FORM 10-K

Annual report pursuant to section 13 and 15(d)

Filing Date: **1999-03-26** | Period of Report: **1998-12-31**
SEC Accession No. 0000892569-99-000743

(HTML Version on secdatabase.com)

FILER

PAN PACIFIC RETAIL PROPERTIES INC

CIK:**1040454**| IRS No.: **330752457** | State of Incorp.:**MD** | Fiscal Year End: **1231**
Type: **10-K** | Act: **34** | File No.: **001-13243** | Film No.: **99573899**
SIC: **6798** Real estate investment trusts

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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K
ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES AND EXCHANGE ACT OF 1934
FOR THE FISCAL YEAR ENDED DECEMBER 31, 1998
COMMISSION FILE NUMBER: 001-13243

PAN PACIFIC RETAIL PROPERTIES, INC.
(Exact Name of Registrant as Specified in Its Charter)

MARYLAND	33-0752457
(State of Incorporation)	(I.R.S. Employer Identification No.)
1621-B SOUTH MELROSE DRIVE,	
VISTA, CALIFORNIA	92083
(Address of Principal Executive Offices)	(zip code)

Registrant's telephone number, including area code: (760) 727-1002

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

TITLE OF EACH CLASS	NAME OF EACH EXCHANGE ON WHICH REGISTERED
Common Stock, $0.01 par value	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

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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 / /.

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

The aggregate market value of the shares of common stock held by non-affiliates was approximately $180,198,000 based upon the closing price on the New York Stock Exchange for such shares of $17.625 on March 18, 1999.

As of March 18, 1999, the number of shares of the Registrant's common stock outstanding was 21,162,012.

DOCUMENTS INCORPORATED BY REFERENCE

Part III of this report on Form 10-K incorporates by reference information from the Registrant's definitive proxy statement to be filed with the Securities and Exchange Commission within 120 days of the close of the Registrant's fiscal year.

PAN PACIFIC RETAIL PROPERTIES, INC.
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PART I

ITEM 1. BUSINESS

Pan Pacific Retail Properties, Inc. (the "Company"), a self-administered and self-managed real estate investment trust (a "REIT"), was formed in April 1997 to continue and expand the acquisition, ownership, management, leasing and development business of Pan Pacific Development (U.S.) Inc. and its affiliates (collectively, "PPD"). The Company's portfolio consists principally of community and neighborhood shopping centers predominantly located in four key Western U.S. markets. On August 13, 1997, the Company completed its initial public offering (the "IPO").

As of December 31, 1998, the Company owned or controlled a portfolio of 54 shopping center properties (collectively, the "Properties"), of which 50 are located in the Western United States including 12 in Northern California, 9 in Southern California, 7 in Nevada and 22 in the Pacific Northwest (8 in Washington and 14 in Oregon).

The Company employed 88 people as of December 31, 1998, including five executive officers and senior personnel, in the areas of administration, accounting services, property management, maintenance, leasing, acquisitions and business development. The Company's executive offices are located at 1621-B South Melrose Drive, Vista, California, and its telephone number is (760) 727-1002. In addition to personnel located at its executive offices, the Company operates regional offices in Las Vegas, Nevada; Kent, Washington; Portland, Oregon; Chino, California; and Sacramento, California. Each of the regional offices is responsible for property management, maintenance and leasing.

The Company has made an election to be taxed as a REIT under Sections 856 through 860 of the Internal Revenue Code of 1986, as amended (the "Code") commencing with its taxable year ended December 31, 1997. The Company believes that, commencing with its taxable year ended December 31, 1997, it has been organized and has operated in such a manner so as to qualify for taxation as a REIT under the Code, and the Company intends to continue to operate in such a manner, but no assurance can be given that it will continue to operate in such a manner so as to qualify or remain qualified. Even if the Company qualifies for taxation as a REIT, the Company may be subject to certain federal, state and local taxes on its revenue and properties.

BUSINESS STRATEGIES

The Company's business strategies involve three fundamental practices:

- Owning and operating shopping centers in select markets with strong economic and demographic characteristics in order to establish and maintain a portfolio of real estate assets with stable income and the potential for long-term growth;

- Developing local and regional market expertise through the hands-on participation of senior management in property operations and leasing in order to capitalize on market trends, retailing trends and acquisition opportunities; and

- Establishing and maintaining a diversified and complementary tenant mix with an emphasis on tenants that provide day-to-day consumer necessities in order to provide steady rental revenue.

GROWTH STRATEGIES

The Company's principal growth strategy is to acquire shopping centers that provide an opportunity to expand in current markets or to establish a presence in targeted markets with favorable economic and demographic characteristics. The Company seeks to acquire properties that can benefit from its hands-on management, that may require repositioning, redevelopment or renovation or which can be purchased at attractive capitalization rates and are consistent in terms of quality and location with the Company's existing portfolio.

The Company seeks to continue to utilize its in-depth market knowledge within its four key markets to pursue its strategy of opportunistic acquisitions of shopping centers for long-term investment. The Company believes that significant opportunities exist within these markets to acquire shopping center properties that are consistent with its existing portfolio in terms of quality of construction, positive submarket demographics and location attributes and that provide attractive initial investment yields with potential for growth in cash flow. The Company further believes it has certain competitive advantages which enhance its ability to identify and capitalize on acquisition opportunities, including: (i) long-standing relationships with institutional and other owners of shopping center properties in the Company's four primary regions; (ii) fully integrated real estate operations which enable the Company to respond quickly to acquisition opportunities and to capitalize on the resulting economies of scale; and (iii) access to capital as a public company.

Since the closing of the Company's IPO on August 13, 1997 through December 31, 1998, the Company has acquired 29 shopping centers totaling 3,482,920 square feet of retail space for approximately $317.7 million. All of the properties are located in the Company's four key markets, and 19 of the shopping centers (66%) are anchored by grocery stores. Management believes that all of the centers are located in markets with strong demographic characteristics. Management intends to add value to these retail properties through the application of its active, hands-on management and aggressive leasing strategies.

Although the Company believes that current market conditions generally favor acquisitions, management intends to continue developing quality shopping center properties when it believes market conditions and tenant opportunities support favorable risk-adjusted returns. During 1998, the Company expanded the size of its portfolio by completing the build out of four outparcels totaling 47,722 square feet of leasable area for approximately $3,400,000. All of the newly developed space is leased. During 1999, the Company is planning to build 15,600 square feet of new space at two existing operating properties and deliver one serviced parcel to a tenant at another, all subject to finalization of lease agreements, entitlements and other conditions. In addition to the foregoing, the Company has approximately 40,000 square feet of buildable expansion space at five properties which management is working on pre-leasing.

The Company also seeks to maximize the cash flow from its existing Properties by continuing to enhance the operating performance of each Property through its in-house leasing and property management programs. The Company aggressively pursues: (i) the leasing of currently available space; (ii) the renewal or releasing of expiring leases at higher rental rates which management believes currently are available based on improving market conditions and its recent leasing activity; and (iii) economies of scale in the management and leasing of properties that may be realized by focusing its acquisition and development activities within its four primary regions.

FINANCING STRATEGIES

The Company's financing strategy is to maintain a strong and flexible financial position by maintaining a prudent level of leverage, maintaining a pool of unencumbered assets and managing its variable interest rate exposure. The Company intends to finance future acquisitions with the most advantageous sources of capital available to the Company, which may include the sale of common stock, preferred stock or debt securities through public offerings or private placements, the incurrence of additional indebtedness through secured or unsecured borrowings and the issuance of operating units in exchange for contributed property.

During 1998, the Company completed a secondary offering of 4,348,000 shares of common stock at $21.125 per share. The net proceeds to the Company were approximately $85,913,000. The Company also obtained an increase to its unsecured credit facility (the "Unsecured Credit Facility") from $150,000,000 to $200,000,000 and a reduction in the top borrowing rate thereunder to LIBOR plus 1.375%.

Also, during 1998, the Company formed Pan Pacific (Portland), LLC ("PPP LLC"), with the Company as sole managing member. In the fourth quarter, PPP LLC acquired a portfolio of six shopping centers located in Oregon. In exchange for four properties which were contributed to PPP LLC, 832,617 units were issued to certain non-managing members. Distributions are made to the non-managing members at a rate equal to the distribution being paid by the Company on a share of common stock. A non-managing member can seek redemption of their units after the first anniversary. The Company, at its option, may redeem the units by either (i) issuing common stock at the rate of one share for each unit, or (ii) paying cash.

RECENT DEVELOPMENTS

On January 5, 1999, the Company purchased the remaining 50% interest in Melrose Village Plaza, located in Vista, California, for $7,150,000, thereby giving the Company a 100% interest in this 132,674 square foot neighborhood shopping center anchored by Lucky Supermarket and Sav-On Drug Store.

DISPOSITIONS

The Company has no current intention to cause the disposition of any of the Properties, although it reserves the right to do so if, after taking into account the tax consequences of any disposition, including the Company's continued ability to qualify as a REIT, it determines that such action would be in its best interests.

CERTAIN CAUTIONARY STATEMENTS

REAL ESTATE INVESTMENT ASSOCIATED RISKS. Real property investments are subject to varying degrees of risk. The yields available from equity investments in real estate depend in large part on the amount of income generated and expenses incurred. If the Properties do not generate revenue sufficient to meet operating expenses, including debt service, tenant improvements, leasing commissions and other capital expenditures, we may have to borrow additional amounts to cover fixed costs. This would adversely affect our cash flow and ability to make distributions to our stockholders.

Our revenue and the value of our properties may be adversely affected by a number of factors, including:

- The national economic climate;
- The local economic climate;
- Local real estate conditions;
- Changes in retail expenditures by consumers;
- The perceptions of prospective tenants of the attractiveness of the property;
- Our ability to manage and maintain the Properties and secure adequate insurance; and
- Increases in operating costs (including real estate taxes and utilities).

In addition, real estate values and income from properties are also affected by factors such as applicable laws, including tax laws, interest rate levels and the availability of financing.

OUR POTENTIAL INABILITY TO RETAIN TENANTS AND RELET SPACE. We will be subject to the risks that, upon expiration or termination, leases may not be renewed, the space may not be relet or the terms of renewal or reletting (including the cost of required renovations) may be less favorable than current lease terms. Leases covering a total of approximately 7.2% and 43.1% of the leased gross leasable area ("GLA") of the Properties will expire through the end of 1999 and 2003, respectively. We budget for renovation and reletting expenses, which takes into consideration our view of both the current and expected market conditions in the geographic regions in which the Properties are located, but we cannot assure you that these reserves will be sufficient to cover these costs. Our cash flow and ability to make expected distributions to stockholders could be adversely affected, if:

- We are unable to promptly relet or renew leases for all or a substantial portion of this space;
- The rental rates upon renewal or reletting are significantly lower than expected; or
- Our reserves for these purposes prove inadequate.

DEPENDENCE ON MARKET CONDITIONS IN THE GEOGRAPHIC REGIONS. Twelve

Properties are located in Northern California, 9 Properties are located in Southern California, 6 are located in Las Vegas, Nevada and 22 are located in the Pacific Northwest (8 in Washington and 14 in Oregon). To the extent that general economic or other relevant conditions in these regions decline and result in a decrease in consumer demand in these regions, our performance may be adversely affected.

POTENTIAL ILLIQUIDITY OF REAL ESTATE. Equity real estate investments are relatively illiquid. This illiquidity tends to limit our ability to vary our portfolio promptly in response to changes in economic or other conditions. In addition, the Code limits a REIT's ability to sell properties held for fewer than four years, which may affect our ability to sell properties without adversely affecting returns to holders of common stock.

COMPETITION WITH OTHER DEVELOPERS AND REAL ESTATE COMPANIES. There are numerous commercial developers and real estate companies that compete with us in seeking land for development, properties for acquisition and tenants for properties. There are numerous shopping facilities that compete with the Properties in attracting retailers to lease space. In addition, retailers at the Properties face increasing competition from outlet stores, discount shopping clubs, and other forms of marketing of goods, such as direct mail, internet marketing and telemarketing. This competition may reduce properties available for acquisition or development, reduce percentage rents payable to us and may, through the introduction of competition, contribute to lease defaults or insolvency of tenants. Thus, competition could materially affect our ability to generate net income and to make distributions to our stockholders.

COST OF COMPLIANCE WITH CHANGES IN LAWS. Because increases in income, service or transfer taxes are generally not passed through to tenants under leases, these increases may adversely affect our cash flow and our ability to make distributions to stockholders. The Properties are also subject to various federal, state and local regulatory requirements, such as requirements of the Americans with Disabilities Act of 1990 and state and local fire and life safety requirements. Failure to comply with these requirements could result in the imposition of fines by governmental authorities or awards of damages to private litigants. In addition, we cannot assure you that these requirements will not be changed or that new requirements will not be imposed which would require significant unanticipated expenditures by us. Any of these events could adversely affect our cash flow and expected distributions.

RELIANCE ON CERTAIN TENANTS AND ANCHORS. Our income and funds from operations could be adversely affected in the event of the bankruptcy or insolvency, or a downturn in the business, of any anchor store, or if any anchor tenant does not renew its lease when it expires. If tenant sales at the Properties were to decline, tenants might be unable to pay their rent or other occupancy costs. In the event of default by a tenant, delays and costs in enforcing our rights could be experienced. In addition, the closing of one or more anchor-occupied stores or lease termination by one or more anchor tenants of a shopping center, whose leases may permit termination, could adversely impact that Property and result in lease terminations or reductions in rent by other tenants, whose leases may permit termination or rent reduction in those circumstances. This could adversely affect our ability to re-lease the space that is vacated. Each of these developments could adversely affect our funds from operations and our ability to make expected distributions to stockholders.

LIMITATIONS ON CONTROL OF PARTIALLY-OWNED PROPERTIES. We own a 94% partnership interest in the limited partnership that owns Chino Town Square. We may have certain fiduciary responsibilities to third parties which we will need to consider when making decisions relating to this Property. We will not have sole control of certain major decisions relating to this Property and will need to seek the consent of these third parties under certain circumstances such as sales, refinancings, the timing and amount of additional capital contributions to the Property and the transfer, assignment or pledge of our partnership interests in the partnerships owning this Property. In addition, we may also participate with other entities in property ownership through joint ventures or partnerships in the future. Partnership or joint venture investments may, under certain circumstances, involve risks not otherwise present, including:

- The possibility that our partners or co-venturers might become bankrupt;
- These partners or co-venturers might at any time have economic or other business interests or goals that are inconsistent with our business interests or goals;

- These partners or co-venturers may be in a position to take action contrary to our instructions or requests; and
- These partners or co-venturers may be in a position to take action contrary to our policies or objectives, including our policy with respect to maintaining our qualification as a

REIT.

LACK OF OPERATING HISTORY WITH RESPECT TO THE RECENT ACQUISITION AND DEVELOPMENT OF PROPERTIES. At December 31, 1998, we owned and operated 54 Properties, consisting of approximately 7.2 million square feet of owned space. Twenty-two of the Properties have been acquired since January 1, 1998, and may have characteristics or deficiencies currently unknown to us that affect their value or revenue potential. It is also possible that the operating performance of these Properties may decline under our management. As we acquire additional properties, we will be subject to risks associated with managing new properties, including lease-up and tenant retention. In addition, our ability to manage our growth effectively will require us to successfully integrate our new acquisitions into our existing management structure. We cannot assure you that we will succeed with this integration or effectively manage additional properties. We also cannot assure you that newly acquired properties will perform as expected.

INFLUENCE OF CERTAIN AFFILIATES. Stuart Tanz, our Chairman, President and Chief Executive Officer, through his and his families' ownership interests in Revenue Properties Company Limited ("RPC") and RPC's ownership of Pan Pacific Development (U.S.), Inc. ("PPD (U.S.)"), owns or controls over 50% of our total outstanding shares of common stock as of March 15, 1999. In addition, PPD (U.S.) has the right to nominate certain of our directors. Consequently, although the Tanz family will not be able to take action on our behalf without the concurrence of other members of our Board of Directors, they may be able to exert substantial influence over our affairs. This influence might not be consistent with the interest of other stockholders. In addition, there may be conflicts between the interests of the public stockholders of RPC and our public stockholders.

DEPENDENCE ON KEY MANAGEMENT PERSONNEL. Our executive officers have substantial experience in owning, operating, managing, acquiring and developing shopping centers. We believe that our success will depend in large part upon their efforts. If any key management personnel do not remain in our employ, we could be materially adversely affected.

DEBT FINANCING AND EXISTING DEBT MATURITIES. We are subject to risks normally associated with debt financing, including:

- The risk that our cash flow will be insufficient to meet required payments of principal and interest;

- The risk that existing indebtedness on the Properties (which in all cases will not have been fully amortized at maturity) will not be able to be refinanced; or

- The terms of such refinancing will not be as favorable as the terms of existing indebtedness.

At December 31, 1998, we had outstanding indebtedness of approximately $282,524,000, including unamortized note payable premiums totaling $1,958,000, which will mature over 14 years. Since we anticipate that only a small portion of the principal of the indebtedness will be repaid prior to maturity, and that we will not have funds on hand sufficient to repay the balance of the indebtedness in full at maturity, it will be necessary for us to refinance the debt either through additional borrowings or equity or debt offerings. If principal payments due at maturity cannot be refinanced, extended or paid with proceeds of other capital transactions, we expect that our cash flow will not be sufficient in all years to pay distributions at expected levels and to repay all this maturing debt. Also, if prevailing interest rates or other factors at the time of refinancing (such as the reluctance of lenders to make commercial real estate loans) result in higher interest rates upon refinancing, the interest expense relating to refinanced indebtedness would increase. This could adversely affect our cash flow and our ability to make expected distributions to our stockholders. In addition, if we are unable to refinance the indebtedness on acceptable terms, we might dispose of properties upon disadvantageous terms, which might result in losses to us and might adversely affect funds available for distribution to stockholders.

POTENTIAL DEFAULTS UNDER MORTGAGE FINANCING. At December 31, 1998, we had approximately $142,066,000 in principal amount of mortgage financing. The payment and other obligations under certain of the mortgage financing is secured by cross-collateralized, and cross-defaulted first mortgage liens in the aggregate amount of approximately $53,429,000 on four Properties and $18,768,000 on three Properties. If we are unable to meet our obligations under the mortgage financing, the Properties securing that debt could be foreclosed upon. This could have a material adverse effect on us and our ability to make expected distributions and could threaten our continued viability.

RISING INTEREST RATES AND VARIABLE RATE DEBT. Advances under our unsecured credit facility may bear interest at a variable rate. In addition, we may incur other variable rate indebtedness in the future. Increases in interest rates on such indebtedness would increase our interest expense, which could adversely affect our cash flow and our ability to pay expected distributions to stockholders. Accordingly, we may in the future engage in other transactions to further limit our exposure to rising interest rates as appropriate and cost effective.

TAX LIABILITIES AS A CONSEQUENCE OF FAILURE TO QUALIFY AS A REIT. Commencing with our taxable year ended December 31, 1997, we believe that we have qualified as a REIT under the Code. Qualification as a REIT involves the satisfaction of numerous requirements (some on an annual and some on a quarterly basis) established under highly technical and complex Code provisions for which there are only limited judicial and administrative interpretations. These requirements involve the determination of various facts and circumstances not entirely within our control. Legislation, new regulations, administrative interpretations or court decisions may significantly change the tax laws with respect to qualification as a REIT or the federal income tax consequences of such qualification.

If we fail to qualify as a REIT in any taxable year, we would be subject to federal income tax (including any applicable alternative minimum tax) on our taxable income at regular corporate rates. Moreover, unless we were entitled to relief under certain statutory provisions, we also would be disqualified from treatment as a REIT for the four taxable years following the year in which we lost our qualification. This treatment would significantly reduce our net earnings available for distribution to stockholders because of our additional tax liability for the years involved. In addition, distributions to stockholders would no longer be required.

ACQUISITION AND DEVELOPMENT INVESTMENTS MAY NOT PERFORM AS EXPECTED. We intend to continue acquiring, developing and redeveloping shopping center properties. Acquisitions of retail properties entail risks that investments will fail to perform in accordance with expectations. Estimates of development costs and costs of improvements, to bring an acquired property up to standards established for the market position intended for that property, may prove inaccurate.

We intend to expand or renovate our Properties from time to time. Expansion and renovation projects generally require expenditure of capital as well as various government and other approvals, the receipt of which cannot be assured. While policies with respect to expansion and renovation activities are intended to limit some of the risks otherwise associated with such activities, we will still incur certain risks, including expenditures of funds on, and devotion of management's time to, projects which may not be completed.

We anticipate that future acquisitions, development and renovations will be financed through a combination of advances under our unsecured credit facility, other lines of credit and other forms of secured or unsecured financing. If new developments are financed through construction loans, there is a risk that, upon completion of construction, permanent financing for newly developed properties may not be available or may be available only on disadvantageous terms.

It is possible that we will in the future expand our business to new geographic markets. We will not initially possess the same level of familiarity with new markets outside of the geographic areas in which the Properties are currently located. This could adversely affect our ability to acquire, develop, manage or lease properties in any new localities.

We also intend to develop and construct shopping centers in accordance with our business and growth strategies. Risks associated with our development and construction activities may include:

- Abandonment of development opportunities;

- Construction costs of a property exceeding original estimates, possibly making the property uneconomical;

- Occupancy rates and rents at a newly completed property may not be sufficient to make the property profitable;

- Financing may not be available on favorable terms for development of a property; and

- Construction and lease-up may not be completed on schedule, resulting in increased debt service expense and construction costs.

In addition, new development activities, regardless of whether they would ultimately be successful, typically require a substantial portion of management's time and attention. Development activities would also be subject to risks relating to our inability to obtain, or delays in obtaining, all necessary zoning, land use, building, occupancy, and other required governmental permits and authorizations.

THE PROPERTIES MAY BE SUBJECT TO UNKNOWN ENVIRONMENTAL LIABILITIES. Under various federal, state and local environmental laws, ordinances and regulations, a current or previous owner or operator of real estate may be required to investigate and clean up hazardous or toxic substances or petroleum product releases at the property. They may also be held liable to a governmental entity or to third parties for property damage and for investigation and clean-up costs incurred by these parties in connection with the contamination. These laws typically impose clean-up responsibility and liability without regard to whether the owner knew of or caused the presence of the contaminants. Liability under these laws may still be imposed even when the contaminants were associated with previous owners or operators and the liability under these laws has been interpreted to be joint and several, unless the harm is divisible and there is a reasonable basis for allocation of responsibility. The costs of investigation, remediation or removal of these substances may be substantial, and the presence of these substances, or the failure to properly remediate the contamination on the property, may adversely affect the owner's ability to sell or rent the property or to borrow using the property as collateral. The presence of contamination at a property can impair the value of the property even if the contamination is migrating onto the property from an adjoining property. Those who arrange for the disposal or treatment of hazardous or toxic substances at a disposal or treatment facility may also be liable for the costs of removal or remediation of a release of hazardous or toxic substances at the disposal or treatment facility, whether or not the facility is owned or operated by them. In addition, some environmental laws create a lien on the contaminated site in favor of the government for damages and costs incurred in connection with the contamination. Sometimes, the remedy to remediate contamination may include deed restriction or institutional control, which can restrict how the property may be used. Finally, the owner of a site may be subject to common law claims by third parties based on damages and costs resulting from environmental contamination stemming from the site.

Certain federal, state and local laws, regulations and ordinances govern the removal, encapsulation or disturbance of asbestos containing materials ("ACMs") when these materials are in poor condition or in the event of construction, remodeling, renovation or demolition of a building. These laws may impose liability for release of ACMs and may allow third parties to seek recovery from owners or operators of real properties for personal injury associated with ACMs. In connection with our ownership and operation of the Properties, we may be potentially liable for these costs.

Shopping centers may have businesses such as dry cleaners and auto repair or servicing businesses which handle, store and generate small quantities of hazardous wastes. The operation may result in spills or releases from time-to-time that can result in soil or groundwater contamination. Independent environmental consultants have conducted or updated Phase I Environmental Assessments (the "Phase I Assessments") at the Properties. These Phase I Assessments have included, among other things, a visual inspection of the Properties and the surrounding area and a review of relevant state, federal and historical documents.

Our Phase I Assessments of the Properties have not revealed any environmental liability that we believe would have a material adverse effect on our business, assets or results of operations taken as a whole, nor are we aware of any such material environmental liability.

It is still possible that our Phase I Assessments do not reveal all environmental liabilities or that there are material environmental liabilities of which we are unaware. Moreover, we cannot assure you that (i) future laws, ordinances or regulations will not impose any material environmental liability or (ii) the current environmental condition of the Properties will not be affected by tenants, by the condition of land or operations in the vicinity of the Properties (such as the presence of underground storage tanks), or by third parties unrelated to us.

NO LIMITATION ON AMOUNT OF INDEBTEDNESS WE MAY INCUR. At December 31, 1998, our debt to total market capitalization ratio was approximately 39.2% (assuming the conversion of PPP LLC units). We currently have a policy of incurring debt only if upon incurrence the debt to total market capitalization ratio would be 50% or less. It should be noted, however, that our organizational documents do not contain any limitation on the amount of indebtedness we may incur. Accordingly, the Board of Directors could alter or eliminate this policy. If this policy were changed, we could become more highly leveraged, resulting in an increase in debt service that could adversely affect our cash flow and, consequently, reduce the amount available for distribution to stockholders. This could increase the risk of default on our indebtedness.

CERTAIN TYPES OF LOSSES MAY EXCEED INSURANCE COVERAGE. We carry comprehensive liability, public area liability, fire, earthquake, flood, boiler and machinery, extended coverage and rental loss insurance covering the Properties, with policy specifications and insured limits which we believe are adequate and appropriate under the circumstances. There are, however, certain types of losses that are not generally insured because it is not economically feasible to insure against these losses. If an uninsured loss or a loss exceeding insured limits occurs, we could lose our capital invested in the Property, as well as the anticipated future revenue from the Property. In the case of debt which is with recourse to us, we would remain obligated for any mortgage debt or other financial obligations related to the Property. In these circumstances, any loss would adversely affect us.

DISPOSITION OF PROPERTIES WITH BUILT-IN GAIN. In connection with our formation, certain entities taxable as "C" corporations were merged either into us or into our subsidiaries which qualified as "qualified REIT subsidiaries". Certain of these entities held 13 properties with "built-in gain" at the time the entities were merged into us or into our subsidiaries. A property has "built-in gain" if (i) on the day it was acquired, the former owner's tax basis in the property was less than the property's fair market value, and (ii) it was acquired in a transaction in which our tax basis in the property was determined by reference to the former owner's tax basis in the property. Under Treasury Regulations which have not yet been promulgated, if these properties are sold within 10 years of the date we acquired them, we will be required to pay taxes on the built-in gain that would have been realized if the merging "C" corporation had liquidated on the day before the date of the mergers. Therefore, we may have less flexibility in determining whether or not to dispose of these properties. If we desire to dispose of these properties at some future date within this 10 year period, we may be subject to tax on the built-in gain.

ITEM 2. PROPERTIES

GENERAL

As of December 31, 1998, the Properties consist of 54 neighborhood/ community shopping centers containing 8.2 million square feet of which 7.2 million square feet is owned by the Company with the balance owned by certain retailers. The Properties are primarily situated in four key Western U.S. markets including Northern California, Southern California, Nevada and the Pacific Northwest, each of which the Company believes has attractive economic and demographic characteristics. The largest concentration of Properties, consisting of 34% of the total GLA, is located in California (20% of which is located in Northern California and 14% is located in Southern California). Another 20% of the total GLA is located in Nevada and 26% of the total GLA is located in Oregon with 16% located in Washington. In addition, Properties consisting of the remaining 4% of the total GLA are located in New Mexico, Tennessee, Kentucky and Florida. As of December 31, 1998, 96.5% of the Properties' total GLA was leased by 1,197 tenants.

The Properties are regionally managed under active central control by the Company's executive officers. Property management, leasing, capital expenditures, construction and acquisition decisions are centrally administered at the Company's corporate office. The Company employs property managers at each of its regional offices to oversee and direct the day-to-day operations of the Properties, as well as the on-site personnel. Property managers communicate daily with the Company's corporate offices to implement the Company's policies and procedures.

As a result of management's in-house leasing program, the Properties benefit from a stable, diversified merchandising mix. At December 31, 1998, 70.1% of the total leased GLA was leased to national tenants, 9.8% leased to regional tenants and 20.1% to local tenants. To promote stability and attract non-anchor tenants, the Company generally enters into long-term leases (typically 15 to 20 years) with major or anchor tenants which usually contain provisions permitting tenants to renew their leases at rates which often include fixed rent increases or CPI adjustments from the prior base rent. At December 31, 1998, anchor tenants leased 59.0% of the total leased GLA, with only 49.6% of anchor-leased GLA (29.3% of the total leased GLA) scheduled to expire within the next 10 years. To take advantage of improving market conditions and changing retail trends, the Company generally enters into shorter term leases (typically three to five years) with non-anchor tenants. The Company's leases are generally on a triple-net basis, which require the tenants to pay their pro rata share of all real property taxes, insurance and property operating expenses.

PROPERTIES

The following table sets forth certain information for the 54 properties owned at December 31, 1998.

