granting a Lien on such interest in real estate as security for the payment of Indebtedness.

"Multiemployer Plan" means a multiemployer plan defined as such in Section 3(37) of ERISA to which contributions have been made by the Borrower or any ERISA Affiliate and which is covered by Title IV of ERISA.

"Net Operating Income" means, for any Property and for a given period, the sum of the following (without duplication): (a) rents and other revenues received in the ordinary course from such Property (including proceeds of rent loss insurance but excluding pre-paid rents and

revenues and security deposits except to the extent applied in satisfaction of tenants' obligations for rent) minus (b) all expenses paid or accrued related to the ownership, operation or maintenance of such property, including but not limited to taxes, assessments and the like, insurance, utilities, payroll costs, maintenance, repair and landscaping expenses, marketing expenses, and general and administrative expenses (including an appropriate allocation for legal, accounting, advertising, marketing and other expenses incurred in connection with such property, but specifically excluding general overhead expenses of Borrower and any property management fees) minus (c) the Reserve for Replacements for such Property as of the end of such period minus (d) the greater of (i) the actual property management fee paid during such period and (ii) an imputed management fee in the amount of four percent (4.0%) of the gross revenues for such Property for such period.

"Net Worth" means, for any Person and as of a given date, such Person's total consolidated stockholder's equity plus, in the case of the Borrower, increases in accumulated depreciation accrued after the Agreement Date minus (to the extent reflected in determining stockholders' equity of such Person): (a) the amount of any write-up in the book value of any assets contained in any balance sheet resulting from revaluation thereof or any write-up in excess of the cost of such assets acquired, and (b) the aggregate of all amounts appearing on the assets side of any such balance sheet for franchises, licenses, permits, patents, patent applications, copyrights, trademarks, trade names, goodwill, treasury stock, experimental or organizational expenses and other like assets which would be classified as intangible assets under GAAP, all determined on a consolidated basis.

"Non-ERISA Plan" means any Plan subject to Section 4975 of the Internal Revenue Code.

"Note" means a promissory note executed by the Borrower, payable to the order of a Lender, in an amount equal to such Lender's Pro Rata Share of the Revolving Commitment and substantially in the form of Exhibit B.

"Notice of Borrowing" means a notice in the form of Exhibit C to be delivered to the Agent pursuant to Section 2.2. evidencing the Borrower's request for a borrowing of Revolving Loans.

"Notice of Continuation" means a notice in the form of Exhibit D to be delivered to the Agent pursuant to Section 2.5. evidencing the Borrower's request for the Continuation of a borrowing of Revolving Loans.

"Notice of Conversion" means a notice in the form of Exhibit E to be delivered to the Agent pursuant to Section 2.6. evidencing the Borrower's request for the Conversion of a borrowing of Revolving Loans.

"Obligations" means, individually and collectively: (a) the aggregate principal balance of, and all accrued and unpaid interest on, all Loans; (b) any and all renewals and extensions

of any of the foregoing and (c) all other indebtedness, liabilities, obligations, covenants and duties of the Borrower owing to the Agent and/or the Lenders of every kind, nature and description, under or in respect of this Agreement or any of the other Loan Documents, whether direct or indirect, absolute or contingent, due or not due, contractual or tortious, liquidated or unliquidated, and whether or not evidenced by any promissory note.

"Occupancy Rate" means, with respect to a Property at any time, the ratio, expressed as a percentage, of (a) the net rentable square footage of such Property actually occupied by tenants paying rent pursuant to binding leases as to which no monetary default has occurred and is continuing to (b) the aggregate net rentable square footage of such Property.

"Participant" has the meaning given that term in Section 12.8.

"PBGCC" means the Pension Benefit Guaranty Corporation or any entity succeeding to any or all of its functions under ERISA.

"Permitted Liens" means (a) pledges or deposits made to secure payment of worker's compensation (or to participate in any fund in connection with worker's compensation insurance), unemployment insurance, pensions or social security programs; (b) encumbrances consisting of zoning restrictions, easements, or other restrictions on the use of real property, provided that such items do not materially impair the use of such property for the purposes intended and none of which is violated in any material respect by existing or proposed structures or land use; (c) the following to the extent no Lien has been filed in any jurisdiction or agreed to: (i) Liens for taxes not yet due and payable; or (ii) Liens imposed by mandatory provisions of Applicable Law such as for materialmen's, mechanic's, warehousemen's and other like Liens arising in the ordinary course of business, securing payment of Indebtedness the payment of which is not yet due; (d) Liens for taxes, assessments and governmental charges or assessments that are being contested in good faith by appropriate proceedings diligently conducted, and in which reserves acceptable to the Agent have been provided; (e) Liens expressly permitted under the terms of the Loan Documents; and (f) any extension, renewal or replacement of the foregoing to the extent such Lien as so extended, renewed or replaced would otherwise be permitted hereunder.

"Person" means an individual, a corporation, a partnership, a limited liability company, an association, a trust or any other entity or organization, including a government or political subdivision or an agency or instrumentality thereof.

"Plan" means at any time an employee pension benefit plan which is covered by Title IV of ERISA or subject to the minimum funding standards under Section 412 of the Internal Revenue Code.

"Pro Rata Share" means, with respect to any Lender, the percentage obtained by dividing (a) the amount of such Lender's Commitment by (b) the aggregate amount of Commitments of all the Lenders, or, if the Commitments shall have been terminated, the percentage obtained by

dividing (i) the aggregate unpaid principal amount of Loans owing to such Lender by (ii) the aggregate unpaid principal amount of all Loans.

"Property" means real property improved with one or more operating retail shopping centers or office buildings that is owned directly or indirectly, in whole or in part, by the Borrower.

"Rating Agencies" means any two nationally recognized securities rating agencies designated by the Borrower and acceptable to the Agent. One of such ratings agencies must be either (a) Moody's Investors Service, Inc. or (b) Standard & Poor's Ratings Services, a Division of The McGraw-Hill Companies, Inc., but if both such corporations cease to act as a securities rating agency or cease to provide ratings with respect to the senior long-term unsecured debt obligations of the Borrower, the Borrower may designate as a replacement Rating Agency any nationally recognized securities rating agency acceptable to the Agent.

"Regulations G, U and X" means Regulations G, U and X of the Board of Governors of the Federal Reserve System, as in effect from time to time.

"Regulatory Change" means, with respect to any Lender, any change effective after the Agreement Date in Applicable Law (including without limitation, Regulation D of the Board of Governors of the Federal Reserve System) or the adoption or making after such date of any interpretation, directive or request applying to a class of banks, including such Lender, of or under any Applicable Law (whether or not having the force of law and whether or not failure to comply therewith would be unlawful) by any Governmental Authority or monetary authority charged with the interpretation or administration thereof or compliance by any Lender with any request or directive regarding capital adequacy.

"REIT" means a Person qualifying for treatment as a "real estate investment trust" under the Internal Revenue Code.

"Reportable Event" has the meaning set forth in Section 4043(b) of ERISA, but shall not include a Reportable Event as to which the provision for 30 days' notice to the PBGC is waived under applicable regulations.

"Reserve for Replacements" means, for any period and with respect to any Property, an amount equal to (a) the aggregate square footage of all completed space of such Property times (b) \$0.15 times (c) the number of days in such period divided by (d) 365.

"Restricted Payment" means, with respect to a Person: (a) any dividend or other distribution, direct or indirect, on account of any shares of any class of stock of such Person now or hereafter outstanding, except a dividend payable solely in shares of that class of stock to the holders of that class; (b) any redemption, conversion, exchange, retirement, sinking fund or similar payment, purchase or other acquisition for value, direct or indirect, of any shares of any class of stock of such Person now or hereafter outstanding; and (c) any payment made to

retire, or to obtain the surrender of, any outstanding warrants, options or other rights to acquire shares of any class of stock of such Person now or hereafter outstanding.

"Revolving Commitment" means an amount equal to \$75,000,000, as such amount may be reduced from time to time in accordance with the terms hereof.

"Revolving Credit Termination Date" means the earlier to occur of (a) May 17, 1998, or such later date to which such date may be extended in accordance with Section 2.10. or (b) the date on which the Revolving Loans are converted into the Term Loan pursuant to Section 2.11.

"Revolving Loan" means a loan made by a Lender under Section 2.1.

"Revolving Period" means the period commencing on the Effective Date and ending on the earlier of (a) the Revolving Credit Termination Date or (b) the date on which the Revolving Loans are converted into the Term Loan pursuant to Section 2.11.

"Secured Indebtedness" means, with respect to any Person, any Indebtedness of such Person that is secured in any manner by any Lien on any real property and shall include such Person's pro rata share of the Secured Indebtedness of any of such Person's Unconsolidated Affiliates.

"Securities Act" means the Securities Act of 1933, as amended, and all rules and regulations issued pursuant thereto.

"Solvent" means, when used with respect to any Person, that (a) the fair value and the fair salable value of its assets (excluding any Indebtedness due from any Affiliate of such Person) are each in excess of the fair valuation of its total liabilities (including all contingent liabilities); and (b) such Person is able to pay its debts or other obligations in the ordinary course as they mature and (c) that the Person has capital not unreasonably small to carry on its business and all business in which it proposes to be engaged.

"Stein Parties" means (a) Joan Stein, Richard Stein, Robert Stein and Martin E. Stein, Jr. and (b) The Regency Group, Inc., The Regency Group II, Ltd. and Regency Square II but only so long as the foregoing individuals own, directly or indirectly, all of the capital stock of any such entity.

"Subsidiary" means any Person of which securities or other ownership interests having ordinary voting power to elect a majority of the board of directors or other persons performing similar functions, are at the time directly or indirectly owned by another Person, or by one or more Subsidiaries of such other Person or by such other Person and one or more Subsidiaries of such other Person.

"Taxes" has the meaning given that term in Section 3.11.

"Term Loan" has the meaning given that term in Section 2.11.

"Termination Date" means the date two years after the Revolving Credit Termination Date.

"Termination Event" means (a) a Reportable Event; (b) the filing of a notice of intent to terminate a Plan or the treatment of a Plan amendment as a termination under Section 4041 of ERISA or (c) the institution of proceedings to terminate a Plan by the PBGC under Section 4042 of ERISA, or the appointment of a trustee to administer any Plan.

"Total Liabilities" means, as to any Person as of a given date, all liabilities which would, in conformity with GAAP, be properly classified as a liability on the consolidated balance sheet of such Person as at such date, and in any event shall include (without duplication): (a) all Indebtedness of such Person; (b) all accounts payable of such Person; (c) all Contingent Obligations of such Person; (d) such Person's proportionate share of liabilities of any Unconsolidated Affiliate of such Person, which liabilities such Person is obligated on a non-recourse basis; (e) all Indebtedness of any other Person of which such Person is a general partner; and (f) all liabilities of any such Unconsolidated Affiliate, which liabilities such Person has Guaranteed or is otherwise obligated on a recourse basis.

"Type" with respect to any Loan, refers to whether such Loan is a LIBOR Loan or a Base Rate Loan.

"Unconsolidated Affiliate" shall mean, with respect to any Person, any other Person in whom such Person holds an Investment, which Investment is accounted for in the financial statements of such Person on an equity basis of accounting and whose financial results would not be consolidated under GAAP with the financial results of such Person on the consolidated financial statements of such Person.

"Unencumbered Pool Certificate" means a report, certified by the chief financial officer of the Borrower in the manner provided for in Exhibit I, setting forth the calculations required to establish the Unencumbered Pool Value as of a specified date, all in form and detail satisfactory to the Agent.

"Unencumbered Pool Properties" means those Eligible Properties that have been approved pursuant to Article IV. for inclusion when calculating the Maximum Loan Availability.

"Unencumbered Pool Value" means, at any time, the sum of the following amounts as determined for each Unencumbered Pool Property: (a) the Net Operating Income of such Unencumbered Pool Property for the fiscal quarter most recently ended times (b) 4 and divided by (c) 10.5%, in the case of an Unencumbered Pool Property consisting of office building property, and 9.75%, in the case of an Unencumbered Pool Property consisting of a retail shopping center.

"Unencumbered NOI" means, for any period, the aggregate Net Operating Income for such period of Unencumbered Pool Properties.

"Unprotected Floating Rate Debt" means all Indebtedness of the Borrower (including, without limitation, Indebtedness of Unconsolidated Affiliates of the Borrower which Indebtedness is recourse to the Borrower) which bears interest at fluctuating rates and for which the Borrower has not obtained Interest Rate Agreements which effectively cause such variable rates to be equivalent to fixed rates.

"Unsecured Indebtedness" means, with respect to a Person, all Indebtedness of such Person that is not Secured Indebtedness.

"Unsecured Liabilities" means, as to any Person as of a given date, (a) all liabilities which would, in conformity with GAAP, be properly classified as a liability on the consolidated balance sheet of such Person as at such date plus (b) all Indebtedness of such Person (to the extent not included in the preceding clause (a)) minus (c) all Secured Indebtedness of such Person.

"Unsecured Interest Expense" means, with respect to a Person and for a given period, all Interest Expense for such period attributable the Unsecured Indebtedness of such Person.

"Wholly Owned Subsidiary" means, at any time, any Subsidiary, of which (a) all of the issued and outstanding shares of capital stock having ordinary voting power to elect a majority of the board of directors of such Subsidiary (irrespective of whether at the time shares of capital stock of any other class or classes of such Subsidiary shall or might have voting power upon the occurrence of any contingency), and (b) all other ownership interests and rights to acquire ownership interests in such Subsidiary, is at such time, directly or indirectly, owned or controlled by the Borrower, by the Borrower and one or more of its Wholly Owned Subsidiaries or by one or more Wholly Owned Subsidiaries of the Borrower.

#### SECTION 1.2 General; References to Time.

Unless otherwise indicated, all accounting terms, ratios and measurements shall be interpreted or determined in accordance with, and all financial statements required to be delivered under any Loan Document shall be prepared in accordance with, GAAP. With respect to any Property which has not been owned by a Loan Party for a full fiscal quarter, financial amounts with respect to such Property shall be adjusted appropriately to account for such lesser period of ownership unless specifically provided otherwise herein. References in this Agreement to "Sections", "Articles", "Exhibits" and "Schedules" are to sections, articles, exhibits and schedules herein and hereto unless otherwise indicated. References in this Agreement to any document, instrument or agreement (a) shall include all exhibits, schedules and other attachments thereto, (b) shall include all documents, instruments or agreements issued or executed in replacement thereof, and (c) shall mean such document, instrument or agreement, or replacement or predecessor thereto, as amended, supplemented, restated or otherwise modified from time to

time and in effect at any given time. Wherever from the context it appears appropriate, each term stated in either the singular or plural shall include the singular and plural, and pronouns stated in the masculine, feminine or neuter gender shall include the masculine, the feminine and the neuter. Unless explicitly set forth to the contrary, a reference to "Subsidiary" means a Subsidiary of the Borrower or a Subsidiary of such Subsidiary and a reference to an "Affiliate" means a reference to an Affiliate of the Borrower. Unless otherwise indicated, all references to time are references to San Francisco, California time.

## ARTICLE II. CREDIT FACILITY

### SECTION 2.1 Making of Revolving Loans.

Subject to the terms and conditions set forth in this Agreement, each Lender severally and not jointly agrees to make Revolving Loans to the Borrower during the period from and including the Effective Date to but excluding the Revolving Credit Termination Date, in an aggregate principal amount at any one time outstanding up to, but not exceeding such Lender's Pro Rata Share of the Maximum Loan Availability. Each borrowing of Revolving Loans hereunder shall be in an aggregate principal amount of \$1,000,000 and integral multiples of \$100,000 in excess of that amount (except that any such Revolving Loan may be in the aggregate amount of the unused Commitments, which Revolving Loans, if less than \$1,000,000, must be Base Rate Loans). Within the foregoing limits and subject to the other terms of this Agreement, the Borrower may borrow, repay and reborrow Revolving Loans.

### SECTION 2.2 Requests for Revolving Loans.

Not later than 9:00 a.m. at least two Business Days prior to a borrowing of Base Rate Loans and not later than 9:00 a.m. at least three Business Days prior to a borrowing of LIBOR Loans, the Borrower shall deliver to the Agent a Notice of Borrowing. Each Notice of Borrowing shall specify the principal amount of the Revolving Loan to be borrowed, the date such Revolving Loan is to be borrowed (which must be a Business Day), the use of the proceeds of such Revolving Loan, the Type of the requested Revolving Loan and if such Revolving Loan is to be a LIBOR Loan, the initial Interest Period for such Revolving Loan. Each Notice of Borrowing shall be irrevocable once given and binding on the Borrower. Prior to delivering a Notice of Borrowing, the Borrower may (without specifying whether a Revolving Loan will be a Base Rate Loan or a LIBOR Loan) request that the Agent provide the Borrower with the most recent LIBO Rate available to the Agent. The Agent shall provide such quoted rate to the Borrower and to the Lenders on the date of such request or as soon as possible thereafter.

### SECTION 2.3 Funding.

(a) Promptly after receipt of a Notice of Borrowing under Section 2.2., the Agent shall notify each Lender by telex or telecopy, or other similar form of transmission of the proposed borrowing. Each Lender shall deposit an amount equal to its Pro Rata Share of the Revolving Loan requested by the Borrower with the Agent at the Agent's Lending Office, in

immediately available funds not later than 9:00 a.m. on the date of such proposed Revolving Loan. Upon fulfillment of all applicable conditions set forth herein, the Agent shall make available to the Borrower at the Agent's Lending Office, not later than 12:00 noon on the date of the requested Revolving Loan, the proceeds of such amounts received by the Agent. The failure of any Lender to deposit the amount described above with the Agent shall not relieve any other Lender of its obligations hereunder to make its Pro Rata Share of a Revolving Loan.

(b) Unless the Agent shall have been notified by any Lender that such Lender will not make available to the Agent such Lender's Pro Rata Share of a proposed Revolving Loan, the Agent may in its discretion assume that such Lender has made such Pro Rata Share of such Revolving Loan available to the Agent in accordance with this Section and the Agent may, if it chooses, in reliance upon such assumption, make such Pro Rata Share of such Revolving Loan available to the Borrower.

#### SECTION 2.4 Number of Interest Periods.

There may be no more than four different Interest Periods outstanding at the same time.

