

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

AMENDMENT NO. 1
TO
FORM S-3
REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

Wal-Mart Stores, Inc.

(Exact name of registrant as specified in its charter)

Delaware 71-0415188
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)

702 S.W. Eighth Street
Bentonville, Arkansas 72716
(501) 273-4000

(Address, including zip code, and telephone number,
including area code, of registrant's principal executive offices)

ROBERT K. RHOADS
Wal-Mart Stores, Inc.
702 S.W. Eighth Street
Bentonville, Arkansas 72716
(501) 273-4000

(Name, address, including zip code, and telephone number,
including area code, of agent for service)

COPIES TO:

LYNNWOOD R. MOORE, JR. ALBERTO L. TORO SAMUEL SUSI
Conner & Winters, Fiddler Gonzalez & Rodriguez 1900 Glades Road
A Professional Corporation Chase Manhattan Bank Bldg., Suite 280
2400 First National Tower Fifth Floor Boca Raton, Florida 33431
Tulsa, Oklahoma 74103 254 Munoz Rivera Avenue (407) 394-0777
(918) 586-5711 Hato Rey, Puerto Rico 00918
(809) 753-3113

APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC:
As soon as practicable after this Registration Statement becomes effective.

If the only securities being registered on this Form are being offered
pursuant to dividend or interest reinvestment plans, please check the following
box. []

If any of the securities being registered on this Form are to be
offered on a delayed or continuous basis pursuant to Rule 415 under the
Securities Act of 1933, other than securities offered only in connection with
dividend or interest reinvestment plans, please check the following box. []

The Registrant hereby amends this Registration Statement on such date
or dates as may be necessary to delay its effective date until the Registrant
shall file a further amendment which specifically states that this Registration
Statement shall thereafter become effective in accordance with Section 8(a) of
the Securities Act of 1933, as amended, or until the Registration Statement
shall become effective on such a date as the Commission, acting pursuant to said
Section 8(a), may determine.

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+INFORMATION CONTAINED HEREIN IS SUBJECT TO COMPLETION OR AMENDMENT. A +
+REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS BEEN FILED WITH THE +
+SECURITIES AND EXCHANGE COMMISSION. THESE SECURITIES MAY NOT BE SOLD NOR MAY +
+OFFERS TO BUY BE ACCEPTED PRIOR TO THE TIME THAT A FINAL PROSPECTUS SUPPLEMENT+
+IS DELIVERED. THIS PROSPECTUS SUPPLEMENT AND THE ACCOMPANYING PROSPECTUS SHALL+
+NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY NOR +
+SHALL THERE BE ANY SALE OF THESE SECURITIES IN ANY STATE IN WHICH SUCH OFFER +
+SOLICITATION OR SALE WOULD BE UNLAWFUL PRIOR TO REGISTRATION OR QUALIFICATION +
+UNDER THE SECURITIES LAWS OF ANY STATE. +
+++++

SUBJECT TO COMPLETION, DATED FEBRUARY 21, 1995

PROSPECTUS

WAL-MART STORES, INC.

Guaranty of payment of up to

\$43,473,608.75

of Principal of and Interest on

Puerto Rico Industrial, Tourist, Educational, Medical and
Environmental Control Facilities Financing Authority,
Industrial Revenue Bonds, 1995 Series A
(Plaza Palma Real Project)

Puerto Rico Industrial, Tourist, Educational, Medical and Environmental Control Facilities Financing Authority, a public corporation and governmental instrumentality of the Commonwealth of Puerto Rico (the "Authority"), is offering \$43,450,000 in aggregate principal amount of Industrial Revenue Bonds, 1995 Series A (Plaza Palma Real Project) (the "Bonds"), the proceeds of which will be loaned to Palma Real Associates, S.E., a partnership formed under the laws of the Commonwealth of Puerto Rico (the "Borrower"), to finance the cost of the acquisition, construction, development and equipping of a shopping center to be located in the Municipality of Humacao, Puerto Rico (the "Project"). Wal-Mart Stores, Inc. ("Wal-Mart" or the "Company") will execute an unconditional guaranty (the "Guaranty") in the initial amount of \$43,473,608.75 in favor of the Authority with respect to a certain amount of the indebtedness owed by the Borrower to the Authority. To secure the indebtedness evidenced by the Bonds, the Authority will assign its rights under the Guaranty to Banco Popular de Puerto Rico (the "Trustee") for the benefit of the bondholders. At any time while the Bonds are outstanding, the amount of the Guaranty may be less than the aggregate outstanding principal amount of the Bonds and the accrued interest thereon. The Guaranty will be an unsecured obligation of Wal-Mart and will rank on a parity with all other unsecured and unsubordinated debt of, and all other unsecured guaranties of the indebtedness of others by, Wal-Mart. At October 31, 1994, the Company had outstanding unsecured and unsubordinated debt obligations in the aggregate amount of approximately \$10.1 billion and outstanding guaranties of the indebtedness of certain affiliated partnerships of approximately \$33 million. The Guaranty may be subsequently reduced in part or completely eliminated upon the Project's attainment of certain conditions that satisfy the criteria prescribed by the Rating Agency. The Guaranty may also be substituted at any time by another guaranty, a letter of credit or cash subject to the fulfillment of certain conditions. See "Description of Guaranty -- Release or Partial Release of Guaranty" and "-- Substitution of Guaranty."

(Cover page continued on following page.)

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

PaineWebber Incorporated of Puerto Rico

Smith Barney Inc.

The date of this Prospectus is _____, 1995

(Cover page continued)

The Bonds are limited obligations of the Authority and, except to the extent payable from the Bond proceeds and income from the investments thereof, are payable solely from and secured by a pledge of revenues derived by the Authority under a Loan Agreement with the Borrower, primarily from funds derived by the Borrower from the operation of the Project or otherwise available to the Borrower, and from funds deposited with the Trustee under the Trust Agreement (described herein), which funds will be used for the timely payment (whether at maturity, upon redemption, acceleration or otherwise) of the principal of, premium, if any, and interest on the Bonds.

The Bonds will be issued only as fully registered Bonds without coupons in denominations of \$5,000 and integral multiples thereof. Interest on the Bonds will accrue at the rates described or set forth under "Description of Bonds" from February 1, 1995 and will be payable monthly on the first day of each month (subject to earlier redemption, acceleration or otherwise), commencing on March 1, 1995. The principal of the Bonds is payable at the corporate trust office of the Trustee, Hato Rey, Puerto Rico. The Bonds will be subject to mandatory and optional redemption prior to maturity as more fully described herein.

The Bonds are offered, subject to prior sale, when, as and if issued by the Authority and accepted by the Underwriters, subject to the approval of legality by Martinez Odell & Calabria, San Juan, Puerto Rico, counsel for the Authority, and certain other conditions. It is expected that delivery of the Bonds will be made on or about February 23, 1995, in San Juan, Puerto Rico, against payment therefor.

AVAILABLE INFORMATION

Wal-Mart Stores, Inc. (the "Company" or "Wal-Mart"), is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and, in accordance therewith, files reports, proxy and information statements and other information with the Securities and Exchange Commission (the "Commission"). Such reports, proxy statements and other information can be inspected and copied at the public reference facilities maintained by the Commission, at Room 1024, 450 Fifth Street, N.W., Washington, D.C. 20549, and at the Commission's regional offices at 500 West Madison Street, Suite 1400, Chicago, Illinois 60621-2511 and 7 World Trade Center, 13th Floor, New York, New York 10048. Copies of such materials can be obtained from the Public Reference Section of the Commission, 450 Fifth Street, N.W., Washington, D.C. 20549, upon payment of prescribed rates. Such reports, proxy statements and other information concerning the Company can also be inspected and copied at the New York Stock Exchange, 20 Broad Street, New York, New York 10005 and the Pacific Stock Exchange, 301 Pine Street, San Francisco, California 94104.

Wal-Mart has filed with the Commission a registration statement on Form S-3 (herein, together with all amendments and exhibits, referred to as the "Registration Statement") under the Securities Act of 1933, as amended (the "Securities Act"). This Prospectus does not contain all of the information set forth in the Registration Statement, certain parts of which are omitted in accordance with the rules and regulations of the Commission. For further information, reference is hereby made to the Registration Statement. The Registration Statement may be inspected without charge at the public reference facilities maintained by the Commission at Room 1024, 450 Fifth Street, N.W., Washington, D.C. 20549, and copies thereof may be obtained from the Commission upon payment of prescribed rates.

INCORPORATION OF CERTAIN INFORMATION BY REFERENCE

The following documents filed with the Commission (File No. 1-6991) pursuant to the Exchange Act are incorporated herein by reference:

1. The Company's Annual Report on Form 10-K for the fiscal year ended January 31, 1994;
2. The Company's Quarterly Report on Form 10-Q for the quarter ended April 30, 1994;
3. The Company's Quarterly Report on Form 10-Q for the quarter

ended July 31, 1994, together with Amendment No. 1 thereto on Form 10-Q/A dated July 27, 1994;

4. The Company's Quarterly Report on Form 10-Q for the quarter ended October 31, 1994, together with Amendment No. 1 thereto on Form 10-Q/A dated December 13, 1994; and

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5. All other documents filed by the Company pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act subsequent to the date of this Prospectus and prior to the termination of the offering of the Guaranty.

Any statement contained in a document incorporated by reference herein shall be deemed to be modified or superseded for all purposes to the extent that a statement contained in this Prospectus, or in any other subsequently filed document which is also, or is deemed to be, incorporated by reference, modifies or replaces such statement. Any such statement so modified or superseded shall not be deemed to constitute a part of this Prospectus, except as so modified or superseded. The Company will provide without charge to each person to whom this Prospectus has been delivered, on written or oral request of such person, a copy (without exhibits, unless such exhibits are specifically incorporated by reference into such documents) of any or all documents incorporated by reference in this Prospectus. Requests for such copies should be addressed to Allison D. Garrett, Assistant Secretary, Wal-Mart Stores, Inc., Corporate Offices, 702 S.W. Eighth Street, Bentonville, Arkansas 72716, telephone number (501) 273-4505.

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WAL-MART STORES, INC.

Wal-Mart is one of the nation's largest retailers, measured in total sales, and operates stores in 49 states, Canada and Puerto Rico. At October 31, 1994, the Company operated 1,983 discount department stores, 119 supercenter stores, 437 warehouse clubs, 81 warehouse outlets and four hypermarkets in the United States and Puerto Rico and 122 discount department stores in Canada. The average size of a Wal-Mart discount department store is approximately 83,900 square feet and store sizes range generally from 30,000 to 210,000 square feet of building area. The Company's warehouse clubs are primarily located in larger population centers and range in size from 90,000 to 150,000 square feet of building area.

Through a joint venture with CIFRA, Mexico's largest retailer, Wal-Mart also operated at October 31, 1994, 18 warehouse clubs, 19 discount stores, three supermarkets, seven supercenter stores and five combination stores in Mexico. Through a joint venture with Ek Chor Distribution System Company Limited, an affiliate of the largest agro-industrial organization in Asia, Wal-Mart operated three warehouse clubs in Hong Kong at October 31, 1994. Additionally, through its subsidiary, McLane Company, Inc., Wal-Mart provides products and distribution services to retail industry and institutional foodservice customers.

The mailing address of the Company's principal executive offices is 702 S.W. 8th Street, Bentonville, Arkansas 72716, and its telephone number is (501) 273-4000.

THE AUTHORITY

Puerto Rico Industrial, Tourist, Educational, Medical and Environmental Control Facilities Financing Authority (the "Authority"), is a body corporate and politic constituting a public corporation and governmental instrumentality of the Commonwealth of Puerto Rico (the "Commonwealth"). The Authority was created under Act No. 121 of June 27, 1977 of the Legislature of the Commonwealth, as amended ("Act No. 121"), for the purpose of promoting the economic development, health, welfare and safety of the citizens of the Commonwealth. The Authority is authorized to borrow money through the issuance of revenue bonds and to loan the proceeds thereof to finance the acquisition, construction, development and equipping of industrial, tourist, educational, medical and environmental control and solid waste disposal facilities.

THE BORROWER

The proceeds from the sale of the Bonds will be loaned by the Authority to Palma Real Associates, S.E., a partnership organized under the laws of the Commonwealth of Puerto Rico (the "Borrower"), to provide for the financing for the acquisition, construction, development and equipping of a retail shopping center in Humacao, Puerto Rico (the "Project"). The partners of the Borrower (and their corresponding partnership interests) are Wal-Mart Puerto Rico, Inc. (1/3), Mark B. Davis (1/3), Mark H. Greene (1/6) and Luis Alberto Rubi (1/6). The managing partner of the Borrower is Mark B. Davis. Under the partnership agreement, the managing partner is responsible for the day-

to-day management of the Borrower. Wal-Mart Puerto Rico, Inc. has the right under the partnership agreement to approve all management decisions of the Borrower other than the day-to-day management decisions.

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The construction, development, leasing and management of the Project will be administered on behalf of the Borrower by TJAC, Inc., an entity owned by Mark B. Davis, Mark Greene and Luis Alberto Rubi who are partners of the Borrower, which entity is experienced in administering the development, construction, leasing and management of shopping centers in Puerto Rico. TJAC, Inc. will receive fees from the Borrower for such services.

THE PROJECT

The Project will consist of a strip shopping center expected to contain approximately 385,000 square feet of gross leasable area upon full completion, which, as currently contemplated, will occur in two phases (respectively, "Phase I" and "Phase II"). The Project includes a discount department store, a supermarket, a theater and other retail space and four out-parcels or land pads located in the Municipality of Humacao, Puerto Rico. Phase I is currently expected to contain approximately 317,000 square feet of gross leasable area, plus the four out-parcels or land pads. Phase II currently is expected to contain approximately 68,000 square feet of gross leasable area. To date, the Borrower has entered into lease agreements with the following Phase I anchor tenants: Pueblo International, Inc., for a Pueblo or Xtra supermarket; Theater Acquisitions of Puerto Rico, Inc., for a multi-screen theater; The Pep Boys-Manny, Moe & Jack, for a Pep Boys auto parts store and service center; and Wal-Mart Puerto Rico, Inc., for a Wal-Mart store. Wal-Mart, the parent company of Wal-Mart Puerto Rico, Inc., will guaranty the payment and performance of its subsidiary's obligations under its lease agreement with the Borrower. In addition to the spaces available for the Phase I anchor tenants, Phase I of the Project will include numerous individual tenant spaces and the four out-parcels or land pads.

Phase II of the Project is currently expected to include an as yet unidentified junior department store as an additional anchor for the Project, as well as additional non-anchor tenant spaces.

The shopping center, upon full completion of both Phase I and Phase II as currently contemplated, is expected to be occupied approximately 61.97% by the above-described Phase I anchor tenants (which are anticipated by the Borrower to produce approximately 45% of the Project's projected base rental revenues) and 38.03% by other tenants (plus the out-parcels or land-pads). The spaces available for other tenants are expected to be leased to stores providing retail, as well as service related uses. It is anticipated that the Project (upon such full completion) will have over 2,500 parking spaces.

Portions of Phase I may be constructed in Phase II and portions of Phase II may be constructed in Phase I. No assurance can be given that the Project (either Phase I or Phase II) will be developed or leased as currently contemplated, or at all. In addition, the Project and each of Phase I and II may increase or decrease in size.

The total costs of acquiring, constructing, developing and equipping the shopping center is estimated at approximately \$40,117,096.25. Proceeds from the sale of the Bonds will be

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applied toward the payment of these costs, as well as toward payment of certain costs associated with the issuance of the Bonds and for funding the Reserve Fund as described below. See "Use of Proceeds" and "Description of the Bonds -- Reserve Fund."

After the Enhancement Amount (as defined under "Description of the Guaranty -- Release or Partial Release of Guaranty") has been reduced to an amount which is less than or equal to 25% of the then current Exposure Amount (also as defined under "Description of the Guaranty --Release or Partial Release of Guaranty") and upon compliance with certain other conditions set forth in the Loan Agreement, the Borrower may sell or transfer any of the out-parcels or land-pads of the Project. Upon any such sale or transfer, such property will be released from, and will no longer be encumbered by, the lien of the Security Agreements (as defined herein under "Description of the Bonds -- Source of Payment and Security for the Bonds") and will no longer be included in the Project. Fifty percent of the net proceeds from any such sale or transfer of an out-parcel or land pad must be (i) utilized by the Borrower to redeem the Bonds or (ii) deposited in the Reserve Fund (defined below), at the election of the Borrower. See "Description of the Bonds -- Optional Redemption."

Income before income taxes.....	1,707,500	2,042,760	2,553,137	3,166,339	3,691,578	2,310,687	
2,604,662							
Provision for federal and state income taxes.....	631,600	751,736	944,661	1,171,545	1,358,301	845,423	
953,306							
Net income.....	\$ 1,075,900	\$ 1,291,024	\$ 1,608,476	\$ 1,994,794	\$ 2,333,277	\$ 1,465,264	\$
1,651,356							
Number of discount department stores in operation at the end of the period/(1)/.....	1,399	1,568	1,714	1,850	1,953	1,922	
1,983							
Number of supercenter stores at the end of the period/(1)/....	3	5	6	30	68	67	
119							
Number of warehouse clubs in operation at the end of the period/(1)/.....	123	148	208	256	419	326	
437							

</TABLE>

(1) Does not include warehouse outlets, Hypermart* USA stores or discount department stores located in Canada.

DESCRIPTION OF THE BONDS

The Bonds will be issued pursuant to a trust agreement (the "Trust Agreement") between the Authority and Banco Popular de Puerto Rico, as trustee (the "Trustee"). The following statements relating to the Bonds and the Trust Agreement are summaries of provisions contained therein and do not purport to be complete. The provisions of the Trust Agreement referred to in the following summaries are incorporated herein by reference and the summaries are qualified in their entirety thereby.

General

The Bonds will be issued in the initial aggregate principal amount of \$43,450,000, consisting of \$3,510,000 aggregate principal amount of 7.3% Term Bonds maturing July 1, 2000, \$3,885,000 aggregate principal amount of 7.6% Term Bonds maturing July 1, 2004, \$6,880,000 aggregate principal amount of 8.0% Term Bonds maturing July 1, 2009, \$10,205,000 aggregate principal amount of 8.05% Term Bonds maturing July 1, 2014, and \$18,970,000 aggregate principal amount of 8.1% Term Bonds maturing July 1, 2020. The

Bonds are issuable as registered bonds without coupons in denominations of \$5,000 and multiples thereof.

Interest on the Bonds will be computed on the basis of a 360-day year consisting of twelve 30-day months. The Bonds will accrue interest at the rates set forth above from February 1, 1995. Interest on the Bonds is payable monthly, commencing March 1, 1995, and on the first day of each month thereafter (each an "interest payment date") until their respective maturities, subject to earlier redemption, acceleration or otherwise. The Bonds are subject to mandatory redemption. See "Description of the Bonds--Mandatory Redemption." Interest on the Bonds will be paid on each interest payment date to the persons shown as the registered owners on the books of the Trustee on the 15th day immediately preceding an interest payment date by check mailed to the address of such registered owner as set forth in the books of the Trustee, except in certain circumstances where registered owners may elect to have interest paid on each interest payment date by wire transfer.

The principal of any Bond as of any date of calculation is defined in the Trust Agreement to mean the principal of each such Bond payable at maturity. Payment of principal will be made on each January 1 and July 1, commencing January 1, 1996 (each, a "principal payment date"), upon surrender of such Bonds at the office of the Trustee located at Hato Rey, Puerto Rico.

Source of Payment and Security for the Bonds

The Bonds will be limited obligations of the Authority and except to the extent payable from Bond proceeds and certain other funds assigned therefor, will be payable solely from and secured by an assignment of revenues derived by the Authority pursuant to the Loan Agreement and from such other amounts as may be available to the Trustee under the Trust Agreement, Security Agreements (defined below) and Guaranty. The primary source for the payment of the Bonds will be the funds deposited with the Trustee under the Trust Agreement derived by the Borrower from the operation of the Project, which funds will be used for the timely payment (whether at maturity, upon redemption, acceleration or otherwise) of the principal of, premium, if any, and interest on the Bonds. Pursuant to the Trust Agreement, the Authority will assign its interest in the Loan Agreement and the Pledge Agreement (defined below) (except certain rights of the Authority to indemnification, exemption from liabilities, notices, and the payment of costs and expenses) to the Trustee as security for the Bonds. The Bonds will not constitute a charge against the general credit of the Authority and will not constitute an indebtedness of the Commonwealth of Puerto Rico or any of its political subdivisions other than the Authority.

The Bonds will be additionally secured by a mortgage note in the amount of \$43,450,000 (the "Mortgage Note"), which Mortgage Note will in turn be secured by a first

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mortgage lien on the real property constituting the Project (the "Mortgage"), subject to the lease agreements or non-disturbance agreements that have been or will be entered into with certain tenants and to other permitted title exceptions incident to the development of the Project. The Mortgage Note will be given in pledge to the Authority pursuant to the terms of a pledge agreement between the Authority and the Borrower (the "Pledge Agreement"). Under the terms of the Trust Agreement, the Authority will assign its rights under the Pledge Agreement to the Trustee for the benefit of the bondholders.

The Pledge Agreement will provide that if the Borrower should fail to make any payment at any time on the Bonds, the Trustee, as assignee of the Authority's interest under the Pledge Agreement, may enforce the Authority's rights thereunder, which may include the institution of proceedings to cause the foreclosure of the Pledge Agreement and the Mortgage and a sale of the Project. As further security for the Bonds, the Borrower will collaterally assign, when executed, the leases of the Project. Lessees will be furnished with notice of the assignment, but so long as no event of default exists under the Trust Agreement, the Loan Agreement, the Mortgage or the Pledge Agreement, all sums due under the assigned leases will be paid to the Borrower. The Mortgage, Mortgage Note, Pledge Agreement and assignments may be collectively referred to herein as the "Security Agreements."

In addition, on or prior to the date of delivery of the Bonds to the Underwriter (such date hereinafter referred to as the "Date of Issuance"), Wal-Mart will execute a Guaranty in favor of the Authority guaranteeing the repayment of up to \$43,473,608.75 (the "Initial Enhancement Amount") of the principal of and interest on the Bonds owed by the Borrower under the Loan Agreement. The Authority will assign its rights under the Guaranty to the Trustee for the benefit of the bondholders. Upon satisfaction of certain conditions, the Guaranty will be subject to reduction, substitution or elimination. See "Description of the Guaranty."

Upon a happening and continuance of an Event of Default under the Trust Agreement (see "Description of the Bonds -- Events of Default"), subject to grace, notice and cure periods, if any, the Trustee may, and in certain circumstances shall, accelerate the Bonds and take such necessary actions (including, without limitation, collecting under the Guaranty or Substitute Guaranty (as defined herein under "Description of the Guaranty -- Substitution of Guaranty"), if any, and foreclosing and enforcing the Security Agreements) for the payment of the principal of, premium, if any, and interest on the Bonds.

Deposit of Funds

Under the Loan Agreement, the Borrower has agreed to deposit in a bond fund maintained with the Trustee (the "Bond Fund"), on the fifteenth (15th) day of each month:

- (a) the amount of interest on the Bonds to become due and payable on the next ensuing interest payment date; and

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- (b) one-sixth of the amount of principal of the Bonds to become due and payable (whether at maturity or upon mandatory redemption of

the Bonds as described below) on the next ensuing principal payment date;

provided, however, that with respect to the payments described in paragraphs (a) and (b) above, the payment to be made on the 15th day of the month immediately preceding an interest payment date or principal payment date shall be for an aggregate amount, if any, that, together with the monies then on deposit in, or available to be transferred to, the Bond Fund, shall be sufficient to pay the interest and principal of the Bonds to become due and payable on such date.

In addition, the following funds will also be deposited to the credit of the Bond Fund to be utilized solely for the payment of principal of, premium, if any, and interest on the Bonds: (i) accrued interest, if any, on the Bonds paid by the purchasers thereof; (ii) all amounts paid as repayment or optional or mandatory redemption of the Bonds under the Loan Agreement; (iii) any amounts in the Project Fund or the Reserve Fund required to be transferred to the Bond Fund in accordance with the provisions of the Trust Agreement; (iv) any amounts realized from a claim or draw under the Guaranty or Substitute Guaranty, or from the Collateral (as defined under "Description of the Guaranty--Substitution of Guaranty"), upon the acceleration of the Bonds due to the occurrence and continuation of an Event of Default under the Trust Agreement; (v) all amounts derived from the Security Agreements; and (vi) all other monies received by the Trustee pursuant to any of the provisions of the Loan Agreement or otherwise which are permitted or required, or accompanied by directions from the Borrower or Authority that such monies are, to be paid into the Bond Fund.

Reserve Fund

Pursuant to the Loan Agreement, on the Date of Issuance the Borrower will deposit, from the proceeds of the Bonds, approximately \$2,029,403.75 (the "Reserve Fund Amount") in a reserve fund maintained with the Trustee (the "Reserve Fund"). The funds held for the credit of the Reserve Fund will be used for the purpose of paying the principal of, and interest on, the Bonds, whenever and to the extent that the funds held to the credit of the Bond Fund shall be insufficient for such purposes.

The Borrower may direct the funds in the Reserve Fund to be invested in such permitted government obligations as the Borrower elects subject to the terms and conditions of the Trust Agreement, including obligations with long-term maturities which have a greater risk of adverse market fluctuations. Any decrease in value of such investments will not require the deposit of additional funds to reconstitute the Reserve Fund until such time as actual losses in value are, in fact, realized by the sale of such investments, in which case the Borrower is obligated to replenish the Reserve Fund up to the Reserve Fund Amount in accordance with the Trust Agreement. Any interest paid or accrued on, or any gain realized from, the investment of such monies, regardless of the unliquidated value of such investments, will be transferred to the credit of the Bond Fund and may be used by the Borrower for the payment of sums due on the Bonds.

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However, prior to being so transferred, such interest and gains will retain their character as part of the Reserve Fund.

If the amount of funds on deposit in the Reserve Fund fall below the Reserve Fund Amount due to disbursements to the Bond Fund for payment of principal of and interest on the Bonds or otherwise, the Borrower is obligated to replenish the Reserve Fund up to the Reserve Fund Amount within ten business days after notice from the Trustee. The failure by the Borrower to so replenish the Reserve Fund will constitute an Event of Default. See "Description of the Bonds--Events of Default."

Project Fund

The proceeds from the sale of the Bonds, other than amounts to be deposited to the credit of the Reserve Fund and accrued interest on the Bonds, if any, paid by the purchasers thereof which will be deposited to the credit of the Bond Fund, will be deposited with the Trustee in the project fund established under the Trust Agreement (the "Project Fund").

Payments of the costs of the acquisition, construction, development, and equipping of the Project will be made from the Project Fund upon requisitions signed by the Borrower and presented to the Trustee. Any amounts remaining in the Project Fund on the earlier of (i) the final completion date of the Project (as certified by the Borrower to the Trustee) (the "Completion Date"), (ii) three years following the Date of Issuance (the "Mandatory Project Termination Date") or (iii) the date of receipt by the Trustee of a certificate of the Borrower to the effect that the Project will not be completed, will be transferred to the Bond Fund and used to redeem Bonds pursuant to the Trust Agreement. See "Description of the Bonds -- Mandatory Redemption" below.

Mandatory Redemption

The Bonds are subject to mandatory redemption at a price equal to the principal thereof, without premium, plus accrued and unpaid interest to the redemption date (a) in whole, upon the cessation of operation of the Project as Industrial Facilities (as defined in Act No. 121); (b) in whole, if the Borrower fails for two of its taxable years to satisfy the requirements of the United States Internal Revenue Code of 1986, as in effect on the Date of Issuance, with respect to the derivation of its income from sources within the Commonwealth such that interest received on the Bonds by bondholders would fail to qualify as income from sources within the Commonwealth and would, therefore, become subject to United States income tax; (c) in whole, in the event of a total condemnation of the Project; (d) in whole or in part, in the event of a substantial casualty or a condemnation that is not a total condemnation and the Borrower elects not to restore the Project under the conditions set forth in the Loan Agreement; and (e) in part, to the extent of any funds remaining in the Project Fund, on the earlier of (i) the Completion Date, (ii) the Mandatory Project Termination Date or (iii) the Trustee's receipt of a certificate of the Borrower to the effect that the Project will not be completed. See "Description of the Bonds -- Selection and Notice of Redemption" below.

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In addition, the Bonds are subject to mandatory redemption in part as follows: (i) the Term Bonds maturing on July 1, 2000 are subject to redemption commencing January 1, 1996, and on each principal payment date through and including July 1, 2000 (the maturity date of such Term Bonds); (ii) the Term Bonds maturing on July 1, 2004 are subject to redemption commencing January 1, 2001, and on each principal payment date through and including July 1, 2004 (the maturity date of such Term Bonds); (iii) the Term Bonds maturing on July 1, 2009 are subject to redemption commencing January 1, 2005, and on each principal payment date through and including July 1, 2009 (the maturity date of such Term Bonds) (iv) the Term Bonds maturing on July 1, 2014 are subject to redemption commencing January 1, 2010, and on each principal payment date through and including July 1, 2014 (the maturity date of such Term Bonds); and (v) the Term Bonds maturing on July 1, 2020 are subject to redemption commencing January 1, 2015, and on each principal payment date through and including July 1, 2020 (the maturity date of such Term Bonds), in the principal amounts set forth in the table below (subject to earlier purchase, redemption, acceleration or otherwise and adjustment therefore as provided in the Trust Agreement), without premium, plus accrued interest to the principal payment date fixed for redemption. See "Description of Bonds -- Selection and Notice of Redemption."

\$3,510,000 7.3% Term Bonds
Due July 1, 2000

Date of Redemption	Principal Redemption Amount
-----	-----
January 1, 1996	\$ 295,000
July 1, 1996	310,000
January 1, 1997	320,000
July 1, 1997	330,000
January 1, 1998	345,000
July 1, 1998	355,000
January 1, 1999	370,000
July 1, 1999	380,000
January 1, 2000	395,000
July 1, 2000	410,000

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\$3,885,000 7.6% Term Bonds
Due July 1, 2004

Date of Redemption	Principal Redemption Amount
-----	-----
January 1, 2001	\$ 425,000
July 1, 2001	440,000
January 1, 2002	460,000
July 1, 2002	475,000
January 1, 2003	495,000
July 1, 2003	510,000
January 1, 2004	530,000
July 1, 2004	550,000

\$6,880,000 8.0% Term Bonds
Due July 1, 2009

Date of Redemption	Principal Redemption Amount
January 1, 2005	\$ 575,000
July 1, 2005	595,000
January 1, 2006	620,000
July 1, 2006	645,000
January 1, 2007	670,000
July 1, 2007	695,000
January 1, 2008	725,000
July 1, 2008	755,000
January 1, 2009	785,000
July 1, 2009	815,000

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\$10,205,000 8.05% Term Bonds
Due July 1, 2014

Date of Redemption	Principal Redemption Amount
January 1, 2010	\$ 850,000
July 1, 2010	880,000
January 1, 2011	920,000
July 1, 2011	955,000
January 1, 2012	995,000
July 1, 2012	1,035,000
January 1, 2013	1,075,000
July 1, 2013	1,120,000
January 1, 2014	1,165,000
July 1, 2014	1,210,000

\$18,970,000 8.1% Term Bonds
Due July 1, 2020

Date of Redemption	Principal Redemption Amount
January 1, 2015	\$1,260,000
July 1, 2015	1,310,000
January 1, 2016	1,365,000
July 1, 2016	1,420,000
January 1, 2017	1,475,000
July 1, 2017	1,535,000
January 1, 2018	1,595,000
July 1, 2018	1,660,000
January 1, 2019	1,730,000
July 1, 2019	1,800,000
January 1, 2020	1,870,000
July 1, 2020	1,950,000

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However, if on the 60th day immediately preceding each principal payment date occurring after July 1, 1995 (each such day a "Determination Date"), the Trustee determines that the total principal amount of the Term Bonds of the same Maturity Date as the Term Bonds to be redeemed on the related principal payment date which have been canceled (including those purchased by the Borrower and delivered to the Trustee for cancellation), called for redemption or deemed paid prior to such Determination Date, is greater than the total aggregate amount of Term Bonds required to be redeemed on or prior to such principal payment date, then the principal amount of Term Bonds so required to be redeemed shall be reduced by the amount of such excess.

Optional Redemption

At any time on or after January 1, 2005, the Bonds maturing after such date may be redeemed by the Borrower, in whole or in part, on any date selected by the Borrower (which will not be less than 45 days from the date written notice of such redemption is provided to the Trustee) at the redemption prices (expressed as percentages of the principal of the Bonds so redeemed) set forth in the table below, together with interest thereon up to the date set for redemption:

<TABLE>
<CAPTION>

Period During Which Redeemed (All Dates Inclusive)	Redemption Price
---	------------------

----- <S>	----- <C>
January 1, 2005 - December 31, 2005	103%
January 1, 2006 - December 31, 2006	102%
January 1, 2007 - December 31, 2007	101%
January 1, 2008 and thereafter	100%

</TABLE>

The Bonds will be subject to optional redemption, in whole or in part, at any time prior to January 1, 2005, at a redemption price of 104% (expressed as a percentage of the principal of the Bonds), together with interest up to the date set for redemption (which date will not be less than 45 days from the date the notice of redemption is received by the Trustee), in the event of a sale, transfer, assignment or disposition of 50% or more of the Project or of the partnership interests in the Borrower.

The Bonds will be subject to optional redemption, in part, from 50% of the net proceeds of any sale of an out-parcel or land pad by the Borrower if the Borrower elects not to deposit such net proceeds with the Trustee to the credit of the Reserve Fund. The Bonds will be redeemed on any date selected by the Borrower (which will not be less than 45 days from the date of written notice of such redemption is provided to the Trustee) at the redemption prices

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(expressed as percentages of the principal of the Bonds so redeemed) set forth in the table below, together with interest thereon up to the date of redemption:

<TABLE>
<CAPTION>

----- Period During Which Redeemed (All Dates Inclusive) ----- <S>	----- Redemption Price ----- <C>
Prior to January 1, 2005	104%
January 1, 2005 - December 31, 2005	103%
January 1, 2006 - December 31, 2006	102%
January 1, 2007 - December 31, 2007	101%
January 1, 2008 and thereafter	100%

</TABLE>

To exercise any of the foregoing optional redemptions, the Borrower is required to deposit with the Trustee the foregoing redemption prices (including premium, if any), together with interest up to the date set for redemption, not less than 45 days prior to the date fixed for redemption.

Selection and Notice of Redemption

Except with respect to the mandatory redemption of the Bonds as described above, if less than all of the outstanding Bonds are redeemed by the Borrower, such Bonds will be called for redemption in inverse order of maturity. If less than all Bonds of one maturity are to be redeemed, the Bonds, or portions thereof, to be redeemed will be selected by the Trustee by such method as it deems fair and appropriate; provided, however, that the portion of any Bonds to be redeemed will be in denominations of \$5,000 in principal (as of the redemption date), or multiples thereof. In selecting Bonds for redemption, the Trustee will treat each Bond as representing that number of Bonds which is obtained by dividing the principal (as of the redemption date) of such Bond, by \$5,000. The Trust Agreement provides that if any Bond is to be redeemed in part only, the notice which relates to such Bond shall state the portion of the principal to be redeemed and shall state that on and after the redemption date, upon surrender of such Bond, a new bond or bonds in principal amount equal to the unredeemed portion thereof will be issued.

Notice of a call for redemption must be given by the Trustee at least 30 days, but no more than 60 days, before the redemption date to the registered holders of the outstanding Bonds. Any failure to give such notice or any defect in the notice to the registered holder of any Bond designated for redemption will not affect the validity of the redemption of such Bond. After the date specified in the notice of redemption, Bonds called for redemption will cease to accrue interest and will no longer be entitled to the benefit of the Trust Agreement, provided that sufficient funds for their payment must be in the possession of the Trustee and held by the Trustee for payment of the redeemed Bonds.

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Maintenance of Source of Income; Indemnity Upon Event of Taxability

The Borrower has covenanted under the Loan Agreement that at all times while the Bonds are outstanding, it will conduct its business in a manner and

take all steps necessary to ensure that the interest paid or payable on the Bonds will constitute income from sources within the Commonwealth for purposes of the United States Internal Revenue Code of 1986, as amended (the "Code").

In the event that any portion of the interest on the Bonds is subject to United States federal income taxation as a result of the Borrower's failure to meet the applicable requirements of the Code (as in effect on the Date of Issuance) for interest paid or accrued on the Bonds to constitute income from sources within the Commonwealth (an "Event of Taxability"), the Borrower will indemnify each holder of a Bond who demonstrates that solely as a consequence of such Event of Taxability such holder has paid or is required to pay federal income taxes under the Code on the interest received or to be received on the Bonds. Such indemnity will consist of an amount, after deducting any federal income taxes payable with respect to such indemnity, equal to the federal income taxes such bondholder was required or will be required to pay as a result of the Event of Taxability, plus any penalties and interest that have been or will be assessed against such holder with respect to such federal income taxes not attributable to any act or omission of such holder. Any bondholder seeking indemnification as a result of an Event of Taxability must submit a written claim therefor to the Trustee and the Borrower within 90 days from the date such bondholder receives written notice from the Trustee that an Event of Taxability has occurred.

Events of Default

Each of the following will be considered an Event of Default under the Trust Agreement:

(a) failure by the Borrower to pay the principal of, and premium, if any, on the Bonds when the same becomes due and payable at maturity, upon redemption or otherwise, or to pay interest on the Bonds when the same becomes due and payable;

(b) failure by the Borrower for two consecutive months to make the required monthly deposit of principal to the Bond Fund;

(c) failure by the Borrower to replenish the Reserve Fund within ten business days from the date that the Trustee notifies the Borrower that the balance in the Reserve Fund has fallen below the Reserve Fund Amount;

(d) failure by the Borrower to make other payments (excluding payments with respect to (a), (b) and (c) above) required by the Loan Agreement if such failure continues for a period of 30 days after written notice thereof, unless a written extension is granted by the Authority or the Trustee prior to its expiration;

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(e) failure by the Borrower to observe or perform any other material covenant, condition or agreement under the Loan Agreement or applicable Security Agreements (other than (a), (b), (c) and (d) above), which failure shall continue for 60 days after written notice thereof, unless a written extension thereof is granted by the Authority or the Trustee prior to its expiration; provided, however, that if such failure cannot be corrected within such 60-day period, it will not constitute an Event of Default if corrective action is instituted by the Borrower during such period and diligently pursued until such failure is corrected;

(f) certain events of bankruptcy, liquidation or similar proceedings involving the Borrower or, if a Guaranty or Substitute Guaranty is then securing the Bonds, Wal-Mart or an issuer of a Substitute Guaranty; provided, the Borrower shall have a period of 180 days to deliver to the Trustee a Substitute Guaranty in the event Wal-Mart or the issuer of a Substitute Guaranty is subject to the foregoing events;

(g) a court having jurisdiction in the premises shall enter a decree or order for relief in respect of the Borrower, Wal-Mart or the issuer of a Substitute Guaranty (if a Guaranty or Substitute Guaranty is then securing the Bonds) in an involuntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or appointing a receiver, custodian, liquidator, assignee, trustee or sequestrator (or other similar official) of the Borrower, Wal-Mart or the issuer of a Substitute Guaranty or of any substantial part of their property or ordering the winding up or liquidation of their respective affairs, and the continuance of such decree or order unstayed and in effect for a period of 180 consecutive days; provided, the Borrower shall have a period of 180 days to deliver to the Trustee a Substitute Guaranty in the event Wal-Mart or the issuer of the Substitute Guaranty is subject to the foregoing events;

(h) the occurrence of an event of default under any lien junior to the Mortgage which results in the commencement of foreclosure proceedings involving any property which is part of the Project and subject to such Mortgage, which proceedings shall have remained unstayed for 120 days; or

(i) the failure by Wal-Mart or the issuer of a Substitute Guaranty to pay a claim or honor a draft duly presented under the Guaranty or any Substitute Guaranty.

If by reason of Force Majeure (as defined in the Loan Agreement), the Borrower is unable to perform any of its obligations under (d) and (e) above, the Borrower will not be deemed to be in default during the continuance of such inability, including a reasonable time for the removal of the effect thereof.

The Authority will have no power to waive any default under the Loan Agreement or extend the time for the correction of any default which could become an Event of Default without the consent of the Trustee.

The Trust Agreement provides that upon the occurrence and continuance of an Event of Default specified in (c) above, the Trustee shall, immediately after the occurrence of such Event

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of Default, give notice thereof to the Authority and the bondholders declaring the principal of all the Bonds then outstanding to be due and payable immediately after the date of such notice and, if a Guaranty or Substitute Guaranty is then securing the Bonds, shall present a claim or make a draw, as the case may be, under such Guaranty or Substitute Guaranty or realize on the Collateral, as applicable.

The Trust Agreement provides that in case an Event of Default (other than the Event of Default specified in (c) above) shall have occurred and be continuing, the Trustee may, and upon the direction of the holders of not less than 25% in aggregate principal amount of the Bonds then outstanding, it shall, by notice to the Authority, declare the principal of all the Bonds then outstanding (if not then due and payable) to be due and payable immediately after the date of such notice and, if a Guaranty or Substitute Guaranty is then securing the Bonds, shall present a claim or make a draw, as the case may be, under such Guaranty or Substitute Guaranty or realize on the Collateral, as applicable.

The holders of a majority in aggregate principal of the Bonds then outstanding may, on behalf of all respective bondholders, waive any past Event of Default and its consequences. If such a waiver is obtained, such default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured for every purpose of the Trust Agreement, but no such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

The Trustee may require indemnification before taking any action under the Trust Agreement other than (i) accelerating the principal of the Bonds as required by the Trust Agreement and (ii) making a draw or presenting a claim under the Guaranty or Substitute Guaranty, if a Guaranty or Substitute Guaranty is then securing the Bonds, if the Trust Agreement so requires. The Trustee may commence suit, or appear in and defend suit, or take any action deemed proper in its sole judgment without prior indemnity, and in such case the Borrower or the Authority shall be obligated to indemnify the Trustee. If the Borrower or Authority fails to indemnify or reimburse the Trustee for its costs and expenses, counsel fees and other disbursements incurred in connection with its actions taken under the Trust Agreement, the Trustee will be entitled to reimburse or indemnify itself from any moneys in its possession under the provisions of the Trust Agreement and to a preference over any of the Bonds then outstanding.

The holders of a majority of the aggregate principal of the Bonds then outstanding will have, subject to certain limitations, the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee. Except as to the indemnity provided in the Loan Agreement with respect to an Event of Taxability, no bondholder will have any right to institute any suit, action or proceeding in equity or at law on any Bond or for the execution of any trust under the Trust Agreement, or for any other remedy under the Trust Agreement unless: (i) such holder has previously given to the Trustee notice of the event of default on account of which such suit, action or proceeding is to be instituted; (ii) the holders of not less than 25% of the aggregate principal of the Bonds then outstanding have requested of the Trustee,

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after the right to exercise such powers or right of action, as the case may be, has accrued, and have afforded the Trustee a reasonable opportunity, either to proceed to exercise such powers or to institute such action, suit or proceeding in its or their name; (iii) the Trustee has been offered reasonable security and indemnity against the costs, expenses and liabilities to be incurred; and (iv) the Trustee has refused or neglected to comply with such request within a reasonable time. No one or more bondholders will have any right, in any manner, to affect, disturb or prejudice any rights under

the Trust Agreement, or to enforce any right thereunder, except in the manner therein provided. All suits, actions and proceedings at law or in equity must be instituted, had and maintained in the manner provided in the Trust Agreement and for the benefit of the bondholders. Any individual right of action or other right given to one or more bondholders by law is restricted by the Trust Agreement to the rights and remedies therein provided.

Supplemental Trust Agreements

The Trust Agreement may be amended or supplemented at any time without the consent or approval of any of the bondholders: (a) to cure any ambiguity or to make any other provisions with respect to matters or questions arising under the Trust Agreement; or (b) to grant or confer upon the Trustee for the benefit of the bondholders any additional rights, remedies, powers, benefits, authority or security that may lawfully be so granted or conferred; or (c) to correct any description of, or to reflect changes in, any properties comprising the Project; or (d) to add to the covenants of the Authority for the benefit of the bondholders or to surrender any right or power conferred upon the Authority under the Trust Agreement; or (e) to modify, amend or supplement the Trust Agreement or any amendment or supplement thereto in such manner as to facilitate or permit payments to be made under the Guaranty in the manner contemplated therein; or (f) to permit qualification of the Trust Agreement under the Trust Indenture Act of 1939, as amended, or any similar federal statute in effect or to permit the qualification of the Bonds for sale under the securities laws of any of the States of the United States or the Commonwealth, and, if they so determine, to add to the Trust Agreement, or any amendment or supplement thereto, such other terms, conditions and provisions as may be required by the Trust Indenture Act of 1939, as amended, or similar federal statute; or (g) to make any other changes which, in the reasonable judgment of the Trustee, will not restrict, limit or reduce the obligation to pay the principal of, premium, if any, or interest on the Bonds or otherwise impair the security of the bondholders under the Trust Agreement; or (h) to add to the covenants of the Borrower or surrender any rights conferred upon the Borrower.

The Trust Agreement may be amended or supplemented with the consent of the holders of over 50% of the principal of the Bonds at the time outstanding, except with respect to: (a) an extension of the time for the payment of the principal of, premium, if any, or the interest on any Bond; or (b) a reduction in the principal of any Bond or the redemption premium, if any, or the rate of interest thereon; or (c) the creation of any lien or security interest with respect to the Loan Agreement or the payments thereunder other than as created pursuant to the Security Agreements; or (d) a preference or priority of any Bond or Bonds over any other Bond or Bonds; (e) a reduction in the aggregate principal of the Bonds required for consent to such

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supplement or amendment or any waiver thereunder; or (f) any modification relating in any way to the Guaranty or Substitute Guaranty, other than modifications that do not effect the substantive rights of the Trustee to use the Guaranty or Substitute Guaranty.

The Trustee is not obligated to execute any proposed supplement or amendment if its rights, obligations and interests would be affected thereby.

Any amendment or supplement to the Trust Agreement will not become effective without the consent of the Borrower and, under certain circumstances, of Wal-Mart or the issuer or depositor of a Substitute Guaranty (if the Guaranty or a Substitute Guaranty is then securing the Bonds).

DESCRIPTION OF THE GUARANTY

On or prior to the Date of Issuance, the Borrower will cause to be delivered to the Trustee a Guaranty (the "Guaranty") by Wal-Mart in favor of the Authority, unconditionally guaranteeing the repayment of up to \$43,473,608.75 (the "Initial Enhancement Amount") of the amount owed by the Borrower under the Loan Agreement. Prior to any release or reduction in the Initial Enhancement Amount of the Guaranty as set forth below, the amount of the Guaranty will initially equal the highest aggregate principal of the Bonds scheduled to be outstanding at any time plus 210 days' interest thereon at a rate of 8.1% (the highest interest rate payable on any of the Bonds), less the Reserve Fund Amount (the "Enhancement Amount"). The Authority will assign its rights under the Guaranty to the Trustee for the benefit of the bondholders. The Guaranty will be an unsecured obligation of Wal-Mart and will rank on a parity with all other unsecured and unsubordinated debt of, and all other unsecured guaranties of the indebtedness of others by, Wal-Mart. At October 31, 1994, the Company had outstanding unsecured and unsubordinated debt obligations in the aggregate amount of approximately \$10.1 billion and outstanding guaranties of the indebtedness of certain affiliated partnerships of approximately \$33 million.

Pursuant to the Guaranty, Wal-Mart will unconditionally guarantee to

the Authority the full payment (subject to reduction, release or substitution as described in "--Release or Partial Release of Guaranty" and "--Substitution of Guaranty" below) of the Exposure Amount (which shall mean the difference between the aggregate principal amount of and accrued interest on the Bonds outstanding at such time and the aggregate amount of funds deposited with the Trustee under the Trust Agreement for the payment of principal of and interest on the Bonds (other than Collateral, if any)) within ten days of the written demand by the Authority; provided, however, in no event will Wal-Mart be obligated to make payment under the Guaranty of an amount in excess of the then current Enhancement Amount.

Release or Partial Release of Guaranty

The Guaranty will be subject to reduction or elimination upon receipt by the Trustee of a determination (an "Enhancement Amount Reduction Determination"), at any time, from Duff &

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Phelps Credit Rating Co. or any other nationally recognized securities rating service (the "Rating Agency") which sets forth the following: (a) that the Enhancement Amount may be reduced or eliminated, (b) the new Enhancement Amount, if any, (c) that the Bonds will not be rated lower than "A" at the new Enhancement Amount, if any, set forth in such determination, and (d) to the extent that the Enhancement Amount has been reduced to an amount less than or equal to 25% of the then current Exposure Amount, the establishment of the Maximum Loan to Value Ratio (as defined below) and the Minimum Debt Service Coverage Ratio (as defined below). Upon delivery of an Enhancement Amount Reduction Determination, the Enhancement Amount (and, therefore, the Guaranty) will automatically and permanently be reduced to the new Enhancement Amount set forth in such Enhancement Amount Reduction Determination.