<TABLE>
<CAPTION>

Property and Location	Year Completed/ Expanded	Gross Leasable Area: Company Owned (Sq. Ft.)	Tenant Owned (Sq. Ft.)	Total (Sq. Ft.)	% Leased as of 12/31/98 (5)
<S>	<C>	<C>	<C>	<C>	<C>
NORTHERN CALIFORNIA					
Brookvale Shopping Center .... Fremont, CA	1968/ 1989	131,239	--	131,239	100.0%
Chico Crossroads .... Chico, CA	1988/ 1994	267,735	--	267,735	99.6
Creekside Center .... Hayward, CA	1968	80,911	--	80,911	98.9
Fairmont Shopping Center .... Pacifica, CA	1988	104,281	--	104,281	96.1
Fashion Faire Shopping Center .... San Leandro, CA	1987	95,255	--	95,255	100.0
Glen Cove Center .... Vallejo, CA	1990	66,000	--	66,000	96.8
Laguna Village .... Sacramento , CA	1996	108,203	--	108,203	100.0
Lakewood Shopping Center .... Windsor, CA	1988	107,769	--	107,769	100.0
Manteca Marketplace .... Manteca, CA	1972/ 1988	172,435	--	172,435	97.9
Monterey Plaza .... San Jose, CA	1990	183,180	49,500	232,680	98.3
Rosewood Village .... Santa Rosa, CA	1988	50,248	--	50,248	91.6
Westwood Village Shopping Center . South Redding, CA	1981/ 1998	102,375	--	102,375	85.8
Total/Weighted Average		1,469,631	49,500	1,519,131	97.7%
SOUTHERN CALIFORNIA					
Arlington Courtyard .... Riverside, CA	1991	12,221	--	12,221	92.8%
Chino Town Square (2) .... Chino, CA	1987	337,001	188,060	525,061	99.3
Foothill Center .... Rialto, CA	1990	19,541	--	19,541	69.9
Laurentian Center .... Ontario, CA	1988	97,131	--	97,131	100.0
Melrose Village Plaza (2) .... Vista, CA	1990	132,674	--	132,674	97.8
Palmdale Center .... Palmdale, CA	1975	81,050	--	81,050	100.0
San Dimas Marketplace .... San Dimas, CA	1997	154,020	117,000	271,020	100.0
Tustin Heights Shopping Center ... Tustin, CA	1983	131,518	--	131,518	100.0
Vineyard Village East .... Ontario, CA	1992	45,200	--	45,200	100.0
Total/Weighted Average		1,010,356	305,060	1,315,416	98.8%
PACIFIC NORTHWEST					
24 Hour Fitness Building .... Hillsboro, OR	1989/ 1998	40,000	--	40,000	100.0%
Bear Creek Plaza .... Medford, OR	1977/ 1998	183,998	--	183,998	95.0
Canyon Ridge Plaza .... Kent, WA	1995	81,747	181,300	263,047	100.0
Claremont Village Plaza .... Everett, WA	1955/ 1994	88,706	--	88,706	100.0
Hermiston Plaza .... Hermiston, OR	1976/ 1998	150,396	--	150,396	100.0
Hood River .... Hood River, OR	1967/ 1979	104,162	--	104,162	80.6
Milwaukie Marketplace .... Milwaukie, OR	1989	185,859	10,323	196,182	100.0
Olympia Square .... Olympia, WA	1988	167,721	--	167,721	94.6
Olympia West Center .... Olympia, WA	1980/ 1995	69,212	3,800	73,012	100.0
Oregon City Shopping Center	1961/	247,689	--	247,689	98.2

Oregon City, OR	1983				
Oregon Trail Shopping Center	1977	210,784	--	210,784	62.0
Gresham, OR					
Pacific Commons	1987	151,233	55,241	206,474	100.0
Spanaway, WA					
Panther Lake	1989	69,090	44,237	113,327	96.7
Kent, WA					
Pioneer Plaza	1988	96,027	--	96,027	88.9
Springfield, OR					
Powell Valley Junction	1990	100,583	--	100,583	92.9
Gresham, OR					

</TABLE>

<TABLE>
<CAPTION>

Property and Location	Total Number of Tenants as of 12/31/98 (5)	Annualized Base Rent In Place at 12/31/98 (1) Ann. Base Rent ($)(1)	Ann. Base Rent/ Leased Sq. Ft. (4)	Major Retailers
<S>	<C>	<C>	<C>	<C>
NORTHERN CALIFORNIA				
Brookvale Shopping Center	18	$ 1,166,797	$ 8.89	Lucky Supermarket, Longs Drugs, Bally Fitness
Fremont, CA				
Chico Crossroads	17	2,033,799	7.63	Food-4-Less, HomeBase
Chico, CA				Barnes & Noble, Office Depot
Creekside Center	17	682,940	8.53	Lucky Supermarket, Longs Drugs
Hayward, CA				
Fairmont Shopping Center	28	1,153,508	11.51	Lucky Supermarket, Rite Aid
Pacifica, CA				
Fashion Faire Shopping Center	17	1,329,088	13.95	Ross Dress for Less, Michael's, Pier 1 Imports
San Leandro, CA				
Glen Cove Center	10	821,876	12.86	Safeway Supermarket
Vallejo, CA				
Laguna Village	14	1,806,851	16.70	United Artists Theatre, 24 Hour Fitness
Sacramento , CA				
Lakewood Shopping Center	28	981,971	9.11	Raley's Supermarket, U.S. Post Office
Windsor, CA				
Manteca Marketplace	26	1,767,325	10.47	Save Mart Supermarket, Rite-Aid,
Manteca, CA				Stadium 10 Cinemas, Ben Franklin Crafts
Monterey Plaza	31	2,547,858	14.15	Wal-Mart, Lucky Supermarket(3), Walgreens
San Jose, CA				
Rosewood Village	18	671,436	14.59	Lad's Supermarket, Bradley Video
Santa Rosa, CA				
Westwood Village Shopping Center .	21	636,993	7.25	Holiday Market, Rite Aid
South Redding, CA				
	-----	-----------	-----------	
Total/Weighted Average	245	$15,600,442	$ 10.86	
	=====	===========	===========	
SOUTHERN CALIFORNIA				
Arlington Courtyard	5	$ 138,773	$ 12.24	Harvest Christian Bookstore
Riverside, CA				
Chino Town Square (2)	53	4,515,913	13.50	Target (3), Wal-Mart, Mervyn's (3),
Chino, CA				Nordstrom Rack, AMC Theaters
Foothill Center	7	110,756	8.11	PIP Printing
Rialto, CA				
Laurentian Center	25	1,141,008	11.75	Pep Boys, 24 Hour Fitness, Abbey Carpet
Ontario, CA				
Melrose Village Plaza (2)	30	1,401,123	10.80	Lucky Supermarket, Sav-On Drug
Vista, CA				
Palmdale Center	14	506,241	6.25	Smart & Final, Rite Aid,
Palmdale, CA				Pic 'N' Save
San Dimas Marketplace	23	2,296,415	14.91	Target, Office Max, Ross Stores,
San Dimas, CA				Petco
Tustin Heights Shopping Center ...	21	1,629,570	12.39	Ralphs, Longs Drugs,
Tustin, CA				Michael's Arts & Crafts
Vineyard Village East	4	366,946	8.12	Sears, Dunn Edwards
Ontario, CA				
	-----	-----------	-----------	
Total/Weighted Average	182	$12,106,745	$ 12.13	
	=====	===========	===========	
PACIFIC NORTHWEST				
24 Hour Fitness Building	1	$ 466,815	$ 11.67	24 Hour Fitness
Hillsboro, OR				
Bear Creek Plaza	24	1,156,265	6.61	Albertsons, Bi-Mart, TJ Maxx,
Medford, OR				Value Village
Canyon Ridge Plaza	15	853,890	10.45	Target (3), Top Foods (3), Ross
Kent, WA				Dress For Less
Claremont Village Plaza	14	1,207,154	13.61	QFC Supermarket

Everett, WA				
Hermiston Plaza .... Hermiston, OR	24	755,449	5.02	Safeway Supermarket, Rite Aid
Hood River .... Hood River, OR	8	428,983	5.11	Rosauer's Supermarket, Hi School Pharmacy
Milwaukie Marketplace .... Milwaukie, OR	27	1,640,324	8.83	Albertsons, Rite Aid, Jo-Ann Fabrics & Crafts
Olympia Square .... Olympia, WA	35	1,788,270	11.28	Albertsons, Ross Dress For Less
Olympia West Center .... Olympia, WA	6	1,233,399	17.82	Barnes & Noble, Good Guys, Petco
Oregon City Shopping Center ...... Oregon City, OR	39	1,661,073	6.83	Emporium, Rite Aid Drugs, Fisherman's Market, Michael's Arts & Crafts
Oregon Trail Shopping Center ..... Gresham, OR	29	1,308,756	10.02	Office Depot, Michael's Arts & Crafts Mt. Hood Athletic Club
Pacific Commons .... Spanaway, WA	23	1,521,610	10.06	Stockmarket Foods, K-Mart
Panther Lake .... Kent, WA	20	884,010	13.23	Albertson's, Rite Aid
Pioneer Plaza .... Springfield, OR	20	754,567	8.84	Safeway Supermarket
Powell Valley Junction .... Gresham, OR	6	774,585	8.29	Food-4-Less, Cascade Athletic Club

</TABLE>

(1) Annualized base rent for all leases in place at December 31, 1998 calculated as follows: total base rent, calculated in accordance with GAAP, to be received during the entire term of each lease, divided by the terms in months of such leases, multiplied by 12.
(2) The company owns a 94% interest in Chino Town Square and 50% interest in Melrose Village Plaza. Table reflects 100% of Property data.
(3) These retailers own their space and are not tenants of the company.
(4) Annualized base rent divided by the owned GLA leased at December 31, 1998.
(5) Percent leased and total number of tenants includes month to month leases.

<TABLE>
<CAPTION>

		Gross Leasable Area			
Property and Location	Year Completed/ Expanded	Company Owned (Sq. Ft.)	Tenant Owned (Sq. Ft.)	Total (Sq. Ft.)	% Leased as of 12/31/98 (5)
<S>	<C>	<C>	<C>	<C>	<C>
Sandy Marketplace .... Sandy, OR	1985	98,638	--	98,638	100.0
Shute Park Plaza .... Hillsboro, OR	1989	58,560	--	58,560	100.0
Southgate Shopping Center .... Milwaukie, OR	1957/ 1986	50,862	--	50,862	100.0
Sunset Mall & Office .... Portland, OR	1969/ 1997	112,746	2,500	115,246	100.0
Sunset Square .... Bellingham, WA	1989	352,523	11,943	364,466	97.4
Tacoma Central .... Tacoma, WA	1987/ 1994	134,868	165,519	300,387	99.4
Tanasbourne Village .... Hillsboro, OR	1990	210,992	1,209	212,201	100.0
Total/Weighted Average		2,966,396	476,072	3,442,468	94.8%
NEVADA					
Cheyenne Commons .... Las Vegas, NV	1992	362,758	--	362,758	100.0%
Green Valley Town & Country ...... Henderson, NV	1990	130,722	--	130,722	97.2
Mira Loma Shopping Center Reno, NV	1985	94,361	2,546	96,907	92.4
Rainbow Promenade .... Las Vegas, NV	1995/ 1997	228,279	--	228,279	100.0
Sahara Pavilion North .... Las Vegas, NV	1989	333,679	--	333,679	99.4
Sahara Pavilion South .... Las Vegas, NV	1990	160,682	--	160,682	98.7

Winterwood Pavilion .... Las Vegas, NV	1990	127,975	--	127,975	94.8
Total/Weighted Average		1,438,456	2,546	1,441,002	98.5%
OTHER					
Country Club Center .... Albuquerque, NM	1988/ 1998	57,626	63,000	120,626	88.2%
Jumbo Sports .... Memphis, TN	1990	51,542	40,000	91,542	64.0
Maysville Marketsquare .... Maysville, KY	1991/ 1993	126,507	89,612	216,119	96.4
Ocoee Plaza .... Ocoee, FL	1990	52,242	--	52,242	100.0
Total/Weighted Average		287,917	192,612	480,529	89.6%
PORTFOLIO TOTAL/WEIGHTED AVERAGE		7,172,756	1,025,790	8,198,546	96.5%

</TABLE>

<TABLE>
<CAPTION>

Property and Location	Number of Tenants as of 12/31/98 (5)	Annualized Base Rent In Place at 12/31/98 (1): Ann. Base Rent ($)(1)	Ann. Base Rent/ Leased Sq. Ft. (4)	Major Retailers
<S>	<C>	<C>	<C>	<C>
Sandy Marketplace .... Sandy, OR	20	813,931	8.25	Thriftway Supermarket, Hi School Pharmacy
Shute Park Plaza .... Hillsboro, OR	22	700,748	11.97	True Value
Southgate Shopping Center .... Milwaukie, OR	10	581,959	11.44	Office Max
Sunset Mall & Office .... Portland, OR	27	1,170,971	10.39	Safeway Supermarket, Homespun Crafters
Sunset Square .... Bellingham, WA	40	2,718,146	7.92	Ennen's Food, K-Mart, Jo-Ann Fabrics & Crafts, Rite Aid
Tacoma Central .... Tacoma, WA	21	2,109,999	15.74	Target (3), Top Food & Drug (3), Office Depot, TJ Maxx, Cineplex Odeon
Tanasbourne Village .... Hillsboro, OR	40	2,602,597	12.34	Safeway Supermarket, Rite Aid, Jo-Ann Fabrics & Crafts, Pier 1 Imports
Total/Weighted Average	471	$27,133,501	$ 9.65	
NEVADA				
Cheyenne Commons .... Las Vegas, NV	46	$ 4,314,799	$ 11.89	Wal-Mart, 24 Hour Fitness, Ross Dress For Less
Green Valley Town & Country ...... Henderson, NV	36	1,736,728	13.67	Lucky/Sav-On Superstore
Mira Loma Shopping Center Reno, NV	18	882,488	10.12	Scolari's Market, Longs Drugs
Rainbow Promenade .... Las Vegas, NV	26	3,260,475	14.28	United Artists Theatre, Barnes & Noble, Linens 'N Things, Office Max, Cost Plus
Sahara Pavilion North .... Las Vegas, NV	69	4,325,676	13.04	Vons, Longs Drugs, TJ Maxx, Sheplers, Border's Books
Sahara Pavilion South .... Las Vegas, NV	22	2,209,731	13.93	Sports Authority, Office Max, Michael's Arts & Crafts
Winterwood Pavilion .... Las Vegas, NV	23	1,095,804	9.03	Vons, Heilig-Meyer Furniture
Total/Weighted Average	240	$17,825,701	$ 12.58	
OTHER				
Country Club Center .... Albuquerque, NM	19	$ 580,994	$ 11.43	Furr's Supermarket (3)
Jumbo Sports .... Memphis, TN	10	368,619	11.17	Jumbo Sports (3), Hancock Fabrics
Maysville Marketsquare .... Maysville, KY	17	844,875	6.93	Wal-Mart (3), Kroger Company J.C. Penney
Ocoee Plaza .... Ocoee, FL	13	371,902	7.12	Food Lion, Family Dollar
Total/Weighted Average	59	$ 2,166,390	$ 8.40	
PORTFOLIO				

TOTAL/WEIGHTED AVERAGE	1,197	$74,832,779	$ 10.81
	=====	===========	===========

</TABLE>

(1) Annualized base rent for all leases in place at December 31,1998 calculated as follows: total base rent, calculated in accordance with GAAP, to be received during the entire term of each lease, divided by the terms in months of such leases, multiplied by 12.
(2) The company owns a 94% interest in Chino Town Square and 50% interest in Melrose Village Plaza Table reflects 100% of Property data.
(3) These retailers own their space and are not tenants of the company.
(4) Annualized base rent divided by the owned GLA leased at December 31, 1998.
(5) Percent leased and total number of tenants includes month to month leases.

NATIONAL, REGIONAL AND LOCAL TENANT SUMMARY

The following table sets forth certain information regarding the Company's national, regional and local tenants at each Property owned at December 31, 1998.

<TABLE>
<CAPTION>

PROPERTY	NATIONAL TENANTS (1) % OF PROPERTY LEASED GLA	NATIONAL TENANTS (1) % OF PROPERTY ANN. BASE RENT (2)	REGIONAL TENANTS (1) % OF PROPERTY LEASED GLA	REGIONAL TENANTS (1) % OF PROPERTY ANN. BASE RENT (2)	LOCAL TENANTS (1) % OF PROPERTY LEASED GLA	LOCAL TENANTS (1) % OF PROPERTY ANN. BASE RENT (2)
<S>	<C>	<C>	<C>	<C>	<C>	<C>
NORTHERN CALIFORNIA						
Brookvale Shopping Center	89.11%	79.74%	0.00%	0.00%	10.89%	20.26%
Chico Crossroads	98.61	97.54	--	--	1.39	2.46
Creekside Center	76.64	57.55	1.82	3.27	21.54	39.18
Fairmont Shopping Center	67.57	51.35	--	--	32.43	48.65
Fashion Faire Place	76.68	69.57	--	--	23.32	30.43
Glen Cove Center	84.04	77.82	--	--	15.96	22.18
Laguna Village	80.27	79.27	5.97	5.01	13.77	15.71
Lakewood Shopping Center	79.41	69.00	1.37	1.78	19.21	29.22
Manteca Marketplace	36.60	33.50	50.80	49.00	12.60	17.50
Monterey Plaza	80.55	66.90	1.65	3.01	17.80	30.09
Rosewood Village	10.42	16.30	44.98	39.47	44.60	44.23
Westwood Village Shopping Center	42.40	48.73	2.08	2.78	55.53	48.49
WEIGHTED AVERAGE	73.91%	66.07%	8.44%	8.68%	17.64%	25.24%
SOUTHERN CALIFORNIA						
Arlington Courtyard	21.58%	29.74%	45.41%	33.33%	33.01%	36.93%
Chino Town Square	83.22	76.10	6.40	9.62	10.38	14.28
Foothill Center	23.48	19.91	--	--	76.52	80.09
Laurentian Center	47.30	49.33	20.78	16.62	31.93	34.04
Melrose Village Plaza	77.82	71.17	1.03	1.47	21.15	27.35
Palmdale Shopping Center	85.74	69.86	--	--	14.26	30.14
San Dimas Marketplace	91.64	88.40	1.67	2.15	6.69	9.45
Tustin Heights Shopping Center ..	77.89	64.71	7.67	9.41	14.44	25.88
Vineyard Village East	57.52	42.51	42.48	57.49	--	--
WEIGHTED AVERAGE	77.24%	71.48%	8.05%	9.13%	14.71%	19.39%
PACIFIC NORTHWEST						
24 Hour Fitness	100.00%	100.00%	0.00%	0.00%	0.00%	0.00%
Bear Creek Plaza	84.41	73.50	9.08	13.68	6.52	12.81
Canyon Ridge Plaza	83.70	82.16	10.20	10.90	6.11	6.94
Claremont Village	68.22	71.02	6.91	7.18	24.87	21.79
Hermiston Plaza	66.65	40.69	15.32	20.13	18.03	39.18
Hood River Shopping Center	10.89	11.77	50.52	61.76	38.59	26.48
Milwaukie Marketplace	75.46	52.68	2.15	7.56	22.39	39.77
Olympia Square	72.42	63.82	17.99	24.30	9.59	11.87
Olympia West Center	71.95	76.43	19.57	18.16	8.47	5.41
Oregon City Shopping Center	65.82	45.11	5.27	13.91	28.91	40.99
Oregon Trail Shopping Center	53.96	53.34	5.55	10.49	40.49	36.16
Pacific Commons Shopping Center .	69.49	64.40	2.15	2.48	28.37	33.12
Panther Lake	61.35	51.99	8.96	8.96	29.69	39.06
Pioneer Plaza	17.68	16.50	10.73	20.44	71.59	63.07
Powell Valley Junction	64.20	60.98	--	--	35.80	39.02

</TABLE>

(1) The company defines national tenants as any tenant that operates in at

least four metropolitan areas located in more than one region (i.e., northwest, northeast, midwest, southwest or southeast); regional tenants as any tenant that operates in two or more metropolitan areas located within the same region; local tenants as any tenant that operates stores only within the same metropolitan area as the shopping center.

(2) Annualized base rent for all leases in place at December 31, 1998 calculated as follows: total base rent, calculated in accordance with GAAP, to be received during the entire term of each lease, divided by the terms in months for such leases, multiplied by 12.

<TABLE>
<CAPTION>

	NATIONAL TENANTS (1)		REGIONAL TENANTS (1)		LOCAL TENANTS (1)	
PROPERTY	% OF PROPERTY LEASED GLA	% OF PROPERTY ANN. BASE RENT (2)	% OF PROPERTY LEASED GLA	% OF PROPERTY ANN. BASE RENT (2)	% OF PROPERTY LEASED GLA	% OF PROPERTY ANN. BASE RENT (2)
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Sandy Marketplace	31.00	31.62	22.41	17.60	46.59	50.78
Shute Park Plaza	25.85	19.48	15.96	20.39	58.19	60.12
Southgate Shopping Center	70.63	62.12	10.69	13.24	18.67	24.64
Sunset Mall & Office	48.92	26.97	6.84	12.18	44.24	60.86
Sunset Square	63.34	48.22	29.83	39.43	6.82	12.35
Tacoma Central	68.64	52.29	26.59	41.98	4.77	5.73
Tanasbourne Village	61.10	50.59	14.28	20.36	24.62	29.06
WEIGHTED AVERAGE	62.50%	53.50%	14.02%	19.13%	23.48%	27.37%
NEVADA						
Cheyenne Commons	90.32%	81.34%	0.68%	1.42%	8.99%	17.24%
Green Valley Town & Country	51.47	40.07	3.69	5.50	44.84	54.43
Mira Loma Shopping Center	27.32	28.14	1.52	2.02	71.16	69.84
Rainbow Promenade	90.06	83.99	1.75	3.10	8.18	12.91
Sahara Pavilion North	71.70	61.74	11.14	12.44	17.17	25.82
Sahara Pavilion South	80.00	73.95	6.43	7.61	13.57	18.44
Winterwood Pavilion	74.91	66.47	9.73	6.44	15.36	27.09
WEIGHTED AVERAGE	76.37%	68.70%	5.06%	5.91%	18.57%	25.39%
OTHER						
Country Club Center	25.86%	34.69%	5.90%	6.51%	68.24%	58.80%
Jumbo Sports	54.58	57.06	--	--	45.42	42.94
Maysville Market Square	90.44	87.84	4.30	5.20	5.26	6.95
Ocoee Plaza	77.44	75.28	--	--	22.56	24.72
WEIGHTED AVERAGE	70.41%	66.08%	3.19%	3.77%	26.39%	30.16%
PORTFOLIO WEIGHTED AVERAGE	70.13%	63.04%	9.76%	11.71%	20.11%	25.24%

</TABLE>

(1) The company defines national tenants as any tenant that operates in at least four metropolitan areas located in more than one region (i.e., northwest, northeast, midwest, southwest or southeast); regional tenants as any tenant that operates in two or more metropolitan areas located within the same region; local tenants as any tenant that operates stores only within the same metropolitan area as the shopping center.

(2) Annualized base rent for all leases in place at December 31, 1998 calculated as follows: total base rent, calculated in accordance with GAAP, to be received during the entire term of each lease, divided by the terms in months for such leases, multiplied by 12.

ANCHOR AND NON-ANCHOR TENANT SUMMARY

The following table sets forth certain information regarding anchor and non-anchor tenants at December 31, 1998.

<TABLE>
<CAPTION>

	ANCHOR TENANTS (1)	NON-ANCHOR TENANTS (1)

PROPERTY	% OCCUPIED GLA	% OF PROPERTY ANN. BASE RENT	% OCCUPIED GLA	% OF PROPERTY ANN. BASE RENT
<S>	<C>	<C>	<C>	<C>
NORTHERN CALIFORNIA				
Brookvale Shopping Center	73.59%	46.63%	26.41%	53.37%
Chico Crossroads	85.56	76.29	14.44	23.71
Creekside Center	65.80	27.09	34.20	72.91
Fairmont Shopping Center	52.14	28.50	47.86	71.50
Fashion Faire Place	54.66	38.04	45.34	61.96
Glen Cove Center	78.79	71.06	21.21	28.94
Laguna Village	79.27	78.23	20.73	21.77
Lakewood Shopping Center	52.41	34.54	47.59	65.46
Manteca Marketplace	58.20	52.45	41.80	47.55
Monterey Plaza	56.37	29.88	43.63	70.12
Rosewood Village	-	-	100.00	100.00
Westwood Village Shopping Center .	66.76	48.71	33.24	51.29
WEIGHTED AVERAGE	65.00%	47.69%	35.00%	52.31%
SOUTHERN CALIFORNIA				
Arlington Courtyard	0.00%	0.00%	100.00%	100.00%
Chino Town Square	63.29	54.21	36.71	45.79
Foothill Center	-	-	100.00	100.00
Laurentian Center	37.47	33.62	62.53	66.38
Melrose Village Plaza	53.17	42.01	46.83	57.99
Palmdale Shopping Center	75.79	47.55	24.21	52.45
San Dimas Marketplace	46.88	39.27	53.12	60.73
Tustin Heights Shopping Center ...	62.36	40.69	37.64	59.31
Vineyard Village East	57.52	42.51	42.48	57.49
WEIGHTED AVERAGE	56.06%	44.37%	43.94%	55.63%
PACIFIC NORTHWEST				
24 Hour Fitness	100.00%	100.00%	0.00%	0.00%
Bear Creek Plaza	71.29	54.14	28.71	45.86
Canyon Ridge Plaza	33.27	21.86	66.73	78.14
Claremont Village	44.65	44.78	55.35	55.22
Hermiston Plaza	72.09	38.12	27.91	61.88
Hood River Shopping Center	80.05	57.16	19.95	42.84
Milwaukie Marketplace	49.81	30.39	50.19	69.61
Olympia Square	49.24	35.86	50.76	64.14
Olympia West Center	56.65	62.26	43.35	37.74
Oregon City Shopping Center	71.10	43.43	28.90	56.57
Oregon Trail Shopping Center	48.65	35.69	51.35	64.31
Pacific Commons Shopping Center ..	50.43	47.92	49.57	52.08
Panther Lake	38.10	22.04	61.90	77.96
Pioneer Plaza	55.10	40.64	44.90	59.36
Powell Valley Junction	87.34	78.50	12.66	21.50

</TABLE>

(1) Anchors defined as single tenants which lease 15,000 square feet or more, non-anchors defined as tenants which lease less than 15,000 square feet.

(2) Annualized base rent for all leases in place in which tenants are in occupancy at December 31, 1998 calculated as follows: total base rent, calculated in accordance with GAAP, to be received during the entire term of each lease, divided by the terms in months for such leases, multiplied by 12.

<TABLE>
<CAPTION>

PROPERTY	ANCHOR TENANTS (1) % OCCUPIED GLA	ANCHOR TENANTS (1) % OF PROPERTY ANN. BASE RENT	NON-ANCHOR TENANTS (1) % OCCUPIED GLA	NON-ANCHOR TENANTS (1) % OF PROPERTY ANN. BASE RENT
<S>	<C>	<C>	<C>	<C>
Sandy Marketplace	51.60	42.46	48.40	57.54
Shute Park Plaza	-	-	100.00	100.00
Southgate Shopping Center	58.98	45.36	41.02	54.64
Sunset Mall & Office	42.57	18.77	57.43	81.23
Sunset Square	75.35	54.47	24.65	45.53
Tacoma Central	65.75	61.58	34.25	38.42
Tanasbourne Village	47.62	30.87	52.38	69.13
WEIGHTED AVERAGE	59.09%	43.47%	40.91%	56.53%

NEVADA				
Cheyenne Commons	67.56%	45.22%	32.44%	54.78%
Green Valley Town & Country	38.62	21.74	61.38	78.26
Mira Loma	64.61	52.53	35.39	47.47
Rainbow Promenade	65.13	55.75	34.87	44.25
Sahara Pavilion North	48.49	29.36	51.51	70.64
Sahara Pavilion South	59.51	39.27	40.49	60.73
Winterwood Pavilion	55.90	32.71	44.10	67.29
WEIGHTED AVERAGE	57.99%	39.83%	42.01%	60.17%
OTHER				
Country Club Center	0.00%	0.00%	100.00%	100.00%
Jumbo Sports	-	-	100.00	100.00
Maysville Market Square	65.63	60.33	34.37	39.67
Ocoee Plaza	47.85	45.71	52.15	54.29
WEIGHTED AVERAGE	40.60%	31.22%	59.40%	68.78%
PORTFOLIO WEIGHTED AVERAGE	58.95%	43.25%	41.05%	56.75%

</TABLE>

(1) Anchors defined as single tenants which lease 15,000 square feet or more, non-anchors defined as tenants which lease less than 15,000 square feet.

(2) Annualized base rent for all leases in place in which tenants are in occupancy at December 31, 1998 calculated as follows: total base rent, calculated in accordance with GAAP, to be received during the entire term of each lease, divided by the terms in months for such leases, multiplied by 12.

MAJOR TENANTS

The following table summarizes certain information regarding tenants which individually accounted for 1.0% or more of the annualized base rent at December 31, 1998.

<TABLE>
<CAPTION>

TENANT	NUMBER OF LEASES	LEASED GLA AS OF 12/31/98 (SQ. FT.)	% OF TOTAL LEASED GLA	ANNUALIZED BASE RENT IN PLACE AT 12/31/98: TOTAL ANN. BASE RENT ($) (1)	ANN. BASE RENT/SQ. FT. ($) (2)	% OF TOTAL ANN. BASE RENT
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Wal-Mart	3	316,588	4.63%	$2,836,372	$8.96	3.85%
Lucky/Albertson's/Sav-On(3)	9	344,107	5.04	2,177,727	6.33	2.96
24 Hour Fitness	4	125,675	1.84	1,713,238	13.63	2.33
Vons/Safeway	6	292,756	4.28	1,636,988	5.59	2.22
Rite Aid	12	268,674	3.93	1,363,664	5.08	1.85
United Artists Theatre	2	88,196	1.29	1,361,109	15.43	1.85
Office Max, Inc.	4	111,050	1.63	1,192,212	10.74	1.62
Ross Dress for Less	5	126,393	1.85	1,042,254	8.25	1.41
Barnes & Noble	3	70,573	1.03	999,250	14.16	1.36
TOTAL	48	1,744,012	25.52%	$14,322,814	$8.21	19.45%

</TABLE>

(1) Annualized base rent for all leases in place at December 31, 1998 calculated as follows: total base rent, calculated in accordance with GAAP, to be received during the entire term of each lease, divided by the terms in months for such leases, multiplied by 12.
(2) Annualized base rent divided by, gross leasable area at December 31, 1998.
(3) Combination of Lucky, Albertson's and Sav-On is pro-forma and anticipates their proposed merger is completed.

LEASE EXPIRATIONS

The following schedules set forth certain information regarding lease expirations for the properties for each of the ten years beginning with 1998, assuming that none of the tenants exercise renewal options or termination rights, if any, at or prior to the scheduled expirations.