#### SECTION 2.5 Continuation.

So long as no Default or Event of Default shall have occurred and be continuing, the Borrower may on any Business Day, with respect to any LIBOR Loan, elect to maintain such LIBOR Loan or any portion thereof as a LIBOR Loan by selecting a new Interest Period for such LIBOR Loan. Each new Interest Period selected under this Section shall commence on the last day of the immediately preceding Interest Period. Each selection of a new Interest Period shall be made by the Borrower's giving of a Notice of Continuation not later than 9:00 a.m. on the third Business Day prior to the date of any such Continuation by the Borrower to the Agent. Promptly after receipt of a Notice of Continuation, the Agent shall notify each Lender by telex or telecopy, or other similar form of transmission of the proposed Continuation. Such notice by the Borrower of a Continuation shall be by telephone or telecopy, confirmed immediately in writing if by telephone, in the form of a Notice of Continuation, specifying (a) the date of such Continuation, (b) the LIBOR Loan and portion thereof subject to such Continuation and (c) the duration of the selected Interest Period, all of which shall be specified in such manner as is necessary to comply with all limitations on Loans outstanding hereunder. Each Notice of Continuation shall be irrevocable by and binding on the Borrower once given. If the Borrower shall fail to select in a timely manner a new Interest Period for any LIBOR Loan in accordance with this Section, such Loan will automatically, on the last day of the current Interest Period therefore, Convert into a Base Rate Loan notwithstanding failure of the Borrower to comply with Section 2.6.

#### SECTION 2.6 Conversion.

So long as no Default or Event of Default shall have occurred and be continuing, the Borrower may on any Business Day, upon the Borrower's giving of a Notice of Conversion to

the Agent, Convert the entire amount of all or a portion of a Loan of one Type into a Loan of another Type. Promptly after receipt of a Notice of Conversion, the Agent shall notify each Lender by telex or telecopy, or other similar form of transmission of the proposed Conversion. Any Conversion of a LIBOR Loan into a Base Rate Loan shall be made on, and only on, the last day of an Interest Period for such LIBOR Loan. Each such Notice of Conversion shall be given not later than 9:00 a.m. on the Business Day prior to the date of any proposed Conversion into Base Rate Loans and on the third Business Day prior to the date of any proposed Conversion into LIBOR Loans. Subject to the restrictions specified above, each Notice of Conversion shall be by telephone or telecopy confirmed immediately in writing if by telephone in the form of a Notice of Conversion specifying (a) the requested date of such Conversion, (b) the Type of Loan to be Converted, (c) the portion of such Type of Loan to be Converted, (d) the Type of Loan such Loan is to be Converted into and (e) if such Conversion is into a LIBOR Loan, the requested duration of the Interest Period of such Loan. Each Notice of Conversion shall be irrevocable by and binding on the Borrower once given. Each Conversion from a Base Rate Loan to a LIBOR Loan shall be in an aggregate amount for the Loans of all the Lenders of not less than \$1,000,000 or integral multiples of \$500,000 in excess of that amount.

#### SECTION 2.7 Interest Rate.

(a) All Loans. The unpaid principal of each Base Rate Loan shall bear interest from the date of the making of such Loan to but not including the date of repayment thereof at a rate per annum equal to the Base Rate in effect from day to day. The unpaid principal of each LIBOR Loan shall bear interest from the date of the making of such Loan to but not including the date of repayment thereof at a rate per annum equal to the LIBO Rate plus the Applicable Margin.

(b) Default Rate. All past-due principal of, and to the extent permitted by Applicable Law, interest on, the Loans shall bear interest until paid at the Base Rate from time to time in effect plus four percent (4%).

#### SECTION 2.8 Repayment of Loans.

(a) Payment of Interest. The Borrower shall repay all accrued and unpaid interest on the unpaid principal amount of each Loan (i) monthly in arrears on the first day of each month, commencing with the first full calendar month occurring after the Effective Date, (ii) on the Revolving Credit Termination Date, (iii) on the Termination Date and (iv) on any date on which the principal balance of such Loan is due and payable in full.

(b) Payment of Principal of Revolving Loans. Subject to Section 2.11., the Borrower shall repay the aggregate outstanding principal balance of all Revolving Loans in full on the Revolving Credit Termination Date.

(c) Payment of Principal of Term Loan. The Borrower shall repay the principal balance of the Term Loan in seven equal consecutive quarterly installments due on the first day of August first following the date of conversion of the Revolving Loans into the Term Loan and on the first day of each subsequent November, February, May and August until the Term Loan is paid in full. Each installment shall be in an amount equal to one-seventh of the initial principal balance of the Term Loan. Notwithstanding the foregoing, the entire outstanding principal balance of the Term Loan shall be due and payable in full on the Termination Date.

(d) Optional Prepayments. The Borrower may, upon at least one Business Day's prior notice to the Agent, prepay any Loan in whole at any time, or from time to time in part in an amount equal to \$500,000 or integral multiples of \$100,000 in excess of that amount, by paying the principal amount to be prepaid. If the Borrower shall prepay the principal of any LIBOR Loan on any date other than the last day of the Interest Period applicable thereto, the Borrower shall pay the amounts, if any, due under Section 5.4.

(e) Mandatory Prepayments. If at any time the aggregate outstanding principal balance of Loans exceeds the Maximum Loan Availability, then the Borrower shall, within 15 days of the Borrower obtaining actual knowledge of the occurrence of such excess, deliver to the Agent and each Lender a written plan acceptable to the Lenders to eliminate such excess, whether by the designation of additional Properties as Unencumbered Pool Properties, by the Borrower repaying an appropriate amount of Loans, or otherwise. If such excess is not eliminated within 45 days of the Borrower obtaining actual knowledge of the occurrence thereof, then the entire outstanding principal balance of all Loans, together with all accrued interest thereon, shall be immediately due and payable in full.

(f) General Provisions as to Payments. Except to the extent otherwise provided herein, all payments of principal, interest and other amounts to be made by the Borrower under this Agreement, the Notes or any other Loan Document shall be made in Dollars, in immediately available funds, without setoff, deduction or counterclaim, to the Agent at its Lending Office, not later than 11:00 a.m. on the date on which such payment shall become due (each such payment made after such time on such due date to be deemed to have been made on the next succeeding Business Day) and shall be made in accordance with the wiring instructions set forth for the Agent on Annex I. Each payment received by the Agent for the account of a Lender under this Agreement or any Note shall be paid to such Lender, by wire transfer of immediately available funds in accordance with the wiring instructions set forth for such Lender on the Annex I attached hereto, for the account of such Lender at the applicable Lending Office of such Lender. In the event the Agent fails to pay such amounts to such Lender within one Business Day of receipt by the Agent, the Agent shall pay interest on such amount at a rate per annum equal to the Federal Funds rate from time to time in effect. If the due date of any payment under this Agreement or any other Loan Document would otherwise fall on a day which is not a Business Day such date shall be extended to the next succeeding Business Day and interest shall be payable for the period of such extension. A Lender may change the wiring instructions set forth on Annex I only by giving the Agent written notice of such change which notice shall be effective one Business Day following actual receipt by the Agent of such notice.

SECTION 2.9 Voluntary Reductions of the Revolving Commitment.

The Borrower may terminate or reduce the amount of the Revolving Commitment at any time and from time to time without penalty or premium upon not less than five Business Days prior notice to the Agent of each such termination or reduction, which notice shall specify the effective date thereof and the amount of any such reduction (which in the case of any partial reduction of the Revolving Commitment shall not be less than \$1,000,000 and integral multiples of \$1,000,000 in excess of that amount) and shall be irrevocable once given and effective only upon receipt by the Agent. The Revolving Commitment, once reduced pursuant to this Section, may not be increased. The Borrower shall pay all interest and fees on the Revolving Loans accrued to the date of such reduction or termination of the Revolving Commitment to the Agent for the account of the Lenders.

SECTION 2.10 Extension of Revolving Credit Termination Date.

The Borrower may request that the Agent and the Lenders extend the current Revolving Credit Termination Date by successive one-year intervals by executing and delivering to the Agent at least 60 days but no more than 90 days prior to the date one year prior to the current Revolving Credit Termination Date, a written request in the form of Exhibit F (an "Extension Request"). The Agent shall forward to each Lender a copy of each Extension Request delivered to the Agent promptly upon receipt thereof. If all of the Lenders shall have notified the Agent on or prior to the date which is 30 days prior to the date one year prior to the current Revolving Credit Termination Date that they accept such Extension Request, the Revolving Credit Termination Date shall be extended for one year. If any Lender shall not have notified the Agent on or prior to the date which is 30 days prior to the date one year prior to the Revolving Credit Termination Date that it accepts such Extension Request, the Revolving Credit Termination Date shall not be extended. The Agent shall promptly notify the Borrower whether the Extension Request has been accepted or rejected. The Borrower understands that this Section has been included in this Agreement for the Borrower's convenience in requesting an extension and acknowledges that none of the Lenders nor the Agent has promised (either expressly or impliedly), nor has any obligation or commitment whatsoever, to extend the Revolving Credit Termination Date at any time.

SECTION 2.11 Term Loan Conversion.

Subject to the terms and conditions of this Agreement, if any Extension Request of the Borrower shall be denied, the Borrower may then elect to convert the aggregate principal amount of Revolving Loans outstanding on the date one year prior to the current Revolving Credit Termination Date into a term loan owing to the Lenders (the "Term Loan") provided (a) the Borrower has given the Agent 15 days prior notice of the Borrower's intention to so convert the Revolving Loans and (b) the conditions set forth in Section 6.3. have been satisfied as of the date one year prior to the current Revolving Credit Termination Date. Upon the effectiveness of the conversion of the outstanding principal balance of Revolving Loans into the Term Loan

as contemplated by this Section, the Borrower shall have no right to borrow, and no Lender shall have any obligation to make, any Revolving Loans.

#### SECTION 2.12 Notes.

The Revolving Loans made by each Lender shall, in addition to this Agreement, also be evidenced by a promissory note of the Borrower substantially in the form of Exhibit A, payable to the order of such Lender in a principal amount equal to the amount of its Commitment as originally in effect and otherwise duly completed.

### ARTICLE III. GENERAL LOAN PROVISIONS

#### SECTION 3.1 Fees.

(a) Unused Facility Fee. During the period commencing on the Agreement Date to but excluding the Revolving Credit Termination Date, the Borrower agrees to pay the Agent for the account of the Lenders an unused facility fee equal to (a) one-eighth of one percent (0.125%) per annum of the average daily unused portion of the Lenders' Commitments if such average is less than or equal to \$37,500,000 or (b) one-quarter of one percent (0.25%) per annum of the average daily unused portion of the Lenders' Commitments otherwise. Such fee shall accrue through the last day of each calendar quarter and shall be payable in arrears on the fifth day following the end of such calendar quarter. The Borrower acknowledges that the fees payable hereunder are bona fide commitment fees and are intended as reasonable compensation to the Lenders for committing to make funds available to the Borrower as described herein and for no other purposes.

(b) Extension Fee. If, pursuant to Section 2.10., the Lenders grant an extension of the Revolving Credit Termination Date, the Borrower agrees to pay to the Agent for the account of the Lenders an extension fee equal to one-fifth of one percent (0.20%) of the Revolving Commitment at such time. Such fee shall be payable on the date five days following the date on which the Agent notified the Borrower of such extension.

(c) Term Loan Conversion Fee. If, pursuant to Section 2.11., the outstanding balance of Revolving Loans is converted into the Term Loan, the Borrower agrees to pay to the Agent for the account of the Lenders a conversion fee equal to one-quarter of one percent (0.25%) per annum of the outstanding principal balance of the Term Loan. Such fee shall be payable on the date of the conversion of the Revolving Loan into the Term Loan and on the first anniversary of such date.

(d) Agent's Fees. The Borrower agrees to pay to the Agent such fees for services rendered by the Agent as shall be separately agreed upon between the Borrower and the Agent.

### SECTION 3.2 Computation of Interest and Fees.

Unless set forth to the contrary herein, accrued interest on the Loans and all fees due hereunder shall be computed on the basis of a year of 360 days and paid for the actual number of days elapsed (including the first day but excluding the last day of a period).

### SECTION 3.3 Pro Rata Treatment.

Unless set forth to the contrary herein, (a) each borrowing of a Revolving Loan, (b) each payment by the Borrower with respect to any Loan, and (c) each other payment to be made by the Borrower hereunder or under any Loan Document shall be made pro rata in accordance with the amounts of interest due and payable to the respective the Lenders. The fees referred to in Section 3.1.(d) shall be for the account of only the Agent.

### SECTION 3.4 Sharing of Payments, Etc.

The Borrower agrees that, in addition to (and without limitation of) any right of set-off, bankers' lien or counterclaim a Lender may otherwise have, each Lender shall be entitled, at its option, upon the occurrence and during the continuance of an Event of Default to offset balances held by it for the account of the Borrower at any of such Lender's offices, in Dollars or in any other currency, against any principal of, or interest on, any of such Lender's Loans hereunder (or other Obligations owing to such Lender hereunder) which is not paid when due (regardless of whether such balances are then due to the Borrower), in which case such Lender shall promptly notify the Borrower, all other Lenders and the Agent thereof; provided, however, such Lender's failure to give such notice shall not affect the validity of such offset. If a Lender shall obtain payment of any principal of, or interest on, any Loan under this Agreement, or shall obtain payment on any other Obligation owing by the Borrower or any other Loan Party through the exercise of any right of set-off, banker's lien or counterclaim or similar right or otherwise or through voluntary prepayments directly to a Lender or other payments made by the Borrower or any other Loan Party to a Lender not in accordance with the terms of this Agreement and such payment, pursuant to the immediately preceding Section, should be distributed to the Lenders in accordance with their Pro Rata Shares, such Lender shall promptly purchase from the other Lenders participations in (or, if and to the extent specified by such Lender, direct interests in) the Loans made by the other Lenders or other Obligations owed to such other Lenders in such amounts, and make such other adjustments from time to time as shall be equitable, to the end that all the Lenders shall share the benefit of such payment (net of any expenses which may be incurred by such Lender in obtaining or preserving such benefit) in accordance with their respective Pro Rata Shares. To such end, all the Lenders shall make appropriate adjustments among themselves (by the resale of participations sold or otherwise) if such payment is rescinded or must otherwise be restored. The Borrower agrees that any Lender so purchasing a participation (or direct interest) in the Loans or other Obligations owed to such other Lenders may exercise all rights of set-off, bankers' lien, counterclaim or similar rights with respect to such participation as fully as if such Lender were a direct holder of Loans in the amount of such participation. Nothing contained herein shall require any Lender to exercise any

such right or shall affect the right of any Lender to exercise, and retain the benefits of exercising, any such right with respect to any other indebtedness or obligation of the Borrower.

#### SECTION 3.5 Defaulting Lenders.

If for any reason any Lender (a "Defaulting Lender") shall fail or refuse to perform its obligations under this Agreement or any other Loan Document to which it is a party within the time period specified for performance of such obligation or, if no time period is specified, if such failure or refusal continues for a period of 5 Business Days after notice from the Agent, then, in addition to the rights and remedies that may be available to the Agent or the Borrower under this Agreement or Applicable Law, such Defaulting Lender's right to participate in the administration of the Loans, this Agreement and the other Loan Documents, including without limitation, any right to vote in respect of, to consent to or to direct any action or inaction of the Agent or to be taken into account in the calculation of Majority Lenders, shall be suspended during the pendency of such failure or refusal. If for any reason a Lender fails to make timely payment to the Agent of any amount required to be paid to the Agent hereunder (without giving effect to any notice or cure periods), in addition to other rights and remedies which the Agent or the Borrower may have under the immediately preceding provisions or otherwise, the Agent shall be entitled (i) to collect interest from such Defaulting Lender on such delinquent payment for the period from the date on which the payment was due until the date on which the payment is made at the Federal Funds Rate, (ii) to withhold or setoff and to apply in satisfaction of the defaulted payment and any related interest, any amounts otherwise payable to such Lender under this Agreement or any other Loan Document and (iii) to bring an action or suit against such Lender in a court of competent jurisdiction to recover the defaulted amount and any related interest. Any amounts received by the Agent in respect of a Defaulting Lender's Pro Rata Share of the Loans shall not be paid to such Defaulting Lender and shall be held by the Agent and either applied against the purchase price of such Pro Rata Share of the Loans under Section 3.6. or paid to such Defaulting Lender upon the Defaulting Lender's curing of its default.

#### SECTION 3.6 Purchase of Defaulting Lender's Pro Rata Share.

(a) Any Lender who is not a Defaulting Lender shall have the right, but not the obligation, in its sole discretion, to acquire all of a Defaulting Lender's Pro Rata Share of the Loans. If more than one Lender exercises such right, each such Lender shall have the right to acquire such proportion of such Defaulting Lender's Pro Rata Share of the Loans as they may mutually agree. Upon any such purchase of the Pro Rata Share of the Loans of a Defaulting Lender, the Defaulting Lender's interest in the Loans and its rights hereunder (but not its liability in respect thereof or under the Loan Documents or this Agreement to the extent the same relate to the period prior to the effective date of the purchase) shall terminate on the date of purchase, and the Defaulting Lender shall promptly execute all documents reasonably requested to surrender and transfer such interest to the purchaser thereof, including an appropriate Assignment and Acceptance Agreement.

(b) The purchase price for the Pro Rata Share of the Loans of a Defaulting Lender shall be equal to the amount of the principal balance of the Loans outstanding and owed by the Borrower to the Defaulting Lender. Prior to payment of such purchase price to the Defaulting Lender, the Agent shall apply against such purchase price any amounts payable in respect of such Pro Rata Share of the Loans as contemplated by the last sentence of Section 3.5. The Defaulting Lender shall be entitled to receive amounts owed to it by the Borrower under the Loan Documents which accrued prior to the date of the default by the Defaulting Lender, to the extent the same are received by the Agent from or on behalf of the Borrower. There shall be no recourse against any Lender or the Agent for the payment of such sums except to the extent of the receipt of payments from any other party or in respect of the Loans.

#### SECTION 3.7 Usury.

In no event shall the amount of interest due or payable on the Loans exceed the maximum rate of interest allowed by Applicable Law and, in the event any such payment is paid by the Borrower or received by any Lender, then such excess sum shall be credited as a payment of principal. It is the express intent of the parties hereto that the Borrower not pay and the Lenders not receive, directly or indirectly, in any manner whatsoever, interest in excess of that which may be lawfully paid by the Borrower under Applicable Law.