If after the issuance of any Enhancement Amount Reduction Determination, and the corresponding reduction in the Guaranty (or, if applicable, the Substitute Guaranty (as defined under "--Substitution of Guaranty" below)), the Enhancement Amount is greater than zero but less than or equal to 25% of the then current Exposure Amount, further reductions in, or elimination of, the Guaranty may occur upon additional Enhancement Amount Reduction Determinations or upon the receipt by the Trustee of a certification (the "Enhancement Amount Reduction Certification") from an independent accountant (the "Independent Accountant") (i) confirming the then current "Lower Net Operating Income" (defined as the lowest net operating income for either of the two twelve-month periods immediately preceding any reduction or elimination of the Guaranty, as audited by the Independent Accountant and determined within 180 days of the date presented for use), (ii) setting out the then current Unenhanced Amount (defined below), (iii) calculating the difference between the then current Exposure Amount and the then current Unenhanced Amount, and (iv) to the extent the amount in (iii) is positive, certifying that such amount plus 210 days' interest thereon at 8.1% is the new Enhancement Amount.

The Unenhanced Amount is defined in the Trust Agreement to mean the lower of the following calculations: (a) the then current appraised value of the Project as reflected in the most recent appraisal (the "Appraised Value") multiplied by the "Maximum Loan to Value Ratio" (which shall mean such ratio as the Rating Agency may deem appropriate in its sole discretion at or after the time the then current Enhancement Amount is reduced to an amount that is less than or equal to 25% of the then current Exposure Amount pursuant to an Enhancement Amount Reduction Determination, or any higher ratio which the Rating Agency may deem appropriate at any time thereafter, and which it shall confirm in writing to the Trustee); or (b) the Lower Net Operating Income divided by the "Debt Service Factor" set forth in the Trust Agreement (9.34), with the result thereof then being divided by the "Minimum Debt Service Coverage Ratio" (such ratio which the Rating Agency may deem appropriate in its sole discretion at or after the time the then current Enhancement Amount is reduced to an amount that is less than or equal to 25% of the then current Exposure Amount pursuant to an Enhancement Amount Reduction Determination, or any lower ratio which the Rating Agency may deem appropriate at any time thereafter, and which it shall confirm in writing to the Trustee).

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Upon delivery of an Enhancement Amount Reduction Determination or Enhancement Amount Reduction Certification to the Trustee, the Enhancement Amount (and, therefore, the Guaranty) will automatically and permanently be reduced to the Enhancement Amount set forth in such Enhancement Amount Reduction Determination or Enhancement Amount Reduction Certification. If the Enhancement Amount is zero or less than zero, the Trustee will, unless a Substitute Guaranty has previously been substituted for the Guaranty, cancel and deliver the Guaranty to Wal-Mart, and Wal-Mart's obligations under the Guaranty will permanently terminate.

The Borrower may cause to be delivered to the Trustee at any time and from time to time until the Enhancement Amount is reduced to zero, additional Enhancement Amount Reduction Determinations or Enhancement Amount Reduction Certifications.

The Enhancement Amount (and, therefore, the Guaranty) will be automatically and permanently reduced from time to time on each principal payment date (if no event of default shall then exist and be continuing under the Trust Agreement) to an amount (if not already lower in accordance with the foregoing) equal to the then outstanding principal amount of the Bonds, plus 210 days' interest thereon at the rate of 8.1% per annum, less the Reserve Fund Amount (the "Automatic Reduction").

Claims on the Guaranty

In the event of a default (a) in the payment of the principal of the Bonds when and as the same shall become due, whether at the stated maturity thereof, by acceleration, by redemption prior to maturity or otherwise; or (b) in the payment of any interest on the Bonds when and as the same shall become due; or (c) in the payment of the redemption price upon the redemption of any portion of the Bonds; or (d) any event of default under the Guaranty, the Trustee may proceed first and directly against Wal-Mart under the Guaranty without proceeding against or exhausting any remedies which it may have and without resorting to any other security held by it.

In the event that the Trustee should make a claim against the Guaranty and the Bonds are paid in full, Wal-Mart will be entitled to receive from the Trustee: (i) any funds or securities held by the Trustee in any fund or account existing under the Trust Agreement; and (ii) an assignment of all of the Trustee's interest, if any, in the Security Agreements, to be applied to sums then owed by the Borrower to Wal-Mart.

If on the business day immediately preceding an interest payment date or principal payment date, and any other date when any of the principal or interest on the Bonds shall become due by acceleration, redemption or otherwise, there shall not otherwise be available to the Trustee sufficient funds to the credit of the Bond Fund and/or Reserve Fund to pay the principal of and interest on the Bonds due on such payment date, the Trustee will on such day send a notice to Wal-Mart (if the Guaranty is still effective) requesting payment of the then

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current Enhancement Amount in full. Payment is required to be made by Wal-Mart under the Guaranty within ten days of such notice.

Substitution of Guaranty

The Loan Agreement provides that, at any time, and from time to time, so long as an event of default under the Loan Agreement has not been declared and be continuing and the Reserve Fund Amount is available, the Borrower may provide for the delivery to the Trustee of a new guaranty, a letter of credit, cash collateral (the cash collateral is herein referred to as "Collateral") (individually and interchangeably, a "Substitute Guaranty") to substitute for the Guaranty or any Substitute Guaranty then held by the Trustee. The Borrower may direct the Trustee to invest any Collateral in permitted government obligations subject to certain conditions set forth in the Trust Agreement. The Trustee will accept a Substitute Guaranty if the following conditions are met:

(a) the Substitute Guaranty is for a stated amount, or is cash, equal to the then current Enhancement Amount on the date of substitution;

(b) other than in the case of a deposit of Collateral, the issuer of the Substitute Guaranty is an entity whose long term debt obligations are rated in one of the three highest rating categories (without regard to gradations within any category by numerical qualifier or otherwise) by the Rating Agency at the time of delivery of such Substitute Guaranty, and the Trustee receives an opinion of counsel that delivery of the Substitute Guaranty will not require: (i) registration of the Bonds or the Substitute Guaranty under the Securities Act or the Uniform Securities Act of Puerto Rico (or if registration is required, that such registration has taken place); or (ii) compliance as to the Trust Agreement with the Trust Indenture Act of 1939, as amended;

(c) other than in the case of a deposit of Collateral, the Trustee receives an opinion of counsel to the effect that the Substitute Guaranty is a legal, valid and binding obligation of the issuer thereof;

(d) the Substitute Guaranty, or in the event of a deposit of

Collateral, the agreement providing for the delivery thereof is in a form satisfactory to the Trustee and its counsel and grants to the Trustee an unconditional right to receive payment under the Substitute Guaranty or to apply the Collateral;

(e) in the case of Collateral, the Trustee receives an opinion of counsel to the effect that payment to the Bondholders of such Collateral will not constitute a voidable transfer under applicable bankruptcy or insolvency laws in the event of an act of bankruptcy or insolvency; and

(f) the Trustee receives such other documents and opinions as the Trustee may reasonably request.

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Upon the fulfillment of such conditions, the Trustee shall return the Guaranty or Substitute Guaranty substituted by the Substitute Guaranty to its issuer or depositor.

The renewal of an existing letter of credit by the bank or trust company, or branch or agency thereof, which issued such letter of credit will not require the delivery of the documents and opinions set forth above. Prior to the expiration of a letter of credit, unless renewed or substituted as provided above, the Trustee shall deposit in a collateral account the entire amount available under such letter of credit through a drawing on such letter of credit immediately prior to the expiration thereof.

Events of Default

Each of the following will be an event of default under the Guaranty:

(a) failure by Wal-Mart to make any payment when and as due on the Guaranty;

(b) certain events of voluntary bankruptcy, insolvency or other similar proceedings involving Wal-Mart; and

(c) a court having jurisdiction in the premises shall enter a decree or order for relief in respect of Wal-Mart in an involuntary case under any applicable bankruptcy, insolvency or similar law, or appointing a receiver, custodian, liquidator, assignee, trustee, sequestrator or other similar official of Wal-Mart or of any substantial part of its affairs, and the continuance of such decree or order unstayed and in effect for a period of 180 consecutive days.

Upon the occurrence of an event of default under the Guaranty, the Trustee, as assignee of the Authority's rights, may declare all unpaid amounts payable under the Loan Agreement in respect of the Bonds to be immediately due and payable and may take any action at law or equity necessary to enforce any obligation of Wal-Mart under the Guaranty. In the case of an event of default specified in (b) or (c) above, the Borrower shall have the right to deliver to the Trustee, within 180 days of such event of default, a Substitute Guaranty.

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PLAN OF DISTRIBUTION

The Bonds will be offered by the Authority pursuant to an exemption from the registration provisions of the Securities Act. The Bonds will not be registered under the Securities Act or under the Uniform Securities Act of the Commonwealth, or any state securities law and will be offered for sale only to individuals who have their principal residence, and to corporations or other entities that have their principal office and their principal place of business, within the Commonwealth.

Subject to the terms and conditions set forth in the Bond Purchase Agreement among the Authority, the Borrower and PaineWebber Incorporated of Puerto Rico, on behalf of itself and Smith Barney Inc. as underwriters (the "Underwriters"), the Authority has agreed to sell to the Underwriters, and the Underwriters have agreed to purchase from the Authority, all of the Bonds at an aggregate discount of \$820,453 of the initial aggregate principal amount of such Bonds.

The Bond Purchase Agreement provides that the obligations of the Underwriters thereunder are subject to approval of certain legal matters by counsel and to various other conditions. The Underwriters are committed to purchase all of the Bonds if any are purchased.

The Borrower has agreed to indemnify the Underwriter and the Authority

against certain civil liabilities, including liabilities under the Securities Act.

LEGAL OPINIONS

Certain legal matters with respect to the issuance of the Guaranty offered hereby will be passed upon for Wal-Mart by Conner & Winters, A Professional Corporation, Tulsa, Oklahoma. Certain members and other lawyers in the firm of Conner & Winters, A Professional Corporation, and members of their immediate families beneficially own, in the aggregate, approximately 118,000 shares of the common stock of Wal-Mart.

EXPERTS

The consolidated financial statements and schedules of Wal-Mart Stores, Inc. and subsidiaries appearing in or incorporated by reference in the Company's Annual Report on Form 10-K for the year ended January 31, 1994, have been audited by Ernst & Young LLP, independent auditors, as set forth in their reports thereon included therein and incorporated herein by reference. Such consolidated financial statements and schedules are, and audited financial statements to be included in subsequently filed documents will be, incorporated herein by reference in reliance upon the reports of Ernst & Young LLP pertaining to such financial statements (to the extent covered by consents filed with the Securities and Exchange Commission) given upon the authority of such firm as experts in accounting and auditing.

No person is authorized to give any information or to make any representation other than those contained or incorporated by reference in this Prospectus, and if given or made, such information or representation must not be relied upon as having been authorized. This Prospectus does not constitute an offer to sell or a solicitation of an offer to buy any securities other than the Guaranty to any person in any jurisdiction where such offer or solicitation would be unlawful. Neither the delivery of this Prospectus nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date of this Prospectus or that the information herein is correct as of any time subsequent to its date.

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WAL-MART STORES, INC.

Guaranty of Payment of up to
\$43,473,608.75
of
Principal of and Interest on

PROSPECTUS

PaineWebber Incorporated of Puerto Rico

Smith Barney Inc.

PART II
INFORMATION NOT REQUIRED IN PROSPECTUS

Item 14. Other Expenses of Issuance and Distribution.

All amounts are estimated except for the SEC filing fee.

SEC filing fee.....	\$15,183
Accounting fees and expenses..	4,000
Legal fees and expenses.....	16,000
Printing.....	15,000
Miscellaneous.....	1,817

Total.....	\$52,000
	=====

Item 15. Indemnification of Directors and Officers.

The Registrant's By-Laws provide that each person who was or is made a party to, or is involved in, any action, suit or proceeding by reason of the fact that he or she was a director or officer of the Registrant (or was serving at the request of the Registrant as a director, officer, employee or agent for another entity) will be indemnified and held harmless by the Registrant, to the full extent authorized by the Delaware General Corporation Law.

Under Section 145 of the Delaware General Corporation Law, a corporation may indemnify a director, officer, employee or agent of the corporation against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him or her if he or she acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the corporation and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful. In the case of an action brought by or in the right of a corporation, the corporation may indemnify a director, officer, employee or agent of the corporation against expenses (including attorneys' fees) actually and reasonably incurred by him or her if he or she acted in good faith and in a manner he or she reasonably believed to be in the best interests of the corporation, except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the corporation unless a court finds that, in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses as the court shall deem proper.

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The Registrant's Certificate of Incorporation provides that to the fullest extent permitted by Delaware General Corporation Law as the same exists or may hereafter be amended, a director of the Registrant shall not be liable to the Registrant or its stockholders for monetary damages for breach of fiduciary duty as a director. The Delaware General Corporation Law permits Delaware corporations to include in their certificates of incorporation a provision eliminating or limiting director liability for monetary damages arising from breaches of their fiduciary duty. The only limitations imposed under the statute are that the provision may not eliminate or limit a director's liability (i) for breaches of the director's duty of loyalty to the corporation or its stockholders, (ii) for acts or omissions not in good faith or involving intentional misconduct or known violations of law, (iii) for the payment of unlawful dividends or unlawful stock purchases or redemptions, or (iv) for transactions in which the director received an improper personal benefit.

The Registrant is insured against liabilities which it may incur by reason of its indemnification of officers and directors in accordance with

its By-Laws. In addition, directors and officers are insured, at the Registrant's expense, against certain liabilities which might arise out of their employment and are not subject to indemnification under the By-Laws.

The foregoing summaries are necessarily subject to the complete text of the statute, Certificate of Incorporation, By-Laws and agreements referred to above and are qualified in their entirety by reference thereto.

<TABLE>
<CAPTION>

Item 16. List of Exhibits.

Exhibit Reference Number	Description
<S>	<C>
1(a)	Form of Bond Purchase Agreement
4(a)	Form of Guaranty between Wal-Mart Stores, Inc. and the Puerto Rico Industrial, Tourist, Educational, Medical and Environmental Control Facilities Financing Authority (the "Authority")
4(b)	Form of Trust Agreement between the Authority and Banco Popular de Puerto Rico, as trustee, relating to the Industrial Revenue Bonds
4(c)	Form of Loan Agreement between the Authority and Palma Real Associates, S.E.
5(a)*	Opinion of Conner & Winters, A Professional Corporation, counsel for Wal-Mart Stores, Inc.
12(a)*	Computation of Ratio of Earnings to Fixed Charges
23(a)	Consent of Ernst & Young LLP

</TABLE>

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<TABLE>
<CAPTION>

Exhibit Reference Number	Description
<S>	<C>
23(b)*	Consent of Conner & Winters, A Professional Corporation, appears in its opinion filed as Exhibit 5(a)
24*	Power of Attorney (included on the previously filed signature page to this Registration Statement)

</TABLE>

*Previously filed.

Item 17. Undertakings.

1. The undersigned Registrant hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, each filing of the Registrant's Annual Report pursuant to Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in the Registration Statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

2. Insofar as indemnification of liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

3. The Registrant hereby undertakes that:

(a) For purposes of determining liability under the Securities Act of 1933, the information omitted from the form of prospectus filed as a

part of this Registration Statement in reliance upon Rule 430A and contained in a form of prospectus filed by the Registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this Registration Statement as of the time it was declared effective.

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(b) For the purpose of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this Amendment to the Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized in the City of Bentonville, State of Arkansas, on February 20, 1995.

WAL-MART STORES, INC.

By /s/ S. Robson Walton

S. Robson Walton
Chairman of the Board of Directors

Pursuant to the requirements of the Securities Act of 1933, this Amendment to the Registration Statement has been signed below by the following persons in the capacities and on the dates indicated.

Signature -----	Title -----	Date ----
/s/ S. Robson Walton ----- S. Robson Walton	Chairman of the Board of Directors and Director	February 20, 1995
/s/ David D. Glass* ----- David D. Glass	President, Chief Executive Officer and Director	February 20, 1995
/s/ Donald G. Soderquist* ----- Donald G. Soderquist	Vice Chairman of the Board of Directors, Chief Operating Officer and Director	February 20, 1995

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Signature -----	Title -----	Date ----
/s/ Paul R. Carter ----- Paul R. Carter	Executive Vice President, Chief Financial Officer and Director	February 20, 1995
/s/ James L. Walton* ----- James L. Walton	Senior Vice President and Director	February 20, 1995
/s/ James A. Walker, Jr.* ----- James A. Walker, Jr.	Vice President and Controller (Principal Accounting Officer)	February 20, 1995
/s/ David R. Banks* ----- David R. Banks	Director	February 20, 1995
. ----- John A. Cooper, Jr.	Director	
/s/ Robert H. Dedman* ----- Robert H. Dedman	Director	February 20, 1995

Director

Frederick J. Humphries

Director

F. Kenneth Iverson

Director

R. Drayton McLane, Jr.

Director

/s/ Elizabeth A. Sanders*

February 20, 1995

Elizabeth A. Sanders

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Signature

Title

Date

Director

Jack Shewmaker

Director

John T. Walton

*By:/s/ Paul R. Carter

February 20, 1995

Paul R. Carter

Attorney in Fact

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INDEX TO EXHIBITS

<TABLE>
<CAPTION>

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-----	-----
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4(b)	Form of Trust Agreement between the Authority and Banco Popular de Puerto Rico, as trustee, relating to the Industrial Revenue Bonds
4(c)	Form of Loan Agreement between the Authority and Palma Real Associates, S.E.
5(a)*	Opinion of Conner & Winters, A Professional Corporation, counsel for Wal-Mart Stores, Inc.
12(a)*	Computation of Ratio of Earnings to Fixed Charges
23(a)	Consent of Ernst & Young LLP
23(b)*	Consent of Conner & Winters, A Professional Corporation, appears in its opinion filed as Exhibit 5(a)
24*	Power of Attorney (included on the previously filed signature page to this Registration Statement)

</TABLE>

*Previously filed.

BOND PURCHASE AGREEMENT

AMONG

PUERTO RICO INDUSTRIAL, TOURIST, EDUCATIONAL,
MEDICAL AND ENVIRONMENTAL CONTROL FACILITIES
FINANCING AUTHORITY,
(THE "AUTHORITY")

PALMA REAL ASSOCIATES, S.E.
(THE "BORROWER")

AND

PAINWEBBER INCORPORATED OF PUERTO RICO
INDIVIDUALLY AND ON BEHALF OF SMITH BARNEY INC.
(COLLECTIVELY, THE "UNDERWRITER")

DATED FEBRUARY 23, 1995

PUERTO RICO INDUSTRIAL, TOURIST, EDUCATIONAL, MEDICAL
AND ENVIRONMENTAL CONTROL FACILITIES
FINANCING AUTHORITY
\$43,450,000 INDUSTRIAL REVENUE BONDS,
1995 SERIES A
(PLAZA PALMA REAL PROJECT)
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The parties appearing in the cover page of this Bond Purchase Agreement which is hereby made an integral part hereof, hereby agree with each other as follows:

1. INTRODUCTION; DEFINITIONS; RULES OF INTERPRETATION.

Upon the terms, conditions, representations, warranties, and agreements set forth herein, the Underwriter agrees to purchase from the Authority and the Authority agrees to sell and deliver to the Underwriter all, but not less than all, of \$43,450,000 aggregate principal amount of the Authority's captioned bonds (the "Bonds"), to be dated January 1, 1995, at an aggregate discount of

[\$820,453] of the principal amount thereof. The Bonds shall mature, shall bear interest, shall be payable, shall be secured and shall be otherwise as provided in the Trust Agreement (the "Trust Agreement") by and between the Authority and the Trustee (therein identified) to be dated the date of delivery of the Bonds and purchase therefor (the "Date of Issuance") relative to the Bonds and the resolution (the "Resolution") adopted by the Authority authorizing the issuance and sale of the Bonds.

The capitalized words hereinbefore and hereinafter used shall have the meanings assigned thereto under the Trust Agreement.

The Bonds shall be issued under and pursuant to the Trust Agreement. The Authority will loan the proceeds of the Bonds to the Borrower under the Loan Agreement. Concurrently with the issuance of the Bonds, the Authority will cause to be delivered to the Trustee, the Guaranty, the Mortgage, the Mortgage Note, the Pledge Agreement, the Title Insurance and the Collateral Assignment. This Bond Purchase Agreement, the Trust Agreement, the Bonds and the Related Documents are hereinafter collectively referred to as the "Contracts".

A Preliminary Official Statement (the "Preliminary Official Statement") and an Official Statement (as amended or supplemented from time to time, the "Final Official Statement") have been prepared in connection with the offering of the Bonds. As used herein, the terms "Preliminary Official Statement" and "Final Official Statement" shall include the appendices attached thereto, the materials incorporated by reference therein and the exhibits to such materials, and are herein collectively referred to as the "Official Statement".

This Bond Purchase Agreement shall be interpreted pursuant to the rules established in the Trust Agreement.

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2. REPRESENTATIONS, WARRANTIES AND AGREEMENTS OF THE AUTHORITY.

The Authority represents, warrants and agrees as follows:

(a) The Authority is a body corporate and politic constituting a public corporation and governmental instrumentality of the Commonwealth, duly constituted and existing under the laws of the Commonwealth, particularly the Act, with full legal right, power and authority to enter into this Bond Purchase Agreement, to adopt the Resolution, to issue, sell and deliver the Bonds to the Underwriter as provided herein, and to enter into and carry out and consummate all other transactions contemplated by the Contracts to which it is a party.

(b) By official action of the Authority prior to or concurrently with its execution of this Bond Purchase Agreement, the Authority has duly adopted the Resolution, and has duly authorized and approved the execution and delivery of, and the performance by the Authority of the obligations contained in, the Contracts to which it is a party.

(c) The information with respect to the Authority and the Government Development Bank for Puerto Rico in the Official Statement as of the date hereof does not contain any untrue or misleading statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they are made, not misleading.

(d) The Authority has duly and validly authorized the execution and delivery of the Contracts to which it is a party, and when executed and delivered by the other parties thereto, will constitute the legal, valid and binding agreements of the Authority, except as may be limited by bankruptcy, insolvency or other similar laws affecting the enforcement of creditors' rights generally from time to time in effect and by general equitable principles (regardless of whether such enforceability is considered in a proceeding in equity or at law).

(e) There are no actions, suits, proceedings or investigations at law or in equity before or by any court, arbitration board or tribunal, public board or body, pending or, to the best knowledge of the Authority, threatened against or affecting the Authority, or, to the best knowledge of the Authority, does there exist any basis therefor, (i) to restrain or enjoin the issuance or delivery of the Bonds, (ii) which in any way question or affect the validity of any of the Contracts to which it is a party, any provisions thereof, or any proceedings taken with respect thereto, (iii) which question the Authority's creation, organization or existence or the titles to office of any of its officers, or its powers to finance the Project, or (iv) wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by, or the validity or

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enforceability of, the Contracts to which it is a party or any other agreement

or instrument to which the Authority is a party and which is used or contemplated for use in consummation of the transactions contemplated by the Contracts.

(f) To the best knowledge of the Authority: (i) no event has occurred and no condition exists which, upon the issuance of the Bonds, or thereupon with notice and/or passage of time, would constitute an event of default within the meaning of the Trust Agreement or the Loan Agreement, or a breach of this Bond Purchase Agreement; and (ii) the Authority is not in default in any material respect under any term of any indenture, agreement, by-law or other instrument to which it is a party or by which it may be bound.

(g) All consents, approvals, authorizations and orders of, or filings, registrations or qualifications with, any governmental or regulatory authorities (collectively, the "Governmental Approvals") which are required to be obtained by the Authority for consummation of the transactions contemplated by the Contracts to which the Authority is a party have been duly and validly obtained or performed on or before this date and are in full force and no default exists thereunder; provided, however, that no representation, warranty, promise or agreement is made herein by the Authority with respect to compliance by the Authority with the Securities Act or the securities or Blue Sky laws of the Commonwealth or the states of the United States of America (the "States").

(h) Neither the issuance and sale of the Bonds nor the execution and delivery of the Contracts to which the Authority is a party, the consummation of the transactions herein and therein contemplated, nor compliance with the terms, conditions or provisions of such instruments, will conflict with, or violate or result in a breach of, or constitute a default under the by-laws of the Authority or the rules of procedure of the Authority or any indenture, agreement or other instrument by which the Authority or any of its properties may be bound or any statute, rule, regulation, order, decree or ordinance of any court, government or governmental body having jurisdiction over the Authority or any of its property.

(i) As of this date, the Preliminary Official Statement was deemed "final" by the Authority for purposes of paragraph (b)(1) of Rule 15c2-12 (the "Rule") of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the Authority omitted therefrom only such information permitted to be omitted therefrom by the Rule.

3. REPRESENTATIONS, WARRANTIES AND AGREEMENTS OF THE BORROWER.

The Borrower represents, warrants and agrees as follows:

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(a) The information provided by the Borrower contained in the Preliminary Official Statement as of the date thereof did not, and the information contained in the Final Official Statement does not, contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading; provided, however, that the Borrower makes no representation or warranty as to statements or omissions made in reliance upon, and in conformity with, information furnished to the Borrower by the Underwriter, the Authority, the Government Development Bank for Puerto Rico or the Guarantor expressly for use therein.

(b) There is no fact known to the Borrower which the Borrower has not disclosed in writing to the Authority and to the Underwriter which materially adversely affects the properties, business or financial condition of the Borrower or the ability of the Borrower to perform its obligations under the Contracts to which it is a party or any other agreement or instrument to which the Borrower is a party and which is used or contemplated for use in consummation of the transactions contemplated by any such agreement.

(c) The Borrower is a partnership organized and validly existing under the laws of the Commonwealth which has made an election under Supplement P of the Commonwealth Income Tax Act of 1954, as amended, is in good standing there in, and is not in violation of any provisions of its partnership agreement.

(d) The Borrower has all requisite power and authority to own and operate its properties and to carry on its business as now conducted and as presently proposed to be conducted, and to enter into, execute, deliver and carry out and consummate the transactions contemplated by the Contracts to which it is a party.

(e) The Borrower has duly and validly authorized the execution and delivery of the Contracts to which it is a party and, when duly executed and delivered by the parties thereto, will be legal, valid, and binding agreements of the Borrower.

(f) As presently contemplated, the Project conforms in all material respects to all statements with regard thereto contained in the Official

Statement.

(g) Except as reflected in or contemplated by the Official Statement, since the respective dates as of which information is given therein there has not been any material adverse change in the condition, financial or otherwise, of the Borrower or in its result of operations or in its business or prospects.

(h) The Borrower does not have any contingent obligations not disclosed in the Official Statement which are material to the businesses or financial

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condition of the Borrower and which are required to be disclosed in the Borrower's financial statements.

(i) The Borrower has obtained or will obtain and maintain in full force and effect once obtained all Governmental Approvals.

(j) There does not exist any material breach or material default, and no event has occurred which with notice, lapse of time, or both, would constitute a material default under any indenture, mortgage, deed of trust or other agreement or instrument to which the Borrower is now a party which would have a material adverse effect on the condition, financial or otherwise, or the Borrower.

(k) Neither the execution or delivery by the Borrower of the Contracts to which it is a party, the consummation of the transactions therein contemplated, nor compliance with the terms, conditions or provisions of such instruments, will result in a breach or violation of, or be in contravention of, any of the terms or provisions of, or constitute a default under, any indenture, mortgage, deed of trust or other agreement or instrument to which the Borrower is a party or by which is bound, or any statute or the partnership agreement of the Borrower, or any rule, regulation, judgment or order of any court or governmental agency or body having jurisdiction over the Borrower or over its properties.

(l) Except as described in the Official Statement, there are no actions, suits or proceedings pending, or, to the knowledge of the Borrower, threatened, against the Borrower or any of its property, at law or in equity or before or by any Federal or state court, commission, regulatory body or administrative agency or other governmental body, in which an adverse decision would, in the judgment of the Borrower, be reasonably expected to have a material adverse effect on the business or financial condition of the Borrower.

(m) The Borrower will not take or omit to take any action which action or omission will in any way cause the proceeds from the sale of the Bonds to be applied in a manner contrary to that provided in the Trust Agreement and the Loan Agreement, as in force from time to time.

(n) There is no litigation or proceeding pending, or to the knowledge of the Borrower threatened, against the Borrower or, to the knowledge of the Borrower, any other person, affecting in any manner whatsoever the right of the Borrower to execute the Contracts to which it is a party, or the ability of the Borrower to make the payments required thereunder, or to otherwise comply with the Borrower's obligations contained therein.

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(o) The Borrower covenants that throughout the term that the Loan Agreement is in force, it shall comply with all laws, regulations and governmental requirements that may apply to the Project or to the operation of the Borrower.

(p) The Borrower covenants to furnish to the Underwriter or to each Person designated by the Underwriter within seven (7) days after the date hereof, at such address or addresses as the Underwriter shall specify, such number of conformed copies of the Official Statement with all exhibits thereto in such quantities as the Underwriter requests in order to comply with paragraph (b) (4) of the Rule and the Rules of the Municipal Securities Rulemaking Board.

(q) The Borrower will not take or permit any action within its power to be taken, nor will it omit to take any action within its power which would result in the interest paid on the Bonds being considered from sources outside of the Commonwealth for purposes of the Code.

(r) As of this date, the Preliminary Official Statement was deemed "final" by the Borrower for purposes of paragraph (b) (1) of the Rule and the Borrower omitted therefrom only such information permitted to be omitted therefrom by the Rule.

The Authority and the Borrower agree that:

(i) If at any time between the date of this Bond Purchase Agreement and a date 90 days after the Date of Issuance any event occurs which might or would cause the Official Statement, as then amended or supplemented, to contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein in the light of the circumstances under which they were made, not misleading, the Borrower or the Authority shall forthwith notify the Underwriter thereof and, if in the opinion of the Underwriter such event required the preparation and publication of a supplement or amendment to the Official Statement, the Authority and the Borrower, at the Underwriter's request, shall prepare and furnish to the Underwriter, in such quantity as the Underwriter may reasonably request, an amendment or supplement to such statement in a form and in a manner approved by the Underwriter. The Borrower will not, at any time prior to the expiration of such period, amend or supplement the Official Statement unless the Underwriter shall previously have been advised and furnished with a copy of such amendment or supplement.

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(ii) The Authority and the Borrower will, when and as requested by the Underwriter, reasonably cooperate with the Underwriter in qualifying the Bonds for offering and sale and in determining their eligibility for investment under the laws of the Commonwealth and will maintain such qualification in effect so long as required for their distribution.

5. PAYMENT AND DELIVERY OF THE BONDS.

The Authority will deliver the Bonds to the Underwriter at the offices of the Bond Counsel, at approximately 10:00 a.m., Atlantic Standard Time, on the Date of Issuance, in definitive form, duly executed and authenticated, against payment therefor to the Trustee by the Underwriter of the initial principal amount of the Bonds less the aggregate discount set forth in Section 1 hereof by wire transfer. Upon such payment, the Trustee shall authorize delivery of the Bonds to the Underwriter.

The Bonds shall be: (i) in the form and as otherwise described in the Trust Agreement and (ii) delivered and issued as fully registered bonds without coupons, in such names and in such denominations (which denominations may not be other than those authorized in the Trust Agreement) as the Underwriter shall specify not less than 24 hours prior to the Date of Issuance.

6. CLOSING OF THE UNDERWRITER'S OBLIGATION.

The obligation of the Underwriter to purchase and pay for the Bonds as provided herein shall be subject, in its reasonable discretion, to compliance with the following conditions precedent on or before the Date of Issuance, in a manner reasonably satisfactory to the Underwriter and its counsel:

(a) All of the representations and warranties of the Authority and the Borrower contained herein and all the information provided by them and contained in the Official Statement shall be true and correct in all material respects as of the Date of Issuance.

(b) Any and all statements of the officers and/or directors of the Authority and the Borrower made in connection with the issuance and sale of the Bonds pursuant to the provisions hereof or the execution of the Contracts and other instruments of the Authority and the Borrower referred to herein shall be true and correct in all material respects as of the Date of Issuance.

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(c) The Authority and the Borrower shall have performed all of their obligations hereunder and heretofore to be performed.

(d) On the Date of Issuance the market price of the Bonds, or the market price of general credit or revenue obligations issued by the Commonwealth or any of its agencies, instrumentalities or political subdivisions, or the market price of revenue obligations of the character of the Bonds, shall not have been materially adversely affected (in the reasonable opinion of the Underwriter) by reason of the fact that (i) legislation shall have been introduced in or enacted by the Federal Congress or the Commonwealth Legislature, or legislation pending in such Congress shall have been amended, or legislation shall have been recommended to such Congress or otherwise endorsed for passage (by press release, other form of notice or otherwise) by the Federal President, or Treasury Department, or the Chairman or ranking minority member of the Committee on Finance of the Federal Senate or the Committee on Ways and Means of the Federal House of Representatives, or legislation shall have been

proposed for consideration by either such Committee by any member thereof or presented as an option for consideration by either such Committee by the staff of such Committee or by the staff of the Joint Committee on Taxation of such Congress, or legislation shall have been favorably reported for passage to either house of such Congress by a committee of such house to which such legislation has been referred for consideration, or (ii) a decision shall have been rendered by a court established under Article III of the Federal Constitution, or the Federal Tax Court, or (iii) an order, ruling, regulation or official statement shall have been made by the Federal or Commonwealth Treasury Department in each such case with the purpose or effect, directly or indirectly, of imposing Federal, State, Commonwealth or local taxation upon interest to be received by the Holder of any Bond.

(e) On the Date of Issuance none of the following shall have occurred (i) any outbreak of hostilities or other national or international calamity or crisis, or (ii) there shall be in force a general suspension of trading, or minimum or maximum prices for all trading shall have been fixed and in force, or maximum ranges for prices for all securities shall have been required and in force, on the New York Stock Exchange, whether by virtue of a determination by that Exchange or by order of the Securities and Exchange Commission or any other governmental authority having jurisdiction, or (iii) a general banking moratorium shall have been declared by Federal, or Commonwealth authorities having jurisdiction, or (iv) there shall exist any event which in the reasonable opinion of the Underwriter either makes untrue or incorrect in any material respect any statement or information contained in the Official Statement delivered after the acceptance of this Bond Purchase Agreement.

(f) No order, decree or injunction of any court of competent jurisdiction, or any judicial proceeding, or any order ruling, regulation or administrative proceeding by any governmental body, instrumentality or board, shall have been issued or commenced, nor shall any legislation have been enacted, with the purpose or effect

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of prohibiting the issuance, offering or sale of the Bonds as contemplated hereby or by the Official Statement or the performance by the Authority or the Borrower of their respective obligations under the Contracts.

(g) There shall have been duly tendered to the Underwriter Bonds representing, in the aggregate, the entire principal amount of the Bonds.

(h) That the Underwriter shall have received evidence satisfactory to the Underwriter and its counsel to the effect that the Guaranty has been registered for distribution under the Securities Act.

(i) The Bonds shall be rated "A" by the Rating Agency.

(j) The Underwriter shall have received, in form and substance satisfactory to the Underwriter and its counsel, the following documents:

(i) certified, executed or simple copies of each of the Contracts;

(ii) copies of the Resolution, certified as of the Date of Issuance by the Secretary of the Authority as having been duly adopted by the Authority and as being in full force and effect;

(iii) certified copies of the transcript of all proceedings of the Authority relating to the authorization and issuance of the Bonds;

(iv) the following legal opinions or letters dated the Date of Issuance;

(A) a letter of the Bond Counsel, to the effect that the opinions in substantially the form included in the Official Statement may be relied upon by the Underwriter to the same extent as if such opinions were addressed to the Underwriter,

(B) a supplementary opinion of the Bond Counsel to the effect that the statements contained in the Official Statement appearing under the captions "THE AUTHORITY AND GOVERNING BOARD", "THE GOVERNMENT DEVELOPMENT BANK FOR PUERTO RICO", "THE BONDS", "TAX MATTERS", "THE TRUST AGREEMENT", "THE SECURITY AGREEMENTS" and "THE LOAN AGREEMENT", are a fair, accurate and complete summary of the subject matter described therein,

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(C) the opinion of Letvia Arza Goderich, Esq., counsel to the Borrower, dated the Date of Issuance,

(D) the opinion of Delfina Betancourt, Esq., general counsel to the Authority, dated the Date of Issuance,

(E) the opinion of Samuel Susi, Esq., special counsel to the Borrower,

(F) the opinion of Fiddler Gonzalez & Rodriguez, counsel to the Underwriter, with respect to the Official Statement and other related matters as the Underwriter may reasonably require,

(G) the opinion of Conner & Winters, special counsel to the Guarantor, with respect to the registration of the Guaranty,

(H) the opinion of Allison D. Garrett, Assistant General Counsel to the Guarantor;

(v) a certificate of the Executive Director of the Authority, or of other duly authorized official of the Authority, dated the Date of Issuance, to the effect that (A) on and as of the Date of Issuance, each of the representations and warranties of the Authority set forth in Section 2 hereof is true, accurate and complete and all agreements of the Trustee herein provided and contemplated to be performed on or prior to the Date of Issuance have been so performed, (B) the Bonds have been duly authorized, executed and delivered to the Trustee, (C) the Contracts to which the Authority is a party, and any and all other agreements and documents required to be executed and delivered by the Authority in order to carry out, give effect to, and consummate the transactions contemplated thereby have each been duly authorized, executed and delivered by the Authority and, as of the Date of Issuance, each is in full force and effect, and substantially all right, title and interest inuring to the Authority under the Loan Agreement and the Guaranty and all amounts payable thereunder have been duly assigned to the Trustee under the Trust Agreement for the benefit of the Bondholders, and (D) no litigation is pending or threatened to restrain or enjoin the issuance or sale of the Bonds or in any way contesting the validity of or affecting the Authority in connection with the issuance of the Bonds, the authorization, execution or performance of the Contracts to which it is a party, or the existence of powers of the Authority or the right of the Authority to lend money in connection with the Project;

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(vi) a certificate of the managing partner of the Borrower, dated the Date of Issuance, (A) as to the accuracy, as of the date thereof, of the representations and warranties set forth in Section 3 hereof, (B) as to no event having occurred which, pursuant to the terms of this Bond Purchase Agreement, shall have been set forth in an amendment or supplement to the Official Statement and (C) to the effect that the Contracts to which the Borrower is a party have each been duly authorized, executed and delivered by the Borrower and constitute the legal, valid and binding obligations of the Borrower;

(vii) a certificate of one or more duly authorized officers of the Trustee, dated as of the Date of Issuance, as to the due authorization, execution and delivery of the Trust Agreement by the Trustee and the due authentication and delivery of the Bonds by the Trustee thereunder;

(viii) a certificate of a duly authorized officer of the Guarantor, dated the Date of Issuance, (A) to the effect that the information relating to the Guarantor in the Final Official Statement is true and correct in all material aspects, and (B) to the effect that the Guaranty has been duly authorized, executed and delivered by the Guarantor and constitute the legal, valid and binding obligation of the Guarantor;

(ix) a copy of the executed Guaranty;

(x) such additional certificates, opinions, instruments or other documents as the Underwriter may reasonably require to evidence the accuracy, as of the Date of Issuance, of the representations and warranties herein contained, and the due performance and satisfaction by the Authority and the Borrower at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by any one or all of them in connection with the Contracts.

If the Authority or the Borrower shall be unable to satisfy the conditions to the obligations of the Underwriter contained in this Bond Purchase Agreement, this Bond Purchase Agreement shall terminate and the Underwriter, the Authority and the Borrower shall have no further obligations or liabilities hereunder except as otherwise provided in Sections 7 and 11.

7. INDEMNIFICATION AND CONTRIBUTION.

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(a) The Borrower agrees to indemnify and hold harmless the Authority, the Underwriter and each Person who controls the Underwriter within the meaning of Section 15 of the Securities Act, or Section 20(a) of the Exchange Act, from and against any and all losses, claims, damages or liabilities, joint or several, under the Securities Act, the Exchange Act or any other statute or common law, including, but not limited to reimburse the Authority, the Underwriter and each such controlling Person for any legal or other expenses (including, to the extent hereinafter provided, reasonable counsel fees) incurred by them in connection with investigating any such losses, claims, damages or liabilities or in connection with defending any actions ("Losses") to which the Authority, the Underwriter or such controlling Person may become subject, insofar as the Losses, arise out of or are based upon (i) any untrue statement or alleged untrue statement of a material fact contained in the Official Statement (or the Official Statement as amended or supplemented if such losses, claims, damages, liabilities, expenses or actions arise out of or are based upon the use of the Official Statement after the Borrower shall have amended or supplemented the Official Statement) or the omission or alleged omission to state therein a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading or (ii) any untrue statement or alleged untrue statement of a material fact contained in any application or other document or communication (in this Section 7 called "application") executed by or on behalf of the Borrower, or the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading; provided, however, that with respect to the Underwriter or any Person who controls the Underwriter, the indemnity agreement contained in this paragraph shall not apply to any Losses arising out of or based upon, any such untrue statement or alleged untrue statement, or any such omission or alleged omission, if such statement or omission (i) was made in reliance upon information in respect of the Underwriter, furnished herein to the Borrower by the Underwriter expressly for use in the Official Statement or in any application, (ii) relates to the information set forth in subsection (b) (i) below, or (iii) relates to the information set forth under the captions "THE AUTHORITY AND GOVERNING BOARD", "THE GOVERNMENT DEVELOPMENT BANK FOR PUERTO RICO", "LEGAL INVESTMENT" and "TAX MATTERS" (except matters relating to the Borrower) in the Official Statement, provided further, that with respect to the Authority, the indemnity agreement contained in this paragraph shall not apply to any Losses arising out of or based upon, any such untrue statement or alleged untrue statement, or any such omission or alleged omission, if such statement or omission relates to the information set forth under the captions "THE AUTHORITY AND GOVERNING BOARD", "THE GOVERNMENT DEVELOPMENT BANK FOR PUERTO RICO", "TAX MATTERS" (except matters relating to the Borrower) and "LEGAL INVESTMENT", and provided further that the indemnity agreement contained in this Section with respect to the Preliminary Official Statement will not inure to the benefit of the Underwriter (or to the benefit of any such person controlling the Underwriter) from whom the Person asserting any Losses, purchased the

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Bonds which are the subject, thereof, unless with or prior to the written confirmation of the sale a copy of the Final Official Statement was delivered to such Person. The indemnity agreement of the Borrower contained in this Section 7 and the representations and warranties of the Borrower contained in Section 3 hereof shall remain operative and in full force and effect, regardless of any investigation made by or on behalf of the Authority or Underwriter or any such controlling Person, and shall survive the delivery of the Bonds. The Borrower agrees promptly to notify the Authority and the Underwriter of the commencement of any litigation or proceedings against the Borrower or any of its officers or directors in connection with the issuance and sale of the Bonds. This indemnity agreement shall be in addition to any liability which the Borrower may otherwise have.

(b) The Underwriter agrees to indemnify and hold harmless the Authority, and its officers and directors against any and all Losses, to which they or any of them may become subject, insofar as such Losses arise out of or are based upon (i) any untrue statement or alleged untrue statement of a material fact contained on the cover page of the Official Statement respecting the offering prices for the Bonds and under the caption "Underwriters" and "Supplemental Information" in the Summary and "UNDERWRITING", or Losses which arise out of or are based upon the use of the Official Statement after the Underwriter shall have amended or supplemented the Official Statement with respect to the sections of the Official Statement set forth above, or the omission or alleged omission to state therein a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading, or (ii) any untrue statement or alleged untrue statement of a material fact contained in any application or the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, if such statement or omission was made in reliance upon information in respect of the Underwriter furnished herein to the Authority by the Underwriter expressly for use in the Official Statement or in any application. The indemnity of the Underwriter contained in this paragraph shall remain operative and in full force and effect, regardless of any investigation made by or on behalf of the Authority, its officers and directors or any such controlling person, and shall

survive the delivery of the Bonds. The Authority agrees promptly to notify the Underwriter of the commencement of any litigation or proceedings against it in connection with the issuance and sale of the Bonds. This indemnity agreement shall be in addition to any liability which the Underwriter may otherwise have.

(c) The Authority, to the extent permitted by law, and the Underwriter will indemnify and hold harmless the Borrower, and each Person who controls the Borrower within the meaning of Section 15 of the Securities Act or Section 20(a) of the Exchange Act, from and against any and all Losses to which they or any of them may become subject, in so far as such Losses arise out or of are based upon any untrue

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statement or alleged untrue statement of a material fact contained in the Official Statement, from time to time amended or supplemented, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary in order to make the statements therein not misleading, in light of the circumstances under which they were made, but only in so far as any such statement or omission was made in reliance upon and in conformity with such information, if any, as was furnished to the Borrower by the Authority or the Underwriter specifically for use in the Official Statement under the captions "THE AUTHORITY AND GOVERNING BOARD", "THE GOVERNMENT DEVELOPMENT BANK FOR PUERTO RICO", "LEGAL INVESTMENT" and "TAX MATTERS". This indemnity agreement will be in addition to any liability which the Authority or the Underwriter may otherwise have.

(d) If the indemnification provided for in this Section 7 is unavailable or insufficient to hold harmless an indemnified party under subsection (a), (b) or (c) above, then each indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of the Losses, in such proportion as is appropriate to reflect the relative benefits received by the indemnified party on the one hand and the indemnifying party on the other in connection with the statements or omissions that resulted in such Losses, as well as any other relevant equitable considerations. Relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the indemnifying party and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such untrue statement or omission. The parties hereto agree that it would not be just and equitable if contributions pursuant hereto were to be determined by pro rata allocation or by any other method of allocation which does not take into account the equitable considerations referred to in the first sentence of this subsection. The obligation to contribute in this subsection are several in proportion to each party's respective obligations and not joint. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

(e) Promptly after receipt by an indemnified party under this Section 7 of notice of the commencement of any action, such indemnified party will, if a claim in respect thereof may be made against the indemnifying party under this Section 7, notify the indemnifying party of the commencement thereof; but the omission so to notify the indemnifying party will not relieve it from any liability which it may have to any indemnified party otherwise than under this Section 7. In case any such action is brought against any indemnified party, and it notifies the indemnifying party of the commencement thereof, the indemnifying party will be entitled to participate therein and, to the extent that it may wish, jointly with any other indemnifying party similarly notified, to assume the defense thereof, with counsel reasonably satisfactory to such

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indemnified party, unless such indemnified party reasonably objects to such assumption on the ground that there may be legal defenses available to it which are different from or in addition to those available to such indemnifying party. If any indemnifying party assumes the defense of such action, the indemnifying party shall not be liable for any fees and expenses of counsel for the indemnified party incurred thereafter in connection with such action unless the employment of such counsel has been authorized by the indemnifying party or unless based in the opinion of counsel to the indemnified party there may be legal defenses available to it which are different from or in addition to those available to such indemnifying party. An indemnifying party shall not be liable to indemnify any indemnified person for any settlement of such action effected without the indemnifying party's consent.

8. REPRESENTATIONS AND WARRANTIES OF THE UNDERWRITER.

The Underwriter hereby represents and warrants as follows:

(a) it is duly (i) organized, validly existing and in good standing under the laws of the jurisdiction of its organization, and (ii) authorized to perform the obligations to be performed by the Underwriter hereunder;

(b) it is not, and at the time of delivery of the Bonds will not be, in breach of or in default under in any material respect any applicable law (including without limitation, any administrative rule-making law) or administrative regulation, and the execution and delivery by the Underwriter of this Bond Purchase Agreement will not conflict with or constitute a breach of or default under any law, administrative regulation, judgment, decree or any agreement or other instrument to which the Underwriter is a party, which conflict, breach or default might have a material adverse effect on the performance by the Underwriter of its obligations hereunder;

(c) at the time of delivery of the Bonds, this Bond Purchase Agreement will constitute the legal, valid and binding obligation of the Underwriter, enforceable in accordance with its terms;

(d) it understands that the Bonds are not registered under the Securities Act, and that during the period from the initial offering of the Bonds until nine months after the last sale of the Bonds by it, it will only sell or offer for sale or dispose of, any Bonds to individuals who have their principal residence and to corporations or other entities that have their principal office and principal place of business within the Commonwealth;

(e) during the period from the initial offering of the Bonds until nine months after the last sale of the Bonds by it, it will obtain from each Person to whom it

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has sold any Bonds, the representation letter required by Section 206 of the Trust Agreement;

(f) it will offer, sell or dispose of, any Bonds only from its branch office in the Commonwealth; and

(g) it will provide to everyone who buys a Bond a copy of the Official Statement and the prospectus included as part of the registration statement covering the registration of the issuance of the Guaranty under the Securities Act.

9. FEES AND EXPENSES.

All expenses in connection with the preparation, issuance, delivery, recording and (if and where needed) filing of any of the Contracts, and any notice with respect thereto, shall be paid out of the proceeds of the Bonds or directly by the Borrower. For the purpose of the foregoing sentence, such expenses shall include all expenses incurred by the Borrower or the Underwriter, in connection with the preparation and printing of the Official Statement; the cost of reproducing the Contracts; the cost of preparing and printing the Bonds; the fees and expenses of the Trustee, counsel for the Trustee in connection with the Trust Agreement and the issuance of the Bonds, Bond Counsel, Underwriter's counsel and counsel for the Borrower; and all other costs and expenses incident to the performance of the Borrower's or the Underwriter's obligations hereunder. In the event any transaction hereby contemplated is not consummated, the Borrower shall pay all of the above fees and expenses and the out-of-pocket expenses of the Underwriter (including the fees and disbursements of its counsel). The foregoing undertakings shall survive the delivery of the Bonds.