LEASE EXPIRATION ANALYSIS
ALL LEASES

TENANT	LEASE EXPIRATION YEAR	NUMBER OF LEASES EXPIRING	GLA UNDER EXPIRING LEASES(SQ.FT.)	% OF GLA	ANNUALIZED BASE RENT IN PLACE AT 12/31/98: TOTAL ANN. BASE RENT ($) (2)	% OF ANN. BASE RENT	ANN. BASE RENT ($/SQ. FT)(3)
1..............	1999	149	492,858	7.21	4,740,855	6.43	9.62
2..............	2000	207	628,661	9.20	7,831,378	10.63	12.46
3..............	2001	204	642,880	9.41	7,354,458	9.98	11.44
4..............	2002	178	542,870	7.94	7,200,510	9.77	13.26
5..............	2003	159	637,508	9.33	7,252,654	9.84	11.38
6..............	2004	46	329,757	4.83	2,840,375	3.86	8.61
7..............	2005	35	351,038	5.14	3,704,093	5.03	10.55
8..............	2006	27	337,720	4.94	3,744,394	5.08	11.09
9..............	2007	30	220,145	3.22	2,615,649	3.55	11.88
10.............	2008	29	421,810	6.17	3,660,683	4.97	8.68
11 and after	2009+	100	2,228,015	32.61	22,740,417	30.86	10.21
TOTAL/WEIGHTED AVERAGE		1,164	6,833,262	100.00%	$73,685,466	100.00%	$10.78

ALL ANCHOR LEASES(1)

TENANT	LEASE EXPIRATION YEAR	NUMBER OF LEASES EXPIRING	GLA UNDER EXPIRING LEASES(SQ.FT.)	% OF GLA	ANNUALIZED BASE RENT IN PLACE AT 12/31/98: TOTAL ANN. BASE RENT ($) (2)	% OF ANN. BASE RENT	ANN. BASE RENT ($/SQ. FT)(3)
1..............	1999	5	184,371	4.58	670,605	2.10	3.64
2..............	2000	9	199,112	4.94	1,392,470	4.37	6.99
3..............	2001	8	203,421	5.05	980,622	3.08	4.82
4..............	2002	4	127,202	3.16	796,701	2.50	6.26
5..............	2003	9	230,239	5.72	1,604,019	5.03	6.97
6..............	2004	5	159,139	3.95	701,434	2.20	4.41
7..............	2005	10	244,772	6.08	1,993,662	6.26	8.14
8..............	2006	5	216,091	5.36	2,124,944	6.67	9.83
9..............	2007	5	111,730	2.77	870,137	2.73	7.79
10.............	2008	7	323,070	8.02	2,036,271	6.39	6.30
11 and after....	2009+	53	2,028,841	50.37	18,698,930	58.67	9.22
TOTAL/WEIGHTED AVERAGE		120	4,027,988	100.00%	$31,870,395	100.00%	$ 7.91

Note: Number of Leases expiring does not include tenants on a month-to-month agreement, whose combined occupancy totals 47,043 sq. ft.

(1) The company defines anchors as single tenants which lease 15,000 square feet or more, non-anchors defined as tenants which lease less than 15,000 square feet.

(2) Annualized base rent for all leases in place at December 31, 1998 calculated as follows: total base rent, calculated in accordance with GAAP, to be received during the entire term of each lease, divided by the terms in months for such leases, multiplied by 12.

(3) Annualized base rent divided by gross leasable area at December 31, 1998.

ALL NON-ANCHOR LEASES(1)

LEASE EXPIRATION	NUMBER OF LEASES	GLA UNDER EXPIRING	% OF	ANNUALIZED BASE RENT IN PLACE AT 12/31/98: TOTAL ANN. BASE RENT ($)	% OF ANN.	ANN. BASE RENT

TENANT	YEAR	EXPIRING	LEASES(SQ.FT.)	GLA	(2)	BASE RENT	($/SQ. FT.)(3)
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
1	1999	144	308,487	11.00	4,070,250	9.73	13.19
2	2000	198	429,549	15.31	6,438,909	15.40	14.99
3	2001	196	439,459	15.66	6,373,837	15.24	14.50
4	2002	174	415,668	14.82	6,403,809	15.31	15.41
5	2003	150	407,269	14.52	5,648,036	13.51	13.87
6	2004	41	170,618	6.08	2,138,941	5.12	12.54
7	2005	25	106,266	3.79	1,710,432	4.09	16.10
8	2006	22	121,629	4.34	1,619,451	3.87	13.31
9	2007	25	108,415	3.86	1,745,512	4.17	16.10
10.......................	2008	22	98,740	3.52	1,624,412	3.89	16.45
11 and after.............	2009 +	47	199,174	7.10	4,041,486	9.67	20.29
TOTAL/WEIGHTED AVERAGE		1,044	2,805,274	100.00%	$41,815,075	100.00%	$14.91

</TABLE>

Note: Number of Leases expiring does not include tenants on a month-to-month agreement, whose combined occupancy totals 47,043 sq. ft.

(1) The company defines anchors as single tenants which lease 15,000 square feet or more, non-anchors defined as tenants which lease less than 15,000 square feet.
(2) Annualized base rent for all leases in place at December 31, 1998 calculated as follows: total base rent, calculated in accordance with GAAP, to be received during the entire term of each lease, divided by the terms in months for such leases, multiplied by 12.
(3) Annualized base rent divided by gross leasable area at December 31, 1998.

ITEM 3. LEGAL PROCEEDINGS

The Company is a party to legal proceedings that arise in the normal course of business, which matters are generally covered by insurance. The resolution of these matters cannot be predicted with certainty. However, in the opinion of management, based upon currently available information, liability under such proceedings, either individually or in the aggregate, will not have a materially adverse effect on the Company's consolidated financial statements taken as a whole.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

During the fourth quarter of 1998, no matters were submitted to a vote of stockholders of the Company.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

The Company's common stock began trading on the New York Stock Exchange ("NYSE") on August 8, 1997, under the symbol "PNP". On March 4, 1999 the Company had approximately 45 stockholders of record and approximately 2,700 beneficial owners. The following table sets forth for the periods indicated the high and low sales prices as reported by the NYSE and the distributions declared by the Company.

<TABLE>
<CAPTION>

	HIGH	LOW	DISTRIBUTIONS DECLARED
<S>	<C>	<C>	<C>
Third Quarter 1997 (from August 8, 1997)	$20.750	$19.750	$0.2128
Fourth Quarter 1997	$22.000	$19.875	$0.3625
First Quarter 1998	$22.562	$21.375	$0.3800
Second Quarter 1998	$22.750	$19.375	$0.3800
Third Quarter 1998	$22.000	$16.500	$0.3800
Fourth Quarter 1998	$20.500	$17.562	$0.3800

</TABLE>

The fourth quarter 1998 distribution on an annualized basis amounts to $1.52 per share. All distributions will be made by the Company at the discretion of the Board of Directors and will depend upon the earnings of the Company, its financial condition and such other factors as the Board of Directors deem relevant. In order to qualify for the beneficial tax treatment accorded to real estate investment trusts under the Code, the Company is required to make distributions to holders of its shares in an amount at least equal to 95% of the Company's "real estate investment trust taxable income," as defined in Section 857 of the Code.

ITEM 6. SELECTED CONSOLIDATED FINANCIAL DATA

The following table sets forth selected financial data for the Company on a historical basis. The following data should be read in connection with management's discussion and analysis of financial condition and results of operations and the consolidated financial statements and notes thereto located elsewhere in this report.

SELECTED CONSOLIDATED FINANCIAL DATA (1)
(AMOUNTS IN THOUSANDS, EXCEPT PER SHARE INFORMATION)

	YEARS ENDED DECEMBER 31,				
	1998	1997	1996	1995	1994
STATEMENTS OF OPERATIONS DATA:					
Total revenue	$ 79,253	$ 46,710	$ 35,623	$ 30,767	$ 27,078
Operating and general and administrative expenses	19,765	14,216	12,766	12,775	12,810
Depreciation and amortization	14,298	8,928	7,693	6,340	6,129
Interest expense	18,295	14,057	14,671	12,262	11,405
Income (loss) before extraordinary item	26,634	9,356	449	(615)	(3,216)
Net income (loss)	26,634	8,313	449	(615)	(3,216)
Per share data:					
Income before extraordinary item-diluted (2)	1.35	0.55	--	--	--
Net income-diluted (2)	1.35	0.49	--	--	--
Distributions declared	1.52	0.58	--	--	--

	AS OF DECEMBER 31,				
	1998	1997	1996	1995	1994
BALANCE SHEET DATA:					
Properties, net	$667,478	$455,514	$264,017	$251,423	$214,554
Total assets	705,541	487,220	293,186	275,690	247,101
Notes payable	144,024	108,316	192,915	191,302	160,465
Line of credit payable	138,500	62,450	--	--	--
Advances from related party	--	--	32,113	16,482	10,790
Minority interest	17,318	1,521	1,539	1,347	1,373
Stockholders' equity	383,088	301,055	--	--	--
Owner's equity	--	--	61,808	61,359	61,974

(1) The financial data as of the dates and for the periods prior to August 13, 1997 represents the combined financial data of Pan Pacific Development Properties. See Note 1 to the consolidated financial statements.

(2) The 1997 data is calculated as if the shares were outstanding for the entire year based on the diluted number of shares assumed to be outstanding (see Note 2(i) to the consolidated financial statements). The years prior to 1997 had no outstanding shares of common stock and therefore the information is not relevant or included here.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

OVERVIEW

The following discussion should be read in connection with the consolidated financial statements of Pan Pacific Retail Properties, Inc. and subsidiaries (the "Company"), and the notes thereto, appearing elsewhere in this report.

The Company receives income primarily from rental revenue (including recoveries from tenants) from shopping center properties. As a result of the Company's acquisition and development program, the financial data show increases in total revenue from period to period, largely attributable to: (i) acquisitions; and (ii) a development property placed into operation during 1997.

The Company has experienced economies of scale as it has grown its portfolio from 25 properties, at the initial pubic offering ("IPO") in August 1997, to 54 properties at December 31, 1998. For example, the Company has experienced a decrease in overhead costs as a percentage of total revenue. As another example, during the year ended December 31, 1998, the Company owned properties comprising a weighted average GLA of 6,026,000 square feet. Total expenses, excluding interest, depreciation and amortization for the year ended December 31, 1998 were $19,765,000 or $3.28 per square foot. By comparison, during the year ended December 31, 1997, the Company owned properties comprising a weighted average GLA of 3,581,000 square feet. Total expenses, excluding interest, depreciation and amortization, for the year ended December 31, 1997 were $14,216,000 or $3.97 per square foot.

The Company expects that the more significant part of its revenue growth in the next year or two will come from additional acquisitions and rent increases from re-leasing and re-tenanting initiatives, the benefit of the stabilization of the properties acquired during 1998 and the revenue generated from expanded GLA due to the buildout of outparcels.

RESULTS OF OPERATIONS

Comparison of the Year Ended December 31, 1998 to the Year Ended December 31, 1997.

Total revenue increased by $32,543,000 or 69.7% to $79,253,000 for the year ended December 31, 1998 as compared to $46,710,000 for the year ended December 31, 1997.

Rental revenue increased by $26,096,000 or 70.3% to $63,213,000 from $37,117,000 for the year ended December 31, 1998, compared to the year ended December 31, 1997. The increase in rental revenue resulted principally from the acquisition of San Dimas Marketplace and Bear Creek Plaza in January 1998, Milwaukie Marketplace, Pioneer Plaza, Powell Valley Junction and Shute Park Plaza in February 1998, Manteca Marketplace in March 1998, a 24 Hour Fitness building, Panther Lake Shopping Center and Creekside Center in April 1998, Westwood Village Shopping Center and Fashion Faire Shopping Center in May 1998, Pacific Commons Shopping Center in June 1998, Oregon Trail, Hermiston Plaza and Hood River Center in October 1998, and Sandy Marketplace, Southgate Center, Oregon City Shopping Center, Sunset Mall, Mira Loma Shopping Center and Glen Cove Center in November 1998 (collectively, the "1998 Acquisitions") and the benefit of a full year of rental revenue from the acquisition of Chico Crossroads in February 1997, Monterey Plaza in April 1997, Fairmont Shopping Center in May 1997, Lakewood Shopping Center in June 1997, Green Valley Town & Country in August 1997, Rainbow Promenade in September 1997, Claremont Village, Olympia West Center and Tacoma Central in November 1997, Tustin Heights, Palmdale Center and Brookvale Center in December 1997 and the inclusion in operations of Laguna Village Phase II in the third quarter of 1997 (collectively, the "1997 Acquisitions").

Recoveries from tenants increased by $5,686,000 or 70.7% to $13,728,000 for the year ended December 31, 1998, compared to $8,042,000, for the year ended December 31, 1997. This increase resulted primarily from the 1998 Acquisitions and the 1997 Acquisitions. Recoveries from tenants were 88.3% of property operating expenses and property taxes for the year ended December 31, 1998 as compared to 86.2% of the same expenses for the same period in 1997.

Property expenses include property operating expenses and property taxes. Property operating expenses increased by $3,671,000 or 59.8% from $6,142,000 to $9,813,000 for the year ended December 31, 1998, compared to the year ended December 31, 1997. The increase in property operating expenses was primarily attributable to the 1998 Acquisitions and the 1997 Acquisitions. Property taxes increased by $2,548,000 or 80.0% for the year ended December 31, 1998, compared to the year ended December 31, 1997. The increase in property taxes was also primarily the result of the 1998 Acquisitions and the 1997 Acquisitions.

Depreciation and amortization increased by $5,370,000 or 60.2% to $14,298,000 from $8,928,000 for the year ended December 31, 1998 compared to the year ended December 31, 1997. This was primarily due to the 1998 Acquisitions, the 1997 Acquisitions and amortization for current year additions of tenant improvements and leasing commissions.

Interest expense increased by $4,238,000 or 30.2% to $18,295,000 from $14,057,000 for the year ended December 31, 1998, compared to the year ended December 31, 1997, primarily as a result of interest expense relating to amounts drawn on the Company's unsecured credit facility (the "Unsecured Credit Facility") to finance acquisitions, interest expense related to the assumption of fixed rate mortgages on Tacoma Central and Olympia West in the fourth quarter of 1997, interest expense on the fixed rate mortgage assumed related to Westwood

Village Shopping Center in the second quarter of 1998 as well as interest expense on the fixed rate mortgages assumed related to Sunset Mall, Oregon City Shopping Center, Sandy Marketplace and Southgate Center in the fourth quarter of 1998. These increases were offset by decreases in interest expense related to the repayment of debt of approximately $134,000,000 in August 1997 in connection with the Company's IPO and approximately $82,000,000 in May 1998 in connection with the Company's secondary offering.

General and administrative expenses increased by $186,000 or 4.7% to $4,109,000 from $3,923,000 for the year ended December 31, 1998, compared to the year ended December 31, 1997. This increase was primarily attributable to annual salary increases and costs associated with additional staffing necessitated by the acquisitions. These increases were partially offset by a decrease in the management fee paid to Revenue Properties Company Limited ("RPC") as that fee is no longer being charged effective with the completion of the IPO. As a percentage of total revenue, general and administrative expenses were 5.2% and 8.4% for the years ended December 31, 1998 and 1997, respectively.

Other expenses consist primarily of loan guaranty fees and the expensing of due diligence costs for acquisitions that are not completed. Other expenses decreased by $856,000 or 88.8% to $108,000 from $964,000 for the year ended December 31, 1998, compared to the year ended December 31, 1997. The decrease was primarily due to loan guaranty fees paid to RPC which are no longer being charged as the debt which was guaranteed was paid off in August 1997 in connection with the IPO.

In 1997, as part of the Formation Transactions (see Note 1 to the consolidated financial statements located elsewhere in this report), $134,217,000 of notes payable were repaid. In connection with the early payoff of these notes, an extraordinary loss of $1,043,000 was recorded which included prepayment penalties and the write-off of unamortized financing costs and loan premium.

The following table compares the operating data for the 19 properties ("Same Properties") that were owned and in operation for the entirety of both years ended December 31, 1998 and 1997:

<TABLE>
<CAPTION>

<S>	1998 <C>	1997 <C>
Revenue:		
Rental	$28,804,000	$28,462,000
Recoveries from tenants	7,798,000	7,597,000
Operating income from unconsolidated partnerships	948,000	887,000
Other	383,000	485,000
	$37,933,000	$37,431,000
Operating expenses:		
Property operating and property taxes	8,539,000	8,653,000
Operating income	$29,394,000	$28,778,000

</TABLE>

Operating income for the Same Properties for the year ended December 31, 1998 increased over the same period in the prior year by $616,000 or 2.1%. This increase was attributable to increased rental revenue due to increased occupancy levels primarily at Cheyenne Commons and Chino Town Square. This increase was offset by a decrease in other income primarily due to termination fees recorded in 1997 at Sunset Square. Operating expenses for these Same Properties decreased by $114,000 or 1.3% primarily due to bad debt expense in 1997 at Sunset Square.

Comparison of the Year Ended December 31, 1997 to the Year Ended December 31, 1996.

Total revenue increased by $11,087,000 or 31.1% to $46,710,000 for the year ended December 31, 1997 as compared to $35,623,000 for the year ended December 31, 1996.

Rental revenue increased by $8,767,000 or 30.9% to $37,117,000 from $28,350,000 for the year ended December 31, 1997, compared to the year ended December 31, 1996. The increase in rental revenue resulted principally from the 1997 Acquisitions. In addition, the inclusion in operations of Laguna Village Phase I in May 1996 added to this increase. Rental revenue also increased as a result of increased occupancy levels, primarily at Canyon Ridge Plaza, Sahara Pavilion North, Chino Town Square and Tanasbourne Village.

Recoveries from tenants increased by $1,828,000 or 29.4% to $8,042,000 for the year ended December 31, 1997, compared to $6,214,000, for the year ended December 31, 1996. This increase resulted primarily from the 1997 Acquisitions. In addition, 1997 included a full year of recoveries for Laguna Village Phase I. Recoveries from tenants were 86.2% of property operating expenses and property taxes for the year ended December 31, 1997 as compared to 84.4% of the same expenses for the same period in 1996.

Property expenses include property operating expenses and property taxes. Property operating expenses increased by $1,021,000 or 19.9% from $5,121,000 to $6,142,000 for the year ended December 31, 1997, compared to the year ended December 31, 1996. The increase in property operating expenses was primarily attributable to the 1997 Acquisitions. In addition, 1997 included a full year of property operating expenses for Laguna Village Phase I. Property taxes increased by $943,000 or 42.0% for the year ended December 31, 1997, compared to the year ended December 31, 1996. The increase in property taxes was primarily the result of the completion of Laguna Village Phase I in 1996 and the 1997 Acquisitions.

Depreciation and amortization increased by $1,235,000 or 16.1% to $8,928,000 from $7,693,000 for the year ended December 31, 1997 compared to the year ended December 31, 1996. This was primarily due to the May 1996 completion of Laguna Village Phase I and the 1997 Acquisitions.

Interest expense decreased by $614,000 or 4.2% to $14,057,000 from $14,671,000 for the year ended December 31, 1997, compared to the year ended December 31, 1996, primarily as a result of decreased interest expense relating to the repayment of debt of approximately $134,000,000 in August 1997 in connection with the Company's

IPO. This decrease was partially offset by interest expense related to the debt assumed pursuant to the acquisition of Monterey Plaza in April 1997 which was subsequently repaid in August 1997, the interest expense associated with the Unsecured Credit Facility, the net impact of the December 1996 refinancing of variable rate debt to fixed rate debt and construction loan interest related to the development of Laguna Village Phase I.

General and administrative expenses increased by $695,000 or 21.5% to $3,923,000 from $3,228,000 for the year ended December 31, 1997, compared to the year ended December 31, 1996. This increase was primarily attributable to annual salary increases and costs associated with additional staffing necessitated by the 1997 Acquisitions. Expenses for tax and audit services were also increased as a result of new public reporting requirements. These increases were partially offset by a decrease in the management fee paid to RPC as that fee is no longer being charged effective with the completion of the IPO. As a percentage of total revenue, general and administrative expenses were 8.4% and 9.1% for the years ended December 31, 1997 and 1996, respectively. The Company expects that general and administrative expenses will continue to decrease as a percentage of total revenue in future periods due to economies of scale which the Company anticipates should be realized as additional properties are acquired.

Other expenses consist primarily of loan guaranty fees and the expensing of due diligence costs for acquisitions that are not completed. Other expenses decreased by $1,209,000 or 55.6% to $964,000 from $2,173,000 for the year ended December 31, 1997, compared to the year ended December 31, 1996. The decrease was primarily due to loan guaranty fees paid to RPC which are no longer being charged as the debt which was guaranteed was paid off in August 1997 in connection with the IPO. This decrease was partially offset by the expensing of due diligence costs in 1997 related to potential acquisitions which were not consummated.

As part of the Formation Transactions (see Note 1 to the consolidated financial statements located elsewhere in this report), $134,217,000 of notes payable were repaid. In connection with the early payoff of these notes, an extraordinary loss of $1,043,000 was recorded which included prepayment penalties and the write-off of unamortized financing costs and loan premium.

The following table compares the operating data for the 19 properties ("Same Properties") that were owned and in operation for the entirety of both years ended December 31, 1997 and 1996:

<TABLE>
<CAPTION>

<S>	1997 <C>	1996 <C>
Revenue:		
Rental	$28,462,000	$27,757,000
Recoveries from tenants	7,597,000	6,908,000
Operating income from unconsolidated partnerships	887,000	871,000
Other	485,000	432,000

	$37,431,000	$35,968,000
Operating expenses:		
Property operating and property taxes	8,653,000	8,335,000
Operating income	$28,778,000	$27,633,000

</TABLE>

Operating income for the Same Properties for the year ended December 31, 1997 increased over the same period in the prior year by $1,145,000 or 4.1%. This increase was attributable to increased rental revenue due to increased occupancy levels primarily at Canyon Ridge Plaza, Cheyenne Commons, Sahara Pavilion North, Chino Town Square and Tanasbourne Village. In addition, there were approximately $153,000 of lease termination fees received at Canyon Ridge Plaza and Sahara Pavilion North in 1997. Property operating expenses for these Same Properties increased by $318,000 or 3.8% for the year ended December 31, 1997, over the same period in the prior year due primarily to increased property tax expense and center enhancement costs such as painting, new awnings, signage and landscaping at Cheyenne Commons as well as increased bad debt expense at Sunset Square.

FUNDS FROM OPERATIONS

The White Paper on Funds from Operations approved by the Board of Governors of the National Association of Real Estate Investment Trusts in March 1995 (the "White Paper") defines Funds from Operations as net income (loss) (computed in accordance with GAAP), excluding gains (or losses) from debt restructuring and sales of property, plus real estate related depreciation and amortization and after adjustments for unconsolidated partnerships and joint ventures. Management considers Funds from Operations an appropriate measure of performance of an equity REIT because it is predicated on cash flow analyses. The Company computes Funds from Operations in accordance with standards established by the White Paper. The Company's computation of Funds from Operations may, however, differ from the methodology for calculating Funds from Operations utilized by other equity REITs and, therefore, may not be comparable to such other REITs. Funds from Operations should not be considered as an alternative to net income (determined in accordance with GAAP) as a measure of the Company's liquidity, nor is it indicative of funds available to fund the Company's cash needs, including its ability to make distributions.

The following table presents the Company's actual Funds from Operations for the year ended December 31, 1998 and actual and pro forma Funds from Operations for the years ended December 31, 1997 and 1996 (see Note 12 to the consolidated financial statements located elsewhere in this report for an explanation of pro forma adjustments):

<TABLE>
<CAPTION>

	DECEMBER 31, 1998	DECEMBER 31, 1997		DECEMBER 31, 1996	
	ACTUAL	ACTUAL	PRO FORMA	ACTUAL	PRO FORMA
<S>	<C>	<C>	<C>	<C>	<C>
Net income	$ 26,634,000	$ 8,313,000	$ 17,537,000	$ 449,000	$ 16,361,000
Add:					
Extraordinary loss	--	1,043,000	--	--	--
Depreciation and amortization .	14,298,000	8,928,000	9,484,000	7,693,000	8,738,000
Depreciation of unconsolidated partnerships	211,000	208,000	208,000	214,000	214,000
Depreciation of non-real estate corporate assets	(220,000)	(204,000)	(204,000)	(174,000)	(174,000)
Minority interest in PPP LLC ..	211,000	--	--	--	--
Funds from Operations	$ 41,134,000	$ 18,288,000	$ 27,025,000	$ 8,182,000	$ 25,139,000
Weighted average number of shares of common stock outstanding (assuming dilution)	19,662,622	16,866,173	--	--	--
Number of shares of common stock assumed to be outstanding	--	--	16,814,012	--	16,814,012

</TABLE>

CASH FLOWS

Comparison of the Year Ended December 31, 1998 to the Year Ended December 31, 1997.

Net cash provided by operating activities increased by $24,121,000 to

$39,363,000 for the year ended December 31, 1998, as compared to $15,242,000 for the year ended December 31, 1997. The increase was primarily the result of an increase in operating income due to property acquisitions.

Net cash used in investing activities increased by $527,000 to $166,803,000 for the year ended December 31, 1998, compared to $166,276,000 for the year ended December 31, 1997. The increase was primarily the result of additions to properties for the 1998 Acquisitions, offset by contributions to unconsolidated partnerships in 1997.

Net cash provided by financing activities decreased by $12,600,000 to $130,199,000 for the year ended December 31, 1998, compared to $142,799,000 for the year ended December 31, 1997. The decrease primarily resulted from a decrease in notes payable payments, offset by a decrease in advances from related party, a decrease in issuance of common stock and an increase in distributions paid.

Comparison of the Year Ended December 31, 1997 to the Year Ended December 31, 1996.

Net cash provided by operating activities increased by $8,749,000 to $15,242,000 for the year ended December 31, 1997, as compared to $6,493,000 for the year ended December 31, 1996. The increase was primarily the result of an increase in operating income due to property acquisitions.

Net cash used in investing activities increased by $147,474,000 to $166,276,000 for the year ended December 31, 1997, compared to $18,802,000 for the year ended December 31, 1996. The increase was primarily the result of additions to properties for the 1997 Acquisitions. The increase was also attributable to contributions to unconsolidated partnerships. In the comparable period in 1996, the use of cash for investing activities was primarily for the purpose of acquiring the remaining ownership interests in Laurentian Center and additions to property under development.

Net cash provided by financing activities increased by $127,833,000 to $142,799,000 for the year ended December 31, 1997, compared to $14,966,000 for the year ended December 31, 1996. The increase resulted from amounts drawn on the Company's unsecured line of credit, net proceeds of the IPO including the full exercise of the underwriters' over-allotment option and increases in advances from RPC (see Note 1 to the consolidated financial statements located elsewhere in this report) prior to the IPO for certain of the 1997 Acquisitions. These increases were partially offset by notes payable payments reflecting the paydown of a significant amount of portfolio debt in connection with the IPO.

YEAR 2000 ISSUE

The Year 2000 issue is the result of computer programs being written using two digits rather than four to define the applicable year. Computer systems, software and devices with embedded technology that are date-sensitive may recognize a date using "00" as the year 1900 rather than the year 2000. This could result in system failures, miscalculations or disruptions in operations, including, among other things, a temporary inability to process transactions or engage in similar normal business activities.

The Company has conducted an assessment of how it may be impacted by the Year 2000 issue and is implementing a comprehensive plan to address all known aspects of the issue.

Based on the Company's assessment of its internal computer systems (including related hardware, software, customized applications and network systems) with respect to the Year 2000 issue, the Company determined that its existing network and IBM AS400 operating systems were not Year 2000 compliant. Accordingly, the Company recently replaced its network operating system with a new operating system and expects to complete a conversion to a new software package, which does not run on the IBM AS400 but on a Year 2000 compliant NT platform, by June 30, 1999. The Company believes that these measures, the actual and estimated costs of which have been and are expected to continue to be immaterial in the aggregate, will enable its internal computer systems to be Year 2000 compliant.

The Company is also reviewing the efforts of its significant tenants, vendors and other service providers to become Year 2000 compliant. Letters and questionnaires have been or are in the process of being sent to all critical entities with which the Company does business to assess their Year 2000 readiness. The Company will review the responses to such letters and questionnaires, assess the impact that the Year 2000 readiness status of such entities may have on the Company's operations, and take whatever action is deemed necessary. Based on responses received to date, there has been no indication that the respondents have any material concerns related to their ability to address all of their known significant Year 2000 issues on a timely basis. The Company anticipates that these review activities will be on-going for

1999 and will include any necessary follow-up efforts. The Company, however, cannot presently estimate the total cost of this phase of its Year 2000 readiness program. Although the review of such entities is continuing, the Company is not currently aware of any third party circumstances with respect to the Year 2000 issue that may have a material adverse impact on the Company. The Company can provide no assurance that the Year 2000 compliance plans of such third parties will be successfully completed in a timely manner.

Based on the results to date of the Company's internal assessment and external inquiries, the Company does not believe that the Year 2000 issue will pose significant operational problems for the Company or otherwise have a material adverse effect on its results of operations or financial position. Although management believes it has undertaken a careful and thorough analysis, if all Year 2000 issues are not properly identified, or assessment, remediation and testing efforts are not completed in a timely manner with respect to the problems that are identified, there can be no assurance that the Year 2000 issue will not have a material adverse effect on the Company's results of operations or adversely affect the Company's relationships with tenants, vendors and other service providers. Further, management believes it has undertaken a careful survey of third party entities and does not believe there to be a material concern based upon the potential third party risks that have been identified, however, there can be no assurance that the Year 2000 issues of these other entities will not have a material adverse effect on the Company's results of operations. A contingency plan has not yet been developed for dealing with the most reasonably likely worst case scenario resulting from the Year 2000 issues as such scenario has not yet been clearly identified.

LIQUIDITY AND CAPITAL RESOURCES

The Company believes the IPO and related Formation Transactions that were completed in August 1997 and the secondary offering which was completed in May 1998 improved its financial position through changes to its capital structure, which principally included a substantial reduction of its overall debt and its debt-to-equity ratio. In connection with the Formation Transactions, the Company repaid all of its existing floating rate mortgage debt. As a result, the total principal amount of outstanding secured debt after the Formation Transactions and the acquisition of Green Valley Town & Country was reduced by approximately $146,000,000. In connection with the secondary offering, the Unsecured Credit Facility was paid down by approximately $82,000,000. These transactions resulted in a significant reduction in interest expense as a percentage of total revenue, 23.1% for the year ended December 31, 1998 and 30.1% for the year ended December 31, 1997. Thus, cash from operations needed to fund debt service requirements was substantially decreased.

The total market capitalization of the Company at December 31, 1998, was approximately $721,042,000, based on the market closing price at December 31, 1998 of $19.9375 per share (assuming the conversion of PPP LLC's 832,617 units) and the debt outstanding of approximately $282,524,000 (exclusive of accounts payable and accrued expenses). As a result, the Company's debt to total market capitalization ratio was approximately 39.2% at December 31, 1998. On May 18, 1998 the Company closed its secondary equity offering of 4,348,000 shares of common stock which included the partial exercise of the underwriters' over allotment option. The Company believes that its capital structure combined with its Unsecured Credit Facility enhances the Company's ability to take advantage of acquisition opportunities as well as to provide funds for general corporate purposes.