#### SECTION 3.8 Agreement Regarding Interest and Charges.

THE PARTIES HERETO HEREBY AGREE AND STIPULATE THAT THE ONLY CHARGE IMPOSED UPON THE BORROWER FOR THE USE OF MONEY IN CONNECTION WITH THIS AGREEMENT IS AND SHALL BE THE INTEREST DESCRIBED IN SECTION 2.7. THE PARTIES HERETO FURTHER AGREE AND STIPULATE THAT ALL OTHER CHARGES IMPOSED BY LENDERS AND THE AGENT ON THE BORROWER IN CONNECTION WITH THIS AGREEMENT, INCLUDING ALL AGENCY FEES, COMMITMENT FEES, FACILITY FEES, UNUSED FACILITY FEES, EXTENSION FEES, UNDERWRITING FEES, DEFAULT CHARGES, LATE CHARGES, ATTORNEYS' FEES AND REIMBURSEMENT FOR COSTS AND EXPENSES PAID BY THE AGENT OR ANY LENDER TO THIRD PARTIES OR FOR DAMAGES INCURRED BY THE AGENT OR ANY LENDER, ARE CHARGES MADE TO COMPENSATE THE AGENT OR ANY SUCH LENDER FOR UNDERWRITING OR ADMINISTRATIVE SERVICES AND COSTS OR LOSSES PERFORMED OR INCURRED, AND TO BE PERFORMED OR INCURRED, BY THE AGENT AND LENDERS IN CONNECTION WITH THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS AND SHALL UNDER NO CIRCUMSTANCES BE DEEMED TO BE CHARGES FOR THE USE OF MONEY PURSUANT TO OFFICIAL CODE OF GEORGIA ANNOTATED SECTION 7-4-2 OR 7-4-18. ALL CHARGES OTHER THAN CHARGES FOR THE USE OF MONEY SHALL BE FULLY EARNED AND NONREFUNDABLE WHEN DUE.

SECTION 3.9 Statements of Account.

The Agent will account to the Borrower monthly with a statement of Loans, charges and payments made pursuant to this Agreement and the other Loan Documents, and such account rendered by the Agent shall be deemed final, binding and conclusive upon the Borrower absent demonstrable error. The failure of the Agent or any Lender to maintain or deliver such a statement of accounts shall not relieve or discharge the Borrower from its obligations hereunder.

SECTION 3.10 Reliance.

Neither the Agent nor any Lender shall incur any liability to the Borrower for acting upon any telephonic notice permitted under this Agreement which the Agent or such Lender believes reasonably and in good faith to have been given by an individual authorized to deliver a Notice of Borrowing, Notice of Conversion, Notice of Continuation or Extension Request on behalf of the Borrower.

SECTION 3.11 Taxes.

(a) Taxes Generally. All payments by the Borrower of principal of, and interest on, the Loans and all other Obligations shall be made free and clear of and without deduction for any present or future excise, stamp or other taxes, fees, duties, levies, imposts, charges, deductions, withholdings or other charges of any nature whatsoever imposed by any taxing authority, but excluding (without duplication): (i) franchise taxes, (ii) any taxes (other than withholding taxes) that would not be imposed but for a connection between the Agent or a Lender and the jurisdiction imposing such taxes (other than a connection arising solely by virtue of the activities of the Agent or such Lender pursuant to or in respect of this Agreement or any other Loan Document), (iii) any withholding taxes payable with respect to payments hereunder or under any other Loan Document under Applicable Law in effect on the Agreement Date, (iv) any taxes imposed on or measured by any Lender's assets, net income, receipts or branch profits and (v) any taxes arising after the Agreement Date solely as a result of or attributable to a Lender changing its designated Lending Office after the date such Lender becomes a party hereto (such non-excluded items being collective called "Taxes"). If any withholding or deduction from any payment to be made by the Borrower hereunder is required in respect of any Taxes pursuant to any Applicable Law, then the Borrower will:

(i) pay directly to the relevant Governmental Authority the full amount required to be so withheld or deducted;

(ii) promptly forward to the Agent an official receipt or other documentation satisfactory to the Agent evidencing such payment to such Governmental Authority; and

(iii) pay to the Agent for its account or the account of the applicable Lender, as the case may be, such additional amount or amounts as is necessary to ensure that the net amount actually received by the Agent or such Lender will equal the full amount that

the Agent or such Lender would have received had no such withholding or deduction been required.

(b) Tax Indemnification. If the Borrower fails to pay any Taxes when due to the appropriate Governmental Authority or fails to remit to the Agent, for its account or the account of the respective Lender, as the case may be, the required receipts or other required documentary evidence, the Borrower shall indemnify the Agent and the Lenders for any incremental Taxes, interest or penalties that may become payable by the Agent or any Lender as a result of any such failure. For purposes of this Section, a distribution hereunder by the Agent or any Lender to or for the account of any Lender shall be deemed a payment by the Borrower.

(c) Tax Forms. Each Lender or Participant organized under the laws of a jurisdiction other than the United States of America agrees to deliver to the Borrower and the Agent such certificates, documents or other evidence, as required by the Internal Revenue Code, correctly completed and executed by such Lender or Participant establishing that such payment is not subject to United States federal withholding tax under the Internal Revenue Code because such payment is either effectively connected with the conduct by such Lender or Participant of a trade or business in the United States or totally exempt from United States federal withholding tax by reason of the application of the provisions of a treaty to which the United States is a party or such Lender is otherwise exempt.

(d) Refunds. If the Agent or any Lender shall become aware that it is entitled to a refund in respect of Taxes for which it has been indemnified by the Borrower pursuant to this Section, the Agent or such Lender shall promptly notify the Borrower of the availability of such refund and shall, within 30 days after receipt of a written request by the Borrower, apply for such refund at the Borrower's sole cost and expense. So long as no Event of Default shall have occurred and be continuing, if the Agent or any Lender shall receive a refund in respect of any such Taxes as to which it has been indemnified by the Borrower pursuant to this Section, the Agent or such Lender shall promptly notify the Borrower of such refund and shall, within 30 days of receipt, pay such refund (to the extent of amounts that have been paid by the Borrower under this Section with respect to such refund and not previously reimbursed) to the Borrower, net of all reasonable out-of-pocket expenses of such Lender or the Agent and without interest (other than the interest, if any, included in such refund).

#### ARTICLE IV. UNENCUMBERED POOL PROPERTIES

##### SECTION 4.1 Acceptance of Unencumbered Pool Properties.

(a) Subject to compliance with the terms and conditions of Section 6.1., the Lenders have accepted the properties listed on Schedule 4.1. as of the Agreement Date as Unencumbered Pool Properties. If the Borrower desires that the Lenders accept an additional Property as an Unencumbered Pool Property, the Borrower shall so notify the Agent in writing and the Agent shall promptly notify each of the Lenders. No Property will be evaluated by the Lenders unless

such Property is an Eligible Property, and unless and until the Borrower delivers to the Agent the following, in form and substance satisfactory to the Agent:

(i) A description of such Property, such description to include the age, location and current occupancy rate of such Property;

(ii) Operating statements for such Property for the immediately preceding fiscal year and for current fiscal year through the fiscal quarter most recently ending, in each case audited or certified by a representative of the Borrower as being true and correct in all material respects and prepared in accordance with GAAP, provided that, with respect to any period such Property was not owned by a Loan Party, such information shall only be required to be delivered to the extent reasonably available to the Borrower and such certification may be based upon the best of the Borrower's knowledge;

(iii) If prepared by the Borrower, a pro forma operating statement for such Property;

(iv) A current rent roll and occupancy report for such Property, certified by a representative of the Borrower as being true and correct in all material respects, and a two-year occupancy history of such Property, certified by a representative of the Borrower to be true and correct, provided that, with respect to any period such Property was not owned by a Loan Party, such information shall only be required to be delivered to the extent reasonably available to the Borrower and such certification may be based upon the best of the Borrower's knowledge;

(v) An operating budget for such Property with respect to the current fiscal year if available;

(vi) Copies of all Material Contracts affecting such Property;

(vii) Copies of all engineering, mechanical, structural and maintenance studies performed with respect to such Property;

(viii) A "Phase I" environmental assessment of such Property not more than 12 months old prepared by an environmental engineering firm acceptable to the Agent, and any additional environmental studies or assessments available to the Borrower performed with respect to such Property;

(ix) With respect to any Property being acquired by a Loan Party, a copy of the materials relating to such Property submitted by the Borrower to its board of directors for their approval of such Property (but only to the extent such materials have not already been provided under any of the preceding subsections);

(x) If such Property is owned by, or is to be acquired by, a Loan Party other than the Borrower, each of the following if not previously delivered to the Agent:

(1) a Guaranty executed by such Loan Party and each other Subsidiary holding any equity interest in such Loan Party;

(2) the articles of incorporation, articles of organization, certificate of limited partnership or other comparable organizational instrument (if any) of each such Guarantor certified as of a recent date by the Secretary of State of the State of formation of such Guarantor;

(3) a Certificate of Good Standing or certificate of similar meaning with respect to each such Guarantor issued as of a recent date by the Secretary of State of the State of formation of each such Guarantor, and certificates of qualification to transact business or other comparable certificates issued by each Secretary of State (and any state department of taxation, as applicable) of each state in which each such Guarantor is required to be so qualified;

(4) a certificate of incumbency signed by the Secretary or Assistant Secretary (or other individual performing similar functions) of each such Guarantor with respect to each of the officers of such Guarantor authorized to execute and deliver the Loan Documents to which such Guarantor is a party;

(5) copies certified by the Secretary or Assistant Secretary of each such Guarantor (or other individual performing similar functions) of (i) the by-laws of each such Guarantor, if a corporation, the operating agreement, if a limited liability company, the partnership agreement, if a limited or general partnership, or other comparable document in the case of any other form of legal entity and (ii) all corporate, partnership, member or other necessary action taken by each such Guarantor to authorize the execution, delivery and performance of the Loan Documents to which it is a party;

(6) if requested by the Agent, an opinion of legal counsel to each such Guarantor, regarding the due formation and good standing of each such Guarantor, the enforceability of the Loan Documents to which it is a party, and such other matters as the Agent may request;

(xi) An Unencumbered Pool Certificate setting forth on a pro forma basis the Maximum Loan Availability assuming that such Property is accepted as an Unencumbered Pool Property; and

(xii) Such other information the Agent may reasonably request in order to evaluate the Property.

Following receipt of the foregoing documents and information, the Agent shall review them as expeditiously as is reasonably practicable under the circumstances. If, following such review, the Agent is prepared to proceed with acceptance of such property as an Unencumbered Pool Property, the Agent will promptly (i) so notify the Borrower and (ii) submit the foregoing documents and information to the Lenders, for approval by the Majority Lenders. Upon such approval by the Majority Lenders, and upon execution and delivery of all of the following, such Property shall become an Unencumbered Pool Property:

(1) A copy of the most recent ALTA Owner's Policy of Title Insurance (or commitment to issue such a policy to the Loan Party owning or to own such Property) relating to such Property showing the identity of the fee titleholder thereto and all matters of record;

(2) If such Property is owned by, or is to be acquired by, a Loan Party other than the Borrower, each of the following if not previously delivered to the Agent:

(A) a Guaranty executed by such Loan Party and each other Subsidiary holding any equity interest in such Loan Party;

(B) the articles of incorporation, articles of organization, certificate of limited partnership or other comparable organizational instrument (if any) of each such Guarantor certified as of a recent date by the Secretary of State of the State of formation of such Guarantor;

(C) a Certificate of Good Standing or certificate of similar meaning with respect to each such Guarantor issued as of a recent date by the Secretary of State of the State of formation of each such Guarantor, and certificates of qualification to transact business or other comparable certificates issued by each Secretary of State (and any state department of taxation, as applicable) of each state in which each such Guarantor is required to be so qualified;

(D) a certificate of incumbency signed by the Secretary or Assistant Secretary (or other individual performing similar functions) of each such Guarantor with respect to each of the officers of such Guarantor authorized to execute and deliver the Loan Documents to which such Guarantor is a party;

(E) copies certified by the Secretary or Assistant Secretary of each such Guarantor (or other individual performing similar functions) of (i) the by-laws of each such Guarantor, if a corporation, the operating agreement, if a limited liability company, the partnership agreement, if a limited or general partnership, or other comparable document in the case of any other form of legal entity and (ii) all corporate, partnership, member or other necessary action taken by each such Guarantor to authorize the execution, delivery and performance of the Loan Documents to which it is a party; and

(F) if requested by the Agent, an opinion of legal counsel to each such Guarantor, regarding the due formation and good standing of each such Guarantor, the enforceability of the Loan Documents to which it is a party, and such other matters as the Agent may request; and

(3) Such other items or documents as may be appropriate under the circumstances as requested by the Agent.

#### SECTION 4.2 Termination of Designation as Unencumbered Pool Property.

From time to time the Borrower may request, upon not less than 30 days prior written notice to the Agent and the Lenders, that an Unencumbered Pool Property cease to be an Unencumbered Pool Property. The Agent shall grant such request if all of the following conditions are satisfied:

(a) no Default or Event of Default shall have occurred and be continuing both at the time of such request and immediately after giving effect to such request; and

(b) the Borrower shall have delivered to the Agent an Unencumbered Pool Certificate demonstrating on a pro forma basis, and the Agent shall have determined, that the outstanding principal balance of the Loans will not exceed the Maximum Loan Availability after giving effect to such request and any prepayment to be made and/or the acceptance of any Property as an additional or replacement Unencumbered Pool Property to be given concurrently with such request.

If a Guarantor no longer owns any Property that is an Unencumbered Pool Property nor any direct or indirect equity interest in any Guarantor that does own an Unencumbered Pool Property, then upon written request by such Guarantor, the Agent shall terminate such Guarantor's Guaranty.

#### SECTION 4.3 Additional Requirements of Unencumbered Pool Properties.

The aggregate Occupancy Rate of all Unencumbered Pool Properties, when determined on a combined basis, shall at all times equal or exceed 90%. A Property shall cease to be an Unencumbered Pool Property if it shall cease to be an Eligible Property.

### ARTICLE V. YIELD PROTECTION, ETC.

#### SECTION 5.1 Additional Costs; Capital Adequacy.

(a) Additional Costs. The Borrower shall promptly pay to the Agent for the account of a Lender from time to time such amounts as the Agent may determine to be necessary to compensate such Lender for any costs incurred by such Lender that it determines are attributable to its making or maintaining of any LIBOR Loans or its obligation to make any LIBOR Loans

hereunder, any reduction in any amount receivable by such Lender under this Agreement or any of the other Loan Documents in respect of any of such LIBOR Loans or such obligation or the maintenance by such Lender of capital in respect of its LIBOR Loans or its Commitment (such increases in costs and reductions in amounts receivable being herein called "Additional Costs"), resulting from any Regulatory Change that: (i) changes the basis of taxation of any amounts payable to such Lender under this Agreement or any of the other Loan Documents in respect of any of such LIBOR Loans or its Commitments (other than taxes imposed on or measured by the overall net income of such Lender or of its Lending Office for any of such LIBOR Loans by the jurisdiction in which such Lender has its principal office or such Lending Office); or (ii) imposes or modifies any reserve, special deposit or similar requirements relating to any extensions of credit or other assets of, or any deposits with or other liabilities of, or other credit extended by, or any other acquisition of funds by such Lender, or any commitment of such Lender (including, without limitation, the Commitment of such Lender hereunder); or (iii) has or would have the effect of reducing the rate of return on capital of such Lender to a level below that which such Lender could have achieved but for such Regulatory Change (taking into consideration such Lender's policies with respect to capital adequacy).

(b) Lender's Suspension of LIBOR Loans. Without limiting the effect of the provisions of the immediately preceding subsection (a), if by reason of any Regulatory Change, any Lender either (i) incurs Additional Costs based on or measured by the excess above a specified level of the amount of a category of deposits or other liabilities of such Lender that includes deposits by reference to which the interest rate on LIBOR Loans is determined as provided in this Agreement or a category of extensions of credit or other assets of such Lender that includes LIBOR Loans or (ii) becomes subject to restrictions on the amount of such a category of liabilities or assets that it may hold, then, if such Lender so elects by notice to the Borrower (with a copy to the Agent), the obligation of such Lender to make or Continue, or to Convert Base Rate Loans into, LIBOR Loans hereunder shall be suspended until such Regulatory Change ceases to be in effect (in which case the provisions of Section 5.5. shall apply).

(c) Notification and Determination of Additional Costs. Each of the Agent and each Lender, as the case may be, agrees to notify the Borrower of any event occurring after the Agreement Date entitling the Agent or such Lender to compensation under any of the preceding subsections of this Section as promptly as practicable; provided, however, that the failure of the Agent or any Lender to give such notice shall not release the Borrower from any of its obligations hereunder. The Agent agrees to furnish to the Borrower a certificate setting forth the basis and amount of each request for compensation under this Section. Determinations by the Agent of the effect of any Regulatory Change shall be conclusive, provided that such determinations are made on a reasonable basis and in good faith.

#### SECTION 5.2 Suspension of LIBOR Loans.

Anything herein to the contrary notwithstanding, if, on or prior to the determination of any LIBO Rate for any Interest Period:

(a) the Agent reasonably determines (which determination shall be conclusive) that quotations of interest rates for the relevant deposits referred to in the definition of LIBOR are not being provided in the relevant amounts or for the relevant maturities for purposes of determining rates of interest for LIBOR Loans as provided herein or is otherwise unable to determine the LIBO Rate, or

(b) any Lender reasonably determines (which determination shall be conclusive) that the relevant rates of interest referred to in the definition of LIBO Rate upon the basis of which the rate of interest for LIBOR Loans for such Interest Period is to be determined are not likely adequately to cover the cost to such Lender of making or maintaining LIBOR Loans for such Interest Period;

then the Agent shall give the Borrower and each Lender prompt notice thereof and, so long as such condition remains in effect, the Lenders shall be under no obligation to, and shall not, make additional LIBOR Loans, Continue LIBOR Loans or Convert Loans into LIBOR Loans and the Borrower shall, on the last day of each current Interest Period for each outstanding LIBOR Loan, either prepay such Loan or Convert such Loan into a Base Rate Loan.

