FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

(Mark One)

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

For the quarterly period ended September 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
(Exact name of Registrant as specified in its charter)

FLORIDA	59-3191743
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

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

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

Not applicable
(Former name, former address, and former fiscal year,
if changed since last report)

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

APPLICABLE ONLY TO 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 November 14, 1996, there were 7,886,684 shares outstanding of the registrant's common stock.

Part I. Financial Information

Item 1. Financial Statements

REGENCY REALTY CORPORATION
Consolidated Balance Sheets

	September 30, 1996	December 31, 1995
Assets		
Real estate rental property, at cost	$ 332,175,327	278,731,167
Less: accumulated depreciation	23,871,345	18,631,310
Real estate rental property, net	308,303,982	260,099,857
Construction in progress	10,344,554	0
Investment in unconsolidated real estate partnerships	1,226,670	315,389
Total investments in real estate, net	319,875,206	260,415,246

Cash and cash equivalents	15,039,661	3,401,701
Accounts receivable, net of allowance for uncollectible accounts of $444,801 and $474,019 at September 30, 1996 and December 31, 1995, respectively	3,061,427	2,620,763
Deferred costs, less accumulated amortization of $2,408,262 and $1,660,662 at September 30, 1996 and December 31, 1995, respectively	3,919,949	3,598,011
Other assets	2,141,159	969,676
	$ 344,037,402	271,005,397
Liabilities and Stockholders' Equity		
Mortgage loans payable	101,502,725	93,277,273
Revolving line of credit	71,301,185	22,339,803
Tenant security and escrow deposits	1,168,737	976,515
Accrued expenses	3,859,282	936,695
Accounts payable and other liabilities	4,144,499	6,468,537
Total liabilities	181,976,428	123,998,823
Convertible operating partnerships units	520,169	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; 7,883,197 and 6,728,723 shares issued and outstanding at September 30, 1996 and December 31, 1995, respectively	78,832	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 September 30, 1996 and December 31, 1995, respectively	25,000	25,000
Additional paid in capital	175,713,697	155,221,241
Distributions in excess of net income	(11,106,635)	(8,073,188)
Stock loans	(3,170,089)	(2,150,034)
Total stockholders' equity	161,540,805	147,006,574
	$ 344,037,402	271,005,397

See accompanying notes to consolidated financial statements.

REGENCY REALTY CORPORATION
Consolidated Statements of Operations

	For the Three Month Period Ended	
	September 30, 1996	September 30, 1995
Real estate operation revenues:		
Minimum rent	$ 8,897,421	6,249,030
Percentage rent	175,065	162,437
Recoveries from tenants	1,806,339	1,230,583
Other recoveries and income	159,392	149,615
Leasing and brokerage	833,949	576,387
Management fees	157,478	201,425
Total real estate operation revenues	12,029,644	8,569,477
Real estate operation expenses:		
Depreciation and amortization	2,202,859	1,611,973
Operating and maintenance	1,896,479	1,462,984
General and administrative	1,294,469	1,326,580
Real estate taxes	1,059,950	681,332
Total real estate operation expenses	6,453,757	5,082,869
Interest expense (income):		
Interest expense	2,742,023	2,315,192
Interest income	(191,408)	(118,538)
Net interest expense	2,550,615	2,196,654
Net income	3,025,272	1,289,954
Preferred stock dividends	0	76,650
Net income for common stockholders	$ 3,025,272	1,213,304
Net income per common share outstanding	$ 0.28	0.18
Weighted average common shares outstanding	10,802,711	6,610,532

See accompanying notes to consolidated financial statements.

REGENCY REALTY CORPORATION
Consolidated Statements of Operations

	For the Nine Month Period Ended	
	September 30, 1996	September 30, 1995
Real estate operation revenues:		
Minimum rent	$ 24,898,572	18,255,167
Percentage rent	598,785	479,258
Recoveries from tenants	5,089,798	3,614,005
Other recoveries and income	384,211	404,348
Leasing and brokerage	2,077,766	1,122,708
Management fees	434,163	658,218
Total real estate operation revenues	33,483,295	24,533,704
Real estate operation expenses:		
Depreciation and amortization	6,107,968	4,665,736
Operating and maintenance	5,356,131	4,120,260
General and administrative	3,898,109	3,385,683
Real estate taxes	2,971,807	2,026,977
Total real estate operation expenses	18,334,015	14,198,656
Interest expense (income):		
Interest expense	7,372,401	6,506,945
Interest income	(478,586)	(324,078)
Net interest expense	6,893,815	6,182,867
Net income	8,255,465	4,152,181
Preferred stock dividends	57,721	284,833
Net income for common stockholders	$ 8,197,744	3,867,348
Net income per common share outstanding	$ 0.81	0.59
Weighted average common shares outstanding	10,150,394	6,525,569

See accompanying notes to consolidated financial statements.

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

	1996	1995
Cash flows from operating activities:		
Net income	$ 8,170,465	4,152,181
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	6,107,968	4,665,736
Equity in income of unconsolidated real estate partnership investments	(38,132)	(11,423)
Changes in assets and liabilities:		
(Increase)decrease in accounts receivable	(440,663)	866,657
(Increase) in deferred leasing commissions	(377,021)	(354,436)
(increase) in other assets	(1,291,818)	(996,188)
Increase in tenants' security and escrow deposits	192,222	71,003
Increase in accrued expenses	3,177,075	1,757,984
(Decrease) increase in accounts payable and other liabilities	(1,225,161)	98,489
Net cash provided by operating activities	14,274,935	10,250,003
Cash flows from investing activities:		
Investment in real estate	(51,586,884)	(10,957,528)
Investment in unconsolidated real estate partnership	(881,308)	0
Capital expenditures	(1,857,276)	(1,243,787)
Construction in progress	(10,259,554)	(2,037,675)
Distribution received from unconsolidated real estate partnership investment	8,160	0
Net cash used in investing	(64,576,862)	(14,238,990)
Cash flows from financing activities:		
Dividends paid in cash	(11,548,562)	(8,070,729)
Proceeds (repayments) from revolving line of credit, net	48,961,382	(12,736,629)
Proceeds from mortgage loans payable	3,918,750	27,635,098
Net proceeds from construction loans	4,900,576	13,413
Principal payments on mortgage loans payable	(593,875)	(256,180)
Issuance of convertible operating partnership units	525,331	0
Proceeds from common stock issuance	16,468,800	0
Payment of loan closing costs	(692,515)	(269,988)
Net cash provided by financing activities	61,939,887	6,314,985
Net increase in cash and cash equivalents	11,637,960	2,325,998
Cash and cash equivalents at beginning of period	3,401,701	2,860,837
Cash and cash equivalents at end of period	$ 15,039,661	5,186,835

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 September 30, 1996, the Company owned 39 shopping centers and 4 office complexes in five 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 September 30, 1996, the Company has completed the acquisition of seven 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
Union Square S.C.	Monroe, N.C.	1989	07-16-96	97,191
City View S.C.	Charlotte, N.C.	1993	07-16-96	77,550
Palm Harbour	Palm Coast, FL	1978/1991	08-01-96	159,369
Sandy Plains Village	Atlanta, GA	1979/1990	08-09-96	168,513
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 (the "Wells Line") on May 17, 1996. The initial proceeds were used to pay off an existing secured line of credit. The Line will be used to finance future real estate acquisitions and developments. 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 1997. On September 16, 1996 the credit agreement was amended to increase the commitment amount to $90 million.

5. Sale of Common Stock

On June 11, 1996, the Company entered into a Stock Purchase Agreement (the "Agreement") with Security Capital U. S. Realty and Security Capital Holdings S.A. (collectively, "US Realty"). Under the agreement, the Company 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 $16,468,800. 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.

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 September 30, 1996 the Company owned and managed 39 shopping centers and 4 suburban office buildings. Of the total 43 properties owned, 29 are located in Florida, and 33 are anchored by supermarkets. The Company's three largest tenants in order by number of store locations are Publix Supermarkets (14), Winn-Dixie Stores (8), and Wal-Mart (5).

Acquisition and Development

During 1996, the Company has acquired six shopping centers (the "1996 Acquisitions") for $51.7 million (including certain necessary building improvements) for a total of 706,862 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 $12.3 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 $9.1 million were closed during the nine months ended September 30, 1995.

Liquidity and Capital Resources

The Company's total indebtedness at September 30, 1996 was $173 million, of which $94 million or 55% bears a fixed rate of interest averaging 7.55%. Based upon the Company's total market capitalization (debt and equity) at September 30, 1996 of $416.4 million (the stock price was $22.375 per share and the total shares and common stock equivalents outstanding were 10,888,507), the Company's debt to total market capitalization ratio was 41.5%.

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. On September 16, 1996 the Wells Line credit agreement was amended to increase the revolving line to $90 million.

On June 11, 1996, the Company entered into a Stock Purchase Agreement (the "Agreement") with Security Capital U. S. Realty and Security Capital Holdings S.A. (collectively, "US Realty"). Under the agreement, the Company 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 $16,468,800 which was used to paydown the Wells Line. 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. Proceeds from the sale of common stock at the Second and Subsequent Closings will be used to reduce the balance of 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 $11.5 million and $8.0 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 81.7% and 85.9% during the nine months ended September 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 $64.6 million and $14.2 million, respectively, related primarily to real estate acquisitions, construction and building improvements. The Company invested approximately $1.9 million and $1.2 million for improvements to its properties as of September 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 September 30, 1996, the Company had cash of $15 million of which $4.8 million was restricted and $8.4 million was funded from the Wells Line for an acquisition to close on October 1, 1996.

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 has grown substantially during 1996 and 1995 as a result of the acquisitions and developments discussed above. The Company expects to continue this level of growth in the future 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 September 30, 1996 to 1995

Total real estate operation revenues increased $3.5 million, or 40%, to $12 million for the three months ended September 30, 1996 as compared to $8.6 million for the comparable period in 1995. The increase in revenue was primarily attributable to a $2.6 million increase in minimum rent. The Company experienced this growth primarily as a result of its 1996 and fourth quarter 1995 Acquisitions which contributed approximately $2.44 million of additional minimum rent in the three month period ended September 30, 1996. At September 30, 1996, the real estate portfolio was 94.8% leased compared to 95.2% at September 30, 1995. Average rents per sf were $8.58 and $8.30 at September 30, 1996 and 1995, respectively. The increase is due primarily from the 1996 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 $.99 million vs. $.78 million for the three month period ending September 30, 1996 and 1995, respectively.

Total real estate operation expenses increased $1.4 million for the three months ended September 30, 1996, or 27%, to $6.5 million as compared to $5.1 million for the comparable period in 1995. Operating, maintenance and real estate taxes increased $.81 million to $2.9 million or 38%. This increase was primarily attributable to $.76 million in operating expenses associated with the 1996 and fourth quarter 1995 Acquisitions. General and administrative expenses decreased 2% during 1996 to $1.3 million. Depreciation and amortization was $2.2 million or 37% higher than 1995, predominately a result of additional depreciation and amortization on the Company's 1996 and fourth quarter 1995 Acquisitions.

Interest expense increased to $2.7 million in 1996 from $2.3 million in 1995 or 18% due primarily to increased average outstanding loan balances as a result of the 1996 and 1995 Acquisitions. There were no preferred stock dividends in the third quarter as a result of the full conversion of the remaining Series A preferred stock into common stock on June 29, 1996.

Net income for common stockholders was $3 million or $.28 per share in 1996 vs. $1.2 million or $.18 per share in 1995. The increase is due primarily to the 1996 and 1995 Acquisitions which contributed to a 40% increase in real estate operation revenues, a 38% increase in operating, maintenance and real estate taxes, a 37% increase in depreciation expense and an 18% increase in interest expense.

Comparison of Nine Months Ended September 30, 1996 to 1995

Total real estate operation revenues increased $8.9 million, or 36%, to $33.5 million for the nine months ended September 30, 1996 as compared to $24.5 million for the comparable period in 1995. The increase in revenue was primarily attributable to a $6.6 million increase in minimum rent. The Company experienced this growth primarily as a result of its 1996 and 1995 Acquisitions which contributed approximately $5.7 million of additional minimum rent in the nine month period ended September 30, 1996. Revenues from property management, leasing, brokerage, and development services provided on properties not owned by the Company were $2.5 million vs. $1.8 million for the period ending September 30, 1996 and 1995, respectively.

Total real estate operation expenses increased $4.1 million for the nine months ended September 30, 1996, or 29%, to $18.3 million as compared to $14.2 million for the comparable period in 1995. Operating, maintenance and real estate taxes increased $2.2 million to $8.3 million or 35%. This increase was primarily attributable to $1.8 million in operating expenses associated with the 1996 and 1995 Acquisitions. General and administrative expense increased 15% during 1996 to $3.9 million due to accruing higher amounts for performance based deferred compensation that potentially could be earned. Depreciation and amortization was $6.1 million or 31% higher than 1995, predominately a result of additional depreciation and amortization on the Company's 1996 and fourth quarter 1995 Acquisitions.

Interest expense increased to $7.4 million in 1996 from $6.5 million in 1995 or 13% 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 $8.2 million or $.81 per share in 1996 vs. $3.9 million or $.59 per share in 1995. The increase is due primarily to the 1996 and 1995 Acquisitions which contributed to a 36% increase in real estate operation revenues, a 35% increase in operating, maintenance and real estate taxes, a 31% increase in depreciation expense and a 13% 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 nine months ended September 30, 1996 and 1995 are summarized in the following table:

		1996	1995
Net income for common stockholders	$	8,198	3,867
Add: non-cash amounts:			
Real estate depreciation and amortization		5,557	4,216
Common stock compensation:			
Board of directors' fees and 401 (k) compensation		362	333
Long-term compensation plans		955	435
Straight-lining of rents charge		21	147
Funds from operations	$	15,093	8,998
Weighted average shares outstanding		10,150	6,526
Funds from operations per share	$	1.49	1.38

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, 41% 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 43% 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 94% occupied. The Company has had no other significant tenant bankruptcies.

At September 30, 1996 approximately 9%, 5% and 4% 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 Marketplace in Alexander City, Alabama in order to relocate to a new larger store nearby. Wal-Mart will continue to pay rent due under its lease at The Marketplace which expires in October, 2007. During 1995, the Company added a new Winn-Dixie store to The Marketplace. 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

A Special Meeting of Shareholders was held on Tuesday, September 10, 1996 to vote on Proposal 1 to approve a Stock Purchase Agreement with Security Capital U. S. Realty and Security Capital Holdings S.A. (together, "U.S. Realty"), to invest a total of up to approximately $132 million in Regency Realty Corporation (the "Company") and Proposal 2 to approve and adopt the Amendment to the Charter to expressly authorize US Realty to acquire up to 45% of the outstanding Common Stock, on a fully diluted basis, to permit individuals who are treated as owning shares of Company capital stock as a result of the ownership of shares by US Realty and its affiliates to own up to 9.8% of the Company's outstanding capital stock and to make certain other modifications to facilitate the Company's continued qualification as a domestically controlled REIT for Federal income tax purposes.

Proposal 1 received 6,856,404 votes FOR, 25,477 AGAINST and 25,483 ABSTAIN.
Proposal 2 received 6,863,751 votes FOR, 19,652 AGAINST and 23,961 ABSTAIN.
Total votes received 6,907,364.

Item 5. Other Information

Acquisition of Asset

Regency Realty Corporation (the "Company") acquired 100% fee simple interests in two shopping centers, Sandy Plains Village and Tequesta Shoppes. Sandy Plains Village was acquired on August 9, 1996 for $13,302,000 and Tequesta Shoppes was acquired on October 1, 1996 for $8,398,600. Both acquisitions were funded from the Company's Wells Line. Sandy Plains contains approximately 168,513 SF and Tequesta Shoppes contains approximately 109,766 SF. The combined purchase price represents approximately 8% of the Company's total assets as of December 31,1995.

A) Pro Forma Financial Information:
Regency Realty Corporation:

Pro Forma Condensed Consolidated Balance Sheet
as of September 30, 1996 (Unaudited).

Pro Forma Condensed Statements of Operations
for the Nine Month Period ended September 30, 1996
and the year ended December 31, 1995 (Unaudited).

B) Statements of Revenue and Certain Expenses

Sandy Plains Village
Independent Auditors' Report
Statement of Revenues and Certain Expenses
for the year ended December 31, 1995

Tequesta Shoppes
Independent Auditors' Report
Statement of Revenues and Certain Expenses
for the year ended December 31, 1995

REGENCY REALTY CORPORATION

Pro Forma Condensed Consolidated Balance Sheet
September 30, 1996
(Unaudited)
(in thousands)

The following unaudited pro forma consolidated balance sheet is based upon the historical consolidated balance sheet of the Company as of September 30, 1996 and as if the Company had acquired the Acquisition Properties as of that date. This pro forma consolidated balance sheet should be read in conjunction with the Company's financial statements included in this Form 10-Q, and the pro forma consolidated statement of operations of the Company and notes thereto included elsewhere herein.

The unaudited pro forma consolidated balance sheet is not necessarily indicative of what the actual financial position of the Company would have been at September 30, 1996, nor does it purport to represent the future financial position of the Company.

Assets	Regency Realty Corporation Historical	Acquisition Properties	Regency Realty Corporation Pro Forma
Real estate rental property, at cost, less accumulated depreciation	$ 319,875	8,399 (a)	328,274
Cash and cash equivalents	15,040	(8,399) (b)	6,641
Deferred costs, accounts receivable, and other assets	9,122	-	9,122
	$ 344,037	0	344,037
Liabilities and Stockholders' Equity			
Liabilities:			
Mortgage loans payable	101,503	-	101,503
Unsecured line of credit	71,301	-	71,301
Accounts payable and other liabilities	9,172	-	9,172
Total liabilities	181,976	0	181,976
Convertible operating partnership units	520	-	520
Stockholders' equity:			
Common stock $.01 par value per share	79	-	79
Class B common stock	25	-	25
Additional paid in capital	175,714	-	175,714
Distributions in excess of net income	(11,107)	-	(11,107)
Executive officer stock loans	(3,170)	-	(3,170)
Total stockholders' equity	161,541	0	161,541
	$ 344,037	0	344,037

See accompanying notes to unaudited pro forma condensed consolidated balance sheet.

REGENCY REALTY CORPORATION

Notes to Pro Forma Condensed Consolidated Balance Sheet

Septeber 30, 1996
(Unaudited)

(a) Represents the aggregate purchase price of Tequesta Shoppes only. Sandy Plains Village was acquired on August 9, 1996 for a purchase price of $13,302 and is included in the historical balance sheet as of September 30, 1996.

(b) The Company borrowed 100% of the purchase price of Tequesta Shoppes on the unsecured line of credit on September 30, 1996, and accordingly, the drawn amount was deposited into the Company's cash account. The Company subsequently acquired Tequesta Shoppes on October 1, 1996.

REGENCY REALTY CORPORATION

Pro Forma Consolidated Statements of Operations
For the Nine Month Period ended September 30, 1996
and the Year Ended December 31, 1995
Unaudited
(in thousands, except per share data)

The following unaudited pro forma consolidated statements of operations are based upon the historical consolidated statements of operations for the nine months ended September 30, 1996 and the year ended December 31, 1995 and are presented as if the Company had acquired the Acquisition Properties as of these dates. These pro forma consolidated statements of operations should be read in conjunction with the Company's financial statements for the quarter ended September 30, 1996, the pro forma consolidated balance sheet of the Company, and the Statements of Revenue and Certain Expenses of the Acquisition Properties and notes thereto included elsewhere herein.

The unaudited pro forma consolidated statements of operations are not necessarily indicative of what the actual results of the Company would have been assuming the transactions had been completed as set forth above, nor does it purport to represent the Company's results of operations in future periods.

	For the Nine Months Ended September 30, 1996			
	Regency Realty Corporation Historical	Acquisition Properties (a)	Pro Forma Adjustments	Regency Realty Corporation Pro Forma
Real estate operation revenues:				
Minimum rent	$ 24,898	1,517	0	26,415
Percentage rent	599	0	0	599
Recoveries from tenants and other charges	5,474	391	0	5,865
Leasing and brokerage	2,078	0	0	2,078
Management fees	434	0	0	434
Total real estate operation revenues	33,483	1,908	0	35,391
Real estate operation expenses:				
Depreciation and amortization	6,108	0	274 (b)	6,382
Operating and maintenance	5,356	368	0	5,724
General and administrative	3,898	0	0	3,898
Real estate taxes	2,972	190	0	3,162
Total real estate operation expenses	18,334	558	274	19,166
Interest expense (income):				
Interest expense	7,372	0	1,040 (c)	8,412
Interest income	(479)	0	0	(479)
Net interest expense	6,893	0	1,040	7,933
Net income	8,256	1,350	(1,314)	8,292
Preferred stock dividends	58	0	0	58
Net income for common stockholders	$ 8,198	1,350	(1,314)	8,234
Net income for common stockholders	$ 0.81			0.81
Weighted average common shares outstanding	10,150			10,150

See accompanying notes to unaudited pro forma statement of operations.

REGENCY REALTY CORPORATION

Pro Forma Consolidated Statement of Operations (Continued)
Unaudited
(in thousands, except per share data)

	For the Year Ended December 31, 1995			
	Regency Realty Corporation Historical	Acquisition Properties (a)	Pro Forma Adjustments	Regency Realty Corporation Pro Forma
Real estate operation revenues:				
Minimum rent	$ 25,044	2,076	0	27,120
Percentage rent	673	0	0	673
Recoveries from tenants and other charges	5,842	532	0	6,374
Leasing and brokerage	1,639	0	0	1,639
Management fees	787	0	0	787
Total real estate operation revenues	33,985	2,608	0	36,593
Real estate operation expenses:				
Depreciation and amortization	6,436	0	423 (b)	6,859
Operating and maintenance	5,683	465	0	6,148
General and administrative	4,894	0	0	4,894
Real estate taxes	3,001	265	0	3,266
Total real estate operation expenses	20,014	730	423	21,167
Interest expense (income):				
Interest expense	8,840	0	1,606 (c)	10,446
Interest income	(454)	0	0	(454)
Net interest expense	8,386	0	1,606	9,992
Net income	5,585	1,878	(2,029)	5,434
Preferred stock dividends	591	0	0	591
Net income for common stockholders	$ 4,994	1,878	(2,029)	4,843
Net income for common stockholders	$ 0.75			0.73
Weighted average common shares outstanding	6,630			6,630

See accompanying notes to unaudited pro forma statement of operations.

REGENCY REALTY CORPORATION

Notes to Pro Forma Consolidated Statements of Operations
For the Nine Month Period Ended September 30, 1996 and
the Year Ended December 31, 1995
Unaudited
(in thousands, except per share data)

(a) Reflects revenues and certain expenses of the Acquisition Properties for the periods ended as follows:

Shopping Center	For the nine months ended September 30, 1996			
	Minimum Rents	Tenant Recoveries	Operating & Maintenance	Real Estate Taxes
Sandy Plains Village (note 1)	$ 870	99	153	72
Tequesta Shoppes	647	292	215	118
	$ 1,517	391	368	190

Note 1: Sandy Plains was acquired on August 9, 1996 and accordingly 1996 amounts are for the period from January 1, 1996 thru August 8, 1996.

Shopping Center	For the year ended December 31, 1995			
	Minimum Rents	Tenant Recoveries	Operating & Maintenance	Real Estate Taxes
Sandy Plains Village	$ 1,267	223	215	109
Tequesta Shoppes	809	309	250	156
	$ 2,076	532	465	265

(b) Depreciation expense is based upon the costs allocated to the buildings acquired with a useful life equal to forty years.

Shopping Center	For the year ended December 31, 1995			
	Building Cost	Year Built	Useful Life	Annual Depreciation
Sandy Plains Village	$ 10,376	1982	40	259
Tequesta Shoppes	6,551	1986	40	164
Annual depreciation expense adjustment				$ 423
Sandy Springs depreciation expense from January 1, 1996 to August 9, 1996, the date of acquisition				151
Tequesta Shoppes depreciation expense from January 1, 1996 to September 30, 1996				123
September 30, 1996 depreciation expense adjustment				$ 274

(c) To reflect interest expense on the Wells Line of credit for amounts borrowed to acquire Tequesta Shoppes and Sandy Plains Village in the amount of $21,701 at an average interest rate of 7.4%.

	Interest Expense
Annual interest expense adjustment	$ 1,606

Nine months interest expense on Tequesta Shoppes and interest expense on Sandy Plains Village for the period from January 1, 1996 to August 9, 1996, the date of acquisition.	$ 1,040

Independent Auditors' Report

The Board of Directors
Regency Realty Corporation:

We have audited the accompanying statement of revenues and certain expenses (defined as being gross income less operating costs and expenses, exclusive of expenses not directly related to the operation of the property) of Sandy Plains Village for the year ended December 31, 1995. This financial statement is the responsibility of management. Our responsibility is to express an opinion on this statement of revenues and certain expenses based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of revenues and certain expenses is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of revenues and certain expenses. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the statement of revenues and certain expenses. We believe that our audit provides a reasonable basis for our opinion.

The accompanying statement of revenues and certain expenses of Sandy Plains Village was prepared for the purposes of complying with the rules and regulations of the Securities and Exchange Commission for inclusion in the Form 8-K of Regency Realty Corporation and excludes material amounts, described in note 1 to the statement of revenues and certain expenses, that would not be comparable to those resulting from the proposed future operations of the property.

In our opinion, the statement of revenues and certain expenses referred to above presents fairly, in all material respects, the revenue and certain expenses (as defined above) of Sandy Plains Village for the year ended December 31, 1995, in conformity with generally accepted accounting principles.

KPMG Peat Marwick LLP
Certified Public Accountants

Jacksonville, Florida
August 21, 1996

SANDY PLAINS VILLAGE

Statement of Revenues and Certain Expenses

Year ended December 31, 1995

Real estate operation revenues:	
Minimum rent	$ 1,262,332
Percentage rent	4,626
Recoveries from tena	222,684
	1,489,642
Real estate operation expenses:	
Operating and maintenance	157,062
Management fees	54,627
Real estate taxes	108,666
General and administrative	2,835
	323,190
Revenues in excess of certain expenses	$ 1,166,452

See accompanying notes to statement of revenues and certain expenses.

SANDY PLAINS VILLAGE

Notes to Statement of Revenues and Certain Expenses

Year ended December, 31, 1995

1. Basis of Presentation

The statement of revenues and certain expenses relates to the operation of a 168,513 square foot shopping center (the "Property") located in Atlanta, Georgia.

The Property's records are maintained on the cash basis which is used for Federal income tax reporting purposes. Adjustments have been made to present the accompanying financial statement on the accrual basis of accounting in conformity with generally accepted accounting principles.

Subsequent to December 31, 1995, the Property was acquired by Regency Realty Corporation (RRC) in a transaction accounted for as a purchase. All operations of the Property will be included in the consolidated financial statements of RRC beginning at the acquisition date.

The accompanying financial statement is not representative of the actual operations for the period presented as certain expenses, which may not be comparable to the expenses expected to be incurred by RRC in the proposed future operation of the Property, have been excluded. RRC is not aware of any material factors relating to the Property that would cause the reported financial information not to be necessarily indicative of future operating results. Costs not directly related to the operation of the Property have been excluded, and consist of interest, depreciation, professional fees, and various other non operating expenses.

2. Operating Leases

During 1995, one tenant paid minimum rent that exceeded 10% of the total minimum rent earned by the Property. The tenant, and the minimum rent paid, are as follows:

Kroger Supermarkets	$ 525,084

SANDY PLAINS VILLAGE

Notes to Statement of Revenues and Certain Expenses

Year ended December, 31, 1995

2. Operating Leases, continued

The Property is leased to tenants under operating leases with expiration dates extending to the year 2010. Future minimum rent under noncancelable operating, excluding tenant reimbursements of operating expenses and excluding additional contingent rentals based on tenants' sales volume, as of December 31, 1995 are as follows:

Year ending December 31,	Amount
1996	$ 1,417,657
1997	1,467,446
1998	1,192,708
1999	1,110,105
2000	957,307

Independent Auditors' Report

The Board of Directors
Regency Realty Corporation:

We have audited the accompanying statement of revenues and certain expenses (defined as being gross income less operating costs and expenses, exclusive of expenses not directly related to the operation of the property) of The Tequesta Shoppes for the year ended December 31, 1995. This financial statement is the responsibility of management. Our responsibility is to express an opinion on this statement of revenues and certain expenses based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of revenues and certain expenses is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of revenues and certain expenses. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the statement of revenues and certain expenses. We believe that our audit provides a reasonable basis for our opinion.