10. NOTICES.

(a) Any notice, demand, direction, certificate, request, advise, consent or other instrument or communication authorized or required by this Bond Purchase Agreement to be given by or to be filed with or given to the parties hereto shall be in writing and given by (i) first class mail, registered or certified, return receipt requested, or (ii) private courier service, next day delivery, or (iii) telefax or other similar form of rapid transmission, confirmed as provided in clauses (i) or (ii) hereof, at substantially the same time as such rapid transmission, or (iv) personally delivered to the receiving party or, if not an individual, to an officer of the receiving party. All such communications shall be mailed, sent or delivered addressed as follows:

If to the Authority:

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as provided in the Trust Agreement

If to the Borrower:

as provided in the Trust Agreement

If to the Underwriter:

PaineWebber Incorporated of Puerto Rico
American International Plaza
Penthouse Floor
250 Munoz Rivera Avenue
San Juan, Puerto Rico 00918
Attention: Executive Vice-President

Telefax (809) 250-2055

Smith Barney, Inc.
270 Munoz Rivera Avenue
Fourth Floor
San Juan, Puerto Rico 00918
Attention: Managing Director

Telefax (809) 764-0585

(b) A duplicate copy of each notice, demand, direction, certificate, request, consent or other instrument or communication given hereunder to a party hereto shall also be concurrently given to each of the others.

(c) The parties hereto may, by notice given hereunder, designate any further or different addresses to which subsequent notices, demands, directions, certificates, requests, consents or other instruments or communications shall be sent.

(d) All written notices hereunder shall be deemed given on the day when received, except when mailed, in which case they shall be deemed given on the third day after deposit in the mails in the manner provided above.

11. BENEFICIARIES AND SURVIVAL.

This Bond Purchase Agreement is made solely for the benefit of the Authority, the Borrower and the Underwriter and their respective personal representatives,

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successors and assigns, and no other person shall acquire or have any right hereunder or by virtue hereof. All of the representations, warranties and agreements of the Authority, the Borrower and the Underwriter and their respective personal representatives, successors and assigns, shall remain operative and in full force and effect regardless of (a) any investigations made by or on behalf of the Underwriter, (b) delivery of and payment for the Bonds hereunder, and (c) any termination of this Bond Purchase Agreement.

12. COUNTERPART EXECUTION.

This Bond Purchase Agreement may be executed in any number of counterparts and by the different parties hereto on separate counterparts, each of which, when so executed and delivered, shall be an original, but all such counterparts shall together constitute but one and the same instrument.

13. CONSTRUCTION.

This Bond Purchase Agreement shall be governed by the laws of the Commonwealth.

14. BOND PURCHASE AGREEMENT SUPERSEDES PRIOR AGREEMENTS.

This Bond Purchase Agreement supersedes any other prior agreements or understandings, written or oral, between the parties hereto.

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IN WITNESS WHEREOF, each of the parties hereto has caused this Bond Purchase Agreement to be duly executed by its officers thereunto duly authorized on the date set forth above.

PUERTO RICO INDUSTRIAL, TOURIST,
EDUCATIONAL, MEDICAL AND ENVIRONMENTAL
CONTROL FACILITIES FINANCING AUTHORITY

By: _____
Francisco Sierra Mendez
Assistant Executive Director

PALMA REAL ASSOCIATES, S.E.

By: _____
Mark Davis Bragin
Managing Partner

PAINWEBBER INCORPORATED OF PUERTO RICO
individually and on behalf of Smith Barney Inc.

By: _____
Eugenio Belaval
Executive Vice-President

GUARANTY

THIS GUARANTY is made and entered into as of February __, 1995, by WAL-MART STORES, INC., a corporation duly organized and existing under the laws of the State of Delaware (the "Guarantor"), in favor of PUERTO RICO INDUSTRIAL, TOURIST, EDUCATIONAL, MEDICAL AND ENVIRONMENTAL CONTROL FACILITIES FINANCING AUTHORITY (the "Authority").

W I T N E S S E T H

WHEREAS, PALMA REAL ASSOCIATES, S.E. (the "Borrower"), a partnership formed under the laws of the Commonwealth that has elected to be treated as a special partnership in accordance with the provisions of the Puerto Rico Income Tax Act of Nineteen Hundred Fifty-four (1954), as amended, and Act Number Three (3) of September twenty-seven (27), nineteen hundred eighty-five (1985), and the Authority entered into the Loan Agreement dated as of February 1, 1995 as it may be from time to time amended, supplemented, extended, renewed or otherwise modified (hereinafter called the "Loan Agreement") pursuant to which the Authority has undertaken to issue bonds in the aggregate principal amount of \$43,450,000 (the "Bonds") the proceeds of which will be loaned to the Borrower to finance the cost of the acquisition, construction, development, equipping, installation and improvement of a shopping center located in Humacao, Puerto Rico (the "Project") and to pay expenses incurred in connection with the issuance of the Bonds;

WHEREAS, the Bonds are issued under and secured by, among other things, that certain Trust Agreement, dated the date of issuance of the Bonds (the "Trust Agreement"), by and between the Authority and BANCO POPULAR DE PUERTO RICO (the "Trustee"). Any term used herein which is not defined in this Guaranty and which is defined in the Trust Agreement shall have the same meaning in this Guaranty as in the Trust Agreement;

WHEREAS, the Loan Agreement provides that the Borrower will make all payments of principal, premium, if any, and interest due on the Bonds;

WHEREAS, Wal-Mart Puerto Rico, Inc., a wholly owned subsidiary of the Guarantor, is one of the partners of the Borrower;

WHEREAS, the Authority, in order to secure the monetary obligations of the Borrower under the Loan Agreement, has required that the Borrower cause the Guarantor to execute and deliver this Guaranty;

WHEREAS, the Guarantor desires that the Authority issue and sell the Bonds and apply the proceeds for the purposes described in the Loan Agreement and, in order to provide an inducement to the Authority to issue and sell the Bonds and an inducement to the purchasers of the Bonds and all who shall at any time become

holders thereof, the Guarantor is willing to execute and deliver this Guaranty;

WHEREAS, the Authority desires to assign this Guaranty to the Trustee for the benefit of the bondholders and the Guarantor agrees to such assignment;

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto, intending to be legally bound, hereby covenant and agree with each other as follows:

ARTICLE I

REPRESENTATIONS AND WARRANTIES OF THE GUARANTOR

The Guarantor does hereby represent and warrant that it is a corporation organized, existing and in good standing under the laws of the State of Delaware with all requisite power and authority to enter into and perform all agreements on its part herein contained and it has been authorized to enter into this Guaranty by all proper corporate action.

ARTICLE II

COVENANTS AND AGREEMENTS

SECTION 2.1. The Guarantor hereby unconditionally guarantees to the Authority, jointly and severally ("in solidum") with the Borrower, the full and

prompt payment of the then current Exposure Amount (up to a maximum equal to the then current Enhancement Amount), all as applicable from time to time, and in the Event of a Default under the Trust Agreement or the Loan Agreement, as the case may be, entitling the Authority to make a claim under this Guaranty, the Guarantor hereby agrees to make payment of the then current Enhancement Amount to the Authority within ten (10) days following written demand to the Guarantor by the Trustee, for the benefit of the then holders of the Bonds, which written demand shall be on the form attached hereto as Exhibit "A" and made to form a part hereof.

All payments by the Guarantor hereunder shall be made in lawful money of the United States of America.

SECTION 2.2. (a) The obligations of the Guarantor under this Guaranty shall be independent, absolute and unconditional without regard to the validity, legality, or enforceability of the Bonds or of the obligations of the Borrower under the Loan Agreement or of any other instrument delivered in connection with the Bonds or the Loan Agreement or any other circumstance which might otherwise constitute a legal or equitable discharge of a

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surety or guarantor and shall remain in full force and effect, subject to the provisions of Articles III, IV, V and VII hereof, until the entire then current Exposure Amount (up to a maximum equal to the then current Enhancement Amount), shall have been paid or provided for and such obligations, subject to the provisions of Articles III, IV, V, and VII hereof, shall not be affected, modified or impaired by the happening from time to time of any event whatsoever, including any law, regulation or decree which might in anyway affect any of the terms and or provisions or rights of any holder of the Bonds with respect thereto as against the Authority.

(b) The Guarantor hereby consents that from time to time and with notice to, but without the consent or approval of, the Guarantor, the obligations, indebtedness or liabilities of the Borrower under the Loan Agreement may be waived, renewed, extended or accelerated in accordance with any agreement between the Trustee, the bondholders and the Borrower without affecting the liabilities of the Guarantor under this Guaranty; provided, however, that the written consent of the Guarantor shall be required prior to any modification which requires the Guarantor's consent pursuant to Section 1105 of the Trust Agreement or that would increase the then current Exposure Amount and the then current Enhancement Amount or any of the Guarantor's obligations under this Guaranty.

(c) This Guaranty shall extend to any payment, or any part thereof, on the Bonds that is rescinded and required to be returned by a bondholder upon the insolvency, bankruptcy or reorganization of the Authority or the Borrower, or otherwise, all as though such payment had not been made. However, in no event will the liability of the Guarantor exceed the then current Enhancement Amount in effect at the time a claim is presented by the Trustee with respect to such payment.

SECTION 2.3. Subject in all cases to the provisions of Articles III, IV, V and VII hereof, no set-off, counterclaim, reduction or diminution of any obligation, or any defense of any kind or nature which the Guarantor has or may come to have against the Authority, the Borrower, the Trustee or any of the bondholders shall be available to the Guarantor, except as related to a payment hereunder; provided that nothing contained herein shall prohibit the Guarantor from asserting any claim against the Authority, the Borrower, the Trustee or any of the bondholders in a separate proceeding, which proceeding shall in no way delay the prompt performance by the Guarantor of its obligations under this Guaranty.

SECTION 2.4. The following shall constitute events of default hereunder:

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(a) Failure by the Guarantor to make a payment when and as due hereunder;

(b) If the Guarantor shall commence a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or shall consent to the entry of an order for relief in an involuntary case under any such law, or shall consent to the appointment of or taking possession by a receiver, custodian, liquidator, assignee, trustee or sequestrator (or other similar official) of itself or of all of its property, or shall make a general assignment for the benefit of creditors, or shall fail generally to pay its debts as they become due, or if the Guarantor or its directors or majority shareholders shall take any action in furtherance of any of the forgoing (except in connection with a consolidation or a merger of the Guarantor with or into another corporation or transfer of all or substantially all the assets of the Corporation not prohibited by Section 10.1 hereof); or

(c) If a court having jurisdiction in the premises shall enter a decree or order for relief in respect of the Guarantor in an involuntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in

effect, or appointing a receiver, custodian, liquidator, assignee, trustee, sequestrator (or other similar official) of the Guarantor or of its affairs, and the continuance of such decree or order unstayed and in effect for a period of one-hundred eighty (180) consecutive days.

SECTION 2.5. In the event of a default: (a) in the payment of principal of the Bonds when and as the same shall become due, whether at the stated maturity thereof, by acceleration, by redemption prior to maturity or otherwise; (b) in the payment of any interest on the Bonds when and as the same shall become due; or (c) in the payment of the redemption price upon the redemption of any portion of the Bonds; or (d) under Section 2.4 hereof, and regardless of the reason for any such default, the Authority, on behalf of the bondholders and all who may become holders at any time and from time to time of the Bonds, may proceed first and directly against the Guarantor under this Guaranty without proceeding against or exhausting any other remedies which it may have and without resorting to any other security held by the Authority. The Guarantor agrees to pay all reasonable costs, expenses and fees, including all reasonable attorneys' fees, which may be incurred by the Authority in enforcing this Guaranty following any default on the part of the Guarantor under this Guaranty, whether the same shall be enforced by suit or otherwise.

SECTION 2.6. Subject in all cases to the provisions of Articles III, IV, V and VII hereof, the obligations of the Guarantor under this Guaranty shall be satisfied in full and discharged when all monetary obligations of the Borrower under the Loan Agreement, including, without limiting in any way the

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generality of the foregoing, the Borrower's obligation to pay the Bonds, have been satisfied, except as provided herein with respect to expenses incurred in connection with the enforcement of this Guaranty.

ARTICLE III

LIMITATION ON LIABILITY OF THE GUARANTOR

Notwithstanding anything contained herein to the contrary, in no event shall the Guarantor's liability under this guaranty at any time exceed the then current Enhancement Amount, as the same may be reduced from time to time pursuant to Article IV hereof. On the Date of Issuance, the Enhancement Amount shall equal \$43,473,608.75.

ARTICLE IV

RELEASE OR PARTIAL RELEASE OF GUARANTY

SECTION 4.1. Following the assignment of this Guaranty to the Trustee by the Authority, the Trustee shall hold the Guaranty as security for the payment, at any time and from time to time, of the then current Exposure Amount (up to a maximum equal to the then current Enhancement Amount), subject to reduction or elimination of this Guaranty, at any time, upon receipt by the Trustee of (i) Enhancement Amount Reduction Determinations and (ii) Enhancement Amount Reduction Certifications. Upon delivery of the foregoing letters to the Trustee, the Enhancement Amount shall automatically and permanently be reduced to the new Enhancement Amount thereafter applicable.

The Borrower may cause there to be delivered to the Trustee, from time to time, until the Enhancement Amount is reduced to zero, additional Enhancement Amount Reduction Determinations and Enhancement Amount Reduction Certifications.

SECTION 4.2. On each Principal Payment Date, if no event of default shall then be declared and be continuing under this Guaranty or under any of the Related Documents, the Enhancement Amount (unless a lower amount shall have been determined as provided in Section 4.1) shall be recomputed to an amount equal to the principal of the Bonds then outstanding, plus two hundred ten (210) days' interest thereon at eight and one-tenth percent (8.1%) per annum, less the Reserve Fund Amount. The Trustee shall notify the Guarantor of the then current Enhancement Amount as so computed on each such Principal Payment Date.

SECTION 4.3. If the then current Enhancement Amount shall be reduced, the Guaranty shall be amended (without the need of a formal written amendment to this Guaranty) to reduce the liability of the Guarantor to the new Enhancement Amount. If the then

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current Enhancement Amount shall be zero or less than zero, the Trustee shall cancel and deliver this Guaranty to the Guarantor.

SECTION 4.4. In no event will the Enhancement Amount be increased or

reinstated once reduced or eliminated.

ARTICLE V

SUBSTITUTION OF GUARANTY

Subject to the requirements of Section 4.09 of the Loan Agreement, the Borrower may provide for the delivery to the Trustee of a new Credit Enhancement or Cash Collateral to substitute for this Guaranty. In the event such a substitution takes place, the Trustee shall cancel and deliver this Guaranty to the Guarantor.

ARTICLE VI

RIGHTS OF THE GUARANTOR

In the event that the Trustee shall make a claim against the Guaranty, the Guarantor, upon the total and complete payment of the Bonds, shall be entitled to receive from the Trustee (i) any funds or securities held by the Trustee in any fund or account existing under the Trust Agreement, and (ii) an assignment of all of the Trustee's interest, if any, in the Related Documents until the Guarantor shall have been reimbursed in full for all then unreimbursed sums paid out by the Guarantor under this Guaranty.

ARTICLE VII

SURRENDER OF GUARANTY UPON PAYMENT OF THE BONDS

Upon payment of the Bonds, and in the event that this Guaranty shall then be outstanding, the Trustee shall cancel and deliver this Guaranty to the Guarantor.

ARTICLE VIII

ASSIGNMENT OF GUARANTY

The Authority does hereby assign and convey to the Trustee, for the benefit of the bondholders and all who may become holders at any time and from time to time of the Bonds, the Authority's right, title and interest in and to this Guaranty and the Guarantor does hereby consent to such assignment.

ARTICLE IX

NOTICE AND SERVICE OF PROCESS,

PLEADINGS AND OTHER PAPERS

The Guarantor hereby irrevocably appoints, its wholly owned subsidiary, WAL-MART PUERTO RICO, INC., a Puerto Rico corporation ("WMPR"), as its agent for service of process in the Commonwealth. If WMPR shall cease to do business in the Commonwealth, the Guarantor will irrevocably appoint one of its other subsidiaries designated in writing to the Authority which shall be qualified to do, and actively engaged in, business in the Commonwealth or the office of C.T. Corporation System in the Commonwealth, as its agent for service of process in the Commonwealth. If all such subsidiaries shall cease to be qualified or to do business in the Commonwealth and the office of C. T. Corporation System in the Commonwealth shall cease to act as such agent, the Guarantor hereby irrevocably appoints the Secretary of State of the Commonwealth, as its agent for service of process in the Commonwealth. The aforesaid agents shall serve as agents of the Guarantor upon whom may be served all process, pleadings, notices or other papers which may be served upon the Guarantor as a result of any of its obligations under this Guaranty.

ARTICLE X

MISCELLANEOUS

SECTION 10.1. The Guarantor covenants that while this Guaranty remains outstanding, it will maintain its corporate existence, will not dissolve or otherwise dispose of all or substantially all of its assets; except, however, that the Guarantor may consolidate with or merge into another corporation, or

sell or otherwise transfer to another corporation all or substantially all of its assets and thereafter dissolve, provided that the following conditions are met:

(a) the successor formed by or resulting from such consolidation, transfer or merger shall be a corporation organized under the laws of one of the States of the United States of America or of the District of Columbia;

(b) the successor corporation, if other than the Guarantor, shall assume in writing the full and faithful performance of the Guarantor's duties and obligations under this Guaranty; and

(c) immediately after such consolidation, transfer or merger, neither the Guarantor nor such successor corporation, if other than the Guarantor, shall be in default in the performance or observance of any duties, obligations or covenants under this Guaranty.

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SECTION 10.2. No remedy herein conferred upon or reserved to the Authority is intended to be exclusive of any other available remedy, all such remedies being cumulative and in addition to every other remedy given under this Guaranty or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default, omission or failure of performance under the Guaranty shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In the event any provision contained in this Guaranty should be breached by the Guarantor and thereafter duly waived by the Authority, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach under this Guaranty. No waiver, amendment, release or modification of this Guaranty shall be established by conduct, custom or course of dealing.

SECTION 10.3. The invalidity or unenforceability of any one or more provisions in this Guaranty shall not affect the validity or enforceability of the remaining portions of this Guaranty, or any part thereof.

SECTION 10.4. This Guaranty may be amended, to the extent and upon the same conditions as are provided herein and in the Trust Agreement with regard to the amendment of the Guaranty, by the parties hereto in writing.

SECTION 10.5. This Guaranty shall be governed by and construed in accordance with the laws of the Commonwealth. The Guarantor hereby submits to the jurisdiction of the local and federal courts in the Commonwealth for purposes of any action arising from or growing out of this Guaranty.

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IN WITNESS WHEREOF, the Guarantor has caused this Guaranty to be executed and delivered to the Authority in its name and behalf by its duly authorized officer as of the date first above written.

WAL-MART STORES, INC.

By: _____
Name:
Title:

ACCEPTED the _____ day of February, 1995.

PUERTO RICO INDUSTRIAL, TOURIST,
EDUCATIONAL, MEDICAL AND ENVIRONMENTAL
CONTROL FACILITIES FINANCING AUTHORITY

By: _____
Gregory Kaufman
Executive Director

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EXHIBIT "A"

GUARANTY DRAW REQUEST

DRAW AMOUNT: \$ _____

ENHANCEMENT AMOUNT

ON THE DATE HEREOF: \$ _____

BORROWER: PALMA REAL ASSOCIATES, S.E.
TRUSTEE: BANCO POPULAR DE PUERTO RICO
GUARANTOR: WAL-MART STORES, INC.
LENDER: PUERTO RICO INDUSTRIAL, TOURIST, EDUCATIONAL, MEDICAL AND ENVIRONMENTAL CONTROL FACILITIES FINANCING AUTHORITY
PROJECT: PLAZA PALMA REAL, Humacao, Puerto Rico

1. I, _____, the _____ of the Trustee, am duly authorized to make this Guaranty Draw Request on behalf of the Trustee.

2. I am familiar with the terms and conditions of the Guaranty issued by the Guarantor in favor of the Authority dated as of February __, 1995 and with the terms of the Trust Agreement and Related Documents executed in connection with the bonds issued by the Authority to finance the Project.

3. The Borrower is in default under the terms of the Loan Agreement and/or the Related Documents, as follows:

4. The Guaranty, and the obligations of the Guarantor thereunder, are on the date hereof outstanding and remain in full force and effect.

5. The amount drawn pursuant to this draw does not exceed the Enhancement Amount applicable on the date hereof.

6. As a result of such default, Trustee, as assignee of the Authority under the Guaranty, hereby makes a draw under the Guaranty for the Draw Amount first above stated.

BANCO POPULAR DE PUERTO RICO

By: _____
Name:
Title:

TRUST AGREEMENT

In the City of San Juan, Commonwealth of Puerto Rico, this _____
(____) day of February, Nineteen Hundred and Ninety-Five (1995).

BEFORE ME
JAVIER FERRER CANALS

Attorney-at-law and Notary Public in and for the Commonwealth of Puerto Rico,
with residence in San Juan, Puerto Rico and offices at One Six Seven (167) Ponce
de Leon Avenue, Hato Rey, Puerto Rico.

OF THE FIRST PART: PUERTO RICO INDUSTRIAL, TOURIST, EDUCATIONAL, MEDICAL AND
ENVIRONMENTAL CONTROL FACILITIES FINANCING AUTHORITY (hereinafter referred to as
the "Authority"), a public corporation and a governmental instrumentality of the
Commonwealth of Puerto Rico, Internal Revenue Service Employer Identification
Number 66-0426994, herein represented by its Executive Director, GREGORY
KAUFMAN, Social Security Number ###-##-####, who is of legal age, single, an
attorney and a resident of San Juan, Puerto Rico, whose authority to execute
this Deed, he agrees to show whenever and wherever properly required to do so.

OF THE SECOND PART: BANCO POPULAR DE PUERTO RICO, a bank organized and
existing under the laws of the Commonwealth of Puerto Rico, having its principal
corporate trust office in Hato Rey, Puerto Rico, which is authorized under laws
of the Commonwealth of Puerto Rico to exercise corporate trust powers (said bank
and any other bank or trust company becoming successor trustee under this
Agreement being hereinafter sometimes called the "Trustee"), Internal Revenue
Service Employer Identification Number 66-0175278, and represented

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herein by its Senior Vice President, Luis R. Cintron, Social Security Number
###-##-####, of legal age, married, a banker and a resident of Guaynabo, Puerto
Rico, who has been duly authorized to appear herein on behalf of the Trustee and
whose authority to execute this Deed, he agrees to show whenever and wherever
properly required to do so.

I, the Notary, do hereby certify that I am personally acquainted with the
appearing parties, and by their statements, I further certify as to their age,
civil status, occupation and residence. They assure me of having and in my
judgment they do have, the necessary legal capacity to execute this instrument,
and wherefore, in consequence thereof, they freely:

STATE

FIRST: That by Act Number One Hundred Twenty-One (121) of the Legislature of
Puerto Rico, approved June twenty-seven (27), of Nineteen Hundred Seventy-Seven
(1977), as amended (the "Act"), the Authority was created a body corporate and
politic constituting a public corporation and governmental instrumentality of
the Commonwealth of Puerto Rico (the "Commonwealth").

SECOND: That the Authority is authorized under the Act to borrow money and
issue bonds therefor for the purpose of providing funds to pay all or any part
of the cost of constructing improvements, additions, extensions or enlargements
of any industrial, tourist, educational, medical or environmental control
facilities, the principal of and the premium, if any, and the interest on which
bonds shall be payable solely from the funds provided by the obligor under the
financing agreement in respect of such facility.

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THIRD: PALMA REAL ASSOCIATES, S.E. (the "Borrower"), a partnership
organized and existing under the laws of the Commonwealth, has made a loan
application to the Authority to, among other things, to provide funds for (i)
the acquisition, construction, development, equipping, installation and
improvement of a certain shopping center, to be located in Humacao, Puerto Rico,
to be known as Plaza Palma Real (the "Shopping Center"), (ii) the deposit of the
Reserve Fund Amount in the Reserve Fund (both as hereinafter defined), and (iii)
the payment of other costs, expenses and fees incurred in connection with the
issuance of the Bonds.

FOURTH: The Authority has entered into a Loan Agreement, dated as of the Date
of Issuance (as hereinafter defined), with the Borrower (the "Loan Agreement"),
providing for the financing of the Project; the issuance of bonds of the
Authority to pay all or part of the Cost (as hereinafter defined) of the
Project, and the obligation of the Borrower to pay, or cause to be paid, to the
Authority amounts sufficient to pay the principal of and the redemption premium,
if any, and the interest on such Bonds.

FIFTH: The Authority is entering into this Agreement for the purpose of

issuing FORTY THREE MILLION FOUR HUNDRED AND FIFTY THOUSAND DOLLARS (\$43,450,000) aggregate principal amount of its Industrial Revenue Bonds, Nineteen Hundred Ninety-Five (1995) Series A (Plaza Palma Real Project) (the "Bonds"), dated the Date of Issuance, and securing the payment thereof by assigning certain of its interests in the Loan Agreement, including its rights to a portion of the payments thereunder; and

SIXTH: In order to secure the Borrower's

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obligations under the Loan Agreement, the Guarantor (as hereinafter defined) has entered into a certain Guaranty Agreement (as hereinafter defined) dated the Date of Issuance by and between the Guarantor and the Authority pursuant to which the Guarantor will guaranty the payment of the principal of and interest on the Bonds in accordance with their terms up to the Enhancement Amount (as hereinafter defined).

SEVENTH: In order to secure its obligations under the Loan Agreement, the Borrower under the terms of a Pledge Agreement dated the Date of Issuance, by and between the Borrower and the Authority (the "Pledge Agreement"), will pledge the Mortgage Note (as hereinafter defined) which is secured by the Mortgage (as hereinafter defined) on certain real properties of the Borrower where the Shopping Center is to be located. To secure the payment of the Bonds, the Authority proposes to assign its rights under the Pledge Agreement to the Trustee for the benefit of the Bondholders.

EIGHTH: That in order to further secure its obligations under the Loan Agreement, the Borrower, under the terms of a Collateral Assignment of Lessor's Interest in Leases dated the Date of Issuance (the "Collateral Assignment") by and between the Borrower and the Authority, will assign its rights in certain Leases in connection with its ownership of the Shopping Center to the Authority. To further secure the payment of the Bonds, the Authority proposes to assign its rights under the Collateral Assignment to the Trustee for the benefit of the Bondholders.

NINTH: The Authority has determined that the Bonds to be issued hereunder and the certificate of

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authentication to be endorsed thereon by the Trustee shall be, respectively, substantially in the form attached hereto as Exhibit A, with such variations, omissions and insertions as are required or permitted by this Agreement.

TENTH: The execution and delivery of this Agreement, the Loan Agreement, the Guaranty Agreement, the Pledge Agreement, the Collateral Assignment, and the Mortgage, have been duly authorized by a resolution of the Authority; and

ELEVENTH: All acts, conditions and things required by the Puerto Rico Federal Relations Act, by the Constitution and laws of the Commonwealth and the rules and regulations of the Authority to happen, exist and be performed precedent to and in the execution and delivery of this Agreement and the Loan Agreement have happened, exist and have been performed as so required in order to make this Agreement a legal, valid and binding trust agreement for the security of the Bonds in accordance with its terms and in order to make the Loan Agreement a legal, valid and binding loan agreement in accordance with its terms; and

TWELFTH: The Trustee has accepted the trusts created by this Agreement and in evidence thereof has joined in the execution hereof; now, therefore,

WITNESSETH

That in consideration of the premises, of the acceptance by the Trustee of the trusts hereby created, and of the purchase and acceptance of the Bonds by the holders thereof, and for the purpose of fixing and declaring the terms and conditions upon which the Bonds are to be issued, executed, authenticated, delivered, secured and accepted by all persons who shall from time to time be or become

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holders thereof, and in order to secure the payments of the principal of all the Bonds at any time issued and Outstanding and the premium, if any, and the interest thereon according to their tenor, purport and effect, and in order to secure the performance and observance of all the covenants, agreements and conditions therein and herein contained, the Authority has executed and does hereby assign to the Trustee the Authority's rights, title and interest in and to the Loan Agreement, the Pledge Agreement, the Mortgage Note, the Mortgage, and the Collateral Assignment (except for its rights under Sections 4.05, 4.06, 5.08 and 7.04 of the Loan Agreement to payment of certain costs and expenses and to indemnification, and to individual and corporate rights to exemption from liability under Sections 5.06, 10.14 and 10.15 of the Loan Agreement), as security for the payment of the Bonds and the premium, if any, and the interest thereon, and as security for the satisfaction of any other obligation assumed by

the Authority in connection with such Bonds, and it is so mutually agreed and covenanted by and between the parties hereto, for the equal and proportionate benefit and security of all and singular the present and future holders of the Bonds issued under this Agreement without preference, priority or distinction as to lien or otherwise, except as otherwise hereinafter provided, of any one Bond over any other Bond, by reason of priority in the issue, sale or negotiation thereof or otherwise;

TO HAVE AND TO HOLD the trust estate forever subject, however, to the rights of the Borrower under the Loan Agreement, the Mortgage, the Mortgage Note, the Collateral Assignment and the Pledge

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Agreement to the exceptions, reservations and matters therein and herein recited but in TRUST, nevertheless, for the equal and proportionate benefit and security of the owners from time to time of the Bonds authenticated and delivered hereunder and issued by the Authority and Outstanding, without preference, priority or distinction as to lien or otherwise, except as otherwise hereinafter provided, of any one Bond over any other Bond, by reason of priority in the issue, sale or negotiation thereof or otherwise.

PROVIDED, HOWEVER, that if, after the rights, title and interest of the Trustee in and to the estate pledged and assigned to it under this Agreement shall have ceased, terminated and become void in accordance with Article XIII hereof, the principal of and interest on all of the Bonds shall have been paid to the Bondholders, or shall have been paid to the Borrower pursuant to Section 505 hereof, then this Agreement and all covenants, agreements and other obligations of the Authority, hereunder shall cease, terminate and become void, and thereupon the Trustee shall cancel and discharge this Agreement and execute and deliver to the Authority and the Borrower such instruments in writing as shall be required to evidence the discharge hereof; otherwise this Agreement is to be and remain in full force and effect.

THIS DEED OF TRUST FURTHER WITNESSETH

And it is expressly declared, that all Bonds issued and secured hereunder are to be issued, authenticated and delivered and the payments under the Loan Agreement and other revenues and funds hereby pledged are to be dealt with and disposed of under, upon and subject to the terms, conditions,

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stipulations, covenants, agreements, trusts, uses and purposes as hereinafter expressed, and the Authority has agreed and covenanted, and does hereby agree and covenant, with the Trustee and with the owners, from time to time, of the Bonds, or any portion thereof, as follows, that is to say:

AGREEMENT
ARTICLE I
Definitions

Section 101. Definitions. In addition to words and terms elsewhere defined

in this Agreement, the following words and terms shall have the following meanings, unless the context requires otherwise:

"Act" shall mean Act No. 121 of the Legislature of the Commonwealth, approved June 27, 1977, as amended, and all future acts supplemental thereto or amendatory thereof.

"Act of Bankruptcy" when used with respect to any Person shall mean the filing of a petition of bankruptcy by or against such Person or any other commencement of a bankruptcy or similar proceeding under any applicable bankruptcy, insolvency, reorganization or similar law as now or hereafter in effect.

"Administrative Fee" shall mean the single fee payable to the Authority in the amount of one percent (1%) of the principal amount of the Bonds.

"Affiliate" shall mean, with respect to the Borrower, any Person directly or indirectly controlling, controlled by or under direct or indirect common control with, the Borrower and includes its subsidiaries. For the purposes of this definition, a Person shall be deemed to control another Person if such Person possesses, directly or indirectly, the power to direct or cause the

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direction of management and policies of such other Person, whether through the ownership of voting securities, by contract or otherwise.

"Agreement" means this Trust Agreement, dated the Date of Issuance, together with all agreements supplemental hereto as herein permitted.

"Appraisal" shall mean, at any time, and from time to time, the appraisal (or

update of a prior appraisal) of the Shopping Center carried out by the Appraiser, made within one (1) year of the date on which it is to be used pursuant to the provisions hereof, reflecting such Appraiser's valuation of the market value of the Shopping Center in accordance with the general practice for the appraisal of properties of the same nature, including customary qualifications, and taking into consideration any outstanding or contemplated financing.

"Appraised Value" shall mean, at any time, and from time to time, the then current appraised value of the Shopping Center as reflected in the most recent Appraisal.

"Appraiser" shall mean, as applicable, Robert F. McCloskey & Associates, Vallejo & Vallejo, or any other appraiser acceptable to the Authority and the Rating Agency (in the case of the Rating Agency only until the then current Enhancement Amount is less than or equal to twenty five percent (25%) of the then current Exposure Amount), who shall be a member of the Appraisal Institute (MAI), duly licensed in the Commonwealth.

"Authority" shall mean Puerto Rico Industrial, Tourist, Educational, Medical and Environmental Control Facilities Financing Authority, a body corporate and politic constituting a public corporation and governmental instrumentality of the

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Commonwealth and any successor thereto.

"Authority Representative" shall mean each of the persons at the time designated to act on behalf of the Authority in a written certificate furnished to the Borrower and the Trustee containing the specimen signature of each such person and signed on behalf of the Authority by an authorized officer thereof.

"Borrower Representative" shall mean each of the persons at the time designated to act on behalf of the Borrower by written certificate furnished to the Authority and the Trustee containing the specimen signature of such persons and signed on behalf of the Borrower by an authorized representative of the Borrower.

"Board" shall mean the board of directors of the Authority as constituted from time to time and defined by the Act, or if said Board shall be abolished, then the board, body or officer succeeding to the principal functions thereof or to whom the powers of the Authority shall be given by law.

"Bond Fund" shall mean the fund created by Section 501 of this Agreement.

"Bondholder" or "holder" shall mean the registered owner of any Bond issued under the provisions of Section 208 of this Agreement.

"Bonds" shall mean the bonds authorized to be issued under Section 208 of this Agreement.

"Borrower" shall mean Palma Real Associates, S.E., a partnership organized under the laws of the Commonwealth, and its successors and permitted assigns and any surviving, resulting or transferee corporation or other Person.

"Business Day" shall mean any day of the year other than a Saturday, Sunday, or other day on which

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banks in San Juan, Puerto Rico are authorized or required by law or executive order to close.

"Collateral" shall mean the funds which shall be on deposit at any time or from time to time in the Collateral Fund, in an amount at least equal to the then current Enhancement Amount.

"Casualty and Condemnation Award Fund" shall mean the fund created by Section 512 of this Agreement.

"Code" shall mean the United States Internal Revenue Code of 1986, and the rules and regulations thereunder, as the same may be amended or supplemented from time to time.

"Collateral Assignment" shall mean the Collateral Assignment of Lessor's Interest in Leases dated the Date of Issuance between the Borrower and the Authority providing for the assignment as collateral of all Leases.

"Collateral Documents" shall mean all or any portion of the following, as the context indicates: (i) the Mortgage; (ii) the Mortgage Note; (iii) the Collateral Assignment; and (iv) the Pledge Agreement.

"Collateral Fund" shall mean the fund created by Section 515 of this Agreement.

"Commonwealth" shall mean the Commonwealth of Puerto Rico.

"Completion Date" shall have the meaning ascribed such term in Section 3.06 of the Loan Agreement.

"Cost" as applied to the Project, without intending thereby to limit or restrict any proper definition of such word under the Act, shall have the meaning set forth in Section 403 of this Agreement.

"Credit Enhancement" shall mean the Guaranty Agreement or the Letter of Credit, as applicable, so

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long as credit enhancement shall be required pursuant to the provisions of Section 4.01(e) and Section 4.01(f) of the Loan Agreement.

"Date of Issuance" shall mean February __, nineteen hundred ninety five (1995).

"Debt Service Factor" shall equal 9.34

"Defaulted Interest" shall mean the meaning specified in Section 203 hereof.

"Depositor" shall mean the Borrower, the Guarantor, the Letter of Credit Bank or any other Person who deposits the Cash Collateral in the Collateral Fund.

"Depository" shall mean any Bank authorized to receive funds of the Commonwealth.

"Determination Date" shall mean the sixtieth (60th) day immediately preceding each Principal Payment Date, commencing with the Principal Payment Date occurring on January first (1st), nineteen hundred ninety six (1996).

"Enhancement Amount" shall mean the amount which shall be available from time to time for the Payment of the Bonds under the Credit Enhancement or in Cash Collateral, which amount shall on the Date of Issuance equal \$43,473,608.75, representing the principal of and two hundred ten (210) days interest on the Bonds at 8.1%, less the Reserve Fund Amount, which amount shall be reduced on each Principal Payment Date to the principal amount of the Bonds then outstanding and two hundred ten (210) days simple interest thereon at 8.1%, less the Reserve Fund Amount, as such amount may be further reduced from time to time, initially upon Enhancement Amount Reduction Determination(s) and thereafter upon permitted Enhancement Amount Reduction Certifications or other Enhancement Amount Reduction

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Determinations.

"Enhancement Amount Reduction Certification" shall mean, for such period as the then current Enhancement Amount shall be less than or equal to twenty five percent (25%) of the then current Exposure Amount, the reduction(s) in the Enhancement Amount, if any, resulting from a certification by the Independent Accountant, given in writing to the Trustee, providing: (i) the then current Lower Net Operating Income; (ii) the then current Unenhanced Amount; (iii) the difference between the then current Exposure Amount and the then current Unenhanced Amount; and (iv) to the extent the amount in (iii) shall be positive, a certification that such amount plus two hundred ten (210) days' interest thereon at ___% is the new Enhancement Amount. The foregoing certification may contain customary qualifications for opinion letters by accountants.

"Enhancement Amount Reduction Determination" shall mean the determination made at any time by the Rating Agency given in writing to the Trustee providing: (i) that the Enhancement Amount may be reduced or eliminated; (ii) for the new Enhancement Amount, if any; (iii) that the Bonds will continue to be rated not lower than "A" after the reduction in the Enhancement Amount contemplated under (i) above; and (iv) to the extent that the Enhancement Amount shall be reduced to an amount less than or equal to twenty-five percent (25%) of the then current Exposure Amount, for the establishment of the Maximum Loan to Value Ratio and the Minimum Debt Service Coverage Ratio.

"Event of Default" shall mean those events set forth in Section 7.01 of the Loan Agreement.

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"Event of Taxability" shall have the meaning ascribed to such term in Section 5.10 of the Loan Agreement.

"Executive Director" shall mean the Executive Director, the Assistant Executive Director or the Acting Executive Director of the Authority, or if

there is no Executive Director, Assistant Executive Director or Acting Executive Director, then any person designated by the Board or authorized by the by-laws of the Authority to perform the functions of the Executive Director.

"Exposure Amount" shall mean, at any time, the difference, if any, between the principal amount of and accrued but unpaid interest on the Bonds at such time Outstanding and the aggregate amount of funds deposited under the Trust Agreement which are available for the payment of principal and interest on the Bonds (including capitalized interest in the Project Fund, and any amounts therein after the Completion Date, Mandatory Project Termination Date or after notice by the Borrower that the Project will not be completed) without taking into account moneys, if any, in the Collateral Fund.

"Government Obligations" shall mean: (i) direct obligations of, or obligations the principal of and the interest on which are unconditionally guaranteed by, the United States of America; and (ii) any certificates or other evidences of an ownership interest in obligations or in specified portions thereof (which may consist of specified portions of the principal thereof or the interest thereon) of the character described in clause (i); provided that such certificates or other evidences of an ownership interest referred to in clause (ii) are rated within the highest rating category issued by a nationally

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recognized statistical rating agency.

"Guarantor" shall mean the Initial Guarantor and any Successor Guarantor, and any successor or assign thereof.

"Guaranty Agreement" shall mean the Initial Guaranty Agreement and any Successor Guaranty Agreement, as the case may be.

"Highest Lawful Rate" shall mean the maximum rate of interest permitted from day to day by applicable law.

"Independent Accountant" shall mean Kevane, Peterson, Soto and Pasarell or any firm of certified public accountants of recognized standing in the Commonwealth, which may also be the firm which audits the books of the Borrower, which is independent with respect to the Borrower within the meaning of the Code of Professional Ethics of the American Institute of Certified Public Accountants.

"Industrial Facilities" shall have the meaning given to such term by Section 3 of the Act.

"Initial Guarantor" shall mean Wal-Mart Stores, Inc., a corporation organized under the laws of the State of Delaware, and any successors or assigns.

"Initial Guaranty Agreement" shall mean that certain Guaranty, dated the Date of Issuance, between the Authority and the Guarantor providing for the Guarantor's guaranty of the Bonds up to the Enhancement Amount.

"Initial Letter of Credit" shall mean the irrevocable, transferable, stand-by Initial Letter of Credit issued by the Initial Letter of Credit Bank in a form reasonably acceptable to the Trustee, for a minimum term of one (1) year and a maximum term of two (2) years, in an amount sufficient to cover the then current Enhancement Amount.

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"Initial Letter of Credit Bank" shall mean a banking association, bank or trust company or branch or agency thereof that meets the Rating Requirement and issues the Initial Letter of Credit.

"Interest Payment Dates" shall mean the first (1st) of each month commencing March first (1st), nineteen ninety five (1995).

"Investment Agreement" means an agreement providing for the investment of funds held under this Agreement, whether in the form of an interest bearing time account, repurchase agreement or any similar arrangement, entered into between the Trustee and a financial institution, located in the Commonwealth.

"Investment Obligations" shall mean Government Obligations and any of the following investments or securities which are rated within the highest credit rating (without regard to any gradations within such categories by numerical qualifier or otherwise) issued by a Rating Agency, or such lower rating which is acceptable to the Rating Agency in its sole discretion, which acceptability shall be so confirmed in writing by the Rating Agency to the Trustee), issued by any nationally recognized statistical rating service and which have maturities of not more than one (1) year: (i) bonds, debentures or notes issued by any of the following: Banks for Cooperatives, Federal Intermediate Credit Banks, Federal Home Loan Banks, Export-Import Bank of the United States, Government National Mortgage Association, Federal Land Banks, or the Federal National Mortgage Association (including participation certificates issued by such Association), (ii) obligations of the Commonwealth or any of its

subdivisions, (iii) all other obligations issued or unconditionally guaranteed as to principal and interest by an agency or Person controlled or supervised by and acting as an instrumentality of the United States of America pursuant to authority granted by the Congress of the United States of America, (iv) time deposits, certificates of deposit or similar arrangements with the Trustee or any bank organized under the laws of the United States of America, any state thereof or the Commonwealth having reported capital and surplus of not less than FIFTY MILLION DOLLARS (\$50,000,000) and reported deposits of not less than TWO HUNDRED FIFTY MILLION DOLLARS (\$250,000,000) and which has been designated by the Secretary of the Treasury of the Commonwealth as a Depository for public funds, fully secured in the manner provided in Section 601 hereof, (v) bankers' acceptances (other than by the Borrower and its subsidiaries or affiliates) drawn on and accepted by any commercial bank (including the Trustee) organized under the laws of the United States of America or any state thereof or the Commonwealth which is a member of the Federal Deposit Insurance Corporation having reported capital and surplus of not less than FIFTY MILLION DOLLARS (\$50,000,000) and reported deposits of not less than TWO HUNDRED FIFTY MILLION DOLLARS (\$250,000,000), (vi) repurchase agreements (including repurchase agreements with the Trustee) with primary dealers or subsidiaries thereof with respect to Government Obligations or any of the investments or securities referred to in subsections (i), (ii), (iii), (iv) and (v) above, (vii) commercial paper of any corporation, other than the Borrower and its subsidiaries or affiliates and

(viii) bonds, debentures, notes and other obligations of any corporation, other than the Borrower and its subsidiaries or affiliates and (ix) an Investment Agreement.

"ITA" shall mean the Puerto Rico Income Tax Act of 1954, as amended.

"Leases" shall mean all leases between the Borrower, as lessor, and the respective lessees, for lease of commercial space in the Shopping Center, as set forth in Exhibit A to the Collateral Assignment, and any leases which the Borrower may enter into in the future pertaining to the Shopping Center .

"Letter of Credit" shall mean the Initial Letter of Credit or any Successor Letter of Credit, as the case may be.

"Letter of Credit Bank" shall mean the Initial Letter of Credit Bank during the term of the Initial Letter of Credit and thereafter shall mean the issuer of any Successor Letter of Credit during the term of such Successor Letter of Credit.

"Loan Agreement" shall mean the Loan Agreement, dated the Date of Issuance, by and between the Authority and the Borrower, together with any amendments or supplements thereto as herein permitted.

"Lower Net Operating Income" shall mean in connection with an Enhancement Amount Reduction Certification, the lowest Net Operating Income for either of the two (2) twelve (12) month periods comprised within any twenty-four (24) month period preceding the date of such request, determined within one hundred eighty (180) days of the date presented for use hereunder, all such amounts as audited by the Independent Accountant.

"Mandatory Project Termination Date" shall have

the meaning ascribed such term in Section 3.06 of the Loan Agreement.

"Maximum Loan to Value Ratio" shall mean the loan to value ratio established by the Rating Agency on or after the time the then current Enhancement Amount is reduced to an amount less than or equal to twenty-five percent (25%) of the then current Exposure Amount pursuant to an Enhancement Amount Reduction Determination, or any such higher ratio as the Rating Agency may, in its sole discretion, deem appropriate, at any time thereafter, and confirmed in writing to the Trustee.

"Minimum Debt Service Coverage Ratio" shall mean the debt service coverage ratio established by the Rating Agency on or after the time the then current Enhancement Amount is reduced to an amount less than or equal to twenty-five percent (25%) of the then current Exposure Amount pursuant to an Enhancement Amount Reduction Determination, or such lower ratio as the Rating Agency may, in its sole discretion, deem appropriate, at any time thereafter, and confirmed in writing to the Trustee.

"Mortgage" shall mean the mortgage on the Mortgaged Property as more fully described therein, from the Borrower, as mortgagor, to the Authority as mortgagee, constituted by Deed Number ___ executed before Notary Public Javier

Ferrer Canals on the Date of Issuance.

"Mortgage Note" shall mean the mortgage note secured by the Mortgage to be given by the Borrower in pledge to the Authority.

"Mortgaged Property" shall mean all the mortgaged properties as defined or described in the Mortgage.

"Net Condemnation Proceeds" shall have the meaning ascribed such term in Section 9.02(d) of the

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Loan Agreement.

"Net Insurance Proceeds" shall have the meaning ascribed such term in Section 9.02 of the Loan Agreement.

"Net Operating Income" shall mean, for any twelve (12) month period, after commencement of operations at the Shopping Center, the gross revenues of the Shopping Center (including interest on the monies in the Reserve Fund) for such period less the operating expenses of the Shopping Center (including the Trustee's fees, management fees, leasing commissions and the cost of tenant improvements (such leasing commissions and tenant improvement costs being amortized in accordance with generally accepted accounting principles consistently applied), reserves and any other expenses incurred in the operation of the Shopping Center) for such period (before debt service on the Bonds and any other Indebtedness for such period, and excluding depreciation, amortization and other similar non-cash items for such period), all such amounts as audited by an Independent Accountant.

"Official Statement" shall mean the Official Statement dated February __, 1995, relating to the offer and sale of the Bonds.

"Outstanding" when used with reference to the Bonds, shall mean, as of a particular date, all Bonds therefore issued and authenticated under this Agreement except:

- (a) Bonds paid or delivered to the Trustee for cancellation;
- (b) Bonds deemed to have been paid in accordance with Article XIII of this Agreement;
- (c) Bonds in exchange for or in lieu of which other bonds have been authenticated and delivered

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pursuant to this Agreement.

"Payment Date" shall mean each of the Interest Payment Dates, each of the Principal Payment Dates, and each of the dates the principal of any Bond, and premium, if any, becomes due and payable whether at maturity, redemption, acceleration or otherwise.

"Payment of the Bonds" shall mean payment of the principal of, interest and premium, if any, on all the Bonds in accordance with their terms, whether through payment at maturity or redemption or provision for such payment in such a manner that the Bonds shall be deemed to have been paid under Section 1301 of this Agreement.

"Permitted Letter of Credit Deposit" shall mean the deposit of the entire amount available under the Letter of Credit into the Collateral Fund through a final drawing made by the Trustee prior to the expiration thereof as required by Section 4.09(d) of the Loan Agreement.

"Person" shall mean any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

"Plans and Specifications" shall mean the final construction plans and specifications for the Shopping Center, as the same may be revised from time to time, prior to the completion of the Shopping Center in accordance with this Agreement.

"Pledge Agreement" shall mean that certain Pledge Agreement relating to the Mortgage Note, dated the Date of Issuance, between the Authority, as pledgee, and the Borrower, as pledgor.

"Principal Payment Dates" shall mean January first (1st) and July first (1st) of each year,

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commencing January first (1st), Nineteen Hundred Ninety Six (1996).

"Project" shall mean: (i) the acquisition, construction, development, equipping, installation and improvement of the Shopping Center; (ii) the deposit of the Reserve Fund Amount in the Reserve Fund; and (iii) the payment of other costs, expenses and fees incurred in connection with the issuance of the Bonds.