#### SECTION 5.3 Illegality.

Notwithstanding any other provision of this Agreement, if any Lender shall determine (which determination shall be conclusive and binding) that it is unlawful for such Lender to honor its obligation to make or maintain LIBOR Loans hereunder, then such Lender shall promptly notify the Borrower thereof (with a copy of such notice to the Agent) and such Lender's obligation to make or Continue, or to Convert Loans of any other Type into, LIBOR Loans shall be suspended until such time as such Lender may again make and maintain LIBOR Loans (in which case the provisions of Section 5.5. shall be applicable).

#### SECTION 5.4 Compensation.

The Borrower shall pay to the Agent for account of each Lender, upon the request of such Lender through the Agent, such amount or amounts as shall be sufficient (in the reasonable opinion of the Agent) to compensate such Lender for any loss, cost or expense that the Agent determines is attributable to:

(a) any payment or prepayment (whether mandatory or optional) of a LIBOR Loan, or Conversion of a LIBOR Loan, made by such Lender for any reason (including, without limitation, acceleration) on a date other than the last day of the Interest Period for such Loan; or

(b) any failure by the Borrower for any reason (including, without limitation, the failure of any of the applicable conditions precedent specified in Article VI. to be satisfied) to borrow a LIBOR Loan from such Lender on the date for such borrowing, or to Convert a Base

Rate Loan into a LIBOR Loan or Continue a LIBOR Loan on the requested date of such Conversion or Continuation.

Not in limitation of the foregoing, such compensation shall include an amount equal to the then present value of (i) the amount of interest that would have accrued on such LIBOR Loan for the remainder of the Interest Period at the rate applicable to such LIBOR Loan, less (ii) the amount of interest that would accrue on the same LIBOR Loan for the same period if the LIBO Rate were set on the date on which such LIBOR Loan was repaid, prepaid or Converted or the date on which the Borrower failed to borrow, Convert or Continue such Loan, as applicable. The present value shall be calculated by using as a discount rate the LIBO Rate quoted on such date.

Upon the Borrower's request, any Lender requesting compensation under this Section shall provide the Borrower with a statement setting forth the basis for requesting such compensation and the method for determining the amount thereof. Any such statement shall be conclusive absent manifest error.

#### SECTION 5.5 Treatment of Affected Loans.

If the obligation of any Lender to make LIBOR Loans or to Continue, or to Convert Base Rate Loans into, LIBOR Loans shall be suspended pursuant to Section 5.1.(b), Section 5.2. or Section 5.3., then such Lender's LIBOR Loans shall be automatically Converted into Base Rate Loans on the last day(s) of the then current Interest Period(s) for LIBOR Loans (or, in the case of a Conversion required by Section 5.1.(b) or 5.3., on such earlier date as such Lender may specify to the Borrower with a copy to the Agent) and, unless and until such Lender gives notice as provided below that the circumstances specified in Section 5.1., Section 5.2. or 5.3. that gave rise to such Conversion no longer exist:

(a) to the extent that such Lender's LIBOR Loans have been so Converted, all payments and prepayments of principal that would otherwise be applied to such Lender's LIBOR Loans shall be applied instead to its Base Rate Loans; and

(b) all Loans that would otherwise be made or Continued by such Lender as LIBOR Loans shall be made or Continued instead as Base Rate Loans, and all Base Rate Loans of such Lender that would otherwise be Converted into LIBOR Loans shall remain as Base Rate Loans.

If such Lender gives notice to the Borrower (with a copy to the Agent) that the circumstances specified in Section 5.1. or 5.3. that gave rise to the Conversion of such Lender's LIBOR Loans pursuant to this Section no longer exist (which such Lender agrees to do promptly upon such circumstances ceasing to exist) at a time when LIBOR Loans made by other Lenders are outstanding, then such Lender's Base Rate Loans shall be automatically Converted, on the first day(s) of the next succeeding Interest Period(s) for such outstanding LIBOR Loans, to the extent necessary so that, after giving effect thereto, all Loans held by the Lenders holding

LIBOR Loans and by such Lender are held pro rata (as to principal amounts, Types and Interest Periods) in accordance with their respective Commitments.

#### SECTION 5.6 Change of Lending Office.

Each Lender agrees that it will use reasonable efforts to designate an alternate Lending Office with respect to any of its Loans affected by the matters or circumstances described in Sections 3.11., 5.1. or 5.3. to reduce the liability of the Borrower or avoid the results provided thereunder, so long as such designation is not disadvantageous to such Lender as determined by such Lender in its sole discretion, except that such Lender shall have no obligation to designate a Lending Office located in the United States of America.

### ARTICLE VI. CONDITIONS

#### SECTION 6.1 Effectiveness.

The effectiveness of this Agreement and the obligation of the Lenders to make any Loans to the Borrower in accordance with the terms hereof are subject to the condition precedent that the Borrower deliver to the Agent each of the following, each of which shall be in form and substance satisfactory to the Agent:

- a) counterparts of this Agreement executed by each of the parties hereto;
- (b) Notes executed by the Borrower, payable to all Lenders and complying with the terms of Section 2.12.;
- (c) a Guaranty executed by each Guarantor required to be delivered under Section 4.1.(a)(xi)(A);
- (d) an opinion of Foley & Lardner, counsel to the Borrower and the Guarantors, and addressed to the Agent and the Lenders in substantially the form of Exhibit G;
- (e) all of the documents and information required to be delivered under Section 4.1.(a) with respect to each of the Properties listed on Schedule 4.1.;
- (f) an Unencumbered Pool Certificate dated the Agreement Date;
- (g) the articles of incorporation of the Borrower certified as of a recent date by the Secretary of State of the State of Florida;
- (h) a Certificate of Good Standing issued as of a recent date by the Secretary of State of the State of Florida and certificates of qualification to transact business or other comparable certificates issued by each Secretary of State (and any state department of taxation, as applicable) of each state in which the Borrower is required to be so qualified;

(i) a certificate of incumbency signed by the Secretary or Assistant Secretary of the Borrower with respect to each of the officers of the Borrower authorized to execute and deliver the Loan Documents to which the Borrower is a party;

(j) certified copies (certified by the Secretary or Assistant Secretary of the Borrower) of the by-laws of the Borrower and of all corporate or other necessary action taken by the Borrower to authorize the execution, delivery and performance of the Loan Documents to which it is a party;

(k) the articles of incorporation, articles of organization, certificate of limited partnership or other comparable organizational instrument (if any) of each Guarantor certified as of a recent date by the Secretary of State of the State of formation of such Guarantor;

(l) a Certificate of Good Standing or certificate of similar meaning with respect to each Guarantor issued as of a recent date by the Secretary of State of the State of formation of each such Guarantor and certificates of qualification to transact business or other comparable certificates issued by each Secretary of State (and any state department of taxation, as applicable) of each state in which such Guarantor is required to be so qualified;

(m) a certificate of incumbency signed by the Secretary or Assistant Secretary (or other individual performing similar functions) of each Guarantor with respect to each of the officers of such Guarantor authorized to execute and deliver the Loan Documents to which such Guarantor is a party;

(n) copies certified by the Secretary or Assistant Secretary of each Guarantor (or other individual performing similar functions) of (i) the by-laws of such Guarantor, if a corporation, the operating agreement, if a limited liability company, the partnership agreement, if a limited or general partnership, or other comparable document in the case of any other form of legal entity and (ii) all corporate, partnership, member or other necessary action taken by such Guarantor to authorize the execution, delivery and performance of the Loan Documents to which it is a party;

(o) a payout letter from each of First Union National Bank of Florida and Barnett Bank of Jacksonville, N.A. or other evidence that upon the funding of the initial Loans hereunder, all existing Indebtedness owing to such Persons will be paid in full and terminated, together with such quit claim deeds, UCC termination statements and other Lien termination instruments required to terminate any Lien securing such Indebtedness;

(p) a letter agreement from the Borrower evidencing its agreement to amend the Credit Agreement and other Loan Documents as may be needed in connection with assignments under Section 12.8. by the Agent of a portion of its Commitment as a Lender;

(q) the fees, if any, then due under Section 3.1.; and

(r) a Compliance Certificate dated as of March 31, 1996; and

(s) such other documents, instruments and agreements as the Agent or any Lender may reasonably request.

#### SECTION 6.2 Conditions to Revolving Loans.

The obligation of the Lenders to make a Revolving Loan is subject to the condition precedent that the following conditions be satisfied in the judgment of the Agent:

(a) timely receipt by the Agent of a Notice of Borrowing;

(b) the proposed use of proceeds of such Revolving Loan set forth in the Notice of Borrowing is consistent with the provisions of Section 8.14.;

(c) immediately before and after the making of such Revolving Loan, no Default (including without limitation, the existence of the condition described in Section 2.8.(e)) or Event of Default shall have occurred and be continuing; and

(d) the representations and warranties of the Borrower contained in the Loan Documents to which it is a party shall be true in all material respects on and as of the date of such Revolving Loan except to the extent such representations or warranties specifically relate to an earlier date or such representations or warranties become untrue by reason of events or conditions otherwise permitted hereunder and the other Loan Documents.

The delivery of each Notice of Borrowing and the making of each Loan shall constitute a certification by the Borrower to the Agent and the Lenders that the statements in the immediately preceding clauses (b) through (d) are true.

#### SECTION 6.3 Conditions to Conversion to Term Loan.

The right of the Borrower to convert Revolving Loans into the Term Loan under Section 2.11. is subject to the condition precedent that the following conditions be satisfied in the judgment of the Agent:

(a) timely receipt by the Agent of the notice required under such Section;

(b) immediately before and after such conversion, no Default (including without limitation, the existence of the condition described in Section 2.8.(e)) or Event of Default shall have occurred and be continuing; and

(c) the representations and warranties of the Borrower contained in the Loan Documents to which it is a party shall be true in all material respects on and as of the date of such conversion except to the extent such representations or warranties specifically relate to an

earlier date or such representations or warranties become untrue by reason of events or conditions otherwise permitted hereunder and the other Loan Documents.

The delivery of the notice required under such Section shall constitute a certification by the Borrower to the Agent and the Lenders that the statements in the immediately preceding clauses (b) and (c) are true.

#### SECTION 6.4 Conditions as Covenants.

If the Lenders make the initial Revolving Loans prior to the satisfaction of all conditions precedent set forth in Section 6.1., the Borrower shall nevertheless cause such condition or conditions to be satisfied within five Business Days after the date of the making of such initial Revolving Loans.

### ARTICLE VII. REPRESENTATIONS AND WARRANTIES

The Borrower represents and warrants to the Agent and each Lender as follows:

#### SECTION 7.1 Existence and Power.

Each of the Borrower, each Guarantor and its other Subsidiaries is a corporation, partnership or other legal entity, duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, and has all requisite power and authority and all governmental licenses, authorizations, consents and approvals required to carry on its business as now conducted and is duly qualified and is in good standing, authorized to do business, in each jurisdiction in which the character of its properties or the nature of its business requires such qualification or authorization.

#### SECTION 7.2 Ownership Structure.

Schedule 7.2. is a complete and correct list of all Subsidiaries of the Borrower, setting forth for each such Subsidiary, (a) the jurisdiction of organization of such Subsidiary, (b) each Person holding ownership interests in such Subsidiary and (c) the nature of the ownership interests held by each such Person and the percentage of ownership of such Subsidiary represented by such ownership interests. Except as disclosed in such Schedule (i) each of the Borrower and its Subsidiaries owns, free and clear of all Liens, and has the unencumbered right to vote, all outstanding ownership interests in each Person shown to be held by it on such Schedule, (ii) all of the issued and outstanding capital stock of each such Person organized as a corporation is validly issued, fully paid and nonassessable and (iii) there are no outstanding subscriptions, options, warrants, commitments, preemptive rights or agreements of any kind (including, without limitation, any stockholders' or voting trust agreements) for the issuance, sale, registration or voting of, or outstanding securities convertible into, any additional shares of capital stock of any class, or partnership or other ownership interests of any type in, any such Person.

SECTION 7.3 Authorization of Agreement, Notes, Loan Documents and Borrowings.

The Borrower and each Guarantor has the right and power, and has taken all necessary action to authorize it, to borrow hereunder (in the case of the Borrower) and to execute, deliver and perform this Agreement, the Notes and the other Loan Documents to which it is a party in accordance with their respective terms and to consummate the transactions contemplated hereby. This Agreement, the Notes and each of the other Loan Documents to which the Borrower or a Guarantor is a party have been duly executed and delivered by such Loan Party and each is a legal, valid and binding obligation of such Loan Party enforceable against such Loan Party in accordance with its respective terms, except as the same may be limited by bankruptcy, insolvency, and other similar laws affecting the rights of creditors generally and the availability of equitable remedies for the enforcement of certain obligations (other than the payment of principal) contained herein or therein may be limited by equitable principles generally.

SECTION 7.4 Compliance of Agreement, Notes, Loan Documents and Borrowing with Laws, etc.

The execution, delivery and performance of this Agreement, the Notes and the other Loan Documents to which the Borrower or any Guarantor is a party in accordance with their respective terms and the borrowing of Loans hereunder do not and will not, by the passage of time, the giving of notice or otherwise (a) require any Governmental Approval or violate any Applicable Law relating to the Borrower or any Guarantor the failure to possess or to comply with which would have a Materially Adverse Effect; (b) conflict with, result in a breach of or constitute a default under the articles of incorporation, bylaws, operating agreement, partnership agreement or other organizational or constituent documents of the Borrower or any Guarantor, or any indenture, agreement or other instrument to which the Borrower or any Guarantor is a party or by which it or any of its properties may be bound and the violation of which would have a Materially Adverse Effect; or (c) result in or require the creation or imposition of any Lien upon or with respect to any property now owned or hereafter acquired by the Borrower or any Guarantor other than Permitted Liens.

SECTION 7.5 Compliance with Law; Governmental Approvals.

Each of the Borrower and the Guarantors is in compliance with each Governmental Approval applicable to it and in compliance with all other Applicable Law relating to it, except for noncompliances which, and Governmental Approvals the failure to possess which, would not, singly or in the aggregate, cause a Default or Event of Default or have a Materially Adverse Effect and in respect of which (if the Borrower has actual knowledge of such Applicable Law or Governmental Approval) adequate reserves have been established on the books such Loan Party.

SECTION 7.6 Existing Indebtedness.

Other than the Indebtedness hereunder and as set forth on Schedule 7.6., neither the Borrower, any Guarantor nor any of its other Subsidiaries has any Indebtedness. The Borrower, each Guarantor and each of the other Subsidiaries have performed and are in compliance with all of the terms of such Indebtedness and all instruments and agreements relating thereto, and no default or event of default, or event or condition which with the giving of notice, the lapse of time, a determination of materiality, the satisfaction of any other condition or any combination of the foregoing, would constitute such a default or event of default, exists with respect to any such Indebtedness.

SECTION 7.7 Title to Properties; Liens.

Each of the Borrower, each Guarantor and its other Subsidiaries has good, marketable and legal title to, or a valid leasehold interest in, its respective assets. Each of the Unencumbered Pool Properties is free and clear of all Liens except for Permitted Liens.

SECTION 7.8 Unencumbered Pool Properties.

Each of the Unencumbered Pool Properties qualifies as an Eligible Property.

SECTION 7.9 Leases.

Except as reflected on the most current rent rolls delivered to the Agent, all tenant leases of any Unencumbered Pool Property are in full force and effect and no default or event of default (or event or occurrence which upon with the passage of time or the giving of notice, or both, will constitute a default or event of default) exists or will exist thereunder as a result of the consummation of the transactions contemplated by the Loan Documents.

SECTION 7.10 Material Contracts.

Schedule 7.10. is a true, correct and complete copy of all Material Contracts. Each of the Borrower, each Guarantor and its other Subsidiaries that are parties to any Material Contract has performed and is in compliance with all of the terms of such Material Contract, and no default or event of default, or event or condition which with the giving of notice, the lapse of time, a determination of materiality, the satisfaction of any other condition or any combination of the foregoing, would constitute such a default or event of default, exists with respect to any such Material Contract.

SECTION 7.11 Margin Stock.

Neither the Borrower, any Guarantor nor any other Subsidiary is engaged principally, or as one of its important activities, in the business of extending credit for the purpose, whether immediate, incidental or ultimate, of buying or carrying "margin stock" within the

meaning of Regulations G, U and X, and no part of the proceeds of any extension of credit hereunder will be used to buy or carry any such "margin stock."

#### SECTION 7.12 Transactions with Affiliates.

Except as set forth on Schedule 7.12., neither the Borrower, any Guarantor nor any other Subsidiary is a party to any transaction with any Affiliate which is in violation of Section 8.20.

#### SECTION 7.13 Absence of Defaults.

Neither the Borrower nor any Guarantor is in default under its articles of incorporation, bylaws, operating agreement, partnership agreement or other organizational or constituent document, and no event has occurred, which has not been remedied, cured or waived (a) which constitutes a Default or an Event of Default; or (b) which constitutes, or which with the passage of time, the giving of notice or otherwise, would constitute, a default or event of default by the Borrower, any Guarantor or any other Subsidiary under any Material Contract (other than this Agreement or any other Loan Document) or judgment, decree or order to which the Borrower, any Guarantor or any other Subsidiary is a party or by which it or any of its properties may be bound.

#### SECTION 7.14 Financial Information.

The Borrower has furnished to each Lender copies of the audited consolidated balance sheet of the Borrower and its consolidated Subsidiaries as at December 31, 1995, and the audited consolidated related statements of income, retained earnings and cash flow for the periods covered thereby, and copies of the unaudited consolidated balance sheet of the Borrower and its consolidated Subsidiaries as at March 31, 1996 and the related unaudited consolidated statement of income, retained earnings and cash flow for the three-month period then ending, each certified by the President or Chief Financial Officer of the Borrower to be, in his opinion, in compliance with the next sentence. Such balance sheet and statements (including in each case related schedules and notes) are complete and correct and present fairly, in accordance with GAAP consistently applied throughout the periods involved, the consolidated financial position of the Borrower and its consolidated Subsidiaries as at their respective dates and the results of operations and the cash flow for such periods (subject, in the case of quarterly financial statements, to normal year-end audit adjustments and the absence of certain footnotes). Each of the operating statements pertaining to each of the Unencumbered Pool Properties delivered to the Agent was prepared in accordance with GAAP and fairly presents the results of operations of such Unencumbered Pool Property for the period then ended. Each of the projections, financial plans and budgets delivered to the Agent prior to the date hereof and the projections to be delivered to Agent pursuant to Section 8.1.(n), (a) has been, or will be, as applicable, prepared for each Unencumbered Pool Property in light of the past business and performance of such Unencumbered Pool Property and (b) represents or will represent, as of the date thereof, the reasonable good faith

estimates of Borrower's financial performance. None of the Borrower nor any of its consolidated Subsidiaries has on the Agreement Date any material contingent liabilities, liabilities, liabilities for taxes, unusual or long-term commitments or unrealized or forward anticipated losses from any unfavorable commitments, except as referred to or reflected or provided for in said financial statements. Since December 31, 1995, there has been no material adverse change in the financial condition, operations, business or prospects of the Borrower or any of its Subsidiaries. Each of the Borrower and its Subsidiaries is Solvent.