The accompanying statement of revenues and certain expenses of The Tequesta Shoppes was prepared for the purposes of complying with the rules and regulations of the Securities and Exchange Commission for inclusion in the Form 10-Q of Regency Realty Corporation and excludes material amounts, described in note 1 to the statement of revenues and certain expenses, that would not be comparable to those resulting from the proposed future operations of the property.

In our opinion, the statement of revenues and certain expenses referred to above presents fairly, in all material respects, the revenue and certain expenses (as defined above) of The Tequesta Shoppes for the year ended December 31, 1995, in conformity with generally accepted accounting principles.

KPMG Peat Marwick LLP
Certified Public Accountants

Jacksonville, Florida
October 9, 1996

THE TEQUESTA SHOPPES

Statement of Revenues and Certain Expenses

Year ended December 31, 1995

Real estate operation revenues:	
Minimum rent	$ 803,220
Percentage rent	6,392
Recoveries from tenants	308,812
	1,118,424
Real estate operation expenses:	
Operating and maintenance	179,466
Management fees	63,602
Real estate taxes	156,108
General and administrative	7,422
	406,598
Revenues in excess of certain expenses	$ 711,826

See accompanying notes to statement of revenues and certain expenses.

THE TEQUESTA SHOPPES

Notes to Statement of Revenues and Certain Expenses

Year ended December, 31, 1995

1. Basis of Presentation

The statement of revenues and certain expenses relates to the operation of a 109,766 square foot shopping center (the "Property") located in Tequesta, Florida.

The Property's records are maintained on the modified cash basis which is used for Federal income tax reporting purposes. Adjustments have been made to present the accompanying financial statement on the accrual basis of accounting in conformity with generally accepted accounting principles.

Subsequent to December 31, 1995, the Property was acquired by Regency Realty Corporation (RRC) in a transaction accounted for as a purchase. All operations of the Property will be included in the consolidated financial statements of RRC beginning at the acquisition date.

The accompanying financial statement is not representative of the actual operations for the period presented as certain expenses, which may not be comparable to the expenses expected to be incurred by RRC in the proposed future operation of the Property, have been excluded. RRC is not aware of any material factors relating to the Property that would cause the reported financial information not to be necessarily indicative of future operating results. Costs not directly related to the operation of the Property have been excluded, and consist of interest, depreciation, professional fees, and various other non operating expenses.

2. Operating Leases

During 1995, two tenants paid minimum rent that exceeded 10% of the total minimum rent earned by the Property. The tenants, and the minimum rent paid, are as follows:

Publix Supermarkets	$ 224,842
Walgreens	143,000
	$ 367,842

THE TEQUESTA SHOPPES

Notes to Statement of Revenues and Certain Expenses

Year ended December, 31, 1995

2. Operating Leases, continued

The Property is leased to tenants under operating leases with expiration dates extending to the year 2026. Future minimum rent under noncancelable operating leases, excluding tenant reimbursements of operating expenses and excluding additional contingent rentals based on tenants' sales volume, as of December 31, 1995 are as follows:

Year ending December 31,	Amount
1996	$ 864,483
1997	844,203
1998	830,321
1999	711,695
2000	616,330

Independent Auditors' Report

Item 6. Exhibits and Reports on Form 8-K

(c) Exhibits:

3. Articles of Incorporation

Restated Articles of Incorporation of Regency Realty Corporation as amended to date.

4. See exhibit 3 for provisions of the restated Articles of Incorporation of Regency Realty Corporation defining rights of security holders.

10. Material Contracts

(a) Purchase and Sale Agreement dated July 8, 1996, between VF Sandy Plains Associates, L.P., a Georgia limited partnership as ("Seller") and RRC Acquisitions, Inc., a Florida corporation and wholly-owned subsidiary of the Company as ("Buyer"), relating to the acquisition of Sandy Plains Village.

(b) Purchase and Sale Agreement dated July 24, 1996 between CIGNA Real Estate Fund S, L.P., a Connecticut limited partnership as ("Seller") and RRC Acquisitions, Inc., a Florida corporation and wholly-owned subsidiary of the Company as ("Buyer"), relating to the acquisition of University Collection.

(c) Purchase and Sale Agreement dated August 9, 1996 between Sterling Tequesta/Trails L.P., a Florida limited partnership as ("Seller") and RRC Acquisitions, Inc. a Florida corporation and wholly-owned subsidiary of the Company as ("Buyer"), relating to the acquisition of Tequesta Shoppes.

(d) First Amendment to Credit Agreement dated as of July 18, 1996 by and among Regency Realty Corporation as ("Borrower"), each of the Lenders signatory hereto as ("Lenders"), and Wells Fargo Realty Advisors Funding, Inc., as ("Agent")

(e) Second Amendment to Credit Agreement dated as of September 16, 1996 by and among Regency Realty Corporation as ("Borrower"), each of the Guarantors signatory hereto as ("Guarantors"), each of the Lenders signatory hereto as ("Lenders), and Wells Fargo Realty Advisors Funding, Inc., individually ("Wells Fargo") and as Agent ("Agent").

(f) Form of Employment Agreement entered into with the following:

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

SIGNATURES

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

REGENCY REALTY CORPORATION

November 14, 1996
Date

By: \s\ J. Christian Leavitt

J. Christian Leavitt,
Vice President and Treasurer

RESTATED ARTICLES OF INCORPORATION

OF

REGENCY REALTY CORPORATION

This corporation was incorporated on July 8, 1993, effective July 9, 1993, under the name Regency Realty Corporation. Pursuant to Section 607.1007, Florida Business Corporation Act, restated Articles of Incorporation were approved at a meeting of the directors of this corporation on October 28, 1996. The Restated Articles of Incorporation adopted by the directors incorporate previously filed amendments and omit items of historical interest only. Accordingly, shareholder approval was not required.

ARTICLE 1

NAME AND ADDRESS

Section 1.1 Name. The name of the corporation is Regency Realty Corporation (the "Corporation").

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 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 ; and

(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 .

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 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.

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.

ARTICLE 5

REIT PROVISIONS

Section 5.1 Definitions. For the purposes of this Article 5, 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. The term "Acquisition" shall have the correlative meaning.

(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 any of The Regency Group, Inc., MEP, Ltd., and The Regency Group II, Ltd. (and any Person who is a Beneficial Owner of Capital Stock as a result of attribution of the Beneficial Ownership from any of the Persons previously identified) who at the opening of business on the date after the Initial Public Offering was the Beneficial Owner of Capital Stock in excess of the Ownership Limit; and any Person who Acquires Beneficial Ownership from another Existing Holder, except by Acquisition on the open market, so long as, but only so long as, such Person Beneficially Owns Capital Stock in excess of the Ownership Limit.

(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 5.8 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 or in excess of 9.8%. 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) "Non-U.S. Person" shall mean any Person who is not (i) a citizen or resident of the United States, (ii) a partnership created or organized in the United States or under the laws of the United States or any state therein (including the District of Columbia), (iii) a corporation created or organized in the United States or under the laws of the United States or any state therein (including the District of Columbia), or (iv) any estate or trust (other than a foreign estate or foreign trust, within the meaning of Section 7701(a)(31) of the Code).

(j) "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 5.9, shall mean such greater percentage (but not greater than 9.8%) by value of the outstanding Capital Stock as so adjusted.

(k) "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, provided that ownership of Capital Stock by such underwriter would not result in the Corporation being "closely held" within the meaning of Section 856(h) of the Code and would not otherwise result in the Corporation failing to quality as a REIT.

(l) "REIT" shall mean a real estate investment trust under Section 856 of the Code.

(m) "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, regular way, 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, regular way, of such class of Capital Stock (or, if sales prices, regular way, 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.

(n) "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 of 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.

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

(p) "Restriction Termination Date" shall mean the first day after the date of the Initial Public Offering on which the Corporation determines pursuant to Section 5.13 that it is no longer in the best interest of the Corporation to attempt to, or continue to, qualify as a REIT.

(q) "Special Shareholder" shall mean any of (i) Security Capital U.S. Realty, Security Capital Holdings S.A. and any Affiliate (as such term is defined in the Stockholders Agreement) of Security Capital U.S. Realty or Security Capital Holdings S.A., (ii) any Investor (as such term is defined in Section 5.2 of the Stockholders Agreement), (iii) any bona fide financial institution to whom Capital Stock is Transferred in connection with any bona fide indebtedness of any Investor or any Person previously identified, (iv) any Person who is considered a Beneficial Owner of Capital Stock as a result of the attribution of Beneficial Ownership from any of the Persons previously identified and (v) any one or more Persons who Acquire Beneficial Ownership from a Special Shareholder, except by Acquisition on the open market.

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

(s) "Stock Purchase Agreement" shall mean that Stock Purchase Agreement dated as of June 11, 1996, by and among the Corporation, Security Capital Holdings S.A., and Security Capital U.S. Realty, as the same may be amended from time to time.

(t) "Stockholders Agreement" shall mean that Stockholders Agreement dated as of July 10, 1996, by and among the Corporation, Security Capital Holdings S.A., and Security Capital U.S. Realty, as the same may be amended from time to time.

(u) "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.

(v) "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 bona fide 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 5.16, during the period commencing at the Initial Public Offering:

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

(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.

(c) Any Transfer that, if effective, would result in any Person (other than an Existing Holder or a Special Shareholder) 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 Special Shareholder Beneficially Owning Capital Stock in excess of the applicable Special Shareholder Limit shall be void ab initio as to the Transfer of such Capital Stock which would be otherwise

Beneficially Owned by such Special Shareholder in excess of the applicable Special Shareholder Limit, and such Special Shareholder shall Acquire no rights in such Capital Stock.

(f) 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.

(g) Any Transfer that, if effective, would result in the Capital Stock being beneficially owned by less than 100 Persons (within the meaning of Section 856(a)(5) of the Code) 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.

(h) 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.

(i) 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 5.2 or that a Person intends to Acquire Beneficial Ownership of any shares of the Corporation that would result in a violation of Section 5.2 (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 5.16.

(b) Without limitation to Sections 5.2 and 5.3(a), any purported transferee of shares Acquired in violation of Section 5.2 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 5.2 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 5.2. 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 5.3(c) or (ii) the Redemption Price pursuant to Section 5.3(c). 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 or Acquisition that violates Section 5.2 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 redemption) (i) direct the holder of such shares to sell all shares held in trust for the Corporation pursuant to Section 5.3(b) 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 5.2 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 5.15, 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 5, including without limitation any definition contained in Section 5.1 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 5 with respect to any situation based on the facts known to it.

Section 5.8 Modification of Existing Holder Limits and Special Shareholder Limits. Subject to the provisions of Section 5.10, the Existing Holder Limits may or shall, as provided below, be modified as follows:

(a) Any Existing Holder or Special Shareholder 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 or Special Shareholder Limit, as applicable, for such transferor (but not below the Ownership Limit) and increase the Existing Holder Limit or Special Shareholder Limit, as applicable, for such transferee by the percentage of the outstanding Capital Stock so transferred. The transferor Existing Holder or Special Shareholder, as applicable, shall give the Board of Directors of the Corporation prompt written notice of any such transfer. Any Transfer by an Existing Holder or Special Shareholder on the open market shall neither reduce its

Existing Holder Limit or Special Shareholder Limit, as applicable, nor increase the Ownership Limit, Existing Holder Limit or Special Shareholder 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 or Special Shareholder Limit for the affected Existing Holder or Special Shareholder, as the case may be, to the maximum extent possible under Section 5.10 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 5 by such Existing Holder on the open market.

(d) Any Capital Stock issued to an Existing Holder or Special Shareholder pursuant to a dividend reinvestment plan adopted by the Corporation shall increase the Existing Holder Limit or Special Shareholder Limit, as the case may be, for the Existing Holder or Special Shareholder to the maximum extent possible under Section 5.10 to permit the Beneficial Ownership of such Capital Stock.

(e) Any Capital Stock issued to an Existing Holder or Special Shareholder 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 or Special Shareholder Limit, as the case may be, for the Existing Holder or Special Shareholder to the maximum extent possible under Section 5.10 to permit the Beneficial Ownership of such Capital Stock.

(f) The Special Shareholder Limit shall be increased, from time to time, whenever there is an increase in Special Shareholders' percentage ownership (taking into account for this purpose constructive ownership under Section 544 of the Code, as modified by Section 856(h)(1)(B) of the Code) of the Capital Stock (or any other capital stock) of the Corporation due to any event other than the purchase of Capital Stock (or any other capital stock) of the Corporation by a Special Shareholder, by an amount equal to such percentage increase multiplied by the Special Shareholder Limit.

(g) The Board of Directors may reduce the Special Shareholder Limit for any Special Shareholder and the Existing Holder Limit for any Existing Holder, as applicable, after the lapse (without exercise) of an option described in Clause (b) of this Section 5.8 by the percentage of Capital Stock that the option, if exercised, would have represented, but in either case no Existing Holder Limit or Special Shareholder Limit shall be reduced to a percentage which is less than the Ownership Limit.

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 or decrease the Ownership Limit; provided, however, that any decrease may only be made prospectively as to subsequent

holders (other than a decrease as a result of a retroactive change in existing law that would require a decrease to retain REIT status, in which case such decrease shall be effective immediately).

Section 5.10 Limitations on Modifications. Notwithstanding any other provision of this Article 5:

(a) Neither the Ownership Limit, the Special Shareholder 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 and Special Shareholders) 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 5.8 or 5.9, 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 or Special Shareholder 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, an opinion of counsel satisfactory to the Board of Directors or such other evidence as the Board of Directors deems appropriate, but shall in no case be required to, exempt a Person (the "Exempted Holder") from the Ownership Limit, the Special Shareholder Limit, the Existing Holder Limit or the Related Tenant Limit, as the case may be, if the ruling or opinion concludes or the other evidence shows (A) 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, the Special Shareholder Limit or the applicable Existing Holder Limit, as the case may be, or (B) in the case of an exception of a Person from the Related Tenant Limit that the exemption from the Related Tenant Limit would not cause the Corporation to fail to qualify as a REIT. The Board of Directors may condition its granting of a waiver on the Exempted Holder's agreeing to such terms and conditions as the Board of Directors determines to be appropriate in the circumstances.

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. The form and content of such legend shall be determined by the Board of Directors.

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 Certain Transfers to Non-U.S. Persons Void. Any Transfer of shares of Capital Stock of the Corporation to any Person (other than a Special Shareholder) that results in the fair market value of the shares of Capital Stock of the Corporation owned directly and indirectly by Non-U.S. Persons to comprise 50% or more of the fair market value of the issued and outstanding shares of Capital Stock of the Corporation (determined, until the 15% Termination Date (as defined in the Stockholders Agreement), if any, by assuming that the Special Shareholders are Non-U.S. Persons, and own a percentage of the outstanding shares of Common Stock of the Corporation equal to 45%, on a fully diluted basis), shall be void ab initio to the fullest extent permitted under applicable law and the intended transferee shall be deemed never to have had an interest therein. If the foregoing provision is determined to be void or invalid by virtue of any legal decision, statute, rule or regulation, then the shares held or purported to be held by the transferee shall, automatically and without the necessity of any action by the Board of Directors or otherwise, (i) be prohibited from being voted at any time such securities result in the fair market value of the shares of Capital Stock of the Corporation owned directly and indirectly by Non-U.S. Persons to comprise 50% or more of the fair market value of the issued and outstanding shares of Capital Stock of the Corporation (determined, until the 15% Termination Date, if any, assuming that the Special Shareholders are Non-U.S. Persons, and own a percentage of the outstanding shares of Common Stock of the Corporation equal to 45%, on a fully diluted basis), (ii) not be entitled to dividends with respect thereto, (iii) be considered held in trust by the transferee for the benefit of the Corporation and shall be subject to the provisions of Section 5.3(c) as if such shares of Capital Stock were the subject of a Transfer that violates Section 5.2, and (iv) not be considered outstanding for the purpose of determining a quorum at any meeting of shareholders.

Section 5.15 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 5.16 New York Stock Exchange Transactions. Nothing in this Article 5 shall preclude the settlement of any transaction entered into through the facilities of the New York Stock Exchange."

ARTICLE 6

REGISTERED OFFICE AND AGENT

Section 6.1 Name and Address. The street address of the registered office of the Corporation is 200 Laura Street, Jacksonville, Florida 32202, and the name of the initial registered agent of this Corporation at that address is F & L Corp.

ARTICLE 7

DIRECTORS

Section 7.1 Number. 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. 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 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 Restated Articles this 1st day of November, 1996.

/s/ Martin E. Stein, Jr.
Martin E. Stein, Jr., President

ACCEPTANCE BY REGISTERED AGENT

Having been named to accept service of process for the above-stated corporation, at the place designated in the above Articles of Incorporation, I hereby agree to act in this capacity, and I further agree to comply with the provisions of all statutes relative to the proper and complete performance of my duties. I am familiar with and I accept the obligations of a registered agent.

F & L CORP., Registered Agent

/s/ Charles V. Hedrick
Charles V. Hedrick, Authorized Signatory
Date: November 4, 1996

ADDENDUM TO RESTATED ARTICLES OF INCORPORATION

of

REGENCY REALTY CORPORATION

DESIGNATION OF
CLASS B NON-VOTING COMMON STOCK
$0.01 PAR VALUE
(Filed with the Florida Department of State on December 20, 1995)

Pursuant to Section 607.0602 of the
Florida Business Corporation Act

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 Non-Voting 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. Reacquired 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.

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PURCHASE AND SALE AGREEMENT

THIS AGREEMENT is made as of the _____ day of July, 1996, between VF SANDY PLAINS ASSOCIATES, L.P., a Georgia limited partnership ("Seller"), and RRC ACQUISITIONS, INC., a Florida corporation, its designees, successors and assigns ("Buyer").

Background

Buyer wishes to purchase a shopping center located in Cobb County, Georgia, owned by Seller, known as Sandy Plains Village (the "Shopping Center");

Seller wishes to sell the Shopping Center to Buyer;

In consideration of the mutual agreements herein, and other good and valuable consideration, the receipt of which is hereby acknowledged, Seller agrees to sell and Buyer agrees to purchase the Property (as hereinafter defined) on the following terms and conditions:

1. DEFINITIONS

As used in this Agreement, the following terms shall have the following meanings:

1.1 Agreement means this instrument as it may be amended from time to time.

1.2 Allocation Date means the close of business on the day immediately prior to the Closing Date.

1.3 Approved Lease means a written Lease approved by Buyer, the terms of which comport with the Leasing Requirements for the Earnout Space attached hereto as Exhibit 1.3.

1.4 Audit Representation Letter means the form of Audit Representation Letter attached hereto as Exhibit 1.4, or substantially similar thereto as approved by Buyer and Seller during the Inspection Period.

1.5 Buyer means the party identified as Buyer on the initial page hereof.

1.6 Capitalization Rate means ten percent (10%).

1.7 Closing means generally the execution and delivery of those documents and funds necessary to effect the sale of the Property by Seller to Buyer.

1.8 Closing Date means the date on which the Closing occurs.

1.9 Contracts means all service contracts, agreements or other instruments to be assigned by Seller to Buyer at Closing.

1.10 Day means a business day, whether or not the term is capitalized.

1.11 Earnest Money Deposit means the deposit delivered by Buyer to Escrow Agent prior to the Closing under Section 2.4 of this Agreement, together with the earnings thereon, if any.

1.12 Earnout Space means the space identified as Suite 430 (30,979 square feet), which is located in the Shopping Center.

1.13 Effective Gross Income means twelve (12) months "base" or "minimum" rent plus expense reimbursement recoveries under a particular Approved Lease, less (i) a management fee charge of four percent (4.0%) of such rent and recoveries, and (ii) a charge for any increase in operating expenses, if any, specifically attributable to the new tenant(s) occupancy.

1.14 Environmental Claim means any investigation, notice, violation, demand, allegation, action, suit, injunction, judgment, order, consent decree, penalty, fine, lien, proceeding, or claim (whether administrative, judicial, or private in nature) arising (a) pursuant to, or in connection with, an actual or alleged violation of, any Environmental Law, (b) in connection with any Hazardous Material or actual or alleged Hazardous Material Activity, (c) from any abatement, removal, remedial, corrective, or other response action in connection with a Hazardous Material, Environmental Law or other order of a governmental authority or (d) from any actual or alleged damage, injury, threat, or harm to health, safety, natural resources, or the environment.

1.15 Environmental Law means any current legal requirement in effect at the Closing Date pertaining to (a) the protection of health, safety, and the indoor or outdoor environment, (b) the conservation, management, protection or use of natural resources and wildlife, (c) the protection or use of source water and groundwater, (d) the management, manufacture, possession, presence, use, generation, transportation, treatment, storage, disposal, Release, threatened Release, abatement, removal, remediation or handling of, or exposure to, any Hazardous Material or (e) pollution (including any Release to air, land, surface water, and groundwater); and includes, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986, 42 USC 9601 et seq.,

Solid Waste Disposal Act, as amended by the Resource Conservation Act of 1976 and Hazardous and Solid Waste Amendments of 1984, 42 USC 6901 et seq., Federal Water Pollution Control Act, as amended by the Clean Water Act of 1977, 33 USC 1251 et seq., Clean Air Act of 1966, as amended, 42 USC 7401 et seq., Toxic Substances Control Act of 1976, 15 USC 2601 et seq., Hazardous Materials Transportation Act, 49 USC App. 1801, Occupational Safety and Health Act of 1970, as amended, 29 USC 651 et seq., Oil Pollution Act of 1990, 33 USC 2701 et seq., Emergency Planning and Community Right-to-Know Act of 1986, 42 USC App. 11001 et seq., National Environmental Policy Act of 1969, 42 USC 4321 et seq., Safe Drinking Water Act of 1974, as amended by 42 USC 300(f) et seq., and any similar, implementing or successor law, any amendment, rule, regulation, order or directive, issued thereunder.

1.16 Escrow Agent means Ulmer, Murchison, Ashby & Taylor, Attorneys, whose address is Suite 1600, SunTrust Building, 200 West Forsyth Street, Jacksonville, Florida 32202 (Fax 904/354-9100), or any successor Escrow Agent.

1.17 Governmental Approval means any permit, license, variance, certificate, consent, letter, clearance, closure, exemption, decision, action or approval of a governmental authority.

1.18 Hazardous Material means any petroleum, petroleum product, drycleaning solvent or chemical, biological or medical waste, "sharps" or any other hazardous or toxic substance as defined in or regulated by any Environmental Law in effect at the pertinent date or dates.

1.19 Hazardous Material Activity means any activity, event, or occurrence at or prior to the Closing Date involving a Hazardous Material, including, without limitation, the manufacture, possession, presence, use, generation, transportation, treatment, storage, disposal, Release, threatened Release, abatement, removal, remediation, handling or corrective or response action to any Hazardous Material.

1.20 Improvements means any buildings, structures or other improvements situated on the Real Property.

1.21 Inspection Period means the period of time which expires at the end of business on Friday, August 2, 1996.

1.22 Leases means all leases and other occupancy agreements permitting persons to lease or occupy all or a portion of the Property.

1.23 Materials means all plans, drawings, specifications, soil test reports, environmental reports, market studies, surveys, and similar documentation, if any, owned by or in the possession of Seller with respect to the Property, Improvements and any proposed improvements to the Property, which Seller may lawfully transfer to Buyer except that, as to financial and other records, Materials shall include only photostatic copies.

1.24 Permitted Exceptions means only the following interests, liens and encumbrances:

(a) Liens for ad valorem taxes not payable on or before Closing;

(b) Rights of tenants under Leases; and

(c) Other matters determined by Buyer to be acceptable.

1.25 Personal Property means all (a) sprinkler, plumbing, heating, air-conditioning, electric power or lighting, incinerating, ventilating and cooling systems, with each of their respective appurtenant furnaces, boilers, engines, motors, dynamos, radiators, pipes, wiring and other apparatus, equipment and fixtures, elevators, partitions, fire prevention and extinguishing

systems located in or on the Improvements, (b) all Materials, and (c) all other personal property used in connection with the Improvements, provided the same are now owned or are acquired by Seller prior to the Closing.

1.26 Property means collectively the Real Property, the Improvements and the Personal Property.

1.27 Prorated means the allocation of items of expense or income between Buyer and Seller based upon that percentage of the time period as to which such item of expense or income relates which has expired as of the date at which the proration is to be made.

1.28 Purchase Price means the consideration agreed to be paid by Buyer to Seller for the purchase of the Property as set forth in Section 2.1 (subject to adjustments as provided herein).

1.29 Real Property means the lands more particularly described on Exhibit 1.29, together with all easements, licenses, privileges, rights of way and other appurtenances pertaining to or accruing to the benefit of such lands.

1.30 Release means any spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, or disposing into the indoor or outdoor environment, including, without limitation, the abandonment or discarding of barrels, drums, containers, tanks, and other receptacles containing or previously containing any Hazardous Material at or prior to the Closing Date.

1.31 Rent Roll means the list of Leases attached hereto as Exhibit 1.31, identifying with particularity the space leased by each tenant, the term (including extensions), square footage and applicable rent, common area maintenance, tax and other reimbursements, security deposits and similar data.

1.32 Seller means the party identified as Seller on the initial page hereof.

1.33 Seller Financial Statements means the unaudited balance sheets and statements of income, cash flows and changes in financial positions of Seller for the Property, as of and for the two (2) calendar years next preceding the date of this Agreement and all monthly reports of income, expense and cash flow prepared by Seller for the Property, which shall be consistent with past practice for any period beginning after the latest of such calendar years, and ending prior to Closing.

1.34 Shopping Center means the Shopping Center as identified on the initial page hereof.

1.35 Survey means a map of a stake survey of the Real Property which shall comply with Minimum Standard Detail Requirements for ALTA/ACSM Land Title Surveys, jointly established and adopted by ALTA and ACSM in 1992, and includes items 1, 2, 3, 4, 6, 7, 8, 9, 10 and 11 of Table "A" thereof, which meets the accuracy standards (as adopted by ALTA

and ACSM and in effect on the date of the Survey) of an urban survey, which is dated not earlier than thirty (30) days prior to the Closing, and which is certified to Buyer, Seller, the Title Insurance company providing Title Insurance to Buyer, and Buyer's lender, and dated as of the date the Survey was made.

1.36 Tenant Estoppel Letter means a letter or other certificate from a tenant certifying as to certain matters regarding such tenant's Lease, in substantially the same form as attached hereto as Exhibit 1.36, or in the case of national or regional "credit" tenants identified as such on the Rent Roll, the form customarily used by such tenant.

1.37 Title Defect means any exception in the Title Insurance Commitment or any matter disclosed by the Survey, other than a Permitted Exception.

1.38 Title Insurance means an ALTA Form B Owners Policy of Title Insurance for the full Purchase Price insuring marketable title in Buyer in fee simple, subject only to the Permitted Exceptions, issued by a title insurer acceptable to Buyer.

1.39 Title Insurance Commitment means a binder whereby the title insurer agrees to issue the Title Insurance to Buyer.

1.40 Transaction Documents means this Agreement, the deed conveying the Property, the assignment of leases, the bill of sale conveying the Personal Property and all other documents required or appropriate in connection with the transactions contemplated hereby.

2. PURCHASE PRICE AND PAYMENT

2.1 Purchase Price; Payment.

(a) Purchase Price and Terms. The total Purchase Price for the Property (subject to adjustment as provided herein) shall be Fifteen Million Six Hundred Twelve Thousand and No/100 Dollars ($15,612,000.00). The Purchase Price shall be payable in cash at Closing.

(b) Adjustments to the Purchase Price. The Purchase Price shall be adjusted as of the Closing Date by:

(1) prorating the Closing year's real and tangible personal property taxes as of the Allocation Date (if the amount of the current year's property taxes are not available, such taxes will be prorated based upon the prior year's assessment);

(2) prorating as of the Allocation Date cash receipts and expenditures for the Shopping Center and other items customarily prorated in transactions of this sort;

(3) subtracting the amount of security deposits, prepaid rents from tenants under the Leases, and credit balances, if any, of any tenants. Any rents, percentage

rents or tenant reimbursements payable after the Allocation Date but applicable to periods on or prior to the Allocation Date shall be remitted to Seller by Buyer within thirty (30) days after receipt. Buyer shall have no obligation to collect delinquencies, but should Buyer collect any delinquent rents or other sums which cover periods prior to the Allocation Date and for which Seller have received no proration or credit, Buyer shall remit same to Seller within thirty (30) days after receipt, less any costs of collection. Buyer will not interfere in Seller's efforts to collect sums due it prior to the Closing. Seller will remit to Buyer promptly after receipt any rents, percentage rents or tenant reimbursements received by Seller after Closing which are attributable to periods occurring after the Allocation Date. Undesignated receipts after Closing of either Buyer or Seller from tenants in the Shopping Center shall be applied first to then current rents and reimbursements for such tenant(s), then to delinquent rents and reimbursements attributable to post-Allocation Date periods, and then to pre-Allocation Date periods; and

(4) deferring up to $2,400,000 of the Purchase Price until the Commencement Date (hereinafter defined) has occurred, at which point the appropriate amount of the "additional consideration" (as hereinafter defined) shall be placed in Escrow in keeping with Section 2.2 hereof; provided that, if the Commencement Date has occurred, the appropriate amount of "additional consideration" shall be placed in Escrow and held in Escrow until the Qualification Date (as hereinafter defined) occurs. Upon the occurrence of the Qualification Date, all additional consideration applicable to an Approved Lease for which the Qualification Date has occurred shall be disbursed from the Escrow Account in accordance with the provisions of Section 2.2 hereof.