"Project Fund" shall mean the fund created by Section 401 of this Agreement.

"Rating Agency" shall mean Duff & Phelps Credit Rating Co. and its successors in interest and any resulting, surviving or transferee entity or any other nationally recognized securities rating service.

"Rating Requirement" shall mean in connection with the issuance of a Letter of Credit or a Successor Guaranty Agreement, as applicable, the requirement that the issuer of such instrument be an entity whose long term debt obligations are rated in one of the three (3) highest rating categories (without regard to any gradations within any such category by numerical qualifier or otherwise) by the Rating Agency, at the time of delivery of such Letter of Credit or Successor Guaranty Agreement.

"Regular Record Date" shall mean the fifteenth (15th) of each month immediately preceding a Payment Date.

"Related Document" shall mean, individually or collectively as the case may be, any or all of the Bonds, the Trust Agreement, the Mortgage, the Mortgage Note, the Collateral Assignment, the Pledge Agreement and the Bond Purchase Agreement.

"Reserve Fund" shall mean the Industrial Revenue

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Bonds, Nineteen Hundred Ninety-Five (1995) Series A (Plaza Palma Real Project) Reserve Fund, a special fund created and designated by the provisions of Section 509 of this Agreement.

"Reserve Fund Amount" shall have the meaning set forth in Section 4.01(b) (ii) of the Loan Agreement.

"Secretary" shall mean the Secretary or any Assistant Secretary of the Authority, or if there is no secretary or assistant secretary, then any person designated by the Board or authorized by the by-laws of the Authority to perform the functions of the Secretary.

"Shopping Center" shall mean the commercial shopping center, parking areas and tangible properties to be owned and operated by the Borrower, to be known as "Plaza Palma Real" on the Mortgaged Property located in Humacao, Puerto Rico and includes any substitutions therefor or additions thereto or deletions therefrom.

"Special Record Date" shall mean a date fixed by the Trustee for the payment of Defaulted Interest pursuant to Section 203 hereof.

"Successor Guarantor" shall mean an entity that meets the Rating Requirement and issues the Successor Guaranty Agreement.

"Successor Guaranty Agreement" shall mean the irrevocable, transferable, continuous guarantee, reasonably acceptable in form and substance to the Trustee substantially similar to the Initial Guaranty Agreement, in an amount sufficient to cover the then current Enhancement Amount.

"Successor Letter of Credit" shall mean the irrevocable, transferable, stand by letter of credit, reasonably acceptable in form to the Trustee, substantially similar to the Initial Letter

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of Credit, for a minimum term of one (1) year and a maximum term of two (2) years in an amount sufficient to cover the then current Enhancement Amount.

"Successor Letter of Credit Bank" shall mean the issuer of the Successor Letter of Credit that meets the Rating Requirement.

"Title Insurance" shall have the meaning ascribed such term in Section 3.07(n) of the Loan Agreement.

"Total Casualty" shall have the meaning ascribed such term in Section 9.02(a) of the Loan Agreement.

"Total Taking" shall have the meaning ascribed such term in Section 9.02(d) (i) of the Loan Agreement.

"Trustee" shall mean the bank or trust company at the time serving as Trustee under this Agreement.

"Trustee Fees" shall mean fees payable to the Trustee pursuant to this

Agreement.

"Underwriter" shall mean PaineWebber Incorporated of Puerto Rico.

"Unenhanced Amount" shall mean the lower of: (i) the product of the Appraised Value and the Maximum Loan to Value Ratio; and (ii) the amount derived by dividing (x) the quotient resulting from dividing the Lower Net Operating Income by the Debt Service Factor, by (y) the Minimum Debt Service Coverage Ratio.

Section 102. Miscellaneous. Words of the masculine gender shall be deemed

and construed to include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, "Bond", "Bondholder", "owner", and "person" shall include the plural as well as the singular number.

ARTICLE TWO (2)

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Form, Execution, Authentication, Delivery
and Exchange of Bonds

Section 201. Limitation on Issuance of Bonds. No Bonds may be issued under

the provisions of this Agreement except in accordance with the provisions of this Article.

Section 202. Form of Bonds. The definitive Bonds, are issuable as fully

registered Bonds without coupons. The Bonds shall be issuable in denominations of FIVE THOUSAND DOLLARS (\$5,000) and any multiple thereof. The definitive Bonds and the certificates of authentication to be endorsed by the Trustee shall be substantially in the form attached hereto as Exhibit A with such appropriate variations, omissions and insertions as are permitted or required by this Agreement. All Bonds may have endorsed thereon such legends or text as may be necessary or appropriate to conform to any applicable rules and regulations of any governmental authority or of any securities exchange on which the Bonds may be listed or traded or any usage or requirement of law with respect thereto or as may be authorized by the Authority and approved by the Trustee.

Section 203. Details of Bonds. The Bonds shall be dated, shall bear

interest until their payment and shall be stated to mature (subject to the right of prior redemption), all as hereinafter provided.

Each Bond shall bear interest from the Interest Payment Date next preceding the date on which it is authenticated, unless authenticated on an Interest Payment Date, in which case it shall bear interest from such Interest Payment Date, or, unless authenticated prior to the first Interest Payment Date, in which case it shall bear interest from the Date of Issuance; provided, however, that if at the

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time of authentication of any Bond interest is in default, such Bond shall bear interest from the date to which interest shall have been paid.

Interest on the Bonds shall be computed on the basis of a three hundred sixty (360) day year of twelve (12) thirty (30) day months. The Bonds shall be signed by, or bear the facsimile signature of, the Executive Director and shall be signed by, or bear the facsimile signature of, the Secretary, and a facsimile of the corporate seal of the Authority shall be imprinted on the Bonds.

In case any officer whose signature or a facsimile of whose signature shall appear on any Bond shall cease to be such officer before the delivery of such Bonds, such signature or such facsimile shall nevertheless be valid and sufficient for all purposes the same as if he had remained in office until such delivery. Any Bond may bear the facsimile signature of or may be signed by such persons as at the actual time of the execution of such Bond shall be the proper officers to sign such Bond although at the date of such Bond such persons may not have been such officers.

The principal of and the premium, if any, and the interest on the Bonds shall be payable in any coin or currency of the United States of America which on the respective dates of payment thereof is legal tender for the payment of public and private debts. The principal of all Bonds and any premium, if any, thereon shall be payable only to the registered owner or his legal representative at the corporate trust office of the Trustee, and payment of the interest on each Bond which is payable and is punctually paid or duly provided for shall be made by the Trustee on each Interest Payment Date to the

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Person in whose name such Bond is registered at the close of business on the Regular Record Date, by check mailed to such registered owner at its address as

it appears on such registration books kept by the Trustee or at the request of a holder who initially purchases or subsequently acquires at least One Million Dollars (\$1,000,000) aggregate principal amount of Bonds, by wire transfer to the bank account of such holder, provided he files his bank account number with the Trustee for such purposes at least five (5) Business Days prior to the first Interest Payment Date for which such wire transfer is to be made. In the event that any payment cannot be made by operation of the preceding sentence (including checks mailed and returned undelivered) the funds therefor shall be held in accordance with Section 505 and will be paid to the Bondholder only upon presentation of such Bond to the Trustee, the Authority or the Borrower, whichever is then holding the funds therefor. Except as provided in Section 209 or Section 210 of this Agreement, payment of the principal and premium, if any, of the Bonds shall be made upon the presentation and surrender of such Bonds as the same shall become due and payable.

Any interest on any Bond which is payable but is not punctually paid or duly provided for within five (5) days after the same shall become due and payable on any Interest Payment Date for such Bond (herein called "Defaulted Interest"), shall forthwith cease to be payable to the holder on the relevant Regular Record Date by virtue of his having been such holder; and such Defaulted Interest may be paid by the Authority, at its election in each case, as provided in clauses One (1) or Two (2) below:

One: The Authority may elect to make payment of

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any Defaulted Interest to the Persons in whose names the Bonds are registered at the close of business on a Special Record Date for the payment of such Defaulted Interest, which shall be fixed in the following manner. The Authority shall notify the Trustee in writing of the amount of Defaulted Interest proposed to be paid on each such Bond and the date of the proposed payment, and at the same time the Authority shall deposit with the Trustee an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the Persons entitled to such Defaulted Interest as in this clause provided. Thereupon the Trustee shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than fifteen (15) days and not less than ten (10) days prior to the date of the proposed payment and not less than ten (10) days after the receipt by the Trustee of the notice of the proposed payment. The Trustee shall promptly notify the Authority and the Borrower of such Special Record Date and, in the name and at the expense of the Authority, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first-class postage prepaid, to each holder of such Bonds at his address as it appears in the registration books not less than ten (10) days prior to such Special Record Date. Notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor having been mailed as aforesaid, such Defaulted Interest shall

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be paid to the Persons in whose names such Bonds are registered at the close of business on such Special Record Date and shall no longer be payable pursuant to the following clause Two.

Two: The Authority may make payment of any Defaulted Interest in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Bonds affected may be listed, and upon such notice as may be required by such exchange, if, after notice given by the Authority to the Trustee of the proposed payment pursuant to this clause, such payment shall be deemed practicable by the Trustee.

Subject to the foregoing provisions of this Section, each Bond delivered under this Agreement upon registration of transfer of or in exchange for or in lieu of any other Bond shall carry the rights to unpaid principal and interest accrued and unpaid, and to accrue, which were carried by such other Bond.

Section 204. Authentication of Bonds. Only such of the Bonds as shall have

endorsed thereon a certificate of authentication substantially in the form set forth in Exhibit A, duly executed by the Trustee, shall be entitled to any benefit or security under this Agreement. No Bond shall be valid or become obligatory for any purpose unless and until such certificate of authentication shall have been duly executed by the Trustee, and such certificate of the Trustee upon any such Bond shall be conclusive evidence that such Bond has been duly authenticated and delivered under this Agreement. The Trustee's certificate of authentication on any Bond shall be deemed to have been duly executed if signed by an authorized officer of the Trustee, but

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it shall not be necessary that the same officer sign the certificate of authentication on all of the Bonds that may be issued hereunder at any one

time.

Section 205. Exchange of Bonds. Bonds, upon surrender thereof at the

corporate trust office of the Trustee, together with an assignment duly executed by the owner or his attorney or legal representative in such form as shall be satisfactory to the Trustee, may, at the option of the owner thereof, be exchanged for an equal aggregate principal amount of Bonds, of the same maturity, of any denomination or denominations authorized by this Agreement and bearing interest at the same rate.

Section 206. Registration of Transfer of Bonds. The Trustee shall keep

books for the registration of transfers of Bonds as provided in this Agreement. The transfer of any Bond may be registered only upon the books kept for the registration of transfers of Bonds upon surrender thereof to the Trustee together with an assignment, duly executed by the registered owner or his attorney or legal representative in such form as shall be satisfactory to the Trustee. Upon any such registration of transfer the Authority shall execute and the Trustee shall authenticate and deliver in exchange for such Bond a new Bond or Bonds registered in the name of the transferee, of the same maturity, of any denomination or denominations authorized by this Agreement and bearing interest at the same rate.

In all cases in which Bonds shall be exchanged or the transfer of Bonds shall be registered hereunder, the Authority shall execute and the Trustee shall authenticate and deliver at the earliest practicable time Bonds in accordance with the provisions of this Agreement. All Bonds surrendered in any such

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exchange or registration of transfer shall forthwith be cancelled by the Trustee and shall not be entitled to any of the benefits hereunder. The Authority or the Trustee may charge a reasonable fee or service charge for every such exchange or registration of transfer of Bonds sufficient to reimburse it for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer. Neither the Authority nor the Trustee shall be required to make any such exchange or registration during the fifteen (15) days immediately preceding the date of first giving of notice of any redemption of Bonds or after such Bond or any portion thereof has been selected for redemption.

The Bonds have not been registered under the Securities Act of 1933, as amended (the "Securities Act"), or any state or Commonwealth securities law and may not be sold, transferred, pledged, hypothecated or otherwise disposed of, in whole or in part, unless the Bonds are registered under the Securities Act or the sale, transfer, pledge, hypothecation or other disposition is made pursuant to an exemption from registration thereunder or any applicable state or Commonwealth securities law.

During the period commencing on the Date of Issuance and terminating nine (9) months after the date of the last sale of the Bonds by the Underwriter, the Bonds can only be transferred to residents of the Commonwealth that comply with the conditions set forth in the next sentence pursuant to the provisions of the Securities Act, unless the Trustee, the Underwriter and the Borrower shall receive an opinion of counsel acceptable to each of them to the effect that subsequent resales and

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transfers of the Bonds can be made in transactions that are otherwise exempt from the registration requirements of the Securities Act without having to comply with the restrictions on transferability set forth in this Section. The Trustee, during such period, may not register any Bond in the name of any Person with respect to which there is not on file with the Trustee a letter of representation (the "Letter of Representation"), in the case of a corporation or other form of business organization or an individual that is acquiring Bonds for its own account, substantially in the form set forth in Exhibit B. A Letter of Representation will not be required by the Trustee to the extent that it receives an opinion of counsel acceptable to the Borrower, the Underwriter and the Trustee to the effect that such transfer will not require the registration of the Bonds under the Securities Act or result in a violation of the applicable provisions thereof, or any applicable State or Commonwealth securities laws.

Section 207. Ownership of Bonds; Transfer of Title. As to any Bond, the

Person in whose name the same shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of or on account of the principal of any such Bond, premium, if any, and the interest on any such Bond shall be made only to or upon the order of the registered owner thereof or his legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond including the premium, if any, and interest thereon to the extent of the sum or sums so paid.

Any owner of any Bond is hereby granted power to

transfer absolute title thereto by assignment thereof to a bona fide purchaser for value (present or antecedent) without notice of prior defenses or equities or claims of ownership enforceable against his assignor or any Person in the chain of title and before the maturity of such Bond. Every prior owner of any Bond shall be deemed to have waived and renounced all of his equities or rights therein in favor of every such bona fide purchaser, and every such bona fide purchaser shall acquire absolute title thereto and to all rights represented thereby.

Section 208. Authorization of Bonds.

(A) There shall be issued under and secured by this Agreement Bonds of the Authority in the aggregate principal amount of FORTY THREE MILLION FOUR HUNDRED AND FIFTY THOUSAND DOLLARS (\$43,450,000) for the purpose of providing funds for paying, with other available funds, the Cost of the Project. The Bonds shall be designated "Industrial Revenue Bonds 1995 Series A (Plaza Palma Real Project)", shall be dated as of the first (1st) day of January, Nineteen Hundred Ninety-Five (1995), shall be numbered from RA-1 upwards, shall bear interest at such rate or rates (not exceeding the Highest Lawful Rate) as may be provided by resolution of the Board adopted prior to the issuance of such Bonds as set forth below, and shall be stated to mature, subject to the right of prior redemption as hereinafter set forth, except as otherwise herein provided, on the first (1st) day of July in the following years and in the following amounts, respectively: principal amount of THREE MILLION FIVE HUNDRED TEN THOUSAND DOLLARS (\$3,510,000) ("2000 Term Bonds"); principal amount of THREE MILLION EIGHT HUNDRED EIGHTY-FIVE THOUSAND DOLLARS (\$3,885,000) ("2004 Term Bonds"); principal amount of SIX MILLION EIGHT HUNDRED EIGHTY-EIGHT THOUSAND Dollars (\$6,880,000) ("2009

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Term Bonds"); principal amount of TEN MILLION TWO HUNDRED AND FIVE THOUSAND Dollars (\$10,205,000) ("2014 Term Bonds"); and principal amount of EIGHTEEN MILLION NINE HUNDRED SEVENTY THOUSAND Dollars (\$18,970,000) ("2020 Term Bonds") (the 2000 Term Bonds, the 2004 Term Bonds, the 2009 Term Bonds, the 2014 Term Bonds and the 2020 Term Bonds shall be collectively referred to as the "Term Bonds").-----

The interest rate or rates, maturity dates and amounts shall be as provided in one or more resolutions of the Board authorizing the issuance thereof, which interest rate or rates and the maturity dates and amounts may be supplemented or changed by a certificate of the Executive Director or Assistant Executive Director of the Board executed on the Date of Issuance if provided for in said resolution or resolutions.

(B) The Bonds shall be executed substantially in the form and manner set forth in Exhibit A and shall be deposited with the Trustee for authentication, but before the Trustee shall authenticate and deliver the Bonds upon their initial issuance there shall be filed with the Trustee the following:

(a) a copy, certified by the Secretary, of a resolution or resolutions of the Board awarding such Bonds, specifying the interest rate or rates for the Bonds, directing the authentication and delivery of the Bonds to or upon the order of the purchasers mentioned therein upon payment of the purchase price therein set forth and the accrued interest, if any, on the Bonds;

- (b) the Loan Agreement duly executed;
- (c) the Pledge Agreement duly executed;
- (d) the Guaranty Agreement duly executed;
- (e) the Mortgage Note duly executed;

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- (f) the Mortgage duly executed;
- (g) the Collateral Assignment duly executed;

(h) an opinion of counsel to the Borrower to the effect that the execution and delivery of the Loan Agreement, Pledge Agreement, the Collateral Assignment, the Mortgage and the Mortgage Note have been duly authorized by the Borrower, and that the Loan Agreement, the Pledge Agreement, the Collateral Assignment, the Mortgage and the Mortgage Note are in the form so authorized and have been duly executed by the Borrower and that, assuming proper authorization and execution of the Loan Agreement, the Pledge Agreement, the Collateral Assignment, the Mortgage and the Mortgage Note by the Authority, the Loan Agreement, Pledge Agreement, the Collateral Assignment, the Mortgage and the Mortgage Note are valid, binding and enforceable upon the Borrower in accordance with its terms, except to the extent that the enforceability of the Loan Agreement, Pledge Agreement, the Collateral Assignment, the Mortgage, and the Mortgage Note may be limited by bankruptcy, insolvency or other laws affecting creditors' rights generally and subject to general principles of equity (regardless of whether said enforceability is considered in a proceeding in

equity or at law);

(i) an opinion of counsel, who may be counsel for the Authority, to the effect that (i) the Authority has the legal right and power to enter into this Agreement and the Related Documents to which it is a party and has duly authorized and validly executed and delivered this Agreement and the Related Documents to which it is a party and this Agreement and the Related Documents to which it is a party are all legally valid and binding upon the Authority and enforceable in accordance with

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their respective terms, except to the extent that the enforceability of this Agreement and the Related Documents to which it is a party may be limited by bankruptcy, insolvency or other laws affecting creditors' rights generally and subject to general principles of equity (regardless of whether said enforceability is considered in a proceeding in equity or at law), (ii) this Agreement creates a legally valid and effective pledge of the moneys, securities and funds held or set aside under this Agreement as security for the Bonds, subject to the application thereof to the purposes and on the conditions permitted by this Agreement, and that no filing or recording of any document is necessary in order to make such pledge effective or to continue it in effect (or specifying the place or places, if any, where such filing or recording is necessary and furnishing any officially authenticated certificates, or other documents, by which such filing or recording is evidenced), (iii) the issuance of the Bonds will not violate any provision of law or of the by-laws of the Authority or result in the breach of, or constitute a default under, any agreement, indenture or other instrument to which the Authority is a party or by which it may be bound, (iv) no authorization, consent or approval or withholding of objection of any governmental body or regulatory authority is requisite to the legal issue of the Bonds (unless such opinion shall show that no authorization, consent or approval or withholding of objection is requisite to the legal issue of the Bonds, it shall specify and furnish any officially authenticated certificates, or other documents, by which such authorization, consent or approval or withholding of objection is evidenced), (v) the

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Bonds are legally valid and binding direct obligations of the Authority enforceable in accordance with their terms and the terms of this Agreement and have been duly and validly authorized and issued in accordance with applicable law and this Agreement, and (vi) the conditions precedent to the delivery of the Bonds have been fulfilled, and covering such other matters as the Trustee may reasonably request;

(j) an opinion of Bond counsel to the effect that under the provisions of the Acts of Congress and the laws of the Commonwealth, the Bonds and the interest thereon are exempt from Commonwealth taxation; and

(k) an opinion of counsel to the Guarantor to the effect that (a) the execution and delivery of the Guaranty Agreement has been duly authorized by the Guarantor, and that the Guaranty Agreement is in the form so authorized and that assuming proper authorization and execution of the Guaranty Agreement by the Authority the Guaranty Agreement is valid, binding and enforceable upon the Guarantor in accordance with its terms, except to the extent that enforceability of the Guaranty Agreement may be limited by bankruptcy, insolvency or other laws affecting creditors' rights generally and subject to general principles of equity (regardless of whether said enforceability is considered in a proceeding in equity or at law) and (b) that a registration statement with respect to the Guaranty Agreement has been filed with the United States Securities Exchange Commission and become effective and with the Office of the Commissioner of Financial Institutions of the Commonwealth.

(l) such other opinions and certificates as the

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Trustee may reasonably request.

(C) When the documents mentioned in (B) above shall have been filed with the Trustee and when the Bonds shall have been executed and authenticated as required by this Agreement, the Trustee shall deliver the Bonds at one time to or upon the order of the Underwriter mentioned in the resolution(s) mentioned in clause (A) of this Section, but only upon payment to the Trustee of the purchase price of the Bonds and the accrued interest, if any.

(D) The Trustee shall deposit the proceeds of the Bonds as follows: (1) the Reserve Fund Amount to the credit of the Reserve Fund, (ii) an amount equal to the accrued interest on the Bonds, if any, shall be deposited to the credit of the Bond Fund; and (iii) the remainder to the credit of the Project Fund.

Section 209. Temporary Bonds. Until definitive Bonds are ready for

delivery, there may be executed, and upon request of the Authority, the Trustee shall authenticate and deliver, in lieu of definitive Bonds and subject to the

same limitations and conditions, temporary printed, typewritten, engraved or lithographed Bonds, in the form of fully registered Bonds without coupons in such denominations, or in the form of a single fully registered Bond without coupons in a denomination equal to the aggregate principal amount of such definitive Bonds, with payment record attached for the notation of payments of interest, without presentation and surrender of such registered Bond, as the Authority by resolution may provide, substantially of the tenor hereinabove set forth and with such appropriate omissions, insertions and variations as may be required.

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If temporary Bonds shall be issued, the Authority shall cause the definitive Bonds to be prepared and to be executed and delivered to the Trustee, and the Trustee, upon presentation to it at its corporate trust office, of any temporary Bond, if any, shall cancel the same and authenticate and deliver in exchange therefor at the place designated by the holder, without charge to the holder thereof, a definitive Bond or Bonds of an equal aggregate principal amount as the temporary Bonds surrendered. Until so exchanged, the temporary Bonds shall in all respects be entitled to the same benefit and security of this Agreement as the corresponding definitive Bonds to be issued and authenticated hereunder. No charge of any kind shall be made against the holder upon an exchange of a temporary Bond for a definitive Bond.

Section 210. Mutilated, Destroyed or Lost Bonds. A mutilated Bond may be

surrendered and thereupon the Authority shall execute and the Trustee shall authenticate and deliver in exchange therefor a new Bond of like tenor and principal amount to the surrendered Bond.

If there be delivered to the Authority, the Borrower, and the Trustee;

- (i) proof of the ownership of such Bond,
- (ii) evidence to their satisfaction of the destruction or loss of such Bond, and
- (iii) such security or indemnity as may be required by them to save each of them harmless, then, in the absence of notice to the Authority or the Trustee that such Bond has been acquired by a bona fide purchaser, the Authority shall execute and upon its request the Trustee shall authenticate and deliver in lieu of any such destroyed or lost Bond,

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a new Bond of like tenor and principal amount.

In case any such mutilated, destroyed or lost Bond has become or is about to become due and payable, the Authority, at its discretion, instead of issuing a new Bond, may pay principal, premium, if any, plus accrued interest on such Bond on the stated maturity date.

Upon the issuance of any new Bond under this Section, the Authority may require the payment from the Bondholder of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Trustee) connected therewith.

ARTICLE III Redemption of Bonds

Section 301. Redemption of Bonds. The Bonds issued under the provisions of

this Agreement shall not be subject to redemption prior to their stated maturity except as provided in this Article III.

(a) In the event the Borrower shall have become obligated to prepay the entire amount payable under Section 4.01 of the Loan Agreement in accordance with Subsection (a) of Section 8.02 of the Loan Agreement, the Bonds shall be called for redemption in whole, at a redemption price equal to one hundred percent (100%) of the principal amount thereof, without premium, plus accrued and unpaid interest to the redemption date which date shall be the next Interest Payment Date occurring not less than forty-five (45) days after the (i) Borrower shall have received notice from the Authority as provided in Section 8.02(a) (i) of the Loan Agreement, or (ii) the Authority and the Trustee shall have received notice from the Borrower, as provided in Section

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8.02(a) (ii) of the Loan Agreement.

(b) In the event the Borrower shall have become obligated to prepay the entire amount payable under Section 4.01 of the Loan Agreement in accordance with Section 8.02(b) of the Loan Agreement, the Bonds shall be called for redemption, in whole, not later than forty-five (45) days after the Trustee shall have received, with respect to Section 8.02(b) of the Loan Agreement, a certificate or opinion pursuant to Section 5.10 of the Loan Agreement that an

Event of Taxability (as defined in Section 5.10 of the Loan Agreement) has occurred making such occurrence the second time that an Event of Taxability has occurred for a taxable year of the Borrower, at a redemption price equal to one hundred percent (100%) of the principal amount thereof plus accrued and unpaid interest to the date fixed for redemption, without premium.

(c) The Bonds are subject to redemption, in part, to the extent of any balance remaining in the Project Fund on and after the dates set forth in Section 8.03(a) of the Loan Agreement at a redemption price equal to one hundred percent (100%) of the principal amount thereof without premium plus accrued and unpaid interest to the date fixed for redemption and which redemption date shall be on a date occurring not less than forty-five (45) days after the date set forth in Section 8.03(a) of the Loan Agreement.

(d) In the event the Borrower shall elect to prepay any amount payable under Section 4.01 of the Loan Agreement in accordance with Section 8.03(b) of the Loan Agreement, or an event set forth in Section 8.02(c) of the Loan Agreement shall occur, the Bonds shall be called for redemption, in whole or in part,

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as appropriate, at a redemption price equal to one hundred percent (100%) of the principal amount thereof without premium, plus accrued and unpaid interest to the redemption date which redemption date shall be on a date occurring not less than forty-five (45) days after: (i) receipt by the Trustee of the notice delivered pursuant to Section 8.03(b) of the Loan Agreement or (ii) receipt of notice to the Authority of a Total Taking by eminent domain or Total Casualty pursuant to Article IX of the Loan Agreement and deposits of casualty or condemnation proceeds.

(e) (i) In the event that the Authority and the Trustee shall receive written notice pursuant to Section 8.01(a) (i) of the Loan Agreement that on or after January first (1st), Two Thousand Five (2005), the Borrower shall have elected to prepay all or a part of the amounts payable under Section 4.01 of the Loan Agreement pursuant to Section 8.01(a) (i) of the Loan Agreement, the Bonds shall be redeemable at the option of the Borrower, in whole or in part, at the respective percentages of the principal amount thereof set forth in the Loan Agreement, plus accrued and unpaid interest to the redemption date.

(ii) In the event that the Authority and the Trustee shall receive written notice pursuant to Section 8.01(a) (ii) of the Loan Agreement that on or before January first (1st), Two Thousand Five (2005), the Borrower shall have elected to prepay all or a part of the amounts payable under Section 4.01 of the Loan Agreement pursuant to Section 8.01(a) (ii) of the Loan Agreement, the Bonds shall be redeemable at the option of the Borrower, as a whole or in part, at the respective percentages of the principal amount thereof set forth in the Loan

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Agreement, plus accrued and unpaid interest to the redemption date.

(iii) In the event that the Authority and the Trustee shall receive written notice pursuant to Section 8.01(a) (iii) of the Loan Agreement that the Borrower shall have elected to prepay all or a part of the amounts payable under Section 4.01 of the Loan Agreement pursuant to Section 8.01(a) (iii) of the Loan Agreement, the Bonds shall be redeemable at the option of the Borrower, in whole or in part, at the respective percentages of the principal amount thereof set forth in the Loan Agreement, plus accrued and unpaid interest to the redemption date.

(f) Subject to the provisions of Section 301(g) of this Agreement, the Term Bonds shall be called for redemption in part, in minimum denominations of Five Thousand Dollars (\$5,000), at a redemption price equal to the principal amount thereof, without premium, plus accrued interest to the date fixed for redemption, in accordance with Section 8.01(b) of the Loan Agreement.

(g) Except with respect to a redemption under the provisions of Section 8.01(b) of the Loan Agreement, if fewer than all of the Bonds shall be called for redemption under the provisions of Section 8.01(a) or Section 8.03(a) and (b) of the Loan Agreement, the Bonds shall be called for redemption in inverse order of maturity. In all cases of redemption, if fewer than all of the Bonds of any one maturity shall be called for redemption, the Bonds or portions of Bonds to be redeemed shall be selected by the Trustee by such method as the Trustee deems fair and appropriate. The portion of any Bond to be redeemed shall be in the principal amount equal to FIVE THOUSAND DOLLARS (\$5,000) or

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any integral multiple thereof, and in selecting Bonds for redemption, the Trustee shall treat each Bond as representing that number of Bonds which is obtained by dividing the principal amount of such Bond by FIVE THOUSAND DOLLARS (\$5,000).

(h) On each Determination Date the Trustee shall: (x) determine whether the

total principal amount of the Term Bonds of the same stated maturity as the Bonds to be redeemed on the related Principal Payment Date which have been cancelled (including those purchased by Borrower and delivered to the Trustee for cancellation), called for redemption under the provisions of this Article III, or deemed to have been paid pursuant to Article XIII, prior to such Determination Date is greater than the total aggregate amount of Term Bonds required to be redeemed on and prior to said Principal Payment Date, then the amounts of Bonds so required to be redeemed on such Principal Payment Date shall be reduced by the amount of such excess, if any; and (y) furnish the Borrower with a certificate specifying the aggregate principal amount, if any, of Bonds that are subject to redemption pursuant to this Section 301(h) on the related Principal Payment Date. The amount so certified shall continue to be applicable until such related Principal Payment Date and no adjustment shall be made thereto by reason of Bonds cancelled or called for redemption during the period commencing on the date of such certificate and ending on such related Principal Payment Date.

Section 302. Redemption Notice. Subject to Section 803 hereof, at least

thirty (30) days but not more than sixty (60) days before the redemption date of any Bonds, the Trustee shall cause a notice of any such redemption, signed by the Trustee to be

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mailed, postage prepaid, to all Bondholders whose Bonds are to be redeemed. Each such notice shall set forth, (1) the date fixed for redemption; (2) the redemption price to be paid; (3) if fewer than all of the Bonds then Outstanding shall be called for redemption, the distinctive numbers and letters, if any, of such Bonds to be redeemed and, in the case of Bonds to be redeemed in part only, the portion of the principal amount thereof to be redeemed; (4) that on the date fixed for redemption such redemption price will become due and payable upon each Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue on and after said redemption date; (5) the place where such Bonds or portions thereof called for redemption are to be surrendered for payment of such redemption price; (6) specifying the subsection of Section 301 hereof pursuant to which the Bonds are being redeemed; and (7) such other information as may be required to comply with the requirements of Securities Exchange Act of 1934 Release No. 34-23856 (the "Release") issued on December three (3) Nineteen Hundred Eighty-Six (1986). In case any Bond is to be redeemed in part only, the notice of redemption which relates to such Bond shall state also that on or after the redemption date, upon surrender of such Bond, a new Bond or Bonds in principal amount equal to the unredeemed principal portion of such Bond will be issued. Failure to comply with the requirements of the Release or any defect thereon shall not affect the validity of the proceedings for the redemption of the Bonds. Failure to mail such notice to any holder or any defect in any notice so mailed shall not affect the validity of the proceedings for the redemption of

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the Bonds of any other holders.

Section 303. Effect of Calling for Redemption. On the date so designated

for redemption, notice having been given in the manner and under the conditions hereinabove provided, the Bonds or portions of Bonds so called for redemption shall become and be due and payable at the redemption price provided for redemption of such Bonds or portions of Bonds on such date, and, if sufficient moneys for payment of the redemption price, the accrued and unpaid interest and premium, if any, are held in separate accounts by the Trustee in trust for the holders of the Bonds or portions of Bonds to be redeemed, as provided in this Agreement, interest on the Bonds or portions of such Bonds so called for redemption shall cease to accrue, such Bonds or portions of Bonds shall cease to be entitled to any benefit or security under this Agreement, and the owners of such Bonds or portions of Bonds shall have no rights in respect thereof except to receive payment of the redemption price thereof, premium, if any, and the accrued interest and, to the extent provided in Section 304 hereof, to receive Bonds for any unredeemed portions of the Bonds.

Section 304. Redemption of Portions of the Bonds. In case part but not all

of an Outstanding Bond shall be selected for redemption, the registered owner thereof or legal representative shall present and surrender such Bond to the Trustee for payment of the principal amount thereof so called for redemption, and the Authority shall execute and the Trustee shall authenticate and deliver to or upon the order of such registered owner or his legal representative, without charge therefor, for the unredeemed portion of the

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principal amount of the Bond so surrendered, a new Bond or Bonds of any denomination or denominations authorized by this Agreement, of the same maturity and bearing interest at the same rate as the Bond so surrendered.

Section 305. Cancellation of Bonds Redeemed. Bonds so redeemed and

surrendered shall be cancelled upon the surrender thereof to the Trustee.

ARTICLE IV
Project Fund

Section 401. Creation of Project Fund. A special fund is hereby created and

designated the "Industrial Revenue Bonds, Nineteen Hundred Ninety-Five (1995)
Series A (Plaza Palma Real Project) Project Fund" (the "Project Fund"), to the
credit of which such deposits shall be made as are required by the provisions of
Section 208(D) of this Agreement, and to the extent applicable, by the
provisions of Article IX of the Loan Agreement. Any moneys received by the
Trustee from any other source for use to pay the Cost of the Project shall also
be deposited to the credit of the Project Fund.

Subject to the provisions of Sections 404, 406 and 602 of this Agreement, the
moneys in the Project Fund shall be held by the Trustee in trust and shall be
subject to a lien and charge in favor of the holders of the Bonds issued and
Outstanding under this Agreement, and for the further security of such holders,
until paid out or transferred as herein provided.

Section 402. Payments from Project Fund. Payment of the Cost of the Project

shall be made from the Project Fund. All payments from the Project Fund shall
be subject to the provisions and restrictions set forth in this Article.

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Section 403. Items of Cost. For the purposes of this Agreement, the Cost of

the Project shall embrace all costs permitted by the Act in connection with:

(A) The acquisition, development, construction and installation of the
Shopping Center including without limitation:

(i) Payment to the Borrower, and the Authority, as the case may be, of
such amounts, if any, as shall be necessary to reimburse the Borrower, and the
Authority in full for all advances and payments made by any of them or either of
them or for their accounts, with respect to the Shopping Center at any time
after March twenty-seven (27), Nineteen Hundred Ninety-One (1991), for
expenditures in connection with the acquisition, installation or construction of
the Project, the preparation of the plans and specifications, (including any
preliminary study or planning of the Project and any reports, appraisals or
analyses concerning the Project, the acquisition, construction, and equipping of
the Project, interest on the Bonds during construction and acquisition of the
Project, (which shall mean a period beginning with the date of delivery of the
Bonds and ending on the Completion Date (as defined in the Loan Agreement)) and
all real or personal property deemed necessary in connection with the Project,
or any one or more of said expenditures (including architectural, engineering,
consulting, and supervisory services).

(ii) Payment, as they become due, of the fees, commissions and expenses of
the Trustee properly incurred under this Agreement prior to and on the
Completion Date.

(iii) Payment of any other costs and expenses

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relating to the acquisition, development, construction, and installation of the
Project (including testing) or the authorization, issuance and sale of the
Bonds.

(iv) Payment for labor, services, materials and supplies used or furnished
in site improvement and in the acquisition, development, construction,
equipping, installation and improvement of the Shopping Center, payment for the
cost of the acquisition, construction and installation of utility services or
other facilities, and all real and personal property deemed necessary in
connection with the Shopping Center and payment for the miscellaneous expenses
incidental to any of the foregoing items.

(E) Payment of the Administrative Fee, the initial or acceptance fee of the
Trustee, legal, accounting and financial advisory fees and expenses,
underwriting fees and expenses (whether paid in the form of a fee or in the form
of a discount on the Bonds), filing and recording fees and taxes, and rating
agencies' fees and printing and engraving costs incurred in connection with the
authorization, sale and issuance of the Bonds, the execution of this Agreement,
the Loan Agreement, and all other documents in connection therewith, and payment
of all fees, costs and expenses for the preparation of the Loan Agreement, this
Agreement, the Collateral Assignment, the Mortgage, the Mortgage Note, Pledge
Agreement, the Guaranty Agreement, and the Bonds, and any other fees and
expenses necessary or incident to the issuance and sale of the Bonds, the
financing of the Project, and the documents contemplated thereby and by the Loan

Agreement.

Section 404. Requisites for Payments from

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Project Fund. Payments of the Cost of the Project from the Project Fund shall

be made by the Trustee upon the order of the Borrower in accordance with the provisions of this Section, but no such payment shall be made unless and until the Trustee shall receive a requisition prepared and signed by an Authorized Borrower Representative stating:

- (i) the item number of each such payment;
- (ii) the name of the Person (including the Borrower) to whom each such payment is due;
- (iii) the respective amounts to be paid; and
- (iv) that obligations in the stated amounts have been incurred and are presently due and payable, or reimbursable to or on behalf of the Borrower, and that each item thereof is a proper charge against the Project Fund, is substantially in accordance with the estimates of the Cost of the Project set forth in the application, as amended, filed with the Authority, and has not been paid from the Project Fund.

Upon receipt of any such order and accompanying requisition, the Trustee shall pay such obligation from the Project Fund. If prior to payment of any item in an order the Borrower should for any reason desire not to pay such item, the Borrower shall give notice of such decision to the Trustee. In making any disbursement, the Trustee shall pay each such obligation directly to the Borrower or to any payee designated by an Authorized Borrower Representative, as set forth in the order of the Borrower directing such disbursement.

Section 405. Reliance on Requisitions. All requisitions and orders received

by the Trustee, as required in this Article as conditions of payment from the Project Fund, may be relied upon by the

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Trustee, and shall be retained by the Trustee, subject at all reasonable times to examination by the Borrower, the Authority, any Bondholder and the agents and representatives thereof.

Section 406. Balance in Project Fund.

(a) In the event that the Borrower (i) exercises the option under Section 8.01(a) of the Loan Agreement, or (ii) is required pursuant to Sections 8.01(b), 8.02(a), (b) and (c) or 8.03(a) and (b) of the Loan Agreement to prepay in whole or in part the amounts payable under Section 4.01 of the Loan Agreement, the Trustee shall, upon the direction of the Borrower, deposit in the Bond Fund, on the date the prepayment is made, any balance remaining in the Project Fund except for any amounts held pursuant to Section 404 hereof which shall be held pursuant to the terms thereof.

(b) If the principal of all Outstanding Bonds shall have become due and payable pursuant to an acceleration pursuant to Section 803 of this Agreement or the giving of a redemption notice pursuant to Section 302 of this Agreement, the Trustee shall deposit in the Bond Fund any balance remaining in the Project Fund except for any amounts held pursuant to Section 404 hereof which shall be held pursuant to the terms thereof.

ARTICLE V
Bond Fund

Section 501. Creation of Bond Fund. A special fund is hereby created and

designated "Industrial Revenue Bonds, Nineteen Hundred Ninety-Five (1995) Series A (Plaza Palma Real Project) Bond Fund" (the "Bond Fund"). Within the Bond Fund there shall be created three accounts, an interest account, into which shall be deposited all moneys to be used for

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payment of interest on the Bonds, a premium account, into which shall be deposited all moneys to be used for payment of premium on the Bonds, and a principal account, into which shall be deposited all moneys to be used for payment of principal of the Bonds. The moneys in the Bond Fund shall be held by the Trustee in trust and applied as hereinafter provided and, pending such application, shall be subject to a lien and charge in favor of the holders of the Bonds issued and Outstanding under this Agreement, and for the further security of such holders, until paid out or transferred as herein provided.

Section 502. Payments into Bond Fund. There shall be deposited to the

credit to the appropriate account of the Bond Fund:

(i) accrued interest, if any, on the Bonds issued hereunder paid by the purchasers thereof;

(ii) any amount in the Project Fund and the Reserve Fund to be transferred to the Bond Fund in accordance with the provisions of Section 406, 511(C) and 602, respectively, of this Agreement; and

(iii) all other moneys received by the Trustee under and pursuant to any of the provisions of the Loan Agreement, any Related Document or otherwise which are permitted or required, or are accompanied by directions from the Borrower or the Authority that such moneys are, to be paid into the Bond Fund.

If before eleven ante meridiem (11:00 a.m.), Atlantic Standard Time, on the Business Day immediately preceding any Payment Date, sufficient moneys are not available in the Bond Fund to pay, when due, principal (whether at maturity or redemption or acceleration or otherwise), premium,

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if any, and interest due or to become due on the Bonds, the Trustee shall, before eleven ante meridiem (11:00 A.M.), Puerto Rico time: (a) withdraw from the Reserve Fund an amount sufficient, together with the amount then held to the credit of the Bond Fund pursuant to clause (i), (ii) and (iii) of this Section, to pay when due the principal of (whether at maturity or upon redemption or acceleration or otherwise), premium, if any, and interest due or to become due on the Bonds on such Payment Date and (b) if the amounts drawn under (a) should prove insufficient for the payment due or to become due, make a single draw under the Credit Enhancement, to the extent still required pursuant to the Loan Agreement, or the Collateral Fund, if the Credit Enhancement shall have been substituted through a deposit of the Cash Collateral in the Collateral Fund, in an amount equal to the then current Enhancement Amount. The proceeds of such draw shall be deposited to the credit of the Bond Fund.

The Trustee shall establish a separate account or subaccount within the Bond Fund corresponding to the source of moneys specified in this Section 502 for each deposit made into the Bond Fund so that the Trustee may at all times ascertain the source and date of deposit of the funds in each such account or subaccount.

The Trustee is authorized to receive at any time payments from or on behalf of the Borrower pursuant to the Loan Agreement or otherwise for deposit in the Bond Fund.

Section 503. Use of Moneys in Bond Fund. Moneys in the Bond Fund shall be

used solely for the payment

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of the principal (whether at maturity or upon acceleration or redemption or otherwise) of premium, if any, and interest on the Bonds. The Trustee shall, on each Interest Payment Date, withdraw from the Bond Fund moneys deposited to the credit of the Bond Fund pursuant to Section 502 hereof, and remit by mail or by wire transfer, if applicable, as provided under Section 203 of this Agreement to each registered owner the amounts required for paying the interest on such Bonds as such interest becomes due and payable. The Trustee shall, on each Principal Payment Date, withdraw from the Bond Fund and set aside or deposit in trust sufficient moneys for paying the principal of and redemption premium, if any, on all Bonds as such principal and premium, if any, become due, whether at maturity, upon acceleration or redemption or otherwise.

Section 504. Application and Pledge of Moneys in the Bond Fund. Subject to

the terms and conditions set forth in this Agreement, moneys held for the credit of the Bond Fund shall be held in trust and disbursed by the Trustee for (a) the payment of interest on the Bonds issued hereunder as such interest becomes due and payable, (b) the payment of the principal of such Bonds at their respective maturities, and (c) the payment of the redemption price of such Bonds on the date fixed for redemption, and such moneys are hereby pledged to secure, and are charged with, the payments mentioned in this Section.

Section 505. Moneys Withdrawn from Bond Fund. All moneys which the Trustee

shall have withdrawn from the Bond Fund or shall have received from any other source and set aside for the purpose of paying any of the Bonds, either at the maturity thereof or

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upon call for redemption or otherwise shall be held in trust for the respective

holders of such Bonds, but any moneys which shall be so withdrawn or set aside and which shall remain unclaimed by the holders of such Bonds for a period of two (2) years after the date on which such Bonds shall have become due and payable may, upon the request of the Borrower, be paid to the Borrower or to such officer, board or body as may then be entitled by law to receive the same. Thereafter, the holders of such Bonds shall look only to the Borrower or to such officer, board or body, as the case may be, for payment and then only to the extent of the amount so received by Borrower or such officer, board or body, as the case may be, without any interest thereon, and the Authority and the Trustee shall have no responsibility with respect to such moneys. Until distributed, any moneys so withdrawn or set aside shall be invested as the Trustee and Borrower may agree.

Section 506. Cancellation of Bonds Upon Payment. All Bonds paid or

redeemed, either at or before maturity, and all Bonds delivered by the Borrower to the Trustee for cancellation shall be cancelled upon the payment, redemption or delivery of such Bonds. All Bonds cancelled under any of the provisions of this Agreement shall be held by the Trustee until such time as they are destroyed by the Trustee. The Trustee shall execute a certificate in triplicate describing the Bonds so destroyed, and an executed certificate shall be filed with each of the Authority and the Borrower and the other executed certificate shall be retained by the Trustee. Upon the delivery to the Trustee by or on behalf of the Borrower of any Bonds to be cancelled, the Trustee

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shall promptly give notice thereof to the Authority and the Borrower.

Section 507. Credit Enhancement or Cash Collateral Substitution.

(A) At any time and from time to time the Borrower may, pursuant to the provisions of Section 4.09 of the Loan Agreement, cause the substitution of the then current Credit Enhancement or Cash Collateral for another Credit Enhancement or Cash Collateral, subject to the conditions set forth in the Loan Agreement. If at any time there shall have been delivered to the Trustee a substitute Credit Enhancement or Cash Collateral and the documents mentioned in Section 4.09 of the Loan Agreement, then the Trustee shall accept such substitute Credit Enhancement or Cash Collateral and surrender any previously held Credit Enhancement or Cash Collateral to the Guarantor or Letter of Credit Bank, as applicable, for cancellation in accordance with its terms, or shall refund the Cash Collateral to the Depositor thereof.

(B) If at any time all the Bonds shall be deemed to have been paid within the meaning and with the effect expressed in Section 1301 of this Agreement, the Trustee shall surrender any Credit Enhancement or Cash Collateral to the issuer or Depositor thereof for cancellation in accordance with its terms. The Trustee shall comply with the procedures set forth in any Credit Enhancement relating to the termination thereof.

Section 508. Bondholder Rights to Receive Payment. Notwithstanding any

other provision of this Agreement, including the restrictions upon actions by individual Bondholders in Section 809 of this Agreement, the right of any Bondholder to

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receive payment of principal, premium, if any, and interest on the Bond, on or after the respective due dates expressed in the Bonds, shall not be impaired or affected without the consent of the Bondholder.-

Section 509. Creation of Reserve Fund. A special fund is hereby created and

designated "Industrial Revenue Bonds, Nineteen Hundred Ninety Five (1995) Series A (Plaza Palma Real Project) Reserve Fund". The moneys in the Reserve Fund shall be held by the Trustee in trust and applied as hereinafter provided and, pending such application, shall be subject to a lien and charge in favor of the holders of the Bonds Outstanding and for the further security of such holders, until paid out or transferred as herein provided.

Section 510. Payments into Reserve Fund. (A) There shall be deposited to

the credit of the Reserve Fund: (i) the amount required to be deposited pursuant to Section 208(D) of this Agreement from the proceeds of the sale of Bonds and (ii) all amounts paid by the Borrower pursuant to Section 4.01(b) (ii) of the Loan Agreement.

(B) The Trustee is authorized to receive at any time payments from the Borrower or the Guarantor pursuant to the Loan Agreement or the Guaranty Agreement or otherwise for deposit in the Reserve Fund.

Section 511. Application of Moneys in Reserve Fund. (A) Moneys held for

the credit of the Reserve Fund shall be held in trust and applied by the Trustee

and are charged with the payments provided in Section 504 to the extent moneys held to the credit of the Bond Fund are insufficient for the purposes established in Section 504; provided that moneys to the credit of the Reserve Fund shall not

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be applied to the payment of any redemption premium except in the case of a redemption of the Bonds in whole.

(B) The Trustee shall, on each Payment Date, withdraw from the Reserve Fund sufficient moneys to pay the amounts of principal of and interest on the Bonds then due and payable to the Bondholders, as provided in this Agreement, to the extent moneys held to the credit of the Bond Fund are insufficient therefor.

(C) Moneys held to the credit of the Reserve Fund in excess of the Reserve Fund Amount following the Date of Issuance, shall be deposited to the credit of the Bond Fund on each Interest Payment Date, provided, that, no Event of Default under Section 802 shall have then been declared and be continuing.

(D) The Trustee shall determine the balance of moneys held to the credit of the Reserve Fund, as soon as practicable after any draw of moneys from the Reserve Fund is made pursuant to Sections 502 and 511(C) hereof without taking into account unrealized gains or losses on Government Obligations in which all or any part of the Reserve Fund shall be deposited. To the extent that the moneys held to the credit of the Reserve Fund determined pursuant to the provisions set forth above, shall be less than the Reserve Fund Amount, the Trustee shall notify the Borrower of such deficiency pursuant to the terms of Section 4.01(c) (iii) of the Loan Agreement.