#### SECTION 7.15 Litigation.

Except as set forth on Schedule 7.15., there are no actions, suits or proceedings pending against, or to the knowledge of the Borrower threatened against or affecting, the Borrower, any Guarantor or any of its other Subsidiaries before any court or arbitrator or any governmental body, agency or official (a) which would reasonably be expected to have a Materially Adversely Effect or (b) which in any manner draws into question the validity of any Loan Document.

#### SECTION 7.16 ERISA.

(a) Existing Plans. Except for Plans as set forth on Schedule 7.16., neither the Borrower nor any Guarantor maintains, nor has the Borrower or any Guarantor at any time maintained, any Plan subject to the provisions of ERISA. Neither the Borrower nor any Guarantor is, nor has at any time been, a member of any ERISA Group with any Person that has at any time maintained any such Plan.

(b) ERISA and Internal Revenue Code Compliance and Liability. Each of the Borrower and the Guarantors is in compliance with all applicable provisions of ERISA and the regulations and published interpretations thereunder with respect to all Plans except where failure to comply would not result in a Materially Adverse Effect and except for any required amendments for which the remedial amendment period as defined in Section 401(b) of the Code has not yet expired. Each Plan that is intended to be qualified under Section 401(a) of the Internal Revenue Code has been determined by the Internal Revenue Service to be so qualified, and each trust related to such plan has been determined to be exempt under Section 501(a) of the Internal Revenue Code. No material liability has been incurred by the Borrower or any Guarantor which remains unsatisfied for any taxes or penalties with respect to any Plan or any multiemployer plan.

(c) Funding. No Plan has been terminated, nor has any accumulated funding deficiency (as defined in Section 412 of the Internal Revenue Code) been incurred (without regard to any waiver granted under Section 412 of the Internal Revenue Code), nor has any funding waiver from the IRS been received or requested with respect to any Plan, nor has the Borrower or any Guarantor failed to make any contributions or to pay any amounts due and owing as required by Section 412 of the Internal Revenue Code, Section 302 of ERISA or the terms of any Plan prior to the due dates of such contributions under Section 412 of the

Internal Revenue Code or Section 302 of ERISA, nor has there been any event requiring any disclosure under Section 4041(c)(3)(C), 4063(a) or 4068(f) of ERISA with respect to any Plan.

(d) Prohibited Transactions and Payments. Neither the Borrower nor any Guarantor has: (1) engaged in a nonexempt prohibited transaction described in Section 406 of ERISA or Section 4975 of the Internal Revenue Code; (2) incurred any liability to the PBGC which remains outstanding other than the payment of premiums and there are no prepayments which are due and unpaid; (3) failed to make a required contribution or payment to a Multiemployer Plan; or (4) failed to make a required installment or other required payment under Section 412 of the Internal Revenue Code.

(e) No ERISA Termination Event. No Termination Event has occurred or is reasonably expected to occur.

(f) ERISA Litigation. No material proceeding, claim, lawsuit and/or investigation is existing or, to the best knowledge of the Borrower after due inquiry, threatened concerning or involving any (1) employee welfare benefit plan (as defined in Section 3(1) of ERISA) currently maintained or contributed to by the Borrower, (2) Pension Plan or (3) Multiemployer Plan.

#### SECTION 7.17 Environmental Matters.

Each of the Borrower, the Guarantors and the other Subsidiaries has obtained all Governmental Approvals which are required under Environmental Laws and is in compliance in all material respects with all terms and conditions of such Governmental Approvals and all such Environmental Laws. The Borrower is not aware of, and has not received notice of, any past, present, or future events, conditions, circumstances, activities, practices, incidents, actions, or plans which, with respect to the Borrower, the Guarantors or any of the other Subsidiaries, may interfere with or prevent compliance or continued compliance with Environmental Laws, or may give rise to any common-law or legal liability, or otherwise form the basis of any claim, action, demand, suit, proceeding, hearing, study, or investigation, based on or related to the manufacture, processing, distribution, use, treatment, storage, disposal, transport, or handling or the emission, discharge, release or threatened release into the environment, of any pollutant, contaminant, chemical, or industrial, toxic, or other Hazardous Material. There is no civil, criminal, or administrative action, suit, demand, claim, hearing, notice, or demand letter, notice of violation, investigation, or proceeding pending or, to the Borrower's knowledge, threatened, against the Borrower, any Guarantor or any other Subsidiary relating in any way to Environmental Laws.

#### SECTION 7.18 Taxes.

All federal, state and other tax returns of the Borrower, the Guarantors and the other Subsidiaries required by Applicable Law to be filed have been duly filed, and all federal,

state and other taxes, assessments and other governmental charges or levies upon the Borrower, any Guarantor or any other Subsidiary and their respective properties, income, profits and assets which are due and payable have been paid, except any such nonpayment which is at the time permitted under Section 8.3. None of the United States income tax returns of the Borrower, any Guarantor or any other Subsidiary are under audit. No tax liens have been filed and no claims are being asserted with respect to any such taxes. All charges, accruals and reserves on the books of the Borrower, each Guarantor and each other Subsidiary in respect of any taxes or other governmental charges are in accordance with GAAP.

#### SECTION 7.19 Investment Company; Public Utility Holding Company.

Neither the Borrower, any Guarantor nor any other Subsidiary is (i) an "investment company" or a company "controlled" by an "investment company" within the meaning of the Investment Company Act of 1940, as amended, (ii) a "holding company" or a "subsidiary company" of a "holding company", or an "affiliate" of a "holding company" or of a "subsidiary company" of a "holding company", within the meaning of the Public Utility Holding Company Act of 1935, as amended, or (iii) subject to any other Applicable Law which purports to regulate or restrict its ability to borrow money or to consummate the transactions contemplated by this Agreement or to perform its obligations under any Loan Document to which it is a party.

#### SECTION 7.20 Full Disclosure.

All written information furnished by or on behalf of the Borrower or any Guarantor to the Agent and the Lenders for purposes of or in connection with this Agreement and the other Loan Documents or any transaction contemplated hereby is, and all such information hereafter furnished by or on behalf of the Borrower or any Guarantor to the Agent or any of the Lenders will be true and accurate in all material respects on the date as of which such information is stated or certified and does not, and will not, fail to state any material facts necessary to make the statements contained therein not misleading. The Borrower has disclosed to the Agent in writing any and all facts known to the Borrower which materially and adversely affect or may affect (to the extent the Borrower can now reasonably foresee), the business, operations or financial condition of the Borrower, each Guarantor and each of the other Consolidated Subsidiaries, or the ability of the Borrower or any Guarantor to perform its obligations under the Loan Documents to which it is a party.

#### SECTION 7.21 Not Plan Assets.

The assets of the Borrower or any Guarantor do not and will not constitute plan assets, within the meaning of ERISA, the Internal Revenue Code and the respective regulations promulgated thereunder, of any ERISA Plan or Non-ERISA Plan. The execution, delivery and performance of this Agreement, and the borrowing and repayment of

amounts thereunder, do not and will not constitute "prohibited transactions" under ERISA or the Internal Revenue Code.

SECTION 7.22 Business.

The Borrower is engaged in the business of owning, managing and developing community and neighborhood shopping centers and office buildings and other activities incidental thereto.

SECTION 7.23 Title to Properties; Necessary Agreements, Licenses, Permits; Adverse Contracts.

Each of the Borrower, the Guarantors and the other Subsidiaries (i) has good and marketable title to its assets and properties except as disclosed in the consolidated financial statements of the Borrower delivered to the Agent and the Lenders, (ii) is in compliance with all real and personal property leases where the failure to so be in compliance would have a Materially Adverse Effect, (iii) possess all necessary and appropriate agreements, contracts, franchise arrangements, patents, trademarks, licenses, permits and other intellectual property rights free from burdensome or undue restriction and (iv) has not infringed upon or otherwise violated any trademark, patent, license or other intellectual property agreement where such infringement would have a Materially Adverse Effect. Neither the Borrower, any Guarantor nor any of the other Subsidiaries has assumed liability under or is a party to nor is it or any of its property subject to or bound by any forward purchase contract, futures contract, covenant not to compete, unconditional purchase, take or pay or other agreement which restricts its ability to conduct its business or, either individually or in the aggregate, has a Materially Adverse Effect or could reasonably be expected to have a Materially Adverse Effect.

ARTICLE VIII. COVENANTS

The Borrower agrees that, so long as the Lenders have any Commitments hereunder or any Obligation remains unpaid:

SECTION 8.1 Information.

The Borrower will deliver to the Agent:

(a) Within 100 days after the end of each fiscal year of the Borrower, the audited consolidated balance sheet of the Borrower and its Subsidiaries as at the end of such fiscal year and the related audited consolidated statements of income, retained earnings and cash flows of the Borrower and its Subsidiaries for such fiscal year, setting forth in comparative form the figures as at the end of and for the previous fiscal year, all of which shall be certified by the chief financial officer of the Borrower, in his or her opinion, to present fairly, in accordance with GAAP, the financial position of the Borrower and its Subsidiaries

as at the date thereof and the result of operations for such period and by independent certified public accountants of recognized national standing acceptable to the Agent, whose certificate shall be in scope and substance satisfactory to the Agent and who shall have authorized the Borrower to deliver such financial statements and certification thereof to the Agent and the Lenders pursuant to this Agreement;

(b) As soon as available and in any event within 45 days after the close of each of the first, second and third fiscal quarters of the Borrower, the consolidated balance sheet of the Borrower and its Subsidiaries as at the end of such period and the related consolidated statements of income, retained earnings and cash flows of the Borrower and its Subsidiaries for such period, setting forth in each case in comparative form the figures for the corresponding periods of the previous fiscal year, all of which shall be certified by the chief financial officer of the Borrower, in his or her opinion, to present fairly, in accordance with GAAP, the consolidated financial position of the Borrower and its Subsidiaries as at the date thereof and the results of operations for such period (subject to normal year-end audit adjustments);

(c) simultaneously with the delivery of each set of financial statements referred to in the immediately preceding clauses (a) and (b), a certificate of the chief financial officer of the Borrower substantially in the form of Exhibit J (i) setting forth in reasonable detail the calculations required to establish whether the Borrower was in compliance with the requirements of Section 8.12. and 8.23. and Article IX. on the date of such financial statements and (ii) stating whether any Default or Event of Default exists on the date of such certificate and, if any Default or Event of Default then exists, setting forth the details thereof and the action which the Borrower is taking or proposes to take with respect thereto;

(d) as soon as available and in any event within 45 days after the end of each fiscal quarter of the Borrower, an Unencumbered Pool Certificate setting forth the information to be contained therein as of the last day of such fiscal quarter;

(e) simultaneously with the delivery of each set of financial statements referred to in the immediately preceding clause (a), a statement of the firm of independent public accountants which reported on such statements (i) whether anything has come to their attention to cause them to believe that any Default or Event of Default existed on the date of such statements and (ii) confirming the calculations set forth in the Compliance Certificate delivered simultaneously therewith pursuant to the immediately preceding clause (c);

(f) promptly upon receipt thereof, copies of all reports submitted to the Borrower or its Board of Directors by the Borrower's independent public accountants, including without limitation, any management report;

(g) within five days after any executive officer of the Borrower obtains knowledge of any Default or Event of Default, a certificate of the president or chief financial officer of

the Borrower setting forth the details thereof and the action which the Borrower is taking or proposes to take with respect thereto;

(h) promptly upon the mailing thereof to the shareholders of the Borrower generally, copies of all financial statements, reports, offering memoranda and proxy statements so mailed;

(i) within 10 days of the filing thereof, copies of all registration statements (other than the exhibits thereto and any registration statements on Form S-8 or its equivalent), reports on Forms 10-K, 10-Q and 8-K (or their equivalents) and all other periodic reports which the Borrower shall file with the Securities and Exchange Commission (or any Governmental Authority substituted therefor) or any national securities exchange;

(j) promptly upon the release thereof, copies of all press releases of the Borrower and any of its Subsidiaries;

(k) promptly upon obtaining knowledge thereof, a description in reasonable detail of any action, suit or proceeding commenced or threatened against the Borrower, any Guarantor, any Subsidiary or any Unencumbered Pool Property which is reasonably likely to have a Materially Adverse Effect;

(l) promptly upon the occurrence thereof, any material change in the senior management of the Borrower;

(m) promptly upon the occurrence thereof, any amendment to the articles of incorporation, bylaws, operating agreement, partnership agreement or other organizational or constituent document of the Borrower or the Guarantor;

(n) upon request by the Agent, all financial information maintained on the Borrower, any Guarantor and the individual real estate projects owned by the Borrower or any Guarantor, including, but not limited to, property cash flow projections, property budgets, operating statements, leasing status reports (both actual occupancy and leased occupancy), contingent liability summary, note receivable summary, summary of cash and cash equivalents and overhead and capital improvement budgets;

(o) within 10 days of the filing thereof, each federal or state income tax return of the Borrower, each Guarantor and each other Subsidiary;

(p) written notice not later than public disclosure of any material Investments, material acquisitions, dispositions, disposals, divestitures or similar transactions involving Property, the raising of additional equity or the incurring or repayment of material Indebtedness, by or with the Borrower, any Guarantor or any other Subsidiary;

(q) if, in connection with a request by the Borrower that a Property be accepted as an Unencumbered Pool Property, the Borrower was unable to provide any operating statement or occupancy report for the entire period called for under clause (ii) or (iv) of Section 4.1.(a) because such information was not reasonably available to the Borrower but such information does later become available to the Borrower, the Borrower will promptly provide such reports to the Agent and the Lenders; and

(r) from time to time and promptly upon each request, such data, certificates, reports, statements, opinions of counsel, documents or further information regarding the business, assets, liabilities, financial condition, results of operations or business prospects of the Borrower, any Guarantor or any other Subsidiary as the Agent or any Lender may reasonably request.

#### SECTION 8.2 ERISA Reporting.

The Borrower shall deliver to the Agent as soon as possible, and in any event within 10 Business Days after the Borrower knows that any of the events or conditions specified below with respect to any Plan or Multiemployer Plan has occurred or exists, a statement signed by the chief financial officer of the Borrower setting forth details respecting such event or condition and the action, if any, that the Borrower or its ERISA Affiliate proposes to take with respect thereto (and a copy of any report or notice required to be filed with or given to PBGC by the Borrower or an ERISA Affiliate with respect to such event or condition):

(a) any reportable event, as defined in Section 4043(b) of ERISA and the regulations issued thereunder, with respect to a Plan, as to which PBGC has not by regulation waived the requirement of Section 4043(a) of ERISA that it be notified within 30 days of the occurrence of such event (provided that a failure to meet the minimum funding standard of Section 412 of the Internal Revenue Code or Section 302 of ERISA, including, without limitation, the failure to make on or before its due date a required installment under Section 412(m) of the Internal Revenue Code or Section 302(e) of ERISA, shall be a reportable event regardless of the issuance of any waivers in accordance with Section 412(d) of the Internal Revenue Code); and any request for a waiver under Section 412(d) of the Internal Revenue Code for any Plan;

(b) the distribution under Section 4041 of ERISA of a notice of intent to terminate any Plan or any action taken by the Borrower or an ERISA Affiliate to terminate any Plan;

(c) the institution by PBGC of proceedings under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Plan, or the receipt by the Borrower or any ERISA Affiliate of a notice from a Multiemployer Plan that such action has been taken by PBGC with respect to such Multiemployer Plan;

(d) the complete or partial withdrawal from a Multiemployer Plan by the Borrower or any ERISA Affiliate that results in liability under Section 4201 or 4204 of ERISA (including the obligation to satisfy secondary liability as a result of a purchaser default) or the receipt by the Borrower or any ERISA Affiliate of notice from a Multiemployer Plan that it is in reorganization or insolvency pursuant to Section 4241 or 4245 of ERISA or that it intends to terminate or has terminated under Section 4041A of ERISA;

(e) the institution of a proceeding by a fiduciary of any Multiemployer Plan against the Borrower or any ERISA Affiliate to enforce Section 515 of ERISA, which proceeding is not dismissed within 30 days; and

(f) the adoption of an amendment to any Plan that, pursuant to Section 401 (a)(29) of the Internal Revenue Code or Section 307 of ERISA, would result in the loss of tax-exempt status of the trust of which such Plan is a part if the Borrower or an ERISA Affiliate fails to timely provide security to the Plan in accordance with the provisions of said Sections.

#### SECTION 8.3 Payment of Obligations.

The Borrower will pay and discharge, and will cause each Guarantor and other Subsidiary to pay and discharge, at or before maturity, all their respective material obligations and liabilities, including, without limitation, tax liabilities, except where the same may be contested in good faith by appropriate proceedings unless the contest thereof would have a Materially Adverse Effect, and will maintain, and will cause each Guarantor and other Subsidiary to maintain, in accordance with generally accepted accounting principles, appropriate reserves for the accrual of any of the same.

#### SECTION 8.4 Preservation of Existence and Similar Matters.

The Borrower shall preserve and maintain, and cause each Guarantor and other Subsidiary to preserve and maintain, its respective existence, rights, franchises, licenses and privileges in the jurisdiction of its formation and qualify and remain qualified and authorized to do business in each jurisdiction in which the character of its properties or the nature of its business requires such qualification and authorization and where the failure to be so authorized and qualified would have a Materially Adverse Effect.

