

CENTER TRUST INC
Form DEF 14A
December 13, 2002
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SCHEDULE 14A
(Rule 14A-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934, as amended

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to Rule 14a-12

Center Trust, Inc.

(Name of Registrant as Specified in its Charter)

(Name of Person(s) Filing Proxy Statement, If Other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

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Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the form or schedule and the date of its filing.

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(2) Form, Schedule or Registration Statement no.: 333-101376

(3) Filing Party: Pan Pacific Retail Properties, Inc.

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(4) Date Filed: November 21, 2002

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**CENTER TRUST, INC.
3500 SEPULVEDA BLVD.
MANHATTAN BEACH, CALIFORNIA 90266
(310) 546-4520**

December 11, 2002

Dear Center Trust Stockholder:

You are cordially invited to attend a special meeting of the stockholders of Center Trust, Inc. to be held at the Manhattan Beach Marriott Hotel, located at 1400 Parkview Avenue, Manhattan Beach, California 90266, on January 15, 2003, at 2:00 p.m. local time.

At the special meeting, you will be asked to consider and vote upon a proposal to approve the merger of MB Acquisition, Inc., a wholly-owned subsidiary of Pan Pacific Retail Properties, Inc., with and into Center Trust, with Center Trust continuing as a wholly-owned subsidiary of Pan Pacific. Upon completion of the merger, you will be entitled to receive 0.218 shares of Pan Pacific common stock for each share of Center Trust common stock that you own at that time, and you will no longer be a stockholder of Center Trust. Shares of Pan Pacific common stock are traded on the New York Stock Exchange under the symbol PNP .

Your approval of the merger will also constitute your approval of the amendment of Center Trust's charter to remove restrictions on the ownership of Center Trust's common stock so that the merger may be completed. Center Trust's board of directors unanimously recommends that you vote *FOR* the approval of the merger. In arriving at its recommendation, the board of directors gave careful consideration to a number of factors described in the accompanying proxy statement.

Under the Maryland General Corporation Law, the affirmative vote, whether in person or by proxy, of at least two-thirds of the outstanding shares of Center Trust common stock is required to approve the merger. Prometheus Western Retail, LLC and certain of its affiliates, which collectively own approximately 56.2% of the outstanding shares of Center Trust, have agreed to vote certain of their shares, representing approximately 48.1% of the outstanding shares, in favor of the merger. In addition, Stuart J.S. Gulland, Center Trust's President and Chief Operating Officer, Edward A. Stokx, Center Trust's Chief Financial Officer and Secretary, and I have agreed to vote all of our shares, which represent in the aggregate approximately 3.9% of Center Trust's outstanding shares, in favor of the merger.

The accompanying proxy statement explains the proposed merger and provides specific information concerning the special meeting. It also includes copies of the merger agreement and the written opinion of Merrill Lynch, Pierce, Fenner & Smith Incorporated. Please read the opinion carefully. In particular, you should carefully consider the discussion in the section entitled *Risk Factors* beginning on page 18.

Whether or not you plan to attend the special meeting, we urge you to please complete, sign and return your proxy as soon as possible in the enclosed self-addressed envelope so that your vote will be recorded. Even if you return your proxy card, you may still attend the special meeting and vote your common stock in person. Your proxy may be revoked at any time before it is voted by submitting a written revocation or an executed proxy bearing a later date to Edward A. Stokx, or by attending and voting in person at the special meeting. For stock held in *street name*, you may revoke or change your vote by submitting instructions to your broker or nominee.

Please do not send your common stock certificates at this time. If the merger is completed, you will be sent instructions regarding the exchange of your certificates.

Edward D. Fox, Jr.
Chairman and Chief Executive Officer
Center Trust, Inc.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the securities to be issued under this proxy statement/prospectus or determined if this proxy statement/prospectus is accurate or complete. Any representation to the contrary is a criminal offense.