2.2 Earnout Space; Additional Consideration. The Earnout Space is not currently leased. Seller shall have until December 31, 1998, inclusive (the "Earnout Period"), within which to lease the Earnout Space to an unaffiliated creditworthy tenant and receive additional consideration therefor. Any such lease must be an Approved Lease and must demise the entire Earnout Space, provided Buyer will consider the subdivision of the Earnout Space into no more than two stores, the specifics of which are subject to Buyer's specific approval. To be considered for additional consideration such Approved Lease (or two Approved Leases, if applicable), whether produced by Seller or Buyer, must be executed by Buyer as landlord and the prospective tenant on or prior to December 31, 1998. The additional consideration, if any, is payable to Escrow Agent, in escrow as hereinafter provided, on the Commencement Date for the particular Approved Lease. The additional consideration shall be an amount equal to (A) the Effective Gross Income attributable to the particular Approved Lease, (B) divided by 0.10, and (C) multiplied by 0.70. Brokerage fees earned with respect to the leasing of all or any portion of the Earnout Space on or before December 31, 1998, to a tenant shall be paid directly by Seller. Tenant and building improvements and other concessions to the tenant treated as a landlord expense under the Approved Lease shall be paid proportionately by Seller and Buyer, seventy percent (70%) by Seller and thirty percent (30%) by Buyer (Seller's portion to be paid by Seller prior to payment of the Earnout Consideration or if not paid, credited against the amount due Seller). The amount so calculated as due and owing to Seller shall be referred to as "additional consideration". Seller shall have the entire Earnout Period in which to obtain executed Approved Lease(s) for all or part of the Earnout Space. Once the additional consideration has been placed in escrow in accordance with the provisions of this

Agreement, the only bases (the "Return Events"), upon which Seller shall be deprived of and not entitled to the additional consideration as it relates to a specific lease is either: (i) the tenant is dispossessed of the leased premises and the Lease is terminated prior to the Qualification Date or (ii) the tenant has vacated the leased premises prior to the Qualification Date.

The Commencement Date for each Approved Lease of space in the Earnout Space shall be the date upon which the matters set forth in item (a) shall have occurred and the Qualification Date shall be the date which occurs after the Commencement Date upon which item (b) shall have occurred, as follows:

(a) The following three events:

(1) the Approved Lease shall have been executed by each of the parties;

(2) the tenant shall have accepted the space and be lawfully open for business therein; and

(3) there shall be no material default under such Approved Lease.

(b) The Tenant shall have received all concessions agreed to by the Landlord and any one of the following two events have occurred:

(1) The tenant shall have paid full rent and reimbursements for at least six (6) consecutive months, or

(2) Tenant shall have paid full rent and reimbursements for nine (9) out of the first twelve (12) months in which rental and reimbursements are to be paid under said lease ("12-Month Rental Period").

Buyer and Seller acknowledge and agree that if at the end of the 12-Month Rental Period, the Qualification Date has not occurred, the Buyer (landlord) shall have the option of and must do one of the following: (i) disburse from the Escrow Agreement the portion of the additional consideration applicable to said Approved Lease for which the 12-Month Rental Period has expired, or (ii) initiate and diligently pursue the dispossession and removal of the tenant from the leased premises until said tenant has been removed.

Upon the occurrence of Commencement Date of such Approved Lease(s), Buyer shall deposit the additional consideration for the particular Earnout Space Approved Lease with Escrow Agent, who shall invest same in a money market account at First Union National Bank of Florida or in another investment agreed to by the parties hereto. The escrowed additional consideration and the earnings thereon which are attributable to a particular Approved Lease for which the Commencement Date has occurred shall be (i) disbursed to Seller on the Qualification Date (as defined hereinabove) for such Approved Lease, or (ii) disbursed to Buyer upon the occurrence of one of the Return Events for such Approved Lease. If a Return Event occurs prior to December 31, 1998, Seller shall again be entitled to act under this

Section 2.2 and shall have the right until December 31, 1998, to lease the Earnout Space or vacated portion thereof as provided in and subject to the conditions of this Section 2.2.

In determining an "Approved Lease" in accordance with Exhibit 1.3 hereof, Buyer and Seller agree as follows:

(1) To exercise due diligence in reviewing, consulting, dealing with, and cooperating with each other to obtain an Approved Lease for the Earnout Space and in reviewing, analyzing and being assured that a proposed tenant or a proposed lease meet the standards for becoming an Approved Lease hereunder and in complying with the provisions of this Section 2.2 and Exhibit 1.3 hereof. Buyer and Seller agree that they shall cooperate and work to assist each other in this process, and that they are both obligated to exercise due diligence and reasonable, good faith efforts to work through and approve a proposed tenant or a proposed lease for all or part of the Earnout Space. To this end, Buyer and Seller agree to fully cooperate with and assist each other and communicate about the steps being taken and followed.

(2) Buyer and Seller agree to use their diligent, good faith efforts to lease all or part of the Earnout Space in accordance with the standards set forth on Exhibit 1.3 hereof, and to work with, cooperate with and assist each other in analyzing, reviewing and gathering any necessary information in regard to a potential tenant or potential lease.

(3) Buyer and Seller agree that in reviewing and approving potential "Approved Leases", Buyer shall not unreasonably withhold, delay or condition Buyer's consent and approval of a potential tenant or a potential lease, provided the standards of Exhibit 1.3 are met.

(4) If Buyer has previously entered into a lease at some other location with an entity or person whom Seller presents as a proposed tenant which satisfies the guidelines of Exhibit 1.3 hereof, Buyer will accept said tenant and will approve a Lease with such tenant using the same form and substantially the same noneconomic terms and conditions as contained in such previous lease.

(5) If a potential tenant or potential lease is presented to Buyer which satisfies all of the standards set forth on Exhibit 1.3 hereof, whether or not the Buyer consents to such lease, such lease shall be deemed to be an Approved Lease and Buyer shall not have the right to refuse, turn down, or disapprove such a potential tenant or potential lease that complies with the standards of Exhibit 1.3.

(6) In the event Seller obtains a proposed tenant and proposed lease for all or a significant portion of the Earnout Space and submits said proposed tenant and proposed lease to Buyer for its approval, Buyer shall have a period of fifteen (15) days after the receipt of the proposed lease and any related materials within which to respond to Seller in writing. If the response is in the negative, said response must be supplied to Seller in writing within said fifteen (15) days, along with a detailed list which defines and sets forth in clear and understandable terms the reasons for turning down or negating said potential tenant

or potential lease. In the event Buyer does not respond or take any action in regard to the written request or notice of a potential tenant or potential lease (when and if said lease and supporting financial and operating expense information are enclosed in the package) on the Earnout Space within said fifteen (15) day period, said potential tenant and potential lease shall be conclusively deemed to have been approved by Buyer as of the end of such fifteen (15) day period, and shall become an Approved Lease which Buyer shall be obligated to execute and perform.

(7) The provisions of this Section 2.2 shall survive the Closing.

2.3 End of Earnout Period. Notwithstanding any other provision of this Agreement, there shall be no additional consideration payable with respect to any Lease executed after the Earnout Period.

2.4 Earnest Money Deposit. An Earnest Money Deposit in the amount of $50,000.00 shall be delivered to Escrow Agent within three (3) days after the date of execution by the last of Buyer or Seller to execute and transmit a copy of this Agreement to the other. This Agreement may be terminated by Seller if the Earnest Money Deposit is not received by Escrow Agent by such deadline. The Earnest Money Deposit paid by Buyer shall be held as specifically provided in this Agreement and shall be applied to the Purchase Price at the Closing.

2.5 Closing Costs.

(a) Seller shall pay:

(1) Documentary stamp and other transfer taxes imposed upon the transactions contemplated hereby;

(2) Cost of the Survey;

(3) Cost of satisfying any liens on the Property;

(4) Costs, if any, of curing title defects and recording any curative title documents, up to a maximum of $25,000;

(5) All broker's commissions, finders' fees and similar expenses incurred by either party in connection with the sale of the Property, subject however to Buyer's indemnity given in Section 5.3 of this Agreement; and

(6) Seller's attorneys' fees relating to the sale of the Property.

(b) Buyer shall pay:

(1) Cost of Buyer's due diligence inspection;

(2) Title insurance premium;

(3) Costs of the Phase 1 environmental site assessment to be obtained by Buyer;

(4) Cost of recording the deed; and

(5) Buyer's attorneys' fees.

3. INSPECTION PERIOD AND CLOSING

3.1 Inspection Period.

(a) Buyer agrees that it will have the Inspection Period to physically inspect the Property, review the economic data, underwrite the tenants and review their leases, and to otherwise conduct its due diligence review of the Property and all books, records and accounts of Seller related thereto. Buyer hereby agrees to indemnify and hold Seller harmless from any damages, liabilities or claims for property damage or personal injury arising out of such inspection and investigation by Buyer or its agents or independent contractors. Within the Inspection Period, Buyer may, in its sole discretion and for any reason or no reason, elect to go forward with this Agreement to closing, which election shall be made by notice to Seller given within the Inspection Period. If such notice is not timely given, this Agreement and all rights, duties and obligations of Buyer and Seller hereunder, except any which expressly survive termination, shall terminate and Escrow Agent shall forthwith return to Buyer the Earnest Money Deposit. If Buyer so elects to go forward, the Earnest Money Deposit shall not be refundable except upon the terms otherwise set forth herein.

(b) Buyer, through its officers, employees and other authorized representatives, shall have the right to reasonable access to the Property and all records of Seller related thereto, including without limitation all Leases and Seller Financial Statements, at reasonable times during the Inspection Period for the purpose of inspecting the Property, taking soil borings, conducting Hazardous Materials inspections, reviewing the books and records of Seller concerning the Property and otherwise conducting its due diligence review of the Property. Seller shall cooperate with and assist Buyer in making such inspections and reviews. Seller shall give Buyer any authorizations which may be required by Buyer in order to gain access to records or other information pertaining to the Property or the use thereof maintained by any governmental or quasi-governmental authority or organization. Buyer, for itself and its agents, agrees not to enter into any contract with existing tenants without the written consent of Seller if such contract would be binding upon Seller should this transaction fail to close. Buyer shall have the right to have due diligence interviews and other discussions or negotiations with tenants.

(c) Buyer, through its officers or other authorized representatives, shall have the right to reasonable access to all Materials (other than privileged or confidential litigation materials) for the purpose of reviewing and copying the same.

3.2 Hazardous Material. Prior to the end of the Inspection Period, Buyer may order a "Phase 1" assessment of the Property, and a copy of any assessment report, if made, shall be furnished by Buyer to Seller promptly upon its completion. If the assessment report discloses the existence of any Hazardous Material or any other matters concerning the environmental condition of the Property or its environs, Buyer may notify Seller in writing, within ten (10) business days after receipt of the assessment report, but not later than the end of the Inspection Period, that it elects to terminate this Agreement, whereupon this Agreement shall terminate and Escrow Agent shall return to Buyer its Earnest Money Deposit.

3.3 Time and Place of Closing. Unless otherwise agreed by the parties, the Closing shall take place at the offices of Escrow Agent at 10:00 A.M. on Friday, August 9, 1996, provided that Buyer may designate an earlier date for Closing.

4. WARRANTIES, REPRESENTATIONS AND COVENANTS OF SELLER

Seller warrants and represents as follows as of the date of this Agreement and as of the Closing and where indicated covenants and agrees as follows:

4.1 Organization; Authority. Seller is duly organized, validly existing and in good standing under the laws of the state of its organization and the state in which the Shopping Center is located, and has full power and authority to enter into and perform this Agreement in accordance with its terms, and the persons executing this Agreement and other Transaction Documents have been duly authorized to do so on behalf of Seller. Seller is not a "foreign person" under Sections 1445 or 897 of the Internal Revenue Code nor is this transaction subject to any withholding under any state or federal law.

4.2 Authorization; Validity. The execution and delivery of this Agreement by Seller and Seller's consummation of the transactions contemplated by this Agreement have been duly and validly authorized. To the best of Seller's knowledge this Agreement constitutes a legal, valid and binding agreement of Seller enforceable against it in accordance with its terms.

4.3 Title. Seller is the owner in fee simple of all of the Property, subject only to the Permitted Exceptions.

4.4 Commissions. Seller has neither dealt with nor does it have any knowledge of any broker or other party who has or may have any claim against Seller, Buyer or the Property for a brokerage commission or finder's fee or like payment arising out of or in connection with the transaction provided herein except for Marcus & Millichap and Seller agrees to indemnify Buyer from any such claim arising by, through or under Seller.

4.5 Sale Agreements. The Property is not subject to any outstanding agreement(s) of sale, option(s), or other right(s) of third parties to acquire any interest therein, except for Permitted Exceptions and this Agreement.

4.6 Litigation. There is no litigation or proceeding pending, or to the best of Seller's knowledge, threatened against Seller relating to the Property.

4.7 Leases. There are no Leases affecting the Property, oral or written, except as listed on the Rent Roll, and any Leases or modifications entered into between the date of this Agreement and the Closing Date shall be with the consent of Buyer, which consent shall not be unreasonably withheld, delayed or conditioned. Copies of the Leases, which have been delivered to Buyer or shall be delivered to Buyer within five (5) days from the date hereof, are, to the best knowledge of Seller, true, correct and complete copies thereof, subject to the matters set forth on the Rent Roll. Between the date hereof and the Closing Date, Seller will not terminate or modify existing Leases or enter into any new Leases without the consent of Buyer, which consent shall not be unreasonably withheld, delayed or conditioned. All of the Property's tenant leases are in good standing and to the best of Seller's knowledge no defaults exist thereunder except as noted on the Rent Roll. No rent or reimbursement has been paid more than one (1) month in advance and no security deposit has been paid, except as stated on the Rent Roll. No tenants under the Leases are entitled to interest on any security deposits. No tenant under any Lease has or will be promised any inducement, concession or consideration by Seller other than as expressly stated in such Lease, and except as stated therein there are and will be no side agreements between Seller and any tenant.

4.8 Financial Statements. Each of the Seller Financial Statements delivered or to be delivered to Buyer hereunder has or will have been prepared in accordance with the books and records of Seller and presents fairly in all material respects the financial condition, results of operations and cash flows for the Property as of and for the periods to which they relate. All are in conformity with generally accepted accounting principles applied on a consistent basis. There has been no material adverse change in the operations of the Property or its prospects since the date of the most recent Seller Financial Statements. Seller covenants to furnish promptly to Buyer copies of the Seller Financial Statements together with unaudited updated monthly reports of cash flow for interim periods beginning after December 31, 1995. Buyer and its independent certified accountants shall be given access to Seller's books and records at any time prior to and for six (6) months following Closing upon reasonable advance notice in order that they may verify the financial statements prior to Closing. Seller agrees to cooperate with Buyer's auditors and to cause its management agent to execute and deliver to Buyer or its accountants the Audit Representation Letter should Buyer's accountants audit the records of the Shopping Center.

4.9 Contracts. Except for Leases and Permitted Exceptions, there are no management, service, maintenance, utility or other contracts or agreements affecting the Property, oral or written, which extend beyond the Closing Date and which would bind Buyer or encumber the Property, at Buyer's option, more than thirty (30) days after Closing. All such Contracts are in full force and effect in accordance with their respective terms, and all obligations of Seller under the Contracts required to be performed to date have been performed in all material respects; no party to any Contract has asserted any claim of default or offset against Seller with respect thereto and no event has occurred or failed to occur, which would in any way affect the validity or enforceability of any such Contract; and the copies of the Contracts delivered to Buyer prior to the date hereof are true, correct and

complete copies thereof. Between the date hereof and the Closing, Seller covenants to fulfill all of its obligations under all Contracts, and covenants not to terminate or modify any such Contracts or enter into any new contractual obligations relating to the Property without the consent of Buyer (not to be unreasonably withheld, delayed or conditioned) except such obligations as are freely terminable without penalty by Seller upon not more than thirty (30) days' written notice.

4.10 Maintenance and Operation of Property. From and after the date hereof and until the Closing, Seller covenants to keep and maintain and operate the Property substantially in the manner in which it is currently being maintained and operated and covenants not to cause or permit any waste of the Property nor undertake any action with respect to the operation thereof outside the ordinary course of business without Buyer's prior written consent. In connection therewith, Seller covenants to make all necessary repairs and replacements until the Closing so that the Property shall be of substantially the same quality and condition at the time of Closing as on the date hereof. Seller covenants not to remove from the Improvements or the Real Property any article included in the Personal Property. Seller covenants to maintain such casualty and liability insurance on the Property as it is presently being maintained.

4.11 Permits and Zoning. To the best of Seller's knowledge, there are no material permits and licenses (collectively referred to as "Permits") required to be issued to Seller by any governmental body, agency or department having jurisdiction over the Property which materially affect the ownership or the use thereof which have not been issued. To the best of Seller's knowledge, the Property is properly zoned for its present use and is not subject to any local, regional or state development order. To the best of Seller's knowledge, the use of the Property is consistent with the land use designation for the Property under the comprehensive plan or plans applicable thereto, and all concurrency requirements have been satisfied. To the best of Seller's knowledge, there are no outstanding assessments, impact fees or other charges related to the Property.

4.12 Rent Roll; Tenant Estoppel Letters. The Rent Roll is true and correct in all respects. Seller agrees to use its best reasonable efforts to obtain current Tenant Estoppel Letters reasonably acceptable to Buyer from all Tenants under Leases, which Tenant Estoppel Letters shall confirm the matters reflected by the Rent Roll as to the particular tenant.

4.13 Condemnation. To the best of Seller's knowledge, neither the whole nor any portion of the Property, including access thereto or any easement benefiting the Property, is subject to temporary requisition of use by any governmental authority or has been condemned, or taken in any proceeding similar to a condemnation proceeding, nor is there now pending any condemnation, expropriation, requisition or similar proceeding against the Property or any portion thereof. Seller has received no notice nor has any knowledge that any such proceeding is contemplated.

4.14 Governmental Matters. Seller has not entered into any commitments or agree- ments with any governmental authorities or agencies affecting the Property that have not been disclosed in writing to Buyer and Seller has received no notices from any such governmental

authorities or agencies of uncured violations at the Property of building, fire, air pollution or zoning codes, rules, ordinances or regulations, environmental and hazardous substances laws, or other rules, ordinances or regulations relating to the Property. Seller shall be responsible for the remittance of all sales tax for periods occurring prior to the Allocation Date directly to the appropriate state department of revenue.

4.15 Repairs. Seller has received no notice of any requirements or recommendations by any lender, insurance companies, or governmental body or agencies requiring or recommending any repairs or work to be done on the Property which have not already been completed.

4.16 Consents and Approvals; No Violation. To the best of Seller's knowledge, neither the execution and delivery of this Agreement by Seller nor the consummation by Seller of the transactions contemplated hereby will (a) require Seller to file or register with, notify, or obtain any permit, authorization, consent, or approval of, any governmental or regulatory authority; (b) conflict with or breach any provision of the organizational documents of Seller; (c) violate or breach any provision of, or constitute a default (or an event which, with notice or lapse of time or both, would constitute a default) under, any note, bond, mortgage, indenture, deed of trust, license, franchise, permit, lease, contract, agreement or other instrument, commitment or obligation to which Seller is a party, or by which Seller, the Property or any of Seller's material assets may be bound; or (d) violate any order, writ, injunction, decree, judgment, statute, law or ruling of any court or governmental authority applicable to Seller, the Property or any of Seller's material assets.

4.17 Environmental Matters. Except for those matters appearing in the Phase I Environmental Assessment Report prepared by ATEC dated October 31, 1995, and the Site Investigation Report prepared by Golder Associates, Inc., dated April 13, 1996, copies of which have been furnished to Buyer, Seller represents and warrants as of the date hereof and as of the Closing to the best of Seller's knowledge that:

(a) Seller has not, and has no knowledge of any other person who has, caused any Release, threatened Release, or disposal of any Hazardous Material at the Property in any material quantity;

(b) The Property does not now contain and to the best of Seller's knowledge has not contained any: (a) underground storage tank, (b) material amounts of asbestos- containing building material, (c) landfills or dumps, (d) drycleaning plant or other facility using drycleaning solvents; or (e) hazardous waste management facility as defined pursuant to the Resource Conservation and Recovery Act ("RCRA") or any comparable state law. The Property is not a site on or nominated for the National Priority List promulgated pursuant to Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA") or any state remedial priority list promulgated or published pursuant to any comparable state law; and

(c) There are to the best of Seller's knowledge no conditions or circumstances at the Property which pose a risk to the environment or the health or safety of persons.

5. WARRANTIES, REPRESENTATIONS AND COVENANTS OF BUYER

Buyer hereby warrants and represents as of the date of this Agreement and as of the Closing and where indicated covenants and agrees as follows:

5.1 Organization; Authority. Buyer is a corporation duly organized, validly existing and in good standing under laws of Florida and has full power and authority to enter into and perform this Agreement in accordance with its terms, and the persons executing this Agreement and other Transaction Documents on behalf of Buyer have been duly authorized to do so.

5.2 Authorization; Validity. The execution, delivery and performance of this Agreement and the other Transaction Documents have been duly and validly authorized by the Board of Directors of Buyer. This Agreement has been duly and validly executed and delivered by Buyer and (assuming the valid execution and delivery of this Agreement by Seller) constitutes a legal, valid and binding agreement of Buyer enforceable against it in accordance with its terms.

5.3 Commissions. Buyer has neither dealt with nor does it have any knowledge of any broker or other party who has or may have any claim against Buyer or Seller for a brokerage commission or finder's fee or like payment arising out of or in connection with the transaction provided herein except Marcus & Millichap whose commission shall be paid by Seller; and Buyer agrees to indemnify Seller from any other such claim arising by, through or under Buyer.

6. POSSESSION; RISK OF LOSS

6.1 Possession. Possession of the Property will be transferred to Buyer at the conclusion of the Closing, subject only to outstanding Leases.

6.2 Risk of Loss. All risk of loss to the Property shall remain upon Seller until the conclusion of the Closing. If, before the possession of the Property has been transferred to Buyer, any material portion of the Property is damaged by fire or other casualty and will not be restored by the Closing Date or if any material portion of the Property is taken by eminent domain or there is a material obstruction of access to the Improvements by virtue of a taking by eminent domain, Seller shall, within ten (10) days of such damage or taking, notify Buyer thereof and Buyer shall have the option to:

(a) terminate this Agreement upon notice to Seller given within ten (10) business days after such notice from Seller, in which case Buyer shall receive a return of its Earnest Money Deposit; or

(b) proceed with the purchase of the Property, in which event Seller shall assign to Buyer all Seller's right, title and interest in all amounts due or collected by Seller

under the insurance policies or as condemnation awards. In such event, the Purchase Price shall be reduced by the amount of any insurance deductible to the extent it reduced the insurance proceeds payable.

7. TITLE MATTERS

7.1 Title.

(a) Title Insurance. Prior to the end of the Inspection Period Buyer shall order the Title Insurance Commitment from Chicago Title Insurance Company and the Survey from a reputable surveyor familiar with the Property (Seller agreeing to furnish to Buyer copies of any existing surveys and title information in its possession promptly after execution of this Agreement). Buyer will notify Seller in writing of any Title Defects, encroachments or other matters not acceptable to Buyer which are not permitted by this Agreement not later than ten (10) days prior to the end of the Inspection Period. Any Title Defect or other objection disclosed by the Title Insurance Commitment (other than liens removable by the payment of money) or the Survey which is not timely specified in Buyer's written notice to Seller of Title Defects shall be deemed a Permitted Exception. Seller shall notify Buyer in writing within five (5) days of Buyer's notice if Seller intends to cure any Title Defect or other objection. If Seller elects to cure, Seller shall use diligent efforts to cure the Title Defects and/or objections by the Closing Date (as it may be extended). If Seller elects not to cure or if such Title Defects and/or objections are not cured, Buyer shall have the right, in lieu of any other remedies and as its sole remedy, to: (i) refuse to purchase the Property, terminate this Agreement and receive a return of the Earnest Money Deposit; or (ii) waive such Title Defects and/or objections and close the purchase of the Property subject to them, in which event all such waived Title Defects shall become Permitted Exceptions.

(b) Miscellaneous Title Matters. If a search of the title discloses judgments, bankruptcies or other returns against other persons having names the same as or similar to that of Seller, Seller shall on request deliver to Buyer an affidavit stating, if true, that such judgments, bankruptcies or the returns are not against Seller. Seller further agrees to execute and deliver to the Title Insurance agent at Closing such documentation, if any, as the Title Insurance underwriter shall reasonably require to evidence that the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly authorized and that there are no mechanics' liens on the Property or parties in possession of the Property other than tenants under Leases and Seller.

8. CONDITIONS PRECEDENT

8.1 Conditions Precedent to Buyer's Obligations. The obligations of Buyer under this Agreement are subject to satisfaction or waiver by Buyer of each of the following conditions or requirements on or before the Closing Date:

(a) Seller's warranties and representations under this Agreement shall be true and correct as of the Closing Date, and Seller shall not be in default hereunder.

(b) All obligations of Seller contained in this Agreement, shall have been fully performed in all material respects and Seller shall not be in default under any covenant, restriction, right-of-way or easement affecting the Property.

(c) There shall have been no material adverse change in the Property, its operations or future prospects, the Leases or the financial condition of tenants leasing space in excess of 5,000 square feet or more than twenty percent (20%) of the other tenants who have signed leases for any portion of the Property since the date of this Agreement. The Kroger Company, Blockbuster Music/Blockbuster Entertainment and Revco Discount Drug Centers, Inc. and no less than eighty percent (80%) of the other tenants shall be open for business in the Shopping Center and be current in paying rent.

(d) A Title Insurance Commitment in the full amount of the Purchase Price shall have been issued and "marked down" through Closing, subject only to Permitted Exceptions.

(e) The physical and environmental condition of the Property shall be unchanged from the date of this Agreement, ordinary wear and tear excepted.

(f) Seller shall have delivered to Buyer the following in form reasonably satisfactory to Buyer:

(1) A limited warranty deed in proper form for recording, duly executed and acknowledged so as to convey to Buyer the fee simple title to the Property, subject only to the Permitted Exceptions;

(2) Originals, if available, or if not, true copies of the Leases and of the contracts, agreements, permits and licenses, and such Materials as may be in the possession or control of Seller;

(3) A blanket assignment to Buyer of all Leases and the contracts, agreements, permits and licenses (to the extent assignable) as they affect the Property, including an indemnity against breach of the Leases by Seller prior to the Closing Date;

(4) A bill of sale with respect to the Personal Property and Materials;

(5) The Survey;

(6) A current rent roll for all Leases in effect showing no changes from the rent roll attached to this Agreement other than those set forth in the Leases or approved in writing by Buyer;

(7) All Tenant Estoppel Letters obtained by Seller, which must include The Kroger Company, Blockbuster Music/Blockbuster Entertainment and Revco Discount Drug Centers, Inc. and eighty percent (80%) of the other tenants who have signed leases for any portion of the Property, without any material exceptions, covenants, or changes to the form approved by Buyer and distributed to the tenants by Seller;

(8) A general assignment of all assignable existing warranties relating to the Property;

(9) An owner's affidavit, non-foreign affidavits, Georgia non-tax withholding certificate or Georgia residency affidavit and such other documents as may reasonably be required by Buyer or its counsel in order to effectuate the provisions of this Agreement and the transactions contemplated herein;

(10) The originals or copies of any real and tangible personal property tax bills for the Property for the tax year of Closing and the previous year, and, if requested, the originals or copies of any current water, sewer and utility bills which are in Seller's custody or control;

(11) Resolutions of Seller authorizing the transactions described herein;

(12) All keys and other means of access to the Improvements in the possession of Seller or its agents;

(13) Materials; and

(14) Such other documents as Buyer may reasonably request to effect the transactions contemplated by this Agreement.