#### SECTION 8.5 Maintenance of Property.

The Borrower shall, and shall cause each Guarantor and other Subsidiary to, (a) protect and preserve all of its material properties, including without limitation, all Unencumbered Pool Properties, and maintain in good repair, working order and condition all tangible properties, and (b) from time to time make or cause to be made all needed and appropriate repairs, renewals, replacements and additions to such properties.

SECTION 8.6 Conduct of Business.

The Borrower shall at all times carry on, and cause each Guarantor and other Subsidiary to carry on, its respective businesses in the same fields as engaged in on the Agreement Date and not enter, and not permit any Guarantor or other Subsidiary to enter, into any line of business not otherwise engaged in by such Person as of the Agreement Date.

SECTION 8.7 Insurance.

The Borrower shall maintain, and cause each Guarantor and other Subsidiary to maintain, insurance with financially sound and reputable insurance companies against such risks and in such amounts as is customarily maintained by similar businesses or as may be required by Applicable Law. Such insurance shall, in any event, include fire and extended coverage, public liability, property damage, workers' compensation and flood insurance (if required under Applicable Law). The Borrower shall from time to time deliver to the Agent or any Lender upon its request a detailed list, together with copies of all policies of the insurance then in effect, stating the names of the insurance companies, the amounts and rates of the insurance, the dates of the expiration thereof and the properties and risks covered thereby.

SECTION 8.8 Modifications to Material Contracts.

The Borrower shall not enter into, or permit any Guarantor or other Subsidiary to enter into, any amendment or modification to any Material Contract or default in the performance of any obligations of the Borrower, any Guarantor or any other Subsidiary in any Material Contract or permit any Material Contract to be canceled or terminated prior to its stated maturity.

SECTION 8.9 Environmental Laws.

Comply, and cause all Guarantors and other Subsidiaries to comply, in all material respects with all Environmental Laws. If the Borrower, any Guarantor or any other Subsidiary shall (a) receive notice that any violation of any Environmental Law may have been committed or is about to be committed by such Person, (b) receive notice that any administrative or judicial complaint or order has been filed or is about to be filed against the Borrower, any Guarantor or any other Subsidiary alleging violations of any Environmental Law or requiring the Borrower, any Guarantor or any other Subsidiary to take any action in connection with the release of Hazardous Materials or (c) receive any notice from a Governmental Authority or private party alleging that the Borrower, a Guarantor or any other Subsidiary may be liable or responsible for costs associated with a response to or cleanup of a release of Hazardous Materials or any damages caused thereby, the Borrower shall promptly provide the Agent with a copy of such notice and in any event within 10 days after the receipt thereof by the Borrower, a Guarantor or any other Subsidiary. The Borrower shall, and shall cause each Guarantor and Subsidiary to, promptly take all actions

necessary to prevent the imposition of any Liens on any of their respective properties arising out of or related to any Environmental Laws.

SECTION 8.10 Compliance with Laws and Material Contracts.

The Borrower will comply, and cause each Guarantor and other Subsidiary to comply, with (a) all Applicable Laws, except where the failure to so comply would not have a Materially Adverse Effect and (b) all terms and conditions of all Material Contracts to which it is a party.

SECTION 8.11 Inspection of Property, Books and Records.

The Borrower will keep, and will cause each Guarantor and other Subsidiary to keep, proper books of record and account in which full, true and correct entries shall be made of all dealings and transactions in relation to its business and activities; and will permit, and will cause each Guarantor and other Subsidiary to permit, representatives of the Agent to visit and inspect any of their respective properties, to examine and make abstracts from any of their respective books and records and to discuss their respective affairs, finances and accounts with their respective officers, employees and independent public accountants in the Borrower's presence prior to an Event of Default, all at such reasonable times during business hours and as often as may reasonably be desired and with reasonable notice so long as no Event of Default shall have occurred and be continuing.

SECTION 8.12 Indebtedness.

The Borrower will not, and will not permit any Guarantor to, incur, assume or suffer to exist any Indebtedness other than:

- (a) Indebtedness under this Agreement;
- (b) Indebtedness set forth in Schedule 7.6.;
- (c) Indebtedness represented by declared but unpaid dividends;

(d) In the case of the Borrower only, Unsecured Indebtedness having an initial term of not less than 5 years and which is evidenced by documents, instruments and agreements containing covenants not more restrictive than those contained in the Loan Documents, as determined by the Agent in its sole discretion; and

(e) Secured Indebtedness, so long as (i) no Default or Event of Default shall have occurred and be continuing and (ii) the incurrence of such Secured Indebtedness would not cause the occurrence of a Default or Event of Default, including without limitation, a Default or Event of Default resulting from a violation of Section 9.2. or 9.3.

SECTION 8.13 Consolidations, Mergers and Sales of Assets.

The Borrower shall not, and shall not permit any Guarantor or other Subsidiary to, (a) enter into any transaction of merger or consolidation; (b) liquidate, wind-up or dissolve itself (or suffer any liquidation or dissolution) or (c) convey, sell, lease, sublease, transfer or otherwise dispose of, in one or a series of transactions, any Unencumbered Pool Property or any interest therein, or all or any substantial part of its business or assets, or the capital stock of or other equity interests in any Subsidiary, except that (i) a Subsidiary may merge or consolidate with a Wholly Owned Subsidiary and (ii) a Subsidiary may sell, transfer or dispose of its assets to the Borrower or a Wholly Owned Subsidiary. Further, neither the Borrower, any Guarantor nor any other Subsidiary shall enter into any sale-leaseback transactions or other transaction by which the Borrower, any Guarantor or any other Subsidiary shall remain liable as lessee (or the economic equivalent thereof) of any real or personal property that it has sold or leased to another Person.

SECTION 8.14 Use of Proceeds.

The Borrower will only use the proceeds of the Loans for pre-development costs, development costs, acquisitions, capital expenditures, working capital and general corporate purposes, equity investments, repayment of Indebtedness or scheduled amortization payments on Indebtedness, and for no other purposes. The Borrower will not use any proceeds of the Loans for the purpose of purchasing or carrying any "margin stock" within the meaning of Regulations G, U and X.

SECTION 8.15 Tenant Concentration.

The Borrower shall not permit the Adjusted Base Rents from any single tenant (together with all Affiliates of such tenant) other than Credit Tenants, to exceed 10% of Adjusted Base Rents from all Properties of the Borrower and the Guarantors.

SECTION 8.16 Acquisitions.

The Borrower shall not, and shall not permit any Subsidiary to, make any Acquisition in which the consideration paid (whether by way of payment of cash, issuance of capital stock, assumption of Indebtedness, or otherwise) by the Borrower or such Subsidiary equals or exceeds 35% of the sum of (a) total consolidated assets of the Borrower plus (b) consolidated accumulated depreciation of the Borrower unless (i) no Default or Event of Default shall have occurred and be continuing, (ii) the Borrower shall have given the Agent and the Lenders at least 30 days prior written notice of such Acquisition and (iii) the Borrower shall have delivered to the Agent and the Lenders a Compliance Certificate, calculated on a pro forma basis, evidencing the Borrower's continued compliance with the terms and conditions of this Agreement and the other Loan Documents, including without limitation, the financial covenants contained in Article IX., after giving effect to such Acquisition.

SECTION 8.17 Exchange Listing.

The Borrower shall cause its common stock to be listed for trading on either the New York Stock Exchange or the American Stock Exchange.

SECTION 8.18 REIT Status.

Borrower will at all times maintain its status as a REIT.

SECTION 8.19 Negative Pledge; Restriction on Distribution Rights.

The Borrower shall not, and shall not permit any Guarantor or other Subsidiary, to (a) create, assume, incur or permit or suffer to exist any Lien upon any of the Unencumbered Pool Properties or any direct or indirect ownership interest of the Borrower in any Guarantor owning any Unencumbered Pool Property, other than Permitted Liens; (b) enter into or assume any agreement (other than the Loan Documents) prohibiting the creation or assumption of any Lien upon its properties or assets, whether now owned or hereafter acquired; or (c) create or otherwise cause or suffer to exist or become effective any consensual encumbrance or restriction of any kind on the ability of any Subsidiary to: (i) pay dividends or make any other distribution on any of such Subsidiary's capital stock owned by the Borrower or any other Subsidiary; (ii) pay any Indebtedness owed to the Borrower or any other Subsidiary; (iii) make loans or advances to the Borrower or any other Subsidiary; or (iv) transfer any of its property or assets to the Borrower or any other Subsidiary.

SECTION 8.20 Agreements with Affiliates.

The Borrower shall not, and shall not permit any Guarantor or other Subsidiary to, enter into any transaction requiring such Person to pay any amounts to or otherwise transfer property to, or pay any management or other fees to, any Affiliate other than on terms and conditions substantially as favorable to the Borrower, such Guarantor or such other Subsidiary as would be obtainable at the time in a comparable arm's-length transaction with a Person not an Affiliate.

SECTION 8.21 ERISA Exemptions.

The Borrower shall not, and shall not permit any Guarantor to, permit any of its respective assets to become or be deemed to be "plan assets" within the meaning of ERISA, the Internal Revenue Code and the respective regulations promulgated thereunder, of any ERISA Plan or any Non-ERISA Plan.

SECTION 8.22 Compliance with and Amendment of Charter or Bylaws.

The Borrower will, and will cause each Guarantor to (a) comply with the terms of its articles of incorporation, bylaws, operating agreement, partnership agreement or other

organizational or constituent document and (b) not amend, supplement, restate or otherwise modify its articles of incorporation, by-laws, operating agreement, partnership agreement or other organizational or constituent document except as is required (i) under Applicable Laws or (ii) in order to maintain compliance with Section 8.18.

#### SECTION 8.23 Distributions.

If no Event of Default shall have occurred and be continuing, the Borrower shall not directly or indirectly declare or make, or incur any liability to make, any Restricted Payments other than distributions to its shareholders in an amount not to exceed 95% of Funds From Operations as of the end of each fiscal quarter for the four fiscal quarter period then ending. If an Event of Default under Section 10.1.(a) shall have occurred and be continuing as a result of the Borrower's failure to pay any principal of or interest on any of the Obligations, the Borrower shall not directly or indirectly declare or make, or incur any liability to make, any Restricted Payments. If any other Event of Default shall have occurred and be continuing, the Borrower shall not directly or indirectly declare or make, or incur any liability to make, any Restricted Payments except for distributions to its shareholders in the minimum amount necessary to maintain compliance with Section 8.18.

### ARTICLE IX. FINANCIAL COVENANTS

#### SECTION 9.1 Minimum Net Worth.

The Borrower shall not at any time permit its Net Worth to be less than \$132,800,000 plus 90% of the amount of proceeds (net of transaction costs) received by the Borrower from the sale or issuance of shares, options, warrants or other equity securities of any class or character of the Borrower after the Agreement Date.

#### SECTION 9.2 Ratio of Total Liabilities to Gross Asset Value.

The Borrower shall not at any time permit the ratio of its Total Liabilities to its Gross Asset Value to exceed 0.55 to 1.00.

#### SECTION 9.3 Ratio of Secured Indebtedness to Gross Asset Value.

The Borrower shall not at any time permit the ratio of its Secured Indebtedness to its Gross Asset Value to exceed (a) 0.40 to 1.00 at any time on or before June 30, 1997 or (b) 0.35 to 1.00 at any time thereafter.

#### SECTION 9.4 Ratio of EBITDA to Interest Expense.

The Borrower shall not permit the ratio of its EBITDA to its Interest Expense for any -fiscal quarter to be less than 2.0 to 1.0 at the end of such fiscal quarter.

SECTION 9.5 Ratio of EBITDA to Debt Service and Reserve for Replacements.

The Borrower shall not permit the ratio of its EBITDA to the sum of its Debt Service plus Reserve for Replacements for all of the Borrower's Properties for any fiscal quarter to be less than 1.75 to 1.00 for such fiscal quarter.

SECTION 9.6 Unsecured Interest Expense Coverage.

The Borrower shall not permit the ratio of its Unencumbered NOI to its Unsecured Interest Expense for any -fiscal quarter to be less than 1.75 to 1.00 for such fiscal quarter.

SECTION 9.7 Permitted Investments.

(a) The Borrower shall not make any Investment in the following items which would cause the value of such holdings of the Borrower to exceed the following percentages of the Borrower's Gross Asset Value:

(i) unimproved real estate, such that the aggregate book value of all such unimproved real estate exceeds 10% of the Borrower's Gross Asset Value;

(ii) Common stock, preferred stock, other capital stock and other equity interests in Unconsolidated Affiliates that are corporations, such that the aggregate value of such interests calculated on the basis of the lower of cost or market, exceeds 5% of the Borrower's Gross Asset Value;

(iii) Mortgages in favor of the Borrower, such that the aggregate book value of Indebtedness secured by such Mortgages exceeds 5% of the Borrower's Gross Asset Value;

(iv) Investments in partnerships, joint ventures and other non-corporate Persons accounted for on an equity basis (determined in accordance with GAAP), such that the aggregate value of such Investments exceeds 15% of the Borrower's Gross Asset Value. For purposes of this clause (iv), the "value" of any such Investment in such a non-corporate Person shall equal (1) with respect to any of such Person's Properties under construction, the Borrower's pro rata share of the book value of Construction in Process for such Property as of the date of determination and (2) with respect to any of such Person's Properties which have been completed, the Borrower's pro rata share of Capitalized EBITDA of such Person attributable to such Properties; and

In addition to the foregoing limitations, the aggregate value of the Investments subject to the limitations in the preceding clauses (i) through (iv) shall not exceed 25% of the Borrower's Gross Asset Value.

Additionally, the aggregate amount of the Construction Budgets for Development Properties in which the Borrower either has a direct or indirect ownership interest shall not exceed the lesser of (a) 15% of the Borrower's Gross Asset Value or (b) \$40,000,000. If a Development Property is owned by an Unconsolidated Affiliate of the Borrower, then the greater of (1) the product of (A) the Borrower's ownership interest in such Unconsolidated Affiliate and (B) the amount of the Construction Budget for such Development Property or (2) the recourse obligations of the Borrower relating to the Indebtedness of such Unconsolidated Affiliate, shall be used in calculating such investment limitation.

#### SECTION 9.8 Floating Rate Debt.

The Borrower will not incur, assume or suffer to exist any Unprotected Floating Rate Debt (excluding Indebtedness hereunder) in an aggregate principal amount in excess of \$35,000,000 at any time outstanding.

### ARTICLE X. DEFAULTS

#### SECTION 10.1 Events of Default.

If one or more of the following events shall have occurred and be continuing:

(a) Default in Payment. The Borrower shall fail to pay within 5 Business Days of the due date thereof any principal of or any interest on any Obligation, or any fees or other Obligations;

(b) Default in Performance. The Borrower shall fail to observe or perform any covenant or agreement contained in Section 8.12., Section 8.13. or Section 8.19.;

(c) Default in Performance-Cure. The Borrower shall fail to observe or perform any covenant or agreement contained in this Agreement (other than those covered by the immediately preceding subsections (a) or (b)) for a period of 30 days after written notice thereof has been given to the Borrower by the Agent;

(d) Other Loan Documents. An Event of Default under and as defined in any Loan Document shall occur and be continuing or the Borrower shall fail to observe or perform any covenant or agreement contained in any of the Loan Documents to which it is a party and such failure shall continue beyond any applicable period of grace;

(e) Misrepresentations. Any written statement, representation or warranty made or deemed made by or on behalf of the Borrower under this Agreement or under any other Loan Document, or any amendment hereto or thereto, or in any other writing or statement at any time furnished or made or deemed made by or on behalf of the Borrower to the Agent or any Lender, shall at any time prove to have been incorrect or misleading in any material respect when furnished or made.

(f) Indebtedness Cross-Default.

(i) The Borrower, any Guarantor or any other Subsidiary shall fail to pay when due and payable the principal of, or interest on, any Indebtedness (other than the Loans) or any Contingent Obligations, which Indebtedness or Contingent Obligations have an aggregate outstanding principal amount of \$5,000,000 or more;

(ii) Any such Indebtedness or Contingent Obligations shall have (x) been accelerated in accordance with the provisions of any indenture, contract or instrument evidencing, providing for the creation of or otherwise concerning such Indebtedness or (y) been required to be prepaid prior to the stated maturity thereof; or

(iii) Any other event shall have occurred and be continuing which, with or without the passage of time, the giving of notice, a determination of materiality, the satisfaction of any condition or any combination of the foregoing, would permit any holder or holders of such Indebtedness or Contingent Obligations, any trustee or agent acting on behalf of such holder or holders or any other Person, to accelerate the maturity of any such Indebtedness or Contingent Obligations or require any such Indebtedness or Contingent Obligations to be prepaid prior to its stated maturity.

(g) Voluntary Bankruptcy Proceeding. The Borrower, any Guarantor or any of its other Affiliates shall: (i) commence a voluntary case under the Bankruptcy Code of 1978, as amended or other federal bankruptcy laws (as now or hereafter in effect); (ii) file a petition seeking to take advantage of any other Applicable Laws, domestic or foreign, relating to bankruptcy, insolvency, reorganization, winding-up, or composition or adjustment of debts; (iii) consent to, or fail to contest in a timely and appropriate manner, any petition filed against it in an involuntary case under such bankruptcy laws or other Applicable Laws or consent to any proceeding or action described in the immediately following subsection; (iv) apply for or consent to, or fail to contest in a timely and appropriate manner, the appointment of, or the taking of possession by, a receiver, custodian, trustee, or liquidator of itself or of a substantial part of its property, domestic or foreign; (v) admit in writing its inability to pay its debts as they become due; (vi) make a general assignment for the benefit of creditors; (vii) make a conveyance fraudulent as to creditors under any Applicable Law; or (viii) take any corporate or partnership action for the purpose of effecting any of the foregoing.

(h) Involuntary Bankruptcy Proceeding. A case or other proceeding shall be commenced against the Borrower, any Guarantor or any of its other Affiliates, in any court of competent jurisdiction seeking: (i) relief under the Bankruptcy Code of 1978, as amended or other federal bankruptcy laws (as now or hereafter in effect) or under any other Applicable Laws, domestic or foreign, relating to bankruptcy, insolvency, reorganization, winding-up, or composition or adjustment of debts; or (ii) the appointment of a trustee, receiver, custodian, liquidator or the like of such Person, or of all or any substantial part of the assets, domestic or foreign, of such Person, and such case or proceeding shall continue

undismissed or unstayed for a period of 60 consecutive calendar days, or an order granting the relief requested in such case or proceeding against the Borrower or such Subsidiary (including, but not limited to, an order for relief under such Bankruptcy Code or such other federal bankruptcy laws) shall be entered.