This proxy statement/prospectus is dated December 11, 2002 and is expected to be first mailed to Center Trust stockholders on December 13, 2002.

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SOURCES OF ADDITIONAL INFORMATION

This proxy statement/prospectus incorporates important business and financial information about Pan Pacific and Center Trust that is not included or delivered with this document. This information is available without charge to Pan Pacific and Center Trust stockholders upon written or oral request. You can obtain the documents incorporated by reference in this proxy statement/prospectus by requesting them in writing or by telephone from the appropriate company at the following addresses and telephone numbers:

Pan Pacific
1631-B South Melrose Drive
Vista, California 92083
Attn.: Joseph B. Tyson, Corporate Secretary
Telephone: (760) 727-1002

Center Trust
3500 Sepulveda Blvd.
Manhattan Beach, California 90266
Attn: Edward A. Stokx, Corporate Secretary
Telephone: (310) 546-4520

To obtain timely delivery of requested documents prior to the special meeting of Center Trust stockholders, you must request them no later than January 8, 2003, which is five business days prior to the date of the meeting.

Also see [Where You Can Find More Information](#) on page 106 of this proxy statement/prospectus.

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CENTER TRUST, INC.
3500 Sepulveda Blvd.
Manhattan Beach, California 90266

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS
To be held on January 15, 2003

Dear Center Trust Stockholder:

Notice is hereby given that Center Trust, Inc. is holding a special meeting of its stockholders at the Manhattan Beach Marriott Hotel, located at 1400 Parkview Avenue, Manhattan Beach, California 90266, on January 15, 2003, at 2:00 p.m. local time, for the following purposes:

(1) to consider and vote on a proposal to approve the merger of MB Acquisition, Inc., a Maryland corporation and a wholly-owned subsidiary of Pan Pacific Retail Properties, Inc., a Maryland corporation, with and into Center Trust, with Center Trust being the surviving corporation, and as a part of the merger, to amend Center Trust's charter to remove certain restrictions on the ownership of Center Trust's common stock and to make certain other changes, all pursuant to the Agreement and Plan of Merger, dated as of November 5, 2002, by and among Pan Pacific, MB Acquisition and Center Trust; and

(2) to transact any other business that properly comes before the special meeting or any adjournment or postponement of the special meeting.

The merger agreement, which explains the merger, is attached as Annex A to the proxy statement/prospectus accompanying this notice. Only stockholders of record at the close of business on December 10, 2002 will be entitled to notice of or to vote at the special meeting or any adjournment or postponement of that special meeting.

By Order of the Board of Directors
Edward A. Stokx
Chief Financial Officer and Secretary

Manhattan Beach, California
December 11, 2002

Whether or not you plan to attend the special meeting, we urge you to please complete, sign and return your proxy as soon as possible in the enclosed self-addressed envelope so that your vote will be recorded. If you prefer, you may vote your shares over the telephone (toll-free from the United States or Canada) by following the telephone voting instructions on your proxy card. The voting procedures are designed to authenticate each stockholder by use of a control number, to allow stockholders to vote their shares, and to confirm that their instructions have been properly recorded.

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ANNEXES

- A. Agreement and Plan of Merger, dated as of November 5, 2002, by and among Pan Pacific Retail Properties, Inc., MB Acquisition, Inc. and Center Trust, Inc.
- B. Stockholder Voting Agreement, dated as of November 5, 2002, by and among Pan Pacific Retail Properties, Inc., Edward D. Fox, Jr., Stuart J.S. Gulland and Edward A. Stokx
- C. Stockholders Voting Agreement, dated as of November 5, 2002, by and among Pan Pacific Retail Properties, Inc., Lazard Frères Real Estate Investors L.L.C., LF Strategic Realty Investors L.P., Prometheus Western Retail Trust and Prometheus Western Retail, LLC
- D. Stockholders Rights Agreement, dated as of November 5, 2002, by and among Pan Pacific Retail Properties, Inc., Lazard Frères Real Estate Investors L.L.C., LF Strategic Realty Investors L.P., Prometheus Western Retail Trust and Prometheus Western Retail, LLC
- E. Opinion of Merrill Lynch, Pierce, Fenner & Smith Incorporated, dated November 5, 2002

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QUESTIONS AND ANSWERS ABOUT THE MERGER

Q: Why am I receiving these materials?