In the event that all of the foregoing provisions of this Section 8.1 are not satisfied and Buyer elects in writing to terminate this Agreement, then the Earnest Money Deposit shall be promptly delivered to Buyer by Escrow Agent and, upon the making of such delivery, neither party shall have any further claim against the other by reasons of this Agreement, except as provided in Article 9.

8.2 Conditions Precedent to Seller's Obligations. The obligations of Seller under this Agreement are subject to satisfaction or waiver by Seller of each of the following conditions or requirements on or before the Closing date:

(a) Buyer's warranties and representations under this Agreement shall be true and correct as of the Closing Date, and Buyer shall not be in default hereunder.

(b) All of the obligations of Buyer contained in this Agreement shall have been fully performed by or on the date of Closing in compliance with the terms and provisions of this Agreement.

(c) Buyer shall have delivered to Seller at or prior to the Closing the following, which shall be reasonably satisfactory to Seller:

(1) Delivery and/or payment of the balance of the Purchase Price in accordance with Section 2.1 at Closing;

(2) Such other documents as Seller may reasonably request to effect the transactions contemplated by this Agreement.

(d) The Assignment of Leases shall contain Buyer's indemnity of Seller for claims, losses and damages arising after the Closing Date. Buyer acknowledges and agrees that after Closing Buyer shall have the obligation to refund and return security deposits under all leases applicable to the Property as, if and when provided in the Leases.

(e) The reciprocal indemnities given in the Assignment of Leases shall survive the Closing indefinitely.

(f) In the event that all conditions precedent to Buyer's obligation to purchase shall have been satisfied but the foregoing provisions of this Section 8.2 have not, and Seller elects in writing to terminate this Agreement, then the Earnest Money Deposit shall be promptly delivered to Seller by Escrow Agent and, upon the making of such delivery, neither party shall have any further claim against the other by reasons of this Agreement, except as provided in Article 9; except that it is expressly acknowledged and agreed that Buyer's indemnity contained in Sections 3.1(a) and 5.3 of this Agreement shall survive such termination for one (1) year. It is further acknowledged and agreed that the obligations of Buyer under such indemnities are not subject to the liquidated damages provisions set forth in Section 9.2 hereof.

8.3 Best Efforts. Each of the parties hereto agrees to use reasonable best efforts to take or cause to be taken all actions necessary, proper or advisable to consummate the transactions contemplated by this Agreement.

9. PRE-CLOSING BREACH; REMEDIES

9.1 Breach by Seller. In the event of a breach of Seller's covenants or warranties herein and failure by Seller to cure such breach within the time provided for Closing, Buyer may, at Buyer's election and as Buyer's sole remedy (i) terminate this Agreement and receive a return of the Earnest Money Deposit, and the parties shall have no further rights or obligations under this Agreement (except as survive termination); (ii) enforce this Agreement by suit for specific performance; or (iii) waive such breach and close the purchase contemplated hereby, notwithstanding such breach.

9.2 Breach by Buyer. In the event of a breach of Buyer's covenants or warranties herein and failure of Buyer to cure such breach within the time provided for Closing, Seller's sole remedy shall be to terminate this Agreement and retain Buyer's Earnest Money Deposit

as agreed liquidated damages for such breach, and upon payment in full to Seller of such amounts, the parties shall have no further rights, claims, liabilities or obligations under this Agreement (except as survive termination). Seller and Buyer agree that if Buyer should fail or refuse to purchase the property from Seller as provided in this Agreement, the amount of damages to Seller would be difficult, if not impossible, to determine, and the amount specified in this Section as liquidated damages represents a good faith reasonable estimate by the parties of the amount of damages that Seller would incur in such event.

10. POST CLOSING INDEMNITIES AND COVENANTS

10.1 Seller's Indemnity. Should this transaction close, Seller, subject to the limitations set forth herein, shall indemnify, defend and hold harmless Buyer from all claims, demands, liabilities, damages, penalties, costs and expenses, including, without limitation, reasonable attorneys' fees and disbursements, which may be imposed upon, asserted against or incurred or paid by Buyer by reason of, or on account of, any breach by Seller of Seller's warranties, representations and covenants. Seller's warranties, representations and covenants contained in this Agreement and the foregoing indemnity set forth in this Section 10.1, shall survive the Closing for one (1) year, whereupon they shall terminate and be null and void and of no further force or effect, except as specifically contained in any Closing document. Buyer's rights and remedies herein against Seller shall be in addition to, and not in lieu of all other rights and remedies of Buyer at law or in equity.

10.2 Buyer's Indemnity. Should this transaction close, Buyer shall indemnify, defend and hold harmless Seller from all claims, demands, liabilities, damages, penalties, costs and expenses, including, without limitation, reasonable attorneys' fees and disbursements, which may be imposed upon, asserted against or incurred or paid by Seller by reason of, or on account of, any breach by Buyer of Buyer's warranties, representations and covenants. Buyer's warranties, representations and covenants contained in this Agreement, and the foregoing indemnity set forth in this Section 10.2, shall survive the Closing for one (1) year whereupon it shall terminate and be null and void and of no further force or effect, except as specifically contained in any Closing document. Seller's rights and remedies herein against Buyer shall be in addition to, and not in lieu of all other rights and remedies of Seller at law or in equity.

11. MISCELLANEOUS

11.1 Disclosure. Neither party shall disclose the transactions contemplated by this Agreement without the prior approval of the other, except to its attorneys, accountants and other consultants, their lenders and prospective lenders, or where disclosure is required by law.

11.2 Radon Gas. Radon is a naturally occurring radioactive gas which, when it has accumulated in a building in sufficient quantities, may present health risks to persons who are exposed to it over time. Levels of radon which exceed federal and state guidelines have been

found in buildings in the state in which the Property is located. Additional information regarding radon and radon testing may be obtained from the county public health unit.

11.3 Entire Agreement. This Agreement, together with the Exhibits attached hereto, constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and may not be modified, amended or otherwise changed in any manner except by a writing executed by Buyer and Seller.

11.4 Notices. All written notices and demands of any kind which either party may be required or may desire to serve upon the other party in connection with this Agreement shall be served by personal delivery, certified or overnight mail, reputable overnight courier service or facsimile (followed promptly by hard copy) at the addresses set forth below:

As to Seller: The Vlass-Fotos Group, Ltd.
Attention: Mr. Michael B. Vlass
Two Ravina Drive, Suite 1540
Atlanta, Georgia 30346
Facsimile: (770) 395-7888

With a copy to: Holt, Ney, Zatcoff & Wasserman
Attention: Robert G. Holt, Esquire
100 Galleria Parkway, Suite 600
Atlanta, Georgia 30339-5911
Facsimile: (770) 956-1490

As to Buyer: RRC Acquisitions, Inc.
Attention: Robert L. Miller
Suite 200, 121 W. Forsyth St.
Jacksonville, Florida 32202
Facsimile: (904) 634-3428

With a copy to: Ulmer, Murchison, Ashby & Taylor
Attention: William E. Scheu, Esq.
P. O. Box 479
Suite 1600, 200 W. Forsyth St.
Jacksonville, FL 32201 (32202 for courier)
Facsimile: (904) 354-9100

Any notice or demand so served shall constitute proper notice hereunder upon delivery to the United States Postal Service or to such overnight courier. A party may change its notice address by notice given in the aforesaid manner.

11.5 Headings. The titles and headings of the various sections hereof are intended solely for means of reference and are not intended for any purpose whatsoever to modify, explain or place any construction on any of the provisions of this Agreement.

11.6 Validity. If any of the provisions of this Agreement or the application thereof to any persons or circumstances shall, to any extent, be invalid or unenforceable, the remainder of this Agreement by the application of such provision or provisions to persons or circumstances other than those as to whom or which it is held invalid or unenforceable shall not be affected thereby, and every provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

11.7 Attorneys' Fees. In the event of any litigation between the parties hereto to enforce any of the provisions of this Agreement or any right of either party hereto, the unsuccessful party to such litigation agrees to pay to the successful party all costs and expenses, including reasonable attorneys' fees, whether or not incurred in trial or on appeal, incurred therein by the successful party, all of which may be included in and as a part of the judgment rendered in such litigation. Any indemnity provisions herein shall include indemnification for reasonable attorneys' fees and costs, whether or not suit be brought and including fees and costs on appeal.

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

11.9 Governing Law. This Agreement shall be governed by the laws of the State of Georgia and the parties hereto agree that any litigation between the parties hereto relating to this Agreement shall take place (unless otherwise required by law) in a court located in Cobb County, State of Georgia. Each party waives its right to jurisdiction or venue in any other location.

11.10 Successors and Assigns. The terms and provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. No third parties, including any brokers or creditors, shall be beneficiaries hereof.

11.11 Exhibits. All exhibits attached hereto are incorporated herein by reference to the same extent as though such exhibits were included in the body of this Agreement verbatim.

11.12 Gender; Plural; Singular; Terms. A reference in this Agreement to any gender, masculine, feminine or neuter, shall be deemed a reference to the other, and the singular shall be deemed to include the plural and vice versa, unless the context otherwise requires. The terms "herein," "hereof," "hereunder," and other words of a similar nature mean and refer to this Agreement as a whole and not merely to the specified section or clause in which the respective word appears unless expressly so stated.

11.13 Further Instruments, Etc. Seller and Buyer shall, at or after Closing, execute any and all documents and perform any and all acts reasonably necessary to fully implement this Agreement.

11.14 Survival. The obligations of Seller and Buyer intended to be performed after the Closing shall survive the closing.

11.15 No Recording. Neither this Agreement nor any notice, memorandum or other notice or document relating hereto shall be recorded.

11.16 Seller's Knowledge. To the "best of Seller's knowledge", or similar language as used herein shall mean the present knowledge of James D. Fotos, who owns a 100% interest in Seller, and the good faith knowledge of Seller's property manager, Maxwell Properties, Inc., with the clear understanding that no specific investigation or examination has been undertaken.

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

Witnesses:

RRC ACQUISITIONS, INC.,
a Florida corporation

_____
[- - - - - - - - - - - - - - - - - -]
Name (Please Print)

By:_____
Its:_____

_____
[- - - - - - - - - - - - - - - - - -]
Name (Please Print)

Date: July ____, 1996

Tax Identification No. 59-3210155

"BUYER"

VF SANDY PLAINS ASSOCIATES, L.P.,
_____ a Georgia limited partnership
[- - - - - - - - - - - - - - - - - -]
Name (Please Print) By Its Sole General Partner:

JDF Enterprise Control, Inc.,
_____ a Georgia corporation
[- - - - - - - - - - - - - - - - - -]
Name (Please Print)

By:_____
Its:_____

Date: July ____, 1996

Tax Identification No.:_____

"SELLER"

JOINDER OF ESCROW AGENT

1. Duties. Escrow Agent joins herein for the purpose of acknowledging receipt of the initial Earnest Money Deposit and agrees to comply with the terms hereof insofar as they apply to Escrow Agent. Escrow Agent shall receive and hold the Earnest Money Deposit in trust, to be disposed of in accordance with the provisions of this joinder and Section 2.2 of the foregoing Agreement.

2. Indemnity. Escrow Agent shall not be liable to either party except for claims resulting from the gross negligence or willful misconduct of Escrow Agent. If the escrow is involved in any controversy or litigation, the parties hereto shall jointly and severally indemnify and hold Escrow Agent free and harmless from and against any and all loss, cost, damage, liability or expense, including costs of reasonable attorneys' fees to which Escrow Agent may be put or which may incur by reason of or in connection with such controversy or litigation, except to the extent it is finally determined that such controversy or litigation resulted from Escrow Agent's gross negligence or willful misconduct. If the indemnity amounts payable hereunder result from the fault of Buyer or Seller (or their respective agents), the party at fault shall pay, and hold the other party harmless against, such amounts.

3. Conflicting Demands. If conflicting demands are made upon Escrow Agent with respect to the escrow, the parties hereto expressly agree that Escrow Agent shall have the absolute right to do either or both of the following: (i) withhold and stop all proceedings in performance of this escrow and await settlement of the controversy by final appropriate legal proceedings or otherwise as it may require; or (ii) file suit for declaratory relief and/or inter- pleader and obtain an order from the court requiring the parties to interplead and litigate in such court their several claims and rights between themselves. Upon the filing of any such declaratory relief or interpleader suit and tender of the Earnest Money Deposit to the court, Escrow Agent shall thereupon be fully released and discharged from any and all obligations to further perform the duties or obligations imposed upon it. Buyer and Seller agree to respond promptly in writing to any request by Escrow Agent for clarification, consent or instructions. Any action proposed to be taken by Escrow Agent for which approval of Buyer and/or Seller is requested shall be considered approved if Escrow Agent does not receive written notice of disapproval within fourteen (14) days after a written request for approval is received by the party whose approval is being requested. Escrow Agent shall not be required to take any action for which approval of Buyer and/or Seller has been sought unless such approval has been received. No disbursements shall be made, other than as provided in Sections 2,2, 2.4, 3.1(a), 9.1 and 9.2 of the foregoing Agreement, or to a court in an interpleader action, unless Escrow Agent shall have given written notice of the proposed disbursement to Buyer and Seller and neither Buyer nor Seller shall have delivered any written objection to the disbursement within 14 days after receipt of Escrow Agent's notice. No notice by Buyer or Seller to Escrow Agent of disapproval of a proposed action shall affect the right of Escrow Agent to take any action as to which such approval is not required.

4. Continuing Counsel. Seller acknowledges that Escrow Agent is counsel to Buyer herein and Seller agrees that in the event of a dispute hereunder or otherwise between Seller and Buyer, Escrow Agent may continue to represent Buyer notwithstanding that it is acting and will continue to act as Escrow Agent hereunder, it being acknowledged by all parties that Escrow Agent's duties hereunder are ministerial in nature.

5. Tax Identification. Seller and Buyer shall provide to Escrow Agent appropriate Federal tax identification numbers.

ULMER, MURCHISON, ASHBY & TAYLOR

By:
Its Authorized Agent

Date: July _____, 1996

"ESCROW AGENT"

EXHIBIT 1.3

Leasing Requirements for Earnout Space

1. The proposed tenant shall have a Dunn & Bradstreet rating of 4-A-1 or better and shall be experienced in the operation of the type of business proposed to be conducted at the leased premises.

2. The use proposed by said proposed tenant shall not be prohibited by or cause a default by the landlord under any existing lease in the Shopping Center and shall be consistent with that of a major tenant in a first class shopping center.

3. The base rental rate for the Earnout Space shall be reasonably comparable to rental rates paid by tenants engaged in similar businesses or trades in the Atlanta, Georgia metropolitan trade area which trade area shall mean the Georgia counties of Fulton, Cobb, DeKalb, Gwinnett, Clayton, Henry, Coweta, Douglas, Paulding and Forsyth.

4. The term of the lease shall not be less than sixty (60) months.

5. The monthly base rent shall not decrease at any time during the term of the lease.

6. Buyer hereby approves as potential tenants those companies listed on Schedule 1 attached hereto, provided that, at the time of execution of the Approved Lease, such tenant, if one of those companies, then satisfies the requirements of paragraph 1 above.

7. The proposed lease shall be in a form to be approved by Buyer, which shall contain the following essential terms:

7.1 No security deposit shall be required from tenant.

7.2 Tenant shall not be required to pay percentage rent on any of the following items:

(a) the amount of all discounts, refunds, credits, allowances and/or adjustments made to customers;

(b) the amount of all sales taxes and other taxes in the nature of sales taxes, whether or not the same be called sales taxes, imposed by any governmental authorities, federal, state or local, irrespective of whether the same be imposed by present or future laws;

(c) the amount of all sales to employees of tenant or of any subtenants or concessionaires of tenant that are made at discounts from prices charged to customers;

(d) the amounts received for merchandise transferred to any other place of business of tenant or any subtenant or concessionaire of tenant or

any business organization affiliated with tenant, wherever located, provided such merchandise is not used to fill a sale made in the premises, and amounts received for merchandise returned to suppliers for credit;

(e) interest or other carrying charges on lease, credit or time sales;

(f) the amounts charged to customers for mailing, delivery, alterations,or nominal services rendered to the customers at cost;

(g) unpaid balance of credit sales that are charged off as "bad debts," provided that if, at any time after any such unpaid balance shall be so charged off and prior to the expiration of the term of this lease, any amount shall be collected on account thereof, such amount shall then be included in gross sales;

(h) the amounts received from sales of distressed, damaged or obsolete merchandise sold to non-retail customers, and amounts received from sales of used trade fixtures and store operating equipment;

(i) amounts received from concessionaires of tenant for occupancy, for services rendered to such concessionaires by tenant, or for supplies or equipment furnished to such concessionaires by tenant;

(j) amounts paid by tenant to companies provided credit card charges to tenant as to the fees and other charges therefor; and

(k) other items that are customarily excluded from the computation of percentage rent in the particular industry in which the proposed tenant is engaged.

7.3 The lease shall not require that tenant continuously operate its business on the premises.

7.4 Sales reporting by tenant to landlord with respect to the calculation of percentage rent should not be required more frequently than once per year.

7.5 No advance deposit shall be required.

7.6 Tenant shall have the right to alter the interior space of the premises without having to obtain the approval of landlord, so long as no such alteration impairs the structural integrity of the building or violates any applicable law, ordinance, or regulation.

7.7 Landlord will allow tenant a 10-day grace period with respect to monetary defaults.

7.8 Any tenant having a net worth in excess of $100 million will be allowed to self insure with respect to the insurance requirements of the lease, so long as such net worth is maintained. The tenant must agree to provide to landlord annually copies of its annual financial statements for the preceding year, prepared and certified by independent certified public accounts.

7.9 Landlord will agree to allow tenant to assign or sublet all or a portion of the premises to any affiliate of tenant or to any entity acquiring substantially all of the assets of tenant, whether by asset purchase, merger or consolidation; provided, however, that landlord shall not be obligated to agree to any such assignment or subletting unless and until (a) the credit rating of said assignee or sublessee shall be equal to or better than the credit rating at that time of the assigning tenant, or (b) the assigning tenant shall remain jointly and severally liable to landlord for all obligations of assignee or sublessee under the lease following said assignment or subletting.

8. The tenant, or tenants, under any lease covering the Earnout Space shall be bona fide third parties unaffiliated with Seller.

EXHIBIT 1.3

Schedule 1

List of Approved Potential Tenants

AMC Theatres
Baby Superstore
Barnes & Noble, Inc.
Beall's
Bed Bath & Beyond
Ben Franklin Stores
Best Buy Co.
Books-A-Million
Borders Books
Carmike Cinemas
Cineplex Odeon
Circuit City
Cloth World
CompUSA, Inc.
Computer City
The Container Store
Crown Books
Ethan Allen
General Cinema
Goody's Family Clothing
Grand Slam USA
Hamrick's
Hancock Fabrics
Haverty's
Home Goods
Homeplace
Just for Feet
The Linen Loft
Linen Supermarket
Linens 'N Things
Marshall's
Michael's Stores
MJ Designs
Office Depot
Office Max
Old Navy
Peebles, Inc.
PetSmart
Sears Homelife
Sports Authority
Stein Mart
TJ Maxx
Ulta Cosmetics
United Artist Theater
Uptons
Zany Brainy

EXHIBIT 1.4

Audit Representation Letter

(Acquisition Completion Date)

KPMG Peat Marwick LLP
2700 Independent Square
One Independent Drive
Jacksonville, Florida 32202

RE: _____
(Acquisition Property Name)

Dear Sirs:

We are writing at your request to confirm our understanding that your audit of the Statement of Revenue and Certain Expenses of _____ for the twelve months ended December 31, 19____, was made for the purpose of expressing an opinion as to whether the statements provided to you present fairly in all material respects the results of its operations in conformity with generally accepted accounting principles. As managers of this property known as "Sandy Plains Shopping Center," Maxwell Properties, Inc., based upon its knowledge gathered in said capacity, confirms only to the named addressee and to no one else, to the best of its knowledge and belief the items set forth hereinbelow made to you during your audit.

1. We have made available to you all financial records and related data in our possession for the period under audit.

2. There have been no undisclosed:

(a) Irregularities involving any member of management or employees who have significant roles in the system of internal accounting control;

(b) Irregularities involving other persons that could have a material effect on the statement of revenue and certain expenses;

(c) Violations or possible violations of laws or regulations the effects of which should be considered for disclosure in the statement of revenue and certain expenses.

3. There are no:

(a) Unasserted claims or assessments that our lawyers have advised us are probable of assertion and must be disclosed in accordance with Statement of Financial Accounting Standards No. 5;

(b) Material gain or loss contingencies that we know of that should be disclosed;

(c) Material transactions that have not been properly recorded in the accounting records underlying the financial statement; and

(d) Events that have occurred subsequent to the audit period that should require adjustment to or disclosure in the Statement of Revenue and Certain Expenses.

4. Provision, when material, has been made for losses to be sustained in the fulfillment of, or from inability to fulfill, any contract commitments.

5. The shopping center has satisfactory title to all assets conveyed to RRC FL Three, Inc., as set forth in the title insurance delivered at Closing, and there are no liens or encumbrances on such assets nor has any such asset been pledged, that has not been disclosed, subject to the matters stated in such title insurance.

6. All contractual agreements that would have a material effect on the Statement of Revenue and Certain Expenses have been complied with.

7. There have been no:

(a) Material undisclosed related party transactions and related amounts receivable or payable, including sales, purchases, loans, transfer, and guarantees;

(b) Agreements to repurchase assets previously sold.

Further, we acknowledge that we are responsible for the fair presentation of the Statement of Revenue and Certain Expenses prepared in accordance with generally accepted accounting principles.

Very truly yours,

MAXWELL PROPERTIES, INC.

By:_____
Its:_____

EXHIBIT 1.29

Legal Description of Real Property

EXHIBIT 1.31

Rent Roll

EXHIBIT 1.36

Form of Estoppel Letter

_____, 1996

RE: Sandy Plains Village, Cobb County, Georgia

Ladies and Gentlemen:

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

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

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

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

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

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

6. No payments by Tenant under the Lease have been made for more than one (1) month in advance, and minimum rents and other charges under the Lease are current.

7. All matters of an inducement nature and all obligations of the Landlord under the Lease concerning the construction of the Tenant's premises and development of the Shopping Center, including without limitation, parking requirements, have been performed by Landlord.

8. The Lease contains no first right of refusal, option to expand, option to terminate, or exclusive business rights, except as follows:

9. Tenant knows of no default by either Landlord or Tenant under the Lease, and knows of no situations which, with notice or the passage of time, or both, would constitute a default. Tenant has no rights to off-set or defense against Landlord as of the date hereof.

10. The undersigned has not entered into any sublease, assignment or any other agreement transferring any of its interest in the Lease or the Premises except as follows:

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

The undersigned makes this statement for your benefit and protection with the understanding that you intend to rely upon this statement in connection with your intended purchase of the above described Premises from Landlord. The undersigned agrees that it will, upon receipt of written notice from Landlord, commence to pay all rents to you or to any Agent acting on your behalf.

Very truly yours,

_____(Tenant)

Mailing Address:

______________________________ By:____________________________________
Its:___________________________________

I:\USERS\WES\REG\SANDY.PSA

AGREEMENT OF PURCHASE AND SALE

THIS AGREEMENT OF PURCHASE AND SALE is made by and between CIGNA REAL ESTATE FUND S LIMITED PARTNERSHIP, a Connecticut limited partnership ("Seller"), and RRC ACQUISITIONS, INC., a Florida corporation ("Purchaser"), as of the "Effective Date" (as defined below).

Article I.
Property

Seller hereby agrees to sell, and Purchaser hereby agrees to buy, all of the following property: (a) a parcel of real property (the "Land"), located in the County of Hillsborough, State of Florida, more particularly described on Exhibit A attached to this Agreement; (b) the buildings and other improvements located on the Land, being a shopping center generally known as University Collection (the "Improvements"); (c) all tenant leases relating to the Improvements, being the leases referred to on the Rent Roll attached hereto as Exhibit B (the Land, Improvements, and tenant leases are referred to herein, collectively, as the "Real Property"); and (d) all fixtures, equipment, and other personal property (both tangible and intangible, including, without limitation, any service and maintenance agreements applicable thereto, other than the property management agreement, which shall be terminated) owned by Seller and contained in or related to the Improvements, to the extent assignable (the "Personal Property") (collectively, the Real Property and the Personal Property are sometimes referred to herein as the "Property").

Article II.
Purchase Price and Deposits

The purchase price which the Purchaser agrees to pay and the Seller agrees to accept for the Property shall be the sum of ELEVEN MILLION FIVE HUNDRED THOUSAND DOLLARS ($11,500,000.00)(hereinafter referred to as the "Purchase Price"), subject to adjustment as provided in Article V hereof, payable as follows:

(a) An earnest money deposit ("Initial Deposit") of Seventy Five Thousand Dollars ($75,000.00), in cash, to be deposited with FLEMING, HAILE & SHAW, P.A., 440 Royal Palm Way, Suite 100, Palm Beach, Florida 33480 ("Escrow Agent") within one (1) business day after execution hereof by both parties, such amount to be held in escrow and deposited in an interest-bearing account; and

(b) In accordance with Section 6.3 hereof, Purchaser shall deposit an additional $25,000.00 ("Second Deposit") with Escrow Agent, such amount to be held in the same account as the Initial Deposit. Escrow Agent will acknowledge receipt of the Second Deposit by notice to Seller within one (1) business day after receipt thereof. In the event Purchaser does not deposit the Second Deposit with Escrow Agent as required herein, Purchaser shall be in default under this Agreement.

The Initial Deposit and the Second Deposit are hereinafter collectively referred to as the "Total Deposit." That portion of the

Total Deposit held by Escrow Agent is sometimes referred to herein as the "Deposit".

(c) The balance of the Purchase Price shall be paid at time of Closing by Federal wire transfer, with the transfer of funds to Seller to be completed by 2:00 p.m. on the day of the Closing.

The Total Deposit shall be paid to Seller at the Closing as a credit against the Purchase Price. All interest shall be for Purchaser's account for tax purposes and shall be considered to be a part of the Total Deposit for all purposes. Notwithstanding the prior sentence, if Seller retains the Deposit in accordance with Section 3.1 hereof, such interest shall be for Seller's account for tax purposes.

In addition to the Initial Deposit, the Escrow Agent shall receive three fully executed copies of this Agreement immediately after both parties have executed it. The date of such deposit shall be acknowledged by the Escrow Agent on all copies. The Escrow Agent shall retain one copy of this Agreement and deliver one copy hereof to each of Purchaser and Seller.

The "Effective Date" of this Agreement shall be the date the Escrow Agent receives executed counterparts hereof from both parties.

Article III.
Failure to Close

3.1 Purchaser's Default. If Seller has complied with all of the covenants and conditions contained herein and is ready, willing and able to

convey the Property in accordance with this Agreement and Purchaser fails to consummate this Agreement as provided herein, then the parties hereto recognize and agree that the damages that Seller will sustain as a result thereof will be substantial, but difficult if not impossible to ascertain. Therefore, the parties agree that, in the event of Purchaser's default, Seller shall, as its sole remedy, be entitled to retain the Deposit as liquidated damages, and neither party shall have any further rights or obligations with respect to the other under this Agreement, except for the Surviving Covenants (hereinafter defined).

3.2 Seller's Default. In the event that Purchaser has complied with all of the covenants and conditions contained herein and is ready, willing and able to take title to the Property in accordance with this Agreement, and Seller fails to close as required herein, then Purchaser may, as its sole remedy, either (a) terminate this Agreement and recover the Deposit and all reasonable and bona fide out-of-pocket expenses incurred by it in connection with this Agreement, provided, however, that Seller's liability for such expenses shall not exceed $50,000.00; or (b) seek specific performance by Seller of Seller's obligations in accordance with principles of Florida law, and, if successful in obtaining specific performance, seek reimbursement of its actual attorneys' fees reasonably incurred, provided, however, that Seller's liability for such attorneys fees shall not exceed $100,000.00. Purchaser shall not be entitled to enter a suit for specific performance unless (i) such suit includes a representation that Purchaser had the ability to close hereunder at the time of such alleged default, (ii) such suit is filed within thirty (30) days of Seller's alleged default, and (iii) Purchaser has complied with all of its obligations hereunder.