(i) Change of Control/Change in Management.

(x) (A) If any Person (or two or more Persons acting in concert) (other than the Stein Parties) shall acquire "beneficial ownership" within the meaning of Rule 13d-3 of the Securities and Exchange Act of 1934, as amended, of the capital stock or securities of the Borrower representing 20% or more of the aggregate voting power of all classes of capital stock and securities of the Borrower entitled to vote for the election of directors or (B) during any twelve-month period (commencing both before and after the Agreement Date), individuals who at the beginning of such period were directors of the Borrower shall cease for any reason (other than death or mental or physical disability) to constitute a majority of the board of directors of the Borrower;

(y) The Persons comprising the Stein Parties shall cease to own, in the aggregate, at least 570,000 shares of the outstanding common stock of the Borrower (without regard to any dilution thereof); or

(z) If Martin E. Stein, Jr. shall cease for any reason (including death or disability) to be principally involved in the executive and strategic management of the Borrower on a full-time basis for a period in excess of 120 days;

(j) ERISA. The assets of the Borrower or any Guarantor at any time constitute assets, within the meaning of ERISA, the Internal Revenue Code and the respective regulations promulgated thereunder, of any ERISA Plan or Non-ERISA Plan;

(k) Litigation. The Borrower or any Guarantor shall disavow, revoke or terminate any Loan Document to which it is a party or shall otherwise challenge or contest in any action, suit or proceeding in any court or before any Governmental Authority the validity or enforceability of this Agreement, any Note or any other Loan Document.

(l) Judgment. A judgment or order for the payment of money (not adequately covered by insurance as to which the insurance company has acknowledged coverage in writing) shall be entered against the Borrower or any Guarantor by any court or other tribunal which exceeds, individually or together with all other such judgments or orders entered against the Borrower or such Guarantor, \$5,000,000 in amount (or which could otherwise have a Materially Adverse Effect) and such judgment or order shall continue for a period of 30 days without being stayed or dismissed through appropriate appellate proceedings.

(m) Attachment. A warrant, writ of attachment, execution or similar process shall be issued against any property of the Borrower or any Guarantor which exceeds, individually or together with all other such warrants, writs, executions and processes, \$5,000,000 in amount and such warrant, writ, execution or process shall not be discharged, vacated, stayed or bonded for a period of 30 days.

(n) Damage; Strike; Casualty. Any material damage to, or loss, theft or destruction of, any Property, whether or not insured, or any strike, lockout, labor dispute, embargo, condemnation, act of God or public enemy, or other casualty which causes, for more than 30 consecutive days beyond the coverage period of any applicable business interruption insurance, the cessation or substantial curtailment of revenue producing activities of the Borrower, any Guarantor or any other Subsidiary if any such event or circumstance could reasonably be expected to have a Materially Adverse Effect.

(o) Guaranties. Any Guarantor shall fail to comply with any term, covenant, condition or agreement contained in its Guaranty or any Guarantor shall disavow, revoke or terminate or attempt to do any of the foregoing with respect to its Guaranty.

#### SECTION 10.2 Remedies.

Upon the occurrence of an Event of Default, and in every such event, the Agent shall, upon the direction of the Majority Lenders, (i) by notice to the Borrower terminate the Commitments, which shall thereupon terminate, and (ii) by notice to the Borrower declare the Loans and all other Obligations to be, and the Loans and all other Obligations shall thereupon become, immediately due and payable without presentment, demand, protest or notice of intention to accelerate, all of which are hereby waived by the Borrower; provided, however, that in the case of any of the Events of Default specified in Section 10.1.(g) or (h) above, without any notice to the Borrower or any other act by the Agent, the Commitments shall thereupon immediately and automatically terminate and the Loans and all other Obligations shall become immediately due and payable without presentment, demand, protest, notice of intention to accelerate or notice of acceleration, or other notice of any kind, all of which are hereby waived by the Borrower. Upon the occurrence and during the continuance of a Default under Section 10.1.(h) or Section 10.1.(i)(z), the right of the Borrower to request Revolving Loans shall be suspended.

#### SECTION 10.3 Rights Cumulative.

The rights and remedies of the Agent and the Lenders under this Agreement and each of the other Loan Documents shall be cumulative and not exclusive of any rights or remedies which any of them may otherwise have under Applicable Law. In exercising their respective rights and remedies the Agent and the Lenders may be selective and no failure or delay by the Agent or any of the Lenders in exercising any right shall operate as a waiver of it, nor shall any single or partial exercise of any power or right preclude its other or further exercise or the exercise of any other power or right.

#### SECTION 10.4 Recision of Acceleration by Majority Lenders.

If at any time after acceleration of the maturity of the Loans and the other Obligations, the Borrower shall pay all arrears of interest and all payments on account of principal of the Obligations which shall have become due otherwise than by acceleration (with interest on principal and, to the extent permitted by Applicable Law, on overdue interest, at the rates specified in this Agreement) and all Events of Default and Defaults (other than nonpayment of principal of and accrued interest on the Obligations due and payable solely by virtue of acceleration) shall be remedied or waived to the satisfaction of the Majority Lenders, then by written notice to the Borrower, the Majority Lenders may elect, in the sole discretion of such Majority Lenders, to rescind and annul the acceleration and its consequences. The provisions of the preceding sentence are intended merely to bind all of the Lenders to a decision which may be made at the election of the Majority Lenders, and are not intended to benefit the Borrower and do not give the Borrower the right to require the Lenders to rescind or annul any acceleration hereunder, even if the conditions set forth herein are satisfied.

### ARTICLE XI. THE AGENT

#### SECTION 11.1 Appointment and Authorization.

Each Lender irrevocably appoints and authorizes the Agent to take such action as the Agent on its behalf and to exercise such powers under the Loan Documents as are delegated to the Agent by the terms thereof, together with all such powers as are reasonably incidental thereto. The Borrower shall be entitled to rely conclusively upon a written notice or written response from the Agent as being made pursuant to the requisite concurrence or consent of the Lenders necessary to take such action without investigation or otherwise contacting the Lenders hereunder. The power of attorney set forth hereinabove shall be irrevocable and coupled with an interest. The relationship between the Agent and the Lenders shall be that of principal and the Agent only and nothing herein shall be construed to deem the Agent a trustee for any Lender nor to impose on the Agent duties or obligations other than those expressly provided for herein. Not in limitation of the foregoing, each Lender agrees the Agent has no fiduciary obligations to such Lender under this Agreement, any other Loan Document or otherwise. At the request of a Lender, the Agent will forward to each Lender copies or, where appropriate, originals of the documents delivered to the Agent pursuant to Section 6.1. The Agent will also furnish to any Lender, upon the request of such Lender, a copy of any certificate or notice furnished to the Agent by the Borrower pursuant to this Agreement or any other Loan Document not already delivered to such Lender pursuant to the terms of this Agreement or any such other Loan Document. As to any matters not expressly provided for by the Loan Documents (including, without limitation, enforcement or collection of the Notes), the Agent shall not be required to exercise any discretion or take any action, but shall be required to act or to refrain from acting (and shall be fully protected in so acting or refraining from acting) upon the instructions of the Majority Lenders, and such instructions shall be binding upon all the Lenders and all holders of Notes; provided,

however, that the Agent shall not be required to take any action which exposes the Agent to personal liability or which is contrary to this Agreement or any other Loan Document or Applicable Law. Not in limitation of the foregoing, the Agent shall not exercise any right or remedy it or the Lenders may have under any Loan Document upon the occurrence of a Default or an Event of Default unless the Majority Lenders have so directed the Agent to exercise such right or remedy. The Agent shall not be deemed to have knowledge or notice of the occurrence of a Default or Event of Default unless the Agent has actual knowledge of such Default or Event of Default. In the event that the Agent has actual knowledge of the occurrence of a Default or Event of Default, the Agent shall give prompt notice thereof to the Lenders.

#### SECTION 11.2 The Agent and Affiliates.

Wells Fargo Realty Advisors Funding, Incorporated, as a Lender, shall have the same rights and powers under this Agreement and any other Loan Document as any other Lender and may exercise the same as though it were not the Agent; and the term "the Lender" or "the Lenders" shall, unless otherwise expressly indicated, include Wells Fargo Realty Advisors Funding, Incorporated in each case in its individual capacity. Wells Fargo Realty Advisors Funding, Incorporated and its affiliates and the other Lenders and their respective affiliates may each accept deposits from, maintain deposits or credit balances for, invest in, lend money to, act as trustee under indentures of, and generally engage in any kind of business with the Borrower and any Affiliate of the Borrower as if Wells Fargo Realty Advisors Funding, Incorporated or such Lender were any other bank and without any duty to account therefor to the other Lenders.

#### SECTION 11.3 Collateral Matters.

Each Lender authorizes and directs the Agent to enter into the Loan Documents for the benefit of the Lenders. Each Lender hereby agrees that, except as otherwise set forth herein, any action taken by the Majority Lenders in accordance with the provisions of this Agreement or the Loan Documents, and the exercise by the Majority Lenders of the powers set forth herein or therein, together with such other powers as are reasonably incidental thereto, shall be authorized and binding upon all of the Lenders.

#### SECTION 11.4 Approvals of the Lenders.

All communications from the Agent to any Lender requesting such Lender's determination, consent, approval or disapproval (a) shall be given in the form of a written notice to such Lender, (b) shall be accompanied by a description of the matter or thing as to which such determination, approval, consent or disapproval is requested, or shall advise such Lender where such matter or thing may be inspected, or shall otherwise describe the matter or issue to be resolved, (c) shall include, if reasonably requested by such Lender and to the extent not previously provided to such Lender, written materials and a summary of all oral information provided to the Agent by the Borrower in respect of the matter or issue to be

resolved, and (d) shall include the Agent's recommended course of action or determination in respect thereof. Unless a Lender shall give written notice to the Agent that it objects to the recommendation or determination of the Agent (together with a written explanation of the reasons behind such objection) within 10 Business Days (or such lesser period as may be required under the Loan Documents for the Agent to respond), such Lender shall be deemed to have conclusively approved of or consented to such recommendation or determination.

#### SECTION 11.5 Consultation with Experts.

The Agent may consult with legal counsel (who may be counsel for the Borrower), independent public accountants and other experts selected by it and shall not be liable for any action taken or omitted to be taken by it in good faith in accordance with the advice of such counsel, accountants or experts.

#### SECTION 11.6 Liability of the Agent.

Neither the Agent nor any of its affiliates nor any of their respective directors, officers, the Agents or employees shall be liable for any action taken or not taken by the Agent in connection with any of the Loan Documents in the absence of its own gross negligence or willful misconduct. Neither the Agent nor any of its affiliates nor any of their respective directors, officers, the Agents or employees shall be responsible for or have any duty to ascertain, inquire into or verify (a) any statement, warranty or representation made in connection with any of the Loan Documents, or any borrowing hereunder, (b) the performance or observance of any of the covenants or agreements of the Borrower, (c) the satisfaction of any condition specified in Article VI., or (d) the validity, effectiveness or genuineness of any of the Loan Documents or any other instrument or writing furnished in connection herewith or therewith. The Agent shall not incur any liability by acting in reliance upon any notice, consent, certificate, statement, or other writing (which may be a bank wire, telex or similar writing) believed by it to be genuine or to be signed by the proper party or parties.

#### SECTION 11.7 Indemnification of the Agent.

The Lenders agree to indemnify the Agent (to the extent not reimbursed by the Borrower and without limiting the obligation of the Borrower to do so) in accordance with the Lenders' respective Pro Rata Shares, from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever which may at any time be imposed on, incurred by, or asserted against the Agent in any way relating to or arising out of the Loan Documents or any action taken or omitted by the Agent under the Loan Documents; provided, however, that no Lender shall be liable for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements to the extent arising from the Agent's gross negligence or willful misconduct. Without limiting the generality of the foregoing, each Lender agrees to reimburse the Agent promptly upon demand for its

ratable share of any out-of-pocket expenses (including counsel fees) incurred by the Agent in connection with the preparation, execution, administration, or enforcement of, or legal advice with respect to the rights or responsibilities of the parties under, the Loan Documents, to the extent that the Agent is not reimbursed for such expenses by the Borrower. The agreements in this Section shall survive the payment of the Loans and all other amounts payable hereunder or under the other Loan Documents and the termination of this Agreement.

#### SECTION 11.8 Credit Decision.

Each Lender expressly acknowledges that neither the Agent nor any of its officers, directors, employees, the Agents, attorneys-in-fact or other affiliates has made any representations or warranties to such Lender and that no act by the Agent hereinafter taken, including any review of the affairs of the Borrower, shall be deemed to constitute any representation or warranty by the Agent to any Lender. Each Lender acknowledges that it has, independently and without reliance upon the Agent, any other Lender or counsel to the Agent, and based on the financial statements of the Borrower and its affiliates, its review of the Loan Documents, the legal opinions required to be delivered to it hereunder, the advice of its own counsel and such other documents and information as it has deemed appropriate, made its own credit and legal analysis and decision to enter into this Agreement and the transaction contemplated hereby. Each Lender also acknowledges that it will, independently and without reliance upon the Agent, any other Lender or counsel to the Agent, and based on such review, advice, documents and information as it shall deem appropriate at the time, continue to make its own decisions in taking or not taking action under the Loan Documents. Except for notices, reports and other documents expressly required to be furnished to the Lenders by the Agent hereunder, the Agent shall have no duty or responsibility to provide any Lender with any credit or other information concerning the business, operations, property, financial and other condition or creditworthiness of the Borrower or any other Affiliate which may come into possession of the Agent or any of its officers, directors, employees, the Agents, attorneys-in-fact or other affiliates.

#### SECTION 11.9 Successor Agent.

The Agent may resign at any time by giving 30 days' prior written notice thereof, to the Lenders and the Borrower. The Agent may be removed as the Agent under the Loan Documents for good cause upon 30 days' prior written notice to the Agent by the Majority Lenders. Upon any such resignation or removal, the Majority Lenders shall have the right to appoint a successor Agent. If no successor Agent shall have been so appointed by the Majority Lenders, and shall have accepted such appointment, within 30 days after the current Agent's giving of notice of resignation or the Majority Lenders' removal of the current Agent, then the current Agent may, on behalf of the Lenders, appoint a successor Agent, which shall be a Lender, if any Lender shall be willing to serve. Any successor Agent must be a bank whose debt obligations (or whose parent's debt obligations) are rated not less than investment grade or its equivalent by a Rating Agency and which has total assets in excess of \$10,000,000,000. Upon the acceptance of its appointment as Agent hereunder by a

successor Agent, such successor Agent shall thereupon succeed to and become vested with all the rights and duties of the current Agent, and the current Agent shall be discharged from its duties and obligations hereunder. After any current Agent's resignation hereunder as Agent, the provisions of this Article shall inure to its benefit as to any actions taken or omitted to be taken by it while it was the Agent. Notwithstanding anything contained herein to the contrary, the Agent may assign its rights and duties hereunder to any of its affiliates by giving the Borrower and each Lender prior written notice thereof.

SECTION 11.10 Approvals and Other Actions by Majority Lenders.

Each of the following shall require the approval of, or may be taken at the request of, the Majority Lenders:

(a) Approval of Eligible Properties as Unencumbered Pool Properties as provided in Section 4.1.;

(b) Termination of the Commitments and acceleration of the Obligations upon the occurrence of an Event of Default as provided in Section 10.2.;

(c) Recession of acceleration of any of the Obligations as provided in Section 10.4.;

(d) Removing the Agent for good cause and approving of its replacement as provided in Section 11.9.; and

(e) Except as specifically provided otherwise in Section 12.7., any consent or approval regarding, any waiver of the performance or observance by the Borrower of and the waiver of the continuance of any Default or Event of Default in respect of, any term of this Agreement or any other Loan Document.

ARTICLE XII. MISCELLANEOUS

SECTION 12.1 Notices.

All notices, requests and other communications to any party under the Loan Documents shall be in writing (including bank wire, facsimile transmission or similar writing) and shall be given to such party as follows:

If to the Borrower:

Regency Realty Corporation  
121 West Forsyth Street, Suite 200  
Jacksonville, Florida 32202  
Attention: Chief Financial Officer  
Telecopier: (904) 634-3428  
Telephone: (904) 356-7000

If to a Lender or the Agent:

To such Lender's or the Agent's Lending Office

or as to each party at such other address as such party shall designate in a written notice to the other parties. Each such notice, request or other communication shall be effective (a) if given by mail, 72 hours after such communication is deposited in the mails with first class postage prepaid, addressed as aforesaid or (b) if given by any other means (including facsimile), when delivered at the applicable address provided for in this Section; provided that notices to the Agent under Article II., and any notice of a change of address for notices, shall not be effective until received. In addition to the Agent's Lending Office, the Borrower shall send copies of the information described in Section 8.1. to the following address of the Agent:

Wells Fargo Realty Advisors Funding, Incorporated  
Real Estate Group  
Koll Center  
2030 Main Street, Suite 800  
Irvine, California 92714  
Attention: Ms. Debra Autry

#### SECTION 12.2 No Waivers.

No failure or delay by the Agent or any Lender in exercising any right, power or privilege under any Loan Document shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies provided in the Loan Documents shall be cumulative and not exclusive of any rights or remedies provided by law.