Section 512. Creation of Casualty and Condemnation Award Fund. A special

fund is hereby created and designated "Industrial Revenue Bonds, Nineteen
Hundred Ninety-Five (1995) Series A (Plaza

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Palma Real Project), Casualty and Condemnation Award Fund" (the "Casualty and Condemnation Fund"). The moneys in the Casualty and Condemnation Award Fund shall be held by the Trustee and applied as hereinafter provided, and pending such application, shall be subject to a lien and charge in favor of the holders of the Bonds Outstanding.

Section 513. Payments into Casualty and Condemnation Award Fund. There

shall be deposited to the credit of the Casualty and Condemnation Award Fund the Net Insurance Proceeds received upon any casualty or the Net Condemnation Proceeds received upon any taking of the Shopping Center after the Completion Date pursuant to Article IX of the Loan Agreement.

Section 514. Application of Moneys in Casualty and Condemnation Award Fund.

Moneys held to the credit of the Casualty and Condemnation Award Fund shall be applied by the Trustee for the purpose of redeeming Bonds or restoring the Shopping Center in accordance with the requirements of Article IX of the Loan Agreement, to the extent that the Borrower shall, under the provisions of such Article IX elect to reconstruct, rehabilitate, or otherwise make improvements to the Shopping Center, and it shall have otherwise satisfied the conditions set forth in such Article IX. Upon the instructions of the Borrower, except in the case of a Total Taking or Total Casualty, the Trustee shall make disbursements from the Casualty and Condemnation Award Fund in the manner and in accordance with the procedure set forth in the Project Fund.

Section 515. Creation of Collateral Fund. A special fund is hereby created

and designated "Industrial Revenue Bonds, Nineteen Hundred Ninety-

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Five (1995) Series A (Plaza Palma Real Project), Collateral Fund" (the "Collateral Fund"). The moneys in the Collateral Fund shall be funded in accordance with Section 516, and held by the Trustee and applied as hereinafter provided, and pending such application, shall be subject to a lien and charge in favor of the holders of the Bonds issued and outstanding under this Agreement.

Section 516. Payments into Collateral Fund. (A) There shall be deposited to

the credit of the Collateral Fund: (i) Moneys in an amount of not less than the then current Enhancement Amount, if at any time the Borrower shall elect to substitute the Credit Enhancement or other Cash Collateral with Cash Collateral, subject to the provisions of Section 4.09(c) of the Loan Agreement; and (ii) all amounts paid pursuant to a Permitted Letter of Credit Deposit pursuant to Section 4.09(d) of the Loan Agreement.

(B) The Trustee is authorized to receive at any time payments from the

Borrower or the Guarantor pursuant to the Loan Agreement or the Guaranty Agreement or otherwise for deposit in the Collateral Fund.

Section 517. Application of Moneys in Collateral Fund. (A) Moneys held for

the credit of the Collateral Fund shall be held in trust and applied by the Trustee and are charged with the payments provided in Section 504 to the extent moneys held to the credit of the Bond Fund and the Reserve Fund are insufficient for the purposes established in Section 504; provided that moneys to the credit of the Collateral Fund shall not be applied to the payment of any redemption premium, except in the case of a redemption of the Bonds in whole and then only after

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all principal and interest due on the Bonds has been paid in full.

(B) The Trustee shall, on each Payment Date, withdraw from the Collateral Fund sufficient moneys to pay the amounts of principal of and interest on the Bonds then due and payable to the Bondholders, as provided in this Agreement, to the extent moneys held to the credit of the Bond Fund and the Reserve Fund are insufficient therefor.

(C) Moneys held to the credit of the Collateral Fund in excess of the then current Enhancement Amount, shall be delivered by the Trustee on each Principal Payment Date to the Depositor of such Cash Collateral.

ARTICLE VI

Depositories of Moneys, Security for
Deposits and Investment of Funds

Section 601. Security for Deposits. All moneys deposited with the Trustee

under the provisions of this Agreement or the Loan Agreement shall be held in trust for the exclusive benefit of the Bondholders in segregated accounts and not commingled with the funds or accounts of any other Person and applied only in accordance with the provisions of this Agreement and the Loan Agreement and shall not be subject to lien or attachment by any creditor of the Authority, the Trustee, the Borrower, the Guarantor, the Letter of Credit Bank or the Depositor of Cash Collateral.

All moneys deposited with the Trustee under this Agreement and the Loan Agreement in excess of the amount guaranteed by the Federal Deposit Insurance Corporation or other federal agency shall be continuously secured for the benefit of the Authority, the Borrower and the holders of the Bonds either (a) by lodging with a bank or trust company

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approved by the Authority and by the Trustee as custodian, or, if then permitted by law, by setting aside under control of the trust department of the bank holding such deposit, as collateral security, Government Obligations or, with the approval of the Trustee, other marketable securities eligible as security for the deposit of trust funds under regulations of the Comptroller of the Currency of the United States of America, or applicable Commonwealth or state law or regulations, having a market value (exclusive of accrued interest) not less than the amount of such deposit, or (b) if the furnishing of security as provided in clause (a) of this Section is not permitted by applicable law, in such other manner as may then be required or permitted by applicable Commonwealth, state or federal laws and regulations regarding the security for, or granting a preference in the case of, the deposit of trust funds, in particular those relating to fiduciary funds on deposit pursuant to Twelve, Code of Federal Regulations Section Nine Point Ten (b) (12 C.F.R. (S) 9.10(b)); provided, however, that it shall not be necessary for the Trustee to give security for any moneys which shall be represented by the investments purchased under the provisions of this Article as an investment of such moneys.

Section 602. Investment of Moneys. Moneys held to the credit of the Project

Fund, the Bond Fund (other than moneys held to pay any premiums on the Bonds), and the Casualty and Condemnation Award Fund except as provided in Section 505 and Article XIII hereof, shall at the direction of an Authorized Borrower Representative, be invested and reinvested by the Trustee in Investment Obligations selected by the Borrower.

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Such obligations so purchased as an investment of moneys in the Project Fund, the Bond Fund, the Reserve Fund, the Casualty and Condemnation Award Fund and the Collateral Fund except as provided in Section 505 and Article XIII hereof, shall be deemed at all times to be part of such funds and any interest accruing on and any profit realized from the investment of moneys in such funds regardless of the unliquidated value of such investment shall be credited to the

Bond Fund on each Interest Payment Date and any realized loss resulting from such investment shall be charged to such funds. Neither the Trustee nor the Authority shall be liable or responsible for any loss resulting from any such investment.

The moneys held to the credit of the Collateral Fund and the Reserve Fund shall be invested, as directed by an Authorized Borrower Representative, only in Government Obligations. With respect to the Collateral Fund, such Government Obligations shall not have maturities which exceed one (1) year. Interest or profits thereon shall be held in the Collateral Fund and the Reserve Fund, as applicable and applied as provided in Section 517(C) and Section 511(C) hereof, respectively.

ARTICLE VII

Particular Covenants and Provisions

Section 701. Covenant to Pay Bonds; Bonds Limited Obligations of Authority.

The Authority covenants that it will cause to be paid promptly the principal of and premium, if any, and interest on every Bond on the dates and in the manner provided herein and in each Bond, according to the true intent and meaning thereof; provided, however, that any amount in the Bond Fund available

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for any payment of the principal of or premium, if any, or interest on each Bond shall be credited against any amount required to be caused by the Authority so to be paid. Except as in this Agreement otherwise provided, such principal, premium and interest are payable solely from the payments required to be made by the Borrower under Section 4.01 of the Loan Agreement, and any other revenues and funds derived under the Loan Agreement and this Agreement, the Related Documents, the Credit Enhancement or from the Cash Collateral to the extent provided in this Agreement or the Loan Agreement, which payments under the Loan Agreement, revenues and funds to the extent provided in this Agreement and the Loan Agreement are hereby pledged to the payment thereof in the manner and to the extent hereinabove particularly specified.

The Bonds issued under the provisions of this Agreement and the premium, if any, and the interest thereon shall not constitute an indebtedness of either the Commonwealth or any of its political subdivisions, other than the Authority, and neither the Commonwealth nor any of such political subdivisions, other than the Authority, shall be liable thereon. The Bonds shall be payable solely from the revenues and proceeds provided therefor and the Authority is not obligated to pay the Bonds nor the premium, if any, or the interest thereon except from the revenues and proceeds pledged therefor.

Section 702. Covenant to Perform Obligations under this Agreement and Loan

Agreement. The Authority covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in this Agreement and the Related Documents to which it is a

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party, in the Bonds and in all proceedings of the Authority pertaining thereto and filed with the Trustee and will faithfully observe and perform at all times any and all covenants, undertakings, stipulations and provisions of the Loan Agreement and the Related Documents to which it is a party on its part to be observed or performed. The Authority covenants that it is duly authorized under the Constitution and laws of the Commonwealth, including particularly and without limitation the Act, to issue the Bonds authorized hereby and to enter into this Agreement and the Related Documents to which it is a party and to pledge the payments and other funds derived from the Loan Agreement and the Related Documents to which it is a party in the manner and to the extent herein set forth; that all action on its part for the issuance of the Bonds and the execution and delivery of this Agreement and the Related Documents to which it is a party has been duly and effectively taken; and that such Bonds in the hands of the owners thereof are and will be valid and enforceable obligations of the Authority according to the tenor and import thereof.

Section 703. Covenant to Perform Further Acts. The Authority covenants that

it will do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, such agreements supplemental hereto and such further acts, instruments and transfers as the Trustee may reasonably require for the better pledging unto the Trustee all and singular the payments and any other revenues and other funds pledged hereby to the payment of the principal of and premium, if any, and interest on the Bonds.

Section 704. Trustee May Enforce Authority's

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Agreement and other Related Documents, duly executed counterparts of which have been filed with the Trustee, set forth the covenants and obligations of the Authority and the Borrower, including a provision in Section 10.11 of the Loan Agreement that provides that, subsequent to the issuance of the Bonds and prior to the Payment of the Bonds, the Loan Agreement may not be effectively amended, changed, modified, altered or terminated except in accordance with this Agreement. Reference is hereby made to the Loan Agreement and the other Related Documents for a detailed statement of said covenants and obligations of the Borrower and the Authority under the Loan Agreement and the other Related Documents, and the Authority agrees that the Trustee, subject to the provisions of the Loan Agreement, the other Related Documents and this Agreement reserving certain rights to the Authority and respecting actions by the Trustee in its name or in the name of the Authority, may enforce all rights of the Authority and all obligations of the Borrower and may perform all obligations of the Authority under and pursuant to the Loan Agreement and the other Related Documents for and on behalf of the Bondholders whether or not the Authority is in default hereunder.

Section 705. Trustee's Notice to Guarantor, Letter of Credit Bank or

Depositor of Cash Collateral. If on the fifteenth (15th) day of any month

immediately preceding any Payment Date there shall not otherwise be available to the Trustee sufficient monies to the credit of the Bond Fund to pay the principal of, premium, if any, and interest on the Bonds due on such Payment Date, the Trustee

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shall on such day send a notice to the Guarantor, Letter of Credit Bank or Depositor of the Cash Collateral, if any, with a copy to the Borrower, for their information, stating the amount to become due with respect to the Bonds on such Payment Date and the amount of the then existing deficiency, provided, that the failure to provide such notice shall not impair the Trustee's right to draw upon the applicable Credit Enhancement or the Cash Collateral.

ARTICLE VIII

Default and Remedies

Section 801. Extension of Interest. In case the time for the payment of the

interest on any Bond shall be extended, whether or not such extension be by or with the consent of the Authority, such interest shall not be entitled in case of default hereunder to the benefit or security of this Agreement except subject to the prior payment in full of the principal of all the Bonds then Outstanding and interest the time for the payment of which shall not have been extended.

Section 802. Defaults. The following shall constitute Events of Default

under this Agreement:

- (a) An event of default under Section 7.01(c) of the Loan Agreement.
- (b) An event of default under the Loan Agreement other than under Section 7.01(c) thereof.

Section 803. Acceleration. (a) Upon the happening and continuance of an

Event of Default specified in Section 802(a) hereof, the Trustee shall by notice in writing to the Authority, to the Bondholders and to the Borrower, declare the principal of all of the Bonds then Outstanding (if not then due and payable) to be

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due and payable immediately after the date of such notice, and upon such declaration the same shall become and be due and payable and the Trustee shall also realize on the Credit Enhancement or draw on the Cash Collateral, as applicable, if any is then outstanding, up to the then Current Enhancement Amount, if any, immediately after the date of such notice, anything contained in the Bonds or in this Agreement to the contrary notwithstanding.

(b) Upon the happening and continuance of any Event of Default specified in Section 802(b) hereof, then and in every such case the Trustee may, and upon the written direction of the holders of not less than twenty-five percent (25%) in aggregate principal amount of the Bonds Outstanding shall, by notice in writing to the Authority and the Borrower, declare the principal of all of the Bonds then Outstanding (if not then due and payable) to be due and payable and the Trustee shall also realize on the Credit Enhancement or draw on the Cash Collateral, as applicable, if any is then outstanding, up to the then Current Enhancement Amount, if any, immediately after the date of such notice, and upon

such declaration the same shall become and be due and payable after the date of such notice, anything contained in the Bonds or in this Agreement to the contrary notwithstanding.

Section 804. Enforcement of Remedies. Upon the happening and continuance of

any Event of Default specified in Section 802 hereof, the Trustee (a) shall, in the case of an event of default under Section 802(a) hereof, and (b) may, and upon the written direction of the holders of not less than twenty-five percent (25%) in aggregate principal amount of the Bonds then Outstanding hereunder shall, in the case of a default

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under Section 802(b) hereof, proceed, subject to the provisions of Section 902 hereof, to protect and enforce its rights and the rights of the Bondholders under applicable laws, under the Loan Agreement, under any of the Related Documents or Credit Enhancement, if any, or under this Agreement by such suits, actions or special proceedings in equity or at law, or by proceedings in the office of any board or officer having jurisdiction, either for the specific performance of any covenant or agreement contained herein or in aid or execution of any power herein granted or for the enforcement of any proper legal or equitable remedy, as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce such rights.

In the enforcement of any remedy under this Agreement, the Trustee in its own name and as trustee of an express trust, shall be entitled to sue for, enforce payment of and recover judgment for, any and all amounts then or after any default becoming, and at any time remaining, due from the Authority or the Borrower for principal, premium, if any, interest or otherwise under any of the provisions of this Agreement or of the Bonds with interest to the extent permitted by law on overdue payments of principal, premium, if any, and interest at the rate or rates of interest specified in the Bonds, together with any and all costs and expenses of collection and of all proceedings hereunder and under the Bonds, without prejudice to any other right or remedy of the Trustee or of the Bondholders, and to recover and enforce any judgment or decree against the Authority or the Borrower but solely as provided herein and in the Bonds, for any portion of such amounts remaining unpaid and

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interest, costs and expenses as above provided, and to collect (but solely from moneys in the Bond Fund and any other moneys available for such purpose), in any manner provided by law, the moneys adjudged or decreed to be payable.

Section 805. Trustee May File Claim in Bankruptcy. In case of the pendency

of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other similar judicial proceeding relative to the Authority, the Borrower, the issuer of a Credit Enhancement or the Depositor of Cash Collateral or to property of the Authority, the Borrower, the issuer of a Credit Enhancement or the Depositor of Cash Collateral or the creditors of either of them, the Trustee (irrespective of whether the principal of the Bonds shall then be due and payable as therein expressed or by declaration or otherwise and irrespective of whether the Trustee shall have made any demand on the Borrower for the payments equal to overdue principal or interest), the issuer of a Credit Enhancement or the Depositor of Cash Collateral shall be entitled and empowered, by intervention in such proceeding or otherwise:

(i) to file and prove a claim for the whole amount of principal, premium, if any, and interest owing and unpaid in respect of the Bonds and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel) and of the Bondholders allowed in such judicial proceeding; and

(ii) to collect and receive any moneys or other

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property payable or deliverable on any such claims and to distribute the same; and any receiver, custodian, assignee, trustee, liquidator, sequestrator (or other similar official) in any such judicial proceeding is hereby authorized by each Bondholder to make such payments to the Trustee, and in the event that the Trustee shall consent to the making of such payments directly to the Bondholders, to pay to the Trustee any amount due to it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under Section 902 hereof.

Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Bondholder any plan of reorganization, arrangement, adjustment or composition affecting the Bonds or the rights of any holder thereof, or to authorize the Trustee to vote in respect of the claim of any Bondholder in any such proceeding.

the contrary notwithstanding, if at any time the moneys in the Bond Fund shall not be sufficient to pay the principal of premium, if any, or interest on the Bonds as the same shall become due and payable (either by their terms or by acceleration under the provisions of Section 803 of this Article) such moneys, together with any moneys then available or thereafter becoming available for such purpose, whether through the exercise of the remedies provided for in this Article or otherwise, shall be applied, following the satisfaction of any payments due to the Trustee under the provisions of Sections

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902 and 906 of this Agreement, as follows:

(a) If the principal of all the Bonds shall not have become due and payable or shall not have been declared due and payable, all such moneys shall be applied

first: to the payment to the Persons entitled thereto of all installments

of interest then due and payable in the order in which such installments became due and payable, and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment of such installment, ratably, according to the amounts due on such installment, to the Persons entitled thereto, without any discrimination or preference except as to any difference in the respective rates of interest specified in the Bonds;

second: to the payment to the Persons entitled thereto of the unpaid

principal of, premium, if any, on any Bonds which shall have become due and payable (other than Bonds deemed to have been paid in accordance with Article XIII hereof) in the order of their due dates, with interest on the principal amount of such Bonds at the respective rates specified therein from the respective dates upon which such Bonds became due and payable, and, if the amount available shall not be sufficient to pay in full the principal of the Bonds and premium, if any, due and payable on any particular date, together with such interest, then to the payment first of such interest, ratably, according to the amount of such interest due on such date, and then to the payment of such principal and premium, if any, ratably, according to the amount of such principal and premium, if any, due on such date, to the Persons entitled thereto, without any discrimination

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or preference except as to any difference in the respective rates of interest specified in the Bonds; and

third: to the payment of the interest and the principal of the Bonds and to

the redemption of Bonds, all in accordance with the provisions of this Agreement.

Notwithstanding the foregoing, in all instances hereunder no redemption premium shall be paid until all principal and interest due on the Bonds shall first have been paid in full.

(b) If the principal of all the Bonds shall have become due and payable or shall have been declared due and payable, all such moneys shall be applied to the payment of the principal and interest and premium, if any, then due upon the Bonds, without preference or priority of principal over interest or premium, or of interest over principal or premium, or premium over principal or interest or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal, interest and premium, if any, to the Persons entitled thereto without any discrimination or privilege except as to any difference in the respective rates of interest specified in the Bonds.

Whenever moneys are to be applied by the Trustee pursuant to the provisions of this Section, such moneys shall be applied by the Trustee at such times, and from time to time, as the Trustee in its sole discretion shall determine, having due regard to the amount of such moneys available or becoming available for such application or the likelihood of additional moneys in the future; the setting aside of such moneys, in trust for the proper purpose shall constitute proper application by the Trustee;

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and the Trustee shall incur no liability whatsoever to the Authority, to any Bondholder or to any other Person for any delay in applying any such moneys so long as the Trustee acts with reasonable diligence, having due regard to the circumstances, and ultimately applies the same in accordance with such provisions of this Agreement as may be applicable at the time of application by the Trustee. Whenever the Trustee shall exercise such discretion in applying such moneys, it shall fix the date (which shall be an Interest Payment Date

unless the Trustee shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the fixing of any such date, and shall not be required to make payment to the holder of any Bond until such Bond shall be surrendered to the Trustee for appropriate endorsement, or for cancellation if fully paid.

Section 807. Effect of Discontinuance of Proceedings. In case any

proceeding taken by the Authority or the Trustee on account of any default shall have been discontinued or abandoned for any reason, then, and in every such case, the Authority, the Trustee, the Borrower and the Bondholders shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies, powers and duties of the Trustee, the Authority and the Borrower shall continue as though no proceeding had been taken.

Section 808. Holders of Majority in Principal Amount of Bonds May Control

Proceedings. Anything in this Agreement to the contrary notwithstanding

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(but subject, however, to Sections 803 and 804 hereof), the holders of a majority in principal amount of the Bonds then Outstanding shall have the right, subject to the provisions of Sections 902 and 906 hereof, by an instrument or concurrent instruments in writing executed and delivered to the Trustee, to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee hereunder or exercising any trust or power conferred upon the Trustee, provided that (i) such direction shall not be otherwise than in accordance with law and the provisions of this Agreement, and (ii) subject to the provisions of Section 902 hereof, that the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction.

Section 809. Restrictions Upon Actions by Individual Bondholder. Except

with respect to a claim for indemnity upon an Event of Taxability pursuant to Section 5.11 of the Loan Agreement, no holder of any of the Bonds shall have any right to institute any suit, action or proceeding in equity or at law on any Bond or for the execution of any trust hereunder or for any other remedy hereunder unless such holder previously shall have given to the Trustee written notice of the Event of Default on account of which such suit, action or proceeding is to be instituted, and unless also the holders of not less than twenty-five percent (25%) in aggregate principal amount of the Bonds then Outstanding shall have made written request of the Trustee after the right to exercise such powers or right of action, as the case may be, shall have accrued, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers hereinabove

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granted or to institute such action, suit or proceeding in its or their name, and unless, also, there shall have been offered to the Trustee reasonable security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall have refused or neglected to comply with such request within a reasonable time; and such notification, request and offer of indemnity are hereby declared in every such case, at the option of the Trustee, to be conditions precedent to the execution of the powers and trusts of this Agreement or to any other remedy hereunder. It is understood and intended that, except as otherwise above provided, no one or more holders of the Bonds hereby secured shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of this Agreement, or to enforce any right hereunder except in the manner herein provided, that all suits, actions and proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the benefit of all holders of such Outstanding Bonds, and that any individual right of action or other right given to one or more of such holders by law is restricted by this Agreement to the rights and remedies herein provided.

Section 810. Receiver. Upon the occurrence of an Event of Default and upon

the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and of the Bondholders under this Agreement, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the payments under the Loan Agreement pending such proceedings, with such powers as the court making

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such appointment shall confer, whether or not any such amounts payable shall be deemed sufficient ultimately to satisfy the Bonds Outstanding.

Section 811. Actions by Trustee. All rights of action and claims under this

Agreement or under any of the Bonds secured hereby, enforceable by the Trustee may be prosecuted and enforced by it without the possession of any of the Bonds or the production thereof in the trial or other proceeding relative thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in its name for the benefit of all of the holders of such Bonds, subject to the provisions of this Agreement.

Section 812. No Remedy Exclusive. No remedy herein conferred upon or ----- reserved to the Trustee, or to the holders of the Bonds is intended to be exclusive of any other remedy or remedies herein provided, and each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or by law.

Section 813. No Delay or Omission Construed to be a Waiver. No delay or ----- omission of the Trustee, or of any holder of the Bonds to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or any acquiescence therein; and every power and remedy given by this Agreement to the Trustee, and to the holders of the Bonds, respectively, may be exercised from time to time and as often as may be deemed expedient.

Section 814. Waiver of Past Defaults. The holders of a majority in ----- aggregate principal amount of the Bonds then Outstanding may on behalf of the holders of all the Bonds then Outstanding waive any past default under Section 802 hereof and its

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consequences, except a default in respect of a covenant or provision of the Loan Agreement which under Section 1102 hereof cannot be modified or amended without the consent of the holder of each Outstanding Bond affected.

Upon such waiver, such default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured, for every purpose of this Agreement; but no such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

Section 815. Notice of Default. If an Event of Default occurs and is ----- continuing and if it is known to the Trustee, the Trustee shall mail to each Bondholder notice of such Event of Default within thirty (30) days after such Event of Default shall have become known to the Trustee and the expiration of any applicable grace or cure periods. Except in the case of default in the payment of the principal of or any interest on the Bonds, the Trustee shall be protected in withholding such notice if and so long as the board of directors or a designated committee of the Trustee in good faith determines that the withholding of such notice is in the interests of the Bondholders. Subject to the provisions of Section 905(c), the Trustee shall not, however, be subject to any liability to any Bondholder by reason of its failure to mail any such notice.

ARTICLE XI

Concerning the Trustee

Section 901. Acceptance of Trusts. The Trustee accepts and agrees to ----- execute the trusts imposed upon it by this Agreement, but only upon the terms and conditions set forth in this Article and subject to the provisions of this Agreement, to all of which

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the parties hereto and the respective holders of the Bonds agree. The Trustee also accepts, and agrees to do and perform, the duties and obligations imposed upon it by and under the Loan Agreement, but only upon the terms and conditions set forth in the Loan Agreement and this Agreement.

Section 902. Trustee Entitled to Indemnity. Except for its obligation to ----- accelerate the Bonds, draw on the Cash Collateral and/or realize on the Credit Enhancement, the Trustee shall be under no obligation to institute any suit, or to take any remedial proceeding under this Agreement or under the Loan Agreement, or to enter any appearance in or in any way defend against any suit, in which it may be made a defendant, or to take any steps in the execution of the trusts hereby created or in the enforcement of any rights and powers hereunder or under the Loan Agreement until it shall be indemnified to its satisfaction against any and all costs and expenses, outlays and counsel fees and other reasonable disbursements, and against all liability other than liability occasioned by its own bad faith, misconduct or negligence; the Trustee may, nevertheless, begin suit, or appear in and defend suit, or do anything else in its judgment proper to be done by it as such Trustee, without prior indemnity, and in such case the Authority or the Borrower shall reimburse and

indemnify the Trustee from funds available therefor under the Loan Agreement for all liabilities, costs and expenses, outlays and counsel fees and other reasonable disbursements properly incurred in connection therewith. The Trustee shall be paid interest on any funds advanced hereunder, at rates customarily charged by the Trustee, which rates shall in no

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event be more than the prime rate charged by the Trustee to its best commercial customers and furthermore, not in excess of the maximum legal interest rate. If the Authority or the Borrower shall fail to make such reimbursement or indemnification, the Trustee may reimburse or indemnify itself from any moneys in its possession under the provisions of this Agreement and shall be entitled to a preference over any of the Bonds Outstanding.

Section 903. Trustee Not Responsible for Insurance, Taxes or Execution of

this Agreement. The Trustee shall not be under any obligation to effect or

maintain insurance or to renew any policies of insurance or to inquire as to the sufficiency of any policies of insurance carried by the Borrower, or to report, or make or file claims or proof of loss for, any loss or damage insured against or which may occur, or to keep itself informed or advised as to the payment of any taxes or assessments, or to require any such payment to be made except that the Trustee shall review the information, reports and certifications regarding insurance to be delivered by the Borrower pursuant to the Pledge Agreement to determine whether they comply, on their face, with the provisions of such paragraph. The Trustee shall have no responsibility in respect of the validity, sufficiency, due execution or acknowledgment of this Agreement by the Authority or the Borrower or the validity or sufficiency of the security provided hereunder or, except as to the authentication thereof, in respect of the validity of the Bonds or the due execution or issuance thereof. The Trustee shall not be under any obligation to see that any duties herein imposed

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upon any party other than itself, or any covenants herein contained on the part of any party other than itself to be performed, shall be done or performed, and the Trustee shall be under no obligation for failure to see that any such duties or covenants are so done or performed, except for the failure of the Borrower to provide the reports and certificates required to be delivered pursuant to this Agreement and the Loan Agreement at specific times.

Section 904. Trustee Not Responsible for Act of the Authority or Application

of Moneys Applied in Accordance with this Agreement. The Trustee shall not be

liable or responsible because of the failure of the Authority or the Borrower or any of their employees or agents to make any collections or deposits or to perform any act herein required of the Authority or the Borrower or because of the loss of any moneys arising through the insolvency or the act or default or omission of any other Depository in which such moneys shall have been deposited under the provisions of this Agreement. The Trustee shall not be responsible for the application of any of the proceeds of the Bonds or any other moneys deposited with it and paid out, withdrawn or transferred hereunder if such applications, payment withdrawal or transfer shall be made in accordance with the provisions of this Agreement. The immunities and exemptions from liability of the Trustee hereunder shall extend to its directors, officers, employees and agents.

Section 905. Certain Duties and Responsibilities of the Trustee. (a)

Except during the continuance of an Event of Default specified in Section 802 of this Agreement,

(i) The Trustee undertakes to perform such

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duties and only such duties as are specifically set forth in this Agreement or the Loan Agreement, and no implied covenants or obligations shall be read into this Agreement or the Loan Agreement against the Trustee; and

(ii) In the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Agreement or the Loan Agreement; but in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Agreement or the Loan Agreement.

(b) In case an Event of Default specified in Section 802 of this Agreement has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by this Agreement, and use the same degree of care and

skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

(c) None of the provisions of this Agreement shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

(i) this subsection shall not be construed to limit the effect of subsection (a) of this Section;-

(ii) the Trustee shall not be liable for any error of judgment made in good faith by an officer

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or officers of the corporate trust department of the Trustee, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts;

(iii) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the holders of not less than a majority in principal amount of the Bonds then Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under the provisions of this Agreement; and

(iv) no provision of this Agreement or the Loan Agreement shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(d) Whether or not therein expressly so provided, every provision of this Agreement or the Loan Agreement or the Related Documents relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Section.

(e) Except as otherwise above provided in this Section:

(i) the Trustee may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, or other paper or document

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believed by it to be genuine and to be signed or presented by the proper party or parties;

(ii) whenever in the administration of this Agreement, prior to the occurrence of an Event of Default specified in Section 802 hereof, the Trustee shall deem it desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matters (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a certificate of an Authorized Borrower Representative and such certificate, in the absence of bad faith on the part of the Trustee, shall be full warrant to the Trustee for any action taken or suffered by it under the provisions of this Agreement upon the faith thereof;

(iii) the Trustee may consult with counsel, and the advice of such counsel or any written opinion of counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon;

(iv) the Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, or other paper or document but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the Borrower, personally or by agent or attorney; provided, however, that the aforesaid right of examination

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shall be exercised only upon such reasonable and necessary terms and conditions as the Borrower shall prescribe, which conditions shall be deemed to include, but not be limited to, reasonable notice and those conditions necessary to protect the Borrower's trade secrets and proprietary rights; and

(v) the Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through attorneys and the Trustee shall not be responsible for any misconduct or negligence on the part of any attorney appointed with due care by it hereunder or under the Loan

Agreement.

Section 906. Compensation. The Authority shall cause the Borrower to pay to

the Trustee its reasonable fees and expenses in accordance with Section 4.05(a) of the Loan Agreement. If the Borrower shall fail to make any payment required by this Section 906, the Trustee may, but shall be under no obligation to, make such payment from any moneys in its possession under the provisions of this Agreement and shall be entitled to a preference therefor over any of the Bonds Outstanding.

Section 907. Semi-Annual Statement of Funds on Deposit. It shall be the

duty of the Trustee, on or before the first day of the month following the first Principal Payment Date, and semi-annually thereafter, to file with the Authority, the Borrower and the Rating Agency a statement setting forth in respect of the preceding six (6) calendar months or portion thereof as applicable:

(a) the amount withdrawn or transferred by it and the amount deposited with it on account of each fund held by it under the provisions of this Agreement;

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(b) a brief description of all the obligations held by it as an investment of moneys in each such fund;

(c) the amounts applied to the payment, purchase or redemption of Bonds and a description of the Bonds so paid, purchased, or redeemed;

(d) the amount applied to the payment of interest on the Bonds; and

(e) any other information which the Authority, the Borrower or the Rating Agency may reasonably request.

All records and files pertaining to the Project and the trusts hereunder in the custody of the Trustee shall be open at all reasonable times to the inspection of the Authority and the Borrower and their agents and representatives.

Section 908. Notice of Default. Except in the case of a default under

paragraph (a) of Section 802 or as otherwise provided in Section 903 of this Agreement, the Trustee shall not be obliged to take action in respect of any Event of Default hereunder or under the Loan Agreement, unless specifically notified in writing of the action the Trustee is to take in respect of such Event of Default by the holders of not less than twenty-five per centum (25%) in aggregate principal amount of the Bonds hereby secured and then Outstanding. Notwithstanding the foregoing, the Trustee shall, in the case of an Event of Default under this Agreement and the expiration of any applicable grace or cure period, provide notice to the Bondholders as required by Section 815 hereof.

Section 909. Trustee May be Bondholder. The bank, national banking

association, or trust company

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acting as Trustee under this Agreement, and its directors, officers, employees or agents, may in good faith buy, sell, own, hold and deal in any of the Bonds, and may join in the capacity of a Bondholder in any action which any Bondholder may be entitled to take with like effect as if it were not the Trustee under this Agreement, may engage, as principal or agent, or be interested in any financial or other transaction with the Authority or the Borrower, may maintain any and all other general banking and business relations with the Authority or the Borrower with like effect and in the same manner as if the Trustee were not a party to this Agreement, and may act as Depository, trustee or agent for any committee or body of holders of the Bonds issued under and secured by this Agreement or other obligations of the Authority with like effect and in the same manner as if the Trustee were not a party to this Agreement; and no implied covenant shall be read into this Agreement against the Trustee in respect of such matters.

Section 910. Trustee Not Responsible for Recitals. The recitals, statements

and representations contained herein and in the Bonds (excluding the Trustee's certificates of authentication on the Bonds) shall be taken and construed as made by and on the part of the Authority and not by the Trustee, and the Trustee shall not be under any responsibility for the correctness of the same. The Trustee makes no representations as to the validity or sufficiency of this Agreement, the Loan Agreement or of the Bonds. The Trustee shall not be accountable for the use or application, other than as herein provided, of any of the proceeds of the Bonds.

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Section 911. Trustee Not Responsible for Recording. Subject to the duties

of which may arise under Section 905(b) of this Agreement, the Trustee shall not be under any obligation to see to the recording or filing of this Agreement, the Loan Agreement, the Related Documents or any other instrument or otherwise to see to the giving to any Person of notice of the provisions hereof or thereof.

Section 912. Trustee May Rely on Certificates. Subject to the provisions of

Section 905(b) hereof, the Trustee shall be protected and shall incur no liability in acting or proceeding, or in not acting or not proceeding, in good faith, reasonably and in accordance with the terms of this Agreement, upon any resolution, order, notice, request, consent, waiver, certificate, statement, affidavit, requisition, bond or other paper or document which it shall in good faith reasonably believe to be genuine and to have been adopted or signed by the proper board or person or to have been prepared and furnished pursuant to any of the provisions of this Agreement, the Loan Agreement or any Related Document, or upon the written opinion of any attorney, engineer, accountant or other expert believed by it to be qualified in relation to the subject matter, and the Trustee shall not be under any duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instrument.

Section 913. Qualification of the Trustee. There shall at all times be a

Trustee hereunder which shall be a corporation organized and doing business under the laws of the United States of America, the Commonwealth or any state, authorized

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under such laws to exercise corporate trust powers, having a combined capital and surplus of at least Fifty Million Dollars (\$50,000,000), subject to supervision or examination by federal, Commonwealth or state authority, having its principal trust office in the Commonwealth or in one of the states of the United States of America and having a rating by the Rating Agency of no less than "BBB" (or such lower rating which is acceptable to the Rating Agency in its sole discretion, which acceptability shall be so confirmed in writing by the Rating Agency to the Trustee). If such corporation publishes reports of condition at least annually, pursuant to law or to the requirements of the aforesaid supervising or examining authority, then for the purposes of this Section, the combined capital and surplus and the reported deposits of such corporation shall be deemed to be its combined capital and surplus and reported deposits, respectively, as set forth in its most recent report of condition so published. If at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section, it shall resign immediately in the manner and with the effect specified in Section 914 hereof.

Section 914. Resignation and Removal of Trustee.

(a) No resignation or removal of the Trustee and no appointment of a successor Trustee pursuant to this Article shall become effective until the acceptance of appointment by the successor Trustee under Section 915 hereof.

(b) The Trustee may resign at any time by giving written notice thereof to the Authority, the Borrower and the Rating Agency. If an instrument of acceptance by a successor Trustee shall not have

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been delivered to the Trustee within thirty (30) days after the giving of such notice of resignation, the retiring Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee.

(c) The Trustee may be removed at any time by demand of the holders of a majority in principal amount of the Bonds then Outstanding, signed in person by such holders or by their attorneys, legal representatives or agents and delivered to the Trustee, the Authority and the Borrower (such demand to be effective only when received by the Trustee, the Authority and the Borrower). For the purpose of determining whether the Bondholders of the required principal amount of Bonds have concurred in any such direction, Bonds owned by the Borrower, or by any person directly or indirectly controlling or controlled by or under direct or indirect common control with the Borrower, shall be disregarded, except that only Bonds which the Trustee knows are so owned shall be so disregarded.

(d) If at any time:

(1) the Trustee shall cease to be eligible under Section 913 hereof and shall fail to resign after written request therefor by the Borrower or by any Bondholder who shall have been a bona fide Bondholder for at least six (6) months; or

(2) the Trustee shall become incapable of acting or shall be adjudged a

bankrupt or insolvent or a receiver of the Trustee or of its property shall be appointed or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation, then, in any such case, (i) the Authority or the Borrower may remove the

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Trustee, or (ii) subject to Section 804 hereof, any Bondholder who has been a bona fide Bondholder for at least six (6) months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

(e) If the Trustee shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of Trustee for any cause, the Authority, with the approval of the Borrower, shall promptly appoint a successor Trustee. If, within one year after such resignation, removal or incapability, or the occurrence of such vacancy, a successor Trustee shall be appointed by an instrument or concurrent instruments in writing executed by the holders of a majority in principal amount of the Bonds then Outstanding delivered to the Authority, the Borrower and the retiring Trustee, the successor Trustee so appointed shall, forthwith upon its acceptance of such appointment, become the successor Trustee and supersede the successor Trustee appointed by the Borrower and approved by the Authority. If no successor Trustee shall have been so appointed by the Borrower and approved by the Authority, or appointed by the Bondholders, and accepted appointment in the manner hereinafter provided, any Bondholder who has been a bona fide holder of a Bond for at least six (6) months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the appointment of a successor Trustee.

(f) The Authority shall give written notice by first-class mail, postage prepaid, of each

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resignation and each removal of the Trustee and each appointment of a successor Trustee to all Bondholders and the Rating Agency. Each notice shall include the name and address of the corporate trust office of the successor Trustee.

Section 915. Successor Trustee. Every successor Trustee appointed hereunder

shall execute, acknowledge and deliver to its predecessor, and also to the Authority and the Borrower an instrument in writing accepting such appointment hereunder, and thereupon such successor Trustee without any further act, shall become fully vested with all the rights, immunities, powers and trusts, and be subject to all the duties and obligations of its predecessor; but such predecessor shall, nevertheless, on the written request of its successor or of the Authority or the Borrower and upon payment of the expenses, charges and other disbursements of such predecessor which are payable pursuant to the provisions of Section 906 hereof, execute and deliver an instrument transferring to such successor Trustee all the rights, immunities, powers and trusts of such predecessor hereunder; and every predecessor Trustee shall deliver all property and moneys held by it hereunder to its successor, subject, nevertheless, to its preference, if any, provided for in Sections 902 and 906 hereof. Should any instrument in writing from the Authority be required by any successor Trustee for more fully and certainly vesting in such Trustee the rights, immunities, powers and trusts hereby vested or intended to be vested in the predecessor Trustee, any such instrument in writing shall and will, on request, be executed, acknowledged and delivered by the Authority.

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Notwithstanding any of the foregoing provisions of this Article, any bank, national association, or trust company having power to perform the duties and execute the trusts of this Agreement and otherwise qualified to act as Trustee hereunder with or into which the bank, national association, or trust company acting as Trustee, may be converted, merged or consolidated, or to which the corporate trust business assets as a whole or substantially as a whole of such bank, national association, or trust company may be sold, shall be deemed the successor of the Trustee.

Section 916. Money Held in Trust. Money held by the Trustee in trust under

this Agreement shall not be commingled with the funds of any other Person and shall be maintained in a segregated account. Subject to the provisions of Section 602 hereof, the Trustee shall be under no liability for interest on any money received by it under this Agreement, except as otherwise agreed by the Authority and the Borrower.

Section 917. Notices to Rating Agency. So long as any Bond shall be rated,

the Trustee shall furnish to the Rating Agency then rating the Bonds (i) immediate notice of any Event of Default hereunder or under the Loan Agreement, (ii) copies of all financial statements, reports and certificates delivered by the Borrower or the Authority hereunder, (iii) copies of executed Leases and

certified rent rolls with respect to the Shopping Center received by the Borrower, (iv) notice of any change, resignation or removal of the Trustee or a successor trustee, (v) notice of any amendment or supplement to the Loan Agreement, a Related Document or a Credit Enhancement, and (vi)

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any notice received by the Trustee from the Authority or the Borrower hereunder.

Section 918. Amendment of Credit Enhancement. Except as provided in Section

4.09 of the Loan Agreement, the Trustee shall not consent to any amendment or modification of any provision of the Credit Enhancement which would reduce the amount of any payment required to be made thereunder to the Trustee, or would postpone the time of any such payment, or would alter the conditions under which any such payment is made, or any other amendment or modification which would adversely affect the security of the holders of the Bonds.

In the event of a default by the Guarantor or the Letter of Credit Bank, as applicable, under the Credit Enhancement, the Trustee is hereby authorized and required to enforce all of its rights in and under such Credit Enhancement, by such actions, at law or in equity, as it deems necessary in order to protect the interest of the holders of the Bonds. No default by the Guarantor or the Letter of Credit Bank, as applicable, under the terms of its Credit Enhancement shall relieve or reduce any obligations of the Borrower under this Agreement.

Section 919. Trustee Authorized to Appear in Partial Releases of Mortgage,

Segregations, Easements and Non-Disturbance Agreements. The Trustee is hereby

authorized to appear on behalf of the Authority and at the request of the Borrower in such public and private documents as shall be necessary or convenient, all as provided in the Loan Agreement, to comply with the obligations of the Authority under Sections 5.16 and 5.20 of the Loan Agreement and under Section 26 of the Pledge Agreement.

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ARTICLE X
Execution of Instruments by Bondholders
and Proof of Ownership of Bonds

Section 1001. Execution of Instruments by Bondholders and Proof of Ownership

of Bonds.

(a) Any request, direction, consent or other instrument in writing required or permitted by this Agreement to be signed or executed by Bondholders may be in any number of concurrent instruments of similar tenor and may be signed or executed by such Bondholders or their attorneys or legal representatives. Proof of the execution of any such instrument and of the ownership of Bonds shall be sufficient for any purpose of this Agreement and shall be conclusive in favor of the Trustee with regard to any action taken by it under such instrument if made in the following manner:

(1) The fact and date of the execution by any person of any such instrument may be proved by the verification of any officer in any jurisdiction who, by the laws thereof, has power to take affidavits within such jurisdiction, to the effect that such instrument was subscribed and sworn to before him, or by an affidavit of a witness to such execution. Where such execution is by a Person other than an individual, such verification or affidavit shall also constitute sufficient proof of the authority of the signer.

(2) The ownership of Bonds shall be proved by the registration books kept under the provisions of Section 206 hereof.

Nothing contained in this Section shall be construed as limiting the Trustee to such proof, it being intended that the Trustee may accept any other evidence of the matters herein stated which may be sufficient in the reasonable judgment of Trustee.

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Any request or consent of the holder of any Bond shall bind every future holder of the same Bond or any Bond issued in place thereof in respect of anything done by the Trustee in furtherance of such request or consent.

(b) If the Authority shall solicit from the holders any request, direction, consent or other instrument in writing required or permitted by this Agreement to be signed or executed by Bondholders, the Authority may, at its option, fix in advance a record date for the determination of holders entitled to give such request, direction, consent or other instrument, but the Authority shall have no obligation to do so. If such a record date is fixed, such request, direction, consent or other instrument may be given before or after such record date, but

only the holders of record at the close of business on such record date shall be deemed to be holders for the purpose of determining whether holders of the requisite proportion of Bonds have authorized or agreed or consented to such request, direction, consent or other instrument, and for that purpose the Bonds shall be computed as of such record date; provided that no such consent by the holders on such record date shall be deemed effective unless it shall become effective pursuant to the provisions of this Agreement not later than six (6) months after the record date.

ARTICLE XI
Supplements and Amendments to this Agreement

Section 1101. Supplements and Amendments not Requiring Bondholder Consent.

The Authority and the Trustee may, without the consent or approval of, or notice to, any of the Bondholders, at any time and from time to time, enter into such supplements and

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amendments to this Agreement, in form satisfactory to the Trustee, as shall not in the opinion of the Trustee be detrimental to the interests of the Bondholders (which supplements and amendments shall thereafter form a part hereof):

- (a) to cure any ambiguity or to make any other provisions with respect to matters or questions arising under this Agreement; or
- (b) to grant or confer upon the Trustee for the benefit of the Bondholders any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Bondholders or the Trustee; or
- (c) to correct any description of, or to reflect changes in, any properties comprising the Shopping Center; or
- (d) to add to the covenants of the Authority for the benefit of the Bondholders or to surrender any right or power herein conferred upon the Authority; or
- (e) to modify, amend or supplement this Agreement or any supplement or amendment thereto in such manner as to permit the qualification hereof and thereof under the Trust Indenture Act of 1939 or any similar federal statute hereafter in effect or to permit the qualification of the Bonds for sale under the securities laws of any of the states of the United States or the Commonwealth and, if they so determine, to add to this Agreement or any supplement or amendment thereto such other terms, conditions and provisions as may be required by said Trust Indenture Act of 1939 or similar federal statute; or
- (f) to facilitate or permit a payment to be made under the Credit Enhancement or a draw on the

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Cash Collateral in the manner contemplated therein or herein; or

- (g) to make any other changes which, in the reasonable judgment of the Trustee, will not restrict, limit or reduce the obligation to pay the principal of or premium, if any, or interest on the Bonds or otherwise impair the security of the Bondholders under this Agreement; or
- (h) to add to the covenants of Borrower or surrender any right conferred upon the Borrower.

Section 1102. Supplements and Amendments Requiring Consent of Holders of a

Majority in Principal Amount of Bonds. With the consent of the holders of not

less than a majority in aggregate principal amount of the Bonds at the time Outstanding, the Authority and the Trustee, with the consent of the Borrower, may, from time to time and at any time, enter into supplements and amendments to this Agreement for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Agreement or any supplement or amendment to this Agreement or of modifying in any manner the rights of the holders of the Bonds; provided, however that nothing herein contained shall permit, or be construed as permitting, without the consent of each Bondholder affected, (a) an extension of the time for the payment of the principal of, premium, if any, or the interest on any Bond, or (b) a reduction in the principal amount of any Bond or the redemption premium, if any, or the rate of interest thereon, or (c) the creation of any lien or security interest with respect to the Loan Agreement, or the payments thereunder, other than the lien created by this Agreement, the Collateral Assignment, the Mortgage,

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the Mortgage Note and the Pledge Agreement or (d) a preference or priority of

any Bond or Bonds over any other Bond or Bonds, or (e) any modification relating in any way to the Credit Enhancement or the Cash Collateral, other than modifications that do not affect the substantive rights of the Trustee to realize on the Credit Enhancement or draw on the Cash Collateral; or (f) a reduction in the aggregate principal of the Bonds required for consent to such supplement or amendment or any waiver hereunder. Nothing herein contained, however, shall be construed as making necessary the approval by Bondholders of the execution of any supplemental agreement as authorized in Section 1101 hereof.

The Trustee is not obligated to execute any proposed supplement or amendment if its rights, obligations and interests would be affected thereby. Nothing herein will affect any preexisting rights to create liens set forth in this Agreement. Any amendment or supplement to this Agreement will not become effective without the consent of the Borrower.

It shall not be necessary for the consent of the Bondholders under this Section to approve the particular form of any proposed supplement or amendment, but it shall be sufficient if such consent shall approve the substance thereof.-

If at any time the Authority shall request the Trustee to enter into any supplement or amendment to this Agreement for any of the purposes of this Section, the Trustee shall, at the expense of the Authority, cause notice of the proposed execution of such supplement or amendment to be mailed, postage prepaid, to all Bondholders. Such notice shall briefly set forth the nature of the proposed

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supplement or amendment and shall state that copies thereof are on file at the corporate trust office of the Trustee for inspection by all Bondholders. The Trustee shall not, however, be subject to any liability to any Bondholder by reason of its failure to mail the notice required by this Section, and any such failure or any defect in such notice shall not affect the validity of such supplement or amendment when consented to as provided in this Section.

Whenever, at any time within one year after the date of the mailing of such notice, the Authority shall deliver to the Trustee and the Borrower, an instrument or instruments in writing purporting to be executed by the holders of not less than a majority in aggregate principal amount of the Bonds then Outstanding, which instrument or instruments shall refer to the proposed supplement or amendment described in such notice and shall specifically consent to and approve the execution thereof in substantially the form of the copy thereof referred to in such notice, thereupon, but not otherwise, the Trustee may execute such supplement or amendment in substantially such form, without liability or responsibility to any holder of any Bond, whether or not such holder shall have consented thereto.

If the holders of not less than a majority in aggregate principal amount of the Bonds Outstanding at the time of the execution of such supplement or amendment or any record date established in connection therewith pursuant to Section 1001(b) hereof shall have consented to and approved the execution thereof as herein provided, no holder of any Bond shall have any right to object to the execution of such supplement or amendment, or to object to any of the terms and provisions contained

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therein or the operation thereof or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the Authority from executing the same or from taking any action pursuant to the provisions thereof.