Article IV.
Closing and Transfer of Title

4.1 Closing. The parties hereto agree to conduct a closing of this sale (the "Closing") on or before 10:00 a.m. on the date ten (10) calendar days after the "Feasibility Period" hereinafter provided ("Closing Date") in the office of the Escrow Agent identified in Section 3.1 above, or at such other place as may be agreed upon by the parties hereto. This Agreement shall terminate if transfer of title is not completed by the Closing Date (unless such failure to close is due to Seller's default, the date for Closing is extended pursuant to any provision hereof, including, without limitation, the matters described in Sections 4.2, 6.4, 6.5 and Article VII hereof, or the date for Closing is extended by agreement of the parties, which agreement shall be confirmed in writing).

4.2 Closing Procedure. At Closing, Seller shall execute and deliver or cause to be delivered (a) a Special Warranty Deed, in the form attached hereto as Exhibit C, proper for recording, conveying Seller's interest in the Real Property to Purchaser, subject, however, to (i) any and all easements, rights of way, encumbrances, liens, covenants, restrictions and other matters of record and any and all matters shown (A) on any survey of the Real Property obtained by Purchaser (including any survey obtained pursuant to Section 6.1) or otherwise disclosed to Purchaser (except monetary liens of record shown in the Title Commitment or appearing of record between the date of the Title Commitment and the Closing Date other than liens for taxes not yet due), (B)

in the Title Commitment (defined in Section 6.5) or (C) shown on the Survey (as defined in Section 6.4) (or which an accurate survey of the Property would show) and either approved by Purchaser or as to which objection has been waived by Purchaser, (ii) taxes not yet due and payable, (iii) the rights of lessees, ground lessees and licensees of space in the Improvements at the time of Closing (to the extent shown on the Rent Roll), and (iv) any encumbrances created or permitted by the terms of this Agreement; (b) a Bill of Sale in the form attached hereto as Exhibit D, dated as of the date of Closing conveying to Purchaser any and all Personal Property; (c) an Assignment of Leases in the form attached hereto as Exhibit E, dated the date of Closing, assigning all of the landlord's right, title and interest in and to any tenant and other leases covering all or any portion of the Real Property; (d) Tenant Notification Agreements (the "Tenant Notices"), dated the date of the Closing, executed by Seller, and, among other things, relieving Seller of liability for tenant security deposits (provided the security deposits are paid or credited to Purchaser), notifying the tenants of the Real Property that the Property has been sold to Purchaser and directing the tenants to pay rentals to Purchaser (or Purchaser's designated agent); (e) the originals of all leases and, to the extent in Seller's possession or under Seller's control, as-built plans and specifications and maintenance and service contracts that are to be assumed; (f) tenant estoppel certificates substantially in the form attached as Exhibit I executed by (i) Fuddruckers, First Watch, Dockside, Jo Ann Fabrics, Eckerd Drugs, Write Occasions, Chili's and Kinko's; and (ii) at least seventy (70%) of the other tenants (as measured by the number of tenants), it being understood and agreed that Seller shall use its reasonable best efforts to obtain estoppels from all tenants; (g) an updated Rent Roll, in the form of the Rent Roll attached hereto as Exhibit B, dated within 15 days of the date

of the Closing; (h) an affidavit that Seller is not a "foreign person" in the form attached as Exhibit G; (i) a master key or duplicate key for all locks in the Improvements; and (j) to the extent in the possession of Seller or Seller's property management company, all maintenance records.

Purchaser acknowledges and agrees that Seller is under no obligation to clear from the title any easements, rights of way, encumbrances, liens (except mechanics' liens for work done for Seller, mortgage liens or judgment liens), covenants, restrictions, or any other matters of record, or to cure any survey objections of Purchaser, or to create any encumbrances on, or for the benefit of, the Property. If Seller does not deliver title at Closing in a form consistent with the Title Commitment and in accordance with the terms of this Agreement, such failure shall not constitute a default or breach by Seller hereunder, and notwithstanding any other provision of this Agreement Purchaser's sole and exclusive remedy shall be to terminate this Agreement and receive a return of the Total Deposit, or to accept conveyance by Seller of such title as it delivers without reduction of the Purchase Price.

Purchaser acknowledges that Seller's obligation to obtain the tenant estoppel certificates as provided in Section 4.2(f) above shall constitute a condition of closing, the failure of which shall not constitute a default and, notwithstanding any other provision of this Agreement, Purchaser's sole and exclusive remedy for such failure shall be to terminate this Agreement and receive a return of the Deposit. In the event Seller has not obtained the estoppel certificates prior to the Closing Date, Seller may extend the Closing Date for an additional ten (10) calendar days to attempt to obtain same.

It is understood and agreed that in the event the estoppel certificates are not substantially in the form of Exhibit "I" or if the information set forth herein does not correlate with the Rent Roll attached hereto as Exhibit "B", Purchaser may terminate this Agreement and receive its Deposit.

4.3 Purchaser's Performance. At the Closing, Purchaser will cause the Purchase Price to be delivered to Seller, will execute and deliver the Tenant Notices, the Assignment of Leases, the Bill of Sale and all other appropriate closing documents. Purchaser's obligation shall be contingent upon its obtaining an Owner's Title Insurance Policy (the "Owner's Title Policy") from a "Title Company" selected by Purchaser dated no earlier than the date of the recording of the Deed, in the full amount of the Purchase Price, insuring that good and indefeasible fee simple title to the Property is vested in Purchaser, containing no exceptions to such title other than the standard printed exceptions (provided, however, that (i) if a proper survey is provided by Purchaser, the printed survey exception must be deleted, except for matters shown on the Survey, (ii) the exception as to ad valorem taxes shall be limited to taxes for the current and subsequent years, (iii) the exception for tenants and parties in possession shall be limited to those tenants, licensees, and occupants shown on the Rent Roll delivered at Closing), those items listed on Schedule "B" of the Title Commitment, and encumbrances created or permitted by the terms of this Agreement and (iv) the exception for mechanics' liens must be deleted. Purchaser shall use all reasonable efforts to obtain the Owner's Title Policy.

4.4 Evidence of Authority; Miscellaneous. Both parties will deliver to the Title Company and each other such evidence or documents as may reasonably be required by the Title Company or either party hereto evidencing the power and authority of Seller and Purchaser and the due authority of, and execution and delivery by, any person or persons who are executing any of the documents required hereunder in connection with the sale of the Property. Both parties will execute and deliver such other documents as are reasonably required to effect the intent of this Agreement.

Article V.
Prorations of Rents, Taxes, Etc.

Real estate taxes for the year of closing shall be prorated as of the date of Closing, based on maximum discount if tenants' payments for real estate taxes are calculated based on maximum discount, either using actual tax figures or, if actual figures are not available, then using as a basis for said proration the most recent assessed value of the Real Estate multiplied by the most current tax rate, with a subsequent cash adjustment to be made between Purchaser and Seller when actual tax figures are available. Personal property taxes, annual permit or inspection fees, sewer charges and other expenses normal to the operation and maintenance of the Property shall also be prorated as of the date of Closing. Rents that have been collected for the month of the Closing will be prorated at the Closing, effective as of the date of the Closing. With regard to rents that are delinquent as of the date of the Closing, (i) no proration will be made at the Closing, (ii) Purchaser will make a good faith effort after the Closing to collect the rents in the usual course of Purchaser's operation of the Property, (iii) Purchaser will apply

all rents collected first to current rents and, unless specifically designated otherwise by the tenant, post-closing delinquent rents and the excess amount, if any, shall be applied to the delinquent rent owed to Seller, and (iv) Purchaser will provide Seller with a copy of any correspondence received from or mailed to tenants in connection with rents due Seller under the terms of this Agreement. It is agreed, however, that Purchaser will not be obligated to institute any lawsuit or other collection procedures to collect delinquent rents. Rents collected by Purchaser after the Closing Date, to which Seller is entitled, shall be promptly paid to Seller. Seller shall retain the right to take legal action, if necessary, to collect any delinquent rents not collected by Purchaser and Purchaser shall not interfere with and shall cooperate with such legal action.

Percentage Rents and tenant reimbursements shall also be prorated, based on the number of days in the applicable period. Percentage Rents and tenant reimbursements not yet due and payable at Closing but allocable to the period Seller owned the Property shall be collected by Purchaser when due and paid to Seller upon receipt. Purchaser shall use commercially reasonable efforts to collect such amounts and shall provide Seller with a copy of any correspondence received from or sent to tenants in connection with percentage rents and tenant reimbursements allocable to Seller. Notwithstanding the foregoing, Seller shall retain the right to take legal action if necessary to collect any percentage rents and tenant reimbursements not collected by Purchaser within three (3) months of its due date and Purchaser shall not interfere with and shall cooperate with any such legal action.

As of the Closing Date, Purchaser shall be entitled to a credit for any tenant deposits under the leases, and for any prepaid rent covering periods after the Closing.

Final readings on all gas, water and electric meters shall be made as of the date of closing, if possible. If final readings are not possible, gas, water and electricity charges will be prorated based on the most recent period for which costs are available. Any deposits made by Seller with utility companies shall be returned to Seller. Purchaser shall be responsible for making all arrangements for the continuation of utility services. After the Closing, Purchaser will assume full responsibility for all security deposits and advance rental deposits of current tenants of the Real Property currently held by Seller, which items will be itemized by Seller and transferred and paid over to Purchaser at the Closing.

All items (including taxes, but excluding tenant reimbursements and percentage rent which is not due on or prior to Closing) that are not subject to an exact determination shall be estimated by the parties. When any item so estimated is, within six (6) months after the Closing capable of exact determination, the party in possession of the facts necessary to make the determination shall send the other party a detailed report on the exact determination so made and the parties shall adjust the prior estimate within thirty (30) days after both parties have received said reports.

All pro-rations shall be as of 12:01 a.m. on the Closing Date if closing proceeds are received by Seller prior to 2:00 p.m. on the Closing Date.

If not paid prior to Closing, Seller shall remain responsible for leasing commissions and tenant improvement costs in connection with the lease to First Watch Enterprises, Inc. (the "First Watch Lease"). Purchaser shall receive a credit for any free rent under this Lease which extends beyond Closing.

ARTICLE VI.
Purchaser Inspections and Contingencies

6.1 Document Inspection. Seller has made or will make available within three (3) days from the Effective Date of this Agreement the following items relating to the Real Property for review by Purchaser to the extent in Seller's or Seller's property manager's possession:

(1) a copy of Seller's policy of title insurance;

(2) all plans, drawings, and specifications and "as built" plans or drawings related to the Property and any third-party soil reports, environmental reports, engineering and architectural studies, grading plans, topographical maps, and similar data relating to the Property;

(3) a list and copies of all licenses, permits and approvals regarding the Property;

(4) service contracts and similar agreements related to the Property;

(5) Seller's existing survey of the Property;

(6) copies of any leases and other occupancy agreements applicable to the Property; and

(7) 1996 operating statements for the Property.

Purchaser agrees that if for any reason the Closing is not consummated, Purchaser will immediately return to Seller all materials furnished to Purchaser pursuant to this Agreement, together with any due diligence material obtained by Purchaser during the "Feasibility Period", described below.

6.2 Physical Inspection. In addition to the items set forth in Section 6.1, Seller will make the Property available for inspection by Purchaser and Purchaser may, at Purchaser's costs and risk, conduct such engineering and/or market and economic feasibility studies of the Property and undertake such physical inspection of the Property and such other investigations as Purchaser deems appropriate as soon as possible after the Effective Date of this Agreement. Purchaser shall give Seller reasonable oral or written notice of all proposed activities to be undertaken on the Property, and Seller's consent thereto shall be required but shall not be unreasonably withheld or delayed. Such activity shall be coordinated with the designated representative of CIGNA Investments, Inc. and shall not unreasonably interfere with the operation of the Property. Purchaser may conduct interviews with tenants of the Property provided that Purchaser has scheduled such interviews with a representative of Seller and the "Authorized Broker" hereinafter defined.

Purchaser hereby agrees to pay, protect, defend, indemnify and save Seller and the Property free and harmless against all liabilities, obligations, claims (including mechanic's lien claims), damages, penalties, causes of action, judgments, costs and expenses (including, without

limitation, attorneys' fees and expenses) (whether involving bodily injury or property damage) imposed upon, incurred by or asserted against Seller in connection with or arising out of the entry upon the Real Property by Purchaser's employees, agents or independent contractors and the actions of such persons on the Real Property (or involving mechanic's liens as a result thereof). In the event any part of the Property is damaged or excavated by Purchaser, its employees, agents or independent contractors, or Regency, its employees, agents or independent contractors, Purchaser and Regency agree in the event its purchase hereunder is not consummated, to make such additional payments to Seller as may be reasonably required to return the Property to its condition immediately prior to such damage or excavation or, at Seller's option, to cause such work to be done. Notwithstanding any provision to the contrary herein, Purchaser's obligations under this subparagraph shall be joint and several and shall survive the expiration or termination of this Agreement, and shall survive Closing.

Prior to any such entry on the Real Property by Purchaser's employees, agents or independent contractors, Purchaser shall provide Seller with evidence of insurance in form and substance acceptable to Seller with respect to all such inspections conducted upon the Real Property.

6.3. Feasibility Period. Purchaser shall have a period commencing with the Effective Date and terminating on the fortieth (40th) calendar date thereafter to conduct its inspection of the documents delivered in accordance with Section 6.1 and to conduct physical inspections of the Property as set forth in Section 6.2 (the "Feasibility Period"). On or before the last day of the Feasibility Period, Purchaser may, in its sole discretion without obligation to specify which aspect of its inspection was unsatisfactory, terminate this Agreement by providing a written notice to Seller and Escrow

Agent so providing. Such notice to Seller shall include all documents provided to Seller as well as all inspection reports. Upon receipt of such notice, this Agreement shall terminate and the Escrow Agent shall return the Deposit to Purchaser, and neither party shall have any obligation to the other, except for the Surviving Covenants. If Purchaser fails to provide such notice of termination on or before the last day of the Feasibility Period, Purchaser shall be deemed to have approved such inspections. Purchaser shall thereafter deliver the Second Deposit to Escrow Agent and this contract shall remain in full force and effect.

6.4. Survey Contingency. Purchaser's obligation to purchase the Property is subject to its obtaining, within fifteen (15) days after the Effective Date, an ALTA survey of the Real Property by a registered surveyor (the "Survey"). The Survey shall show the location of all improvements, structures, driveways, parking areas, easements, rights of way, and any encroachments. Purchaser shall use its best efforts to obtain the Survey. Purchaser shall provide a copy of the Survey, which shall be certified to Purchaser and Seller, to Seller immediately upon its receipt thereof.

Purchaser shall have until five (5) days after receipt thereof to object in writing to the Survey, including any objection to the boundaries set forth in the Survey and to the legal description. This contingency shall be deemed satisfied or waived if Seller has not received written notice of Purchaser's objection before such date. Any such written notice shall state all of Purchaser's objections with specificity. Upon receipt of such notice, Seller may, but shall not be obligated to, cure such objections. If Seller cures such objections within 15 days, or, if such objections are such that they

cannot be cured within 15 days and Seller has commenced curing such objections and thereafter diligently proceeds to perfect such cure (but in no event beyond 45 days unless agreed to by Purchaser), then this Agreement shall continue in force and effect, and the Closing Date shall be adjusted accordingly. If Seller is unable to, or chooses not to, cure such objections within the time permitted, this Agreement shall terminate, Seller shall instruct the Escrow Agent to return the Deposit to Purchaser, and neither party shall have any further obligations hereunder except for the Surviving Covenants. Notwithstanding the foregoing, however, Purchaser may waive such objections that Seller is unable to or chooses not to cure, and upon receipt by Seller of such waiver in full from Purchaser within 10 days of notice from Seller that it is unable or chooses not to cure such objections, this Agreement shall remain in full force and effect with no reduction in the Purchase Price.

If requested by Seller, Purchaser will confirm in writing whether this survey contingency has been satisfied and, if so, the date on which it was satisfied. Seller shall provide a copy of the Survey to Purchaser at or prior to Closing.

6.5. Title Contingency. Purchaser's obligation to purchase the Property is subject to its obtaining within fifteen (15) days after the Effective Date a commitment for an Owner's Title Insurance Policy (the "Title Commitment"), dated not earlier than the Effective Date of this Agreement, issued by the Title Company, together with such copies of all items and documents referred to in the Title Commitment. The Title Commitment will commit the Title Company to issue the Owner's Title Policy to Purchaser at the

Closing in the amount of the Purchase Price. Purchaser shall use its best efforts to obtain the Title Commitment. Purchaser shall deliver a copy of the Title Commitment to Seller immediately upon Purchaser's receipt thereof.

Purchaser shall have until five (5) days after its receipt thereof to state any objections in writing. This contingency shall be deemed satisfied or waived if such written notice of objection is not provided by Purchaser on or before the expiration of such five-day period. Such written notice of objection shall state all of Purchaser's objections with specificity. Upon receipt of such notice, Seller may, but shall not be obligated to, cure such objection. If Seller cures such objections within 15 days, or, if such objections are such that they cannot be cured within 15 days and Seller has commenced curing such objections and thereafter diligently proceeds to perfect such cure, then this Agreement shall continue in full force and effect and the Closing Date shall be adjusted accordingly. If Seller is unable or chooses not to cure such objections within the time permitted, then this Agreement shall terminate, and Seller shall instruct the Escrow Agent to return the Initial Deposit to Purchaser, and neither party shall have any further obligations hereunder except for the Surviving Covenants. Notwithstanding the foregoing, however, Purchaser may waive such objections that Seller is unable or chooses not to cure within 10 days after receipt of a notice that Seller is unable or chooses not to cure such objections, and upon receipt by Seller of such waiver in full from Purchaser, this Agreement shall remain in full force and effect with no reduction in the Purchase Price.

If requested by Seller, Purchaser will confirm in writing whether this title contingency has been satisfied and, if so, the date on which it was satisfied. Seller assumes no obligations to Purchaser with respect to matters

disclosed as title exceptions in the Title Commitment. Purchaser shall promptly deliver to Seller a copy of the Title Commitment upon Purchser's receipt thereof.

Article VII.
Loss due to Casualty or Condemnation

7.1 Loss due to Condemnation. In the event of a condemnation of all or a Substantial Portion of the Real Property which condemnation shall or would render a Substantial Portion of the Real Property untenantable, or if any portion of the building or parking area is taken, either party may, upon written notice to the other party given within 10 days of receipt of notice of such event, cancel this Agreement, in which event Seller shall instruct the Title Company to return the Deposit to Purchaser, this Agreement shall terminate and neither party shall have any rights or obligations hereunder except for the Surviving Covenants. In the event that neither party elects to terminate, or if the condemnation affects less than a Substantial Portion or does not affect the building or parking area, then this Agreement shall remain in full force and effect, and Seller shall be entitled to all monies received or collected by reason of such condemnation prior to closing. In such event, the transaction hereby contemplated shall close in accordance with the terms and conditions of this Agreement except that there will be an abatement of the Purchase Price equal to the amount of the net proceeds, less costs and attorney's fees, which are received by Seller by reason of such condemnation prior to closing. If the condemnation proceeding shall not have been concluded prior to the Closing, then there shall be no abatement of the Purchase Price and Seller shall assign any interest it has in the pending

award to Purchaser. For purposes of this Section 7.1, a Substantial Portion shall mean a condemnation of in excess of $250,000.00 in value of the Real Property.

7.2 Loss due to Casualty. In the event of Substantial Loss or Damage to the Real Property by fire or other casualty (not resulting from acts of Purchaser), either party may, upon written notice to the other party given within 10 days of receipt of notice of such event, cancel this Agreement in which event Seller shall instruct the Title Company to return the Deposit to Purchaser and this Agreement shall terminate and neither party shall have any rights or obligations hereunder except for the Surviving Covenants. In the event that neither party elects to terminate, or if the casualty results in less than Substantial Loss or Damage, then this Agreement shall remain in full force and effect and Seller shall be entitled to all insurance proceeds received or collected by reason of such damage or loss, whereupon the transaction hereby contemplated shall close in accordance with the terms and conditions of this Agreement except that there will be abatement of the Purchase Price equal to the amount of the net proceeds, less costs and attorney's fees, which are received by Seller as a result of such damage or loss, provided that such abatement will be reduced by the amount expended by Seller in accordance with Article VIII hereof for restoration or preservation of the Property following the casualty. Alternatively, Purchaser may, in its discretion, have Seller repair or replace the damaged Property, and there shall be no abatement of the Purchase Price in such case. However, Purchaser shall not be entitled to require Seller to effect repair or replacement unless the loss is entirely covered by insurance (except for any applicable deductible) and the repair or replacement will take no more than three (3)

months to complete. For purposes of this Section 7.2, "Substantial Loss or Damage" shall mean loss or damage, the cost for repair of which exceeds $250,000.00.

Article VIII.
Maintenance of the Property

Between the time of execution of this Agreement and the Closing, Seller shall use its best efforts to maintain the Property in at least as good repair as of the date of this Agreement, reasonable wear and tear excepted; except that in the event of a fire or other casualty, damage or loss, Seller shall have no duty to repair said damage except as provided in Section 7.2 hereof. However, Seller may repair any such damage with Purchaser's prior, written approval and may, without Purchaser's approval, repair damage where such repair is necessary in Seller's reasonable opinion to preserve and protect the health and safety of tenants of the Property or to preserve the Property from imminent risk of further damage or if required to do so by Seller's insurance carrier or any lease. Any such emergency repairs shall be reported to Purchaser within 48 hours of their completion.

During the period after the Effective Date and prior to the Closing, Seller shall not lease any portion of the Real Property unless such lease has been approved in writing by Purchaser, which approval shall not be unreasonably withheld. Any such proposed lease shall be on Seller's standard form of lease and shall be reviewed and approved or rejected within five (5) business days after receipt thereof by Purchaser. Failure to approve or reject such proposed lease within such period shall be deemed approval. If the proposed lease is rejected and Purchaser provides a reasonable rationale

for such objection, then Seller shall not enter into such lease. With respect to any leases entered into during such period, Purchaser shall assume all of Seller's obligations as lessor thereunder, including paying the cost of all tenant improvements and leasing commissions with respect thereto.

Seller shall deliver to Purchaser a copy of any new lease executed for any portion of the Property.

Article IX.
Broker

Purchaser and Seller represent to each other that they have dealt with no agent or broker who in any way has participated as a procuring cause of the sale of the Property, except Cushman & Wakefield of Florida, Inc. ("Authorized Broker"). Seller shall pay a commission to the Authorized Broker at and if the Closing occurs to the extent due pursuant to a separate written agreement between Seller and Authorized Broker. The Authorized Broker shall be responsible for paying any applicable co-broker under terms of any separate agreement between them. Purchaser and Seller each agree to defend, indemnify and hold harmless the other for any and all judgments, costs of suit, attorneys' fees, and other reasonable expenses which the other may incur by reason of any action or claim against the other by any broker, agent, or finder with whom the indemnifying party has dealt arising out of this Agreement or any subsequent sale of the Property to Purchaser, except for the above-described commissions, which shall be paid by Seller. The provisions of this Article IX shall survive the Closing and any termination of this Agreement.

Article X.
Representations and Warranties

10.1 Limitations on Representations and Warranties. Purchaser hereby agrees and acknowledges that, except as set forth in Section 10.2 below, neither Seller nor any agent, attorney, employee or representative of Seller has made any representation whatsoever regarding the subject matter of this sale, or any part thereof, including (without limiting the generality of the foregoing) representations as to the physical nature or condition of the Property or the capabilities thereof, and that Purchaser, in executing, delivering and/or performing this Agreement, does not rely upon any statement and/or information to whomever made or given, directly or indirectly, orally or in writing, by any individual, firm or corporation. Purchaser agrees to take the Real Property and the Personal Property "as is," as of the date hereof, reasonable wear and tear, and minor damage caused by the removal of any personal property or fixtures not included in this sale, excepted. SELLER MAKES NO REPRESENTATIONS OR WARRANTIES AS TO THE PHYSICAL CONDITION OF THE PROPERTY OR THE SUITABILITY THEREOF FOR ANY PURPOSE FOR WHICH PURCHASER MAY DESIRE TO USE IT. SELLER HEREBY EXPRESSLY DISCLAIMS ANY WARRANTIES OF MERCHANTABILITY AND/OR FITNESS FOR A PARTICULAR PURPOSE AND ANY OTHER WARRANTIES OR REPRESENTATIONS AS TO THE PHYSICAL CONDITION OF THE PROPERTY. PURCHASER, BY ACCEPTANCE OF THE DEED, AGREES THAT IT HAS INSPECTED THE PROPERTY AND ACCEPTS SAME "AS IS" AND "WITH ALL FAULTS".

Purchaser understands that any financial statements and data, including, without limitation, gross rental income, operating expenses and cash flow statements, to be made available by Seller to Purchaser, will be unaudited

financial statements and data not prepared or reviewed by independent public accountants, and that Seller makes no representation as to the accuracy or completeness thereof. Seller shall make the books and records of the Property for 1994 and 1995 available to Seller for a period of sixty (60) days after the Closing to permit Purchaser's accountants to conduct an audit; provided, however, Seller shall have no expense, liability or responsibility for anything shown in such audit. Purchaser shall indemnify and hold harmless the Seller from any claim, damage, loss or liability to which Seller is at any time subjected by any person as a result of its compliance with the previous sentence. The provisions of this paragraph shall survive Closing.

In the event Purchaser's accountants request an audit letter with respect to such audits, Seller shall supply such a letter in a form reasonably acceptable to Seller; provided, that, in no event shall such letter expand or enhance Seller's representations and warranties under this Agreement.

10.2 Representations and Warranties. Seller makes the following representations and warranties and agrees that Purchaser's obligations under this Agreement are conditioned upon the truth and accuracy of such representations and warranties, both as of this date and as of the date of the Closing:

(a) Seller has the corporate power and authority to enter into this Agreement and convey the Property to Purchaser.

(b) To the best of Seller's knowledge, Seller has received no notice of any material existing, pending or threatened litigation, administrative

proceeding or condemnation or sale in lieu thereof, with respect to any portion of the Real Property, except as noted on Exhibit H attached hereto.

(c) Except for those tenants and licensees in possession of the Real Property under written leases or license agreements for space in the Real Property, as shown in the Rent Roll, to the best of Seller's knowledge there are no parties in possession of, or claiming any possession to, any portion of the Real Property as lessees, tenants at sufferance, licensees, trespassers or otherwise.

(d) The updated Rent Roll for the Real Property, which shall be delivered at the Closing, will be true, correct and complete as of the date set forth thereon; no tenant will be entitled to any rebates, rent concessions, or free rent (other than as reflected in said Rent Roll) and no rents due under any of the tenant or other leases will have been assigned, hypothecated, or encumbered, to any party except pursuant to documents to be released at Closing.

(e) There are no attachments or executions affecting the Property, general assignments for the benefit of creditors, or voluntary or involuntary proceedings in bankruptcy, pending or, to the best of Seller's knowledge, threatened against Seller.

(f) To the best of Seller's knowledge, (i) the Property is not contaminated with any hazardous substance; (ii) Seller has not caused and will not cause, and there never has occurred, the release of any hazardous substance on the Property; and (iii) the Property is not subject to any

federal, state or local "superfund" lien, proceedings, claim, liability or action. The terms "hazardous substance" and "release" as used herein shall have the same meaning and definition as set forth in paragraphs (14), (22) and (23), respectively, of Title 42 U.S.C. Section 9601 and under any applicable Florida law provided, however, that the term "hazardous substance" as used herein also shall include "hazardous waste" as defined in paragraph (5) of 42 U.S.C. Section 6903 and "petroleum" as defined in paragraph (8) of 42 U.S.C. Section 6991. The term "superfund" as used herein means the Comprehensive Environmental Response, Compensation and Liability Act, as amended, being Title 42 U.S.C. Section 9601 et seq., as amended, and any similar state statute or local ordinance applicable to the Property, and all rules and regulations promulgated, administered and enforced by any governmental agency or authority pursuant thereto.

Anything in the foregoing to the contrary notwithstanding, it is understood and acknowledged by Purchaser that one of the tenants shown on the Rent Roll is a dry cleaner that may be in violation of applicable Florida law, and that Purchaser is obtaining an environmental audit with respect to such dry cleaner and the Property as a whole.

10.3 Seller's Knowledge. Whenever the term "to the best of Seller's knowledge" is used in this Agreement or in any representations and warranties given to Purchaser at Closing, such knowledge shall be the actual knowledge of Sean Williams(the "Key Personnel"), the personnel assigned to the Real Property by CIGNA Investments, Inc., authorized agent for Seller, without investigation or due diligence review. Seller shall have no duty to conduct any further inquiry in making any such representations and warranties, and no knowledge of any other person shall be imputed to the Key Personnel.