A: Pan Pacific and Center Trust have agreed to the acquisition of Center Trust by Pan Pacific under the terms of a merger agreement that is described in this proxy statement/prospectus. For the merger to occur, the stockholders of Center Trust must approve the merger. Center Trust will hold a special meeting of its stockholders to obtain the necessary stockholder approval. This proxy statement/prospectus contains important information about the merger and the meeting of the stockholders of Center Trust. We are sending you these materials to help you decide whether to approve the merger.

Q: Why are Pan Pacific and Center Trust proposing to enter into the merger?

A: The companies believe that the combined company, compared to each company standing alone:

will have greater geographic balance and increased tenant diversification;

will have greater presence in key geographic markets such as the greater Los Angeles and San Diego metropolitan regions;

will realize economies of scale and greater operating and tenant synergies; and

will have enhanced financial flexibility.

As a result, the combined company expects to:

increase funds from operations per share and enhance stockholder value;

be able to compete more effectively for shopping center property investments;

have greater visibility in the capital markets and greater liquidity in the trading of its public stock; and

have greater access to capital in the equity and debt markets.

Q: What will happen to Center Trust as a result of the merger?

A: A wholly-owned subsidiary of Pan Pacific will merge with and into Center Trust. As a result of the merger, Center Trust will become a wholly-owned subsidiary of Pan Pacific.

Q: What will I receive in the merger?

A: Each Center Trust stockholder will receive 0.218 shares of newly issued Pan Pacific common stock for each share of Center Trust common stock that he or she owns. Pan Pacific common stock is publicly traded on the New York Stock Exchange under the symbol PNP.

The Pan Pacific common stock issued to Center Trust's stockholders in the merger will represent approximately 15.6% of the outstanding common stock of the combined company, assuming the exercise of all outstanding options to purchase Pan Pacific common stock and the exchange of all outstanding exchangeable securities of Center Trust's subsidiaries.

Q: What will be the effect on my cash dividend?

A: Pan Pacific currently plans to continue paying quarterly cash dividends after completion of the merger. Pan Pacific has increased its quarterly dividend each year since its initial public offering in August 1997, from \$0.3625 per diluted share for the quarter ended September 30, 1997 to \$0.475 per diluted share for the quarter ended September 30, 2002. Taking into account the 0.218 exchange ratio that will be used in the merger, Pan Pacific's most recently paid dividend represents a 72.6% increase over the \$0.06 dividend most recently paid per share of Center Trust common stock (for the quarter ended September 30, 2002). The Pan Pacific board may adjust its per share cash dividend at its discretion.

Q: Where and when is the special meeting?

A:

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The special meeting will take place at the Manhattan Beach Marriott Hotel, located at 1400 Parkview Avenue, Manhattan Beach, California 90266, on January 15, 2003, at 2:00 p.m., Pacific Time.

Q: What vote is required to approve the merger?

A: In order to complete the merger, holders of two-thirds of the outstanding shares of Center Trust common stock must affirmatively vote to approve the merger. Prometheus Western Retail, LLC and certain of its affiliates, which collectively owned approximately 56.2% of the shares of Center Trust common stock as of the

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record date, have agreed to vote certain of these shares (which represent approximately 48.1% of the outstanding shares of Center Trust common stock as of the record date) in favor of the merger pursuant to a voting agreement with Pan Pacific. In addition, certain executive officers of Center Trust, who collectively owned approximately 3.9% of the shares of common stock of Center Trust as of the record date, have agreed to vote all of their shares in favor of the merger pursuant to a voting agreement with Pan Pacific. Together, the aggregate number of shares that, under the voting agreements, will be voted in favor of the merger represents approximately 52.0% of the outstanding shares of common stock of Center Trust as of the record date.