Section 1103. Supplements and Amendments Deemed Part of Agreement. The

Trustee is authorized to join with the Authority in the execution of any supplement or amendment herein provided. Any supplement or amendment to this Agreement executed in accordance with the provisions of this Article shall thereafter form a part of this Agreement, and all of the terms and conditions contained in any such supplement or amendment as to any provision authorized to be contained therein shall be and shall be deemed to be part of the terms and conditions of this Agreement for any and all purposes. Upon the execution of any supplement or amendment to this Agreement pursuant to the provisions of this Article, this Agreement shall be and be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under this Agreement of the Authority, the Trustee and all holders of bonds then Outstanding shall thereafter be determined, exercised and enforced hereunder, subject in all respects to such modifications and amendments. In case of the execution and delivery of any supplement or amendment, express reference may be made thereto in the text of any Bonds issued thereafter, if deemed necessary or desirable by the Trustee.

Section 1104. Discretion of Trustee in Entering into Supplements and

Amendments. In each and every case provided for in this Article, the Trustee

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shall not be obligated to execute any proposed supplement

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or amendment, if the rights, obligations and interests of the Trustee would be thereby affected, and the Trustee shall not be under any responsibility or liability to the Authority, the Borrower or to any Bondholder or to anyone whomsoever for its refusal in good faith to enter into any such supplement or amendment if such supplement or amendment is deemed by it to be contrary to the provisions of this Article.

The Trustee shall be entitled to receive, and shall be fully protected in relying upon, an opinion of any counsel, as conclusive evidence that any such proposed supplement or amendment does or does not comply with the provisions of this Agreement, and that it is or is not proper for it, under the provisions of this Article, to join in the execution of such supplement or amendment.

Section 1105. Consent of Borrower, Guarantor, Letter of Credit Bank and

Depositor of Cash Collateral Required. Except in the case of any amendment or

supplement permitted by Section 1101(a) anything herein to the contrary notwithstanding, any such supplement or amended trust agreement shall not become effective unless and until the Borrower shall have consented thereto in writing. Anything herein to the contrary notwithstanding, any such supplement or amendment pertaining to (i) the investment of the Cash Collateral, (ii) the conditions under which the Cash Collateral may be applied to the Payment of the Bonds, and (iii) the rights of the Depositor of Cash Collateral, the Guarantor or the Letter of Credit Bank to the Related Documents and to funds and accounts held by the Trustee hereunder, shall not become effective (if there shall at the time be Cash Collateral held by the Trustee hereunder) unless and

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until the Depositor of Cash Collateral shall have consented thereto in writing, and in the case of clause (iii) above only (if the Trustee at the time holds a Guaranty Agreement or Letter of Credit hereunder) when the Guarantor or Letter of Credit Bank, as applicable, shall have consented thereto in writing.

ARTICLE XII

Supplements and Amendments to Loan Agreement and Related Documents

Section 1201. Supplements and Amendments Not Requiring Consent. The

Authority, the Borrower or the Depositor of Cash Collateral or issuer of a Credit Enhancement, as the case may be, may enter into, and the Trustee may consent to, from time to time and at any time, such amendments and supplements to the Loan Agreement, the Credit Enhancement and the Related Documents in form satisfactory to the Trustee, as shall not be inconsistent with the terms and provisions thereof and, in the opinion of the Trustee shall not be detrimental to the interests of the Bondholders (which supplements and amendments shall thereafter form a part thereof),

(a) to make changes in the Plans and Specifications permitted by the Loan Agreement; or

(b) to cure any ambiguity or formal defect or omission therein or, any supplement thereto; or

(c) to identify more precisely the Project; or

(d) to grant to or confer upon the Authority or the Trustee for the benefit of the Bondholders any additional rights, remedies, powers, benefits, authority or security that may lawfully be granted to or conferred upon the Authority or Bondholders or the Trustee; or

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(e) to make any other change, which, in the reasonable judgment of the Trustee, will not restrict, limit, or reduce the obligation to pay the principal of, premium, if any, or interest on the Bonds or of the Borrower to make the payments under the Loan Agreement or otherwise impair the rights of the Bondholders under this Agreement, the Credit Enhancement, if any, or the Related Documents; or

(f) to add to the covenants of the Borrower for the benefit of the Bondholders or to surrender any right or power therein conferred upon the Borrower.

Section 1202. Supplements and Amendments Requiring Consent of Holders of a

Majority in Principal Amount of Bonds. Except for supplements or amendments

provided for in Section 1201, the Authority shall not enter into and the Trustee shall not consent to any supplement or amendment to the Loan Agreement, the Credit Enhancement, if any, or the Related Documents unless notice of the proposed execution of such supplement or amendment shall have been given and the holders of not less than a majority in aggregate principal amount of the Bonds then Outstanding shall have consented to and approved the execution thereof, all as provided for in Section 1102 hereof in the case of supplements and amendments to this Agreement and with the same effect as provided in Section 1103; provided that the Trustee shall be entitled to exercise its discretion in consenting or not consenting to any such supplement or amendment in the same manner as provided for in Section 1104 hereof in the case of supplements and amendments to this Agreement.

Section 1203. Consent of Borrower, Guarantor, Letter of Credit Bank and

Depositor of Cash Collateral Required. Except in the case of any

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amendment or supplement permitted by Section 1201(b), anything herein to the contrary notwithstanding, any such supplement or amendment to the Loan Agreement and Related Documents shall not become effective unless and until the Borrower shall have consented thereto in writing. Anything herein to the contrary notwithstanding, any such supplement or amendment pertaining to (i) the investment of the Cash Collateral, (ii) the conditions under which the Cash Collateral may be applied to the Payment of the Bonds, and (iii) the rights of the Depositor of Cash Collateral, the Guarantor or the Letter of Credit Bank to the Related Documents and to funds and accounts held by the Trustee hereunder, shall not become effective (if there shall at the time be Cash Collateral held by the Trustee hereunder) unless and until the Depositor of Cash Collateral shall have consented thereto in writing, and in the case of clause (iii) above only (if the Trustee at the time holds a Guaranty Agreement or Letter of Credit hereunder) when the Guarantor or Letter of Credit Bank, as applicable, shall have consented thereto in writing.

ARTICLE XIII

Defeasances

Section 1301. Defeasance. If there is paid or caused to be paid from the

Bond Fund in accordance with the provisions of Sections 503 and 504 to the holders of all of the Bonds secured hereby the principal of, interest and premium, if any, which is and shall thereafter become due and payable thereon, together with all other sums payable hereunder by the Authority, then and in that case the rights, title and interest of the Trustee hereunder shall cease, terminate and become void, and such Bonds

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shall cease to be entitled to any lien, benefit or security under this Agreement. In such event, subject to the rights of the Depositor of Cash Collateral or issuer of a Credit Enhancement under the Pledge Agreement, and Section 1302 of this Agreement, the Trustee shall transfer and assign to the Borrower all property then held by the Trustee, shall execute such documents as may be reasonably required by the Authority or the Borrower to evidence such transfer and assignment and shall turn over to the Borrower any surplus in the Bond Fund and any balance remaining in the Project Fund and Reserve Fund.

If the Authority shall pay or cause to be paid to the holders of less than all of the Outstanding Bonds the principal of, premium, if any, and interest which is and shall thereafter become due and payable upon such Bonds, such Bonds, or portions thereof, shall cease to be entitled to any lien, benefit or security under this Agreement.

Any Outstanding Bond shall be deemed to have been paid within the meaning and with the effect expressed in this Section 1301 when the whole amount of the principal of, premium, if any, and interest on such Bond shall have been paid or when (a) in case said Bonds have been selected for redemption in accordance with Section 301 hereof prior to their maturity, the Borrower shall have given to the Trustee irrevocable instructions to give in accordance with the provisions of Section 302 hereof notice of redemption of such Bonds, (b) there shall have been deposited with the Trustee and specifically designated for the purpose of defeasance, moneys in an amount which shall be sufficient, or Government Obligations, which shall

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not contain provisions permitting the redemption thereof other than at the option of the holder, the principal of and the interest on which when due, and without any reinvestment thereof, will provide moneys which, together with the moneys, if any, deposited with or held by the Trustee available therefor, shall be sufficient to pay when due the principal of premium, if any, and interest due and to become due on said Bonds or portions thereof on or prior to the

redemption date or maturity date thereof, as the case may be, and (c) in the event said Bonds do not mature and are not to be redeemed within the next succeeding sixty (60) days, the Borrower shall have given the Trustee irrevocable instructions to give notice, as soon as practicable in the same manner as a notice of redemption is given pursuant to Section 302 hereof, to the holders of said Bonds, stating that the deposit of moneys or Government Obligations required by clause (b) of this paragraph has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with this Section and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal of, premium, if any, and interest on said Bonds; (d) the Trustee shall have received an opinion of counsel, which counsel shall be experienced in bankruptcy matters, satisfactory to the Trustee and the Authority, to the effect that the payment to the holders of the Bonds of the moneys described in clause (b) of this paragraph would not constitute a transfer which may be voided under any provision of the United States Bankruptcy Code in the event of an Act of Bankruptcy; and (e) the Trustee shall have received an opinion of counsel experienced in tax

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matters under the Code satisfactory to the Trustee and the Authority, to the effect that the deposit described in clause (b) of this paragraph would not adversely affect the treatment of the interest received by the holders of the Bonds as income from sources within the Commonwealth.

Neither the moneys nor the Government Obligations deposited with the Trustee pursuant to this Section nor principal or interest payments on any such obligations shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of premium, if any, and interest on said Bonds. If payment of less than all of the Bonds is to be provided for in the manner and with the effect expressed in this Section, the Trustee shall select such Bonds, or portions thereof, in the manner specified in Section 301(g) hereof for selection for redemption of less than all of the Bonds in the principal amounts designated to the Trustee by the Borrower.

Notwithstanding the defeasance of this Agreement pursuant to this Section 1301, the obligation of the Borrower to compensate and indemnify the Authority under Sections 4.05, 4.06 and 5.06 of the Loan Agreement and to indemnify the Authority, the Trustee, and the Bondholders under Section 5.08 of the Loan Agreement shall survive.

Section 1302. Rights of Depositor of Cash Collateral, Guarantor and Letter

of Credit Bank Upon Payment of the Bonds. In the event that the Trustee shall

exercise its right to draw on the Cash Collateral or Letter of Credit or shall make a claim against the Guaranty Agreement, the Depositor of Cash Collateral, the Letter of Credit Bank or the Guarantor, as the case may be, upon Payment of the

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Bonds, shall be entitled to receive from the Trustee (i) any funds or securities held by the Trustee in any fund or account existing hereunder, and (ii) an assignment of all of the Trustee's interest, if any, in the Loan Agreement, Mortgage, Mortgage Note, Pledge Agreement and Collateral Assignment, until the Depositor of Cash Collateral, Letter of Credit Bank or Guarantor shall have been reimbursed in full for all then unreimbursed sums drawn from the Collateral Fund or under the Letter of Credit or paid out by the Guarantor under the Guaranty Agreement, and thereafter the Borrower shall be entitled to receive all such funds, securities and interests. Any payments by the Trustee to the Depositor of Cash Collateral, Letter of Credit Bank or to the Guarantor pursuant to this Section 1302 shall be made pursuant to instructions of the Depositor of Cash Collateral, Letter of Credit Bank or the Guarantor, as the case may be.

Section 1303. Surrender of Credit Enhancement Upon Payment of the Bonds.

Upon Payment of the Bonds, and in the event that there shall then be outstanding a Credit Enhancement or Cash Collateral, the Trustee shall deliver the Credit Enhancement to the Guarantor or Letter of Credit Bank, as applicable, and pay over the Cash Collateral to the Depositor thereof, as the case may be.

ARTICLE XIV Miscellaneous Provisions

Section 1401. Covenants of Authority Bind its Successors. In the event of

the dissolution of the Authority, all of the covenants, stipulations, obligations and agreements contained in this Agreement by or on behalf of or for the benefit of the Authority shall bind or inure to the benefit of

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the successor or successors of the Authority from time to time and any officer, board, commission, authority, agency or instrumentality to whom or to which any

power or duty affecting such covenants, stipulations, obligations and agreements shall be transferred by or in accordance with law.

Section 1402. Notices. Any notice, demand, direction, request or other

instrument authorized or required by this Agreement to be given to or filed with the Authority, the Trustee, or the Borrower shall be in writing and given by (i) first class mail, registered or certified, return receipt requested, or (ii) private courier service, next day delivery, or (iii) telefax or other similar form of rapid transmission, confirmed as provided in clauses (i) and (ii) hereof, at substantially the same time as such rapid transmission, or (iv) personally delivered to the receiving party or, if not an individual, to an officer of the receiving party. All such communications shall be mailed, sent or delivered as follows: If to the Authority: Puerto Rico Industrial, Tourist, Educational, Medical and Environmental Control Facilities Financing Authority, c/o Government Development Bank for Puerto Rico, G.P.O. Box 42001, San Juan, Puerto Rico 00940, (Telecopy number: (809) 726-1440) Attention: Gregory Kaufman, Executive Director;

If to the Borrower: Palma Real Associates, S.E., 255 Ponce de Leon Avenue, Suite 1501, Royal Bank Center, Hato Rey, Puerto Rico 00917 (Telecopy number: (809) 753-8647) Attention: Managing Partner;

With copies to: Mark Davis, Esq., 7104 Melrose Castle Lane, Boca Raton, FL 33496 (Telecopy Number: (407) 482-4922); Ms. Mari Lee Holtzman, 100 South Dixie Highway, Suite 200, West Palm Beach, FL 33431

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(Telecopy Number (407) 659-3185); Samuel Susi, Esq., 1900 Glades Road, Suite 280, Boca Raton, FL 33431 (Telecopy Number: (407) 394-0888); Wal-Mart Stores, Inc., 702 SW 8th Street, Bentonville, Arkansas 72716 (Telecopy Number: (501) 273-4329) Attention: President;

If to the Trustee: Banco Popular de Puerto Rico, Banco Popular Center, 209 Munoz Rivera Avenue, San Juan, Puerto Rico 00918 (Telecopy Number: (809) 754-1267) Attention: Corporate Trust Department.

If to the Guarantor: Wal-Mart Stores, Inc., 702 SW 8th Street, Bentonville, Arkansas 72716 (Telecopy Number: (501) 273-4329) Attention: President.

With a copy to: Wal-Mart Legal Team, Wal-Mart Stores, Inc., 702 SW 8th Street, Bentonville, Arkansas 72716 (Telecopy Number: (501) 273-8650) Attention: General Counsel.

If to the Rating Agency: Duff & Phelps Credit Rating Co., 55 East Monroe Street, Chicago, Illinois 60603 (Telecopy Number: (312) 263-2852), Attention: Structured Finance Commercial Real Estate Group Monitoring.

All documents received by the Trustee under the provisions of this Agreement, or photographic copies thereof, shall be retained in its possession until this Agreement shall be released in accordance with the provisions of this Agreement, subject at all reasonable times to the inspection of the Authority and the Bondholders and the agents and representatives thereof.

A duplicate copy of each notice, certificate, request or other communication given hereunder to the Authority, the Borrower, or the Trustee shall also be concurrently given to each of the others. The Authority, the Trustee and the Borrower, may, by

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notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

All notices, demands, directions, certificates, requests, consents and instruments or other communications delivered in connection with this Agreement, shall be effective on receipt or first refusal thereof.

Section 1403. Substitute Mailing. In case, by reason of the suspension of

regular mail service as a result of strike, work stoppage or similar activity, or if it shall be impractical to mail notice of any event to Bondholders when such notice is required to be given pursuant to any provision of this Agreement, any manner of giving notice as shall be satisfactory to the Trustee and the Authority shall be deemed to be a sufficient giving of such notice.

Section 1404. Rights under Agreement. Except as herein otherwise expressly

provided, nothing in this Agreement expressed or implied is intended or shall be construed to confer upon any Person other than the parties hereto, the Borrower, the issuer of the Credit Enhancement, the Depositor of Cash Collateral and the holders of the Bonds, any right, remedy or claim, legal or equitable, under or by reason of this Agreement or any provision hereof, this Agreement and all its provisions being intended to be and being for the sole and exclusive benefit of

the parties hereto, the Borrower, the issuer of the Credit Enhancement, the Depositor of Cash Collateral and the holders from time to time of the Bonds issued hereunder.

Section 1405. Severability. In case any one or more of the provisions of

this Agreement or of the

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Bonds issued hereunder shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of this Agreement or of the Bonds, but this Agreement and the Bonds shall be construed and enforced as if such illegal or invalid provision had not been contained therein. In case any covenant, stipulation, obligation or agreement contained in the Bonds or in this Agreement shall for any reason be held to be in violation of law, then such covenant, stipulation, obligation or agreement shall be deemed to be the covenant, stipulation, obligation or agreement of the Authority to the full extent permitted by law.

Section 1406. Covenants of Authority not Covenants of Officials

Individually. No covenant, stipulation, obligation or agreement contained herein shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future member, agent or employee of the Authority in his individual capacity, and neither the members of the Board nor any other officer of the Board or the Authority executing the Bonds shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof. No member of the Board of the Authority and no officer, agent or employee of the Board or the Authority shall incur any personal liability in acting or proceeding or in not acting or not proceeding, in good faith, reasonably and in accordance with the terms of this Agreement.

Section 1407. Puerto Rico Law Governs. This Agreement shall be governed by

and construed in accordance with the laws of the Commonwealth of Puerto Rico.

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Section 1408. Payments, Notices, Deposits Due on Saturdays, Sundays and

Holidays. In case where the date of maturity of, interest on premium, if any,

or principal of the Bonds or the date fixed for redemption of any Bonds shall be any day other than a Business Day, then payment of interest premium, if any, or principal need not be made on such date but may be made on the next succeeding Business Day with the same force and effect as if made on the date of maturity or the date fixed for redemption, and no interest on such payment shall accrue for the period after such date.

Section 1409. Headings, Not Part of Agreement. Any headings preceding the

text of the several articles and sections hereof, and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this Agreement, and they shall not affect its meaning, construction or effect.

Section 1410. Agreement Supersedes Prior Agreements. This Agreement

supersedes any other prior agreement, written or oral, between the parties hereto with respect to the Bonds.

ACCEPTANCE

The appearing parties accept this Deed as drafted and confirm that the same has been drawn up in accordance with their instructions.

I, the Notary, hereby certify that this Deed was read by the persons appearing herein; that I advised them of their right to have witnesses present at the execution hereof, which right they waived, that I advised them of the legal effects of this Deed; that they acknowledged that they understood the contents of this Deed and its legal effect and that they are

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fluent in the English language and that thereupon they signed this Deed before me and affixed their initials to each and every page hereof to which fact and to all other matters hereinbefore stated, I the Notary, do hereby GIVE FAITH and ATTEST.

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LOAN AGREEMENT

This Agreement dated as of February 1, 1995 by and between Puerto Rico Industrial, Tourist, Educational, Medical and Environmental Control Facilities Financing Authority, a public corporation and governmental instrumentality of the Commonwealth of Puerto Rico, (the "Authority") and Palma Real Associates, S.E., a partnership organized under the laws of the Commonwealth of Puerto Rico (the "Borrower").

WITNESSETH

WHEREAS, by Act No. 121 of the Legislature of Puerto Rico, approved June 27, 1977, as amended, the Authority was created a body corporate and politic constituting a public corporation and governmental instrumentality of the Commonwealth of Puerto Rico; and

WHEREAS, the Authority is authorized under the Act to borrow money and issue bonds therefor for the purpose of paying costs incurred in connection with the acquisition, construction, development, equipping, installation and improvement of industrial facilities and paying such obligations and liabilities in connection therewith, for the purpose of constructing, installing and improving, making additions or extensions thereto or rehabilitating, remodeling or modernizing such facilities;

WHEREAS, the principal of and the premium, if any, and the interest on the bonds shall be payable solely from the funds provided by the Borrower; and

WHEREAS, in order to secure the prompt and faithful performance of the Borrower, Wal-Mart Stores, Inc. (the "Guarantor") has entered into a Guaranty Agreement (as hereinafter defined) dated the Date of Issuance (as hereinafter defined) with the Authority, pursuant to which the Guarantor will guaranty the payment of the principal of and interest on the Bonds in accordance with their terms up to the then current Enhancement Amount (as hereinafter defined); and

WHEREAS, the Authority has entered into a Trust Agreement (as hereinafter defined), dated the Date of Issuance, with Banco Popular de Puerto Rico, as Trustee, for the purpose of authorizing the issuance of \$43,450,000 aggregate principal amount of its Industrial Revenue Bonds, 1995 Series A (Plaza Palma Real Project) (the "Bonds"); and

WHEREAS, the Authority is entering into this Agreement with the Borrower to provide funds for: (i) the financing of the acquisition, construction, development, equipping, installation and improvement of the Shopping Center (as hereinafter defined); (ii) the deposit of the Reserve Fund Amount (as hereinafter defined) in

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the Reserve Fund (as hereinafter defined); and (iii) the payment of other costs, expenses and fees incurred in connection with the issuance of the Bonds (collectively, the "Project"); and

WHEREAS, the Authority is issuing the Bonds to lend the proceeds thereof to the Borrower and to pay the Cost (as hereinafter defined) of the Project and the Borrower is obligated to pay, or cause to be paid, to the Authority amounts sufficient to pay the principal of, the premium, if any, and the interest on such Bonds.

NOW, THEREFORE, in consideration of the respective premises and the respective representations and agreements herein contained, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS AND RULES OF CONSTRUCTION

Section 1.01. DEFINITIONS. As used in this Agreement and unless otherwise expressly indicated, or unless the context clearly requires otherwise:

(a) All the agreements or instruments herein defined shall mean such agreements or instruments as the same may from time to time be supplemented or amended or the terms thereof waived or modified to the extent permitted by, and in accordance with, the terms thereof and of this Agreement.

(b) The following terms shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

"Act" shall mean Act No. 121 of the Legislature of the Commonwealth, approved June 27, 1977, as amended, and all future acts supplemental thereto or amendatory thereof.

"Act of Bankruptcy" when used with respect to any Person shall mean the filing of a petition of bankruptcy by or against such Person or any other commencement of a bankruptcy or similar proceeding under any applicable bankruptcy, insolvency, reorganization or similar law as now or hereafter in effect.

"Additional Indebtedness Debt Service Coverage Ratio" shall mean the quotient resulting from dividing, at the time of calculation, the Net Operating Income of the Shopping Center for the preceding twelve (12) month period, or if acceptable to the Rating Agency, projected over the next twelve (12) month period, by the amount necessary to pay the principal of and the interest on the Bonds and such additional Indebtedness at their highest scheduled amortization over any twelve (12) month period, and reviewed by an Independent Accountant.

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"Additional Indebtedness Loan-to-Value-Ratio" shall mean the quotient, resulting from dividing, at the time of calculation, the then current Exposure Amount, plus the principal amount of any proposed additional Indebtedness, by the Appraised Value of the Shopping Center which has been reviewed by an Independent Accountant.

"Administrative Fee" shall mean the single fee payable to the Authority in the amount of one percent (1%) of the principal amount of the Bonds.

"Affiliate" shall mean, with respect to the Borrower, any Person directly or indirectly controlling, controlled by or under direct or indirect common control with, the Borrower and includes its subsidiaries. For the purposes of this definition, a Person shall be deemed to control another Person if such Person possesses, directly or indirectly, the power to direct or cause the direction of management and policies of such other Person, whether through the ownership of voting securities, by contract or otherwise.

"Appraisal" shall mean, at any time, and from time to time, the appraisal (or update of a prior appraisal) of the Shopping Center carried out by the Appraiser, made within one (1) year of the date on which it is to be used pursuant to the provisions hereof, reflecting such Appraiser's valuation of the market value of the Shopping Center in accordance with the general practice for the appraisal of properties of the same nature, including customary qualifications, and taking into consideration any outstanding or contemplated financing.

"Appraised Value" shall mean, at any time, and from time to time, the then current appraised value of the Shopping Center as reflected in the most recent Appraisal.

"Appraiser" shall mean, as applicable, Robert F. McCloskey & Associates, Vallejo & Vallejo, or any other appraiser acceptable to the Authority and the Rating Agency (in the case of the Rating Agency only until the then current Enhancement Amount is less than or equal to twenty five percent (25%) of the then current Exposure Amount), who shall be a member of the Appraisal Institute (MAI), duly licensed in the Commonwealth.

"Authority" shall mean Puerto Rico Industrial, Tourist, Educational, Medical and Environmental Control Facilities Financing Authority, a body corporate and politic constituting a public corporation and governmental instrumentality of the Commonwealth and any successor thereto.

"Authority Representative" shall mean each of the persons at the time designated to act on behalf of the Authority in a written certificate furnished to the Borrower and the Trustee containing

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the specimen signature of each such person and signed on behalf of the Authority by an authorized officer thereof.

"Authorized Borrower Representative" shall mean each of the persons at the time designated to act on behalf of the Borrower by written certificate furnished to the Authority and the Trustee containing the specimen signature of such persons and signed on behalf of the Borrower by an authorized representative of the Borrower.

"Bond Fund" shall mean the fund created by Section 501 of the Trust Agreement.

"Bondholder" or "holder" shall mean the registered owner of any Bond issued under the provisions of Section 208 of the Trust Agreement.

"Bonds" shall mean the bonds authorized to be issued under Section 208 of the Trust Agreement.

"Borrower" shall mean Palma Real Associates, S.E., a partnership organized under the laws of the Commonwealth, and its successors and permitted assigns and any surviving, resulting or transferee corporation or other Person.

"Business Day" shall mean any day of the year other than a Saturday, Sunday, or other day on which banks in San Juan, Puerto Rico are authorized or required by law or executive order to close.

"Cash Collateral" shall mean the funds which shall be on deposit at any time or from time to time in the Collateral Fund, in an amount at least equal to the then current Enhancement Amount.

"Casualty" shall have the meaning ascribed such term in Section 9.02 hereof.

"Casualty and Condemnation Award Fund" shall mean the fund created by Section 512 of the Trust Agreement.

"Code" shall mean the United States Internal Revenue Code of 1986, and the rules and regulations thereunder, as the same may be amended or supplemented from time to time.

"Collateral Assignment" shall mean the Collateral Assignment of Lessor's Interest in Leases dated the Date of Issuance between the Borrower and the Authority providing for the assignment as collateral of all Leases.

"Collateral Documents" shall mean all or any portion of the following, as the context indicates: (i) the Mortgage; (ii) the Mortgage Note; (iii) the Collateral Assignment; and (iv) the Pledge Agreement.

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"Collateral Fund" shall mean the fund created by Section 515 of the Trust Agreement.

"Commonwealth" shall mean the Commonwealth of Puerto Rico.

"Completion Date" shall have the meaning ascribed such term in Section 3.06 hereof.

"Cost" as applied to the Project, without intending thereby to limit or restrict any proper definition of such word under the Act, shall have the meaning set forth in Section 403 of the Trust Agreement.

"Credit Enhancement" shall mean the Guaranty Agreement or the Letter of Credit, as applicable, so long as credit enhancement shall be required pursuant to the provisions of Section 4.01(e) and Section 4.01(f) hereof.

"Date of Issuance" shall mean February __, 1995.

"Debt Service Factor" shall equal 9.34.

"Depositor" shall mean the Borrower, the Guarantor, the Letter of Credit Bank or any other Person who deposits the Cash Collateral in the Collateral Fund.

"Depository" shall mean any Bank authorized to receive funds of the Commonwealth.

"Enhancement Amount" shall mean the amount which shall be available from time to time for the Payment of the Bonds under the Credit Enhancement or in Cash Collateral, which amount shall on the Date of Issuance equal \$43,473,608.75, representing the principal of and two hundred ten (210) days interest on the Bonds at 8.1%, less the Reserve Fund Amount, which amount shall be reduced on each Principal Payment Date to the principal amount of the Bonds then outstanding and two hundred ten (210) days simple interest thereon at 8.1%, less the Reserve Fund Amount, as such amount may be further reduced from time to time, initially upon Enhancement Amount Reduction Determination(s) and thereafter upon permitted Enhancement Amount Reduction Certifications or other Enhancement Amount Reduction Determinations.

"Enhancement Amount Reduction Certification" shall mean, for such period as the then current Enhancement Amount shall be less than or equal to twenty five percent (25%) of the then current Exposure Amount, the reduction(s) in the Enhancement Amount, if any, resulting from a certification by the Independent Accountant, given in writing to the Trustee, providing: (i) the then current Lower Net Operating Income; (ii) the then current Unenhanced Amount; (iii) the difference between the then current Exposure Amount and the then current Unenhanced Amount; and (iv) to the

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extent the amount in (iii) shall be positive, a certification that such amount plus two hundred ten (210) days' interest thereon at 8.1% is the new Enhancement Amount. The foregoing certification may contain customary qualifications for opinion letters by accountants.

"Enhancement Amount Reduction Determination" shall mean the determination made at any time by the Rating Agency given in writing to the Trustee providing: (i) that the Enhancement Amount may be reduced or eliminated; (ii) for the new Enhancement Amount, if any; (iii) that the Bonds will continue to be rated not lower than "A" after the reduction in the Enhancement Amount contemplated under (i) above; and (iv) to the extent that the Enhancement Amount shall be reduced to an amount less than or equal to twenty-five percent (25%) of the then current Exposure Amount, for the establishment of the Maximum Loan to Value Ratio and the Minimum Debt Service Coverage Ratio.

"Event of Default" shall mean those events set forth in Section 7.01 of this Agreement.

"Event of Taxability" shall have the meaning ascribed to such term in Section 5.10 of this Agreement.

"Exposure Amount" shall mean, at any time, the difference, if any, between the principal amount of and accrued but unpaid interest on the Bonds at such time Outstanding and the aggregate amount of funds deposited under the Trust Agreement which are available for the payment of principal and interest on the Bonds (including capitalized interest in the Project Fund, and any amounts therein after the Completion Date, Mandatory Project Termination Date or after notice by the Borrower that the Project will not be completed) without taking into account moneys, if any, in the Collateral Fund.

"Government Obligations" shall mean: (i) direct obligations of, or obligations the principal of and the interest on which are unconditionally guaranteed by, the United States of America; and (ii) any certificates or other evidences of an ownership interest in obligations or in specified portions thereof (which may consist of specified portions of the principal thereof or the interest thereon) of the character described in clause (i); provided that such certificates or other evidences of an ownership interest referred to in clause (ii) are rated within the highest rating category issued by a nationally recognized statistical rating agency.

"Guarantor" shall mean the Initial Guarantor and any Successor Guarantor, and any successor or assign thereof.

"Guaranty Agreement" shall mean the Initial Guaranty Agreement and any Successor Guaranty Agreement, as the case may be.

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"Indebtedness" shall mean: (i) any debt for borrowed money; (ii) obligations evidenced by bonds, debentures, notes or other similar instruments; (iii) obligations to pay the deferred purchase price of property; and (iv) obligations under direct or indirect guaranties in respect of, and obligations (contingent or otherwise) to purchase or otherwise acquire, or otherwise to assure a creditor against loss in respect of, debt or obligations of others of the kinds referred to in clauses (i) through (iii) above.

"Independent Accountant" shall mean Kevane, Peterson, Soto and Pasarell or any firm of certified public accountants of recognized standing in the Commonwealth, which may also be the firm which audits the books of the Borrower, which is independent with respect to the Borrower within the meaning of the Code of Professional Ethics of the American Institute of Certified Public Accountants.

"Industrial Facilities" shall have the meaning given to such term by Section 3 of the Act.

"Initial Guarantor" shall mean Wal-Mart Stores, Inc., a corporation organized under the laws of the State of Delaware, and any successors or assigns.

"Initial Guaranty Agreement" shall mean that certain Guaranty, dated the Date of Issuance, between the Authority and the Guarantor providing for the Guarantor's guaranty of the Bonds up to the Enhancement Amount.

"Initial Letter of Credit" shall mean the irrevocable, transferable, stand-by Initial Letter of Credit issued by the Initial Letter of Credit Bank in a form reasonably acceptable to the Trustee, for a minimum term of one (1) year and a maximum term of two (2) years, in an amount sufficient to cover the then current Enhancement Amount.

"Initial Letter of Credit Bank" shall mean a banking association, bank or trust company or branch or agency thereof that meets the Rating Requirement and issues the Initial Letter of Credit.

"Interest Payment Dates" shall mean the first (1st) of each month

commencing March first (1st), nineteen ninety five (1995).

"ITA" shall mean the Puerto Rico Income Tax Act of 1954, as amended.

"Leases" shall mean all leases between the Borrower, as lessor, and the respective lessees, for lease of commercial space in the Shopping Center, as set forth in Exhibit A to the Collateral Assignment, and any leases which the Borrower may enter into in the future pertaining to the Shopping Center.

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"Letter of Credit" shall mean the Initial Letter of Credit or any Successor Letter of Credit, as the case may be.

"Letter of Credit Bank" shall mean the Initial Letter of Credit Bank during the term of the Initial Letter of Credit and thereafter shall mean the issuer of any Successor Letter of Credit during the term of such Successor Letter of Credit.

"Lien" shall mean any mortgage, pledge, security interest, encumbrance, lien or charge of any kind including, without limitation, any conditional sale or other title retention agreement, any lease in the nature thereof, or the filing of, or any agreement to give, any financing statement under the Uniform Commercial Code of any jurisdiction or any similar statement under the laws of the Commonwealth (other than informational filings in respect of equipment leased under any lease not intended as security, within the meaning of the Uniform Commercial Code or the laws of the Commonwealth).

"Lower Net Operating Income" shall mean in connection with an Enhancement Amount Reduction Certification, the lowest Net Operating Income for either of the two (2) twelve (12) month periods comprised within any twenty-four (24) month period preceding the date of such request, determined within one hundred eighty (180) days of the date presented for use hereunder, all such amounts as audited by the Independent Accountant.

"Managing Partner" shall mean, initially, Mark B. Davis, the current managing partner of the Borrower, or any successor managing partner of the Borrower, from time to time, as the case may be.

"Mandatory Project Termination Date" shall have the meaning ascribed such term in Section 3.06 hereof.

"Maximum Loan to Value Ratio" shall mean the loan to value ratio established by the Rating Agency on or after the time the then current Enhancement Amount is reduced to an amount less than or equal to twenty-five percent (25%) of the then current Exposure Amount pursuant to an Enhancement Amount Reduction Determination, or any such higher ratio as the Rating Agency may, in its sole discretion, deem appropriate, at any time thereafter, and confirmed in writing to the Trustee.

"Minimum Debt Service Coverage Ratio" shall mean the debt service coverage ratio established by the Rating Agency on or after the time the then current Enhancement Amount is reduced to an amount less than or equal to twenty-five percent (25%) of the then current Exposure Amount pursuant to an Enhancement Amount Reduction Determination, or such lower ratio as the Rating Agency may, in its sole discretion, deem appropriate, at any time thereafter, and confirmed in writing to the Trustee.

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"Mortgage" shall mean the mortgage on the Mortgaged Property as more fully described therein, from the Borrower, as mortgagor, to the Authority as mortgagee, constituted by Deed Number ___ executed before Notary Public, Javier Ferrer Canals, on the Date of Issuance.

"Mortgage Note" shall mean the mortgage note secured by the Mortgage to be given by the Borrower in pledge to the Authority.

"Mortgaged Property" shall mean all the mortgaged properties as defined or described in the Mortgage.

"Net Condemnation Proceeds" shall have the meaning ascribed such term in Section 9.02(d) hereof.

"Net Insurance Proceeds" shall have the meaning ascribed such term in Section 9.02 hereof.

"Net Operating Income" shall mean, for any twelve (12) month period, after commencement of operations at the Shopping Center, the gross revenues of the Shopping Center (including interest on the monies in the Reserve Fund) for such period less the operating expenses of the Shopping Center (including the Trustee's fees, management fees, leasing commissions, and the cost of tenant improvements (such leasing commissions and tenant improvement costs being amortized in accordance with generally accepted accounting principles consistently applied), reserves and any other expenses incurred in the operation

of the Shopping Center) for such period (before debt service on the Bonds and any other Indebtedness for such period, and excluding depreciation, amortization and other similar non-cash items for such period), all such amounts as audited by an Independent Accountant.

"Official Statement" shall mean the Official Statement dated February __, 1995, relating to the offer and sale of the Bonds.

"Partner Debt" shall mean Indebtedness of the Borrower in favor of one or more of the partners of the Borrower, which shall, at all times, and in all respects, be subject and subordinate to the Mortgage, shall not be subject to foreclosure or acceleration so long as any of the Bonds shall remain Outstanding, and for 366 days after the Bonds have been paid in full; and, the Partners, as holders of such Indebtedness, shall assign all rights to vote as a creditor of the Borrower, in a bankruptcy by or against the Borrower, to the Trustee, for the benefit of the Bondholders.

"Payment Date" shall mean each of the Interest Payment Dates, each of the Principal Payment Dates, and each of the dates the principal of any Bond, and premium, if any, becomes due and payable whether at maturity, redemption, acceleration or otherwise.

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"Payment of the Bonds" shall mean payment of the principal of, interest and premium, if any, on all the Bonds in accordance with their terms, whether through payment at maturity or redemption or provision for such payment in such a manner that the Bonds shall be deemed to have been paid under Section 1301 of the Trust Agreement.

"Permitted Letter of Credit Deposit" shall mean the deposit of the entire amount available under the Letter of Credit into the Collateral Fund through a final drawing made by the Trustee prior to the expiration thereof as required by Section 4.09(d) hereof.

"Permitted Lien" shall mean: (i) the statutory mortgage constituted in favor of the Commonwealth and its corresponding municipalities for land taxes not yet subject to fines, penalties, interests or costs for non-payment and Liens for taxes the payment of which is being contested as permitted by Section 12 of the Pledge Agreement; (ii) defects, irregularities, minor survey exceptions, minor encumbrances, easements or reservations of, or rights of others for rights of way, highways and railroad crossings, sewers, electric lines, telegraph and telephone lines or other similar purposes existing on the date hereof or hereafter created and necessary for the operation of the Shopping Center; and (iii) those non-mortgage Liens which are superior to the Mortgage and described therein and Leases to which the Mortgage may be subordinated in the future pursuant to Section 5.16 hereof.

"Plans and Specifications" shall mean the final construction plans and specifications for the Shopping Center, as the same may be revised from time to time, prior to the completion of the Shopping Center in accordance with this Agreement.

"Pledge Agreement" shall mean that certain Pledge Agreement relating to the Mortgage Note, dated the Date of Issuance between the Authority, as pledgee, and the Borrower, as pledgor.

"Preliminary Official Statement" shall mean the Preliminary Official Statement dated January 17, 1995 relating to the offer and sale of the Bonds.

"Principal Payment Dates" shall mean January 1 and July 1 of each year, commencing January 1, 1996.

"Project" shall mean: (i) the acquisition, construction, development, equipping, installation and improvement of the Shopping Center; (ii) the deposit of the Reserve Fund Amount in the Reserve Fund; and (iii) the payment of other costs, expenses and fees incurred in connection with the issuance of the Bonds.

"Project Fund" shall mean the fund created by Section 401 of the Trust Agreement.

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"Qualified Bondholder" shall have the meaning ascribed such term in Section 5.10(b) hereof.

"Rating Agency" shall mean Duff & Phelps Credit Rating Co. and its successors in interest and any resulting, surviving or transferee entity or any other nationally recognized securities rating service.

"Rating Requirement" shall mean in connection with the issuance of a Letter of Credit or a Successor Guaranty Agreement, as applicable, the requirement that the issuer of such instrument be an entity whose long term debt obligations are rated in one of the three (3) highest rating categories (without regard to any gradations within any such category by numerical qualifier or

otherwise) by the Rating Agency, at the time of delivery of such Letter of Credit or Successor Guaranty Agreement.

"Related Document" shall mean, individually or collectively as the case may be, any or all of the Bonds, the Trust Agreement, the Mortgage, the Mortgage Note, the Collateral Assignment, the Pledge Agreement and the Bond Purchase Agreement.

"Release Debt Service Coverage Ratio" shall mean the quotient resulting from dividing, at the time of calculation, the Net Operating Income of the Project for the then previous twelve (12) month period (or, if acceptable to the Rating Agency, in its sole discretion, for the then forthcoming twelve (12) month period), after taking into consideration the reduction in actual (or projected) Net Operating Income available to service the Bonds and any additional Indebtedness due to any requested release(s) from the Mortgage, by the amount necessary to pay the principal of and interest on the Bonds and any additional Indebtedness scheduled for payment over the same twelve (12) month period for which the Net Operating Income was calculated, as reviewed by an Independent Accountant.

"Release Loan-to-Value-Ratio" shall mean the quotient resulting from dividing, at the time of calculation, the then current Exposure Amount by the Appraised Value of the Project as determined by an Appraiser no later than one (1) year prior to such time, after taking into consideration the reduction in Appraised Value due to any requested release(s) from the Mortgage, as reviewed by an Independent Accountant.

"Reserve Fund" shall mean the fund created by the provisions of Section 509 of the Trust Agreement.

"Reserve Fund Amount" shall have the meaning set forth in Section 4.01(b) (ii) of this Agreement.

"Restoration" shall have the meaning ascribed such term in Section 9.02 of this Agreement.

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"Shopping Center" shall mean the commercial shopping center, parking areas and tangible properties to be owned and operated by the Borrower, to be known as "Plaza Palma Real" on the Mortgaged Property located in Humacao, Puerto Rico and includes any substitutions therefor or additions thereto or deletions therefrom.

"Successor Guarantor" shall mean an entity that meets the Rating Requirement and issues the Successor Guaranty Agreement.

"Successor Guaranty Agreement" shall mean the irrevocable, transferable, continuous guarantee, reasonably acceptable in form and substance to the Trustee substantially similar to the Initial Guaranty Agreement, in an amount sufficient to cover the then current Enhancement Amount.

"Successor Letter of Credit" shall mean the irrevocable, transferable, stand by letter of credit, reasonably acceptable in form to the Trustee, substantially similar to the Initial Letter of Credit, for a minimum term of one (1) year and a maximum term of two (2) years in an amount sufficient to cover the then current Enhancement Amount.

"Successor Letter of Credit Bank" shall mean the issuer of the Successor Letter of Credit that meets the Rating Requirement.

"Taking" shall have the meaning ascribed such term in Section 9.02(c) hereof.

"Title Insurance" shall have the meaning ascribed such term in Section 3.07(n) of this Agreement.

"Total Casualty" shall have the meaning ascribed such term in Section 9.02(a) hereof.

"Total Taking" shall have the meaning ascribed such term in Section 9.02(d) (i) hereof.

"Trust Agreement" shall mean the Trust Agreement dated the Date of Issuance by and between the Authority and the Trustee, as the same may be amended or supplemented in accordance with the terms hereof.

"Trustee" shall mean the bank or trust company at the time serving as Trustee under the Trust Agreement.

"Trustee Fees" shall mean fees payable to the Trustee pursuant to the Trust Agreement.

"Underwriter" shall mean PaineWebber Incorporated of Puerto Rico.

"Unenhanced Amount" shall mean the lower of: (i) the product of the Appraised Value and the Maximum Loan to Value Ratio; and (ii) the amount derived by dividing (x) the quotient resulting from dividing the Lower Net Operating Income by the Debt Service Factor, by (y) the Minimum Debt Service Coverage Ratio.

Section 1.02. RULES OF CONSTRUCTION.

(a) Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders.

(b) Unless the context shall otherwise indicate, the words "Bond", "owner", "holder" and "Person" shall include the plural as well as the singular number, "Person" shall mean any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization or government or any agency or political subdivision thereof, and "holder" and "Bondholder" when used herein with respect to Bonds shall mean the registered owner of Bonds at the time issued and outstanding under the Trust Agreement.

(c) Words importing the redemption or calling for redemption of the Bonds shall not be deemed to refer to or connote the Payment of the Bonds at their stated maturity.

(d) The captions or headings in this Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Agreement.

(e) All references herein to particular articles, sections or exhibits, are references to articles, sections or exhibits of this Agreement unless some other reference is established.

(f) Except as provided in Section 8.04 hereof, any inconsistencies between the provisions of this Agreement and the provisions of the Trust Agreement shall be resolved in favor of the provisions of the Trust Agreement.

(g) Unless otherwise specified herein, all accounting terms used herein shall be interpreted, all accounting determinations hereunder shall be made, and all financial statements required to be delivered hereunder shall be prepared, in accordance with generally accepted accounting principles as in effect from time to time, as promulgated by the American Institute of Certified Public Accountants, applied on a basis consistent with the financial statements of the Borrower delivered to the Authority (except for changes approved by the Borrower's Independent Accountant).

ARTICLE II

REPRESENTATIONS

Section 2.01. REPRESENTATIONS BY THE AUTHORITY.

The Authority represents that:

(a) It is a duly constituted and existing body corporate and politic constituting a public corporation and governmental instrumentality of the Commonwealth, established under the Act.

(b) Under the provisions of the Act, the Authority is duly authorized to enter into, execute and deliver this Agreement, and the Related Documents to which it is a party, to undertake the transactions contemplated hereby and thereby and to carry out its obligations hereunder and thereunder.

(c) By duly adopted resolution, the Authority has duly authorized the execution and delivery of this Agreement, the Trust Agreement and the Related Documents to which it is a party, and the issuance and sale of the Bonds.

(d) Under existing law, all payments received by the Authority pursuant to this Agreement are exempt from taxation by the Commonwealth.

(e) The Authority shall not submit the statement provided in Section 149(c)(2) of the Code with respect to the Bonds.

Section 2.02. REPRESENTATIONS BY THE BORROWER. The Borrower

represents and warrants to the Authority as follows:

(a) Due Organization. It is a partnership duly organized and validly existing under the laws of the Commonwealth and duly qualified to do business in

the Commonwealth, has made an election to be treated as a special partnership under Supplement P of the ITA, has all necessary power and authority to own its properties and to conduct its business as presently conducted or as proposed to be conducted, and to enter into and perform this Agreement and the Related Documents to which it is a party and possesses or will possess all material licenses and approvals necessary for the conduct of its business, as so described.

(b) No Violation. The execution, delivery and performance by the

Borrower of this Agreement and the Related Documents to which it is a party, have been duly authorized by all necessary partnership action, and do not and will not violate any law or any regulation, order, writ, injunction or decree of any court or governmental body, agency or other instrumentality applicable to the Borrower, or result in a breach of any of the material terms, conditions or provisions of, or constitute a default under, or

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result in the creation or imposition of any Lien upon any of the assets of the Borrower (except as contemplated hereby and by the Related Documents) pursuant to the terms of Borrower's partnership agreement as now in effect, or any mortgage, indenture, license, approval, agreement, instrument or document to which the Borrower is a party or by which it or any of its properties is bound.

(c) Consents. All authorizations, consents and approvals of,

notices to, registrations or filings with or other actions in respect of or by, any governmental body, agency or other instrumentality or court required in connection with the execution, delivery and performance by the Borrower of this Agreement and the Related Documents to which it is a party have been or will be duly obtained or given and are or will be in full force and effect.

(d) Enforceability. Assuming the due authorization and execution of

the other parties thereto, this Agreement and each Related Document to which the Borrower is a party is a legal, valid and binding obligation of the Borrower, enforceable against the Borrower in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization or any similar laws affecting creditors' rights generally, and by equitable principles affecting the availability of remedies in the nature of specific performance.

(e) No Litigation. There is no action, suit, proceeding, inquiry or

investigation before or by any court, public board or body pending or, to the knowledge of the Borrower, threatened against the Borrower wherein an unfavorable decision, ruling or finding would have a material adverse effect on the properties, business, condition (financial or other) or results of operations of the Borrower or the transactions contemplated by this Agreement or the Related Documents or which would adversely affect the validity or enforceability of, or the authority or ability of the Borrower to perform its obligations under this Agreement and the Related Documents to which it is a party.

(f) No Defaults. The Borrower is not in default under its

partnership agreement as now in effect or any law or any regulation, order, writ, injunction or decree of any court or governmental body, agency or other instrumentality applicable to the Borrower, and no material default has occurred and is continuing under any debt instrument or any indenture or other agreement or instrument governing the outstanding debt of the Borrower, or any other contract, agreement or instrument to which it is a party or by which the Borrower or its property is bound, and no event has occurred which with the giving of notice or the passage of time or both would constitute such a material default.

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(g) Financial Statements.

(1) The financial statements of the Borrower dated December 31, 1993, certified by Kevane, Peterson, Soto & Pasarell, Independent Accountant, copies of which have been delivered to the Authority, fairly present the financial position of the Borrower as of such date, in conformity with generally accepted accounting principles consistently applied.

(2) The Borrower has no contingent obligations, liabilities for taxes or other outstanding liabilities or obligations, fixed or contingent, which are material, individually or in the aggregate, except as disclosed in the financial statements described in clause (1) above. Since the date of such financial statements there has been no material adverse change in the condition (financial or other), business, operations or prospects of the Borrower.

(h) Disclosure. As of the date hereof, the representations and

warranties herein contained and in the Related Documents do not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements herein and therein, in light of the circumstances under which they were made, not misleading.

(i) Title; Liens. The Borrower has and will continue to have after

giving effect to the transactions contemplated hereby good, legal, recordable, marketable, fee simple (pleno dominio), and insurable title to the Mortgaged Property and, except for Permitted Liens and as contemplated or permitted hereby or by the Related Documents or reflected in the Title Insurance, the Mortgaged Property are subject to no Liens, except for Permitted Liens.