10.4 Survival. All representations and warranties contained in Section 10.2 will survive the Closing of this transaction (but only as to the status of facts as they exist as of the Closing, it being understood that Seller makes no representations or warranties which would apply to changes or other matters occurring after the Closing), but shall expire on the date one year from the date of Closing, and no action on such representations and warranties may be commenced after such expiration.

Article XI.
Liability of Seller

Neither Seller nor any independent property manager which Seller has hired to manage the Property shall, by entering into this Agreement, become liable for any costs or expenses incurred by Purchaser subsequent to the date of Closing, including any labor performed on, or materials furnished to, the Real Property, or for any leasing commissions or other fees or commissions due for renewals or extensions of existing leases or otherwise (except with respect to the First Watch Lease), or for compliance with any laws, requirements or regulations of, or taxes, assessments or other charges thereafter due to any governmental authority, or for any other charges or expenses whatsoever pertaining to the Property or to the ownership, title, possession, use, or occupancy of the Property, whether or not such costs and expenses were incurred pursuant to obligations of Purchaser under this Agreement (including, without limitation, any costs of compliance with presently-existing and future environmental laws, any environmental remediation costs, and any costs of, or awards of damages for, damage to the environment, to natural resources, or to any third party, it being the intent

of this Agreement, as between Purchaser and Seller, to shift all such liability to Purchaser, and Purchaser hereby agrees to defend, indemnify and hold Seller harmless from any such liability for such costs and expenses. Nothing herein shall negate any liability of Seller, if any, which arises under the express provisions hereof or of the Assignment and Assumption of Leases and Security Deposits. The provisions of this Article XI shall survive closing.

Article XII.
Assignment

Except to a related party, Purchaser may not assign or transfer this Agreement without prior written consent of Seller. No assignment shall relieve Purchaser of any of its obligations under this Agreement.

Article XIII.
Notices

All notices hereunder or required by law shall be sent via any nationally recognized commercial overnight carrier with provisions for receipt, addressed to the parties hereto at their respective addresses set forth below or as they have theretofore specified by written notice delivered in accordance herewith: PURCHASER: RRC Acquisitions, Inc.
121 West Forsyth Street, Suite 200
Jacksonville, FL 32202

with a copy to: William E. Scheu, Esq.
Ulmer, Murchison, Ashby & Taylor
200 West Forsyth Street, Suite 1600
Jacksonville, FL 32202

SELLER: Cigna Real Estate Fund S
Limited Partnership
c/o CIGNA Investments, Inc.
900 Cottage Grove Road
Hartford, CT 06152-2313
Attn: Mr. Mark v. DePucchio

with a copy to: CIGNA Corporation
Investment Law Department
900 Cottage Grove Road
Hartford, CT 06152-2215
Attn: Mortgage and Real Estate Group, S-215A

ESCROW AGENT: Fleming, Haile & Shaw, P.A.
440 Royal Palm Way, Suite 100
Palm Beach, Florida 33480
Attention: David M. Shaw, Esq.

Delivery will be deemed complete upon actual deposit with such delivery service.

Article XIV.
Expenses

Seller shall pay its own attorney's fees and documentary stamps on the Deed. Purchaser shall pay all of Purchaser's attorneys' fees and expenses, recording charges, sales taxes, the Title Company's fees, any Title Policy premium and the cost of the Survey, notwithstanding any local practice to the contrary.

Article XV.
Miscellaneous

15.1 Successors and Assigns. All the terms and conditions of this Agreement are hereby made binding upon the executors, heirs, administrators, successors and permitted assigns of both parties hereto.

15.2 Gender. Words of any gender used in this Agreement shall be held and construed to include any other gender, and words in the singular number shall be held to include the plural, and vice versa, unless the context requires otherwise.

15.3 Captions. The captions in this Agreement are inserted only for the purpose of convenient reference and in no way define, limit or prescribe the scope or intent of this Agreement or any part hereof.

15.4 Construction. No provision of this Agreement shall be construed by any Court or other judicial authority against any party hereto by reason of such party's being deemed to have drafted or structured such provisions.

15.5 Entire Agreement. This Agreement constitutes the entire contract between the parties hereto and there are no other oral or written promises, conditions, representations, understandings or terms of any kind as conditions or inducements to the execution hereof and none have been relied upon by either party.

15.6 Recording. The parties agree that this Agreement shall not be recorded. If Purchaser causes this Agreement or any notice or memorandum thereof to be recorded, this Agreement shall be null and void at the option of the Seller.

15.7 No Continuance. Purchaser acknowledges that there shall be no assignment, transfer or continuance of any of Seller's insurance coverage or of the property management contract.

15.8 Time of Essence. Time is of the essence in this transaction.

15.9 Original Document. This Agreement may be executed by both parties in counterparts in which event each shall be deemed an original.

15.10 Governing Law. This Agreement shall be construed, and the rights and obligations of Seller and Purchaser hereunder shall be determined,in accordance with the laws of the State of Florida.

15.11 Acceptance of Offer. This Agreement constitutes Purchaser's offer to buy from Seller on the terms set forth herein and must be accepted by Seller by signing three copies hereof and returning them to Escrow Agent no later than July 23, 1996. If Seller has not accepted this Agreement by such date, then this Agreement and the offer represented hereby shall automatically be revoked and shall be of no further force or effect.

15.12 Confidentiality. Purchaser and Seller agree that all documents and information concerning the Property delivered to Purchaser, the subject matter of this Agreement, and all negotiations will remain confidential. Purchaser and Seller will disclose such information only to those parties required to know it, including, without limitation, employees of either of the parties, consultants and attorneys engaged by either of the parties, and prospective or existing investors and lenders.

15.13 Surviving Covenants. Notwithstanding any provisions hereof to the contrary, the provisions of the second paragraph of Section 6.2 hereof and the provisions of Article IX and Section 15.15 hereof (collectively, the

"Surviving Covenants") shall survive the Closing and any termination of this Agreement.

15.14 Approval. Seller's obligation to perform its duties hereunder is contingent upon approval of the transaction by all required boards and committees in accordance with the standard policies and procedures of CIGNA Investments, Inc. Seller will seek such approvals during the period commencing on the date of execution hereof by Purchaser, to and including the last day of the Feasibility Period, and will notify Purchaser promptly of the decision of such boards and committees. If the transaction is not approved by such date, then Seller shall terminate this Agreement by giving notice thereof to Purchaser, whereupon the Deposit shall be returned to Purchaser and neither party shall have any further rights or duties hereunder except for the Surviving Covenants.

15.15 Prevailing Party. If any legal action or other proceeding is brought for the enforcement of this Agreement, or because of an alleged dispute, breach, default or misrepresentation in connection with any of the provisions of this Agreement, the successful or prevailing party or parties shall be entitled to recover reasonable and other costs incurred in that action or proceeding, including those related to appeals, in addition to any other relief to which it or they may be entitled. This provision shall survive Closing or other termination of this Agreement.

15.16 No Recording. Neither this Agreement nor any reference to it shall be placed of record in any county in the State of Florida.

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

WITNESS the following signatures.

EXECUTED BY PURCHASER this _____ day of _____, 1996.

PURCHASER:

RRC ACQUISITIONS, INC.

By: _____
Name:
Title:

Fed. Tax I.D. No._____

EXECUTED BY SELLER this _____ day of _____, 1996.

SELLER:

CIGNA REAL ESTATE FUND S LIMITED PARTNERSHIP, a Connecticut limited partnership

By CONNECTICUT GENERAL LIFE INSURANCE COMPANY, a Connecticut corporation, its general partner

By CIGNA Investments, Inc., its authorized agent

By:_____

Name:
Title:

Receipt of original copies of this Agreement executed by Seller and Purchaser is acknowledged this ____ day of _____, 1996. Escrow Agent's performance under this Agreement is subject to the Escrow Conditions set forth on Schedule "A" hereto.

ESCROW AGENT:

FLEMING, HAILE & SHAW, P.A.

By:_____
Name:
Title:

Executed for purposes of being bound by Section 6.2 hereof.

CUSHMAN & WAKEFIELD OF FLORIDA, INC., a Florida corporation

By:_____
Name:
Title:

AGREEMENT OF PURCHASE AND SALE

BETWEEN

CIGNA REAL ESTATE FUND S
LIMITED PARTNERSHIP, SELLER

AND

RRC ACQUISITIONS, INC., PURCHASER

Property: University Collection
Tampa, Florida

Effective Date: _____

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PURCHASE AND SALE AGREEMENT

THIS AGREEMENT is made as of the 9th day of August, 1996, between STERLING TEQUESTA/TRAILS LIMITED PARTNERSHIP, a Florida limited partnership ("Seller"), and RRC ACQUISITIONS, INC., a Florida corporation ("Buyer").

Background

Buyer wishes to purchase two shopping centers owned by Seller, one known as "Trails Shopping Center", in Ormond Beach, Volusia County, Florida ("Trail"), and the other known as "Tequesta Shoppes", in Tequesta, Palm Beach County, Florida ("Tequesta"). Inasmuch as this Agreement concerns the sale and purchase of both Trail and Tequesta, the two shopping centers are referred to herein collectively as the "Shopping Center".

Seller wishes to sell the Shopping Center to Buyer;

In consideration of the mutual agreements herein, and other good and valuable consideration, the receipt of which is hereby acknowledged, Seller agrees to sell and Buyer agrees to purchase the Property (as hereinafter defined) on the following terms and conditions:

1. DEFINITIONS

As used in this Agreement, the following terms shall have the following meanings:

1.1 Agreement means this instrument as it may be amended from time to time.

1.2 Allocation Date means the close of business on the day immediately prior to the Closing Date.

1.3 Audit Representation Letter means the form of Audit Representation Letter attached hereto as Exhibit 1.3.

1.4 Buyer means the party identified as Buyer on the initial page hereof.

1.5 Closing means generally the execution and delivery of those documents and funds necessary to effect the sale of the Property by Seller to Buyer.

1.6 Closing Date means the date on which the Closing occurs.

1.7 Contracts means all service contracts, agreements or other instruments affecting the Property.

1.8 Earnest Money Deposit means the deposit delivered by Buyer to Escrow Agent prior to the Closing under Section 2.2 of this Agreement, together with the earnings thereon, if any.

1.9 Environmental Claim means any investigation, notice, violation, demand, allegation, action, suit, injunction, judgment, order, consent decree, penalty, fine, lien, proceeding, or claim (whether administrative, judicial, or private in nature) arising (a) pursuant to, or in connection with, an actual or alleged violation of, any Environmental Law, (b) in connection with any Hazardous Material or actual or alleged Hazardous Material Activity, (c) from any abatement, removal, remedial, corrective, or other response action in connection with a Hazardous Material, Environmental Law or other order of a governmental authority or (d) from any actual or alleged damage, injury, threat, or harm to health, safety, natural resources, or the environment.

1.10 Environmental Law means any current legal requirement in effect at the Closing Date pertaining to (a) the protection of health, safety, and the indoor or outdoor environment, (b) the conservation, management, protection or use of natural resources and wildlife, (c) the protection or use of source water and groundwater, (d) the management, manufacture, posses sion, presence, use, generation, transportation, treatment, storage, disposal, Release, threatened Release, abatement, removal, remediation or handling of, or exposure to, any Hazardous Material or (e) pollution (including any Release to air, land, surface water, and groundwater); and includes, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986, 42 USC 9601 et seq., Solid Waste Disposal Act, as amended by the Resource Conservation Act of 1976 and Hazardous and Solid Waste Amendments of 1984, 42 USC 6901 et seq., Federal Water Pollution Control Act, as amended by the Clean Water Act of 1977, 33 USC 1251 et seq., Clean Air Act of 1966, as amended, 42 USC 7401 et seq., Toxic Substances Control Act of 1976, 15 USC 2601 et seq., Hazardous Materials Transportation Act, 49 USC App. 1801, Occupational Safety and Health Act of 1970, as amended, 29 USC 651 et seq., Oil Pollution Act of 1990, 33 USC 2701 et seq., Emergency Planning and Community Right-to-Know Act of 1986, 42 USC App. 11001 et seq., National Environmental Policy Act of 1969, 42 USC 4321 et seq., Safe Drinking Water Act of 1974, as amended by 42 USC 300(f) et seq., and any similar, implementing or successor law, any amendment, rule, regulation, order or directive, issued thereunder.

1.11 Escrow Agent means Ulmer, Murchison, Ashby & Taylor, Attorneys, whose address is Suite 1600, SunTrust Building, 200 West Forsyth Street, Jacksonville, Florida 32202 (Fax 904/354-9100), or any successor Escrow Agent approved by the parties.

1.12 Governmental Approval means any permit, license, variance, certificate, consent, letter, clearance, closure, exemption, decision, action or approval of a governmental authority.

1.13 Hazardous Material means any petroleum, petroleum product, drycleaning solvent or chemical, biological or medical waste, "sharps" or any other hazardous or toxic substance as defined in or regulated by any Environmental Law in effect at the pertinent date or dates.

1.14 Hazardous Material Activity means any activity, event, or occurrence at or prior to the Closing Date involving a Hazardous Material, including, without limitation, the manufacture, possession, presence, use, generation, transportation, treatment, storage, disposal, Release, threatened Release, abatement, removal, remediation, handling or corrective or response action to any Hazardous Material.

1.15 Improvements means any buildings, structures or other improvements situated on the Real Property.

1.16 Inspection Period means the period of time which expires at midnight on Monday, September 16, 1996.

1.17 Leases means all leases and other occupancy agreements permitting persons to lease or occupy all or a portion of the Property.

1.18 Materials means all plans, drawings, specifications, soil test reports, environmental reports, market studies, surveys, and similar documentation, if any, owned by or in the possession of Seller with respect to the Property, Improvements and any proposed improvements to the Property, which Seller may lawfully transfer to Buyer except that, as to financial and other records, Materials shall include only photostatic copies.

1.19 Permitted Exceptions means only the following interests, liens and encumbrances:

(a) Liens for ad valorem taxes not payable on or before Closing;

(b) Printed form exclusions under ALTA standard form title insurance policies not ordinarily removed at closing through the use of affidavits, indemnities and similar undertakings;

(c) Rights of tenants under Leases; and

(d) Other matters determined by Buyer to be acceptable.

1.20 Personal Property means all (a) sprinkler, plumbing, heating, air-conditioning, electric power or lighting, incinerating, ventilating and cooling systems, with each of their respective appurtenant furnaces, boilers, engines, motors, dynamos, radiators, pipes, wiring and other apparatus, equipment and fixtures, elevators, partitions, fire prevention and extinguishing systems located in or on the Improvements, (b) all Materials, and (c) all other

personal property located at and used in connection with the Improvements, provided the same are now owned or are acquired by Seller prior to the Closing.

1.21 Property means collectively the Real Property, the Improvements and the Personal Property.

1.22 Prorated means the allocation of items of expense or income between Buyer and Seller based upon that percentage of the time period as to which such item of expense or income relates which has expired as of the date at which the proration is to be made.

1.23 Purchase Price means the consideration agreed to be paid by Buyer to Seller for the purchase of the Property as set forth in Section 2.1 (subject to adjustments as provided herein).

1.24 Real Property means the lands more particularly described on Exhibit 1.24, together with all easements, licenses, privileges, rights of way and other appurtenances pertaining to or accruing to the benefit of such lands, and includes both Trail and Tequesta.

1.25 Release means any spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, or disposing into the indoor or outdoor environment, including, without limitation, the abandonment or discarding of barrels, drums, containers, tanks, and other receptacles containing or previously containing any Hazardous Material at or prior to the Closing Date.

1.26 Rent Roll means the list of Leases attached hereto as Exhibit 1.26, identifying with particularity the space leased by each tenant, the term (including extensions), square footage and applicable rent, common area maintenance, tax and other reimbursements, security deposits and similar data.

1.27 Seller means the party identified as Seller on the initial page hereof.

1.28 Seller Financial Statements means the unaudited balance sheets and statements of income, cash flows and changes in financial positions of Seller for the Property, as of and for the two (2) calendar years next preceding the date of this Agreement and all monthly reports of income, expense and cash flow prepared by Seller for the Property, which shall be consistent with past practice, for any period beginning after the latest of such calendar years, and ending prior to Closing.

1.29 Shopping Center means Trail and Tequesta, collectively, as identified on the initial page hereof.

1.30 Survey means a map of a stake survey of the Real Property which shall comply with Minimum Standard Detail Requirements for ALTA/ACSM Land Title Surveys, jointly established and adopted by ALTA and ACSM in 1992, and includes items 1, 2, 3, 4, 6, 7, 8,

9, 10 and 11 of Table "A" thereof, which meets the accuracy standards (as adopted by ALTA and ACSM and in effect on the date of the Survey) of an urban survey, which is dated not earlier than thirty (30) days prior to the Closing, and which is certified to Buyer, Seller, the Title Insurance company providing Title Insurance to Buyer, and Buyer's lender, and dated as of the date the Survey was made.

1.31 Tenant Estoppel Letter means a letter or other certificate from a tenant certifying as to certain matters regarding such tenant's Lease, in substantially the same form as attached hereto as Exhibit 1.31, or in the case of national or regional "credit" tenants identified as such on the Rent Roll, the form customarily used by such tenant provided the information disclosed contains substantially all of the information contained in the form attached hereto, such information does not materially differ from that contained in the Rent Roll, and is not otherwise determined to be detrimental by Buyer, acting in a commercially reasonable manner.

1.32 Title Defect means any exception in the Title Insurance Commitment or any encroachment, easement, setback violation or other interest disclosed by the Survey, other than a Permitted Exception.

1.33 Title Insurance means an ALTA Form B Owners Policy of Title Insurance for the full Purchase Price insuring marketable title in Buyer in fee simple, subject only to the Permitted Exceptions, issued by a title insurer acceptable to Buyer.

1.34 Title Insurance Commitment means a binder whereby the title insurer agrees to issue the Title Insurance to Buyer.

1.35 Transaction Documents means this Agreement, the deed conveying the Property, the assignment of leases, the bill of sale conveying the Personal Property and all other documents required or appropriate in connection with the transactions contemplated hereby.

2. PURCHASE PRICE AND PAYMENT

2.1 Purchase Price; Payment.

(a) Purchase Price and Terms. The total Purchase Price for the Property (subject to adjustment as provided herein) shall be $15,200,000. The Purchase Price shall be payable in cash at Closing.

(b) Adjustments to the Purchase Price. The Purchase Price shall be adjusted as of the Closing Date by:

(1) prorating the Closing year's real and tangible personal property taxes as of the Allocation Date (if the amount of the current year's property taxes are not available, such taxes will be prorated based upon the prior year's assessment);

(2) prorating as of the Allocation Date cash receipts and expenditures for the Shopping Center and other items customarily prorated in transactions of this sort, such as utilities, insurance and payments due under Contracts; and

(3) subtracting the amount of security deposits, prepaid rents from tenants under the Leases, and credit balances, if any, of any tenants. Any rents, percentage rents or tenant reimbursements payable after the Allocation Date but applicable to periods on or prior to the Allocation Date shall be remitted to Seller by Buyer within thirty (30) days after receipt. Buyer shall have no obligation to collect delinquencies, but should Buyer collect any delinquent rents or other sums which cover periods prior to the Allocation Date and for which Seller have received no proration or credit, Buyer shall remit same to Seller within thirty (30) days after receipt, less any costs of collection. Seller may use reasonable efforts other than eviction or lease termination to collect sums owed it, and Buyer will not interfere in Seller's efforts to collect sums due it. Seller will remit to Buyer promptly after receipt any rents, percentage rents or tenant reimbursements received by Seller after Closing which are attributable to periods occurring after the Allocation Date. Undesignated receipts after Closing of either Buyer or Seller from tenants in the Shopping Center shall be applied first to then current rents and reimbursements for such tenant(s), then to delinquent rents and reimbursements attributable to post-Allocation Date periods, and then to pre-Allocation Date periods. Each party agrees to furnish to the other, upon receipt, copies of all post-Closing billings made to tenants for collection of sums due the landlord from such tenants.

2.2 Earnest Money Deposit. An Earnest Money Deposit in the amount of $50,000 shall be delivered to Escrow Agent within three (3) days after the date of execution by the last of Buyer or Seller to execute and transmit a copy of this Agreement to the other. This Agreement may be terminated by Seller if the Earnest Money Deposit is not received by Escrow Agent by such deadline. The Earnest Money Deposit paid by Buyer shall be held as specifically provided in this Agreement and shall be applied to the Purchase Price at the Closing.

2.3 Closing Costs.

(a) Seller shall pay:

(1) Documentary stamp and other transfer taxes imposed upon the transactions contemplated hereby;

(2) The first $2,500 of the cost of each Survey if the transaction closes but not otherwise;

(3) Cost of satisfying any liens on the Property;

(4) Cost of title insurance and the costs, if any, of curing title defects nd recording any curative title documents;

(5) All broker's commissions, finders' fees and similar expenses ncurred by either party in connection with the sale of the Property, including without limitation the commission of Sterling Realty Services, L.C., in an amount equal to three percent (3%) of the Purchase Price, subject however to Buyer's indemnity given in Section 5.3 of this Agreement; and

(6) Seller's attorneys' fees relating to the sale of the Property.

(b) Buyer shall pay:

(1) Cost of Buyer's due diligence inspection;

(2) Costs of the Phase 1 environmental site assessment to be obtained by Buyer;

(3) The balance of the cost of each Survey;

(4) Cost of recording the deed;

(5) Cost of any audit(s) made after Closing by Buyer pursuant to Section 4.8 of this Agreement; and

(6) Buyer's attorneys' fees.

3. INSPECTION PERIOD AND CLOSING

3.1 Inspection Period.

(a) Buyer agrees that it will have the Inspection Period to physically inspect the Property, review the economic data, underwrite the tenants and review their leases, and to otherwise conduct its due diligence review of the Property and all books, records and accounts of Seller related thereto. Buyer hereby agrees to indemnify and hold Seller harmless from any damages, liabilities or claims for property damage, personal injury or construction liens arising out of the conduct of such inspection and investigation by Buyer or its agents or independent contractors. Within the Inspection Period, Buyer may, in its sole discretion and for any reason or no reason, elect to go forward with this Agreement to closing, which election shall be made by notice to Seller given within the Inspection Period. If such notice

is not timely given, this Agreement and all rights, duties and obligations of Buyer and Seller hereunder, except any which expressly survive termination, shall terminate and Escrow Agent shall forthwith return to Buyer the Earnest Money Deposit. If Buyer so elects to go forward, the Earnest Money Deposit shall not be refundable except upon the terms otherwise set forth herein.

(b) Buyer, through its officers, employees and other authorized representatives, shall have the right to reasonable access to the Property and all records of Seller related thereto, including without limitation all Leases and Seller Financial Statements, at reasonable times during the Inspection Period for the purpose of inspecting the Property, taking soil borings, conducting Hazardous Materials inspections, reviewing the books and records of Seller concerning the Property and otherwise conducting its due diligence review of the Property. Seller shall cooperate with and assist Buyer in making such inspections and reviews. Seller shall give Buyer any authorizations which may be required by Buyer in order to gain access to records or other information pertaining to the Property or the use thereof maintained by any governmental or quasi-governmental authority or organization. Buyer, for itself and its agents, agrees not to enter into any contract with existing tenants without the prior written consent of Seller if such contract would be binding upon Seller should this transaction fail to close. Buyer shall have the right to have due diligence interviews and other discussions or negotiations with tenants, provided it furnishes to Seller no less than forty-eight (48) hours notice of any such interview and affords Seller an opportunity to be present.

(c) Buyer, through its officers or other authorized representatives, shall have the right to reasonable access to all Materials (other than privileged or confidential litigation materials) for the purpose of reviewing and copying the same.

3.2 Hazardous Material. Prior to the end of the Inspection Period Buyer may order a "Phase 1" assessment of the Property, and a copy of any assessment report, if made, shall be furnished by Buyer to Seller promptly upon its completion. If the assessment report discloses the existence of any Hazardous Material or any other matters concerning the environmental condition of the Property or its environs, Buyer may notify Seller in writing, before the end of the Inspection Period that it elects to terminate this Agreement, whereupon this Agreement shall terminate and Escrow Agent shall return to Buyer its Earnest Money Deposit. Buyer hereby agrees to indemnify and hold Seller harmless from any damages, liabilities or claims for property damage, personal injury or construction liens arising out of the conduct of such environmental testing and investigation by Buyer or its agents or independent contractors.

3.3 Time and Place of Closing. Unless otherwise agreed by the parties, the Closing shall take place at the offices of Escrow Agent at 10:00 A.M. on Wednesday, September 25, 1996, provided that Buyer may designate an earlier date for Closing.

4. WARRANTIES, REPRESENTATIONS AND COVENANTS OF SELLER

Seller warrants and represents as of the date of this Agreement and where indicated covenants and agrees as follows:

4.1 Organization; Authority. Seller is duly organized, validly existing and in good standing under the laws of the state of its organization and the state in which the Shopping Center is located, and has full power and authority to enter into and perform this Agreement in accordance with its terms, and the persons executing this Agreement and other Transaction Documents have been duly authorized to do so on behalf of Seller. Seller is not a "foreign person" under Sections 1445 or 897 of the Internal Revenue Code nor is this transaction subject to any withholding under any state or federal law.

4.2 Authorization of Seller's General partner. The execution and delivery of this Agreement by Seller's general partner have been duly and validly authorized by its board of directors.

4.3 Title. Based on the title insurance policy issued to Seller when it acquired the Property, Seller is the owner in fee simple of all of the Property, subject only to the Permitted Exceptions.

4.4 Commissions. Seller has neither dealt with nor does it have any knowledge of any broker or other party who has or may have any claim against Seller, Buyer or the Property for a brokerage commission or finder's fee or like payment arising out of or in connection with the transaction provided herein except for Sterling Realty Services, L.C., whose commission shall be paid by Seller as provided above, and Seller agrees to indemnify Buyer from any such claim arising by, through or under Seller.

4.5 Sale Agreements. To Seller's knowledge, the Property is not subject to any outstanding agreement(s) of sale, option(s), or other right(s) of third parties to acquire any interest therein, except for Permitted Exceptions and this Agreement.

4.6 Litigation. There is no litigation or proceeding pending, or to the best of Seller's knowledge, threatened against Seller relating to the Property.

4.7 Leases. There are no Leases affecting the Property, oral or written, except as listed on the Rent Roll. Copies of the Leases, which have been delivered to Buyer or shall be delivered to Buyer within five (5) days from the date hereof, are, to the best knowledge of Seller, true, correct and complete copies thereof, subject to the matters set forth on the Rent Roll. Between the date hereof and Thursday, September 12, 1996, inclusive, Seller may enter into new Leases provided Seller furnishes to Buyer a copy of the proposed Lease and pertinent historical and credit information about the proposed tenant and its operating experience. Thereafter, Seller will not enter into any new Leases without the prior consent of

Buyer. Buyer agrees to review any proposed new Lease and supporting information delivered to it and indicate to Seller whether Buyer approves or rejects such proposed Lease within five (5) days after Buyer's receipt of such proposed lease and supporting information. If Buyer approves a new Lease it is understood that Buyer as the new landlord, if and when the transaction closes, shall be responsible for all tenant build-out, tenant improvements, concessions and leasing commissions. If Buyer does not indicate its approval or disapproval within such five (5) day period, the lease for which approval is sought shall be deemed disapproved. All of the Property's tenant leases are in good standing and to the best of Seller's knowledge no defaults exist thereunder except as noted on the Rent Roll. No rent or reimbursement has been paid more than one (1) month in advance and no security deposit has been paid, except as stated on the Rent Roll. No tenants under the Leases are entitled to interest on any security deposits. No tenant under any Lease has or will be promised any inducement, concession or consideration by Seller other than as expressly stated in such Lease, and except as stated therein there are no side agreements between Seller and any tenant.

4.8 Financial Statements. Each of the Seller Financial Statements delivered or to be delivered to Buyer hereunder has or will have been prepared in accordance with the books and records of Seller and presents fairly in all material respects the financial condition, results of operations and cash flows for the Property as of and for the periods to which they relate. All are in conformity with generally accepted accounting principles applied on a consistent basis. There has been no material adverse change in the operations of the Property since the date of the most recent Seller Financial Statements. Seller covenants to furnish promptly to Buyer copies of the Seller Financial Statements together with unaudited updated monthly reports of cash flow for interim periods beginning after December 31, 1995. Buyer and its independent certified accountants shall be given access to Seller's books and records at any time prior to and for six (6) months following Closing upon reasonable advance notice in order that they may verify the financial statements prior to Closing. Seller agrees to execute and deliver to Buyer or its accountants the Audit Representation Letter should Buyer's accountants audit the records of the Shopping Center.