In March 1998, the Company obtained an increase to its Unsecured Credit Facility from $150,000,000 to $200,000,000 and a reduction in the borrowing rate thereunder to LIBOR plus 1.375% (which rate is reduced to LIBOR plus 1.25% for as long as the Company's debt-to-book value ratio is .30 or below). The Company had $61,500,000 available under the Unsecured Credit Facility at December 31, 1998. At the Company's option, amounts borrowed under the Unsecured Credit Facility bear interest at either LIBOR plus 1.375% or a reference rate. The weighted average interest rate for amounts borrowed under the Unsecured Credit Facility at December 31, 1998 was 6.58%. The Company anticipates that the Unsecured Credit Facility will continue to be used primarily to acquire additional properties and for general corporate purposes.

The Company's indebtedness outstanding at December 31, 1998 requires balloon payments of $7,700,000 in 1999, $168,559,000 in 2000, $4,004,000 in 2004, $7,443,000 in 2005, and $67,491,000 in 2007. The balloon payments due in the year 2000 include the balance drawn on the Unsecured Credit Facility at December 31, 1998 of $138,500,000. It is likely that the Company will not have sufficient funds on hand to repay these balloon amounts at maturity. Therefore, the Company expects to refinance such debt either through additional debt financings secured by individual properties or groups of properties, by unsecured private or public debt offerings or by additional equity offerings. At December 31, 1998, 40 of the Company's 54 properties remained unencumbered. The Unsecured Credit Facility, which matures in 2000, is renewable, subject to certain conditions.

The Company expects to make distributions from cash available for distributions, which the Company believes will exceed historical cash available for distributions due to the reduction in debt service resulting from the repayments of indebtedness described above and from the net cash flows from acquired properties. Amounts accumulated for distributions will be invested by the Company primarily in short-term investments such as collateralized securities of the United States government or its agencies, high-grade commercial paper and bank deposits or will be used to pay down outstanding balances on the Unsecured Credit Facility, if any.

The following table provides historical distribution information:

Quarter Ended	Date Declared	Record Date	Date Paid	Distribution Per Share
September 30, 1997	October 6, 1997	October 22, 1997	October 31, 1997	$0.2128
December 31, 1997	December 5, 1997	December 29, 1997	January 19, 1998	$0.3625
March 31, 1998	March 17, 1998	March 31, 1998	April 17, 1998	$0.3800
June 30, 1998	June 19, 1998	June 30, 1998	July 17, 1998	$0.3800
September 30, 1998	September 11, 1998	October 5, 1998	October 21, 1998	$0.3800
December 31, 1998	December 8, 1998	December 22, 1998	January 20, 1999	$0.3800

The Company expects to meet its short-term liquidity requirements generally through its current working capital and net cash provided by operations. The Company believes that its net cash provided by operations will be sufficient to allow the Company to make the distributions necessary to enable the Company to continue to qualify as a REIT. The Company also believes that the foregoing sources of liquidity will be sufficient to fund its short-term liquidity needs for the foreseeable future.

The Company expects to meet certain long-term liquidity requirements such as property acquisition and development, scheduled debt maturities, renovations, expansions and other non-recurring capital improvements through long-term secured and unsecured indebtedness and the issuance of additional equity or debt securities. The Company also expects to use funds available under the Unsecured Credit Facility to finance acquisition and development activities and capital improvements on an interim basis.

INFLATION

Substantially all of the leases provide for the recovery of real estate taxes and operating expenses incurred by the Company. In addition, many of the leases provide for fixed base rent increases or indexed escalations (based on the consumer price index or other measures) and percentage rent. The Company believes that inflationary increases in expenses will be substantially offset by expense reimbursements, contractual rent increases and percentage rent described above.

The Unsecured Credit Facility bears interest at a variable rate, which will be influenced by changes in short-term interest rates, and will be sensitive to inflation.

IMPACT OF ACCOUNTING PRONOUNCEMENTS ISSUED BUT NOT ADOPTED BY THE COMPANY

In April 1998, the AICPA Accounting Standards Executive Committee issued Statement of Position 98-5, "Reporting on the Costs of Start-Up Activities" ("SOP 98-5"). SOP 98-5 requires that costs incurred during start-up activities, including organization costs, be expensed as incurred. SOP 98-5 is effective for financial statements for fiscal years beginning after December 15, 1998. Initial application of SOP 98-5 should be reported as a cumulative effect of a change in accounting principle. Management believes that the adoption of SOP 98-5 will not have a material impact on the Company.

ITEM 7a. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company is exposed to interest rate changes primarily as a result of its line of credit and long-term debt used to maintain liquidity and fund capital expenditures and expansion of the Company's real estate investment portfolio and operations. The Company's interest rate risk management objective is to limit the impact of interest rate changes on earnings and cash flows and to lower its overall borrowing costs. To achieve its objectives the Company borrows primarily at fixed rates and could enter into derivative financial instruments such as interest rate swaps, caps and treasury locks in order to mitigate its interest rate risk on a related financial instrument. The Company does not enter into derivative or interest rate transactions for speculative or trading purposes.

The Company's interest rate risk is monitored using a variety of techniques. The table below presents the principal amounts, weighted average interest rates, fair values and other terms required by year of expected maturity to evaluate the expected cash flows and sensitivity to interest rate changes.

<TABLE>
<CAPTION>

	1999	2000	2001	2002	2003	Thereafter	Total	Fair Value(3)
Fixed rate debt (1) (2)	$ 2,252	$ 31,836	$ 1,812	$ 1,965	$ 2,136	$ 94,365	$ 134,366	$ 135,117
Average interest rate	8.15%	8.15%	8.17%	8.17%	8.17%	8.17%	8.15%	7.61%
Variable rate LIBOR debt (1)..	--	$ 138,500	--	--	--	--	$ 138,500	$ 138,500
Average interest rate	--	6.58%	--	--	--	--	6.58%	6.58%

</TABLE>

(1) Principal amounts shown are in thousands.

(2) For purposes of this disclosure, the 1999 fixed rate principal amount excludes $7,700 as that amount was repaid on January 5, 1999.

(3) The fair value of fixed rate debt and variable rate LIBOR debt were determined based on the current rates offered for fixed rate debt and variable rate LIBOR debt with similar risks and maturities.

Except for the item noted in (2) above, the table incorporates only those exposures that exist as of December 31, 1998, and does not consider those exposures or positions which could arise after that date. Moreover, because firm commitments are not presented in the table above, the information presented therein has limited predictive value. As a result, the Company's interest rate fluctuations will depend on the exposures that arise during the period and interest rates.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The financial statements and supplementary data required by Regulation S-X are included in this Annual Report on Form 10-K commencing on page F-1.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

PART III

Certain information required by Part III is omitted from this annual report on Form 10-K in that the Company will file a definitive proxy statement within 120 days after the end of its fiscal year pursuant to Regulation 14A for its Annual Meeting of Stockholders to be held in May, 1999 (the "Proxy Statement") and the information included therein is incorporated herein by reference.

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The information contained in the sections captioned "Proposal One; Election of Directors" and "Compliance with Federal Securities Laws" of the Proxy Statement are incorporated herein by reference.

ITEM 11. EXECUTIVE COMPENSATION

The information contained in the section captioned "Executive Compensation" of the Proxy Statement is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information contained in the section captioned "Principal and Management Stockholders" of the Proxy Statement is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information contained in the section captioned "Certain Relationships and Related Transactions" of the Proxy Statement is incorporated herein by reference.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

(a) Financial Statements and Schedules

The following consolidated financial information is included as a separate section of this Annual Report on Form 10-K.

1. Consolidated Financial Statements:

3. Exhibits

Exhibit No.	Description
3.1	Articles of Amendment and Restatement of the Company (previously filed as Exhibit 3.1 to the Company's Registration Statement on Form S-11 (Registration No. 333-28715) and incorporated herein by reference)
3.2	Amended and Restated Bylaws of the Company (previously filed as Exhibit 3.2 to the Company's Registration Statement on Form S-11 (Registration No. 333-28715) and incorporated herein by reference)
4.1	Form of Certificate of Common Stock (previously filed as Exhibit 4.1 to the Company's Registration Statement on Form S-11 (Registration No. 333-28715) and incorporated herein by reference)
10.1	The 1997 Stock Option and Incentive Plan of Pan Pacific Retail Properties, Inc. (previously filed as Exhibit 10.1 to the Company's Registration Statement on Form S-11 (Registration No. 333-28715) and incorporated herein by reference)
10.2	Form of Officers and Directors Indemnification Agreement (previously filed as Exhibit 10.2 to the Company's Registration Statement on Form S-11 (Registration No. 333- 28715) and incorporated herein by reference)
10.3	Form of Employment Agreement between the Company and Mr. Stuart A. Tanz (previously filed as Exhibit 10.3 to the Company's Registration Statement on Form S-11 (Registration No. 333-28715) and incorporated herein by reference)
10.4	Form of Employment Agreement between the Company and Mr. David L. Adlard (previously filed as Exhibit 10.4 to the Company's Registration Statement on Form S-11 (Registration No. 333-28715) and incorporated herein by reference)
10.5	Form of Employment Agreement between the Company and Mr. Jeffrey S. Stauffer (previously filed as Exhibit 10.5 to

the Company's Registration Statement on Form S-11 (Registration No. 333-28715) and incorporated herein by reference)

10.6	Form of Miscellaneous Rights Agreement (previously filed as Exhibit 10.6 to the Company's Registration Statement on Form S-11 (Registration No. 333-28715) and incorporated herein by reference)
10.7	Form of Non-Competition Agreement (previously filed as Exhibit 10.7 to the Company's Registration Statement on Form S-11 (Registration No. 333-28715) and incorporated herein by reference)
10.8	Purchase and Sale Agreement for Green Valley Town & Country Shopping Center (previously filed as Exhibit 10.11 to the Company's Registration Statement on Form S-11 (Registration No. 333-28715) and incorporated herein by reference)
10.9	Credit Agreement with Bank of America NT&SA (previously filed as Exhibit 10.8 to the Company's filing of Form 10-Q for the quarter ended June 30, 1997 and incorporated herein by reference)

Exhibit No.	Description
10.10	Purchase and Sale Agreement for Rainbow Promenade (previously filed as Exhibit 10.9 to the Company's filing of Form 10-Q for the quarter ended June 30, 1997 and incorporated herein by reference)
10.11	Purchase and Sale Agreement for Claremont Village Shopping Center (previously filed as Exhibit 10.9 to the Company's filing of Form 10-Q for the quarter ended September 30, 1997 and incorporated herein by reference)
10.12	Purchase and Sale Agreement for Olympia West Plaza Shopping Center (previously filed as Exhibit 10.10 to the Company's filing of Form 10-Q for the quarter ended September 30, 1997 and incorporated herein by reference)
10.13	Purchase and Sale Agreement for Tacoma Central Shopping Center (previously filed as Exhibit 10.11 to the Company's filing of Form 10-Q for the quarter ended September 30, 1997 and incorporated herein by reference)
10.14	Modification Agreement to the Credit Agreement with Bank of America NT & SA (previously filed as Exhibit 10.3 to the Company's Registration Statement on Form S-11 (Registration No. 333-50125) and incorporated herein by reference)
10.15	Amended and Restated Limited Liability Company Agreement of Pan Pacific (Portland), LLC (previously filed as Exhibit 99.1 to the Company's Form 8-K filed October 23, 1998 and incorporated herein by reference)
10.16	Purchase and Sale and Ground Lease Assignment and Assumption Agreement and Escrow Instructions (previously filed as Exhibit 99.2 to the Company's Form 8-K filed on October 23, 1998 and incorporated herein by reference)
10.17	First Amendment To Purchase and Sale Ground Lease Assignment and Assumption Agreement and Escrow Instructions (previously filed as Exhibit 99.3 to the Company's Form 8-K Filed October 23, 1998 and incorporated herein by reference)
10.18	Purchase and Sale Agreement and Escrow Instructions (previously filed as Exhibit 99.4 to the Company's Form 8-K filed October 23, 1998 and incorporated herein by reference)
10.19	Contribution Agreement and Escrow Instructions by and between Portland Fixture Limited Partnership PFMGP, Inc., and Pan Pacific (Portland), LLC dated September 23, 1998, and related amendments (previously filed as Exhibit 99.2 to the Company's Form 8-K filed November 12, 1998 and incorporated herein by reference)

10.20	Contribution Agreement and Escrow Instructions by and between Portland Fixture Limited Partnership, Independent Member Corp., Byron P. Henry, Steven J. Oliva and Pan Pacific (Portland), LLC dated September 23, 1998, and related amendments (previously filed as Exhibit 99.3 to the Company's Form 8-K filed November 12, 1998 and incorporated herein by reference)
10.21	Form of First Amendment to Employment Agreement between the Company and Mr. Stuart A. Tanz
10.22	Form of First Amendment to Non-Qualified Stock Option Agreement between the Company and Mr. Stuart A. Tanz

Exhibit No.	Description
10.23	Form of First Amendment to Incentive Stock Option Agreement between the Company and Mr. Stuart A. Tanz
10.24	Restricted Stock Agreement between the Company and Mr. Stuart A. Tanz
10.25	Form of First Amendment to Restricted Stock Agreement between the Company and Mr. Stuart A. Tanz
10.26	Form of First Amendment to Employment Agreement between the Company and Mr. Jeffrey S. Stauffer
10.27	Restricted Stock Agreement between the Company and Mr. Jeffrey S. Stauffer
10.28	Form of First Amendment to Restricted Stock Agreement between the Company and Mr. Jeffrey S. Stauffer
10.29	Form of First Amendment to Employment Agreement between the Company and Mr. David L. Adlard
10.30	Restricted Stock Agreement between the Company and Mr. David L. Adlard
10.31	Form of First Amendment to Restricted Stock Agreement between the Company and Mr. David L. Adlard
10.32	Form of First Amendment to Non-Qualified Stock Option Agreement for Independent Directors
21.1	Subsidiaries of the Registrant
23.1	Consent of KPMG LLP
27.1	Financial Data Schedule (electronically filed with the Securities and Exchange Commission only)

(b) Reports on Form 8-K.

1. A Form 8-K was filed on October 23, 1998 for purposes of reporting the acquisition of three shopping centers located in the pacific northwest that occurred on October 9, 1998. No financial statements or pro forma financial information were filed as it was impracticable to do so at the time. An amended 8-K which included the financial statements and pro forma financial information was filed on December 21, 1998.

2. A Form 8-K was filed on November 12, 1998 for the purposes of reporting the acquisition of four shopping centers located in the pacific northwest that occurred on November 5, 1998 and November 9, 1998. No financial statements or pro forma financial information were filed as it was impracticable to do so at the time. An amended 8-K which included the financial statements and pro forma financial information was filed December 21, 1998.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized on March 19, 1999.

Pan Pacific Retail Properties, Inc.

By: /s/ Stuart A. Tanz	By: /s/ David L. Adlard
Stuart A. Tanz President and Chief Executive Officer	David L. Adlard Executive Vice President and Chief Financial Officer

By: /s/ Laurie A. Sneve

Laurie A. Sneve, CPA
Vice President and Controller

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

Signature	Title	Date
/s/ Stuart A. Tanz Stuart A. Tanz	Director, Chairman, Chief Executive Officer and President	March 19, 1999
/s/ David L. Adlard David L. Adlard	Executive Vice President, Chief Financial Officer, Treasurer and Secretary	March 19, 1999
/s/ Laurie A. Sneve Laurie A. Sneve, CPA	Vice President and Controller	March 19, 1999
/s/ Paul D. Campbell Paul D. Campbell	Director	March 19, 1999
/s/ Mark J. Riedy Mark J. Riedy	Director	March 19, 1999
/s/ Bernard M. Feldman Bernard M. Feldman	Director	March 19, 1999
/s/ Melvin S. Adess Melvin S. Adess	Director	March 19, 1999
/s/ David P. Zimel David P. Zimel	Director	March 19, 1999

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Pan Pacific Retail Properties, Inc.:

We have audited the accompanying consolidated balance sheets of Pan Pacific Retail Properties, Inc. and subsidiaries (see Note 1) as of December 31, 1998 and 1997, and the related consolidated statements of income, equity and cash flows for each of the years in the three-year period ended December 31, 1998. In connection with our audits of the consolidated financial statements, we also have audited the accompanying financial statement schedule III. These consolidated financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements and financial statement schedule based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Pan Pacific Retail Properties, Inc. and subsidiaries as of December 31, 1998 and 1997, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 1998, in conformity with generally accepted accounting principles. Also in our opinion, the related financial statement schedule III, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

KPMG LLP

San Diego, California
February 11, 1999, except as to Note 9(f),
which is as of March 24, 1999

PAN PACIFIC RETAIL PROPERTIES, INC.
CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS, EXCEPT SHARE DATA)

<TABLE>
<CAPTION>

ASSETS:	DECEMBER 31, 1998	DECEMBER 31, 1997
<S>	<C>	<C>
Operating properties, at cost:		
Land	$ 186,891	$ 139,959
Buildings and improvements (including related party development and acquisition fees of $1,235)	490,874	313,483
Tenant improvements	31,757	32,148
	709,522	485,590
Less accumulated depreciation and amortization	(42,044)	(30,076)
	667,478	455,514
Investments in unconsolidated partnerships	9,946	9,921
Cash and cash equivalents	2,759	--
Restricted cash	912	661
Accounts receivable (net of allowance for doubtful accounts of $412 and $125, respectively)	2,958	1,626
Accrued rent receivable (net of allowance for doubtful accounts of $1,071 and $847, respectively)	9,643	7,620
Notes receivable	2,411	2,981
Deferred lease commissions (including unamortized related party amounts of $2,310 and $2,236, respectively, and net of accumulated amortization of $2,093 and $2,023, respectively)	2,955	2,683
Prepaid expenses	5,244	3,860
Other assets	1,235	2,354
	$ 705,541	$ 487,220
LIABILITIES AND EQUITY:		
Notes payable	$ 144,024	$ 108,316
Line of credit payable	138,500	62,450
Accounts payable (including related party amounts of $16 and $11, respectively)	5,880	2,183
Accrued expenses and other liabilities (including related party amounts of $389 and $692, respectively)	8,504	5,600
Distributions payable (including related party amounts of $4,107 and $3,130, respectively)	8,227	6,095
	305,135	184,644
Minority interests	17,318	1,521

Stockholders' equity:		
Common stock par value $.01 per share, 100,000,000 authorized shares, 21,162,012 and 16,814,012 shares issued and outstanding at December 31, 1998 and 1997, respectively	212	168
Paid in capital in excess of par value	481,182	395,313
Accumulated deficit	(98,306)	(94,426)
	383,088	301,055
	$ 705,541	$ 487,220

</TABLE>

See accompanying notes to consolidated financial statements.

PAN PACIFIC RETAIL PROPERTIES, INC.
CONSOLIDATED STATEMENTS OF INCOME (NOTE 1)
(IN THOUSANDS, EXCEPT SHARE DATA)

<TABLE>
<CAPTION>

	FOR THE YEARS ENDED DECEMBER 31,		
	1998	1997	1996
<S>	<C>	<C>	<C>
REVENUE:			
Base rent	$ 62,585	$ 36,839	$ 28,111
Percentage rent	628	278	239
Recoveries from tenants	13,728	8,042	6,214
Income from unconsolidated partnerships	737	409	109
Other	1,575	1,142	950
	79,253	46,710	35,623
EXPENSES:			
Property operating	9,813	6,142	5,121
Property taxes	5,735	3,187	2,244
Depreciation and amortization	14,298	8,928	7,693
Interest	18,295	14,057	14,671
General and administrative	4,109	3,923	3,228
Other	108	964	2,173
	52,358	37,201	35,130
INCOME BEFORE MINORITY INTERESTS AND EXTRAORDINARY ITEM	26,895	9,509	493
Minority interests	(261)	(153)	(44)
INCOME BEFORE EXTRAORDINARY ITEM	26,634	9,356	449
Extraordinary loss on early extinguishment of debt	--	(1,043)	--
NET INCOME	$ 26,634	$ 8,313	$ 449
Basic earnings per share:			
Income before extraordinary item	$ 1.37	$ 0.56	$ --
Extraordinary item	$ --	$ (0.06)	$ --
Net income	$ 1.37	$ 0.49	$ --
Diluted earnings per share:			
Income before extraordinary item	$ 1.35	$ 0.55	$ --
Extraordinary item	$ --	$ (0.06)	$ --
Net income	$ 1.35	$ 0.49	$ --

</TABLE>

See accompanying notes to consolidated financial statements.

PAN PACIFIC RETAIL PROPERTIES, INC.
CONSOLIDATED STATEMENTS OF EQUITY (NOTE 1)
(IN THOUSANDS, EXCEPT SHARE DATA)

<TABLE>
<CAPTION>

	OWNER'S EQUITY	COMMON STOCK SHARES	COMMON STOCK AMOUNT	ADDITIONAL PAID-IN CAPITAL	RETAINED EARNINGS (ACCUMULATED DEFICIT)	TOTAL
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Balance at December 31, 1995	$ 61,359	--	$ --	$ --	$ --	$ 61,359
Net income	449	--	--	--	--	449
Balance at December 31, 1996	61,808	--	--	--	--	61,808
Net proceeds from the initial public offering	--	8,050,000	80	143,204	--	143,284
Capital contribution from PPD (Note 1)	(61,808)	8,764,012	88	252,109	(93,066)	97,323
Net income	--	--	--	--	8,313	8,313
Cash dividends paid and declared	--	--	--	--	(9,673)	(9,673)
Balance at December 31, 1997	--	16,814,012	168	395,313	(94,426)	301,055
Net proceeds from secondary offering	--	4,348,000	44	85,869	--	85,913
Net income	--	--	--	--	26,634	26,634
Cash distributions paid and declared	--	--	--	--	(30,514)	(30,514)
Balance at December 31, 1998	$ --	21,162,012	$ 212	$ 481,182	$ (98,306)	$ 383,088

</TABLE>

See accompanying notes to consolidated financial statements.

PAN PACIFIC RETAIL PROPERTIES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS (NOTE 1)
(IN THOUSANDS)

<TABLE>
<CAPTION>

	FOR THE YEARS ENDED DECEMBER 31, 1998	1997	1996
<S>	<C>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	$ 26,634	$ 8,313	$ 449
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	14,298	8,928	7,693
Amortization of prepaid financing costs	697	453	264
Income from unconsolidated partnerships	(737)	(409)	(109)
Extraordinary loss on early extinguishment of debt	--	1,043	--
Minority interests	261	153	44
Changes in assets and liabilities:			
Decrease (increase) in restricted cash	(251)	36	629
Decrease (increase) in accounts receivable	(1,332)	(552)	358
Increase in accrued rent receivable	(2,023)	(1,625)	(1,627)
Increase in deferred lease commissions	(1,039)	(906)	(536)
Increase in prepaid expenses	(1,480)	(823)	(575)
Increase in other assets	(609)	(1,424)	(129)
Increase (decrease) in accounts payable	1,124	904	(701)
Increase in accrued expenses and other liabilities	3,820	1,151	733
Net cash provided by operating activities	39,363	15,242	6,493
CASH FLOWS FROM INVESTING ACTIVITIES:			
Acquisitions of and additions to operating properties	(169,140)	(157,650)	(12,860)
Additions to property under development	--	(3,245)	(6,634)
Increase (decrease) in construction accounts payable and accrued expenses	1,656	917	(579)
Contributions to unconsolidated partnerships	--	(7,010)	(290)
Distributions from unconsolidated partnerships	712	--	--
Increase in other assets	--	--	(265)

Acquisitions of and increases in notes receivable	(144)	(4,651)	(608)
Collections of notes receivable	113	5,363	2,434
Net cash used in investing activities	(166,803)	(166,276)	(18,802)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Line of credit proceeds	177,101	68,500	--
Line of credit payments	(101,051)	(6,050)	--
Notes payable proceeds	--	--	11,666
Notes payable payments	(2,479)	(123,539)	(10,053)
Advances from related party	--	65,210	15,270
Payment of financing costs	(601)	(216)	(1,170)
Acquisition of minority interests	(160)	(170)	--
Contributions from minority interests	--	--	148
Payment of prepayment penalties	--	(1,035)	--
Refunds from (payments to) loan escrow	43	393	(895)
Issuance of common stock	85,913	143,284	--
Distributions paid	(28,567)	(3,578)	--
Net cash provided by financing activities	130,199	142,799	14,966
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,759	(8,235)	2,657
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	--	8,235	5,578
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 2,759	$ --	$ 8,235

(Continued)

</TABLE>

PAN PACIFIC RETAIL PROPERTIES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(IN THOUSANDS)

<TABLE>
<CAPTION>

	FOR THE YEARS ENDED DECEMBER 31,		
	1998	1997	1996
<S>	<C>	<C>	<C>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:			
Cash paid for interest (net of amounts capitalized of $286, $229 and $412, respectively)	$ 17,539	$ 14,206	$ 15,744
Income taxes paid	$ 20	$ 19	$ 222
SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:			
Transfer from property under development to operating properties	$ --	$ 5,907	$ 9,327
Transfer from property under development to prepaid financing costs	$ --	$ --	$ 116
Transfer from property under development to deferred lease commissions	$ --	$ 119	$ 197
Transfer of acquisition deposits (included in other assets) to operating properties	$ 1,465	$ --	$ --
Notes payable assumed upon acquisition of operating properties	$ 38,187	$ 37,421	$ --
Wrap-around note receivable and note payable assumed	$ --	$ 1,519	$ --
Transfer of notes receivable to operating properties through foreclosure	$ 601	$ 1,283	$ --
Acquisition of minority interest	$ 15,722	$ --	$ --
Additions to loan fees and accounts payable	$ --	$ --	$ 158
Reclassification of advances from related party to stockholders' equity	$ --	$ 97,323	$ --
Distributions payable	$ 8,227	$ 6,095	$ --

</TABLE>

See accompanying notes to consolidated financial statements.

1. ORGANIZATION AND BASIS OF PRESENTATION

Pan Pacific Realty Corporation was incorporated in the state of Maryland on April 16, 1997 (inception) and subsequently changed its name to Pan Pacific Retail Properties, Inc. (together with its subsidiaries, the "Company"). The Company was formed to continue to operate and expand the shopping center business conducted by Pan Pacific Development (U.S.) Inc. ("PPD"), a wholly-owned subsidiary of Revenue Properties Company Limited ("Revenue Properties"), and its subsidiaries related to the ownership, leasing and management of its neighborhood and community shopping centers and a medical office building ("Pan Pacific Development Properties"). As of December 31, 1998, the Company owns a portfolio comprised of 54 properties located primarily in the Western region of the United States. Commencing with its taxable year ended December 31, 1997, the Company believes it qualifies as a real estate investment trust ("REIT") under Sections 856 through 860 of the Internal Revenue Code.

On August 13, 1997, the Company completed an initial public offering of 8,050,000 shares of common stock at $19.50 per share (including 1,050,000 shares issued as a result of the full exercise of the over-allotment option by the underwriters on September 8, 1997) (the "Offering"). The aggregate proceeds to the Company, net of underwriters' discount, advisory fee and offering costs were approximately $143,284,000.

The following transactions occurred simultaneously with the completion of the Offering (collectively, the "Formation Transactions"):

- Certain properties were transferred by PPD entities to the Company and certain PPD entities were merged with and into the Company.

- PPD advanced cash of $26,486,000 to the Company (the "PPD Contribution").

- The Company obtained a $150,000,000 unsecured credit facility (the "Unsecured Credit Facility") which has been and is expected to be used to finance additional shopping center acquisitions and for other corporate purposes.

- A portion of the estimated net proceeds of the Offering and the PPD Contribution were used by the Company to repay indebtedness of the Company and to pay transaction costs, including fees and expenses associated with the Unsecured Credit Facility.

The transfer of certain properties and the merger of certain PPD entities with and into the Company was accounted for as a combination of affiliated entities under common control in a manner similar to a pooling-of-interests. Under this method, the assets, liabilities and equity were carried over at their historical book values and their operations have been recorded on a combined historical basis. The pooling-of-interests method of accounting also requires the reporting of results of operations, for the period in which the combination occurred, as though the entities had been combined as of either the beginning of the period or inception. Accordingly, the results of operations for the year ended December 31, 1997 comprise those of the combined entities from August 13, 1997 through December 31, 1997. Prior to the combination, the Company had no significant operations; therefore, the combined operations for the periods prior to August 13, 1997 represent primarily the operations of Pan Pacific Development Properties. All of the accounts of PPD unrelated to these activities have been excluded from these consolidated financial statements. A deficit of $93,066,000 was accumulated by Pan Pacific Development Properties prior to the Formation Transactions. The combination did not require any material adjustments to conform to accounting policies of the separate entities.

1. ORGANIZATION AND BASIS OF PRESENTATION (CONTINUED)

On May 18, 1998, the Company completed a secondary offering of 4,348,000 shares of common stock at $21.125 per share (including 348,000 shares issued as a result of the partial exercise of the over-allotment option by the underwriters on June 11, 1998). The aggregate proceeds to the Company, net of underwriters' discount, advisory fee and offering costs were approximately $85,913,000.

In September 1998, the Company formed Pan Pacific (Portland), LLC ("PPP LLC"), with the Company as the sole managing member. In October and November of 1998, PPP LLC acquired a portfolio of six shopping centers located in Oregon. In exchange for four properties which were contributed to PPP LLC, 832,617 units were issued to certain non-managing members. A non-managing member can seek redemption of the units after the first anniversary. The Company, at its option, may redeem the units by either (i) issuing common stock at the rate of one share of common stock for each unit, or (ii) paying cash to the non-managing member based on the average trading price of its common stock. Distributions are made to the non-managing members at a rate equal to the distribution being paid by the Company on a share of common stock. Net income or loss is allocated to the non-managing members in an amount equal to the cumulative distributions earned by such members. All remaining net income or loss is allocated to the managing member.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES

(a) PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries (Note 1). All material intercompany transactions and balances have been eliminated. At December 31, 1998, the Company consolidated Chino Town Square, of which the Company's ownership interest is 93.7%, and PPP LLC, of which the Company's ownership interest is 56.2%. The Company has recorded a minority interest for the portions not owned by the Company.

(b) CASH AND CASH EQUIVALENTS

For purposes of reporting cash flows, highly liquid investments with an original maturity of three months or less are considered cash equivalents.

(c) INCOME RECOGNITION

Rental revenue is recognized on a straight-line basis over the terms of the leases, less a general allowance for doubtful accounts relating to accrued rent receivable for leases which may be terminated before the end of the contracted term.

(d) CAPITALIZATION OF COSTS

The Company capitalizes certain acquisition related costs to the carrying costs of the property acquired. These costs are being depreciated over the estimated useful lives of the properties. The capitalized costs associated with unsuccessful acquisitions are charged to expense when the acquisition is abandoned.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES (CONTINUED)

(e) DEPRECIATION AND AMORTIZATION

Depreciation on buildings and improvements is provided using a forty-year straight-line basis. Tenant improvements and costs incurred in obtaining leases are depreciated on a straight-line basis over the lives of the respective leases.