(j) Compliance. The Shopping Center and the use, occupancy,

operation and condition thereof are or will be in compliance in all material respects with all applicable governmental laws, rules and regulations; there are no material violations or notices or other records of violation of any zoning, health, safety, building, environmental, or other statute, ordinance or restriction affecting all or any part of the Mortgaged Property or any use or condition thereof; all certificates, permits, licenses and authorizations required for the construction, use and occupancy of the Shopping Center have been or will be obtained and are or will be in full force and effect; and there is no governmental proceeding, investigation or inquiry, pending or, to Borrower's knowledge, threatened, to condemn, purchase or otherwise acquire all or any part of the Mortgaged Property.

(k) Other Representations and Warranties. The Borrower hereby makes

to the Authority each of the representations and warranties made by the Borrower and contained in the Related

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Documents to which it is a party as if such representations and warranties were set forth in full herein.

(l) Industrial Facilities. The Borrower intends to cause the

Shopping Center to be operated as Industrial Facilities.

(m) Gross Income. For the three (3) year period preceding the Date

of Issuance, or such lesser period as the Borrower has been in existence, more than twenty percent (20%) of the Borrower's gross income has been derived from Commonwealth sources within the meaning of the Code and no part of its gross income is related to the active conduct of a trade or business in the United States or otherwise outside of the Commonwealth.

(n) Sole Purpose. The Borrower is not engaged in any business other

than the operation of the Shopping Center and does not own or operate and does not intend, so long as any Bonds are outstanding, to engage in, or otherwise own or operate any other business or any properties or assets other than the Shopping Center and those properties or assets directly relating to the operation thereof.

ARTICLE III

ISSUANCE OF THE BONDS

Section 3.01. CONSTRUCTION OF THE PROJECT. The Authority agrees to

lend to the Borrower funds to be used to pay, solely from the proceeds of the Bonds and other moneys made available by the Borrower, the Cost of the Project. The Borrower will cause the Shopping Center to be constructed substantially in accordance with the Plans and Specifications with all reasonable dispatch; but if for any reason such construction shall be delayed or shall not be completed there shall be no resulting diminution in or postponement of the payments required under this Agreement to be paid by the Borrower.

Section 3.02. REVISION OF DESCRIPTION OF THE PROJECT. The Borrower

may cause the description of the Project to be revised from time to time; provided, however, no change in the description of the Project shall be inconsistent with the representations incorporated by reference in subsection (l) of Section 2.02 hereof, and in the case of any change that would render materially inaccurate the description of the Project, there shall be delivered to the Trustee and the Authority (i) a new description which shall have been certified by an Authorized Borrower Representative, and (ii) approvals, if any, required by the Act.

Section 3.03. AGREEMENT TO ISSUE THE BONDS. The Authority agrees

that it will use its best efforts to issue, sell and deliver the Bonds to the Underwriter. The proceeds from the sale of the Bonds (including accrued interest) shall be delivered to the

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Trustee for deposit in accordance with Section 208 (D) of the Trust Agreement.

Section 3.04. DISBURSEMENTS FROM PROJECT FUND. The Authority and

the Borrower hereby agree that the moneys in the Project Fund shall be applied to the payment of the Cost of the Project as described in Section 3.01 above, and otherwise as provided in accordance with Article IV of the Trust Agreement, and substantially to the extent of the estimates of the Cost of the Project set forth in the application filed with the Authority, as such application may be amended from time to time, and such moneys shall be invested and reinvested in accordance with the Trust Agreement.

Section 3.05. BORROWER REQUIRED TO PAY COST OF THE PROJECT. If the

moneys in the Project Fund available for the payment of the Cost of the Project should not be sufficient to pay or cause to be paid the Cost of the Project, the Borrower agrees to complete the Project and pay all that portion of the Cost of the Project as may be in excess of the moneys available therefor in the Project Fund. The Authority does not make any warranty, either express or implied, that the monies which will be paid into the Project Fund will be sufficient to pay the Cost of the Project. The Borrower agrees that if, after exhaustion of the moneys in the Project Fund, the Borrower should pay or cause to be paid any portion of the Cost of the Project, it shall not be entitled to any reimbursement therefor from the Authority or from the Trustee, and that it shall not be entitled to any abatement, diminution or postponement of the payments to be made pursuant to Article IV of this Agreement.

Section 3.06. ESTABLISHMENT OF COMPLETION DATE; VERIFICATION OF COST

OF THE PROJECT. The Completion Date for the construction of the Project (the

"Completion Date") shall be evidenced to the Trustee by a certificate delivered to the Trustee, not later than the last day of the thirty sixth (36th) month succeeding the Date of Issuance (the "Mandatory Project Termination Date") and signed by an Authorized Borrower Representative, setting forth the Cost of the Project and stating that, except for amounts not then due and payable or the liability for the payment of which is being contested or disputed by the Borrower, the acquisition, construction, equipping, installation and improvement of the Shopping Center has been completed and the Cost of the Project has been paid. Notwithstanding the foregoing, such certificate shall state that it is given without prejudice to any rights the Borrower may have against third parties which exist at the date of such certificate or which may subsequently come into being. In addition, the Borrower shall provide to the Authority and the Trustee: (i) a certificate of an architect (the "Architect's Certificate") duly licensed to practice in the Commonwealth to the effect that the construction, equipping, installation and improvement of the Shopping Center has been completed, such completion conforming substantially to the Plans and

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Specifications; and (ii) a Certificate of Use; and (iii) evidence that all mechanics, materialmen and suppliers providing labor or services to the Project have been paid in full; and (iv) the bring down of Title Insurance covering the Shopping Center.

The Borrower shall furnish to the Authority, within one hundred and twenty (120) days after the end of the Borrower's fiscal year during which the Shopping Center is completed, a written statement prepared by an Independent Accountant verifying the Cost of the Project.

Section 3.07. CONDITIONS PRECEDENT TO ISSUANCE OF THE BONDS. The

obligation of the Authority to issue the Bonds is subject to the condition precedent that the Authority shall have received, on or before the Date of Issuance the following, each dated such date (except as to dates on those documents delivered pursuant to paragraphs (c), (e), (i), (j), (k), (l), (m), (n), (o), (p), (q) and (s) of this Section 3.07), and each in form and substance satisfactory to the Authority and its counsel:

(a) Certifications, in form and substance satisfactory to the Authority, of the Managing Partner of the Borrower as to the resolutions approving this Agreement and the Related Documents and the transactions contemplated hereby and thereby and as to such other matters as the Authority may reasonably request.

(b) a certificate of an Authorized Borrower Representative certifying the names and true signatures of the representatives of the Borrower authorized

to execute on behalf of the Borrower this Agreement and the Related Documents to which the Borrower is a party and the other documents to be delivered by the Borrower in connection herewith and therewith.

(c) a certified copy of the Borrower's partnership agreement, together with all amendments thereto.

(d) an opinion of Letvia M. Arza Goderich, Esq., counsel for the Borrower, pertaining to the due authority of the Borrower to enter into this Agreement and the Related Documents and as to such other matters as the Authority and the Rating Agency shall reasonably request.

(e) a certificate of the Trustee, delivered pursuant to the Bond Purchase Agreement dated the Date of Issuance among the Underwriter, the Borrower and the Authority, relating to its authorization to so act and such other matters as shall reasonably be requested.

(f) an opinion of Martinez Odell & Calabria, Bond Counsel, delivered pursuant to the Bond Purchase Agreement.

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(g) an opinion of counsel, who may be counsel to the Underwriter, to the effect that the Bonds are exempt from the registration requirements of the Securities Act of 1933 and the Commonwealth's Uniform Securities Act.

(h) an executed copy of each of the following:

- (i) the Trust Agreement;
- (ii) the Mortgage;
- (iii) the Mortgage Note;
- (iv) the Collateral Assignment;
- (v) the Pledge Agreement;
- (vi) the Guaranty Agreement;
- (vii) the Bond Purchase Agreement; and
- (viii) each other Related Document (other than the Bonds).

(i) An executed copy of each document delivered pursuant to Section 208 of the Trust Agreement and each document delivered pursuant to the Bond Purchase Agreement.

(j) Evidence, in form and substance satisfactory to the Authority and its counsel, that the Borrower has good, legal, recordable, marketable, fee simple, and insurable title in and to the Mortgaged Property, and that the Mortgage is a first priority lien on the Mortgaged Property.

(k) Copies of a survey of the Mortgaged Property, in form and substance satisfactory to the Authority and Bond Counsel, certified to the Authority within ninety (90) days prior to the Date of Issuance by an independent surveyor reasonably satisfactory to the Authority and licensed in the Commonwealth.

(l) Copies of all applicable governmental permits, licenses and approvals relating to the construction of the Shopping Center.

(m) A letter from the Rating Agency issuing a rating of no less than "A" for the Bonds.

(n) A mortgage title insurance policy or binder therefor in an amount equal to the aggregate principal amount of the Mortgage Note, issued by an insurer qualified to do business in the Commonwealth and naming the Authority and the Trustee as beneficiaries and insuring that the Mortgage constitutes a first lien on the Mortgaged Property (the "Title Insurance"), subject

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only to Liens contemplated or permitted by this Agreement and the Related Documents.

(o) evidence that the insurance requirements of Section 9 of the Pledge Agreement have been complied with and that the Authority and the Trustee have been added to the endorsements thereof as additional insureds and loss payees and as otherwise may be required by Section 9(b)(iii) of the Pledge Agreement.

(p) The Borrower shall have delivered an environmental report pertaining to the environmental condition of the Mortgaged Property, in form and substance reasonably acceptable to the Authority.

(q) The Borrower shall have delivered a negative tax debt certificate from the Commonwealth Treasury Department.

(r) An opinion of Conners & Winters, counsel to the Guarantor, pertaining to the due authority of the Guarantor to enter into the Guaranty Agreement, the effectiveness of the Registration Statement pertaining to the Initial Guaranty Agreement filed with the Securities Exchange Commission and the Office of the Commissioner of Financial Institutions of the Commonwealth and as to such other matters as the Authority shall reasonably request.

(s) Such other documents, instruments, opinions, and approvals as the Authority shall have reasonably requested.

Section 3.08. ADDITIONAL CONDITIONS PRECEDENT TO ISSUANCE OF THE

BONDS. The obligation of the Authority to issue the Bonds shall be subject to

the further conditions precedent that on the Date of Issuance:

(a) The following statements shall be true and correct in all material respects and shall be deemed to have been represented by the Borrower as being true and correct on the Date of Issuance and the Authority shall have received a certificate, signed on behalf of the Borrower by an Authorized Borrower Representative, dated the Date of Issuance, stating that:

(i) The representations and warranties contained in Section 2.02 of this Agreement are true and correct in all material respects on and as of the Date of Issuance, as though made on and as of the Date of Issuance, and

(ii) No event has occurred and is continuing, or would result from the issuance of the Bonds, or the other transactions contemplated hereby, which constitutes an Event of Default or would constitute an Event of Default but for the giving of notice or the lapse of time hereunder.

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(b) There shall have been paid, or there shall have been provided for the payment of, all mortgage recording fees or filing fees and there shall have been given, or taken, any notice or any other similar action, as may be necessary or, to the extent requested by the Authority or its counsel, advisable, in order to establish, perfect, protect and preserve the right, title and interest, remedies, powers, privileges, liens and security interests of the Authority and the Trustee, created by this Agreement and the Related Documents, subject only to Permitted Liens and such other Liens contemplated or permitted by this Agreement or the Related Documents and the Authority shall have received evidence satisfactory to it and its counsel of all of the foregoing.

ARTICLE IV

LOAN BY THE AUTHORITY TO THE BORROWER;
REPAYMENT; EXPENSES; INDEMNIFICATION

Section 4.01. LOAN BY THE AUTHORITY; REPAYMENT.

(a) Upon the terms and conditions of this Agreement, the Authority shall loan the Borrower the proceeds of the sale of the Bonds. The principal amount of the loan shall be equal to the aggregate principal amount of the Bonds.

(b) The Borrower agrees to repay the loan in accordance with the provisions of this Agreement. The Borrower will:

(i) with respect to each Payment Date, pay such amounts which together with all other moneys available therefor in the Bond Fund, will be sufficient to pay on such date:

(A) all interest which will then become due and payable on the Bonds, and

(B) the principal amount of Bonds and premium, if any, which will then become due and payable; and

(ii) pay such amounts which will cause the moneys deposited with the Trustee to the credit of the Reserve Fund which equal in the aggregate at least \$2,029,403.75 (the "Reserve Fund Amount") whenever required to pursuant to the provisions hereof.

(c) So long as any Bond is Outstanding, the Borrower agrees to pay to the Trustee for deposit:

(i) to the credit of the Bond Fund on the fifteenth day of each month commencing on February 15, 1995, an amount equal to the amount of interest on the Bonds to become due and payable on the next ensuing Interest Payment Date;

(ii) to the credit of the Bond Fund on the fifteenth day of each month commencing July 15, 1995, one-sixth (1/6th) of the amount of principal of the Bonds to become due and payable (whether at maturity or redemption pursuant to Section 301(f) of the Trust Agreement) on the next ensuing Principal Payment Date;

The payment due in clauses (c)(i) and (c)(ii) above, on the month immediately preceding each Payment Date shall be for an aggregate amount that, together with moneys then on deposit in the Bond Fund, shall be sufficient to pay the interest and principal of the Bonds which is due and payable on such Payment Date.

(iii) to the credit of the Reserve Fund the amounts it is required to pay under subsection (b)(ii) of this Section for deposit in the Reserve Fund no later than 11:00 A.M., Atlantic Standard Time, not later than the tenth (10th) Business Day immediately succeeding the date that the Trustee notifies the Borrower of a deficiency in the Reserve Fund Amount (a "Reserve Fund Deficiency Notice") after having made a determination of the moneys then to credit of the Reserve Fund in accordance with Section 511(D) of the Trust Agreement.

(iv) to the extent that for whatever reason the amounts on deposit in the Bond Fund pursuant to the payments made in accordance with clauses (c)(i) and (c)(ii) above shall not, by the fifth (5th) Business Day immediately preceding each Payment Date, equal an aggregate amount sufficient to pay the interest on, principal and premium, if any, on the Bonds due and payable on such Payment Date, then the Borrower shall deposit no later than 11:00 a.m. Atlantic Standard Time, on the Business Day immediately preceding such Payment Date an amount which together with amounts then on deposit in the Bond Fund will be sufficient to make the payments then due.

(d) The Borrower shall pay the amounts it is required to pay under this Section 4.01 directly to the Trustee for deposit in the Bond Fund. The Trustee shall not use any of the amounts deposited in the Bond Fund pursuant to this Section for any purpose other than the payment of principal of and interest and premium, if any, on the Bonds, payable on the date with respect to which such amounts were deposited and as otherwise provided in the Trust Agreement.

For purposes of this Section 4.01, a drawing by the Trustee under the Credit Enhancement or Cash Collateral, if any is then outstanding, to the extent made and applied to the payment of the principal amount of and interest on the Bonds, will be deemed to satisfy the obligations of the Borrower under this Section 4.01.

(e) To secure its obligation to make the payments required under this Section 4.01, the Borrower agrees to cause the Initial Guaranty Agreement to be issued and delivered to the Trustee on or

prior to the date of the delivery of and payment for the Bonds. The Initial Guaranty Agreement shall be in an amount equal to the Enhancement Amount. The Initial Guaranty Agreement may be substituted by the Borrower at any time for a Letter of Credit, Successor Guaranty Agreement or Cash Collateral in an amount equal to the then current Enhancement Amount, subject in each instance to the conditions set forth in Section 4.09(a), Section 4.09(b) and Section 4.09(c), respectively hereof.

(f) The applicable Credit Enhancement or the Cash Collateral and the Enhancement Amount at any time available thereunder for the Payment of the Bonds may be reduced from time to time, initially upon an Enhancement Amount Reduction Determination(s) and thereafter upon permitted Enhancement Amount Reduction Certification(s) or other Enhancement Amount Reduction Determinations. Any such reduction in the Enhancement Amount, resulting from either (i) Enhancement Amount Reduction Determination(s), or (ii) Enhancement Amount Reduction Certification(s) shall irrevocably reduce the Enhancement Amount available under the pertinent Credit Enhancement or the Cash Collateral effective upon receipt thereof in writing by the Trustee. The Borrower may cause there to be delivered to the Trustee, from time to time, until the Enhancement Amount is reduced to zero, additional Enhancement Amount Reduction Determinations and Enhancement Amount Reduction Certifications.

If the Enhancement Amount shall be reduced on a Principal Payment Date as provided above or pursuant to an Enhancement Amount Reduction Determination or an Enhancement Amount Reduction Certification, as the case may be (i) any Cash Collateral in excess of the new Enhancement Amount shall be immediately returned to the Depositor of the Cash Collateral, or (ii) the Credit Enhancement shall be immediately amended, without the need of a written modification thereto, permanently to reduce the liability of the issuer of the Credit Enhancement to the new Enhancement Amount.

If the Enhancement Amount shall be zero or less than zero, the Trustee

shall immediately deliver the Cash Collateral to the Depositor or immediately deliver the Credit Enhancement to the Guarantor or Letter of Credit Bank, as the case may be.

Upon Payment of the Bonds, in the event that there shall then be outstanding a Credit Enhancement or Cash Collateral, the Trustee shall immediately deliver the Cash Collateral to the Depositor thereof, or the Credit Enhancement to the Guarantor or Letter of Credit Bank, as the case may be.

In no event will the Enhancement Amount in effect at any point in time be increased or reinstated once reduced or eliminated.

The Trustee shall not use any of the amounts deposited in the Bond Fund

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pursuant to this Section for any purpose other than the payment of the principal amount of, premium, if any, and interest on the Bonds payable on the date with respect to which such amounts were deposited.

To additionally secure its obligation to make the payments required under this Section 4.01, the Borrower agrees to execute and deliver the Collateral Documents on or prior to the Date of Issuance.

Section 4.02. OBLIGATIONS ABSOLUTE. The obligations of the Borrower

under this Agreement shall be absolute, unconditional and irrevocable, and shall be paid or performed strictly in accordance with the terms of this Agreement under all circumstances, including, without limitation, the following circumstances:

- (i) any lack of validity or enforceability of any Related Document;
- (ii) any amendment or waiver of, or any consent to a change of, all or any of the Related Documents;
- (iii) the existence of any claim, set-off, defense or other right which the Borrower may have at any time against the Authority, the Trustee, or any other Person, whether in connection with this Agreement, any Related Document, the transactions contemplated herein or therein or any unrelated transaction other than payment of principal or interest by or on behalf of the Borrower; and
- (iv) any certificate or any other document presented hereunder by or on behalf of the Borrower shall prove to be forged, fraudulent, invalid or insufficient in any respect, or any statement therein being untrue or inaccurate in any respect.

Section 4.03. PREPAYMENTS. The Borrower may optionally prepay the

amounts payable under Section 4.01 only at the times and in the amounts as provided in Sections 8.01(a) and 8.03(b) and Article IX hereof, and the Borrower shall be obligated to prepay all or any such part of the amounts payable under Section 4.01 as provided in Sections 8.01(b), 8.02, and 8.03(a) hereof.

Section 4.04. COVENANT TO MAINTAIN THE SHOPPING CENTER. The Borrower

will, at its sole cost and expense, cause the Shopping Center with the appurtenances and every part and parcel thereof to be maintained, preserved and kept in good repair, working order and condition (reasonable wear and tear excepted) and will, from time to time, cause to be made all reasonably necessary and proper repairs, replacements and renewals; provided, however, that the Borrower will have no obligation to cause to be maintained, preserved, repaired, replaced or renewed any element or unit of the Project the maintenance, repair, replacement or renewal of which,

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in the opinion of the Borrower, becomes uneconomic to the Borrower because of damage or destruction or obsolescence, or change in economic or business conditions, or change in government standards and regulations, or the termination by the Borrower of the operation of the Industrial Facilities to which such element or unit of the Project is an adjunct. For purposes of this Section 4.04, the "opinion of the Borrower," upon the Authority's request, shall be expressed to the Authority and the Trustee by delivery of a certificate of an Authorized Borrower Representative specifying the circumstances, situations or conditions described in this Section 4.04, the existence of which permits the Borrower not to cause to be maintained any element or unit of the Project.

The Borrower covenants that it will promptly notify the Trustee and the Authority if the Shopping Center ceases to be maintained and operated as Industrial Facilities.

Section 4.05. EXPENSES.

The Borrower will pay:

(a) all reasonable fees and expenses of the Trustee and the costs and expenses of indemnifying the Trustee for, and holding the Trustee harmless against, any loss, liability or expense (including the costs and expenses of defending against any claim of liability) incurred without negligence or willful misconduct by the Trustee and arising out of or in connection with its acting as Trustee under the Trust Agreement; and

(b) the Administrative Fee, costs of issuance of the Bonds and Underwriter's fees as provided in Section 403 of the Trust Agreement, and all reasonable expenses of the Authority incurred at the request or with the consent of the Borrower, in connection with the financing of the Project.

Section 4.06. INDEMNIFICATION. The Borrower will at all times

indemnify and hold harmless the Authority against any and all losses, costs, damages, expenses and liabilities (collectively referred to hereinafter as "Losses") of whatever nature (including, but not limited to, reasonable attorneys' fees, litigation and court costs, amounts paid in settlement, and amounts paid to discharge judgments) directly or indirectly resulting from, arising out of, or related to one or more Claims, as hereinafter defined. The word "Claims" as used herein shall mean all claims, lawsuits, causes of action and other legal actions and proceedings involving bodily or personal injury or death and including but not limited to claims, lawsuits, causes of action and other legal actions and proceedings brought against the Authority or to which the Authority is a party, that directly or indirectly result from, arise out of, or relate to: (i) the design, construction, transfer, sale, operation, use, occupancy, maintenance or ownership of the Shopping Center or any part thereof; (ii) the execution, delivery or

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performance of this Agreement, the Trust Agreement or any Related Documents or other instruments in connection therewith; or (iii) any untrue statement or alleged untrue statement of a material fact contained herein or in any document relating to the Bonds, or any amendment or supplement thereto, including, but not limited to the Official Statement used in connection with the offer and sale of the Bonds or any Preliminary Official Statement relating to the Bonds, or the omission or alleged omission to state herein or in such documents a material fact required to be stated herein or in such documents or necessary to make the statements herein or therein, in light of the circumstances under which they were made, not misleading, provided, however, that the Borrower will not be liable in any case, to the extent that any such Loss or Claim arises out of, or is based upon, an untrue or alleged untrue statement or omission or alleged omission made in any of such documents in reliance upon and in conformity with written information furnished to the Borrower by the Authority or the Underwriter specifically for use therein (it being understood that the information in the Preliminary Official Statement and the Official Statement under the captions "The Authority and Governing Board," "Government Development Bank of Puerto Rico," "Tax Matters" (except matters relating to, and representations, warranties and covenants made by the Borrower), "Legal Investment", and under the caption "Underwriting," has been so furnished to the Borrower by the Authority or the Underwriter specifically for use therein). The obligations of the Borrower under this Section 4.06 shall apply to all Losses or Claims, or both, that result from, arise out of, or are related to any event, occurrence, condition or relationship prior to termination of this Agreement, whether such Losses or Claims, or both, are asserted prior to termination of this Agreement or thereafter. The Authority shall reimburse the Borrower for payments made by the Borrower pursuant to this Section 4.06 to the extent of any proceeds, net of all expenses of collection, actually received by the Authority from any insurance covering such Claims with respect to the Losses sustained. The Authority shall have the duty to claim any such insurance proceeds and the Authority shall assign its rights to such proceeds, to the extent of such required reimbursement, to the Borrower. In case any action shall be brought against the Authority in respect of which indemnity may be sought against the Borrower, the Authority shall promptly notify the Borrower in writing and the Borrower shall have the right to assume the investigation and defense thereof, including the employment of counsel and the payment of all expenses. The Authority shall have the right to employ separate counsel in any such action and participate in the investigation and defense thereof, but the fees and expenses of such counsel shall be paid by the Authority, unless the employment of such counsel has been approved in writing by the Borrower. The Borrower shall not be liable for any settlement of any such action without its written consent but, if any such action is settled with the written consent of the Borrower or if there be a final unappealable judgment for the plaintiff in any such action, the Borrower agrees to indemnify

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and hold harmless the Authority from and against any such Losses or Claims. Nothing herein shall be construed as requiring the Authority to acquire or maintain insurance of any form or nature with respect to the Shopping Center or

any portion thereof or with respect to any phrase, term, provision, condition or obligation of this Agreement or any other matter in connection herewith.

The provisions of this Section 4.06 shall survive the expiration or termination of this Agreement and the Related Documents.

Section 4.07. PAST DUE PAYMENTS. In the event the Borrower shall

fail to pay any amounts required to be paid under Section 4.01, any such amounts pertaining to principal of or interest on the Bonds shall continue to bear interest to the extent permitted by law until their payment from the Payment Date of the Bonds to which such defaulted amounts relate at the rate of interest on such Bonds.

Section 4.08. RATING.

(a) The Borrower shall cause the Rating Agency on or prior to the Date of Issuance to issue a rating for the Bonds of not less than "A."

(b) After the Date of Issuance and until the Payment of the Bonds, the Borrower covenants that it will deliver to the Rating Agency, from time to time, such documents and other relevant information as the Rating Agency may require for its due diligence on the rating assigned to the Bonds.

Section 4.09. SUBSTITUTION OF CREDIT ENHANCEMENT OR CASH COLLATERAL.

The Borrower shall have the option of substituting the Initial Guaranty Agreement for a Successor Guaranty Agreement, a Letter of Credit or Cash Collateral as hereinafter provided, and thereafter shall have the option of substituting any such Credit Enhancement or Cash Collateral for another form of Credit Enhancement or other Cash Collateral, as applicable, subject to the provisions hereof.

(a) The Borrower shall have the option, at any time, so long as an Event of Default shall not have been declared and is not continuing and the Reserve Fund Amount shall be available, of substituting the then applicable Credit Enhancement or the Cash Collateral with a Letter of Credit and the Borrower will additionally deliver to the Trustee together therewith the following documents:

(1) an executed copy of the reimbursement agreement delivered in connection with the Letter of Credit;

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(2) an opinion of counsel to the Borrower, which counsel may be the general counsel of the Borrower, to the effect that either (at the option of the Borrower) (i) the acceptance by the Trustee of the Letter of Credit will not require that the Bonds, the obligations of the Borrower under the Loan Agreement or the Letter of Credit be registered under the Securities Act of 1933, as amended, or the qualification of the Trust Agreement under the Trust Indenture Act of 1939, as amended, or (ii) any registration statement required to be filed under the Securities Act of 1933, as amended, with respect to the Bonds, the Borrower's obligations under the Loan Agreement or the Letter of Credit is effective under such Act, and the Trust Agreement has been duly qualified under the Trust Indenture Act of 1939, as amended;

(3) an opinion of counsel of the issuer of the Letter of Credit, which may be the general counsel of the issuer of the Letter of Credit, to the effect that the Letter of Credit is a legal, valid and binding obligation of the Letter of Credit Bank;

(4) evidence, satisfactory to the Trustee that the proposed Letter of Credit Bank meets the Rating Requirement at the time of delivery of such Letter of Credit;

(5) an opinion of Bond Counsel to the effect that: (i) all documents and opinions required to be delivered to the Trustee under this Section 4.09(a) have been delivered and such documents and opinions on their face comply with the requirements of this Section 4.09(a) and of the Trust Agreement and that the delivery of the Letter of Credit is authorized under and complies with the terms of this Agreement, and (ii) that the acceptance of the Letter of Credit shall not adversely affect the tax treatment of the Bonds; and

(6) such other documents and opinions as the Trustee may reasonably request.

(b) The Borrower shall have the option, at any time, so long as an Event of Default shall not have been declared and is not continuing and the Reserve Fund Amount shall be available, of substituting the then applicable Credit Enhancement or the Cash Collateral with a Successor Guaranty Agreement, and will additionally deliver to the Trustee together therewith the following documents:

(1) an opinion of counsel to the Borrower, which counsel may be the general counsel of the Borrower, to the effect that either (at the option of the Borrower) (i) the acceptance by the Trustee of the Successor Guaranty Agreement will not require that the Bonds, the obligations of the Borrower under the Loan Agreement or the Successor Guaranty Agreement to be registered under the Securities Act of 1933, as amended, or the qualification of the Trust Agreement under the Trust Indenture Act of 1939, as amended,

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or (ii) any registration statement required to be filed under the Securities Act of 1933, as amended, with respect to the Bonds, the Borrower's obligations under the Loan Agreement or the Successor Guaranty Agreement is effective under such Act, and the Trust Agreement has been duly qualified under the Trust Indenture Act of 1939, as amended;

(2) an opinion of counsel of the issuer of the Successor Guaranty Agreement, which may be the general counsel of the issuer of the Successor Guaranty Agreement, to the effect that the Successor Guaranty Agreement is a legal, valid and binding obligation of the Successor Guarantor;

(3) evidence, satisfactory to the Trustee that the proposed Successor Guarantor meets the Rating Requirement at the time of delivery of such Successor Guaranty Agreement;

(4) an opinion of Bond Counsel to the effect that: (i) all documents and opinions required to be delivered to the Trustee under this Section 4.09(b) have been delivered and such documents and opinions on their face comply with the requirements of this Section 4.09(b) and of the Trust Agreement and that the delivery of the Successor Guaranty Agreement is authorized under and complies with the terms of this Agreement; and (ii) that the acceptance of the Successor Guaranty Agreement shall not adversely affect the tax treatment of the Bonds; and

(5) such other documents and opinions as the Trustee may reasonably request.

(c) The Borrower shall have the option at any time, so long as an Event of Default shall not have been declared and is not continuing and the Reserve Fund Amount shall be available, of substituting the then applicable Credit Enhancement or the Cash Collateral for Cash Collateral for deposit to the credit of the Collateral Fund and will additionally deliver to the Trustee together therewith the following documents:

(1) A certificate of the Depositor of such Cash Collateral, to the effect that: (i) such deposit is made in substitution of the applicable Credit Enhancement or the prior deposit of Cash Collateral; (ii) that the Depositor consents to the use of the Cash Collateral under the terms and conditions set forth in this Agreement and the Trust Agreement; and (iii) that the Depositor will not exercise any claim against the Cash Collateral until the principal of and interest on the Bonds is paid in full.

(2) An opinion of counsel knowledgeable in United States Bankruptcy Code matters, and reasonably acceptable to the Trustee, to the effect that (i) the deposit by the Depositor of the Cash Collateral may not be avoided as a preferential transfer or otherwise by such Depositor's creditors in the event such person

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were subject to an Act of Bankruptcy and (ii) that such amounts if and when paid to the holders of the Bonds would not result in a preferential transfer, challengeable by other creditors of the Depositor or the Borrower.

(3) an opinion of Bond Counsel to the effect that: (i) all documents and opinions required to be delivered to the Trustee under this Section 4.09(c) have been delivered and such documents and opinions on their face comply with the requirements of this Section 4.09(c) and of the Trust Agreement and that the delivery of the Cash Collateral is authorized under and complies with the terms of the Loan Agreement, and (ii) that the acceptance of the Cash Collateral shall not adversely affect the tax treatment of the Bonds; and

(4) such other documents and opinions as the Trustee may reasonably request.

(d) Prior to the expiration of the Letter of Credit, if one is then outstanding and has not been substituted as provided in Section 4.09(a) or renewed as provided in Section 4.09(e), the Trustee shall make a Permitted Letter of Credit Deposit.

(e) The renewal of a Letter of Credit then in effect by the Letter of Credit Bank which issued such Letter of Credit under essentially the same terms thereof (except for changes in expiration dates and to reflect the then current

Enhancement Amount) shall not require the delivery of the documents and opinions set forth in Section 4.09(a).

ARTICLE V
FURTHER AGREEMENTS

Section 5.01. COVENANT TO MAINTAIN EXISTENCE. The Borrower

covenants that so long as any Bonds are outstanding, it will do all things necessary to preserve its existence and will not amend, modify or otherwise change its partnership agreement in a manner which adversely affects the Borrower's existence as a single purpose entity; will not dispose of all or substantially all its assets and will not consolidate with or merge into another Person; provided, however, that the Borrower may consolidate with or merge into another Person, or transfer to another Person all or substantially all its assets and thereafter dissolve and assign this Agreement to such successor or transferee Person, if such Person: (i) is organized under the laws of any state of the United States of America or the Commonwealth; (ii) complies with the representations made in Section 2.02(m) hereof; (iii) irrevocably and unconditionally assumes in writing all the obligations of the Borrower herein; and (iv) the Borrower complies with the conditions of Section 6.01 hereof.

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As used herein, a "single purpose entity" means a Person, other than an individual, which is formed or organized solely for the purpose of holding, directly, an ownership interest in one (1) property, does not engage in any business unrelated to such property and the financing thereof, does not have any assets other than those related to its interest in the property or the financing thereof or any indebtedness other than as permitted by this Agreement or the Related Documents, has its own separate books and its own accounts, in each case which are separate and apart from the books and records and accounts of any other Person and holds itself out as being a Person, separate and apart from any other Person.

Section 5.02. AUTHORITY'S COVENANT TO COOPERATE. In the event it

may be necessary, for the proper performance of this Agreement, on the part of the Authority or the Borrower, that any application or applications for any permit or license to do or to perform certain things, be made to any governmental or other agency by the Borrower or the Authority, the Borrower and the Authority each agree to cooperate in such matters; provided however, that the Authority and the Borrower are bound to the agreement of this Section 5.02 only in the case of reasonable requests for assistance.

Section 5.03. NO WARRANTY BY AUTHORITY. The Authority makes no

warranty, either express or implied: (a) as to the condition of the Shopping Center or its suitability for the Borrower's purpose or needs; or (b) that the proceeds of the Bonds will be sufficient to pay the Cost of the acquisition, construction, equipping, installation and improvement of the Shopping Center or to reimburse fully the Borrower for Costs incurred in connection therewith.

Section 5.04. RIGHT OF INSPECTION. The Borrower agrees that the

Authority, the Trustee and their duly authorized agents shall have the right, at all reasonable times during business hours, to enter upon and examine and inspect the Shopping Center to determine whether it continues to constitute Industrial Facilities. The Authority and Trustee shall also be permitted, at all reasonable times during business hours, to examine the Plans and Specifications and the other books and records of the Borrower with respect to the Shopping Center, in connection with the transactions contemplated by this Agreement and the Related Documents. The aforesaid rights of examination and inspection shall be exercised only upon such reasonable and necessary terms and conditions as the Borrower shall prescribe, which conditions shall be deemed to include, but not be limited to, reasonable notice and those conditions necessary to protect the Borrower's trade secrets and proprietary rights and the customary functioning of the Shopping Center.

Section 5.05. SERVICE OF PROCESS. The Borrower consents to the

jurisdiction of the courts of the Commonwealth for causes of

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action arising under the terms of this Agreement and the Related Documents. The Borrower agrees to appoint and maintain an agent in the Commonwealth to receive service of process for this limited purpose.

Section 5.06. OFFICERS OF AUTHORITY NOT LIABLE. All covenants,

stipulations, promises, agreements and obligations of the Authority contained herein shall be deemed to be covenants, stipulations, promises, agreements and obligations of the Authority and not of any member of the governing body of the Authority or any officer, agent, servant or employee of the Authority in his

individual capacity, and no recourse shall be had for the payment of the principal or interest on the Bonds or for any claim based thereon or hereunder against any member of the governing body of the Authority or any officer, agent, servant or employee of the Authority or any natural Person executing the Bonds. Neither any member of the governing body of the Authority nor any natural Person executing the Bonds shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance of the Bonds.

Section 5.07. COMPLIANCE WITH APPLICABLE LAW. The Borrower covenants

that the Plans and Specifications for the Shopping Center are in all material respects in compliance with all provisions of applicable laws, ordinances, orders, rules, regulations and requirements of all federal, Commonwealth and municipal governments, and appropriate departments, commissions, boards and officers thereof, now in force.

Section 5.08 INDEMNIFICATION WITH RESPECT TO GOVERNMENT OBLIGATIONS.

If the Borrower shall elect to cause Government Obligations to be deposited with the Trustee pursuant to Section 1301 of the Trust Agreement, the Borrower shall pay and shall indemnify and hold harmless the Trustee, the Authority and each holder of the Bonds against any tax, fee or other charge imposed upon or assessed against such Government Obligations or the principal thereof, or premium, if any, and interest received thereon.

Section 5.09. CONSENT TO ASSIGNMENT. The Borrower approves all the

terms of the Trust Agreement and consents to the assignments made by the Authority to the Trustee therein.

Section 5.10. COVENANT AS TO SOURCE OF INCOME. (a) The Borrower

covenants that it will conduct its business and invest its funds, including any moneys held by the Trustee under the Trust Agreement, so that an Event of Taxability shall not occur. In particular, the Borrower covenants that for each one of its taxable years up to and including the end of the taxable year preceding the date on which the principal amount of and interest on the Bonds are paid in full (whether by maturity, acceleration, redemption or otherwise), it shall do or cause to be done all things necessary or

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proper to ensure that interest paid on the Bonds will constitute income from sources within the Commonwealth under the applicable provisions of the Code, as in effect on the Date of Issuance.

(b) The Borrower further covenants to cause an Independent Accountant to deliver to the Trustee not later than one hundred twenty (120) days after the close of each of Borrower's taxable years, beginning with the taxable year ending December 31, 1995: (i) a certificate addressed to the Borrower, stating for the taxable year then ended the percent of the Borrower's gross income that was derived from Commonwealth sources and attributable to the conduct of the trade or business of the Borrower in the Commonwealth; and (ii) its opinion that based upon limited procedures, not constituting an examination made in accordance with generally accepted auditing standards, but including an examination of the Borrower's gross revenue accounts, as to whether the Borrower met or failed to meet the requirements of the Code, as in effect on the Date of Issuance, so that the interest payable on the Bonds for the taxable year for which such certificate is furnished would qualify as income from sources within the Commonwealth for purposes of the Code as in effect on the Date of Issuance. If such Independent Accountant determines that the Borrower has failed to meet the requirements of the Code as in effect on the Date of Issuance such that interest on the Bonds fails to qualify as income from sources within the Commonwealth, such certificate shall also state whether, solely as a result of any such failure, any portion of the interest on the Bonds received by a Qualified Bondholder (as hereinafter defined) is subject to United States income tax under the Code (an "Event of Taxability"). For these purposes, the term Qualified Bondholder shall mean a Bondholder which in the year in which interest was paid on the Bonds and with respect to which taxes would be payable thereon was a: (i) bona fide resident of the Commonwealth during the entire year in order to meet the requirements of Section 933 of the Code; or (ii) a "foreign" (as that term is defined in the Code) corporation and as to which the receipt of interest on the Bonds is not treated as effectively connected with, or attributable to, the conduct of a trade or business in the United States by such foreign corporation (a "Foreign Corporation"). Any determination by such Independent Accountant that the Borrower has failed to meet such requirements of the Code as set forth above shall be immediately notified by the Trustee to the Bondholders informing such Bondholders that an Event of Taxability has occurred hereunder.

Section 5.11. INDEMNITY UPON EVENT OF TAXABILITY. Upon the

occurrence of an Event of Taxability, the Borrower will pay an indemnity to each Qualified Bondholder who demonstrates to the Borrower that solely as a result of such Event of Taxability it had paid or is required to pay United States income

taxes ("federal taxes") in respect of the interest paid on the Bonds. The amount of the indemnity will equal such amount as, after deducting any federal taxes payable by the Bondholder with respect to such

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indemnity, will equal to the federal taxes such Bondholder was required or may be required to pay on such interest as a result of the occurrence of the Event of Taxability plus any penalties and interest that have been or may be assessed against such Bondholder with respect to such federal taxes that are not attributable to any act or omission of such Bondholder. The obligation of the Borrower to make these indemnity payments is separate and apart from any other obligations of the Borrower under this Agreement, shall survive the Payment of the Bonds and the termination of this Agreement and the Trust Agreement, is undertaken herein by the Borrower as an inducement to prospective purchasers of the Bonds to induce them to purchase the Bonds and is intended to benefit the Bondholders and is enforceable by each qualifying Bondholder as an independent and direct claim against the Borrower.

Any indemnity claim against the Borrower by a Bondholder (the "claimant") under this Section is subject to the following conditions and procedures:

(a) The claim must be filed with the Borrower in writing no later than ninety (90) days after receipt by the claimant of notice from the Trustee of the occurrence of the Event of Taxability giving rise to the claim.

(b) The claim must be accompanied by a certificate of an Independent Accountant certifying (i) that the federal taxes for which reimbursement is sought have been paid or are required to be paid, (ii) the amount of such taxes, (iii) the amount of penalties and interest payable with respect to such taxes, and (iv) the amount of any additional federal taxes, penalties and interest payable with respect to the indemnity claimed.

(c) The Borrower will pay the claim to the claimant within ninety (90) days after the claim is received by the Borrower.

(d) Notwithstanding the foregoing, the Borrower shall not be required to provide the indemnity provided for in this Section if the interest on the Bonds received by a Qualified Bondholder becomes subject to United States income tax as a result of an amendment to the Code or any other change in law.

Section 5.12. NO ABATEMENT OF PAYMENTS. If any of the Mortgaged

Property shall be damaged or either partially or totally destroyed, or if title to, or the temporary use of the whole or any part of the Mortgaged Property shall be taken or condemned by a competent authority for any public use or purpose, there shall be no abatement or reduction in the amounts payable by the Borrower hereunder, and the Borrower shall continue to be obligated to make such payments.

Section 5.13. AFFIRMATIVE COVENANTS. So long as the Borrower shall

have any obligation to pay any amount to the Authority

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hereunder, unless the Authority shall otherwise consent in writing, which consent shall not be unreasonably withheld, the Borrower covenants as follows:

(a) Compliance with Laws, Licenses, etc. The Borrower will comply

with all applicable laws, rules and regulations and orders of any governmental authority, the failure to comply with which would have a material adverse effect on its business, financial condition, results of operations, or would materially adversely affect Borrower's ability to perform its obligations under this Agreement or any Related Document, except laws, rules, regulations or orders being contested by it in good faith and by appropriate proceedings (i) which provide for the stay of the applicability of such law, rule, regulation or order during the pendency thereof; or (ii) the failure to comply during the period of such contest does not materially impair the use of the Mortgaged Property and Shopping Center.

(b) Compliance with Conditions, Covenants, etc. The Borrower will

comply with all conditions, covenants, restrictions, leases, easements, reservations, rights and rights-of-way and all applicable requirements of any insurers related to the Mortgaged Property, the failure to comply with which would have a material adverse effect on its business, financial condition or results of operation. The Borrower will comply in all material respects with all terms and conditions of licenses and permits relating to the operation of the Shopping Center.

(c) Performance of Agreements. The Borrower will take all actions

and do all things which it is required or authorized by law to take and to do in order to perform and observe all covenants and agreements on its part to be performed and observed under this Agreement and each Related Document.

(d) Further Assurances. (i) The Borrower will execute, acknowledge

where appropriate, and deliver, and cause to be executed, acknowledged where appropriate, and delivered, from time to time promptly at the request of the Authority, all documents necessary or advisable to carry out the intent and purpose of this Agreement and the Related Documents, and (ii) will execute and file or record, or cause others to execute and file or record, such documents, and take such other actions as may be necessary or advisable to create, perfect, protect and preserve the first mortgage lien acquired, or intended to be acquired, by the Authority under the Mortgage and the Pledge Agreement; provided, that with respect to this Section 5.15 (d) (ii) to the extent that Title Insurance shall be in full force and effect, and no event shall have occurred which shall impair or affect the ability of the named insured to collect thereunder, the Borrower shall be deemed to be in compliance hereunder.

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(e) Books and Records; Inspection Rights. The Borrower will keep

adequate records and books of account, separate and apart from those of any Affiliate, in which complete entries will be made and will reflect all financial transactions of the Borrower in accordance with generally accepted accounting principles consistently applied. The Borrower will at any reasonable time and from time to time upon reasonable notice, up to the Completion Date, permit the Authority, or any agents or representatives thereof, at the expense of the Authority, to examine and make copies of and abstracts from the records and books of account of, and visit the properties of, the Borrower and to discuss the affairs, finances and accounts of the Borrower with any of its officers and directors; provided, however, that if the Borrower shall designate any information as confidential information such information shall be held confidential by the Authority and shall not be furnished or disclosed by the Authority to any Person other than the Authority's affiliates, any Person receiving an assignment of rights under this Agreement or the Related Documents from the Authority, or the Authority's legal counsel, except as may be required by an order of any court or administrative agency or by any statute, rule, regulation, order, policy, directive or request of any governmental authority or agency.

(f) Reporting Requirements. The Borrower will furnish to the

Authority, (i) as soon as available and in any event within one hundred twenty (120) days after the end of each fiscal year of the Borrower, an audited balance sheet of the Borrower as to the end of such fiscal year and related audited statements of earnings and retained earnings and changes in financial position, including, an income statement for such fiscal year setting forth in comparative form an audited balance sheet and audited statements of earnings and retained earnings and changes in financial position as at the end of and for the previous fiscal year, and accompanied by the report thereon, not qualified as to the scope of the audit or as a result of non-conformity with generally accepted accounting principles or auditing standards, of an Independent Accountant;

(ii) concurrently with the delivery of the financial statements referred to in clause (i), a certificate of an Authorized Borrower Representative stating that he has reviewed this Agreement and the Related Documents and has made, or caused to be made under his supervision, a review in reasonable detail of the transactions and condition of the Borrower during the accounting period covered by such financial statements, that, based on such review, the Borrower has observed or performed all of its material covenants and other agreements, the failure to observe or perform which would have a material adverse effect on its business, financial condition, results of operations or would materially adversely affect Borrower's ability to perform its obligations hereunder and has satisfied every material condition contained in this Agreement and the Related Documents to be observed, performed or satisfied by it, and that such review has not disclosed the

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existence, during or at the end of such accounting period, and that such Authorized Borrower Representative does not have knowledge of the existence, during or at the end of such accounting period or as of the date of the certificate, of any material Event of Default or event which, with the giving of notice or the lapse of time or both, would constitute an Event of Default or, if such Representative has any knowledge of any such Event of Default or other such event, specifying what action Borrower is taking or proposes to take with respect thereto;

(iii) together with each delivery of financial statements pursuant to clause (i) above, a written statement by an Independent Accountant giving the report thereon (1) stating that their audit examination has included a review of the terms of this Agreement and of the Related Documents, as they relate to accounting matters and (2) stating whether, in the course of their audit

examination, they obtained knowledge (and whether, as of the date of such written statement, they have knowledge) of the existence of any Event of Default or any event which, with the giving of notice or the lapse of time or both, would constitute an Event of Default, and, if so, specifying the nature and period of existence thereof.

(g) Maintenance of Principal Office; Change of Address. The

Borrower will maintain an office for the transaction of its business and will give the Authority and the Trustee at least thirty (30) days prior written notice of any relocation of its chief executive office or principal place of business.

(h) Notice of Material Litigation. The Borrower shall

promptly notify the Authority of the existence and status of any litigation which individually or in the aggregate could, in the event of an unfavorable outcome, have a material adverse effect on the Borrower or the Project.

(i) Defaults. The Borrower will promptly notify the Authority

of the occurrence of any event, which with the giving of notice or the lapse of time, or both, would result in an Event of Default, and the action that the Borrower proposes to take with respect thereto.

(j) Insurance. The Borrower will comply with the insurance

requirements contained in the Pledge Agreement.

(k) Payment and Performance Bond; Builder's Risk Insurance.

Promptly upon Borrower's determination of the contractor to be engaged for the construction of the Shopping Center and in any event prior to actual commencement of construction, Borrower shall provide the Authority and the Trustee with copies of a Payment and Performance Bond for 100% of the construction costs thereof, as well as Builder's Risk Insurance in compliance with the requirements set forth in the Pledge Agreement.

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(l) Future Leases. Upon the execution of any future leases by

the Borrower, as lessor, of the Shopping Center or any part thereof, the Borrower shall execute or cause to be executed any and all instruments, certificates, assignments or other documents necessary or desired by the Authority and Trustee to perfect the assignment of such future leases to the Authority under the terms and provisions of, or terms and conditions substantially similar to, the Collateral Assignment.

(m) Payment of Debts. The Borrower will pay its debts from

its assets as the same shall become due and payable and will conduct its affairs in a prudent manner so as to at all times maintain its solvency, except for those debts being contested by Borrower in good faith and by appropriate proceedings.

(n) Conduct of Business. The Borrower will conduct and operate

its business as presently conducted and operated.

(o) Separateness. The Borrower will be, and at all times will

hold itself out to the public as a legal entity separate and distinct from any other entity, including any Affiliate thereof, and will maintain its assets in such a manner that it is not costly or difficult to segregate, ascertain or identify its individual funds and assets from those of any Affiliate or any other Person, and in connection therewith shall provide for the independent filing of its tax returns and related governmental filings. Any common employee or overhead shared with Affiliates will be appropriately allocated and charged.

(p) Annual Rating Agency Fee. The Borrower will pay the

Rating Agency its annual fee, and any other fees or charges in connection with the Rating Agency's annual credit review of the Borrower, as the same shall become due.