Q: How does Center Trust's board of directors recommend that I vote?

A: Center Trust's board unanimously recommends that Center Trust stockholders vote **FOR** the proposal to approve the merger. For a more complete description of the recommendation of Center Trust's board, see page 40.

Q: What do I need to do now?

A: After you have read this document carefully, please indicate on the enclosed proxy card how you want to vote. Sign and mail the proxy card in the enclosed prepaid return envelope or use the telephone number shown on your proxy card (toll-free in the United States and Canada) as soon as possible. You should indicate your vote now, even if you expect to attend the special meeting and vote in person. Indicating your vote now will not prevent you from later canceling or revoking your proxy and changing your vote at any time before the vote at the special meeting and will ensure that your shares are voted if you later find you cannot attend the special meeting.

Q: What should I do if my broker holds my shares in street name?

A: Please contact your broker to obtain instructions on how to vote your shares.

Q: Can my broker vote my shares which are held in street name?

A: Your broker is not able to vote your shares that are held in street name for you without your instructions. If you do not provide your broker with instructions on how to vote your shares held in street name, your broker will not be permitted to vote your shares on the proposals being presented at the special meeting. Because the merger requires the affirmative vote of the holders of two-thirds of Center Trust's outstanding shares of common stock, a failure to provide your broker instructions will have the same effect as a vote against the merger. You should therefore be sure to provide your broker with instructions on how to vote your shares.

Q: What do I do if I want to change my vote?

A: You may change your vote in four ways:

by delivering a written notice to the corporate secretary of Center Trust prior to the special meeting stating that you would like to revoke your proxy;

by signing a later-dated proxy card and delivering it to the corporate secretary of Center Trust prior to the special meeting; or

giving new proxy instructions by telephone; or

by attending the special meeting and voting in person; however, your attendance alone will not revoke your proxy or change your vote.

If you have instructed a broker how to vote your shares, you must follow the directions provided by your broker to change those instructions.

Q: Should I send my certificates representing my Center Trust common stock?

A: No. After we complete the merger, Pan Pacific will send former holders of Center Trust common stock written instructions for exchanging their share certificates.

Q: When do you expect to complete the merger?

A: We are working toward completing the merger as quickly as possible. We must first obtain the approval of Center Trust stockholders at the special meeting. We hope to complete the merger in the first quarter of 2003; however, we cannot assure you as to when, or if, the merger will occur.

Q: Where can I find more information about the companies?

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A: Pan Pacific and Center Trust file reports and other information with the Securities Exchange

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Commission, or SEC. You may read and copy this information at the SEC's public reference facilities. Please call the SEC at 1-800-732-0330 for information about these facilities. This information is also available at the offices of the New York Stock Exchange, at the Internet site the SEC maintains at www.sec.gov, the Internet site Pan Pacific maintains at www.pprp.com or the Internet site Center Trust maintains at www.centertrust.com. You can also request copies of these documents from us. See "Where You Can Find More Information" on page 106.

Q: Who can help answer my questions?

A: If you have more questions about the merger, you can contact:

Joe Contorno
Georgeson Shareholder Services
111 Commerce Road
Carlstadt, NJ 07072
Telephone: (201) 896-2604

or

Edward A. Stokx
Center Trust, Inc.
3500 Sepulveda Blvd.
Manhattan Beach, California 90266
Telephone: (310) 546-4520
Facsimile: (310) 545-6354

If you would like additional copies of this proxy statement/prospectus, you should contact:

Edward A. Stokx
Center Trust, Inc.
3500 Sepulveda Blvd.
Manhattan Beach, CA 90266
Telephone: (310) 546-4520
Facsimile: (310) 545-6354