Prepaid loan fees are amortized over the lives of the loans and the related amortization expense is included as a component of interest expense.

(f) IMPAIRMENT OF LONG-LIVED ASSETS AND LONG-LIVED ASSETS TO BE DISPOSED OF

The Company reviews long-lived assets and certain identifiable intangibles for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows, undiscounted and without interest, expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceed the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell.

FOR THE YEARS ENDED DECEMBER 31, 1998, 1997 AND 1996 (TABULAR AMOUNTS ARE IN THOUSANDS, EXCEPT OPTION AND SHARE DATA)

(g) INCOME TAXES

As of April 16, 1997, the Company elected to be taxed as a REIT pursuant to the Internal Revenue Code, as amended. In general, a corporation that distributes at least 95% of its REIT taxable income to stockholders in any taxable year and complies with certain other requirements (relating primarily to the nature of its assets and the sources of its revenue) is not subject to federal income taxation to the extent of the income which it distributes. Management believes that the Company has qualified and intends for it to continue to qualify as a REIT in the future. As discussed more fully in Note 7, management also does not expect that the Company will pay income taxes on "built-in gains" on certain of its assets. Based on these considerations, management does not believe that the Company will be liable for income taxes at the federal level or in most of the states in which it operates in future years.

Where required, deferred income taxes are accounted for using the asset and liability method. Under this method, deferred income taxes are recognized for temporary differences between the financial reporting bases of assets and liabilities and their respective tax bases and for operating loss and tax credit carryforwards based on enacted tax rates expected to be in effect when such amounts are realized or settled. However, deferred tax assets are recognized only to the extent that it is more likely than not that they will be realized based on consideration of available evidence, including tax planning strategies and other factors.

(h) CREDIT RISK

The Company predominantly operates in one industry segment, real estate ownership, management and development. No single tenant accounts for 10% or more of rental revenue. Financial instruments which potentially subject the Company to concentrations of credit risk consist principally of temporary cash investments and receivables. The Company places its temporary cash investments with financial institutions which the Company believes are of high credit quality. Concentration of credit risk with respect to receivables is limited due to the large number of tenants comprising the Company's customer base, and their dispersion across many geographical areas. At December 31, 1998 and 1997, the Company had no significant concentration of credit risk.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES (CONTINUED)

(i) NET INCOME PER SHARE

Basic earnings per share ("EPS") is computed by dividing earnings available to common stockholders during the period by the weighted average number of common shares outstanding during each period. Diluted EPS is computed by dividing the amount of earnings for the period available to common stockholders during the period by the weighted average number of shares that would have been outstanding assuming the issuance of common shares for all dilutive potential common shares outstanding during the reporting period, net of shares assumed to be repurchased using the treasury stock method.

The following is a reconciliation of the denominator for the basic EPS computation to the denominator of the diluted EPS computation (all net income is available to common stockholders for the period presented):

<TABLE>
<CAPTION>

	FOR THE YEARS ENDED DECEMBER 31, 1998	1997
Weighted average shares used for the basic EPS computation (deemed outstanding the entire year in 1997)	19,507,141	16,814,012
Incremental shares from the assumed exercise of dilutive stock options and units	155,481	52,161
Weighted average shares used for the diluted EPS computation	19,662,622	16,866,173

FOR THE YEARS ENDED DECEMBER 31, 1998, 1997 AND 1996 (TABULAR AMOUNTS ARE IN THOUSANDS, EXCEPT OPTION AND SHARE DATA)

</TABLE>

At December 31, 1998, there were 328,500 anti-dilutive options outstanding. There were no anti-dilutive options outstanding at December 31, 1997. An earnings per share calculation for 1996 is not applicable as there were no shares outstanding during this year.

(j) STOCK OPTION PLAN

The Company accounts for its stock option plan in accordance with the provisions of Accounting Principles Board ("APB") Opinion No. 25, "Accounting for Stock Issued to Employees", and related interpretations. As such, compensation expense is recorded on the date of grant only if the current market price of the underlying stock exceeds the exercise price. Statement of Financial Accounting Standards No. 123 ("SFAS No. 123"), "Accounting for Stock-Based Compensation", permits entities to recognize as expense over the vesting period the fair value of all stock-based awards on the date of grant. Alternatively, SFAS No. 123 allows entities to continue to apply the provisions of APB Opinion No. 25 and provide pro forma net income and pro forma earnings per share disclosures for employee stock option grants made as if the fair-value-based method defined in SFAS No. 123 had been applied. The Company has elected to continue to apply the provisions of APB Opinion No. 25 and provide the annual pro forma disclosures required by SFAS No. 123.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES (CONTINUED)

(k) SEGMENT REPORTING

The Company adopted the provisions of Statement of Financial Accounting Standards No. 131, "Disclosures about Segments of an Enterprise and Related Information" ("SFAS No. 131"). SFAS No. 131 establishes standards for the way public business enterprises report information about operating segments in annual financial statements and requires that those enterprises report selected information about operating segments in interim financial reports issued to stockholders. It also establishes standards for related disclosures about products and services, geographic areas, and major customers.

(l) USE OF ESTIMATES

Management of the Company has made a number of estimates and assumptions relating to the reporting of assets, liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reporting of revenue and expenses during the reporting period to prepare these financial statements in conformity with generally accepted accounting principles. Actual results could differ from those estimates.

(m) RECLASSIFICATIONS

Certain reclassifications of 1996 and 1997 amounts have been made in order to conform to 1998 presentation.

3. INVESTMENTS IN UNCONSOLIDATED PARTNERSHIPS

The accompanying consolidated financial statements include investments in two partnerships in which the Company does not own a controlling interest. At December 31, 1998 and 1997, the Company owned 50% general partner interests in Melrose Village Plaza and North Coast Health Center. These investments are reported using the equity method. On January 5, 1999, the Company acquired the remaining interest in Melrose Village Plaza from the limited partner (see Note 15).

Summarized combined financial information for the partnerships is presented below:

<TABLE>
<CAPTION>

	AS OF DECEMBER 31,	
	1998	1997
<S>	<C>	<C>
Properties	$ 19,182	$ 19,364
Other assets	894	550

Total assets	$ 20,076	$ 19,914
Liabilities	$ 184	$ 72
Equity	19,892	19,842
Total liabilities and equity	$ 20,076	$ 19,914

</TABLE>

<TABLE>
<CAPTION>

	FOR THE YEARS ENDED DECEMBER 31,		
	1998	1997	1996
Revenue	$ 4,186	$ 4,046	$ 4,064
Expenses	2,712	3,228	3,846
Net income	$ 1,474	$ 818	$ 218

</TABLE>

PAN PACIFIC RETAIL PROPERTIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 1998, 1997 AND 1996
(TABULAR AMOUNTS ARE IN THOUSANDS, EXCEPT OPTION AND SHARE DATA)

4. NOTES PAYABLE AND LINE OF CREDIT

<TABLE>
<CAPTION>

	DECEMBER 31,	
	1998	1997
Notes payable consist of the following:		
Bank notes payable, secured by a mortgage and deeds of trust, bearing interest at 8.17% with monthly principal and interest payments of $404, due in January 2007	$ 53,429	$ 53,836
Bank note payable, secured by a deed of trust, bearing interest at 8.00% with monthly principal and interest payments of $230, due in March 2000	27,160	27,726
Bank note payable, secured by a deed of trust, bearing interest at 7.75% with monthly principal and interest payments of $37, due in March 2004	4,561	4,652
Bank note payable, secured by a deed of trust, bearing interest at 8.52% with monthly principal and interest payments of $35, due in January 2007	4,441	4,472
Bank notes payable, secured by deeds of trust, bearing interest at 7.80% with monthly principal and interest payments of $107, due in December 2005	11,172	11,569
Bank notes payable, secured by deeds of trust, bearing interest at 7.88% with monthly principal and interest payments of $56, due in November 2010	5,161	6,061
Bank note payable, secured by deeds of trust, bearing interest at 8.73% with monthly principal and interest payments of $144, due in February 2007 (a)	17,148	--
Bank note payable, secured by a deed of trust, bearing interest at 7.65% with monthly principal and interest payments of $54, due in October 2012 (b)	7,569	--
Bank note payable, secured by a deed of trust, bearing interest at 8.50% with monthly principal and interest payments of $34, due in March 2000	3,725	--
Promissory note payable, secured by a deed of trust, bearing interest at 8%, due and repaid in January 1999	7,700	--
	142,066	108,316

(TABULAR AMOUNTS ARE IN THOUSANDS, EXCEPT OPTION AND SHARE DATA)

Unamortized note payable premiums	1,958	--
	$ 144,024	$ 108,316

</TABLE>

4. NOTES PAYABLE AND LINE OF CREDIT (CONTINUED)

Principal payments under these notes payable are due as follows:

<TABLE>
<S> <C>

1999	$ 9,952
2000	31,836
2001	1,812
2002	1,965
2003	2,136
2004 and subsequent	94,365
	$142,066

</TABLE>

(a) Excludes unamortized note payable premium of $1,620.

(b) Excludes unamortized note payable premium of $338.

As part of the Formation Transactions, $134,217,000 of notes payable were repaid. In connection with the early payoff of these notes, an extraordinary loss of $1,043,000 was recorded which includes prepayment penalties, unamortized financing costs and loan premium.

The Company also has a $200,000,000 Unsecured Credit Facility which bears interest, at the Company's option, at either LIBOR plus 1.375% or a reference rate and expires in August 2000. At December 31, 1998, the amount drawn on this line of credit was $138,500,000 and the interest rate was 6.58%. The credit facility requires a quarterly fee of .25% per annum on the unused amount of the available commitment if less than half of the commitment has been used. The quarterly unused fee decreases to .125% per annum once more than half of the commitment has been drawn.

5. FINANCIAL INSTRUMENTS

The following methods and assumptions were used to estimate fair value of each class of financial instruments:

i) Cash and cash equivalents, restricted cash, accounts receivable, certain notes receivable, accounts payable and accrued expenses and other liabilities

The carrying amounts approximate fair values because of the short maturity of these instruments.

ii) A note receivable and advances from related party

It was not practicable to estimate the fair value of these instruments due to the uncertainty of the timing of repayment.

iii) Notes receivable

The fair value of the notes receivable approximates the carrying amount based on market rates for the same or other instruments with similar risk, security and remaining maturities.

(TABULAR AMOUNTS ARE IN THOUSANDS, EXCEPT OPTION AND SHARE DATA)

5. FINANCIAL INSTRUMENTS (CONTINUED)

iv) Notes and line of credit payable

The fair value of notes payable and the line of credit payable approximates the carrying amount based on the current rates offered for notes and lines of credit payable with similar risks and maturities.

6. STOCK OPTION PLAN

In August 1997, the Company established the 1997 Stock Option and Incentive Plan (the "Plan") pursuant to which the Company's Board of Directors may grant stock options to officers and key employees. The Plan authorizes grants of options to purchase up to 1,620,000 shares of authorized but unissued common stock. Stock options are granted with an exercise price equal to the stock's fair value at the date of grant. At the time of the Offering, the Company issued to certain officers, directors and key employees, 900,000 common stock options pursuant to the Plan. The stock options were granted with an exercise price of $19.50, equal to the stock's fair value at the date of grant. On March 17, 1998, the Company issued an additional 337,500 common stock options pursuant to the Plan. The stock options were granted with an exercise price of $22.1875, equal to the stock's fair value at the date of grant. The stock options have seven-year terms and vest 33 1/3% per year over three years from the date of grant, except for the options granted to the independent directors which vest 33 1/3% immediately, with the remainder vesting ratably over two years.

At December 31, 1998, there were 404,833 additional shares available for grant under the Plan. The per share weighted-average fair value of stock options granted during 1998 and 1997 were $2.48 and $2.64, respectively, on the dates of grant using the Black-Scholes option-pricing model using the following weighted-average assumptions:

<TABLE>
<CAPTION>

	1998	1997
Expected distribution yield	7.50%	6.75%
Risk-free interest rate	5.00%	6.50%
Expected volatility	23.72%	22.05%
Expected life (years)	5	5

</TABLE>

The Company applies APB Opinion No. 25 in accounting for its Plan and, accordingly, no compensation cost has been recognized for its stock options in the financial statements. Had the Company determined compensation cost based on the fair value at the grant date for its stock options under SFAS No. 123, the Company's net income would have been reduced to the pro forma amounts indicated below:

<TABLE>
<CAPTION>

	1998		1997	
	AS REPORTED	PRO FORMA	AS REPORTED	PRO FORMA
Net income	$ 26,634	$ 25,676	$ 8,313	$ 8,012
Diluted earnings per share	$ 1.35	$ 1.31	$ 0.49	$ 0.48

</TABLE>

Pro forma net income reflects options granted since adoption of the Plan.

6. STOCK OPTION PLAN (CONTINUED)

Stock option activity during the periods presented is as follows:

<TABLE>
<CAPTION>

	NUMBER OF OPTIONS	WEIGHTED-AVERAGE EXERCISE PRICE

Balance at December 31, 1996	--	--
Granted	900,000	$ 19.5000
Exercised	--	--
Forfeited	--	--
Expired	--	--
Balance at December 31, 1997	900,000	19.5000
Granted	337,500	22.1875
Exercised	--	--
Forfeited	(20,666)	20.6700
Expired	(1,667)	19.5000
Balance at December 31, 1998	1,215,167	20.2265

At December 31, 1998, the weighted-average exercise price and weighted-average remaining contractual life of outstanding options were $20.2265 and 5.7 years, respectively. At December 31, 1998, 310,007 of the options were exercisable.

7. INCOME TAXES

The Company's income tax expense is included in other expenses and consists of the following:

	FOR THE YEARS ENDED DECEMBER 31,		
	1998	1997	1996
Current income taxes:			
Federal	$ --	$ --	$ 49
State	20	19	73
	$ 20	$ 19	$ 122

The differences between income tax expense computed using statutory income tax rates and the Company's effective income tax rate are as follows:

	FOR THE YEARS ENDED DECEMBER 31,		
	1998	1997	1996
Federal income taxes	$ 9,062	$ 3,188	$ 194
State income taxes, net of federal benefit	1,554	572	34
Decrease in valuation allowance	--	(2,519)	(228)
Distributions paid deduction	(10,616)	(1,222)	--
Other	20	--	122
	$ 20	$ 19	$ 122

7. INCOME TAXES (CONTINUED)

At December 31, 1998, the Company had unused net operating losses carried forward for federal income tax purposes of approximately $12,000,000. The Company went through a change in control for tax purposes during 1997 which significantly restricts the use of the Company's net operating losses carried forward in future years. The net operating losses carried forward expire at various times through 2010.

As discussed in Note 2(g), the Company elected to be taxed as a REIT, effective April 16, 1997. Management believes that the Company qualified and management's intent is to continue to qualify as a REIT and therefore does not expect the Company will be liable for income taxes on "built-in gains" on its assets at the federal level or in most states in future years. Accordingly, for the years ended December 31, 1998 and 1997, no provision was recorded for federal or substantially all state income taxes.

In connection with the Company's incorporation and the Offering in 1997, certain nontaxable mergers were consummated with PPD whereby several wholly-owned subsidiaries of PPD merged with and into the Company. To the extent the excess fair value of the assets at the date of merger exceeded the aggregate adjusted tax bases of those assets, a net unrecognized built-in gain was created for income tax purposes.

In connection with its election to be taxed as a REIT, the Company will also elect to be subject to the "built-in gain" rules. Under these rules, taxes may be payable at the time and to the extent that the net unrealized gains on the Company's assets at the date of conversion to REIT status are recognized in taxable dispositions of such assets in the ten-year period following conversion. Such net unrealized gains were approximately $50,000,000 at December 31, 1998 and 1997. Management believes that the Company will not be required to make payments of income taxes on built-in gains during the ten-year period ending December 31, 2007 due to the availability of its net operating loss carryforward to offset built-in gains which might be recognized, the potential for the Company to make nontaxable dispositions, if necessary (e.g., like-kind exchanges of properties) and the intent and ability of the Company to defer asset dispositions to periods when related gains will not be subject to the built-in gains income taxes. However, it may be necessary to recognize a liability for such income taxes in the future if management's plans and intentions with respect to asset dispositions, or the related tax laws, change.

8. FUTURE LEASE REVENUE

Total future minimum lease receipts under noncancellable operating tenant leases in effect at December 31, 1998 are as follows:

<TABLE>

<S>	<C>
1999	$ 70,804
2000	66,240
2001	59,116
2002	52,513
2003	44,572
2004 and subsequent	255,178

	$548,423
	========

</TABLE>

PAN PACIFIC RETAIL PROPERTIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 1998, 1997 AND 1996
(TABULAR AMOUNTS ARE IN THOUSANDS, EXCEPT OPTION AND SHARE DATA)

9. RELATED PARTY TRANSACTIONS

(a) Included in general and administrative expenses are management fees totaling $481,000 and $780,000 for the years ended December 31, 1997 and 1996, respectively, which are a reimbursement of costs incurred by Revenue Properties for managing the development of the properties, directing corporate strategy, and consulting on operations. Effective August 13, 1997, at the closing of the Offering, these fees are no longer being incurred by the Company.

(b) The Company paid a consulting fee of $259,000 and $420,000 for the years ended December 31, 1997 and 1996, respectively, to a sole proprietorship owned by a director of Revenue Properties. Effective August 13, 1997, at the closing of the Offering, these fees are no longer being incurred by the Company.

(c) The Company incurred $529,000 and $1,878,000 for the years ended December 31, 1997 and 1996, respectively, for loan guaranty fees charged by Revenue Properties. These fees are recorded as a component of other expenses. Effective August 13, 1997, at the closing of the Offering, these fees are no longer being incurred by the Company.

(d) Pursuant to the Offering, the Company issued shares of common stock in lieu of repayment of net advances from Revenue Properties of $97,323,000 at August 13, 1997. Subsequent to this date, no advances have been received from Revenue Properties.

(e) Distributions paid to PPD during 1998 and 1997 were $14,625,000 and $1,837,000, respectively. At December 31, 1998 and 1997, $4,107,000 and $3,130,000, respectively, were payable as distributions to PPD.

(f) The Company has a note receivable at December 31, 1998 of $144,000 due from an executive officer. The note bears interest at 7.00% and matures in December 1999. On January 21, 1999, principal of $20,000 was repaid. On March 24, 1999, the remaining principal and accrued interest outstanding of approximately $125,000 was repaid.

10. EMPLOYEE BENEFIT PLAN

The Company implemented an employee benefit plan in March 1997. All employees of the Company who meet certain minimum age and period of service requirements are eligible to participate in a Section 401(k) plan as defined by the Internal Revenue Code. The employee benefit plan allows eligible employees to defer up to 15 percent of their annual compensation. The amounts contributed by employees are immediately vested and non-forfeitable. The Company, at management's discretion, may match employee contributions. This cost is accrued as incurred. The Company's cost for the years ended December 31, 1998 and 1997 was approximately $17,000 and $63,000, respectively.

PAN PACIFIC RETAIL PROPERTIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 1998, 1997 AND 1996
(TABULAR AMOUNTS ARE IN THOUSANDS, EXCEPT OPTION AND SHARE DATA)

11. COMMITMENTS AND CONTINGENCIES

(a) The Company leases certain real estate and office equipment under operating leases expiring at various dates through 2021. Rental expense was $809,695, $636,958 and $618,018 for the years ended December 31, 1998, 1997 and 1996, respectively. Minimum rentals under noncancellable leases in effect at December 31, 1998 were as follows:

<TABLE>

1999	$ 778
2000	776
2001	776
2002	445
2003	209
2004 and subsequent	3,296
	$ 6,280

</TABLE>

(b) Various claims and legal proceedings arise in the ordinary course of business. The ultimate amount of liability from all claims and actions cannot be determined with certainty, but in the opinion of management, the ultimate liability from all pending and threatened legal claims will not materially affect the consolidated financial statements taken as a whole.

12. UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The accompanying unaudited pro forma information for the years ended December 31, 1997 and 1996 is presented as if the Formation Transactions (including the acquisition of Chico Crossroads, Monterey Plaza, Fairmont Shopping Center, Lakewood Shopping Center, Green Valley Town & Country and secured notes receivable), the Offering described in Note 1 to the financial statements and the repayment of notes payable pursuant to the Offering had all occurred on January 1, 1996. Such pro forma information is based upon the historical financial statements of the Company and should be read in connection with the financial statements and the notes thereto.

This unaudited pro forma condensed information does not purport to represent what the actual results of operations of the Company would have been assuming such transactions had been completed as set forth above, nor does it purport to predict the results of operations for future periods.

Pro Forma Condensed Income Statements
(in thousands, except share data)

<TABLE>
<CAPTION>

	FOR THE YEARS ENDED DECEMBER 31,	
	1997	1996

(TABULAR AMOUNTS ARE IN THOUSANDS, EXCEPT OPTION AND SHARE DATA)

<S> <C> <C>

	(unaudited)	(unaudited)
Total revenue	$ 50,358	$ 45,559
Net income	$ 17,537	$ 16,361
Basic and diluted earnings per share	$ 1.04	$ 0.97(a)

</TABLE>

(a) assuming 16,814,012 shares outstanding

13. QUARTERLY FINANCIAL DATA (UNAUDITED)

The following summarizes the condensed quarterly financial information for the Company:

<TABLE>
<CAPTION>

	QUARTERS ENDED 1998			
	DECEMBER 31	SEPTEMBER 30	JUNE 30	MARCH 31
<S>	<C>	<C>	<C>	<C>
Revenue	$ 22,323	$ 20,242	$ 19,248	$ 17,440
Expenses and minority interests	14,612	12,793	13,146	12,068
Net income	$ 7,711	$ 7,449	$ 6,102	$ 5,372
Basic and diluted earnings per share	$ 0.36	$ 0.35	$ 0.32	$ 0.32

</TABLE>

<TABLE>
<CAPTION>

	QUARTERS ENDED 1997			
	DECEMBER 31	SEPTEMBER 30	JUNE 30	MARCH 31
<S>	<C>	<C>	<C>	<C>
Revenue	$ 14,571	$ 12,154	$ 10,667	$ 9,318
Expenses and minority interests	9,421	8,925	9,873	9,135
Income before extraordinary item	5,150	3,229	794	183
Extraordinary loss on early extinguishment of debt	--	1,043	--	--
Net income	$ 5,150	$ 2,186	$ 794	$ 183
Basic earnings per share:				
Income before extraordinary item	$ 0.31	$ 0.19	$ 0.05	$ 0.01
Net income	$ 0.31	$ 0.13	$ 0.05	$ 0.01

</TABLE>

14. SEGMENT REPORTING

The Company predominantly operates in one industry segment, real estate ownership, management and development. As of December 31, 1998, the Company owned 54 community shopping centers primarily located in the Western United States (see Note 1). Management reviews operating and financial data for each property separately and independently from all other properties when making resource allocation decisions and measuring performance. Therefore, the Company has 54 operating segments, with no segment representing more than 10% of the total for the Company. No single tenant accounts for 10% or more of rental revenue and none of the shopping centers are located in a foreign country.

15. SUBSEQUENT EVENT

On January 5, 1999, the Company purchased the remaining 50% partnership interest in Melrose Village Plaza. The purchase price was $7,150,000 and was financed primarily by a draw under the Company's line of credit.

PAN PACIFIC RETAIL PROPERTIES, INC.
SCHEDULE III
PROPERTIES AND ACCUMULATED DEPRECIATION
DECEMBER 31, 1998
(IN THOUSANDS)

<TABLE>
<CAPTION>

		INITIAL COSTS		COSTS CAPITALIZED SUBSEQUENT TO ACQUISITION	
DESCRIPTION	ENCUMBRANCES	LAND	BUILDINGS AND IMPROVEMENTS(2)	IMPROVEMENTS(2)	CARRYING COSTS
<S>	<C>	<C>	<C>	<C>	<C>
PROPERTIES:					
24 Hour Fitness Hillsboro, OR	$ --	$ 569	$ 1,706	$ 188	$ --
Arlington Courtyard Riverside, CA	--	401	753	73	--
Bear Creek Plaza Medford, OR	--	3,275	9,825	609	--
Brookvale Center Fremont, CA	--	3,164	9,492	426	--
Canyon Ridge Plaza Kent, WA	--	2,457	--	7,641	1,275
Cheyenne Commons Las Vegas, NV	--	8,540	26,810	1,262	--
Chico Crossroads Chico, CA	--	3,600	17,063	16	--
Chino Town Square Chino, CA	27,160	8,801	10,297	25,465	--
Claremont Village Everett, WA	--	2,320	6,987	129	--
Country Club Center Rio Rancho, NM	3,253	566	2,514	777	--
Creekside Center Hayward, CA	--	1,500	4,500	51	--
Fairmont Shopping Center Fairmont, CA	--	3,420	8,003	127	--
Fashion Faire San Leandro, CA	--	2,863	8,588	121	--
Foothill Center Rialto, CA	--	314	1,078	20	--
Glen Cove Center Vallejo, CA	3,850	1,925	5,775	10	--
Green Valley Town & Country Henderson, NV	--	4,096	12,333	54	--
Hermiston Plaza Hermiston, OR	--	1,931	5,791	758	--
Hood River Center Hood River, OR	--	1,169	3,507	172	--
Jumbo Sports Memphis, TN	--	1,204	3,780	186	--
Laguna Village Sacramento, CA	--	3,226	--	14,793	1,644
Lakewood Shopping Center Lakewood, CA	--	2,363	7,125	43	--
Laurentian Center Ontario, CA	4,561	2,767	6,445	689	--
Manteca Marketplace Manteca, CA	--	3,904	11,713	353	--
Maysville Marketsquare Maysville, KY	5,323	3,454	2,001	3,693	79
Milwaukie Marketplace Milwaukie, OR	--	3,181	9,554	177	--
Mira Loma Shopping Center Reno, NV	3,850	1,925	5,775	11	--

</TABLE>

<TABLE>
<CAPTION>

DESCRIPTION	E	LAND (TOTAL COSTS)	BUILDINGS AND IMPROVEMENTS (TOTAL COSTS)	TOTAL (1)(2)(3) (TOTAL COSTS)	ACCUMULATED DEPRECIATION(2)(3)	DATE OF ACQUIS.(A) CONSTR.(C)
PROPERTIES:						
24 Hour Fitness Hillsboro, OR		$ 569	$ 1,894	$ 2,463	$ 44	1998(A)
Arlington Courtyard Riverside, CA		401	826	1,227	175	1994(A)
Bear Creek Plaza Medford, OR		3,275	10,434	13,709	257	1998(A)
Brookvale Center Fremont, CA		3,164	9,918	13,082	261	1997(A)
Canyon Ridge Plaza Kent, WA		2,641	8,732	11,373	833	1992(A) 1995(C)
Cheyenne Commons Las Vegas, NV		8,540	28,072	36,612	2,757	1995(A)
Chico Crossroads Chico, CA		3,600	17,079	20,679	790	1997(A)
Chino Town Square Chino, CA		21,249	23,314	44,563	2,061	1992(A)
Claremont Village Everett, WA		2,320	7,116	9,436	212	1997(A)
Country Club Center Rio Rancho, NM		566	3,291	3,857	819	1992(A)
Creekside Center Hayward, CA		1,500	4,551	6,051	86	1998(A)
Fairmont Shopping Center Fairmont, CA		3,420	8,130	11,550	348	1997(A)
Fashion Faire San Leondro, CA		2,863	8,709	11,572	128	1998(A)
Foothill Center Rialto, CA		314	1,098	1,412	50	1997(A)
Glen Cove Center Vallejo, CA		1,925	5,785	7,710	24	1998(A)
Green Valley Town & Country Henderson, NV		4,096	12,387	16,483	425	1997(A)
Hermiston Plaza Hermiston, OR		1,931	6,549	8,480	39	1998(A)
Hood River Center Hood River, OR		1,169	3,679	4,848	23	1998(A)
Jumbo Sports Memphis, TN		1,204	3,966	5,170	879	1992(A)
Laguna Village Sacramento, CA		3,448	16,215	19,663	1,238	1992(A) 1996/97(C)
Lakewood Shopping Center Lakewood, CA		2,363	7,168	9,531	291	1997(A)
Lanrentian Center Ontario, CA		2,767	7,134	9,901	1,179	1994/96(A)
Manteca Marketplace Manteca, CA		3,904	12,066	15,970	262	1998(A)
Maysville Marketsquare Maysville, KY		3,299	5,928	9,227	1,005	1992(A) 1993(C)
Milwaukie Marketplace Milwaukie, OR		3,181	9,731	12,912	205	1998(A)
Mira Loma Shopping Center Reno, NV		1,925	5,786	7,711	18	1998(A)

</TABLE>

PAN PACIFIC RETAIL PROPERTIES, INC.
SCHEDULE III
PROPERTIES AND ACCUMULATED DEPRECIATION (CONTINUED)
DECEMBER 31, 1998
(IN THOUSANDS)

<TABLE>

<CAPTION>

DESCRIPTION	ENCUMBRANCES	INITIAL COSTS LAND	INITIAL COSTS BUILDINGS AND IMPROVEMENTS(2)	COSTS CAPITALIZED SUBSEQUENT TO ACQUISITION IMPROVEMENTS(2)	COSTS CAPITALIZED SUBSEQUENT TO ACQUISITION CARRYING COSTS
<S>	<C>	<C>	<C>	<C>	<C>
PROPERTIES:					
Monterey Plaza San Jose, CA	--	7,688	18,761	136	--
Ocoee Plaza Ocoee, FL	--	651	2,911	314	--
Olympia Square Olympia, WA	13,998	3,737	11,580	1,341	--
Olympia West Center Olympia, WA	5,161	2,735	8,295	141	--
Oregon City Shopping Center Oregon City, OR	10,510	4,426	13,272	120	--
Oregon Trail Gresham, OR	--	3,593	10,779	1,217	--
Pacific Commons Shopping Center Spanaway, WA	--	3,419	10,256	58	--
Palmdale Center Palmdale, CA	--	1,150	3,454	56	--
Panther Lake Shopping Center Kent, WA	--	1,950	5,850	61	--
Pioneer Plaza Springfield, OR	--	1,864	5,591	130	--
Powell Valley Junction Gresham, OR	--	1,546	4,639	162	--
Rainbow Promenade Las Vegas, NV	--	9,390	21,774	262	--
Rosewood Village Santa Rosa, CA	4,441	2,180	4,958	172	--
Sahara Pavilion North Las Vegas, NV	30,855	11,920	28,554	471	--
Sahara Pavilion South Las Vegas, NV	--	4,833	12,988	1,101	--
San Dimas Market Place San Dimas, CA	--	5,700	17,100	218	--
Sandy Marketplace Sandy, OR	4,880	2,046	6,064	101	--
Shute Park Plaza Hillsboro, OR	--	994	2,981	101	--
Southgate Center Milwaukie, OR	3,378	1,424	4,268	34	--
Sunset Mall Portland, OR	7,907	2,996	8,989	79	--
Sunset Square Bellingham, WA	--	6,100	18,647	1,676	--
Tacoma Central Tacoma, WA	11,172	5,314	16,288	41	--
Tanasbourne Village Hillsboro, OR	--	5,573	13,861	1,433	--
Tustin Heights Tustin, CA	--	3,675	10,776	412	--
Vineyard Village East Ontario, CA	--	649	2,716	137	--
Westwood Village Shopping Center Redding, CA	3,725	1,131	3,393	261	--
Winterwood Pavilion Las Vegas, NV	--	4,573	13,015	1,078	--
	$144,024	$174,192	$463,175	$69,157	$2,998

</TABLE>

<TABLE>
<CAPTION>

DESCRIPTION	TOTAL COSTS LAND	TOTAL COSTS BUILDINGS AND IMPROVEMENTS	TOTAL COSTS TOTAL (1)(2)(3)	ACCUMULATED DEPRECIATION(2)(3)	DATE OF ACQUIS.(A) CONSTR.(C)
<S>	<C>	<C>	<C>	<C>	<C>
PROPERTIES:					

Monterey Plaza San Jose, CA	7,688	18,897	26,585	820	1997(A)
Ocoee Plaza Ocoee, FL	651	3,225	3,876	522	1992(A)
Olympia Square Olympia, WA	3,737	12,921	16,658	3,144	1992(A)
Olympia West Center Olympia, WA	2,735	8,436	11,171	253	1997(A)
Oregon City Shopping Center Oregon City, OR	4,426	13,392	17,818	59	1998(A)
Oregon Trail Gresham, OR	3,593	11,996	15,589	75	1998(A)
Pacific Commons Shopping Center Spanaway, WA	3,419	10,314	13,733	130	1998(A)
Palmdale Center Palmdale, CA	1,150	3,510	4,660	87	1997(A)
Panther Lake Shopping Center Kent, WA	1,950	5,911	7,861	112	1998(A)
Pioneer Plaza Springfield, OR	1,864	5,721	7,585	134	1998(A)
Powell Valley Junction Gresham, OR	1,546	4,801	6,347	110	1998(A)
Rainbow Promenade Las Vegas, NV	9,390	22,036	31,426	714	1997(A)
Rosewood Village Santa Rosa, CA	2,180	5,130	7,310	1,215	1992(A)
Sahara Pavilion North Las Vegas, NV	11,920	29,025	40,945	5,141	1992(A)
Sahara Pavilion South Las Vegas, NV	4,833	14,089	18,922	2,812	1992(A)
San Dimas Market Place San Dimas, CA	5,700	17,318	23,018	432	1998(A)
Sandy Marketplace Sandy, OR	2,046	6,165	8,211	27	1998(A)
Shute Park Plaza Hillsboro, OR	994	3,082	4,076	72	1998(A)
Southgate Center Milwaukie, OR	1,424	4,302	5,726	19	1998(A)
Sunset Mall Portland, OR	2,996	9,068	12,064	37	1998(A)
Sunset Square Bellingham, WA	6,100	20,323	26,423	4,436	1992(A)
Tacoma Central Tacoma, WA	5,314	16,329	21,643	477	1997(A)
Tanasbourne Village Hillsboro, OR	5,573	15,294	20,867	2,998	1992(A)
Tustin Heights Tustin, CA	3,675	11,188	14,863	278	1997(A)
Vineyard Village East Ontario, CA	649	2,853	3,502	384	1994(A)
Westwood Village Shopping Center Redding, CA	1,131	3,654	4,785	51	1998(A)
Winterwood Pavilion Las Vegas, NV	4,573	14,093	18,666	3,096	1992(A)
	$186,891	$522,631	$709,522	$42,044	

</TABLE>

PAN PACIFIC RETAIL PROPERTIES, INC.
SCHEDULE III
PROPERTIES AND ACCUMULATED DEPRECIATION (CONTINUED)
DECEMBER 31, 1998
(IN THOUSANDS)

NOTES:

(1) The aggregate gross cost of the properties owned by Pan Pacific Retail Properties, Inc. for federal income tax purposes, approximated $721,166 as of December 31, 1998.