4.9 Contracts. Except for Permitted Exceptions, and except for a Contract with Harmony Music and Sound Systems, Inc., there are no management, service, maintenance, utility or other contracts or agreements affecting the Property, oral or written, which extend beyond the Closing Date and which would bind Buyer or encumber the Property, at Buyer's option, more than thirty (30) days after Closing. To Seller's knowledge all Contracts are in full force and effect in accordance with their respective terms, and all obligations of Seller under the Contracts required to be performed to date have been performed in all material respects; no party to any Contract has asserted any claim of default or offset against Seller with respect thereto and no event has occurred or failed to occur, which would in any way affect the validity or enforceability of any such Contract. Between the date hereof and the Closing, Seller covenants to fulfill all of its obligations under all Contracts, and covenants not to terminate or modify any such Contracts or enter into any new contractual obligations relating to the Property without the consent of Buyer (not to be unreasonably withheld) except such

obligations as are freely terminable without penalty by Seller upon not more than thirty (30) days' written notice.

4.10 Maintenance and Operation of Property. From and after the date hereof and until the Closing, Seller covenants to keep and maintain and operate the Property substantially in the manner in which it is currently being maintained and operated and covenants not to cause or permit any waste of the Property nor undertake any action with respect to the operation thereof outside the ordinary course of business without Buyer's prior written consent. In connection therewith, Seller covenants to make all necessary repairs and replacements until the Closing so that the Property shall be of substantially the same quality and condition at the time of Closing as on the date hereof, subject however to the provisions of Section 6.2 hereof, which shall control in the event of a casualty. Seller covenants not to remove from the Improvements or the Real Property any article included in the Personal Property. Seller covenants to maintain such casualty and liability insurance on the Property as it is presently being maintained.

4.11 Permits and Zoning. To the best knowledge of Seller, there are no material permits and licenses (collectively referred to as "Permits") required to be issued to Seller by any governmental body, agency or department having jurisdiction over the Property which materially affect the ownership or the use thereof and which have not been issued. To Seller's knowledge, the Property is properly zoned for its present use and is not subject to any local, regional or state development order under Chapter 380, Florida Statutes, as a development of regional impact. To Seller's knowledge, the use of the Property is consistent with the land use designation for the Property under the comprehensive plan or plans applicable thereto, and all concurrency requirements have been satisfied. To Seller's knowledge, there are no outstanding assessments, impact fees or other charges related to the Property.

4.12 Rent Roll; Tenant Estoppel Letters. The Rent Roll is true and correct in all respects. Seller agrees to use its best reasonable efforts to obtain current Tenant Estoppel Letters from all Tenants under Leases, which Tenant Estoppel Letters shall confirm the matters reflected by the Rent Roll as to the particular tenant and shall disclose the information requested in the attached form of Tenant Estoppel Letter without material change in form or substance and not be in Buyer's reasonable judgment detrimental to the landlord.

4.13 Condemnation. Neither the whole nor any portion of the Property, including access thereto or any easement benefiting the Property, is subject to temporary requisition of use by any governmental authority or has been condemned, or taken in any proceeding similar to a condemnation proceeding, nor to Seller's knowledge is there now pending any condemnation, expropriation, requisition or similar proceeding against the Property or any portion thereof. Seller has received no notice nor has any knowledge that any such proceeding is contemplated.

4.14 Governmental Matters. Seller has not entered into any commitments or agree ments with any governmental authorities or agencies affecting the Property that have not been disclosed in writing to Buyer and Seller has received no notices from any such governmental authorities or agencies of uncured violations at the Property of building, fire, air pollution or zoning codes, rules, ordinances or regulations, environmental and hazardous substances laws, or other rules, ordinances or regulations relating to the Property. Seller shall be responsible for the remittance of all sales tax for periods occurring prior to the Allocation Date directly to the appropriate state department of revenue.

4.15 Repairs. Seller has received no notice of any requirements or recommendations by any lender, insurance companies, or governmental body or agencies requiring or recom mending any repairs or work to be done on the Property which have not already been com pleted.

4.16 Consents and Approvals; No Violation. Neither the execution and delivery of this Agreement by Seller nor the consummation by Seller of the transactions contemplated hereby will (a) require Seller to file or register with, notify, or obtain any permit, authorization, consent, or approval of, any governmental or regulatory authority; (b) conflict with or breach any provision of the organizational documents of Seller; (c) violate or breach any provision of, or constitute a default (or an event which, with notice or lapse of time or both, would constitute a default) under, any note, bond, mortgage, indenture, deed of trust, license, franchise, permit, lease, contract, agreement or other instrument, commitment or obligation to which Seller is a party, or by which Seller, the Property or any of Seller's material assets may be bound, except that the mortgage presently encumbering the Shopping Center, which will be satisfied by Seller at Closing, contains a "due-on-sale" clause and related covenants;; or (d) violate any order, writ, injunction, decree, judgment, statute, law or ruling of any court or governmental authority applicable to Seller, the Property or any of Seller's material assets.

4.17 Environmental Matters.

(a) Seller represents and warrants that:

(1) Seller has not, and has no knowledge of any other person who has, caused any Release, threatened Release, or disposal of any Hazardous Material at the Property in any material quantity;

(2) To Seller's knowledge, the Property does not now contain and has not contained any: (a) underground storage tank, (b) material amounts of asbestos-containing building material, (c) landfills or dumps, (d) drycleaning plant or other facility using drycleaning solvents, except the drycleaning establishment noted on the Rent Roll; or (e) hazardous waste management facility as defined pursuant to the Resource Conservation and Recovery Act ("RCRA") or any comparable state law. To Seller's knowledge, the Property is not a site on or nominated for the National Priority List promulgated pursuant to

Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA") or any state remedial priority list promulgated or published pursuant to any comparable state law; and

(3) To Seller's knowledge, there are no conditions or circumstances at the Property which pose a risk to the environment or the health or safety of persons.

(b) Seller shall indemnify, hold harmless, and hereby waives any claim for contribution against Buyer for any damages to the extent they arise from the inaccuracy or breach of any representation or warranty by Seller in this section of this Agreement. This indemnity shall survive Closing indefinitely and shall be in addition to the post-closing indemnities contained in Section 10.01.

4.18 No Untrue Statement. Neither this Agreement nor any exhibit nor any written statement or Transaction Document furnished or to be furnished by Seller to Buyer in connection with the transactions contemplated by this Agreement contains or will contain any untrue statement of material fact or omits or will omit any material fact necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading.

4.19 Renewal of Warranties and Representations. The warranties and representations of Seller herein shall be renewed as of the Closing, making additions or changes to reflect the facts existing at that time. If in Buyer's opinion there is a material, adverse change of or addition to any of Seller's warranties or representations, Buyer may terminate this Agreement, in which event the Earnest Money Deposit shall be returned promptly to Buyer.

5. WARRANTIES, REPRESENTATIONS AND COVENANTS OF BUYER

Buyer hereby warrants and represents where indicated covenants and agrees as follows:

5.1 Organization; Authority. Buyer is a corporation duly organized, validly existing and in good standing under laws of Florida and has full power and authority to enter into and perform this Agreement in accordance with its terms, and the persons executing this Agreement and other Transaction Documents on behalf of Buyer have been duly authorized to do so.

5.2 Authorization; Validity. The execution, delivery and performance of this Agreement and the other Transaction Documents have been duly and validly authorized by the Board of Directors of Buyer.

5.3 Commissions. Buyer has neither dealt with nor does it have any knowledge of any broker or other party who has or may have any claim against Buyer or Seller for a brokerage commission or finder's fee or like payment arising out of or in connection with the transaction provided herein except Sterling Realty Services, L.C., whose commission shall be paid by Seller; and Buyer agrees to indemnify Seller from any other such claim arising by, through or under Buyer.

6. POSSESSION; RISK OF LOSS

6.1 Possession. Possession of the Property will be transferred to Buyer at the conclusion of the Closing, subject to the Permitted Exceptions.

6.2 Risk of Loss. All risk of loss to the Property shall remain upon Seller until the conclusion of the Closing. If, before the possession of the Property has been transferred to Buyer, any material portion of the Property is damaged by fire or other casualty and will not be restored by the Closing Date or if any material portion of the Property is taken by eminent domain or there is a material obstruction of access to the Improvements by virtue of a taking by eminent domain, Seller shall, within ten (10) days of such damage or taking, notify Buyer thereof and Buyer shall either:

(a) terminate this Agreement upon notice to Seller given within ten (10) business days after such notice from Seller, in which case Buyer shall receive a return of its Earnest Money Deposit; or

(b) proceed with the purchase of the Property, in which event Seller shall assign to Buyer all Seller's right, title and interest in all amounts due or collected by Seller under the insurance policies or as condemnation awards. In such event, the Purchase Price shall be reduced by the amount of any insurance deductible to the extent it reduced the insurance proceeds payable.

Failure by Buyer to elect either alternative within the required period shall mean that Buyer has elected alternative (a).

7. TITLE MATTERS

7.1 Title.

(a) Title Insurance. Within ten (10) days after the full execution of this Agreement, Seller shall order at Seller's expense the Title Insurance Commitment from Chicago Title Insurance Company and each Survey at Buyer's expense (subject to partial reimbursement if the transaction closes) from a reputable surveyor familiar with the Property (Seller also agreeing to furnish to Buyer copies of any existing surveys and title information in its possession promptly after execution of this Agreement). Buyer will have fifteen (15) days from receipt of the Title Commitment (including legible copies of all recorded exceptions noted therein) and Survey to notify Seller in writing of any Title Defects, encroachments or other matters not acceptable to Buyer which are not permitted by this Agreement. Any Title Defect or other objection disclosed by the Title Insurance Commitment (other than liens removable by the payment of money) or the Survey which is not timely specified in Buyer's written notice to Seller of Title Defects shall be deemed a Permitted Exception. Seller shall notify Buyer in writing within five (5) days of Buyer's notice if Seller intends to cure any Title Defect or other objection. If Seller elects to cure, Seller shall use diligent efforts to cure the Title Defects and/or objections by the Closing Date (as it may be extended). If Seller elects not to cure or if such Title Defects and/or objections are not cured, Buyer shall have the right, in lieu of any other remedies, to: (i) refuse to purchase the Property, terminate this Agreement and receive a return of the Earnest Money Deposit; or (ii) waive such Title Defects and/or objections and close the purchase of the Property subject to them.

(b) Miscellaneous Title Matters. If a search of the title discloses judgments, bankruptcies or other returns against other persons having names the same as or similar to that of Seller, Seller shall on request deliver to Buyer an affidavit stating, if true, that such judgments, bankruptcies or the returns are not against Seller. Seller further agrees to execute and deliver to the Title Insurance agent at Closing such documentation, if any, as the Title Insurance underwriter shall reasonably require to evidence that the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly authorized and that there are no mechanics' liens on the Property or parties in possession of the Property other than tenants under Leases and Seller.

8. CONDITIONS PRECEDENT

8.1 Conditions Precedent to Buyer's Obligations. The obligations of Buyer under this Agreement are subject to satisfaction or waiver by Buyer of each of the following conditions or requirements on or before the Closing Date:

(a) Seller's warranties and representations under this Agreement shall have been updated and as updated shall be true and correct as of the Closing Date, and Seller shall not be in default hereunder.

(b) All obligations of Seller contained in this Agreement, shall have been fully performed in all material respects and Seller shall not be in default under any covenant, restriction, right-of-way or easement affecting the Property.

(c) There shall have been no material adverse change in the Property, the Leases or the financial condition of tenants leasing space in the Property since the date of this Agreement.

(d) A Title Insurance Commitment in the full amount of the Purchase Price shall have been issued and "marked down" through Closing, subject only to Permitted Exceptions, and Buyer shall have received from the surveyor the final Survey.

(e) The physical and environmental condition of the Property shall be unchanged from the date of this Agreement, ordinary wear and tear excepted.

(f) Seller shall have delivered to Buyer the following in form reasonably satisfactory to Buyer:

(1) A special warranty deed in proper form for recording, duly executed and acknowledged so as to convey to Buyer the fee simple title to the Real Property and Improvements, subject only to the Permitted Exceptions;

(2) Originals, if available, or if not, true copies of the Leases and of the Contracts, agreements, permits and licenses and Materials;

(3) A blanket assignment to Buyer of all Leases and the Contracts, agreements, permits and licenses (to the extent assignable) as they affect the Property, including reciprocal indemnities by Seller and Buyer against breach of such instruments by Seller prior to the Closing Date and by Buyer thereafter;

(4) A bill of sale with respect to the Personal Property and Materials;

(5) A title certificate, properly endorsed by Seller, as to any items of Property for which title certificates exist;

(6) A current rent roll for all Leases in effect showing no material changes from the Rent Roll attached to this Agreement other than those set forth in the Leases or approved in writing by Buyer;

(7) All Tenant Estoppel Letters obtained by Seller, which must include (i) as to Trail: Eckerd, Publix, Steve Edison Video, First American Home and Gold's Gym, (ii) as to Tequesta: Publix, Raymond James, Walgreen's, Giacomo's Tomato and Basil Restaurant, Classic Dream Cars and Brandywine Downs Restaurant, and (iii) as to both Trail and Tequesta: eighty percent (80%) of the other tenants who have signed leases for any portion thereof (or affidavit from Seller as a substitute for no more than three (3) of the tenants falling into the eighty percent [80%] category if, after diligent effort, Seller has been unable to obtain the estoppel letter from such tenant[s]), without any material exceptions, covenants, or changes to the form approved by Buyer and distributed to the tenants by Seller, the substance of which Tenant Estoppel Letters (and if necessary such Seller's affidavit) must reflect the information requested in the form of Tenant Estoppel Letter attached hereto without material variation from the Rent Roll and not be detrimental to the landlord in Buyer's reasonable judgment;

(8) A general assignment of all assignable existing warranties relating to the Property;

(9) An owner's affidavit, non-foreign affidavits, non-tax withholding certificates and such other documents as may reasonably be required by Buyer or its counsel in order to effectuate the provisions of this Agreement and the transactions contemplated herein;

(10) The originals or copies of any real and tangible personal property tax bills for the Property for the tax year of Closing and the previous year, and, if requested, the originals or copies of any current water, sewer and utility bills which are in Seller's custody or control;

(11) Resolutions of Seller's general partner authorizing the transactions described herein;

(12) All keys and other means of access to the Improvements in the possession of Seller or its agents;

(13) Materials; and

(14) Such other documents as Buyer may reasonably request to effect the transactions contemplated by this Agreement.

In the event that all of the foregoing provisions of this Section 8.1 are not satisfied and Buyer elects in writing to terminate this Agreement, then the Earnest Money

Deposit shall be promptly delivered to Buyer by Escrow Agent and, upon the making of such delivery, neither party shall have any further claim against the other by reasons of this Agreement, except as provided in Article 9.

8.2 Conditions Precedent to Seller's Obligations. The obligations of Seller under this Agreement are subject to satisfaction or waiver by Seller of each of the following conditions or requirements on or before the Closing date:

(a) Buyer's warranties and representations under this Agreement shall have been updated and as updated shall be true and correct as of the Closing Date, and Buyer shall not be in default hereunder.

(b) All of the obligations of Buyer contained in this Agreement shall have been fully performed by or on the date of Closing in compliance with the terms and provisions of this Agreement.

(c) Buyer shall have delivered to Seller at or prior to the Closing the following, which shall be reasonably satisfactory to Seller:

(1)Delivery and/or payment of the balance of the Purchase Price in accordance with Section 2.1 at Closing;

(2)The reciprocal indemnity of Buyer with respect to Leases and Contracts, as specified in Section 8.1(f)(3) above;

(3)Evidence in the nature of resolutions or other certificates reasonably required by the title insurance company reflecting Buyer's authority to acquire the Property; and

(4)Such other documents as Seller may reasonably request to effect the transactions contemplated by this Agreement.

In the event that all conditions precedent to Buyer's obligation to purchase shall have been satisfied but the foregoing provisions of this Section 8.2 have not, and Seller elects in writing to terminate this Agreement, then the Earnest Money Deposit shall be promptly delivered to Seller by Escrow Agent and, upon the making of such delivery, neither party shall have any further claim against the other by reasons of this Agreement, except as provided in Article 9.

8.3 Best Efforts. Each of the parties hereto agrees to use reasonable best efforts to take or cause to be taken all actions necessary, proper or advisable to consummate the transactions contemplated by this Agreement.

9. PRE-CLOSING BREACH; REMEDIES

9.1 Breach by Seller. In the event of a breach of Seller's covenants or warranties herein and failure by Seller to cure such breach within the time provided for Closing, Buyer shall either (i) terminate this Agreement and receive a return of the Earnest Money Deposit, and the parties shall have no further rights or obligations under this Agreement (except as expressly survive termination); (ii) enforce this Agreement by suit for specific performance; or (iii) waive such breach and close the purchase contemplated hereby, notwithstanding such breach. Buyer shall have no action for damages with respect to pre-Closing breaches.

9.2 Breach by Buyer. In the event of a breach of Buyer's covenants or warranties herein and failure of Buyer to cure such breach within the time provided for Closing, Seller's sole remedy shall be to terminate this Agreement and retain Buyer's Earnest Money Deposit as agreed liquidated damages for such breach, and upon payment in full to Seller of such amounts, the parties shall have no further rights, claims, liabilities or obligations under this Agreement (except as expressly survive termination). Seller shall have no action for damages with respect to pre-Closing breaches.

10. POST CLOSING INDEMNITIES AND COVENANTS

10.1 Seller's Indemnity. Should this transaction close, Seller, subject to the limita tions set forth herein, shall indemnify, defend and hold harmless Buyer from all claims, demands, liabilities, damages, penalties, costs and expenses, including, without limitation, reasonable attorneys' fees and disbursements, which may be imposed upon, asserted against or incurred or paid by Buyer by reason of, or on account of, any breach by Seller of Seller's warranties, representations and covenants, except pre-Closing breaches of which Buyer had knowledge and elected to close notwithstanding the same. Seller's warranties, representations and covenants, and the foregoing indemnity, shall survive the Closing for a period of one (1) year, except that the brokerage commission indemnity set forth in Section 4.4, the environmental indemnities contained in Section 4.17, and the indemnity with respect to assigned Leases and Contracts set forth in Section 8.1(f)(3), shall survive indefinitely.

10.2 Buyer's Indemnity. Should this transaction close, Buyer shall indemnify, defend and hold harmless Seller from all claims, demands, liabilities, damages, penalties, costs and expenses, including, without limitation, reasonable attorneys' fees and disbursements, which may be imposed upon, asserted against or incurred or paid by Seller by reason of, or on account of, any breach by Buyer of Buyer's warranties, representations and covenants, except pre-Closing breaches of which Seller had knowledge and elected to close notwithstanding same. Buyer's warranties, representations and covenants, and the foregoing indemnity, shall survive the Closing for a period of one (1) year, except for the provisions of Sections 3.1(a), 3.2 and 5.3, the Permitted Exceptions to which Seller is a party or for which it is otherwise contractually liable, and Buyer's indemnity with respect to assigned Leases and Contracts set forth in Section 8.2(c)(2), all of which shall survive indefinitely.

11. MISCELLANEOUS

11.1 Disclosure. Neither party shall disclose the transactions contemplated by this Agreement without the prior approval of the other, except to its attorneys, accountants and other consultants, their lenders and prospective lenders, or where disclosure is required by law.

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

11.3 Entire Agreement. This Agreement, together with the Exhibits attached hereto, constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and may not be modified, amended or otherwise changed in any manner except by a writing executed by Buyer and Seller.

11.4 Notices. All written notices and demands of any kind which either party may be required or may desire to serve upon the other party in connection with this Agreement shall be served by personal delivery, certified or overnight mail, reputable overnight courier service or facsimile (followed promptly by hard copy) at the addresses set forth below:

As to Seller: Sterling Tequesta/Trails Limited Partnership
c/o Sterling Equities
209 Phipps Plaza
Palm Beach, Florida 33480
Attention: David Kosoy
Facsimile: (561) 833-4118

With a copy toHonigman Miller Schwatz and Cohn
222 Lakeview Avenue, Suite 800
West Palm Beach, Florida 33401
Attention: Marvin S. Rosen, Esq.
Facsimile: (561) 832-3036

As to Buyer: RRC Acquisitions, Inc.
Attention: Robert L. Miller
Suite 200, 121 W. Forsyth St.
Jacksonville, Florida 32202
Facsimile: (904) 634-3428

With a copy to Ulmer, Murchison, Ashby & Taylor
Attention: William E. Scheu, Esq.

P. O. Box 479
Suite 1600, 200 W. Forsyth St.
Jacksonville, Florida 32201 (32202 for courier)
Facsimile: (904) 354-9100

Any notice or demand so served shall constitute proper notice hereunder upon delivery to the United States Postal Service or to such overnight courier, or by transmission of such facsimile. A party may change its notice address by notice given in the aforesaid manner.

11.5 Headings. The titles and headings of the various sections hereof are intended solely for means of reference and are not intended for any purpose whatsoever to modify, explain or place any construction on any of the provisions of this Agreement.

11.6 Validity. If any of the provisions of this Agreement or the application thereof to any persons or circumstances shall, to any extent, be invalid or unenforceable, the remainder of this Agreement by the application of such provision or provisions to persons or circumstances other than those as to whom or which it is held invalid or unenforceable shall not be affected thereby, and every provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

11.7 Attorneys' Fees. In the event of any litigation between the parties hereto to enforce any of the provisions of this Agreement or any right of either party hereto, the unsuc cessful party to such litigation agrees to pay to the successful party all costs and expenses, including reasonable attorneys' fees, whether or not incurred in trial or on appeal, incurred therein by the successful party, all of which may be included in and as a part of the judgment rendered in such litigation. Any indemnity provisions herein shall include indemnification for reasonable attorneys' fees and costs, whether or not suit be brought and including fees and costs on appeal.

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

11.9 Governing Law. This Agreement shall be governed by the laws of Florida and the parties hereto agree that any litigation between the parties hereto relating to this Agreement shall take place (unless otherwise required by law) in a court located in Volusia County, Florida, as to Trail and in Palm Beach County, Florida, as to Tequesta. Each party waives its right to jurisdiction or venue in any other location.

11.10 Successors and Assigns. The terms and provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. No third parties, including any brokers or creditors, shall be beneficiaries hereof. Buyer shall not assign this Agreement to any person other than a wholly owned subsidiary of Regency Realty Corporation.

11.11 Exhibits. All exhibits attached hereto are incorporated herein by reference to the same extent as though such exhibits were included in the body of this Agreement verbatim.

11.12 Gender; Plural; Singular; Terms. A reference in this Agreement to any gender, masculine, feminine or neuter, shall be deemed a reference to the other, and the singular shall be deemed to include the plural and vice versa, unless the context otherwise requires. The terms "herein," "hereof," "hereunder," and other words of a similar nature mean and refer to this Agreement as a whole and not merely to the specified section or clause in which the respective word appears unless expressly so stated.

11.13 Further Instruments, Etc. Seller and Buyer shall, at or after Closing, execute any and all documents and perform any and all acts reasonably necessary to fully implement this Agreement.

11.14 Survival. The obligations of Seller and Buyer intended to be performed after the Closing shall survive the closing.

11.15 No Recording. Neither this Agreement nor any notice, memorandum or other notice or document relating hereto shall be recorded.

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

Witnesses:

RRC ACQUISITIONS, INC.,
a Florida corporation

_____
[- - - - - - - - - - - - - - - -]
Name (Please Print)

By:
Its:

_____
[_ _ _ _ _ _ _ _ _ _ _ _ _ _ _ _] Date: _____, 1996
Name (Please Print)

Tax Identification No. 59-3210155

"BUYER"

STERLING TEQUESTA/TRAILS LIMITED
PARTNERSHIP, a Florida limited partnership

By Its General Partner:

Sterling 1 Florida, Inc., a Florida corporation

[- - - - - - - - - - - - - - - - -]
Name (Please Print)

By: _____
Its:

[- - - - - - - - - - - - - - - - -]
Name (Please Print)

Date: _____, 1996

Tax Identification No:

"SELLER"

JOINDER OF ESCROW AGENT

1. Duties. Escrow Agent joins herein for the purpose of acknowledging receipt of the initial Earnest Money Deposit and agrees to comply with the terms hereof insofar as they apply to Escrow Agent. Escrow Agent shall receive and hold the Earnest Money Deposit in trust, to be disposed of in accordance with the provisions of this joinder and Section 2.2 of the foregoing Agreement.

2. Indemnity. Escrow Agent shall not be liable to either party except for claims resulting from the gross negligence or willful misconduct of Escrow Agent. If the escrow is involved in any controversy or litigation, the parties hereto shall jointly and severally indemnify and hold Escrow Agent free and harmless from and against any and all loss, cost, damage, liability or expense, including costs of reasonable attorneys' fees to which Escrow Agent may be put or which may incur by reason of or in connection with such controversy or litigation, except to the extent it is finally determined that such controversy or litigation resulted from Escrow Agent's gross negligence or willful misconduct. If the indemnity amounts payable hereunder result from the fault of Buyer or Seller (or their respective agents), the party at fault shall pay, and hold the other party harmless against, such amounts.

3. Conflicting Demands. If conflicting demands are made upon Escrow Agent with respect to the escrow, the parties hereto expressly agree that Escrow Agent shall have the absolute right to do either or both of the following: (i) withhold and stop all proceedings in performance of this escrow and await settlement of the controversy by final appropriate legal proceedings or otherwise as it may require; or (ii) file suit for declaratory relief and/or inter pleader and obtain an order from the Duval County Circuit Court requiring the parties to interplead and litigate in such court their several claims and rights between themselves. Upon the filing of any such declaratory relief or interpleader suit and tender of the Earnest Money Deposit to the court, Escrow Agent shall thereupon be fully released and discharged from any and all obligations to further perform the duties or obligations imposed upon it.

Buyer and Seller agree to respond promptly in writing to any request by Escrow Agent for clarification, consent or instructions. Any action proposed to be taken by Escrow Agent for which approval of Buyer and/or Seller is requested shall be considered approved if Escrow Agent does not receive written notice of disapproval within fourteen (14) days after a written request for approval is received by the party whose approval is being requested. Escrow Agent shall not be required to take any action for which approval of Buyer and/or Seller has been sought unless such approval has been received. No disbursements shall be made, other than as provided in Sections 2.2 and 3.1(a) of the foregoing Agreement, or to a court in an interpleader action, unless Escrow Agent shall have given written notice of the proposed disbursement to Buyer and Seller and neither Buyer nor Seller shall have delivered any written objection to the disbursement within 14 days after receipt of Escrow Agent's notice. No notice by Buyer or Seller to Escrow Agent of disapproval of a proposed action shall affect the right of Escrow Agent to take any action as to which such approval is not required.

4. Continuing Counsel. Seller acknowledges that Escrow Agent is counsel to Buyer herein and Seller agrees that in the event of a dispute hereunder or otherwise between Seller and Buyer, Escrow Agent may continue to represent Buyer notwithstanding that it is acting and will continue to act as Escrow Agent hereunder, it being acknowledged by all parties that Escrow Agent's duties hereunder are ministerial in nature.

5. Tax Identification. Seller and Buyer shall provide to Escrow Agent appropriate Federal tax identification numbers.

ULMER, MURCHISON, ASHBY & TAYLOR

By:
Its Authorized Agent
Date: _____, 1996

"ESCROW AGENT"

EXHIBIT 1.3

Audit Representation Letter

(Acquisition Completion Date)

KPMG Peat Marwick LLP
2700 Independent Square
One Independent Drive
Jacksonville, Florida 32202

RE: _____
(Acquisition Property Name)

Dear Sirs:

We are writing at your request to confirm our understanding that your audit of the Statement of Revenue and Expenses of _____ for the twelve months ended December 31, 19____, was made for the purpose of expressing an opinion as to whether the statement presents fairly in all material respects the results of its operations in conformity with generally accepted accounting principles. In connection with your audit we confirm, to the best of our knowledge and belief, the following representations made to you during your audit:

1. We have made available to you all financial records and related data in our possession for the period under audit.

2. There have been no undisclosed:

(a) Irregularities involving any member of management or employees who have significant roles in the system of internal accounting control;

(b) Irregularities involving other persons that could have a material effect on the statement of revenue and expenses;

(c) Violations or possible violations of laws or regulations the effects of which should be considered for disclosure in the statement of revenue and expenses.