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SUMMARY

*This summary highlights selected information from this document. It may not contain all of the information that is important to you. To understand the merger fully and for a more complete description of the legal terms of the merger, you should read carefully this entire document and the documents to which we have referred you. See *Where You Can Find More Information* on page 106. We have included page references parenthetically to direct you to a more complete description of the topics in this summary.*

The Companies

Pan Pacific Retail Properties, Inc. (Page 24)

1631-B South Melrose Drive
Vista, California 92083
(760) 727-1002

Pan Pacific Retail Properties, Inc., a Maryland corporation, is a self-administered and self-managed equity real estate investment trust that owns and operates community and neighborhood shopping centers, predominantly grocery-anchored, located in the western United States. Pan Pacific's objective is to provide stockholders with long-term, stable cash flow by maintaining a diverse portfolio and tenant base, and achieving consistent growth through its acquisition, property management and leasing programs. Pan Pacific completed its initial public offering in August 1997 and its shares are traded on the New York Stock Exchange under the symbol PNP. As of September 30, 2002, Pan Pacific's portfolio totaled 108 properties, encompassing approximately 16.0 million square feet, and was 97.1% leased to 2,539 retailers. The portfolio is diversified across five Western U.S. markets: Northern California, Southern California, Oregon, Washington, and Nevada.

MB Acquisition, Inc. is a newly-formed, wholly-owned subsidiary of Pan Pacific that was formed solely for the purpose of effecting the merger. MB Acquisition, Inc. has not conducted and will not conduct any business prior to the merger.

Pan Pacific has a diverse stockholder base, with no single stockholder owning a significant number of the outstanding shares of its common stock.

Center Trust (Page 25)

3500 Sepulveda Blvd.
Manhattan Beach, California 90266
(310) 546-4520

Center Trust, Inc., a Maryland corporation, is a self-administered and self-managed real estate investment trust engaged in the ownership, management, leasing, redevelopment, acquisition and development of retail shopping centers in the western United States. As of September 30, 2002, Center Trust's properties consisted of 32 properties, predominantly located in Southern California, totaling 7.5 million square feet of gross leasable area, which was 88.8% leased to 1,007 retailers.

Prometheus Western Retail, LLC and its affiliates beneficially own 56.2% of the outstanding shares of Center Trust common stock.

The Combined Company (Page 26)

Upon completion of the merger, Pan Pacific is expected to be the only publicly-held shopping center real estate investment trust focused exclusively on the West Coast. On a pro forma basis, Pan Pacific is expected to have a total market capitalization of \$2.3 billion (based on the closing price of Pan Pacific common stock on September 30, 2002, the pro forma number of shares of Pan Pacific common stock outstanding on September 30, 2002, and the pro forma outstanding indebtedness of Pan Pacific as of September 30, 2002). After the merger, Pan Pacific expects to own and operate 139 properties encompassing 23.5 million square feet with a broad geographic representation across its key West Coast markets. As of September 30, 2002, the pro forma combined portfolio was 94.6% leased to over 3,500 retailers.

Following the merger, Pan Pacific will continue to be managed by its existing five-member board of directors, four of whom are independent, and by its

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existing senior management team. The combined company will have a diversified stockholder base, with no single stockholder owning a significant number of the outstanding shares of its common stock.

The Center Trust Special Meeting (Page 78)

The special meeting will be held on January 15, 2003, at the Manhattan Beach Marriott Hotel, 1400 Parkview Avenue, Manhattan Beach, California 90266, starting at 2:00 p.m., Pacific Time.

Stockholders Entitled to Vote (Page 78)

Holders of record of shares of Center Trust common stock at the close of business on the record date are entitled to notice of, and to vote at, the special meeting. On the record date, there were 27,887,840 shares of Center Trust common stock outstanding, each of which will be entitled to one vote on each matter to be acted upon at the special meeting.