(2) Net of write-offs of fully depreciated assets.

(3) The following table reconciles the historical cost and related accumulated depreciation and amortization of Pan Pacific Retail Properties, Inc. from January 1, 1996 through December 31, 1998:

COST OF PROPERTIES	FOR THE YEARS ENDED DECEMBER 31, 1998	1997	1996
Balance, beginning of period	$ 485,590	$ 290,874	$ 273,677
Additions during period (acquisition, improvements, etc.)	224,989	199,251	18,682
Interest capitalized	286	229	412
Deductions during period (write-off of tenant improvements)	(1,343)	(4,764)	(1,897)
Balance, close of period	$ 709,522	$ 485,590	$ 290,874

ACCUMULATED DEPRECIATION AND AMORTIZATION	FOR THE YEARS ENDED DECEMBER 31, 1998	1997	1996
Balance, beginning of period	$ 30,076	$ 26,857	$ 22,254
Additions during period (depreciation and amortization expense)	13,311	7,983	6,500
Deductions during period (write-off of accumulated depreciation of tenant improvements)	(1,343)	(4,764)	(1,897)
Balance, close of period	$ 42,044	$ 30,076	$ 26,857

See accompanying independent auditors' report.

EXHIBIT INDEX

Exhibit No.	Description
3.1	Articles of Amendment and Restatement of the Company (previously filed as Exhibit 3.1 to the Company's Registration Statement on Form S-11 (Registration No. 333-28715) and incorporated herein by reference)
3.2	Amended and Restated Bylaws of the Company (previously filed as Exhibit 3.2 to the Company's Registration Statement on Form S-11 (Registration No. 333-28715) and incorporated herein by reference)
4.1	Form of Certificate of Common Stock (previously filed as Exhibit 4.1 to the Company's Registration Statement on Form S-11 (Registration No. 333-28715) and incorporated herein by reference)
10.1	The 1997 Stock Option and Incentive Plan of Pan Pacific Retail Properties, Inc. (previously filed as Exhibit 10.1 to the Company's Registration Statement on Form S-11 (Registration No. 333-28715) and incorporated herein by reference)
10.2	Form of Officers and Directors Indemnification Agreement (previously filed as Exhibit 10.2 to the Company's Registration Statement on Form S-11 (Registration No. 333-28715) and incorporated herein by reference)
10.3	Form of Employment Agreement between the Company and Mr. Stuart A. Tanz (previously filed as Exhibit 10.3 to the Company's Registration Statement on Form S-11 (Registration No. 333-28715) and incorporated herein by reference)
10.4	Form of Employment Agreement between the Company and Mr. David L. Adlard (previously filed as Exhibit 10.4 to the Company's Registration Statement on Form S-11 (Registration No. 333-28715) and incorporated herein by reference)
10.5	Form of Employment Agreement between the Company and Mr.

	Jeffrey S. Stauffer (previously filed as Exhibit 10.5 to the Company's Registration Statement on Form S-11 (Registration No. 333-28715) and incorporated herein by reference)
10.6	Form of Miscellaneous Rights Agreement (previously filed as Exhibit 10.6 to the Company's Registration Statement on Form S-11 (Registration No. 333-28715) and incorporated herein by reference)
10.7	Form of Non-Competition Agreement (previously filed as Exhibit 10.7 to the Company's Registration Statement on Form S-11 (Registration No. 333-28715) and incorporated herein by reference)
10.8	Purchase and Sale Agreement for Green Valley Town & Country Shopping Center (previously filed as Exhibit 10.11 to the Company's Registration Statement on Form S-11 (Registration No. 333-28715) and incorporated herein by reference)
10.9	Credit Agreement with Bank of America NT&SA (previously filed as Exhibit 10.8 to the Company's filing of Form 10-Q for the quarter ended June 30, 1997 and incorporated herein by reference)

Exhibit No.	Description
10.10	Purchase and Sale Agreement for Rainbow Promenade (previously filed as Exhibit 10.9 to the Company's filing of Form 10-Q for the quarter ended June 30, 1997 and incorporated herein by reference)
10.11	Purchase and Sale Agreement for Claremont Village Shopping Center (previously filed as Exhibit 10.9 to the Company's filing of Form 10-Q for the quarter ended September 30, 1997 and incorporated herein by reference)
10.12	Purchase and Sale Agreement for Olympia West Plaza Shopping Center (previously filed as Exhibit 10.10 to the Company's filing of Form 10-Q for the quarter ended September 30, 1997 and incorporated herein by reference)
10.13	Purchase and Sale Agreement for Tacoma Central Shopping Center (previously filed as Exhibit 10.11 to the Company's filing of Form 10-Q for the quarter ended September 30, 1997 and incorporated herein by reference)
10.14	Modification Agreement to the Credit Agreement with Bank of America NT & SA (previously filed as exhibit 10.3 to the Company's Registration Statement on Form S-11 (Registration No. 333-50125) and incorporated herein by reference)
10.15	Amended and Restated Limited Liability Company Agreement of Pan Pacific (Portland), LLC (previously filed as Exhibit 99.1 to the Company's Form 8-K filed October 23, 1998 and incorporated herein by reference)
10.16	Purchase and Sale and Ground Lease Assignment and Assumption Agreement and Escrow Instructions (previously filed as Exhibit 99.2 to the Company's Form 8-K filed on October 23, 1998 and incorporated herein by reference)
10.17	First Amendment To Purchase and Sale Ground Lease Assignment and Assumption Agreement and Escrow Instructions (previously filed as Exhibit 99.3 to the Company's Form 8-K Filed October 23, 1998 and incorporated herein by reference)
10.18	Purchase and Sale Agreement and Escrow Instructions (previously filed as Exhibit 99.4 to the Company's Form 8-K filed October 23, 1998 and incorporated herein by reference)
10.19	Contribution Agreement and Escrow Instructions by and between Portland Fixture Limited Partnership PFMGP, Inc., and Pan Pacific (Portland), LLC dated September 23, 1998, and related amendments (previously filed as Exhibit 99.2 to the Company's Form 8-K filed November 12, 1998 and incorporated herein by reference)

10.20	Contribution Agreement and Escrow Instructions by and between Portland Fixture Limited Partnership, Independent Member Corp., Byron P. Henry, Steven J. Oliva and Pan Pacific (Portland), LLC dated September 23, 1998, and related amendments (previously filed as Exhibit 99.3 to the Company's Form 8-K filed November 12, 1998 and incorporated herein by reference)
10.21	Form of First Amendment to Employment Agreement between the Company and Mr. Stuart A. Tanz
10.22	Form of First Amendment to Non-Qualified Stock Option Agreement between the Company and Mr. Stuart A. Tanz

Exhibit No.	Description
10.23	Form of First Amendment to Incentive Stock Option Agreement between the Company and Mr. Stuart A. Tanz
10.24	Restricted Stock Agreement between the Company and Mr. Stuart A. Tanz
10.25	Form of First Amendment to Restricted Stock Agreement between the Company and Mr. Stuart A. Tanz
10.26	Form of First Amendment to Employment Agreement between the Company and Mr. Jeffrey S. Stauffer
10.27	Restricted Stock Agreement between the Company and Mr. Jeffrey S. Stauffer
10.28	Form of First Amendment to Restricted Stock Agreement between the Company and Mr. Jeffrey S. Stauffer
10.29	Form of First Amendment to Employment Agreement between the Company and Mr. David L. Adlard
10.30	Restricted Stock Agreement between the Company and Mr. David L. Adlard
10.31	Form of First Amendment to Restricted Stock Agreement between the Company and Mr. David L. Adlard
10.32	Form of First Amendment to Non-Qualified Stock Option Agreement for Independent Directors
21.1	Subsidiaries of the Registrant
23.1	Consent of KPMG LLP
27.1	Financial Data Schedule (electronically filed with the Securities and Exchange Commission only)

EXHIBIT 10.21

FIRST AMENDMENT
TO
EMPLOYMENT AGREEMENT

PAN PACIFIC RETAIL PROPERTIES, INC., a Maryland corporation (the "Company") and STUART A. TANZ ("Executive") have entered into that certain Employment Agreement (the "Agreement") effective as of August 13, 1997. In order to amend the Agreement in certain respects, the Company and Executive hereby agree as follows effective as of __________________, 1998.

I.

Section 5.2(a) of the Agreement is hereby amended in its entirety to read as follows:

(a) Amount. In the event the Company terminates Executive's services hereunder pursuant to Section 5.1, Executive shall continue to render services to the Company pursuant to this Agreement until the date of termination and shall continue to receive compensation, as provided hereunder, through the termination date. In addition to other compensation payable to Executive for services rendered through the termination date, the Company shall pay Executive no later than the date of such termination, as a single severance payment, an amount equal to the sum of (i) three times Executive's highest annual Base Compensation paid hereunder during the preceding twenty-four month period (or, if Executive has been employed less than twelve months, three times the amount of Base Compensation paid during the period employed) plus (ii) three times the average annual bonus (excluding any bonus payment deemed by the Compensation Committee in its sole discretion to be a "Special Bonus") received by the Executive during the preceding twenty-four month period (or during the period the Executive has been employed hereunder if shorter than twelve months) (the "Severance Amount").

II.

Section 5.2(c) of the Agreement is hereby amended in its entirety to read as follows:

(c) 280G "Gross-Up".

(i) Anything in this Agreement to the contrary notwithstanding, if it shall be determined that any payment or distribution to Executive or for his benefit (whether paid or payable or distributed or distributable) pursuant to the terms of this Agreement or otherwise (the "Payment") would be subject to the excise tax (the "Excise Tax") imposed by section 4999 of the Internal Revenue Code of 1986, as amended (the "Code"), then Executive shall be entitled to receive from the Company an additional payment (the "Gross-Up Payment") in an amount such that the net amount of the Payment and the Gross-Up Payment retained by Executive after the calculation and deduction of all Excise Taxes

(including any interest or penalties imposed with respect to such taxes) on the Payment and all federal, state and local income tax, employment tax and Excise Tax (including any interest or penalties imposed with respect to such taxes) on the Gross-Up Payment provided for in this Section 5.2(c), shall be equal to the Payment;

(ii) All determinations required to be made under this Section 5.2(c), including whether and when the Gross-Up Payment is required and the amount of such Gross-Up Payment, and the assumptions to be used in arriving at such determinations shall be made by the Accountants (as defined below) which shall provide Executive and the Company with detailed supporting calculations with respect to such Gross-Up Payment within fifteen (15) business days of the receipt of notice from Executive or the Company that Executive has received or will receive a Payment. For the purposes of this Section 5.2(c), the "Accountants" shall mean the Company's independent certified public accountants serving immediately prior to the Change in Control (as defined in Section 5.6). In the event that the Accountants are also serving as accountant or auditor for the individual, entity or group effecting the Change in Control, Executive shall appoint another nationally recognized public accounting firm to make the determinations required hereunder (which accounting firm shall then be referred to as the Accountants hereunder). All fees and expenses of the Accountants shall be borne solely by the Company and it shall be the Company's obligation to cause the Accountants to take any actions required hereby. For the purposes of determining whether any of the Payments will be subject to the Excise Tax and the amount of such Excise Tax, such Payments will be treated as "parachute payments" within the meaning of section 280G of the Code, and all "parachute payments" in excess of the "base amount" (as defined under section 280G(b)(3) of the Code) shall be treated as subject to the Excise Tax, unless and except to the extent that in the opinion of the Accountants such Payments (in whole or in part) either do not constitute "parachute payments" or represent reasonable compensation for services actually rendered (within the meaning of section 280G(b)(4) of the Code) in excess of the "base amount," or such "parachute payments" are otherwise not subject to such Excise Tax. For purposes of determining the amount of the Gross-Up Payment, Executive shall be deemed to pay Federal income taxes at the highest applicable marginal rate of federal income taxation for the calendar year in which the Gross-Up Payment is to be made and to pay any applicable state and local income taxes at the highest applicable marginal rate of taxation for the calendar year in which the Gross-Up Payment is to be made, net of the maximum reduction in federal income taxes which could be obtained from the deduction of such state or local taxes if paid in such year (determined without regard to limitations on deductions based upon the amount of Executive's adjusted gross income), and to have otherwise allowable deductions for federal, state and local income tax purposes at least equal to those disallowed because of the inclusion of the Gross-Up Payment in Executive's adjusted gross income. To the extent practicable, any Gross-Up Payment with respect to any Payment shall be paid by the Company at the time Executive is entitled to receive the Payment and in no event will any Gross-Up Payment be paid later than five

days after the receipt by Executive of the Accountants' determination. Any determination by the Accountants shall be binding upon the Company and Executive. As a result of uncertainty in the application of section 4999 of the Code at the time of the initial determination by the Accountants hereunder, it is possible that the Gross-Up Payment made will have been an amount less than the Company should have paid pursuant to this Section 5.2(c) (the "Underpayment"). In the event that the Company exhausts its remedies pursuant to Section 5.2(c)(ii) and Executive is required to make a payment of any Excise Tax, the Underpayment shall be promptly paid by the Company to or for Executive's benefit; and

(iii) Executive shall notify the Company in writing of any claim by the Internal Revenue Service that, if successful, would require the payment by the Company of the Gross-Up Payment. Such notification shall be given as soon as practicable after Executive is informed in writing of such claim and shall apprise the Company of the nature of such claim and the date on which such claim is requested to be paid. Executive shall not pay such claim prior to the expiration of the 30-day period following the date on which Executive gives such notice to the Company (or such shorter period ending on the date that any payment of taxes, interest and/or penalties with respect to such claim is due). If the Company notifies Executive in writing prior to the expiration of such period that it desires to contest such claim, Executive shall:

(A) give the Company any information reasonably requested by the Company relating to such claim;

(B) take such action in connection with contesting such claim as the Company shall reasonably request in writing from time to time, including, without limitation, accepting legal representation with respect to such claim by an attorney reasonably selected by the Company;

(C) cooperate with the Company in good faith in order to effectively contest such claim; and

(D) permit the Company to participate in any proceedings relating to such claims;

provided, however, that the Company shall bear and pay directly all costs and expenses (including additional interest and penalties) incurred in connection with such contest and shall indemnify Executive for and hold Executive harmless from, on an after-tax basis, any Excise Tax or income tax (including interest and penalties with respect thereto) imposed as a result of such representation and payment of all related costs and expenses. Without limiting the foregoing provisions of this Section 5.2(c), the Company shall control all proceedings taken in connection with such contest and, at its sole option, may pursue or forgo any and all administrative appeals, proceedings, hearings and conferences with the taxing authority in respect of such claim and may, at its sole option, either direct Executive to pay the tax claimed and sue for a refund or contest the claim in any

permissible manner, and Executive agrees to prosecute such contest to a determination before any administrative tribunal, in a court of initial jurisdiction and in one or more appellate courts, as the Company shall determine; provided, however, that if the Company directs Executive to pay such claim and sue for a refund, the Company shall advance the amount of such payment to Executive, on an interest-free basis, and shall indemnify Executive for and hold Executive harmless from, on an after-tax basis, any Excise Tax or income tax (including interest or penalties with respect thereto) imposed with respect to such advance or with respect to any imputed income with respect to such advance (including as a result of any forgiveness by the Company of such advance); provided, further, that any extension of the statute of limitations relating to the payment of taxes for the taxable year of Executive with respect to which such contested amount is claimed to be due is limited solely to such contested amount. Furthermore, the Company's control of the contest shall be limited to issues with respect to which a Gross-Up Payment would be payable hereunder and Executive shall be entitled to settle or contest, as the case may be, any other issue raised by the Internal Revenue Service or any other taxing authority.

III.

Section 5.6 of the Agreement is hereby amended in its entirety to read as follows:

5.6 Change of Control. Executive may terminate this Agreement, upon at least 10 days' prior written notice to the Company at any time within one year after a "change in control" (as hereinafter defined) of the Company. In the event Executive terminates this Agreement within one year after a change in control pursuant to this Section 5.6, (i) Executive shall continue to render services pursuant hereto and shall continue to receive compensation, as provided hereunder, through the termination date, (ii) the Company shall pay Executive no later than the date of such termination, as a single severance payment, an amount equal to the Severance Amount and (iii) following such termination, the Company shall provide the Severance Benefits as required by Section 5.2(b). For purposes of this Agreement, a "change in control" shall mean the occurrence of any of the following events:

(a) the individuals constituting the Board as of the date of the initial public offering of common stock of the Company (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that if the election, or nomination for election by the Company's stockholders, of any new director was approved by a vote of at least a majority of the Incumbent Board, such new director shall be considered a member of the Incumbent Board;

(b) provided that the number of shares of common stock of the Company directly held by PPD and its subsidiaries (other than the Company and the Company's subsidiaries) represents 50% or less of the total outstanding shares of common stock of the Company, an acquisition

of any voting securities of the Company (the "Voting Securities") by any "person" (as the term "person" is used for purposes of Section 13(d) or Section 14(d) of the Securities Exchange Act of 1934, as amended (the "1934 Act")) immediately after which such person has "beneficial ownership" (within the meaning of Rule 13d-3 promulgated under the 1934 Act) of 20% or more of the combined voting power of the Company's then outstanding Voting Securities; or

(c) approval by the stockholders of the Company of:

(i) a merger, consolidation, share exchange or reorganization of the Company, unless the stock holders of the Company, immediately before such merger, consolidation, share exchange or reorganization, own, directly or indirectly immediately following such merger, consolidation, share exchange or reorganization, at least 80% of the combined voting power of the outstanding voting securities of the corporation that is the successor in such merger, consolidation, share exchange or reorganization (the "Surviving Company") in substantially the same proportion as their ownership of the Voting Securities immediately before such merger, consolidation, share exchange or reorganization; or

(ii) a complete liquidation or dissolution of the Company; or

(iii) an agreement for the sale or other disposition of all or substantially all of the assets of the Company.

Executed at Vista, California this ___ day of ________ 1998.

THE COMPANY

PAN PACIFIC RETAIL PROPERTIES, INC.
a Maryland Corporation

By: ---------------------------------
David L. Adlard
Executive Vice President

EXECUTIVE

Stuart A. Tanz

EXHIBIT 10.22

FIRST AMENDMENT
TO
NON-QUALIFIED STOCK OPTION AGREEMENT

PAN PACIFIC RETAIL PROPERTIES, INC., a Maryland corporation (the "Company") and STUART A. TANZ ("Optionee") have entered into that certain Non-Qualified Stock Option Agreement (the "Agreement") effective as of August 13, 1997. In order to amend the Agreement in certain respects, the Company and Optionee hereby agree as follows effective as of __________________, 1998.

Section 1.4 of the Agreement is hereby amended in its entirety to read as follows:

1.4 Change of Control. "Change in Control" shall mean the occurrence of any of the following events:

(a) the individuals constituting the Board as of the date of the initial public offering of common stock of the Company (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that if the election, or nomination for election by the Company's stockholders, of any new director was approved by a vote of at least a majority of the Incumbent Board, such new director shall be considered a member of the Incumbent Board;

(b) provided that the number of shares of common stock of the Company directly held by Pan Pacific Development (U.S.) Inc., a Delaware corporation and its subsidiaries (other than the Company and the Company's subsidiaries) represents 50% or less of the total outstanding shares of common stock of the Company, an acquisition of any voting securities of the Company (the "Voting Securities") by any "person" (as the term "person" is used for purposes of Section 13(d) or Section 14(d) of the Securities Exchange Act of 1934, as amended (the "1934 Act")) immediately after which such person has "beneficial ownership" (within the meaning of Rule 13d-3 promulgated under the 1934 Act) of 20% or more of the combined voting power of the Company's then outstanding Voting Securities; or

(c) approval by the stockholders of the Company of:

(i) a merger, consolidation, share exchange or reorganization of the Company, unless the stock holders of the Company, immediately before such merger, consolidation, share exchange or reorganization, own, directly or indirectly immediately following such merger, consolidation, share exchange or reorganization, at least 80% of the combined voting power of the outstanding voting securities of the corporation that is the

successor in such merger, consolidation, share exchange or reorganization (the "Surviving Company") in substantially the same proportion as their ownership of the Voting Securities immediately before such merger, consolidation, share exchange or reorganization; or

(ii) a complete liquidation or dissolution of the Company; or

(iii) an agreement for the sale or other disposition of all or substantially all of the assets of the Company.

Executed at Vista, California this ___ day of ________ 1998.

THE COMPANY

PAN PACIFIC RETAIL PROPERTIES, INC.
a Maryland Corporation

By:

David L. Adlard
Executive Vice President

OPTIONEE

Stuart A. Tanz

EXHIBIT 10.23

FIRST AMENDMENT
TO
INCENTIVE STOCK OPTION AGREEMENT

PAN PACIFIC RETAIL PROPERTIES, INC., a Maryland corporation (the "Company") and STUART A. TANZ ("Optionee") have entered into that certain Incentive Stock Option Agreement (the "Agreement") effective as of March 17, 1998. In order to amend the Agreement in certain respects, the Company and Optionee hereby agree as follows effective as of __________________, 1998.

Section 1.3 of the Agreement is hereby amended in its entirety to read as follows:

1.3 Change of Control. "Change in Control" shall mean the occurrence of any of the following events:

(a) the individuals constituting the Board as of the date of the initial public offering of common stock of the Company (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that if the election, or nomination for election by the Company's stockholders, of any new director was approved by a vote of at least a majority of the Incumbent Board, such new director shall be considered a member of the Incumbent Board;

(b) provided that the number of shares of common stock of the Company directly held by Pan Pacific Development (U.S.) Inc., a Delaware corporation and its subsidiaries (other than the Company and the Company's subsidiaries) represents 50% or less of the total outstanding shares of common stock of the Company, an acquisition of any voting securities of the Company (the "Voting Securities") by any "person" (as the term "person" is used for purposes of Section 13(d) or Section 14(d) of the Securities Exchange Act of 1934, as amended (the "1934 Act")) immediately after which such person has "beneficial ownership" (within the meaning of Rule 13d-3 promulgated under the 1934 Act) of 20% or more of the combined voting power of the Company's then outstanding Voting Securities; or

(c) approval by the stockholders of the Company of:

(i) a merger, consolidation, share exchange or reorganization of the Company, unless the stock holders of the Company, immediately before such merger, consolidation, share exchange or reorganization, own, directly or indirectly immediately following such merger, consolidation, share exchange or reorganization, at least 80% of the combined voting power of the outstanding voting securities of the corporation that is the

successor in such merger, consolidation, share exchange or reorganization (the "Surviving Company") in substantially the same proportion as their ownership of the Voting Securities immediately before such merger, consolidation, share exchange or reorganization; or

(ii) a complete liquidation or dissolution of the Company; or

(iii) an agreement for the sale or other disposition of all or substantially all of the assets of the Company.

Executed at Vista, California this ___ day of ________ 1998.

THE COMPANY

PAN PACIFIC RETAIL PROPERTIES, INC.
a Maryland Corporation

By:

David L. Adlard
Executive Vice President

OPTIONEE

Stuart A. Tanz

EXHIBIT 10.24

RESTRICTED STOCK AGREEMENT

THIS AGREEMENT is made between Stuart A. Tanz (the "Employee") and Pan Pacific Retail Properties, Inc. (the "Company") as of August 13, 1997.

RECITALS

(1) Pursuant to the Company's 1997 Stock and Option Incentive Plan, the Company has granted to Employee an award of 100,000 shares of common stock (the "Shares").

(2) As a condition to Employee's grant of Restricted Stock, Employee must execute this Restricted Stock Agreement (this "Agreement"), which sets forth the rights and obligations of the parties with respect to the Shares.

1. Forfeiture; Vesting.

(a) If Employee's employment or consulting relationship with the Company is terminated for any reason, including, but not limited to, for cause, death, and disability, all unvested Shares shall be forfeited and shall be transferred to the Company; provided that as to Shares that would have vested at the end of the year of termination, such Shares shall vest on a prorated basis based on the number of days elapsed in such year and rounding down to the nearest Share.

(b) The Shares issued hereunder shall become vested in three (3) cumulative installments as follows:

(i) The first installment shall consist of 33,334 Shares and shall vest on August 13, 1998;

(ii) The second installment shall consist of 33,333 Shares and shall vest on August 13, 1999;

(iii) The third installment shall consist of 33,333 Shares and shall vest on August 13, 2000.

(c) For example, if termination occurs on July 31, 1999, then Employee will retain as vested the 33,334 Shares that vested on August 13, 1998 and 32,145 of the 33,333 Shares that would otherwise have vested on August 13, 1999 (352/365 days times 33,333 Shares equals 32,145.8 Shares, which is rounded down to 32,145).

2. Transferability of the Shares; Escrow.

(a) Employee hereby authorizes and directs the secretary of the Company, or such other person designated by the Company, to transfer the unvested Shares that have been forfeited to the Company.

(b) To insure the availability for delivery of Employee's unvested Shares upon forfeiture to the Company, Employee hereby appoints the secretary of the Company, or any other person designated by the Company as escrow agent, as its attorney-in-fact to assign and transfer unto the Company, such unvested Shares, if any, forfeited to the Company pursuant to Section 1 and shall, upon execution of this Agreement, deliver and deposit with the secretary of the Company, or such other person designated by the Company, the Share certificates representing the unvested Shares, together with the stock assignment duly endorsed in blank, attached hereto as Exhibit 1. The unvested Shares and stock assignment shall be held by the secretary in escrow, pursuant to the Joint Escrow Instructions of the Company and Employee attached as Exhibit 2 hereto, until such unvested Shares are vested, or until such time as this Agreement no longer is in effect. As a further condition to the Company's obligations under this Agreement, the spouse of the Employee, if any, shall execute and deliver to the Company the Consent of Spouse attached hereto as Exhibit 3. Upon vesting of the unvested Shares, the escrow agent shall promptly deliver to the Employee the certificate or certificates representing such Shares in the escrow agent's possession belonging to the Employee, and the escrow agent shall be discharged of all further obligations hereunder; provided, however, that the escrow agent shall nevertheless retain such certificate or certificates as escrow agent if so required pursuant to other restrictions imposed pursuant to this Agreement.

(c) The Company, or its designee, shall not be liable for any act it may do or omit to do with respect to holding the Shares in escrow and while acting in good faith and in the exercise of its judgment.

(d) Transfer or sale of the Shares is subject to restrictions on transfer imposed by any applicable state and federal securities laws. Any transferee shall hold such Shares subject to all the provisions hereof and shall acknowledge the same by signing a copy of this Agreement.

(e) This Agreement shall terminate upon the earlier of (i) an event of forfeiture, as described in Section 1(a) herein, or (ii) August 13, 2000.