Section 5.14. LIENS AND ENCUMBRANCES; OTHER DEBT.

Except as provided in Section 5.15 hereof, the Borrower (a) covenants that it will not create or suffer to be created any Lien, encumbrance or charge upon the Mortgaged Property, or the Leases, or any part thereof, except for Permitted Liens and as otherwise contemplated or permitted under this Agreement or the Related Documents, and (b) will not, incur additional Indebtedness, except (i) to the issuer of the Credit Enhancement or the Depositor of Cash Collateral, whether secured or unsecured; (ii) for Indebtedness incurred for the

capital needs of the Shopping Center, including but not limited to the expansion and/or modernization of the Shopping Center up to an amount not to exceed five percent (5%) of the original principal amount of the Bonds; or (iii) such other Indebtedness as may be approved by the Rating Agency, which approval shall be confirmed in writing by the Rating Agency to the Trustee, and (iv) Partner Debt, which shall, when added to all such other Indebtedness of the Borrower, not exceed eighty percent (80%)

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of the current Appraised Value of the Shopping Center. In each instance under (iv) above, the Borrower shall maintain, after taking into consideration the principal amount of and debt service for such additional Indebtedness, an Additional Indebtedness Loan-to-Value Ratio of no more than the Maximum Loan to Value Ratio and an Additional Indebtedness Debt Service Coverage Ratio of no less than the Minimum Debt Service Coverage Ratio. Any additional Indebtedness permitted pursuant to the provisions hereinabove (i) shall either fully self amortize during the term of such Indebtedness or shall mature on a date following the date when the Bonds are to be paid in full, and (ii) shall in all respects be subject and subordinate to this Agreement and the Related Documents, including, but not limited to, the Mortgage and Collateral Assignment.

The Borrower further covenants that it will satisfy or cause to be discharged, or will make adequate provision to satisfy and discharge, within sixty (60) days after the same shall accrue, all lawful claims and demands (except such as may arise from or in connection with the Shopping Center or the acquisition, construction, equipping, installation and improvement of the Shopping Center and as may be payable from the proceeds of the Bonds) for labor, materials, supplies or other items which, if not satisfied, might by law become a Lien upon the Shopping Center, its revenues or any part thereof. If any such Lien shall be filed or asserted against the Shopping Center, its revenues or any part thereof, by reason of labor, materials, supplies or other items supplied or claimed to have been supplied on or to the Shopping Center at the request or with the permission of the Borrower or of anyone claiming to act for the Borrower, then the Borrower shall, within thirty (30) days after it receives notice of the filing or the assertion thereof, cause the same to be discharged of record or effectively prevent the enforcement or foreclosure thereof against the Shopping Center, by contest, payment, deposit, bond, order of court or otherwise. Nothing in this Section shall require the Borrower to satisfy or discharge any such Lien, so long as the validity thereof shall be contested in good faith and by appropriate legal proceedings, and such contest does not jeopardize the interest of the Authority, the Borrower or the Trustee in the Shopping Center and its revenues.

Section 5.15. PAYMENT OF OTHER CHARGES.

The Borrower covenants and agrees to pay directly to the appropriate party, when due, all assessments, levies, taxes and insurance premiums of every kind and nature relating to the whole or any part of the Shopping Center, or any interest therein, and all costs, expenses, liabilities and charges of every kind and nature, including wages, charges for gas, electricity, water, sewer and other utilities, relating to the maintenance, operation, repair, replacement and improvement of the Shopping Center or any part thereof, or any facilities, machinery or equipment thereon, or

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to the operations or services conducted or provided thereon in connection therewith which may arise or accrue; provided, however, that with respect to the obligations imposed upon it under this Section, the Borrower may exercise the right to contest them to the same extent and in the same manner as is provided in Section 5.14.

Section 5.16. COVENANTS OF THE AUTHORITY WITH RESPECT TO THE LEASES.

Upon the Borrower's written request, the Authority agrees to cause the (i) subordination of its lien under the Mortgage, with respect to the Leases, and/or (ii) the execution and delivery of non-disturbance and attornment agreements with respect to the Leases, all pursuant to and in connection with the terms and conditions set forth in Section 26 of the Pledge Agreement.

Section 5.17. BUSINESS. Borrower covenants and agrees that it will

not engage in any business other than the operation and administration of the Shopping Center directly or through any subsidiary or joint venture or other means.

Section 5.18. NEGATIVE COVENANTS. So long as the Borrower shall have

any obligation to pay any amount to the Authority hereunder, unless the Authority and the Rating Agency shall otherwise consent in writing, the Borrower covenants that it will not:

- (a) own any asset or engage in any business other than the

ownership and operation of (i) the Mortgaged Property, and (ii) incidental personal property necessary for the operation of the Mortgaged Property;

(b) enter into any contract or agreement with any Affiliate of the Borrower, except upon terms and conditions set forth in written valid, binding and enforceable agreements that are intrinsically fair and substantially similar to those that would be available on an arms-length basis with third parties other than an Affiliate;

(c) incur any Indebtedness, secured or unsecured, direct or contingent (including guaranteeing any obligation), other than Indebtedness permitted under the terms of this Agreement or any Related Documents;

(d) make any loans or advances to any Person (including any Affiliate) other than duly authorized and valid partnership distributions to the partners of the Borrower in the ordinary course of business;

(e) seek the dissolution or winding up, in whole or in part, of the Borrower, except in compliance with Section 6.01 hereof; or

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(f) guarantee or otherwise hold itself out to be responsible for the debts or obligations of any other Person or Affiliate, or permit that any Affiliate be responsible or otherwise guarantee its obligations.

Section 5.19. LIMITATION OF LIABILITY.

Notwithstanding anything to the contrary contained in this Agreement and whether or not the Borrower qualifies or continues to qualify as a special partnership, no recourse shall be had, whether by levy or execution or otherwise, for the payment of the principal of or interest on, or other amounts owed under this Agreement, or for any claim based on this Agreement or in respect thereof, directly or indirectly against any partner of the Borrower or any predecessor, successor or affiliate of any such partner or any of their assets (other than from the interest of such partner in the Borrower), or against any principal, partner, shareholder, officer, director, agent or employee of any such partner (other than from the interest of any such Person in the Borrower), nor shall any such Persons be personally liable for any such amount or claims, or liable for any deficiency judgment based thereon or with respect thereto. The sole remedies of the Authority with respect to the hereinbefore mentioned amounts and claims shall be against the Borrower, whether or not it qualifies or continues to qualify as a special partnership, and all such liability of the aforesaid Persons, except as expressly provided in this Section 5.19, is expressly waived and released as a condition of and as consideration for the execution of this Agreement. Anything in this Section to the contrary notwithstanding (i) nothing contained in this Agreement (including, without limitation, the provisions of this Section 5.19) shall constitute a waiver of any indebtedness of the Borrower evidenced hereby or any of the Borrower's other obligations or shall be taken to prevent recourse to and the enforcement against the Borrower of all the liabilities, obligations and undertakings contained in this Agreement; (ii) this Section 5.19 shall not be applicable to a breach by any Person of any unrelated obligation to the Authority; and (iii) this Section 5.19 shall not be applicable to any party in the event of (A) fraud by such party, (B) misappropriation of funds or other property by such party, or (C) damage to the Shopping Center or any part thereof intentionally inflicted in bad faith by such party. Notwithstanding the provisions of clause (iii) of this Section 5.19 nothing herein shall limit or otherwise impair the protection afforded to Borrower's partners under the provisions of Act No. 3 of September 27, 1985, as amended, or otherwise under applicable law. For the purposes of the foregoing, the term "shareholder" shall be deemed to include the shareholders of any corporation which is a shareholder of a corporation and the term "partner" shall be deemed to include the partners of any partnership which is a partner of a partnership.

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Section 5.20. PARTIAL RELEASE OF MORTGAGE

(a) After the then current Enhancement Amount is reduced to an amount which is less than or equal to twenty-five percent (25%) of the then current Exposure Amount, or such higher percentage which the Rating Agency may deem appropriate in its sole discretion at any time thereafter and confirmed in writing by the Rating Agency to the Trustee, upon the Borrower's request, unless an Event of Default shall exist hereunder or under the Related Documents, and after taking into consideration the reduction in value of the security for the Bonds and the reduction in income available to service the Bonds resulting from the release, and provided that at the time of such release the Borrower maintains a Release Loan-to-Value Ratio of no more than the Maximum Loan to Value Ratio and a Release Debt Service Coverage Ratio of no less than the Minimum Debt Service Coverage Ratio, the Authority shall consent to the segregation of and to release from the Mortgage and other Related Documents any and/or all of those parcels identified as Out-Parcels A, B, C and D in Exhibit A

and A-1 hereof and the Trustee shall appear upon request at any such segregation. Fifty percent (50%) of the net proceeds from any sale of an out-parcel or land-pad released from the lien of the Mortgage pursuant to the provisions of this Section shall be: (a) applied to redeem Bonds, or (b) deposited to the credit of the Reserve Fund, at the election of the Borrower.

(b) Upon the Borrower's request, the Authority and the Trustee agree to allow the Borrower to obtain or grant any easements, rights of way, or the like, deemed necessary or convenient by the Borrower and to segregate and release from the Mortgage any parcels of land for conveyance to the Commonwealth or any agency or subdivision thereof, if deemed by the Borrower to be necessary or convenient.

(c) No release under Sections 5.20(a) and (b) shall cause any change in the terms and conditions hereof or any reduction in the Mortgage Note except that the area of the land forming part of the Mortgaged Property shall be reduced by the area of the parcel(s) so released.

All costs and expenses related to such segregation(s) and release(s) shall be for the account of the Borrower, provided, however, that the Borrower shall not be required to make any partial release or other payment or to pay any compensation (other than the reimbursement of the cost and expenses mentioned above) to the Authority and the Trustee for any segregation or release permitted by this Section 5.20.

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Section 5.21. NO INTEREST OF AUTHORITY IN PROJECT.

The Authority shall not have any rights to or interest in the Project, which shall be the sole and exclusive property of the Borrower.

ARTICLE VI

ASSIGNMENT

Section 6.01. SALE OF PROJECT; ASSIGNMENT OF LOAN AGREEMENT BY

BORROWER. With prior notice to the Authority and the Trustee, but without the

necessity of obtaining the consent of the Authority or the Trustee, the Shopping Center may be sold, leased or otherwise transferred, as a whole or in part, and any proceeds thereof retained by the Borrower and/or this Agreement may be assigned, in whole or in part; subject, however, in either case, to the following conditions:

(a) prior to any sale, lease or other transfer of the Shopping Center, the Authority and the Trustee shall be provided with evidence satisfactory to them by the Borrower (which may include an opinion from counsel approved by the Trustee and the Authority) that notwithstanding such event, interest payable on the Bonds will continue to: (i) constitute Commonwealth source income under applicable provisions of the Code as in effect on the Date of Issuance, (ii) qualify for the exclusion from gross income under Section 933 of the Code, and (iii) not be subject to income taxes under the Code as in effect on the Date of Issuance, when received by a foreign corporation;

(b) no sale, lease, or other transfer of the Shopping Center or assignment of this Agreement shall relieve the Borrower of the obligation to make the payments required by Section 4.01 hereof except if the requirements of Section 6.01(A) hereof are met, in which case the Borrower shall be relieved of all future obligations under this Agreement and the Related Documents;

(c) prior to any sale, lease, or other transfer of the Shopping Center contemplated under this Section 6.01, if the Bonds are then rated, the Borrower shall obtain evidence in written form of the Rating Agency that a sale, lease, or other transfer of the Shopping Center, or the assignment of this Agreement shall not cause the downgrading of the Bonds by the Rating Agency.

Any assignment of this Agreement by the Borrower is subject to the following additional conditions:

(A) the assignee shall, in a certificate delivered to the Authority and the Trustee, which certificate shall be in a form reasonably satisfactory to the Authority and the Trustee, expressly assume, and agree to pay and to perform, all of the

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obligations of the Borrower under the Agreement which shall have been assigned to it; and

(B) the assignee shall deliver to the Authority and the Trustee a certificate executed by its chief financial officer stating that none of the obligations, covenants and performances under the Agreement assumed by it will

conflict with, or constitute on the part of such assignee a breach of, or default under, any indenture, mortgage, agreement or other instrument to which such assignee is a party or by which it is bound, or any existing law, rule, regulation, judgment, order or decree to which such assignee is subject.

Notwithstanding anything contained herein to the contrary, the foregoing reference to leases shall not mean the Leases entered into by Borrower for the Shopping Center in the ordinary course of business, which Leases shall not be subject to the requirements of this Section and may be entered into by Borrower free of any obligations under this Section 6.01.

Section 6.02. ASSIGNMENT BY AUTHORITY. By the provisions of the

Trust Agreement, the Authority will assign its rights and interests under this Agreement and the Related Documents to which it is a party (except its rights to receive notices, reports, and other statements given both to the Authority and the Trustee, its rights under Sections 4.05, 4.06, 5.08 and 7.04 hereof to payment of certain costs and expenses and to indemnification, and to individual and corporate rights to exemption from liability under Sections 5.06, 10.14 and 10.15 hereof) and will assign any payments, receipts and revenues receivable by it (except as aforesaid) under or pursuant to this Agreement and the Related Documents to which it is a party and income earned by the investment of funds held under the Trust Agreement, to the Trustee as security for the payment of the principal of, premium, if any, and interest on the Bonds. Except as provided in this Section 6.02, the Authority will not sell, assign, transfer, convey or otherwise dispose of its interest in this Agreement or the Related Documents to which it is a party, or the payments, receipts and revenues of the Authority derived hereunder.

ARTICLE VII

EVENTS OF DEFAULT AND REMEDIES

Section 7.01. EVENTS OF DEFAULT. The following shall be "Events of

Default" under this Agreement, and the term "Events of Default" shall mean, whenever used with reference to this Agreement, any one or more of the following occurrences:

(a) failure by the Borrower to pay the amounts required to be paid with respect to the principal amount of the Bonds or premium,

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if any, or interest on, the Bonds when the same shall become due and payable at maturity, upon redemption or otherwise;

(b) failure by the Borrower for any two consecutive months to make the monthly deposits required to be made under Section 4.01(c) (ii) of this Agreement;

(c) failure by the Borrower to replenish the Reserve Fund within the periods set forth in Section 4.01(c) (iii);

(d) failure by the Borrower to pay when due any payment required to be made under this Agreement, other than payments under subsection (a), (b) and (c) above, which failure shall continue for a period of thirty (30) days after written notice, specifying such failure and requesting that it be remedied, is given to the Borrower by the Authority or the Trustee, unless the Authority or the Trustee shall agree in writing to an extension of such time prior to its expiration; or

(e) failure by the Borrower to observe or perform any material covenant, condition or agreement on its part to be observed or performed hereunder or under the Related Documents, other than as referred to in subsections (a), (b), (c) and (d) of this Section, which failure shall continue for a period of sixty (60) days after written notice, specifying such failure and requesting that it be remedied, is given to the Borrower by the Authority or the Trustee, unless the Authority or the Trustee shall agree in writing to an extension of such time prior to its expiration; provided, however, that if such failure cannot be corrected within such sixty (60) day period, it shall not constitute an Event of Default if corrective action is instituted by the Borrower within such period and diligently pursued until such failure is corrected; or

(f) the Borrower, the Guarantor, or the Letter of Credit Bank, as applicable (if a Guaranty or Letter of Credit is then in effect), shall commence a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or shall consent to the entry of an order for relief in an involuntary case under any such law, or shall consent to the appointment of or taking possession by a receiver, custodian, liquidator, assignee, trustee or sequestrator (or other similar official) of itself or of any substantial part of its property, or shall make a general assignment for the benefit of creditors, or shall fail generally to pay its debts as they become due, or the Borrower or partners owning a majority interest in the Borrower

shall take any action in furtherance of any of the foregoing (except in connection with a consolidation or a merger of the Borrower with or into another entity or transfer of all or substantially all the assets of the Borrower not prohibited by Section 5.01 hereof); provided, however, that should an Event of Default under this Section 7.01(f) be caused by the Guarantor or

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Letter of Credit Bank, as applicable, no Event of Default shall exist, unless the Borrower fails to deliver to the Trustee a substitute Credit Enhancement, as contemplated under Section 4.09 hereof, within one hundred and eighty (180) days of the occurrence of such an event; or

(g) a court having jurisdiction in the premises shall enter a decree or order for relief in respect of the Borrower, the Guarantor, or the Letter of Credit Bank, as applicable (if a Guaranty or Letter of Credit is then in effect), in an involuntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or appointing a receiver, custodian, liquidator, assignee, trustee or sequestrator (or other similar official) of the Borrower or of any substantial part of its property, or ordering the winding up or liquidation of its affairs, and the continuance of such decree or order unstayed and in effect for a period of one hundred eighty (180) consecutive days; provided, however, that should an Event of Default under this Section 7.01(g) be caused by the Guarantor or Letter of Credit Bank, as applicable, no Event of Default shall exist, unless the Borrower fails to deliver to the Trustee a substitute Credit Enhancement, as contemplated under Section 4.09 hereof, within one hundred and eighty (180) days of the occurrence of such an event; or

(h) there shall have occurred an event of default under any lien junior to the Mortgage which shall have resulted in foreclosure proceedings involving the Mortgaged Property which proceeding shall have remained unstayed for one hundred twenty (120) consecutive days; or

(i) the Guarantor or the Letter of Credit Bank, as applicable, shall fail to honor a draft or pay a claim under the Guaranty Agreement or the Letter of Credit, as applicable.

The foregoing provisions of subsections (d) and (e) of this Section are subject to the following limitations: if by reason of Force Majeure, the Borrower is unable in whole or in part to carry out any of its covenants or agreements herein contained or in the Related Documents, failure of the Borrower to carry out any such covenants or agreements, other than the obligations on the part of the Borrower contained in Sections 4.01 and 5.01 hereof, shall not be deemed an Event of Default during the continuance of such inability, including a reasonable time for the removal of the effect thereof.

The term "Force Majeure" shall mean, without limitation, the following:

(a) acts of God; strikes, lockouts or other industrial disturbances; acts of public enemies; orders or restraints of any kind of the government of the United States or of the Commonwealth

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or any of their departments, agencies, political subdivisions or officials, or any civil or military authority; war; insurrections; civil disturbances; riots; epidemics; landslides; lightning; earthquakes; fires; hurricanes; storms; droughts; floods; washouts; arrests; restraint of government and people; explosions; breakage, malfunction or accident to facilities, machinery, transmission pipes or canals; partial or entire failure of utilities; shortages of labor, materials, supplies or transportation; or

(b) any cause, circumstance or event not reasonably within the control of the Borrower.

The Borrower agrees, however, to use diligent efforts to overcome its inability to carry out such covenants or agreements by reason of such Force Majeure; provided, that the settlement of any disputes of any nature, including without limitation strikes, lockouts and other industrial disturbances, shall be entirely within the discretion of the Borrower, and the Borrower shall not be required to make settlement of any such disputes by acceding to the demands of the opposing party or parties when such course is, in the judgment of the Borrower, unfavorable to the Borrower.

Section 7.02. ACCELERATION; REMEDIES. Whenever any Event of Default

shall have happened and be continuing, any one or more of the following remedial steps may be taken, provided that written notice of the default has been given to the Borrower by the Authority, the Trustee, or by the holders of a majority of the Bonds then outstanding and the default has not theretofore been cured, and provided further that no remedial steps shall be taken by the Authority, the effect of which would be to entitle the Authority to funds necessary for the payment of the principal of and interest on Bonds which have not yet matured or

otherwise become due, unless such principal and interest shall have been declared due and payable in accordance with the Trust Agreement and such declaration shall not have been rescinded:

(a) The Authority may at its option declare all unpaid amounts, payable under Section 4.01 hereof, to be immediately due and payable.

(b) The Authority may take any action at law or in equity to collect the payments then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of the Borrower under this Agreement.

Any amounts collected pursuant to action taken under this Section shall be applied in accordance with the Trust Agreement.

Section 7.03. REMEDIES NOT EXCLUSIVE. No remedy conferred upon or reserved to the Authority in connection with the loan to the Borrower, pursuant to this Agreement, is intended to be exclusive of any other available remedy or remedies, but each and

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every remedy shall be cumulative and shall be in addition to every other remedy either given under this Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as it may be deemed expedient. In order to entitle the Authority to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than such notice as may be herein expressly required.

Section 7.04. ATTORNEYS' FEES AND EXPENSES. If an Event of Default shall occur and the Authority or the Trustee shall employ attorneys or incur other expenses for the collection of payments due hereunder, or for the enforcement of performance or observance of any obligation or agreement on the part of the Borrower contained herein, the Borrower will, on demand therefor, reimburse the reasonable fees of such attorneys and such other reasonable expenses so incurred.

Section 7.05. WAIVERS. In view of the assignment of the Authority's rights under and interest in this Agreement to the Trustee by the provisions of the Trust Agreement, the Authority shall have no power to waive any default hereunder or extend the time for the correction of any default which would become an Event of Default by the Borrower, without the consent of the Trustee to such waiver.

ARTICLE VIII

PREPAYMENT OF THE LOAN

Section 8.01. PREPAYMENT OF THE LOAN.

(a) Optional Prepayment of the Loan. In accordance with the redemption procedure set forth in Article III of the Trust Agreement, the Borrower shall have the right to prepay this loan, in whole or in part:

(i) at any time on or after January 1, 2005, at declining premiums in relation to the date fixed for such redemption based upon a percentage of the principal amount of the Bonds, as hereinafter set forth, together with accrued and unpaid interest to the date fixed for such redemption:

DATE FIXED FOR REDEMPTION	% OF PRINCIPAL OF BONDS
January 1, 2005-December 31, 2005	103%
January 1, 2006-December 31, 2006	102%
January 1, 2007-December 31, 2007	101%
January 1, 2008 and thereafter	100%

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(ii) At any time prior to December 31, 2004, in the event the Borrower sells or transfers a fifty percent (50%) or greater interest in the Project (whether through a partnership interest sale or transfer), at the redemption price of 104% of the principal amount of the Bonds to be so redeemed, together with accrued and unpaid interest to the date fixed for such redemption, or

(iii) at any time, in part, if the monies are not deposited to the

credit of the Reserve Fund, as provided in Section 5.20(a) hereof, from fifty percent (50%) of the net proceeds of any sale of an out-parcel or land pad, at declining premiums in relation to the date fixed for redemption, based upon a percentage of the principal amount of the Bonds, as hereinafter set forth, together with accrued and unpaid interest to the date fixed for such redemption:

DATE FIXED FOR REDEMPTION -----	% OF PRINCIPAL OF BONDS -----
Prior to January 1, 2005	104%
January 1, 2005-December 31, 2005	103%
January 1, 2006-December 31, 2006	102%
January 1, 2007-December 31, 2007	101%
January 1, 2008 and thereafter	100%

To exercise any of the options granted herein, the Borrower shall give to the Authority and the Trustee, at least forty-five (45) days prior to such optional redemption date, written notice setting forth (i) the date to be fixed for redemption; (ii) the amount to be prepaid; (iii) the principal amount of Bonds to be redeemed; and (iv) the maturity or maturities of the Bonds to be redeemed.

The Borrower agrees to make, or cause to be made, the payments required under this Section 8.01(a) to the Trustee for deposit to the credit of the Bond Fund, in the amount due in respect of principal, interest and premium, if any, to be due on the Bonds on the redemption date, not less than forty-five (45) days prior to the date fixed for redemption; so that sufficient funds will be on deposit in the Bond Fund on the date fixed for redemption.

(b) Special Mandatory Prepayment Without Premium. The Borrower shall

be obligated, and agrees, to prepay on each Principal Payment Date commencing January 1, 1996, a portion of the loan equal to a portion of the principal amount of the Bonds due on July 1, 2000, July 1, 2004, July 1, 2009, July 1, 2014 and July 1, 2020, in the respective amounts set forth below, together with accrued interest thereon to the date of redemption, without premium:

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BONDS DUE:

<TABLE>

<CAPTION>

July 1, 2000		July 1, 2004	
Redemption Date -----	Amount to be Redeemed -----	Redemption Date -----	Amount to be Redeemed -----
<S>	<C>	<C>	<C>
January 1, 1996	\$295,000	January 1, 2001	\$425,000
July 1, 1996	310,000	July 1, 2001	440,000
January 1, 1997	320,000	January 1, 2002	460,000
July 1, 1997	330,000	July 1, 2002	475,000
January 1, 1998	345,000	January 1, 2003	495,000
July 1, 1998	355,000	July 1, 2003	510,000
January 1, 1999	370,000	January 1, 2004	530,000
July 1, 1999	380,000	July 1, 2004	550,000
January 1, 2000	395,000		
July 1, 2000	410,000		

<CAPTION>

July 1, 2009		July 1, 2014	
Redemption Date -----	Amount to be Redeemed -----	Redemption Date -----	Amount to be Redeemed -----
<S>	<C>	<C>	<C>
January 1, 2005	\$575,000	January 1, 2010	\$ 850,000
July 1, 2005	595,000	July 1, 2010	880,000
January 1, 2006	620,000	January 1, 2011	920,000
July 1, 2006	645,000	July 1, 2011	955,000
January 1, 2007	670,000	January 1, 2012	995,000
July 1, 2007	695,000	July 1, 2012	1,035,000
January 1, 2008	725,000	January 1, 2013	1,075,000
July 1, 2008	755,000	July 1, 2013	1,120,000
January 1, 2009	785,000	January 1, 2014	1,165,000
July 1, 2009	815,000	July 1, 2014	1,210,000

<CAPTION>

July 1, 2020	
Redemption Date -----	Amount to be Redeemed -----
<S>	<C>
January 1, 2015	\$1,260,000
July 1, 2015	1,310,000
January 1, 2016	1,365,000
July 1, 2016	1,420,000
January 1, 2017	1,475,000

July 1, 2017	1,535,000
January 1, 2018	1,595,000
July 1, 2018	1,660,000
January 1, 2019	1,730,000
July 1, 2019	1,800,000
January 1, 2020	1,870,000
July 1, 2020	1,950,000

</TABLE>

The redemption price to be paid by the Borrower pursuant to this Section 8.01(b) shall be 100% of the principal amount, plus accrued and unpaid interest to the redemption date. The Trustee may select which Bonds shall be redeemed in accordance with the terms of Section 301(g) of the Trust Agreement.

In any such case described in the preceding paragraph, the Borrower shall be obligated to pay, on or prior to the redemption date set for the Bonds pursuant to Section 301(f) of the Trust Agreement, a sum sufficient, together with any other funds held by the Trustee and available for such purpose, pursuant to Section 4.01 hereof: (i) to redeem, on the date specified pursuant to the Trust Agreement, all outstanding Bonds at a redemption price equal to the principal amount of the Bonds; (ii) to pay the interest which will accrue on the Bonds to the date so fixed for their redemption; and (iii) to make all other payments required hereunder accrued and to accrue through the date fixed for such redemption.

Section 8.02. MANDATORY PREPAYMENT OF THE LOAN. The Borrower shall be

obligated, and agrees, to prepay the outstanding principal balance due hereunder, without premium together with accrued and unpaid interest to the redemption date, upon the occurrence of the following events:

(a) The cessation of operation of the Shopping Center as Industrial Facilities. A cessation of operation of the Shopping Center as Industrial Facilities shall not be deemed to have occurred (i) until one hundred twenty (120) days shall have elapsed, after written notice has been given to the Borrower, with a copy to the Trustee, by the Authority that operations at the Shopping Center as Industrial Facilities have ceased and the Borrower shall not have demonstrated to the reasonable satisfaction of the Authority through a written certificate that the Shopping Center, is being operated as Industrial Facilities or that the Borrower is, in good faith, seeking to cause the resumption of an economically feasible operation of the Shopping Center as Industrial Facilities or (ii) until receipt by the Authority and the Trustee of written notice from the Borrower stating that operations at the Shopping Center have ceased to be operated as Industrial Facilities and that the Borrower has no present intention of causing the resumption of economically feasible operation of the Shopping Center as Industrial Facilities or of seeking, in good faith, to cause the resumption of an economically feasible operation of the Shopping Center as Industrial Facilities. The prepayment obligation described in this paragraph shall be subject to the Force Majeure limitation described in Section 7.01 of

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this Agreement. The entire amount payable under Section 4.01 hereof upon the cessation of operation of the Shopping Center as Industrial Facilities shall be reduced by the principal amount of Bonds theretofore redeemed.

If operations at the Shopping Center as Industrial Facilities shall have ceased for the period and after the notice provided for in this subsection and (a) the Borrower shall not have delivered the written certificate therein provided for or (b) the Borrower shall have delivered the notice provided for in Section 8.02(a) (ii), then the Borrower shall be obligated to pay the entire amount payable under Section 4.01 hereof.

(b) The Borrower shall be obligated, and agrees, to pay the entire amount payable under Section 4.01 hereof as required by Section 301 of the Trust Agreement upon the occurrence of an Event of Taxability as set forth in Section 5.10 hereof, in any two (2) taxable years of the Borrower.

(c) The Borrower shall prepay the entire amount payable under Section 4.01 hereof in the event of a Total Taking or Total Casualty of the Shopping Center.

(d) Upon any such mandatory prepayment pursuant to this Section 8.02 the Borrower shall be obligated to pay, not less than forty-five (45) days prior to the redemption date set for the Bonds pursuant to Section 301 of the Trust Agreement, a sum sufficient, together with any other funds held by the Trustee and available for such purpose, (A) to redeem, on the date specified pursuant to the Trust Agreement, all outstanding Bonds, reduced by the principal amount of Bonds theretofore redeemed, at a redemption price equal to the principal amount of the Bonds, (B) to pay the interest which will have accrued and remained unpaid on said Bonds to the date so fixed for their redemption, and (C) to make all other payments, if any, required hereunder accrued and to accrue through the

date fixed for such redemption.

(e) The entire amount payable under Section 4.01 and this Article VIII hereof shall be reduced by the principal amount of Bonds theretofore redeemed.

Section 8.03. OTHER SPECIAL REDEMPTIONS: (a) The Bonds are subject

to redemption, in part, to the extent of funds remaining in the Project Fund on the earlier of (i) the Completion Date; (ii) the Mandatory Project Termination Date; or (iii) the date of the Trustee's receipt of a Borrower's certificate that the Shopping Center will not be completed.

(b) The Bonds are subject to redemption, in accordance with the terms and conditions of Article IX of this Agreement by the Borrower giving notice of such redemption to the Trustee and the Authority, in whole or in part upon the occurrence of a Casualty to, or a Taking, that is not a Total Taking of or Total Casualty to the Shopping Center.

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In each such case, such redemption shall be made on a date occurring not less than forty five (45) days after (i) the date set forth in Section 8.03(a) or (ii) the notice of such redemption under Section 8.03(b), and shall be at a redemption price equal to 100% of the principal amount, without premium, plus accrued and unpaid interest to the redemption date.

Upon any special prepayment pursuant to this Section 8.03, the Borrower agrees to make, or cause to be made, the payments required hereunder to the Trustee for deposit to the credit of the Bond Fund, in the amount due in respect of principal, interest to be due on the Bonds on the redemption date, not less than forty-five (45) days prior to the date fixed for redemption, so that funds will be on deposit in the Bond Fund on the date fixed for redemption.

Section 8.04. RELATIVE POSITION OF LOAN AGREEMENT AND TRUST

AGREEMENT. The rights and the obligations of the Borrower in this Article VIII shall be and remain prior and superior to the Trust Agreement and may be exercised or shall be fulfilled, as the case may be, whether or not the Borrower is in default hereunder, provided that such default will not result in nonfulfillment of any condition to the exercise of any such right or option.

ARTICLE IX

DAMAGE, DESTRUCTION AND CONDEMNATION:
USE OF NET PROCEEDS

Section 9.01. DAMAGE, DESTRUCTION AND CONDEMNATION. Unless the

Borrower shall have exercised its option to prepay the amounts payable under this Agreement pursuant to the provisions of Article VIII hereof, if prior to full Payment of the Bonds (or provisions for payment thereof having been made in accordance with the provisions of the Trust Agreement) (i) the Mortgaged Property or any portion thereof is destroyed (totally or partially) or is damaged by fire or other casualty, or (ii) title to any interest in, or the temporary use of, the Mortgaged Property or any part thereof shall be taken under the exercise of the power of eminent domain by any governmental body or by any Person acting under governmental authority, Borrower shall be subject to the provisions of this Article IX with respect to the application of proceeds to which the Borrower would be entitled by reason of such casualty or taking.

Section 9.02. APPLICATION OF NET PROCEEDS. In the event of any

damage, loss or destruction of the Mortgaged Property or any part thereof (a "Casualty"), the Borrower shall give notice thereof to the Authority, which shall describe the nature and extent of such damage or destruction and shall set forth the Borrower's best estimate at that time of the cost of repair, restoration or rebuilding (the "Restoration") of the damaged Mortgaged Property and the period of time required to complete such Restoration. Any amounts received or payable as a result of a Casualty shall be paid and delivered directly to the

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Authority by the concerned insurance companies. The insurance proceeds, net of all the costs, fees and expenses incurred by the Authority and the Borrower in the collection thereof (the "Net Insurance Proceeds"), received or payable on account of a Casualty shall be applied as herein stated.

If the estimated cost of the Restoration does not exceed \$500,000, and if no default under this Agreement, the Pledge Agreement, the Mortgage, the Mortgage Note or any other Related Document exists, and no event shall have occurred which, with the giving of notice or passage of time, or both, would constitute such default, the Net Insurance Proceeds shall be delivered by the Authority to the Borrower who shall promptly and diligently apply the same

exclusively to the Restoration of the Mortgaged Property. In the event such costs and expenses exceed the Net Insurance Proceeds, the Borrower will pay the difference.

The Authority, Trustee, and Borrower will cause the Net Insurance Proceeds resulting from any event described in Section 9.01(i) involving amounts in excess of \$500,000 to be deposited in the Casualty and Condemnation Award Fund. All net proceeds so deposited shall be applied as follows:

(a) In the event (i)(A) of a Casualty of all or substantially all of the Mortgaged Property which, in the judgment of the Borrower, renders the Mortgaged Property remaining after such Casualty physically or economically not suitable for the restoration, replacement or rebuilding of such property to substantially its condition, character and value immediately prior to the occurrence of such Casualty, and the Borrower by not performing the Restoration shall not breach the terms of any of the Leases (any such Casualty hereinafter referred to as a "Total Casualty") or (B) the Borrower does not elect to or cannot apply the Net Insurance Proceeds as provided in Section 9.02(b), because the Restoration is not economically feasible, and (ii) upon receipt of evidence that Borrower will be able to provide sufficient funds to redeem all the Bonds in full, then the Net Insurance Proceeds shall be applied to the redemption of the Bonds in accordance with Section 8.03(b) hereof.

(b) In cases other than upon the occurrence of a Total Casualty, the Borrower may elect to apply the Net Insurance Proceeds toward the cost of the Restoration of the damaged Mortgaged Property by giving written notice of its intention as promptly as possible after the occurrence of such Casualty. The Authority shall make available to the Borrower the Net Insurance Proceeds in accordance and subject to the following procedures and conditions:

If the estimated cost of the Restoration of the Mortgaged Property exceeds \$500,000 prior to the commencement of any work on the Restoration of the damaged Mortgaged Property, the Borrower shall submit, deliver or otherwise deposit with the Authority and the Trustee:

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(i) an estimate of the cost of the Restoration of the damaged Mortgaged Property approved by an architect or engineer, licensed in the Commonwealth;

(ii) the plans and specifications for the Restoration of the damaged Mortgaged Property prepared by an architect or engineer licensed in the Commonwealth;

(iii) the amount, if any, by which the estimated costs of the Restoration of the damaged Mortgaged Property exceed the Net Insurance Proceeds. The Net Insurance Proceeds together with the amounts deposited by the Borrower pursuant to the preceding sentence shall be disbursed by the Trustee to the Borrower, from time to time as the work progresses, for the reimbursement of costs and expenses incurred by the Borrower in Restoration of the damaged Mortgaged Property, pursuant to certifications issued by the supervising architect or engineer, selected by the Borrower and approved by the Authority;

(iv) The Borrower shall deliver to the Authority evidence of a lump sum construction contract with a contractor acceptable to the Authority for the Restoration work; and

(v) The Borrower shall deliver to the Authority one hundred percent (100%) payment and performance bond for the Restoration;

(vi) evidence of adequate insurance coverage during the Restoration;

(vii) binding commitments from tenants occupying seventy-five percent (75%) of the gross leasable area of the Mortgaged Property to honor their lease commitments upon completion of the Restoration;

(viii) an assignment of any business interruption insurance proceeds or a cash deposit sufficient to cover all principal and interest payments due on the Bonds during the Restoration period;

(ix) evidence that the contemplated Restoration of the damaged Mortgaged Property shall be of a character and nature such that the Mortgaged Property shall return to the same or similar function than the one they had immediately prior to the occurrence of the Casualty;

In addition to the foregoing the following conditions shall be complied with:

(i) There shall exist no uncured Event of Default under this Agreement, the Pledge Agreement, the Mortgage, the Mortgage Note, or any other Related Document, and no event shall have occurred which, with the giving of notice or the passage of time, or both, would constitute such an Event of Default;

(ii) The Restoration of the damaged Mortgaged Property shall be done and completed by the Borrower in an expeditious and diligent

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fashion, in compliance with all applicable laws, statutes, ordinances, regulations, orders, rules and covenants;

(iii) All costs and expenses incurred by the Authority in connection with making the Net Insurance Proceeds and the funds deposited by the Borrower pursuant to the provisions hereof available to the Borrower for the Restoration of the damaged Mortgaged Property, including, without limitation, counsel fees and the Architect's fees, shall be paid by the Borrower.

(iv) In the event that the Borrower fails to comply with any of the foregoing, the Net Insurance Proceeds on account of a Casualty shall be applied by the Authority as provided in Section 9.02(a) above.

(v) In the event the costs and expenses of the Restoration exceed the Net Insurance Proceeds, the Borrower will pay the difference.

(c) In the event of a taking of all or any part of the Mortgaged Property by eminent domain or condemnation or transfer in lieu thereof, (a "Taking") or the commencement of any proceedings or negotiations which might result in such Taking, the Borrower will promptly give written notice thereof to the Authority generally describing the nature and extent of such Taking or the nature and extent of the Taking which might result therefrom. The Authority may participate jointly with the Borrower in said proceedings or negotiations, and the Borrower shall deliver to the Authority all instruments and necessary documents to permit such participation. The Borrower shall file and prosecute its claim or claims for any such award or payment in good faith and with due diligence. The Borrower will pay all costs, fees, and expenses reasonably incurred by the Authority in connection with any Taking and seeking and obtaining any award or payment on account thereof, including, without limitation, attorney's fees.

(d) All awards and payments on account of a Taking shall be delivered to the Authority. The Borrower shall execute and deliver any and all assignments, endorsements or other instruments necessary to assign and transfer to the Authority all such awards and payments free and clear of all liens and encumbrances. The awards and payments on account of a Taking, net of all the costs, fees and expenses incurred by the Authority and the Borrower in the collection thereof (the "Net Condemnation Proceeds"), shall be applied as stated herein. The Authority, Trustee, and Borrower will cause the Net Condemnation Proceeds resulting from any event described in Section 9.01(ii) involving amounts in excess of \$500,000 to be deposited in the Casualty and Condemnation Award Fund. All Net Condemnation Proceeds so deposited shall be applied as follows:

(i) In the case of a Taking of all or substantially all of the Mortgaged Property which in the judgment of the Borrower renders the Mortgaged Property remaining after such Taking physically or economically not feasible or suitable for the Restoration of such property to substantially its condition, character and value immediately

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prior to the occurrence of such Taking, and the Borrower by not performing such Restoration shall not breach the terms of any of the Leases (any such Taking hereinafter referred to as a "Total Taking"), the Net Condemnation Proceeds shall be applied to the redemption of the Bonds in accordance to Section 8.02(c) hereof.

(ii) In all cases other than upon the occurrence of a Total Taking, the Borrower may elect to apply the Net Condemnation Proceeds toward the cost of the Restoration of the Mortgaged Property in the same manner and subject to the same conditions established for cases other than a Total Casualty in Section 9.02(b) above.

Section 9.03. COOPERATION OF AUTHORITY. The Authority shall

cooperate fully with Borrower, at the expense of Borrower, in filing any proof of loss with respect to any insurance policy covering the casualties described in Section 9.01 hereof and in the prosecution or defense of any prospective or pending condemnation proceeding with respect to the Shopping Center or any part thereof, or any property of Borrower in connection with which the Mortgaged Property is used and may, with the prior written consent of the Authority, litigate in any proceeding resulting therefrom and in the name and on behalf of the Authority. In no event will the Authority voluntarily settle, or consent to the settlement of, any proceeding arising out of any insurance claim or any prospective or pending condemnation proceeding with respect to the Mortgaged Property or any part thereof without the written consent of an Authorized Borrower Representative.

ARTICLE X

MISCELLANEOUS

Section 10.01. TERMINATION. This Agreement and all obligations of

the parties hereunder, other than the obligations of the Borrower under Sections 4.06 and 5.08 hereof, shall terminate upon (i) Payment of the Bonds hereunder, and (ii) payment or satisfaction of all other obligations incurred by the Authority or the Borrower under this Agreement, including (without limitation) interest, premiums, and other charges, if any, thereon. Upon such termination, any amounts remaining in the Bond Fund and any other fund established under the Trust Agreement not needed for payment of the aforesaid items, shall belong to and be paid to the Borrower by the Trustee in accordance with the provisions of the Trust Agreement.

Section 10.02. REFERENCE TO BONDS INEFFECTIVE AFTER BONDS PAID.

Upon Payment of the Bonds, including all fees and charges of the Trustee, all references in this Agreement to the Bonds and the Trustee shall be ineffective and the Trustee, the Authority and the holders of any of the Bonds shall not thereafter have any rights hereunder, other than with respect to the obligations of the Borrower under Sections 4.05 and 5.08 hereof.

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Section 10.03. NO ADDITIONAL WAIVER IMPLIED BY ONE WAIVER. In the

event any agreement contained in this Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

Section 10.04. AUTHORITY REPRESENTATIVE. Whenever under the

provisions of this Agreement, the approval of the Authority is required or the Authority is required to take some action at the request of the Borrower, such approval shall be made or such action shall be taken by the Authority Representative; and the Borrower and the Trustee shall be authorized to act on any such approval or action.

Section 10.05. AUTHORIZED BORROWER REPRESENTATIVE. Whenever under

the provisions of this Agreement the approval of the Borrower is required or the Borrower is required to take some action at the request of the Authority, such approval shall be made or such action shall be taken by an Authorized Borrower Representative; and the Authority and the Trustee shall be authorized to act on any such approval or action.

Section 10.06. CONFIDENTIAL INFORMATION. Notwithstanding anything to

the contrary contained in this Agreement, the Borrower shall not be required to disclose, or to permit the Authority, the Trustee or others to acquire access to, any trade secrets of the Borrower or any Affiliate or any other processes, techniques or information deemed by the Borrower to be proprietary or confidential.

Section 10.07. NOTICES. All notices, certificates, requests or

other communications between the Authority, the Borrower and the Trustee, required to be given hereunder or under the Trust Agreement shall be addressed as follows:

If to the Authority: Puerto Rico Industrial, Tourist,
Educational, Medical, and Environmental Control
Facilities Financing Authority
c/o Government Development Bank for
Puerto Rico
G.P.O. Box 42001
San Juan, Puerto Rico 00940
Telecopy No. (809)726-1440
Attention: Executive Director

If to the Borrower: Palma Real Associates, S.E.
255 Ponce de Leon Avenue, Suite 1501
Royal Bank Center
Hato Rey, Puerto Rico 00917

Attention: President

Telefax: (809) 753-8647

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With copy to: Samuel Susi, Esq.

1900 Glades Road
Suite 280
Boca Raton, FL 33431

Ms. Mari Lee Holtzman
100 South Dixie Highway
Suite 200
West Palm Beach, Florida 33431

Telefax: (407) 659-3185

If to the Trustee:

Banco Popular de Puerto Rico
Banco Popular Center
209 Luis Munoz Rivera Avenue
Hato Rey, Puerto Rico

Attn: Luis Cintron, Esq.
Corporate Trust Department

Telefax: (809) 754-1267

If to Rating Agency:

Duff & Phelps Credit Rating Co.
55 East Monroe Street
Chicago, Illinois 80803

Attn: Structured Finance-Commercial Real
Estate Group Monitoring

Telefax: (312) 263-2650

All such notices and communications shall be effective (i) if given by telex, TWX, or telecopier, when transmitted to the telex, TWX, or telecopier number specified as aforesaid and in the case of telecopy or of telex evidence of receipt or the appropriate answerback is received, (ii) if given by mail or telegram, three days after the date it is deposited in the mails or delivered to the telegraph company, respectively, addressed as aforesaid, and (iii) if given by other means, when delivered at the address specified as aforesaid. A duplicate copy of each notice, certificate, request or other communication given hereunder to the Authority, the Borrower, or the Trustee shall also be given to each of the others. The Borrower, the Authority, and the Trustee may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates, requests or other communications shall be sent. In any case when the date of any notice, deposit or payment under the terms of this Agreement shall be fixed on a Saturday or Sunday or a day not a Business Day, then such notice, deposit or payment need not be made on such date but may be made on the next succeeding Business Day with the same force and effect as if made on the date fixed by the Agreement for such notice, deposit or payment.

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Section 10.08. BENEFITS; BINDING EFFECT. This Agreement shall inure

to the benefit of the Authority and the Borrower, and shall be binding upon the Authority, the Borrower and their respective successors and assigns, subject, however, to the provisions contained in Section 5.01 and Section 6.01.

Section 10.09. IF PAYMENT OR PERFORMANCE DATE NOT ON BUSINESS DAY.

If the date for making payment, or the last date for performance of any act or the exercising of any right, as provided in this Agreement, shall not be a Business Day, such payment may be made, or act performed, or right exercised on the next succeeding Business Day with the same force and effect as if done on the nominal date provided in this Agreement, and no interest shall accrue for the period after such nominal date.

Section 10.10. SEVERABILITY. In the event any provision of this

Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 10.11. AMENDMENTS, CHANGES, AND MODIFICATIONS. Subsequent to

the issuance of the Bonds and prior to Payment of the Bonds, this Agreement may not be effectively amended, changed, modified, altered or terminated except in accordance with the Trust Agreement.

Section 10.12. EXECUTION IN COUNTERPARTS. This Agreement may be

executed in any number of counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 10.13. APPLICABLE LAW. This Agreement shall be governed by

and construed in accordance with the laws of the Commonwealth.

Section 10.14. NO CHARGE AGAINST CREDIT. No provision hereof shall

be construed to impose a charge against the general credit of the Authority, or shall impose any personal or pecuniary liability upon any director, official or employee of the Authority.

Section 10.15. AUTHORITY NOT LIABLE. Notwithstanding any other

provision of this Agreement, (i) the Authority shall not be liable to the Borrower, the Trustee, any holder of any of the Bonds, or any other Person, for any failure of the Authority to take action under this Agreement, unless the Authority (x) is requested in writing by an appropriate Person to take such action and (y) is assured of payment of, or reimbursement for, any expenses in such action, and (ii) except with respect to any action for specific performance or any action in the nature of a prohibitory or mandatory injunction, neither the Authority nor any director of the Authority shall be liable to the Borrower, the Trustee, any holder of any of the Bonds, or any other Person for any action taken by it or by its officers, servants, agents or employees, or for any failure to take action under this Agreement or the Trust

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Agreement. In acting under this Agreement, the Authority may conclusively rely on the advice of its legal counsel.

Section 10.16. LOAN AGREEMENT SUPERSEDES PRIOR AGREEMENTS. This

Agreement, together with the Related Documents, supersedes any other prior agreements or understandings, written or oral, between the parties with respect to the Project.

Section 10.17. CONSENT NOT TO BE WITHHELD. The consents and

authorizations required under this Agreement of the Borrower, the Authority or the Trustee shall not be unreasonably delayed, withheld or denied.

IN WITNESS WHEREOF, the Authority and the Borrower have caused this Agreement to be executed in their respective legal names and the signatures of duly authorized persons to be attested or witnessed, all as of the date first above written.

PUERTO RICO INDUSTRIAL, TOURIST,
EDUCATIONAL, MEDICAL AND
ENVIRONMENTAL CONTROL
FACILITIES FINANCING AUTHORITY

By: _____ [SEAL]
Gregory Kaufman
Executive Director

ATTEST:

SECRETARY

PALMA REAL ASSOCIATES, S.E.

By: _____
Mark B. Davis
Managing Partner

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CONSENT OF INDEPENDENT AUDITORS

We consent to the reference to our firm under the captions "Experts" and "Selected Financial Information of Wal-Mart" in Amendment No. 1 to the Registration Statement (Form S-3) and related Prospectus of Wal-Mart Stores, Inc. for the registration of its Guaranty of Puerto Rico Industrial Revenue Bonds and to the incorporation by reference therein of our report dated March 25, 1994 with respect to the consolidated financial statements and schedules of Wal-Mart Stores, Inc. included and/or incorporated by reference in its Annual Report (Form 10-K) for the year ended January 31, 1994 filed with the Securities and Exchange Commission.

ERNST & YOUNG LLP

Tulsa, Oklahoma

February 17, 1995