3. There are no:

(a) Unasserted claims or assessments that our lawyers have advised us are probable of assertion and must be disclosed in accordance with Statement of Financial Accounting Standards No. 5;

(b) Material gain or loss contingencies that are required to be disclosed by Statement of Financial Accounting Standards No. 5;

(c) Material transactions that have not been properly recorded in the accounting records underlying the financial statement; and

(d) Events that have occurred subsequent to the audit period that should require adjustment to or disclosure in the Statement of Revenue and Expenses.

4. Provision, when material, has been made for losses to be sustained in the fulfillment of, or from inability to fulfill, any contract commitments.

5. The shopping center has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged, that has not been disclosed.

6. All contractual agreements that would have a material effect on the Statement of Revenue and Expenses have been complied with.

7. There have been no:

(a) Material undisclosed related party transactions and related amounts receivable or payable, including sales, purchases, loans, transfer, and guarantees;

(b) Agreements to repurchase assets previously sold.

Further, we acknowledge that we are responsible for the fair presentation of the Statement of Revenue and Expenses prepared in accordance with generally accepted accounting principles.

Very truly yours,

_____(Seller)

By:_____
Its:_____

EXHIBIT 1.24

Legal Description of Real Property

A. Tequesta Shoppes, Palm Beach County, Florida

B. Trails Shopping Center, Volusia County, Florida

EXHIBIT 1.26

Rent Roll

A. Tequesta Shoppes, Palm Beach County, Florida

B. Trails Shopping Center, Volusia County, Florida

EXHIBIT 1.31

Form of Estoppel Letter

_____, 199_

RE: _____ (Name of Shopping Center)

Ladies and Gentlemen:

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

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

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

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

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

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

6. No payments by Tenant under the Lease have been made for more than one (1) month in advance, and minimum rents and other charges under the Lease are current.

7. All matters of an inducement nature and all obligations of the Landlord under the Lease concerning the construction of the Tenant's premises and development of the Shopping Center, including without limitation, parking requirements, have been performed by Landlord.

8. The Lease contains no first right of refusal, option to expand, option to terminate, or exclusive business rights, except as follows:

9. Tenant knows of no default by either Landlord or Tenant under the Lease, and knows of no situations which, with notice or the passage of time, or both, would constitute a default. Tenant has no rights to off-set or defense against Landlord as of the date hereof.

10. The undersigned has not entered into any sublease, assignment or any other agreement transferring any of its interest in the Lease or the Premises except as follows:

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

The undersigned makes this statement for your benefit and protection with the understanding that you intend to rely upon this statement in connection with your intended purchase of the above described Premises from Landlord. The undersigned agrees that it will, upon receipt of written notice from Landlord, commence to pay all rents to you or to any Agent acting on your behalf.

Very truly yours,

_____(Tenant)

Mailing Address:

______________________________ By:________________________________

Its:____________________________

- ----------------------------

FIRST AMENDMENT TO CREDIT AGREEMENT

THIS FIRST AMENDMENT TO CREDIT AGREEMENT dated as of July 18, 1996 by and among REGENCY REALTY CORPORATION ("Borrower"), each of the Lenders signatory hereto ("Lenders") and WELLS FARGO REALTY ADVISORS FUNDING, INCORPORATED, as Agent ("Agent").

WHEREAS, Borrower, Lenders and Agent are parties to that certain Credit Agreement dated as of May 17, 1996 (the "Credit Agreement") and desire to amend certain provisions of the Credit Agreement on the terms and conditions contained herein.

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

Section 1. Specific Amendments to Credit Agreement.

(a) The Credit Agreement is hereby amended by deleting from Section 1.1 the definition of the term "Unprotected Floating Rate Debt" and substituting in its place the following:

> "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 less than or equal to 10% per annum.

(b) The Credit Agreement is hereby amended by deleting the last sentence of Section 2.6. and substituting in its place the following:

> 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 $100,000 in excess of that amount.

(c) The Credit Agreement is hereby amended by deleting the second sentence of Section 2.8.(f) and substituting in its place the following:

> Each payment received by the Agent for the account of a Lender under this Agreement or any Note shall be paid promptly 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.

(d) The Credit Agreement is hereby amended by deleting Section 3.1(c) in its entirety and substituting in its place the following:

> (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 on the first anniversary of the date of the conversion of the Revolving Loans into the Term Loan, such fee to be payable on such anniversary date.

Section 2. Effectiveness of Amendment. This Amendment shall only be effective upon its execution and delivery by Borrower, Agent and the Majority Lenders.

Section 3. Representations. Borrower represents and warrants to Agent and Lenders that:

(a) Authorization. Borrower has the right and power, and has taken all necessary action to authorize it, to execute and deliver this Amendment and to perform its obligations hereunder and under the Credit Agreement, as amended by this Amendment, in accordance with their respective terms. This Amendment has been duly executed and delivered by a duly authorized officer of the Borrower and each of this Amendment and the Credit Agreement, as amended by this Amendment, is a legal, valid and binding obligation of the Borrower enforceable against the Borrower 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 contained herein or therein may be limited by equitable principles generally.

(b) Compliance with Laws, etc. The execution and delivery by Borrower of this Amendment and the performance by Borrower of this Amendment and the Credit Agreement, as amended by this Amendment, in accordance with their respective terms, do not and will not, by the passage of time, the giving of notice or otherwise: (i) require any Government Approval or violate any Applicable Law

relating to Borrower the failure to possess or to comply with which would have a Materially Adverse Effect; (ii) conflict with, result in a breach of or constitute a default under Borrower's articles of incorporation or by-laws or any indenture, agreement or other instrument to which Borrower 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 (iii) result in or require the creation or imposition of any Lien upon or with respect to any property now owned or hereafter acquired by Borrower other than Permitted Liens.

Section 4. References to the Credit Agreement. Each reference to the Credit Agreement in any of the Loan Documents (including the Credit Agreement) shall be deemed to be a reference to the Credit Agreement, as amended by this Amendment.

Section 5. Benefits. This Amendment shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns.

Section 6. GOVERNING LAW. THIS AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF GEORGIA.

Section 7. Effect. Except as expressly herein amended, the terms and conditions of the Credit Agreement and the other Loan Documents shall remain in full force and effect.

Section 8. Counterparts. This Amendment may be executed in any number of counterparts, each of which shall be deemed to be an original and shall be binding upon all parties, their successors and assigns.

Section 9. Definitions. All capitalized terms not otherwise defined herein are used herein with the respective definitions given them in the Credit Agreement.

[Signatures on Next Page]

IN WITNESS WHEREOF, the parties hereto have caused this First Amendment to Credit Agreement to be executed as of the date first above written.

REGENCY REALTY CORPORATION

By:.....
Title:.....

WELLS FARGO REALTY ADVISORS FUNDING, INCORPORATED,
as Agent and sole Lender

By:.....
Title:.....

By:.....
Title:.....

EXECUTION COPY

SECOND AMENDMENT TO CREDIT AGREEMENT

THIS SECOND AMENDMENT TO CREDIT AGREEMENT dated as of September 16, 1996 by and among REGENCY REALTY CORPORATION ("Borrower"), each of the Guarantors signatory hereto ("Guarantors"), each of the Lenders signatory hereto ("Lenders") and WELLS FARGO BANK, N.A., a national banking association and successor in interest to Wells Fargo Realty Advisors Funding, Incorporated, individually ("Wells Fargo") and as Agent ("Agent").

WHEREAS, Borrower, Lenders and Agent are parties to that certain Credit Agreement dated as of May 17, 1996 (as amended prior to the date hereof, the "Credit Agreement") and desire to amend certain provisions of the Credit Agreement on the terms and conditions contained herein.

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

Section 1. Specific Amendments to Credit Agreement.

(a) The Credit Agreement is hereby amended by deleting from Section 1.1 the definitions of the terms "Eligible Property", "Gross Asset Value" and "Revolving Commitment" and substituting in their respective places the following:

"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; and (d) 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.

"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) 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) the book value of all Construction in Process for real property (including Eckerd Projects) acquired for development by any Loan Party as a Property as such book value is set forth on the Borrower's consolidated balance sheet most recently delivered to the Lenders under Section 8.1.(a) or (b).

"Revolving Commitment" means an amount equal to $90,000,000, as such amount may be reduced from time to time in accordance with the terms hereof.

(b) The Credit Agreement is hereby amended by deleting Section 4.3. and substituting in its place the following:

SECTION 4.3. Additional Requirements of Unencumbered Pool Properties.

The ratio (expressed as a percentage) of (a) the net rentable square footage of all Unencumbered Pool Properties 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 all Unencumbered Pool Properties 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.

(c) The Credit Agreement is hereby amended by deleting Section 9.2. and substituting in its place the following:

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 (a) 0.55 to 1.00 prior to the occurrence of either (i) the receipt by Borrower of the last payment

for the final amount of Purchased Shares (as defined in the following Stock Purchase Agreement) available under that certain Stock Purchase Agreement dated as of June 11, 1996 by and among Borrower, Security Capital Holdings S.A. and Security Capital U.S. Realty or (ii) June 30, 1997 and (b) 0.50 to 1.00 on and after the occurrence of either such (i) or (ii).

(d) The Credit Agreement is hereby amended by deleting Annex I attached thereto and substituting in its place Annex I attached hereto.

(e) The Credit Agreement is amended by increasing the amount of the Commitments of each of the Lenders to the respective amounts set forth on Annex I attached hereto.

Section 2. Acknowledgment of Lenders' Commitments; Adjustment of Outstandings. The parties hereto hereby agree that after giving effect to the transactions contemplated by this Amendment, the amount of each Lender's respective Commitment is as set forth on Annex I attached hereto. To effect the increase of the Commitment of Wells Fargo in terms of each Lender's Pro Rata Share of Revolving Loans, upon the effectiveness of this Amendment, Wells Fargo shall purchase from the other Lenders, on a non-recourse, "as-is" basis, an appropriate principal amount of Revolving Loans such that after giving effect to all such purchases the principal balance of Revolving Loans owing to each Lender shall equal (a) the aggregate principal balance of all Revolving Loans then outstanding times (b) such Lender's Pro Rata Share (determined with the amount of the Commitments set forth on Annex I attached hereto). All payments to be made or received under this paragraph shall be made on a net basis. If under this paragraph any Lender is obligated to pay any amount to any other party, such Lender shall make payment to Agent for the account of such other party.

Section 3. Effectiveness of Amendment. All transactions contemplated by this Amendment shall be deemed to have occurred simultaneously upon its effectiveness. This Amendment shall only be effective upon its execution and delivery by all of the parties hereto and the satisfaction of the condition contained in the next sentence. The effectiveness of this Amendment is further subject to receipt by Agent of each of the following in form and substance satisfactory to Agent:

(a) A Note executed by Borrower, payable to the order of Wells Fargo and in the original principal amount of $60,000,000 (the "New Note") in replacement of the outstanding Note in favor of Wells Fargo in the principal amount of $45,000,000;

(b) A copy of the resolutions of the board of directors of Borrower authorizing the execution and delivery of this Amendment and the New Note and the increase in the Revolving Commitment effected hereby, certified by the Secretary or an Assistant Secretary of Borrower;

(c) an opinion of Foley & Lardner, counsel to Borrower, addressed to Agent and Lenders, and regarding the authority of Borrower to execute, deliver and perform this Amendment, the Credit Agreement as amended hereby and the New Note, and such other matters as Agent or its counsel may request; and

(d) Such other documents and instruments as Agent may reasonably request.

Section 4. Representations of Borrower. Borrower represents and warrants to Agent and Lenders that:

(a) Authorization. Borrower has the right and power, and has taken all necessary action to authorize it, to execute and deliver this Amendment and the New Note and to perform its obligations hereunder, under the New Note and under the Credit Agreement, as amended by this Amendment, in accordance with their respective terms. Each of this Amendment and the New Note has been duly executed and delivered by a duly authorized officer of Borrower and each of this Amendment, the New Note and the Credit Agreement, as amended by this Amendment, is a legal, valid and binding obligation of Borrower enforceable against Borrower 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 contained herein or therein may be limited by equitable principles generally.

(b) Compliance with Laws, etc. The execution and delivery by Borrower of this Amendment and the New Note and the performance by Borrower of this Amendment, the New Note and the Credit Agreement, as amended by this Amendment, in accordance with their respective terms, do not and will not, by the passage of time, the giving of notice or otherwise: (i) require any Government Approval or violate any Applicable Law relating to Borrower the failure to possess or to comply with which would have a Materially Adverse Effect; (ii) conflict with, result in a breach of or constitute a default under Borrower's articles of incorporation or by-laws or any indenture, agreement or other instrument to which Borrower 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 (iii) result in or require the creation or imposition of any Lien upon or with respect to any property now owned or hereafter acquired by Borrower other than Permitted Liens.

Section 5. Reaffirmation. Each Guarantor hereby reaffirms its continuing obligations to Agent and Lenders under the Guaranty to which it is a party, and agrees that the transactions contemplated by this Amendment shall not in any way affect the validity and enforceability of such Guaranty, or reduce, impair or discharge the obligations of such Guarantor thereunder.

Section 6. Wells Fargo Bank, N.A. as Successor. Each of the parties hereto consents to the assignment by Wells Fargo Realty Advisors Funding, Incorporated ("WFRAFI") to, and the assumption by Wells Fargo Bank, N.A. ("Wells Fargo Bank") of, all of the rights, benefits, obligations and duties of WFRAFI under the Credit Agreement and under the other Loan Documents, both as a Lender and as Agent.

Section 7. References to the Credit Agreement. Each reference to the Credit Agreement in any of the Loan Documents (including the Credit Agreement) shall be deemed to be a reference to the Credit Agreement, as amended by this Amendment.

Section 8. Benefits. This Amendment shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns.

Section 9. GOVERNING LAW. THIS AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF GEORGIA.

Section 10. Effect. Except as expressly herein amended, the terms and conditions of the Credit Agreement and the other Loan Documents shall remain in full force and effect.

Section 11. Counterparts. This Amendment may be executed in any number of counterparts, each of which shall be deemed to be an original and shall be binding upon all parties, their successors and assigns.

Section 12. Definitions. All capitalized terms not otherwise defined herein are used herein with the respective definitions given them in the Credit Agreement.

[Signatures on Next Page]

IN WITNESS WHEREOF, the parties hereto have caused this Second Amendment to Credit Agreement to be executed as of the date first above written.

BORROWER:

REGENCY REALTY CORPORATION

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

GUARANTORS:

RRC FL ONE, INC.
RRC FL TWO, INC.
RRC FL THREE, INC.
RRC FL SIX, INC.
RRC FL SEVEN, INC.
RRC GA ONE, INC.

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

UNIVERSITY MARKETPLACE
WESTLAND PARK ASSOCIATES
THE QUADRANT AT SOUTHPOINT
RGI-FAIRWAY EXECUTIVE CENTER

By: RRC FL One, Inc., a General Partner

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

By: RRC FL Two, Inc., a General Partner

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

[Signatures Continued on Following Page]

[Signature Page to Second Amendment to Credit Agreement dated as of September 16, 1996 for Regency Realty Corporation]

AGENT AND LENDERS:

WELLS FARGO BANK, N.A., a national banking association and successor in interest to Wells Fargo Realty Advisors Funding, Incorporated, individually and as Agent

By:_____
Name: Mary Ann Kelly
Title:Vice President

FIRST UNION NATIONAL BANK OF FLORIDA

By:_____
Name:_____
Title:_____

WACHOVIA BANK OF GEORGIA, N.A.

By:_____
Name:_____
Title:_____

ANNEX I

LIST OF LENDERS,
COMMITMENT AMOUNTS AND LENDING OFFICES

Wells Fargo Bank, N.A.

Lending Office (all Types of Loans):	Commitment Amount:
2859 Paces Ferry Road, Suite 1805 Atlanta, Georgia 30339 Attention: Mary Ann Kelly Telecopier: (404) 435-2262 Telephone: (404) 435-3800	$60,000,000

Wiring Instructions:

To: Wells Fargo Bank, N.A.
WFB REG Disbursement Center
AC 2934507203
ABA #121000248
2120 East Park Place, Suite 100
El Segundo, CA 90245
Attn: Judi Mammen
Loan No.: 8773 ZMA
Obligor: Regency Realty Corp.

First Union National Bank of Florida

Lending Office (all Types of Loans):	Commitment Amount:
214 Hogan Street Jacksonville, Florida 32202 Attention: Alice Ricker, Commercial Loan Accounting (FL0070) Telephone No.: (904) 361-6003 Telecopy No.: (904) 361-1010	$15,000,000

Address for Notices:

First Union National Bank of Florida
P.O. Box 2080
Jacksonville, Florida 32231
Attention: Real Estate Portfolio Management (FL0061)
Telephone No.: (904) 361-1285
Telecopy No.: (904) 361-1833

Wiring Instructions:

To: First Union National Bank of Florida
Jacksonville, Florida
ABA No.: 063000021
Account No.: 1459162008
Account Name: Regency Realty Corporation
Reference: #7354172078

Wachovia Bank of Georgia, N.A.

Lending Office (all Types of Loans):	Commitment Amount:
Mail Code GA1810 191 Peachtree Street, N.E., 30th Floor Atlanta, Georgia 30303-1757 Attention: Betty J. Hightower Telephone No.: 404-332-4204 Telecopy No.: 404-332-4066	$15,000,000

Address for Notices:

Wachovia Bank of Georgia, N.A.
Mail Code GA1810
191 Peachtree Street, N.E., 30th Floor
Atlanta, Georgia 30303-1757
Attention: Edwin S. Poole, III
Telephone No.: 404-332-5478
Telecopy No.: 404-332-4066

Wiring Instructions:

To: Wachovia Bank of Georgia, N.A.
Atlanta, Georgia
ABA No.: 061000010
Account No.: 18-800-621
Account: WBGA Money Transfer Clearing
Reference: Regency Realty Corp Revolving Line

EMPLOYMENT AGREEMENT

THIS AGREEMENT is made as of this 11th day of July, 1996, by and between REGENCY REALTY CORPORATION, a Florida corporation (the "Company") and _____ ("Employee").

In consideration of Employee's agreement to continue as an executive officer of the Company, Employee and the Company agree as follows:

1. Definitions. The following definitions shall apply:

(a) "Cause" means:

(i) The willful and substantial failure or refusal of Employee to perform duties assigned to Employee (unless Employee shall be ill or disabled) under circumstances where Employee would not have Good Reason to terminate Employee's employment hereunder, which failure or refusal is not remedied by Employee within thirty (30) days after written notice from the Chief Executive Officer of the Company or the Board of Directors of such failure or refusal;

(ii) A material breach of Employee's fiduciary duties to the Company (such as obtaining secret profits from the Company) or a violation by Employee in the course of performing Employee's duties to the Company of any law, rule or regulation (other than traffic violations or other minor offenses) where such violation has resulted or is likely to result in material harm to the Company, and in either case where such breach or violation constituted an act or omission performed or made willfully, in bad faith and without a reasonable belief that such act or omission was within the scope of Employee's employment hereunder; or

(iii) Employee's engaging in illegal conduct (other than traffic violations or other minor offenses) which results in a conviction (or a no contest or nolo contendere plea thereto) which is not subject to further appeal and which is materially injurious to the business or public image of the Company.

(b) "Change of Control" means:

(i) One-third or more of the members of the Board of Directors of the Company are not Continuing Directors (a "Continuing Director" means any member of the Board of Directors of the Company (1) who was a member of such Board on December 31, 1995, and any successor of a Continuing Director who is recommended to succeed a Continuing Director by at least a majority of the Continuing Directors then on such Board; (2) any individual who becomes a director subsequent to December 31, 1995, whose election or nomination for

election by the Company's shareholders was approved by a vote of at least a majority of the directors then comprising the Continuing Directors; and (3) any individual who becomes a director in connection with the transactions contemplated by the Stock Purchase Agreement dated as of June 11, 1996 by and among Security Capital Holdings S.A. and Security Capital U.S. Realty (collectively, the "Security Capital Entities") and the Company);

(ii) Any individual, firm, partnership, corporation or other entity, including any successor (by merger or otherwise) of such entity, or a group of any of the foregoing acting in concert (a "Person") (other than any employee benefit plan maintained by the Company or any entity controlled by the Company or any entity holding securities of the Company for or pursuant to the terms of any such plan or any trustee, administrator or fiduciary of such a plan) becomes the Beneficial Owner of securities of the Company representing at least 30 percent of the combined voting power of the Company's then outstanding securities except (1) any acquisition by the Investor (as defined in the Stockholders Agreement dated July 10, 1996, among the Security Capital Entities and the Company) and their respective affiliates (including any bona fide pledge of securities of the Company by such Investor or its affiliates to secure bona fide indebtedness of such Person) which is not in violation of such Stockholders Agreement; (2) any acquisition directly from the Company; (3) any acquisition by the Company; (4) transfers between and among the Security Capital Entities and their respective affiliates; or (5) any transaction or series of related transactions directly with the Company which have been authorized by a majority of the Continuing Directors then serving on the Company's Board of Directors (a Person shall be deemed to be the "Beneficial Owner" of any securities (a) which such Person or any of such Person's "Affiliates" and "Associates," as such terms are defined in Rule 12b-2 of the General Rules and Regulations of the Securities Exchange Act of 1934 (the "Exchange Act"), has the right to acquire (whether such right is exercisable immediately or only after the passage of time) pursuant to any agreement, arrangement

or understanding, or upon the exercise of conversion rights, exchange rights, rights, warrants or options, or otherwise; provided, however, that a Person shall not be deemed the Beneficial Owner of, or to beneficially own, securities tendered pursuant to a tender or exchange offer made by or on behalf of such Person or any of such Person's Affiliates or Associates until such tendered securities are accepted for purchase; or (b) which such Person or any of such Person's Affiliates or Associates, directly or indirectly, has the right to vote or dispose of or has "beneficial ownership" of (as determined pursuant to Rule 13d-3 of the General Rules and Regulations under the Exchange Act or any successor provision), including pursuant to any agreement, arrangement or understanding; provided, however, that a Person shall not be deemed the Beneficial Owner of, or to beneficially own, any security under this subsentence (b) as a result of an agreement, arrangement or understanding to vote such security if the agreement, arrangement or

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

(iii) There shall be consummated (A) any reorganization, consolidation or merger (a "Business Combination") of the Company in which the Company is not the continuing or surviving corporation or pursuant to which the Company's common stock would be converted into cash, securities or other property, other than a Business Combination in which the holders of the Company's voting common stock immediately prior to such Business Combination Beneficially Own, directly or indirectly, more than 70% of the combined voting power of the then-outstanding voting securities entitled to vote generally in the election of directors of the corporation resulting from such initial Business Combination in substantially the same proportions as their ownership, immediately prior to such Business Combination, of the outstanding Company voting stock, or (B) except as provided in clause (A), any sale, lease, exchange or other transfer (in one transaction or a series of related transactions) of all, or substantially all, of the assets of the Company;

(iv) The Company acquires, whether through purchase, merger or otherwise, all or substantially all of the operating assets or capital stock of another entity and in connection with such acquisition persons are elected or appointed to the Board of Directors of the Company who are not directors immediately prior to the acquisition and such persons constitute at least fifty percent (50%) of the Board of Directors after such acquisition;

(v) The shareholders of the Company approve any plan or proposal for the liquidation or dissolution of the Company; or

(vi) The "Standstill Period" (as defined in Section 5.1 of the Stockholders Agreement dated July 10, 1996 among the Security Capital Entities and the Company) shall terminate and thereafter the Investor (as defined in the Stockholders Agreement), directly or indirectly through any of the Investor's Affiliates, shall either (A) take the action described in Section 5.2(iii) of the Stockholders Agreement or (B) other than as permitted by Article 2 of the Stockholders Agreement obtain representation on the Board of Directors of the

Company or obtain a change in the composition or size of the Board of Directors of the Company.

(c) "Good Reason" means (i) a diminution or change, without Employee's consent, in the nature of Employee's authority, duties or responsibilities to a level materially inconsistent with Employee's position with the Company at the time of the Change in Control, or (ii) a material diminution, following a Change of Control, in Employee's base compensation or the formula for Employee's incentive compensation, without Employee's consent, or (iii) a material diminution, without Employee's consent, in the nature of Employee's working conditions, or (iv) Employee shall be required to perform duties which would necessitate relocating Employee's residence beyond a reasonable commuting distance from downtown Jacksonville, Florida; provided, however, that Employee shall give the Company written notice of any facts Employee reasonably believes constitute Good Reason and the Company shall have thirty (30) days to cure such Good Reason, if susceptible of cure.

2. Change of Control. In the event that the Company terminates Employee's employment without Cause or Employee terminates Employee's employment for Good Reason, in each case within three (3) years following a Change of Control:

(a) Employee shall be entitled to receive a lump sum within fifteen (15) days after the date of termination equal to the sum of (i) Employee's base compensation in effect on the date of termination or, if greater, immediately prior to the Change of Control, payable for _____ months (the "Termination Payment Period"), (ii) an amount in cash equal to Employee's prior year's annual bonus, if any ("Prior Bonus") paid pursuant to the Company's Annual Incentive for Management Plan or any successor plan ("AIM"), or if greater, Employee's annual AIM bonus for the fiscal year ending immediately prior to the Change of Control times a fraction, the numerator if which is the number of months comprising the Termination Payment Period and the denominator of which is twelve (12), and (iii) an amount equal to the marginal cost to the Company of all fringe benefits and other employee benefits for the Termination Payment Period (other than vacations, stock options and profit sharing contributions but including the life insurance referred to in Section) that Employee was receiving on the date of termination or immediately prior to the Change of Control, if greater.

3. Compensation Upon Termination. Employee shall not be required to mitigate the amount of any compensation or other amounts payable to Employee hereunder pursuant to Section ("Change of Control") following the early termination of Employee's employment, by securing other employment or otherwise, nor will such compensation be reduced by reason of Employee securing other employment or for any other reason; provided, however, that if any portion of such compensation (or other amounts when added to all other amounts payable or distributable to Employee pursuant to the terms of this Agreement or otherwise) would constitute an "excess parachute payment" under Section 280G of the Internal Revenue Code of 1986, as amended (or any successor provision), the amount of such compensation shall be reduced until it is one dollar less than what would constitute an excess parachute payment.

4. Life Insurance. In the event that Employee's employment is terminated for any reason, whether before or after a Change of Control, Employee shall be entitled to assume paying the premiums on any term life insurance policy obtained by the Company during the term of this Agreement as a fringe benefit for Employee, provided that the terms of such insurance permit Employee to do so. The Company shall be required to continue paying the premiums on any such life insurance policy following a Change of Control so long as Employee remains employed by the Company until the term of such policy shall have expired.

5. Confidentiality. The provisions of this Section shall survive the termination of this Agreement. The parties agree that any breach of this Section will result in irreparable harm to the non-breaching party which cannot be fully compensated by monetary damages and accordingly, in the event of any breach or threatened breach of this Section , the non-breaching party shall be entitled to injunctive relief.

(a) Employee will not use or disclose any confidential information of the Company or any of its affiliates, including without limitation the Company's know-how and trade secrets and the know-how and trade secrets of the Company's Predecessor, without the Company's prior written consent, except in furtherance of the Company's business or except as may be required by law. "Predecessor" means The Regency Group, Inc. Additionally, and without limiting the foregoing, Employee agrees not to participate in or facilitate the dissemination to the media or any other third party (i) of any confidential information concerning the Company or its Predecessor, any of their respective affiliates or any employee of the Company, its Predecessor or any of their respective affiliates, or (ii) of information concerning Employee's experiences as an employee of the Company or its Predecessor, without the Company's prior written consent except as may be required by law.

(b) The Company agrees not to disclose to any third party any information concerning the terms of Employee's employment or Employee's work-related performance or, in the event that Employee ceases to be employed hereunder, the reasons or basis for Employee's termination of employment, without Employee's prior written consent or except as may be required by law.

6. Withholding. All payments to Employee hereunder shall be net of all amounts required to be withheld under applicable state or federal income tax law.

7. Miscellaneous. This Agreement shall be construed and enforced in accordance with the laws of the State of Florida (exclusive of conflict of law principles). In the event that any provision of this Agreement shall be invalid, illegal or unenforceable, the remainder shall not be affected thereby.

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

REGENCY REALTY CORPORATION

By:
Its:

WARNING: THE EDGAR SYSTEM ENCOUNTERED ERROR(S) WHILE PROCESSING THIS SCHEDULE.

5

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM REGENCY REALTY CORPORATION'S QUARTERLY REPORT FOR THE PERIOD ENDED SEPTEMBER 30, 1996

REGENCY REALTY CORPORATION

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9-MOS
DEC-31-1996
SEP-30-1996
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