3. Ownership, Voting Rights, Duties. This Agreement shall not affect in any way the ownership, voting rights or other rights or duties of Employee, except as specifically provided herein.

4. Legends. The Share certificate evidencing the Shares issued hereunder shall be endorsed with the following legend (in addition to any legend required under applicable federal and federal and state securities laws and the Company's charter):

THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO CERTAIN RESTRICTIONS UPON TRANSFER AND FORFEITURE AS SET FORTH IN AN AGREEMENT BETWEEN THE COMPANY AND THE HOLDER OF THE SHARES, A COPY OF WHICH IS ON FILE WITH THE SECRETARY OF THE COMPANY.

5. Adjustment for Stock Split. All references to the number of Shares in this Agreement shall be appropriately adjusted to reflect any stock split, stock dividend or other change in the Shares which may be made by the Company after the date of this Agreement.

6. Notices. Notices required hereunder shall be given in person or by registered mail to the address of Employee shown on the records of the Company, and to the Company at its principal executive office.

7. Survival of Terms. This Agreement shall apply to and bind Employee and the Company and their respective permitted assignees and transferees, heirs, legatees, executors, administrators and legal successors.

8. No Section 83(b) Elections. Because such election could have an impact on the Company's ability to continue as a real estate investment trust under the Code (defined below), Employee agrees that Employee will not file an election under Section 83(b) of the Internal Revenue Code of 1986, as amended (the "Code"), with respect to the Shares. If Employee does file a Section 83(b) election then such election shall cause the forfeiture of all of the Shares, without proration (notwithstanding Section 1(a)).

9. Representations. Employee has reviewed with his own tax advisors the federal, state, local and foreign tax consequences of this investment and the transactions contemplated by this Agreement. Employee is relying solely on such advisors and not on any statements or representations of the Company or any of its agents. Employee understands that he (and not the Company) shall be responsible for his own tax liability that may arise as a result of the grant of the Shares or the transactions contemplated by this Agreement.

10. Governing Law. This Agreement shall be governed by and construed and enforced in accordance with California law.

11. Employee agrees and understands that neither this Agreement nor the grant of Shares alters the Employee's status as an at will employee of the Company.

Employee represents that he has read this Agreement and is familiar with its terms and provisions. Employee hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Board of Directors of the Company (or the Compensation Committee thereof) upon any questions arising under this Agreement.

IN WITNESS WHEREOF, this Agreement is deemed made as of the date first set forth above.

"COMPANY"

PAN PACIFIC RETAIL PROPERTIES, INC.

By: ---------------------------------

Title: ------------------------------

"EMPLOYEE"

STUART A. TANZ

Address:

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EXHIBIT 1

ASSIGNMENT SEPARATE FROM CERTIFICATE

FOR VALUE RECEIVED I, Stuart A. Tanz, hereby sell, assign and transfer unto ______________________ ________________________ (______________)

Shares of the Common Stock of Pan Pacific Retail Properties, Inc. standing in my name of the books of said corporation represented by Certificate No. _______________ herewith and do hereby irrevocably constitute and appoint ______________________ to transfer the said stock on the books of the within named corporation with full power of substitution in the premises.

This Stock Assignment may be used only in accordance with the Restricted Stock Agreement between Pan Pacific Retail Properties, Inc. and the undersigned dated August 13, 1997.

Dated: _______________, 1997   Signature: _____________________________________

INSTRUCTIONS: Please do not fill in any blanks other than the signature line. The purpose of this assignment is to enable the Company to transfer the Shares upon forfeiture as set forth in the Agreement, without requiring additional signatures on the part of the Employee.

EXHIBIT 2

JOINT ESCROW INSTRUCTIONS

____________, 1997

Corporate Secretary
Pan Pacific Retail Properties, Inc.
1631-B South Melrose Drive
Vista, California 92083

Dear Corporate Secretary:

As Escrow Agent for both Pan Pacific Retail Properties, Inc. (the "Company"), and the undersigned employee of the Company (the "Employee"), you are hereby authorized and directed to hold the documents delivered to you pursuant to the terms of that certain Restricted Stock Agreement ("Agreement") between the Company and the undersigned, in accordance with the following instructions:

1. In the event the Company advises you that a forfeiture has occurred as set forth in the Agreement, the Company shall give to Employee and you a written notice specifying the number of Shares of stock to be transferred to the Company. Employee and the Company hereby irrevocably authorize and direct you to effect the transfer contemplated by such notice.

2. Upon receipt of such notice, you are directed (a) to date the stock assignments necessary for the transfer in question, (b) to fill in the number of Shares being transferred, and (c) to deliver the same, together with the certificate evidencing the Shares of stock to be transferred to the Company.

3. Employee irrevocably authorizes the Company to deposit with you any certificates evidencing Shares of stock to be held by you hereunder and any additions and substitutions to said Shares as defined in the Agreement. Employee does hereby irrevocably constitute and appoint you as Employee's attorney-in-fact and agent for the term of this escrow to execute with respect to such securities all documents necessary or appropriate to make such securities negotiable and to complete any transfer herein contemplated, including but not limited to the filing with any applicable state blue sky authority of any required applications for consent to, or notice of transfer of, the securities. Subject to the provisions of this paragraph 3, Employee shall exercise all rights and privileges of a stockholder of the Company while the stock is held by you.

4. Upon written request of the Employee, on any of August 13, 1998, 1999

or 2000, unless the Company has provided a notice of forfeiture, you will deliver to Employee a certificate or certificates representing so many Shares of stock as are not then subject to forfeiture. Within 120 days after cessation of Employee's continuous employment by or services to the Company, or any parent or subsidiary of the Company, you will deliver to Employee a certificate or certificates representing the aggregate number of Shares held or issued pursuant to the Agreement and not forfeited to the Company.

5. If at the time of termination of this escrow you should have in your possession any documents, securities, or other property belonging to Employee, you shall deliver all of the same to Employee and shall be discharged of all further obligations hereunder.

6. Your duties hereunder may be altered, amended, modified or revoked only by a writing signed by all of the parties hereto.

7. You shall be obligated only for the performance of such duties as are specifically set forth herein and may rely and shall be protected in relying or refraining from acting on any instrument reasonably believed by you to be genuine and to have been signed or presented by the proper party or parties. You shall not be personally liable for any act you may do or omit to do hereunder as Escrow Agent or as attorney-in-fact for Employee while acting in good faith, and any act done or omitted by you pursuant to the advice of your own attorneys shall be conclusive evidence of such good faith.

8. You are hereby expressly authorized to disregard any and all warnings given by any of the parties hereto or by any other person or corporation, excepting only orders or process of courts of law and are hereby expressly authorized to comply with and obey orders, judgments or decrees of any court. In case you obey or comply with any such order, judgment or decree, you shall not be liable to any of the parties hereto or to any other person, firm or corporation by reason of such compliance, notwithstanding any such order, judgment or decree being subsequently reversed, modified, annulled, set aside, vacated or found to have been entered without jurisdiction.

9. You shall not be liable in any respect on account of the identity, authorities or rights of the parties executing or delivering or purporting to execute or deliver the Agreement or any documents or papers deposited or called for hereunder.

10. You shall not be liable for the outlawing of any rights under the

Statute of Limitations with respect to these Joint Escrow Instructions or any documents deposited with you.

11. You shall be entitled to employ such legal counsel and other experts as you may deem necessary properly to advise you in connection with your obligations hereunder, may rely upon the advice of such counsel, and may pay such counsel reasonable compensation therefor.

12. Your responsibilities as Escrow Agent hereunder shall terminate (i) on August 13, 2000 or an event of forfeiture, whichever occurs first, or (ii) if you shall cease to be an officer or agent of the Company or if you shall resign by written notice to each party. In the event of the latter, the Company shall appoint a successor Escrow Agent.

13. If you reasonably require other or further instruments in connection with these Joint Escrow Instructions or obligations in respect hereto, the necessary parties hereto shall join in furnishing such instruments.

14. It is understood and agreed that should any dispute arise with respect to the delivery and/or ownership or right of possession of the securities held by you hereunder, you are authorized and directed to retain in your possession without liability to anyone all or any part of

said securities until such disputes shall have been settled either by mutual written agreement of the parties concerned or by a final order, decree or judgment of a court of competent jurisdiction after the time for appeal has expired and no appeal has been perfected, but you shall be under no duty whatsoever to institute or defend any such proceedings.

15. Any notice required or permitted hereunder shall be given in writing and shall be deemed effectively given upon personal delivery or upon deposit in the United States Post Office, by registered or certified mail with postage and fees prepaid, addressed to each of the other parties thereunto entitled at the following addresses or at such other addresses as a party may designate by ten days' advance written notice to each of the other parties hereto.

COMPANY: Pan Pacific Retail Properties, Inc.
1631-B South Melrose
Vista, California 92083
Attn: President

EMPLOYEE:

ESCROW AGENT: Corporate Secretary
Pan Pacific Retail Properties, Inc.
1631-B South Melrose
Vista, California 92083
Attn: President

16. By signing these Joint Escrow Instructions, you become a party hereto only for the purpose of said Joint Escrow Instructions; you do not become a party to the Agreement.

17. This instrument shall be binding upon and inure to the benefit of the parties hereto, and their respective successors and permitted assigns.

18. These Joint Escrow Instructions shall be governed by, and construed and enforced in accordance with, the laws of the State of California.

PAN PACIFIC RETAIL PROPERTIES, INC.

By: ----------------------------------

Title: -------------------------------

EMPLOYEE:

ESCROW AGENT:

Corporate Secretary

EXHIBIT 3

CONSENT OF SPOUSE

I, ____________________, spouse of ___________________, have read and approve the foregoing Restricted Stock Agreement. In consideration of granting of the Shares to my spouse, set forth in the Restricted Stock Agreement, I hereby appoint my spouse as my attorney-in-fact in respect to the exercise of any rights under the Restricted Stock Agreement and agree to be bound by the provisions of the Restricted Stock Agreement insofar as I may have any rights in said Restricted Stock Agreement or any Shares issued pursuant thereto under the community property laws or similar laws relating to marital property in effect in the state of our residence as of the date of the signing of the foregoing Restricted Stock Agreement.

Dated: _______________, 1997 ____

EXHIBIT 10.25

FIRST AMENDMENT
TO
RESTRICTED STOCK AGREEMENT

PAN PACIFIC RETAIL PROPERTIES, INC., a Maryland corporation (the "Company") and STUART A. TANZ ("Employee") have entered into that certain Restricted Stock Agreement (the "Agreement") effective as of August 13, 1997. In order to amend the Agreement in certain respects, the Company and Employee hereby agree as follows effective as of __________________, 1998.

Subsection 1(d) is hereby added to the Agreement to read in its entirety as follows:

> (d) In the case of a "Change in Control" (as hereinafter defined) prior to the termination of Employee's employment or consulting relationship with the Company, then, immediately prior to the occurrence of such Change in Control, the Shares shall become fully vested and shall cease to be subject to forfeiture under subsection 1(a) after such event. For purposes of this Agreement, "Change in Control" shall mean the occurrence of any of the following events:
>
> > (a) the individuals constituting the Board of Directors of the Company (the "Board") as of the date of the initial public offering of common stock of the Company (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that if the election, or nomination for election by the Company's stockholders, of any new director was approved by a vote of at least a majority of the Incumbent Board, such new director shall be considered a member of the Incumbent Board;
> >
> > (b) provided that the number of shares of common stock of the Company directly held by Pan Pacific Development (U.S.) Inc., a Delaware corporation and its subsidiaries (other than the Company and the Company's subsidiaries) represents 50% or less of the total outstanding shares of common stock of the Company, an acquisition of any voting securities of the Company (the "Voting Securities") by any "person" (as the term "person" is used for purposes of Section 13(d) or Section 14(d) of the Securities Exchange Act of 1934, as amended (the "1934 Act")) immediately after which such person has "beneficial

ownership" (within the meaning of Rule 13d-3 promulgated under the 1934 Act) of 20% or more of the combined voting power of the Company's then outstanding Voting Securities; or

(c) approval by the stockholders of the Company of:

(i) a merger, consolidation, share exchange or reorganization of the Company, unless the stock holders of the Company, immediately before such merger, consolidation, share exchange or reorganization, own, directly or indirectly immediately following such merger, consolidation, share exchange or reorganization, at least 80% of the combined voting power of the outstanding voting securities of the corporation that is the successor in such merger, consolidation, share exchange or reorganization (the "Surviving Company") in substantially the same proportion as their ownership of the Voting Securities immediately before such merger, consolidation, share exchange or reorganization; or

(ii) a complete liquidation or dissolution of the Company; or

(iii) an agreement for the sale or other disposition of all or substantially all of the assets of the Company.

Executed at Vista, California this ___ day of ________ 1998.

THE COMPANY

PAN PACIFIC RETAIL PROPERTIES, INC.
a Maryland Corporation

By:

David L. Adlard
Executive Vice President

EMPLOYEE

Stuart A. Tanz

EXHIBIT 10.26

FIRST AMENDMENT
TO
EMPLOYMENT AGREEMENT

PAN PACIFIC RETAIL PROPERTIES, INC., a Maryland corporation (the "Company") and JEFFREY S. STAUFFER ("Executive") have entered into that certain Employment Agreement (the "Agreement") effective as of August 13, 1997. In order to amend the Agreement in certain respects, the Company and Executive hereby agree as follows effective as of __________________, 1998.

I.

Section 5.2(a) of the Agreement is hereby amended in its entirety to read as follows:

> (a) Amount. In the event the Company terminates Executive's services hereunder pursuant to Section 5.1, Executive shall continue to render services to the Company pursuant to this Agreement until the date of termination and shall continue to receive compensation, as provided hereunder, through the termination date. In addition to other compensation payable to Executive for services rendered through the termination date, the Company shall pay Executive no later than the date of such termination, as a single severance payment, an amount equal to Executive's highest monthly Base Compensation paid hereunder during the preceding 12 month period, multiplied by 12 (the "Multiplier"); provided, however, that for each full year of service with the Company, the Multiplier shall be increased by one, subject to an overall cap of 18 (the "Severance Amount"). For example, provided that Executive has rendered continuous service hereunder from the Effective Date of the Agreement through August 13, 1999, the Executive's Severance Amount, if determined as of that date, shall be the Executive's highest monthly Base Compensation paid hereunder for the 12 month period preceding August 13, 1999, multiplied by 14.

II.

Section 5.4 of the Agreement is hereby amended in its entirety to read as follows:

> 5.4 By Executive For Good Reason. Executive may terminate this Agreement for good reason upon at least 10 days' prior

written notice to the Company. For purposes of this Agreement, "good reason" shall mean:

(a) the Company's material breach of any of its respective obligations hereunder and either such breach is incurable or, if curable, has not been cured within 15 business days following receipt by the Company of written notice from Executive to the Company of such breach by the Company;

(b) any material decrease in Executive's authority or responsibilities as Senior Vice President, Operations and Development of the Company without Executive's prior consent; or

(c) any material decrease in the overall compensation and benefits payable to Executive by the Company (including, without limitation, Base Compensation, bonus compensation and any other compensation or benefits payable to Executive under this Agreement) without Executive's prior consent; or

(d) following a change in control (as defined in Section 5.6, below) of the Company, the relocation of Executive's principal place of employment to a location more than 50 miles from Vista, California without Executive's prior consent.

In the event that Executive terminates this Agreement for good reason pursuant to this Section 5.4, Executive shall have the right to receive Executive's compensation as provided hereunder through the effective date of termination and shall also have the same rights and remedies against the Company as Executive would have had if the Company had terminated Executive's employment without cause pursuant to Section 5.1 (including the right to receive the Severance Amount payable and the Severance Benefits to be provided under Section 5.2).

III.

Section 5.6 of the Agreement is hereby amended in its entirety to read as follows:

5.6 Change of Control. Executive may terminate this Agreement, upon at least 10 days' prior written notice to the

Company at any time within one year after a "change in control" (as hereinafter defined) of the Company. In the event Executive terminates this Agreement for good reason within one year after a change in control pursuant to this Section 5.6, (i) Executive shall continue to render services pursuant hereto and shall continue to receive compensation, as provided hereunder, through the termination date, (ii) the Company shall pay Executive no later than the date of such termination, as a single severance payment, an amount equal to the Severance Amount and (iii) following such

termination, the Company shall provide the Severance Benefits as required by Section 5.2(b). Upon Executive's termination of this Agreement without good reason pursuant to this Section 5.6, (i) Executive shall have the right to receive Executive's compensation as provided hereunder through the effective date of termination, and (ii) the Company on the one hand, and Executive, on the other hand, shall not have any further right or remedy against one another except as provided in Sections 6, 7 and 8 hereof which shall remain in full force and effect. For purposes of this Agreement, a "change in control" shall mean the occurrence of any of the following events:

(a) the individuals constituting the Board as of the date of the initial public offering of common stock of the Company (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that if the election, or nomination for election by the Company's stockholders, of any new director was approved by a vote of at least a majority of the Incumbent Board, such new director shall be considered a member of the Incumbent Board;

(b) provided that the number of shares of common stock of the Company directly held by PPD and its subsidiaries (other than the Company and the Company's subsidiaries) represents 50% or less of the total outstanding shares of common stock of the Company, an acquisition of any voting securities of the Company (the "Voting Securities") by any "person" (as the term "person" is used for purposes of Section 13(d) or Section 14(d) of the Securities Exchange Act of 1934, as amended (the "1934

Act")) immediately after which such person has "beneficial ownership" (within the meaning of Rule 13d-3 promulgated under the 1934 Act) of 20% or more of the combined voting power of the Company's then outstanding Voting Securities; or

(c) approval by the stockholders of the Company of:

(i) a merger, consolidation, share exchange or reorganization of the Company, unless the stockholders of the Company, immediately before such merger, consolidation, share exchange or reorganization, own, directly or indirectly immediately following such merger, consolidation, share exchange or reorganization, at least 80% of the combined voting power of the outstanding voting securities of the corporation that is the successor in such merger, consolidation, share exchange or reorganization (the "Surviving Company") in substantially the same proportion as their ownership of the Voting Securities

immediately before such merger, consolidation, share exchange or reorganization; or

(ii) a complete liquidation or dissolution of the Company; or

(iii) an agreement for the sale or other disposition of all or substantially all of the assets of the Company.

Executed at Vista, California this ___ day of _________ 1998.

THE COMPANY

PAN PACIFIC RETAIL PROPERTIES, INC.
a Maryland Corporation

By:

Stuart A. Tanz
Chief Executive Officer and President

EXECUTIVE

Jeffrey S. Stauffer

EXHIBIT 10.27

RESTRICTED STOCK AGREEMENT

THIS AGREEMENT is made between Jeffrey S. Stauffer (the "Employee") and Pan Pacific Retail Properties, Inc. (the "Company") as of August 13, 1997.

RECITALS

(1) Pursuant to the Company's 1997 Stock and Option Incentive Plan, the Company has granted to Employee an award of 10,000 shares of common stock (the "Shares").

(2) As a condition to Employee's grant of Restricted Stock, Employee must execute this Restricted Stock Agreement (this "Agreement"), which sets forth the rights and obligations of the parties with respect to the Shares.

1. Forfeiture; Vesting.

(a) If Employee's employment or consulting relationship with the Company is terminated for any reason, including, but not limited to, for cause, death, and disability, all unvested Shares shall be forfeited and shall be transferred to the Company; provided that as to Shares that would have vested at the end of the year of termination, such Shares shall vest on a prorated basis based on the number of days elapsed in such year and rounding down to the nearest Share.

(b) The Shares issued hereunder shall become vested in three (3) cumulative installments as follows:

(i) The first installment shall consist of 3,334 Shares and shall vest on August 13, 1998;

(ii) The second installment shall consist of 3,333 Shares and shall vest on August 13, 1999;

(iii) The third installment shall consist of 3,333 Shares and shall vest on August 13, 2000.

(c) For example, if termination occurs on July 31, 1999, then Employee will retain as vested the 3,334 Shares that vested on August 13, 1998 and 3,214 of the 3,333 Shares that would otherwise have vested on August 13, 1999 (352/365 days times 3,333 Shares equals 3,214.3 Shares, which is rounded down to 3,214).

2. Transferability of the Shares; Escrow.

(a) Employee hereby authorizes and directs the secretary of the Company, or such other person designated by the Company, to transfer the unvested Shares that have been forfeited to the Company.

(b) To insure the availability for delivery of Employee's unvested Shares upon forfeiture to the Company, Employee hereby appoints the secretary of the Company, or any other person designated by the Company as escrow agent, as its attorney-in-fact to assign and transfer unto the Company, such unvested Shares, if any, forfeited to the Company pursuant to Section 1 and shall, upon execution of this Agreement, deliver and deposit with the secretary of the Company, or such other person designated by the Company, the Share certificates representing the unvested Shares, together with the stock assignment duly endorsed in blank, attached hereto as Exhibit 1. The unvested Shares and stock assignment shall be held by the secretary in escrow, pursuant to the Joint Escrow Instructions of the Company and Employee attached as Exhibit 2 hereto, until such unvested Shares are vested, or until such time as this Agreement no longer is in effect. As a further condition to the Company's obligations under this Agreement, the spouse of the Employee, if any, shall execute and deliver to the Company the Consent of Spouse attached hereto as Exhibit 3. Upon vesting of the unvested Shares, the escrow agent shall promptly deliver to the Employee the certificate or certificates representing such Shares in the escrow agent's possession belonging to the Employee, and the escrow agent shall be discharged of all further obligations hereunder; provided, however, that the escrow agent shall nevertheless retain such certificate or certificates as escrow agent if so required pursuant to other restrictions imposed pursuant to this Agreement.

(c) The Company, or its designee, shall not be liable for any act it may do or omit to do with respect to holding the Shares in escrow and while acting in good faith and in the exercise of its judgment.

(d) Transfer or sale of the Shares is subject to restrictions on transfer imposed by any applicable state and federal securities laws. Any transferee shall hold such Shares subject to all the provisions hereof and shall acknowledge the same by signing a copy of this Agreement.

(e) This Agreement shall terminate upon the earlier of (i) an event of forfeiture, as described in Section 1(a) herein, or (ii) August 13, 2000.

3. Ownership, Voting Rights, Duties. This Agreement shall not affect in any way the ownership, voting rights or other rights or duties of Employee, except as specifically provided herein.

4. Legends. The Share certificate evidencing the Shares issued hereunder shall be endorsed with the following legend (in addition to any legend

required under applicable federal and federal and state securities laws and the Company's charter):

THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO CERTAIN RESTRICTIONS UPON TRANSFER AND FORFEITURE AS SET FORTH IN AN AGREEMENT BETWEEN THE COMPANY AND THE HOLDER OF THE SHARES, A COPY OF WHICH IS ON FILE WITH THE SECRETARY OF THE COMPANY.

5. Adjustment for Stock Split. All references to the number of Shares in this Agreement shall be appropriately adjusted to reflect any stock split, stock dividend or other change in the Shares which may be made by the Company after the date of this Agreement.

6. Notices. Notices required hereunder shall be given in person or by registered mail to the address of Employee shown on the records of the Company, and to the Company at its principal executive office.

7. Survival of Terms. This Agreement shall apply to and bind Employee and the Company and their respective permitted assignees and transferees, heirs, legatees, executors, administrators and legal successors.

8. No Section 83(b) Elections. Because such election could have an impact on the Company's ability to continue as a real estate investment trust under the Code (defined below), Employee agrees that Employee will not file an election under Section 83(b) of the Internal Revenue Code of 1986, as amended (the "Code"), with respect to the Shares. If Employee does file a Section 83(b) election then such election shall cause the forfeiture of all of the Shares, without proration (notwithstanding Section 1(a)).

9. Representations. Employee has reviewed with his own tax advisors the federal, state, local and foreign tax consequences of this investment and the transactions contemplated by this Agreement. Employee is relying solely on such advisors and not on any statements or representations of the Company or any of its agents. Employee understands that he (and not the Company) shall be responsible for his own tax liability that may arise as a result of the grant of the Shares or the transactions contemplated by this Agreement.

10. Governing Law. This Agreement shall be governed by and construed and enforced in accordance with California law.

11. Employee agrees and understands that neither this Agreement nor the grant of Shares alters the Employee's status as an at will employee of the Company.

Employee represents that he has read this Agreement and is familiar with its terms and provisions. Employee hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Board of Directors of the Company (or the Compensation Committee thereof) upon any questions arising under this Agreement.

IN WITNESS WHEREOF, this Agreement is deemed made as of the date first set forth above.

"COMPANY"

PAN PACIFIC RETAIL PROPERTIES, INC.

By: ----------------------------------

Title: -------------------------------

"EMPLOYEE"

JEFFREY S. STAUFFER

Address:

EXHIBIT 1

ASSIGNMENT SEPARATE FROM CERTIFICATE

FOR VALUE RECEIVED I, Jeffrey S. Stauffer, hereby sell, assign and transfer unto ______________(______________) Shares of the Common Stock of Pan Pacific Retail Properties, Inc. standing in my name of the books of said corporation represented by Certificate No. _______________ herewith and do hereby irrevocably constitute and appoint ___________________ to transfer the said stock on the books of the within named corporation with full power of substitution in the premises.

This Stock Assignment may be used only in accordance with the Restricted Stock Agreement between Pan Pacific Retail Properties, Inc. and the undersigned dated August 13, 1997.

Dated: _______________, 1997   Signature:_________________________________

INSTRUCTIONS: Please do not fill in any blanks other than the signature line. The purpose of this assignment is to enable the Company to transfer the Shares upon forfeiture as set forth in the Agreement, without requiring additional signatures on the part of the Employee.

EXHIBIT 2

JOINT ESCROW INSTRUCTIONS

___________, 1997

Corporate Secretary
Pan Pacific Retail Properties, Inc.
1631-B South Melrose Drive
Vista, California 92083

Dear Corporate Secretary:

As Escrow Agent for both Pan Pacific Retail Properties, Inc. (the "Company"), and the undersigned employee of the Company (the "Employee"), you are hereby authorized and directed to hold the documents delivered to you pursuant to the terms of that certain Restricted Stock Agreement ("Agreement") between the Company and the undersigned, in accordance with the following instructions:

1. In the event the Company advises you that a forfeiture has occurred as set forth in the Agreement, the Company shall give to Employee and you a written notice specifying the number of Shares of stock to be transferred to the Company. Employee and the Company hereby irrevocably authorize and direct you to effect the transfer contemplated by such notice.

2. Upon receipt of such notice, you are directed (a) to date the stock assignments necessary for the transfer in question, (b) to fill in the number of Shares being transferred, and (c) to deliver the same, together with the certificate evidencing the Shares of stock to be transferred to the Company.

3. Employee irrevocably authorizes the Company to deposit with you any certificates evidencing Shares of stock to be held by you hereunder and any additions and substitutions to said Shares as defined in the Agreement. Employee does hereby irrevocably constitute and appoint you as Employee's attorney-in-fact and agent for the term of this escrow to execute with respect to such securities all documents necessary or appropriate to make such securities negotiable and to complete any transfer herein contemplated, including but not limited to the filing with any applicable state blue sky authority of any required applications for consent to, or notice of transfer of, the securities. Subject to the provisions of this paragraph 3, Employee shall exercise all rights and privileges of a stockholder of the Company while the stock is held by you.

4. Upon written request of the Employee, on any of August 13, 1998, 1999 or 2000, unless the Company has provided a notice of forfeiture, you will deliver to Employee a certificate or certificates representing so many Shares of stock as are not then subject to forfeiture. Within 120 days after cessation of Employee's continuous employment by or services to the Company, or any parent or subsidiary of the Company, you will deliver to Employee a certificate or certificates representing the aggregate number of Shares held or issued pursuant to the Agreement and not forfeited to the Company.

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5. If at the time of termination of this escrow you should have in your possession any documents, securities, or other property belonging to Employee, you shall deliver all of the same to Employee and shall be discharged of all further obligations hereunder.

6. Your duties hereunder may be altered, amended, modified or revoked only by a writing signed by all of the parties hereto.

7. You shall be obligated only for the performance of such duties as are specifically set forth herein and may rely and shall be protected in relying or refraining from acting on any instrument reasonably believed by you to be genuine and to have been signed or presented by the proper party or parties. You shall not be personally liable for any act you may do or omit to do hereunder as Escrow Agent or as attorney-in-fact for Employee while acting in good faith, and any act done or omitted by you pursuant to the advice of your own attorneys shall be conclusive evidence of such good faith.

8. You are hereby expressly authorized to disregard any and all warnings given by any of the parties hereto or by any other person or corporation, excepting only orders or process of courts of law and are hereby expressly authorized to comply with and obey orders, judgments or decrees of any court. In case you obey or comply with any such order, judgment or decree, you shall not be liable to any of the parties hereto or to any other person, firm or corporation by reason of such compliance, notwithstanding any such order, judgment or decree being subsequently reversed, modified, annulled, set aside, vacated or found to have been entered without jurisdiction.

9. You shall not be liable in any respect on account of the identity, authorities or rights of the parties executing or delivering or purporting to execute or deliver the Agreement or any documents or papers deposited or called for hereunder.

10. You shall not be liable for the outlawing of any rights under the Statute of Limitations with respect to these Joint Escrow Instructions or any documents deposited with you.

11. You shall be entitled to employ such legal counsel and other experts as you may deem necessary properly to advise you in connection with your obligations hereunder, may rely upon the advice of such counsel, and may pay such counsel reasonable compensation therefor.

12. Your responsibilities as Escrow Agent hereunder shall terminate (i) on August 13, 2000 or an event of forfeiture, whichever occurs first, or (ii) if you shall cease to be an officer or agent of the Company or if you shall resign by written notice to each party. In the event of the latter, the Company shall

appoint a successor Escrow Agent.

13. If you reasonably require other or further instruments in connection with these Joint Escrow Instructions or obligations in respect hereto, the necessary parties hereto shall join in furnishing such instruments.

14. It is understood and agreed that should any dispute arise with respect to the delivery and/or ownership or right of possession of the securities held by you hereunder, you are authorized and directed to retain in your possession without liability to anyone all or any part of

said securities until such disputes shall have been settled either by mutual written agreement of the parties concerned or by a final order, decree or judgment of a court of competent jurisdiction after the time for appeal has expired and no appeal has been perfected, but you shall be under no duty whatsoever to institute or defend any such proceedings.

15. Any notice required or permitted hereunder shall be given in writing and shall be deemed effectively given upon personal delivery or upon deposit in the United States Post Office, by registered or certified mail with postage and fees prepaid, addressed to each of the other parties thereunto entitled at the following addresses or at such other addresses as a party may designate by ten days' advance written notice to each of the other parties hereto.