#### SECTION 12.3 Expenses.

The Borrower will pay on demand all present and future reasonable expenses of:

(a) the Agent in connection with the negotiation, preparation, execution and delivery (including reasonable out-of-pocket costs and expenses incurred in connection with

the assignment of Commitments pursuant to Section 12.8.) of this Agreement, the Notes and each of the other Loan Documents, whenever the same shall be executed and delivered, including appraisers' fees, search fees, recording fees and the reasonable fees and disbursements of: (i) Alston & Bird, counsel for the Agent, and (ii) each local counsel retained by the Agent;

(b) the Agent in connection with the negotiation, preparation, execution and delivery of any waiver, amendment or consent by the Agent or any Lender relating to this Agreement, the Notes or any of the other Loan Documents or sales of participations in any Lender's Commitment, including the reasonable fees and disbursements of counsel to the Agent;

(c) the Agent and each of the Lenders in connection with any restructuring, refinancing or "workout" of the transactions contemplated by this Agreement, the Notes and the other Loan Documents, including the reasonable fees and disbursements of counsel to the Agent actually incurred;

(d) the Agent and each of the Lenders, after the occurrence of a Default or Event of Default, in connection with the collection or enforcement of the obligations of the Borrower under this Agreement, the Notes or any other Loan Document, including the reasonable fees and disbursements of counsel to the Agent or to any Lender actually incurred if such collection or enforcement is done by or through an attorney;

(e) subject to any limitation contained in Section 12.5., the Agent and each of the Lenders in connection with prosecuting or defending any claim in any way arising out of, related to, or connected with this Agreement, the Notes or any of the other Loan Documents, including the reasonable fees and disbursements of counsel to the Agent or any Lender actually incurred and of experts and other consultants retained by the Agent or any Lender in connection therewith;

(f) the Agent and each of the Lenders, after the occurrence of a Default or Event of Default, in connection with the exercise by the Agent or any Lender of any right or remedy granted to it under this Agreement, the Notes or any of the other Loan Documents including the reasonable fees and disbursements of counsel to the Agent or any Lender actually incurred;

(g) the Agent in connection with costs and expenses incurred by the Agent in gaining possession of, maintaining, appraising, selling, preparing for sale and advertising to sell any collateral security, whether or not a sale is consummated; and

(h) the Agent and each of the Lenders, to the extent not already covered by any of the preceding subsections, in connection with any bankruptcy or other proceeding of the type described in Sections 10.1.(g) or (h), and the reasonable fees and disbursements of counsel to the Agent and any Lender actually incurred in connection with the representation of the

Agent or such Lender in any matter relating to or arising out of any such proceeding, including without limitation (i) any motion for relief from any stay or similar order, (ii) the negotiation, preparation, execution and delivery of any document relating to the Agent or such Lender and (iii) the negotiation and preparation of any plan of reorganization of the Borrower, whether proposed by the Borrower, the Lenders or any other Person, and whether such fees and expenses are incurred prior to, during or after the commencement of such proceeding or the confirmation or conclusion of any such proceeding.

#### SECTION 12.4 Stamp, Intangible and Recording Taxes.

The Borrower will pay any and all stamp, intangible, registration, recordation and similar taxes, fees or charges and shall indemnify the Agent and each Lender against any and all liabilities with respect to or resulting from any delay in the payment or omission to pay any such taxes, fees or charges, which may be payable or determined to be payable in connection with the execution, delivery, recording, performance or enforcement of this Agreement, the Notes and any of the other Loan Documents or the perfection of any rights or Liens thereunder.

#### SECTION 12.5 Indemnification.

The Borrower shall and hereby agrees to indemnify, defend and hold harmless the Agent and each of the Lenders and their respective directors, officers, the Agents and employees from and against (a) any and all losses, claims, damages, liabilities, deficiencies, judgments or expenses incurred by any of them (except to the extent that it results from their own gross negligence or willful misconduct) arising out of or by reason of any litigation, investigations, claims or proceedings which arise out of or are in any way related to: (i) this Agreement or the transactions contemplated thereby; (ii) the making of Loans; (iii) any actual or proposed use by the Borrower of the proceeds of the Loans; or (iv) the Agent's or the Lenders' entering into this Agreement, the other Loan Documents or any other agreements and documents relating hereto, including, without limitation, amounts paid in settlement, court costs and the reasonable fees and disbursements of counsel incurred in connection with any such litigation, investigation, claim or proceeding or any advice rendered in connection with any of the foregoing and (b) any such losses, claims, damages, liabilities, deficiencies, judgments or expenses incurred in connection with any remedial or other similar action taken by the Borrower, the Agent or any of the Lenders in connection with the required compliance by the Borrower or any of the Subsidiaries, or any of their respective properties, with any federal, state or local Environmental Laws or other material environmental rules, regulations, orders, directions, ordinances, criteria or guidelines. If and to the extent that the obligations of the Borrower hereunder are unenforceable for any reason, the Borrower hereby agrees to make the maximum contribution to the payment and satisfaction of such obligations which is permissible under Applicable Law. The Borrower's obligations hereunder shall survive any termination of this Agreement and the other Loan Documents and the payment in full of the Obligations, and are in addition to, and not in substitution of, any other of its other obligations set forth in this Agreement and the other Loan Documents.

#### SECTION 12.6 Setoff.

In addition to any rights now or hereafter granted under Applicable Law and not by way of limitation of any such rights, each Lender is hereby authorized by the Borrower, at any time or from time to time upon the occurrence and during the continuance of an Event of Default, without notice to the Borrower or to any other Person, any such notice being hereby expressly waived, to set-off and to appropriate and to apply any and all deposits (general or special, including, but not limited to, indebtedness evidenced by certificates of deposit, whether matured or unmatured) and any other indebtedness at any time held or owing by such Lender or any Affiliate of such Lender, to or for the credit or the account of the Borrower against and on account of any of the Obligations then due and owing. The Borrower agrees, to the fullest extent it may effectively do so under Applicable Law, that any holder of a participation in a Note, whether or not acquired pursuant to the foregoing arrangements, may exercise rights of setoff or counterclaim and other rights with respect to such participation as fully as if such holder of a participation were a direct creditor of the Borrower in the amount of such participation.

#### SECTION 12.7 Amendments.

Any consent or approval required or permitted by this Agreement or in any other Loan Document (other than any agreement evidencing the fees referred to in Section 3.1.(d)) to be given by the Lenders may be given, and the performance or observance by the Borrower of any terms of any such Loan Document or the continuance of any Default or Event of Default may be waived (either generally or in a particular instance and either retroactively or prospectively) with, but only with, the written consent of the Majority Lenders. Any provision of this Agreement or of any other Loan Document (other than any agreement evidencing the fees referred to in Section 3.1.(d)) may be amended or otherwise modified with, but only with, the written consent of the Borrower and the Majority Lenders. Any provision of any agreement evidencing the fees referred to in Section 3.1.(d) may be amended or otherwise modified only in writing by the Agent and the Borrower, and the performance or observance by the Borrower of any terms of any such agreement may be waived only with the written consent of the Agent. Notwithstanding the foregoing, none of the following may be amended or otherwise modified, nor may compliance by the Borrower, as applicable thereunder or with respect thereto be waived, without the written consent of all the Lenders and the Borrower:

(a) the principal amount of any Loan (including forgiveness of any amount of principal);

(b) the rates of interest on the Loans and the amount of any interest payable on the Loans (including the forgiveness of any accrued but unpaid interest);

(c) the dates on which any principal or interest payable by the Borrower under any Loan Document is due;

(d) the provisions of the first sentence of Section 2.1., Section 2.8.(e), any of Sections 9.1. through 9.6. and this Section;

(e) the Revolving Credit Termination Date;

(f) the Termination Date;

(g) the obligations of a Guarantor under its Guaranty, including the release of a Guarantor therefrom (except as specifically permitted in the last sentence of Section 4.2.);

(h) the definition of Commitment, Majority Lenders (or any minimum requirement necessary for the Lenders or Majority Lenders to take action hereunder), Pro Rata Share, Revolving Commitment and Maximum Loan Availability and Unencumbered Pool Value (and the definitions used in either such definition and the percentages and rates used in the calculation thereof); and

(i) the amount and payment date of any fees.

Further, no amendment, waiver or consent unless in writing and signed by the Agent, in addition to the Lenders required hereinabove to take such action, shall affect the rights or duties of the Agent under this Agreement or any of the other Loan Documents. No waiver shall extend to or affect any obligation not expressly waived or impair any right consequent thereon. No course of dealing or delay or omission on the part of any Lender or the Agent in exercising any right shall operate as a waiver thereof or otherwise be prejudicial thereto. No notice to or demand upon the Borrower shall entitle the Borrower to other or further notice or demand in similar or other circumstances.

#### SECTION 12.8 Successors and Assigns.

(a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, except that the Borrower may not assign or otherwise transfer any of its rights under this Agreement without the prior written consent of all the Lenders.

(b) Any Lender may at any time grant to one or more banks or other financial institutions (each a "Participant") participating interests in its Commitment or the Obligations owing to such Lender. Except as otherwise provided in Section 12.6., no Participant shall have any rights or benefits under this Agreement or any other Loan Document. In the event of any such grant by a Lender of a participating interest to a Participant, such Lender shall remain responsible for the performance of its obligations hereunder, and the Borrower and the Agent shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. Any agreement pursuant to which any Lender may grant such a participating interest shall provide that such Participant may not grant to any other Person any participating interest in such Participant's interest and that such

Lender shall retain the sole right and responsibility to enforce the obligations of the Borrower hereunder including, without limitation, the right to approve any amendment, modification or waiver of any provision of this Agreement; provided, however, such Lender may agree with the Participant that it will not, without the consent of the Participant, agree to (i) increase such Lender's Commitment, (ii) extend the date fixed for the payment of principal on the Loans or portions thereof owing to such Lender, or (iii) reduce the rate at which interest is payable thereon. An assignment or other transfer which is not permitted by subsection (c) or (d) below shall be given effect for purposes of this Agreement only to the extent of a participating interest granted in accordance with this subsection (b).

(c) Any Lender may with the prior written consent of the Agent and the Borrower (which consent, in each case, shall not be unreasonably withheld) at any time assign to one or more banks or other financial institutions (each an "Assignee") all or a portion of its rights and obligations under this Agreement and the Notes; provided, however, (i) any partial assignment shall be in an amount at least equal to \$10,000,000 and after giving effect to such assignment the assigning Lender retains a Commitment, or if the Commitments have been terminated, holds Notes having an aggregate outstanding principal balance, of at least \$10,000,000; (ii) after giving effect to any such assignment by the Agent, the Agent in its capacity as a Lender shall retain a Commitment, or if the Commitments have been terminated, hold Notes having an aggregate outstanding principal balance, greater than or equal to the Commitment of each other Lender (other than any Lender whose Commitment has increased as a result of a merger or combination with another Lender) and (iii) each such assignment shall be effected by means of an Assignment and Acceptance Agreement. Upon execution and delivery of such instrument and payment by such Assignee to such transferor Lender of an amount equal to the purchase price agreed between such transferor Lender and such Assignee, such Assignee shall be deemed to be a Lender party to this Agreement and shall have all the rights and obligations of a Lender with a Commitment as set forth in such Assignment and Acceptance Agreement, and the transferor Lender shall be released from its obligations hereunder to a corresponding extent, and no further consent or action by any party shall be required. Upon the consummation of any assignment pursuant to this subsection (c), the transferor Lender, the Agent and the Borrower shall make appropriate arrangements so that new Notes are issued to the Assignee and such transferor Lender, as appropriate. In connection with any such assignment, the transferor Lender shall pay to the Agent an administrative fee for processing such assignment in the amount of \$3,000.

(d) In addition to the assignments and participations permitted under the foregoing provisions of this Section, any Lender may assign and pledge all or any portion of its Loans and its Notes to any Federal Reserve Bank as collateral security pursuant to Regulation A and any Operating Circular issued by such Federal Reserve Bank, and such Loans and Notes shall be fully transferable as provided therein. No such assignment shall release the assigning Lender from its obligations hereunder.

(e) A Lender may furnish any information concerning the Borrower or any of its Subsidiaries in the possession of such Lender from time to time to Assignees and Participants (including prospective Assignees and Participants).

(f) Anything in this Section to the contrary notwithstanding, no Lender may assign or participate any interest in any Loan held by it hereunder to the Borrower or any of their respective affiliates or Subsidiaries.

(g) The Borrower and the Lenders hereby authorize the Agent to modify this Agreement by unilaterally amending or supplementing Annex I from time to time in the manner requested by the Borrower, the Agent or any Lender in order to reflect any assignments or transfers of the Commitments as provided for hereunder; provided, however, that the Agent shall promptly deliver a copy of any such modification to the Borrower and each Lender.

#### SECTION 12.9 Governing Law.

THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF GEORGIA.

#### SECTION 12.10 Litigation.

(a) EACH PARTY HERETO ACKNOWLEDGES THAT ANY DISPUTE OR CONTROVERSY BETWEEN OR AMONG THE BORROWER, THE AGENT OR ANY OF LENDERS WOULD BE BASED ON DIFFICULT AND COMPLEX ISSUES OF LAW AND FACT AND THAT A TRIAL BY JURY COULD RESULT IN SIGNIFICANT DELAY AND EXPENSE. ACCORDINGLY, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, EACH OF LENDERS, THE AGENT AND THE BORROWER HEREBY WAIVES TRIAL BY JURY IN ANY ACTION OR PROCEEDING OF ANY KIND OR NATURE IN ANY COURT OR TRIBUNAL IN WHICH AN ACTION MAY BE COMMENCED BY OR AGAINST THE BORROWER ARISING OUT OF THIS AGREEMENT, THE NOTES OR ANY OTHER LOAN DOCUMENT OR IN CONNECTION WITH THE COLLATERAL OR ANY LIEN OR BY REASON OF ANY OTHER CAUSE OR DISPUTE WHATSOEVER BETWEEN OR AMONG THE BORROWER, THE AGENT OR ANY OF LENDERS OF ANY KIND OR NATURE.

(b) THE BORROWER, THE AGENT AND EACH LENDER EACH HEREBY AGREES THAT THE FEDERAL DISTRICT COURT OF THE NORTHERN DISTRICT OF GEORGIA OR, AT THE OPTION OF THE AGENT, ANY STATE COURT LOCATED IN FULTON COUNTY, GEORGIA, SHALL HAVE NON-EXCLUSIVE JURISDICTION TO HEAR AND DETERMINE ANY CLAIMS OR DISPUTES BETWEEN OR AMONG THE BORROWER, THE AGENT OR ANY OF LENDERS, PERTAINING DIRECTLY OR INDIRECTLY TO THIS AGREEMENT, THE NOTES OR ANY OTHER LOAN DOCUMENT OR TO ANY MATTER ARISING HEREFROM OR

THEREFROM OR THE COLLATERAL. THE BORROWER EXPRESSLY SUBMITS AND CONSENTS IN ADVANCE TO SUCH JURISDICTION IN ANY ACTION OR PROCEEDING COMMENCED IN SUCH COURTS. THE CHOICE OF FORUM SET FORTH IN THIS SECTION SHALL NOT BE DEEMED TO PRECLUDE THE BRINGING OF ANY ACTION BY THE AGENT OR ANY LENDER OR THE ENFORCEMENT BY THE AGENT OR ANY LENDER OF ANY JUDGMENT OBTAINED IN SUCH FORUM IN ANY OTHER APPROPRIATE JURISDICTION.

further, the Borrower irrevocably waives, to the fullest extent permitted by APPLICABLE law, any objection which it may now or hereafter have to the laying of the venue of any such proceeding brought in such a court and any claim that any such proceeding brought in such a court has been brought in an inconvenient forum.

(c) THE FOREGOING WAIVERS HAVE BEEN MADE WITH THE ADVICE OF COUNSEL AND WITH A FULL UNDERSTANDING OF THE LEGAL CONSEQUENCES THEREOF, AND SHALL SURVIVE THE PAYMENT OF THE LOANS AND ALL OTHER AMOUNTS PAYABLE HEREUNDER OR UNDER THE OTHER LOAN DOCUMENTS AND THE TERMINATION OF THIS AGREEMENT.

#### SECTION 12.11 Counterparts; Integration.

This Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. This Agreement, together with the other Loan Documents, constitutes the entire agreement and understanding among the parties hereto and supersedes any and all prior agreements and understandings, oral or written, relating to the subject matter hereof.

#### SECTION 12.12 Invalid Provisions.

Any provision of this Agreement or any other Loan Document held by a court of competent jurisdiction to be illegal, invalid or unenforceable shall not invalidate the remaining provisions of such Loan Document which shall remain in full force and effect and the effect thereof shall be confined to the provision held invalid or illegal.

[Signatures on Next Page]

IN WITNESS WHEREOF, the parties hereto have caused this Credit Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

THE BORROWER:

REGENCY REALTY CORPORATION

By: /s/ Bruce M. Johnson  
Bruce M. Johnson  
Executive Vice President

THE AGENT:

WELLS FARGO REALTY ADVISORS  
FUNDING, INCORPORATED, as the  
Agent

By: /s/ Mary Ann Kelly  
Mary Ann Kelly  
Vice President

By: /s/ Priscilla A. Forbes  
Priscilla A. Forbes  
Assistant Secretary

LENDERS:

WELLS FARGO REALTY ADVISORS  
FUNDING, INCORPORATED, in its  
individual capacity

By: /s/ Mary Ann Kelly  
Mary Ann Kelly  
Vice President

By: /s/ Priscilla A. Forbes  
Priscilla A. Forbes  
Assistant Secretary

Credit Agreement dated as of May 17, 1996 among REGENCY REALTY CORPORATION as the Borrower, THE FINANCIAL INSTITUTIONS PARTY HERETO AND THEIR ASSIGNEES UNDER SECTION 12.8 HEREOF as the Lenders, and WELLS FARGO REALTY ADVISORS FUNDING, INCORPORATED as the Agent

SCHEDULE OF EXHIBITS  
AVAILABLE UPON REQUEST

ANNEX I - List of Lenders, Commitment Amounts and Lending Offices  
EXHIBIT A - Form of Assignment and Acceptance Agreement  
EXHIBIT B - Form of Note  
EXHIBIT C - Form of Notice of Borrowing  
EXHIBIT D - Form of Notice of Continuation  
EXHIBIT E - Form of Notice of Conversion  
EXHIBIT F - Form of Extension Request  
EXHIBIT G - Form of Opinion of Borrower's Counsel  
EXHIBIT H - Form of Guaranty  
EXHIBIT I - Form of Unencumbered Pool Certificate  
EXHIBIT J - Form of Compliance Certificate  
Schedule 4.1 - Unencumbered Pool Properties  
Schedule 7.2 - Ownership Structure, Subsidiaries of Regency Realty Corporation  
Schedule 7.6 - Summary of Outstanding Debt  
Schedule 7.10 - Material Contracts  
Schedule 7.12 - Transactions with Affiliates - None  
Schedule 7.15 - Litigation - None  
Schedule 7.16 - ERISA Plans

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION  
REALTY CORPORATION'S QUARTERLY REPORT FOR 1996

REGENCY REALTY CORPORATION  
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JUN-30-1996		
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