COMPANY:	Pan Pacific Retail Properties, Inc. 1631-B South Melrose Vista, California 92083 Attn: President
EMPLOYEE:	------------------------------------ ------------------------------------ ------------------------------------
ESCROW AGENT:	Corporate Secretary Pan Pacific Retail Properties, Inc. 1631-B South Melrose Vista, California 92083 Attn: President

16. By signing these Joint Escrow Instructions, you become a party hereto only for the purpose of said Joint Escrow Instructions; you do not become a party to the Agreement.

17. This instrument shall be binding upon and inure to the benefit of the parties hereto, and their respective successors and permitted assigns.

18. These Joint Escrow Instructions shall be governed by, and construed and enforced in accordance with, the laws of the State of California.

PAN PACIFIC RETAIL PROPERTIES, INC.

By:

Title:

EMPLOYEE:

ESCROW AGENT:

Corporate Secretary

EXHIBIT 3

CONSENT OF SPOUSE

I, ____________________, spouse of ___________________, have read and approve the foregoing Restricted Stock Agreement. In consideration of granting of the Shares to my spouse, set forth in the Restricted Stock Agreement, I hereby appoint my spouse as my attorney-in-fact in respect to the exercise of any rights under the Restricted Stock Agreement and agree to be bound by the provisions of the Restricted Stock Agreement insofar as I may have any rights in said Restricted Stock Agreement or any Shares issued pursuant thereto under the community property laws or similar laws relating to marital property in effect in the state of our residence as of the date of the signing of the foregoing Restricted Stock Agreement.

Dated: _______________, 1997 ____

EXHIBIT 10.28

FIRST AMENDMENT
TO
RESTRICTED STOCK AGREEMENT

PAN PACIFIC RETAIL PROPERTIES, INC., a Maryland corporation (the "Company") and JEFFREY S. STAUFFER ("Employee") have entered into that certain Restricted Stock Agreement (the "Agreement") effective as of August 13, 1997. In order to amend the Agreement in certain respects, the Company and Employee hereby agree as follows effective as of __________________, 1998.

Subsection 1(d) is hereby added to the Agreement to read in its entirety as follows:

(d) In the case of a "Change in Control" (as hereinafter defined) prior to the termination of Employee's employment or consulting relationship with the Company, then, immediately prior to the occurrence of such Change in Control, the Shares shall become fully vested and shall cease to be subject to forfeiture under subsection 1(a) after such event. For purposes of this Agreement, "Change in Control" shall mean the occurrence of any of the following events:

(a) the individuals constituting the Board of Directors of the Company (the "Board") as of the date of the initial public offering of common stock of the Company (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that if the election, or nomination for election by the Company's stockholders, of any new director was approved by a vote of at least a majority of the Incumbent Board, such new director shall be considered a member of the Incumbent Board;

(b) provided that the number of shares of common stock of the Company directly held by Pan Pacific Development (U.S.) Inc., a Delaware corporation and its subsidiaries (other than the Company and the Company's subsidiaries) represents 50% or less of the total outstanding shares of common stock of the Company, an acquisition of any voting securities of the Company (the "Voting Securities") by any "person" (as the term "person" is used for purposes of Section 13(d) or Section 14(d) of the Securities Exchange Act of 1934, as amended (the "1934

Act")) immediately after which such person has "beneficial ownership" (within the meaning of Rule 13d-3 promulgated under the 1934 Act) of 20% or more of the combined voting power of the Company's then outstanding Voting Securities; or

(c) approval by the stockholders of the Company of:

(i) a merger, consolidation, share exchange or reorganization of the Company, unless the stock holders of the Company, immediately before such merger, consolidation, share exchange or reorganization, own, directly or indirectly immediately following such merger, consolidation, share exchange or reorganization, at least 80% of the combined voting power of the outstanding voting securities of the corporation that is the successor in such merger, consolidation, share exchange or reorganization (the "Surviving Company") in substantially the same proportion as their ownership of the Voting Securities immediately before such merger, consolidation, share exchange or reorganization; or

(ii) a complete liquidation or dissolution of the Company; or

(iii) an agreement for the sale or other disposition of all or substantially all of the assets of the Company.

Executed at Vista, California this ___ day of ________ 1998.

THE COMPANY

PAN PACIFIC RETAIL PROPERTIES, INC.
a Maryland Corporation

By:

Stuart A. Tanz
Chief Executive Officer and President

EMPLOYEE

Jeffrey S. Stauffer

EXHIBIT 10.29

FIRST AMENDMENT
TO
EMPLOYMENT AGREEMENT

PAN PACIFIC RETAIL PROPERTIES, INC., a Maryland corporation (the "Company") and DAVID L. ADLARD ("Executive") have entered into that certain Employment Agreement (the "Agreement") effective as of August 13, 1997. In order to amend the Agreement in certain respects, the Company and Executive hereby agree as follows effective as of __________________, 1998.

I.

Section 5.2(a) of the Agreement is hereby amended in its entirety to read as follows:

(a) Amount. In the event the Company terminates Executive's services hereunder pursuant to Section 5.1, Executive shall continue to render services to the Company pursuant to this Agreement until the date of termination and shall continue to receive compensation, as provided hereunder, through the termination date. In addition to other compensation payable to Executive for services rendered through the termination date, the Company shall pay Executive no later than the date of such termination, as a single severance payment, an amount equal to Executive's highest monthly Base Compensation paid hereunder during the preceding twelve month period, multiplied by eight (the "Multiplier"); provided, however, that for each full year of service with the Company, the Multiplier shall be increased by one, subject to an overall cap of 18 (the "Severance Amount"). For example, provided that Executive has rendered continuous service hereunder from the Effective Date of the Agreement through August 13, 1999, the Executive's Severance Amount, if determined as of that date, shall be the Executive's highest monthly Base Compensation paid hereunder for the twelve month period preceding August 13, 1999, multiplied by 10.

II.

Section 5.4 of the Agreement is hereby amended in its entirety to read as follows:

5.4 By Executive For Good Reason. Executive may terminate this Agreement for good reason upon at least 10 days' prior written notice to the Company. For purposes of this Agreement, "good reason" shall mean:

(a) the Company's material breach of any of its respective obligations hereunder and either such breach is incurable or, if curable, has not been cured within 15 business days following receipt of written notice by the Company from Executive to the Company of such breach by the Company;

(b) any material decrease in Executive's authority or responsibilities as Executive Vice President and Chief Financial Officer of the Company without Executive's prior consent;

(c) any material decrease in the overall compensation and benefits payable to Executive by the Company (including, without limitation, Base Compensation, bonus compensation and any other compensation or benefits payable to Executive under this Agreement) without Executive's prior consent; or

(d) following a change in control (as defined in Section 5.6, below) of the Company, the relocation of Executive's principal place of employment to a location more than 50 miles from Vista, California without Executive's prior consent.

In the event that Executive terminates this Agreement for good reason pursuant to this Section 5.4, Executive shall have the right to receive Executive's compensation as provided hereunder through the effective date of termination and shall also have the same rights and remedies against the Company as Executive would have had if the Company had terminated Executive's employment without cause pursuant to Section 5.1 (including the right to receive the Severance Amount payable and the Severance Benefits to be provided under Section 5.2).

III.

Section 5.6 of the Agreement is hereby amended in its entirety to read as follows:

5.6 Change of Control. Executive may terminate this Agreement, upon at least 10 days' prior written notice to the

Company at any time within one year after a "change in control" (as hereinafter defined) of the Company. In the event Executive terminates this Agreement for good reason within one year after a change in control pursuant to this Section 5.6, (i) Executive shall continue to render services pursuant hereto and shall continue to receive compensation, as provided hereunder, through the termination date, (ii) the Company shall pay Executive no later than the date of such termination, as a single severance payment, an amount equal to the Severance Amount and (iii) following such

termination, the Company shall provide the Severance Benefits as required by Section 5.2(b). Upon Executive's termination of this Agreement without good reason pursuant to this Section 5.6, (i) Executive shall have the right to receive Executive's compensation as provided hereunder through the effective date of termination, and (ii) the Company on the one hand, and Executive, on the other hand, shall not have any further right or remedy against one another except as provided in Sections 6, 7 and 8 hereof which shall remain in full force and effect. For purposes of this Agreement, a "change in control" shall mean the occurrence of any of the following events:

(a) the individuals constituting the Board as of the date of the initial public offering of common stock of the Company (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that if the election, or nomination for election by the Company's stockholders, of any new director was approved by a vote of at least a majority of the Incumbent Board, such new director shall be considered a member of the Incumbent Board;

(b) provided that the number of shares of common stock of the Company directly held by PPD and its subsidiaries (other than the Company and the Company's subsidiaries) represents 50% or less of the total outstanding shares of common stock of the Company, an acquisition of any voting securities of the Company (the "Voting Securities") by any "person" (as the term "person" is used for purposes of Section 13(d) or Section 14(d) of the Securities Exchange Act of 1934, as amended (the "1934 Act")) immediately after which such person has "beneficial ownership" (within the meaning of Rule 13d-3 promulgated under the 1934 Act) of 20% or more of the combined voting power of the Company's then outstanding Voting Securities; or

(c) approval by the stockholders of the Company of:

(i) a merger, consolidation, share exchange or reorganization of the Company, unless the stockholders of the Company, immediately before such merger, consolidation, share exchange or reorganization, own, directly or indirectly immediately following such merger, consolidation, share exchange or reorganization, at least 80% of the combined voting power of the outstanding voting securities of the corporation that is the successor in such merger, consolidation, share exchange or reorganization (the "Surviving Company") in substantially the

same proportion as their ownership of the Voting Securities immediately before such merger, consolidation, share exchange or reorganization; or

(ii) a complete liquidation or dissolution of the Company; or

(iii) an agreement for the sale or other disposition of all or substantially all of the assets of the Company.

Executed at Vista, California this ___ day of _________ 1998.

THE COMPANY

PAN PACIFIC RETAIL PROPERTIES, INC.
a Maryland Corporation

By:

Stuart A. Tanz
Chief Executive Officer and President

EXECUTIVE

David L. Adlard

EXHIBIT 10.30

RESTRICTED STOCK AGREEMENT

THIS AGREEMENT is made between David L. Adlard (the "Employee") and Pan Pacific Retail Properties, Inc. (the "Company") as of August 13, 1997.

RECITALS

(1) Pursuant to the Company's 1997 Stock and Option Incentive Plan, the Company has granted to Employee an award of 10,000 shares of common stock (the "Shares").

(2) As a condition to Employee's grant of Restricted Stock, Employee must execute this Restricted Stock Agreement (this "Agreement"), which sets forth the rights and obligations of the parties with respect to the Shares.

1. Forfeiture; Vesting.

(a) If Employee's employment or consulting relationship with the Company is terminated for any reason, including, but not limited to, for cause, death, and disability, all unvested Shares shall be forfeited and shall be transferred to the Company; provided that as to Shares that would have vested at the end of the year of termination, such Shares shall vest on a prorated basis based on the number of days elapsed in such year and rounding down to the nearest Share.

(b) The Shares issued hereunder shall become vested in three (3) cumulative installments as follows:

(i) The first installment shall consist of 3,334 Shares and shall vest on August 13, 1998;

(ii) The second installment shall consist of 3,333 Shares and shall vest on August 13, 1999;

(iii) The third installment shall consist of 3,333 Shares and shall vest on August 13, 2000.

(c) For example, if termination occurs on July 31, 1999, then Employee will retain as vested the 3,334 Shares that vested on August 13, 1998 and 3,214 of the 3,333 Shares that would otherwise have vested on August 13, 1999 (352/365 days times 3,333 Shares equals 3,214.3 Shares, which is rounded down to 3,214).

2. Transferability of the Shares; Escrow.

(a) Employee hereby authorizes and directs the secretary of the Company, or such other person designated by the Company, to transfer the unvested Shares that have been forfeited to the Company.

(b) To insure the availability for delivery of Employee's unvested Shares upon forfeiture to the Company, Employee hereby appoints the secretary of the Company, or any other person designated by the Company as escrow agent, as its attorney-in-fact to assign and transfer unto the Company, such unvested Shares, if any, forfeited to the Company pursuant to Section 1 and shall, upon execution of this Agreement, deliver and deposit with the secretary of the Company, or such other person designated by the Company, the Share certificates representing the unvested Shares, together with the stock assignment duly endorsed in blank, attached hereto as Exhibit 1. The unvested Shares and stock assignment shall be held by the secretary in escrow, pursuant to the Joint Escrow Instructions of the Company and Employee attached as Exhibit 2 hereto, until such unvested Shares are vested, or until such time as this Agreement no longer is in effect. As a further condition to the Company's obligations under this Agreement, the spouse of the Employee, if any, shall execute and deliver to the Company the Consent of Spouse attached hereto as Exhibit 3. Upon vesting of the unvested Shares, the escrow agent shall promptly deliver to the Employee the certificate or certificates representing such Shares in the escrow agent's possession belonging to the Employee, and the escrow agent shall be discharged of all further obligations hereunder; provided, however, that the escrow agent shall nevertheless retain such certificate or certificates as escrow agent if so required pursuant to other restrictions imposed pursuant to this Agreement.

(c) The Company, or its designee, shall not be liable for any act it may do or omit to do with respect to holding the Shares in escrow and while acting in good faith and in the exercise of its judgment.

(d) Transfer or sale of the Shares is subject to restrictions on transfer imposed by any applicable state and federal securities laws. Any transferee shall hold such Shares subject to all the provisions hereof and shall acknowledge the same by signing a copy of this Agreement.

(e) This Agreement shall terminate upon the earlier of (i) an event of forfeiture, as described in Section 1(a) herein, or (ii) August 13, 2000.

3. Ownership, Voting Rights, Duties. This Agreement shall not affect in any way the ownership, voting rights or other rights or duties of Employee, except as specifically provided herein.

4. Legends. The Share certificate evidencing the Shares issued hereunder shall be endorsed with the following legend (in addition to any legend required under applicable federal and federal and state securities laws and the Company's charter):

THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO CERTAIN RESTRICTIONS UPON TRANSFER AND FORFEITURE AS SET FORTH IN AN AGREEMENT BETWEEN THE COMPANY AND THE HOLDER OF THE SHARES, A COPY OF WHICH IS ON FILE WITH THE SECRETARY OF THE COMPANY.

5. Adjustment for Stock Split. All references to the number of Shares in this Agreement shall be appropriately adjusted to reflect any stock split, stock dividend or other change in the Shares which may be made by the Company after the date of this Agreement.

6. Notices. Notices required hereunder shall be given in person or by registered mail to the address of Employee shown on the records of the Company, and to the Company at its principal executive office.

7. Survival of Terms. This Agreement shall apply to and bind Employee and the Company and their respective permitted assignees and transferees, heirs, legatees, executors, administrators and legal successors.

8. No Section 83(b) Elections. Because such election could have an impact on the Company's ability to continue as a real estate investment trust under the Code (defined below), Employee agrees that Employee will not file an election under Section 83(b) of the Internal Revenue Code of 1986, as amended (the "Code"), with respect to the Shares. If Employee does file a Section 83(b) election then such election shall cause the forfeiture of all of the Shares, without proration (notwithstanding Section 1(a)).

9. Representations. Employee has reviewed with his own tax advisors the federal, state, local and foreign tax consequences of this investment and the transactions contemplated by this Agreement. Employee is relying solely on such advisors and not on any statements or representations of the Company or any of its agents. Employee understands that he (and not the Company) shall be responsible for his own tax liability that may arise as a result of the grant of the Shares or the transactions contemplated by this Agreement.

10. Governing Law. This Agreement shall be governed by and construed and enforced in accordance with California law.

11. Employee agrees and understands that neither this Agreement nor

the grant of Shares alters the Employee's status as an at will employee of the Company.

Employee represents that he has read this Agreement and is familiar with its terms and provisions. Employee hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Board of Directors of the Company (or the Compensation Committee thereof) upon any questions arising under this Agreement.

IN WITNESS WHEREOF, this Agreement is deemed made as of the date first set forth above.

"COMPANY"

PAN PACIFIC RETAIL PROPERTIES, INC.

By:

Title:

"EMPLOYEE"

DAVID L. ADLARD

Address:

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EXHIBIT 1

ASSIGNMENT SEPARATE FROM CERTIFICATE

FOR VALUE RECEIVED I, David L. Adlard, hereby sell, assign and transfer unto ______________ (__________)

Shares of the Common Stock of Pan Pacific Retail Properties, Inc. standing in my name of the books of said corporation represented by Certificate No. _______________ herewith and do hereby irrevocably constitute and appoint ______________ to transfer the said stock on the books of the within named corporation with full power of substitution in the premises.

This Stock Assignment may be used only in accordance with the Restricted Stock Agreement between Pan Pacific Retail Properties, Inc. and the undersigned dated August 13, 1997.

Dated: _______________, 1997 Signature:______________________________

INSTRUCTIONS: Please do not fill in any blanks other than the signature line. The purpose of this assignment is to enable the Company to transfer the Shares upon forfeiture as set forth in the Agreement, without requiring additional signatures on the part of the Employee.

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EXHIBIT 2

JOINT ESCROW INSTRUCTIONS

____________, 1997

Corporate Secretary
Pan Pacific Retail Properties, Inc.
1631-B South Melrose Drive
Vista, California 92083

Dear Corporate Secretary:

As Escrow Agent for both Pan Pacific Retail Properties, Inc. (the "Company"), and the undersigned employee of the Company (the "Employee"), you are hereby authorized and directed to hold the documents delivered to you pursuant to the terms of that certain Restricted Stock Agreement ("Agreement") between the Company and the undersigned, in accordance with the following instructions:

1. In the event the Company advises you that a forfeiture has occurred as set forth in the Agreement, the Company shall give to Employee and you a written notice specifying the number of Shares of stock to be transferred to the Company. Employee and the Company hereby irrevocably authorize and direct you to effect the transfer contemplated by such notice.

2. Upon receipt of such notice, you are directed (a) to date the stock assignments necessary for the transfer in question, (b) to fill in the number of Shares being transferred, and (c) to deliver the same, together with the certificate evidencing the Shares of stock to be transferred to the Company.

3. Employee irrevocably authorizes the Company to deposit with you any certificates evidencing Shares of stock to be held by you hereunder and any additions and substitutions to said Shares as defined in the Agreement. Employee does hereby irrevocably constitute and appoint you as Employee's attorney-in-fact and agent for the term of this escrow to execute with respect to such securities all documents necessary or appropriate to make such securities negotiable and to complete any transfer herein contemplated, including but not limited to the filing with any applicable state blue sky authority of any required applications for consent to, or notice of transfer of, the securities. Subject to the provisions of this paragraph 3, Employee shall exercise all rights and privileges of a stockholder of the Company while the stock is held by you.

4. Upon written request of the Employee, on any of August 13, 1998, 1999 or 2000, unless the Company has provided a notice of forfeiture, you will deliver to Employee a certificate or certificates representing so many Shares of stock as are not then subject to forfeiture. Within 120 days after cessation of Employee's continuous employment by or services to the Company, or any parent or subsidiary of the Company, you will deliver to Employee a certificate or certificates representing the aggregate number of Shares held or issued pursuant to the Agreement and not forfeited to the Company.

5. If at the time of termination of this escrow you should have in your possession any documents, securities, or other property belonging to Employee, you shall deliver all of the same to Employee and shall be discharged of all further obligations hereunder.

6. Your duties hereunder may be altered, amended, modified or revoked only by a writing signed by all of the parties hereto.

7. You shall be obligated only for the performance of such duties as are specifically set forth herein and may rely and shall be protected in relying or refraining from acting on any instrument reasonably believed by you to be genuine and to have been signed or presented by the proper party or parties. You shall not be personally liable for any act you may do or omit to do hereunder as Escrow Agent or as attorney-in-fact for Employee while acting in good faith, and any act done or omitted by you pursuant to the advice of your own attorneys shall be conclusive evidence of such good faith.

8. You are hereby expressly authorized to disregard any and all warnings given by any of the parties hereto or by any other person or corporation, excepting only orders or process of courts of law and are hereby expressly authorized to comply with and obey orders, judgments or decrees of any court. In case you obey or comply with any such order, judgment or decree, you shall not be liable to any of the parties hereto or to any other person, firm or corporation by reason of such compliance, notwithstanding any such order, judgment or decree being subsequently reversed, modified, annulled, set aside, vacated or found to have been entered without jurisdiction.

9. You shall not be liable in any respect on account of the identity, authorities or rights of the parties executing or delivering or purporting to execute or deliver the Agreement or any documents or papers deposited or called for hereunder.

10. You shall not be liable for the outlawing of any rights under the Statute of Limitations with respect to these Joint Escrow Instructions or any documents deposited with you.

11. You shall be entitled to employ such legal counsel and other experts as you may deem necessary properly to advise you in connection with your obligations hereunder, may rely upon the advice of such counsel, and may pay such counsel reasonable compensation therefor.

12. Your responsibilities as Escrow Agent hereunder shall terminate (i) on August 13, 2000 or an event of forfeiture, whichever occurs first, or (ii) if you shall cease to be an officer or agent of the Company or if you shall resign by written notice to each party. In the event of the latter, the Company shall

appoint a successor Escrow Agent.

13. If you reasonably require other or further instruments in connection with these Joint Escrow Instructions or obligations in respect hereto, the necessary parties hereto shall join in furnishing such instruments.

14. It is understood and agreed that should any dispute arise with respect to the delivery and/or ownership or right of possession of the securities held by you hereunder, you are authorized and directed to retain in your possession without liability to anyone all or any part of

said securities until such disputes shall have been settled either by mutual written agreement of the parties concerned or by a final order, decree or judgment of a court of competent jurisdiction after the time for appeal has expired and no appeal has been perfected, but you shall be under no duty whatsoever to institute or defend any such proceedings.

15. Any notice required or permitted hereunder shall be given in writing and shall be deemed effectively given upon personal delivery or upon deposit in the United States Post Office, by registered or certified mail with postage and fees prepaid, addressed to each of the other parties thereunto entitled at the following addresses or at such other addresses as a party may designate by ten days' advance written notice to each of the other parties hereto.

COMPANY: Pan Pacific Retail Properties, Inc.
1631-B South Melrose
Vista, California 92083
Attn: President

EMPLOYEE: ------------------------------------

ESCROW AGENT: Corporate Secretary
Pan Pacific Retail Properties, Inc.
1631-B South Melrose
Vista, California 92083
Attn: President

16. By signing these Joint Escrow Instructions, you become a party hereto only for the purpose of said Joint Escrow Instructions; you do not become a party to the Agreement.

17. This instrument shall be binding upon and inure to the benefit of the parties hereto, and their respective successors and permitted assigns.

18. These Joint Escrow Instructions shall be governed by, and construed and enforced in accordance with, the laws of the State of California.

PAN PACIFIC RETAIL PROPERTIES, INC.

By: -----------------------------------

Title: --------------------------------

EMPLOYEE:

ESCROW AGENT:

Corporate Secretary

EXHIBIT 3

CONSENT OF SPOUSE

I, ____________________, spouse of ___________________, have read and approve the foregoing Restricted Stock Agreement. In consideration of granting of the Shares to my spouse, set forth in the Restricted Stock Agreement, I hereby appoint my spouse as my attorney-in-fact in respect to the exercise of any rights under the Restricted Stock Agreement and agree to be bound by the provisions of the Restricted Stock Agreement insofar as I may have any rights in said Restricted Stock Agreement or any Shares issued pursuant thereto under the community property laws or similar laws relating to marital property in effect in the state of our residence as of the date of the signing of the foregoing Restricted Stock Agreement.

Dated: _______________, 1997 ____

EXHIBIT 10.31

FIRST AMENDMENT
TO
RESTRICTED STOCK AGREEMENT

PAN PACIFIC RETAIL PROPERTIES, INC., a Maryland corporation (the "Company") and DAVID L. ADLARD ("Employee") have entered into that certain Restricted Stock Agreement (the "Agreement") effective as of August 13, 1997. In order to amend the Agreement in certain respects, the Company and Employee hereby agree as follows effective as of __________________, 1998.

Subsection 1(d) is hereby added to the Agreement to read in its entirety as follows:

(d) In the case of a "Change in Control" (as hereinafter defined) prior to the termination of Employee's employment or consulting relationship with the Company, then, immediately prior to the occurrence of such Change in Control, the Shares shall become fully vested and shall cease to be subject to forfeiture under subsection 1(a) after such event. For purposes of this Agreement, "Change in Control" shall mean the occurrence of any of the following events:

(a) the individuals constituting the Board of Directors of the Company (the "Board") as of the date of the initial public offering of common stock of the Company (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that if the election, or nomination for election by the Company's stockholders, of any new director was approved by a vote of at least a majority of the Incumbent Board, such new director shall be considered a member of the Incumbent Board;

(b) provided that the number of shares of common stock of the Company directly held by Pan Pacific Development (U.S.) Inc., a Delaware corporation and its subsidiaries (other than the Company and the Company's subsidiaries) represents 50% or less of the total outstanding shares of common stock of the Company, an acquisition of any voting securities of the Company (the "Voting Securities") by any "person" (as the term "person" is used for purposes of Section 13(d) or Section 14(d) of the Securities Exchange Act of 1934, as amended (the "1934 Act")) immediately after which such person has "beneficial ownership" (within the meaning of Rule 13d-3 promulgated under the 1934 Act) of 20% or more of the combined voting power of the Company's then outstanding Voting Securities; or

(c) approval by the stockholders of the Company of:

(i) a merger, consolidation, share exchange or reorganization of the Company, unless the stock holders of the Company, immediately before such merger, consolidation, share exchange or reorganization, own, directly or indirectly immediately following such merger, consolidation, share exchange or reorganization, at least 80% of the combined voting power of the outstanding voting securities of the corporation that is the successor in such merger, consolidation, share exchange or reorganization (the "Surviving Company") in substantially the same proportion as their ownership of the Voting Securities immediately before such merger, consolidation, share exchange or reorganization; or

(ii) a complete liquidation or dissolution of the Company; or

(iii) an agreement for the sale or other disposition of all or substantially all of the assets of the Company.

Executed at Vista, California this ___ day of ________ 1998.

THE COMPANY

PAN PACIFIC RETAIL PROPERTIES, INC.
a Maryland Corporation

By:

Stuart A. Tanz
Chief Executive Officer and President

EMPLOYEE

David L. Adlard

EXHIBIT 10.32

FIRST AMENDMENT
TO
NON-QUALIFIED STOCK OPTION AGREEMENT
FOR INDEPENDENT DIRECTORS

PAN PACIFIC RETAIL PROPERTIES, INC., a Maryland corporation (the "Company") and [ ], an Independent Director of the Company ("Optionee") have entered into that certain Incentive Stock Option Agreement (the "Agreement") effective as of [ ]. In order to amend the Agreement in certain respects, the Company and Optionee hereby agree as follows effective as of __________________, 1998.

Section 1.4 of the Agreement is hereby amended in its entirety to read as follows:

1.4 Change of Control. "Change in Control" shall mean the occurrence of any of the following events:

(a) the individuals constituting the Board as of the date of the initial public offering of common stock of the Company (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that if the election, or nomination for election by the Company's stockholders, of any new director was approved by a vote of at least a majority of the Incumbent Board, such new director shall be considered a member of the Incumbent Board;

(b) provided that the number of shares of common stock of the Company directly held by Pan Pacific Development (U.S.) Inc., a Delaware corporation and its subsidiaries (other than the Company and the Company's subsidiaries) represents 50% or less of the total outstanding shares of common stock of the Company, an acquisition of any voting securities of the Company (the "Voting Securities") by any "person" (as the term "person" is used for purposes of Section 13(d) or Section 14(d) of the Securities Exchange Act of 1934, as amended (the "1934 Act")) immediately after which such person has "beneficial ownership" (within the meaning of Rule 13d-3 promulgated under the 1934 Act) of 20% or more of the combined voting power of the Company's then outstanding Voting Securities; or

(c) approval by the stockholders of the Company of:

(i) a merger, consolidation, share exchange or reorganization of the Company, unless the stock holders of the

Company, immediately before such merger, consolidation, share exchange or reorganization, own, directly or indirectly immediately following such merger, consolidation, share exchange or reorganization, at least 80% of the combined voting power of the outstanding voting securities of the corporation that is the

successor in such merger, consolidation, share exchange or reorganization (the "Surviving Company") in substantially the same proportion as their ownership of the Voting Securities immediately before such merger, consolidation, share exchange or reorganization; or

(ii) a complete liquidation or dissolution of the Company; or

(iii) an agreement for the sale or other disposition of all or substantially all of the assets of the Company.

Executed at Vista, California this ___ day of ________ 1998.

THE COMPANY

PAN PACIFIC RETAIL PROPERTIES, INC.
a Maryland Corporation

By:

[ ]
[ ]

OPTIONEE

[ ]

EXHIBIT 21.1

SUBSIDIARIES OF THE REGISTRANT

Sahara Pavilion North U.S., Inc., a Nevada corporation

Pan Pacific Development (Chino), Inc., a Delaware corporation

Pan Pacific Development (Kentucky), Inc., a Kentucky corporation

Pan Pacific Development (New Mexico), Inc., a New Mexico corporation

Pan Pacific Development (Olympia Square), Inc., a Washington corporation

Pan Pacific Development (Rosewood), Inc., a California corporation

Pan Pacific Development (Tennesee), L.P., a Delaware limited partnership

Pan Pacific Development (Tennessee) Acquisition, Inc., a Delaware corporation

Melrose Village Plaza Partners, a California partnership

North Coast Health Center, a California joint venture partnership

Pan Pacific (Clackamas), Inc., a Delaware corporation

Pan Pacific (Portland), LLC, a Delaware limited liability company

Maysville Marketsquare Associates L.P., a Kentucky limited partnership

Pan Pacific (Clackamas), LLC, an Oregon limited liability company

Pan Pacific (Sunset Mall), LLC, an Oregon limited liability company

EXHIBIT 23.1

The Board of Directors
Pan Pacific Retail Properties, Inc.:

We consent to incorporation by reference in Registration Statement Nos. 333-63319, 333-63743 and 333-72551, each on Form S-3 of Pan Pacific Retail Properties, Inc. and to incorporation by reference in Registration Statement No. 333-61169 on Form S-8 of Pan Pacific Retail Properties, Inc., of our report relating to the consolidated balance sheets of Pan Pacific Retail Properties, Inc. as of December 31, 1998 and 1997, and the related consolidated statements of income, equity and cash flows for each of the years in the three-year period ended December 31, 1998, and the related Schedule III. Such report is dated February 11, 1999, except as to Note 9(f), which is as of March 24, 1999, and appears in the December 31, 1998, annual report on Form 10-K of Pan Pacific Retail Properties, Inc.

/s/ KPMG LLP

San Diego, California
March 24, 1999

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