Purposes of the Center Trust Special Meeting (Page 78)

At the special meeting, Center Trust stockholders will be asked to consider and vote upon:

the proposal to approve the merger; and

any other matters that are properly brought before the special meeting or any adjournment or postponement of the meeting.

The Merger (Page 31)

In the merger, MB Acquisition, Inc., a wholly-owned subsidiary of Pan Pacific, will be merged with and into Center Trust, with Center Trust surviving as a wholly-owned subsidiary of Pan Pacific. Each share of common stock of Center Trust outstanding immediately prior to the merger will be converted into the right to receive 0.218 shares of Pan Pacific common stock.

The merger agreement is attached to this proxy statement/prospectus as Annex A. We encourage you to read the merger agreement as it is the legal document that governs the merger.

Vote Required (Page 78)

The merger requires the approval of the stockholders of Center Trust by the affirmative vote of at least two-thirds of the outstanding shares of Center Trust common stock held of record on December 10, 2002.

Pan Pacific has entered into stockholder voting agreements with certain of Center Trust's stockholders. Under one stockholder voting agreement, Prometheus Western Retail, LLC and certain of its affiliates have agreed to vote 13,405,660 of their shares of Center Trust common stock (representing approximately 48.1% of the outstanding Center Trust common stock as of the record date) in favor of the merger. Under the other stockholder voting agreement, certain executive officers have agreed to vote the 1,096,017 shares of Center Trust common stock held by those officers (representing approximately 3.9% of the outstanding Center Trust common stock as of the record date) in favor of the merger.

The two stockholder voting agreements are attached as Annexes B and C, respectively, to this proxy statement/prospectus.

Risk Factors (Page 18)

In evaluating the merger, you should carefully consider the Risk Factors beginning on Page 18.

Recommendation of Center Trust's Board of Directors (Page 78)

Center Trust's board voted unanimously to approve the merger. Center Trust's board believes that the merger is in the best interests of Center Trust and its stockholders and recommends that Center Trust stockholders vote **FOR** the merger.

Opinion of Financial Advisor (Page 45)

In connection with deciding to approve the merger, on November 5, 2002, Center Trust's board received an oral opinion from its financial advisor, Merrill Lynch, Pierce, Fenner & Smith Incorporated, which was subsequently confirmed by delivery of a written opinion dated November 5, 2002, that as of that date, subject to the assumptions made, matters

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considered and limitations on the review undertaken, the exchange ratio was fair to holders of Center Trust common stock from a financial point of view.

The full text of the written opinion of Merrill Lynch, which sets forth the assumptions made, matters considered and limitations on the review undertaken, is attached as Annex E to this proxy statement/prospectus and you are urged to read the opinion carefully and in its entirety. The opinion of Merrill Lynch was provided for the use and benefit of Center Trust's board and addresses only the fairness of the exchange ratio from a financial point of view to holders of Center Trust common stock. The Merrill Lynch opinion does not address the merits of the underlying decision by Center Trust to engage in the merger and does not constitute a recommendation to any stockholder as to how that stockholder should vote on the merger or any related matters.

Ownership of Pan Pacific Following the Merger

Based on the number of shares of Center Trust common stock and the number of exchangeable securities of Center Trust subsidiaries outstanding on September 30, 2002, Center Trust stockholders will receive 6,368,890 shares of Pan Pacific common stock in the merger, which will constitute approximately 15.6% of the outstanding voting power of Pan Pacific following the merger, assuming the exchange of all outstanding exchangeable securities of Center Trust subsidiaries.

Conditions to the Merger (Page 64)

The completion of the merger depends upon the satisfaction of a number of conditions, including:

- the approval of the merger by the holders of at least two-thirds of the outstanding shares of Center Trust common stock;
- the absence of any law or any injunction that effectively prohibits or restrains the merger;
- the receipt of all material approvals and consents from third parties;
- the receipt of satisfactory legal opinions regarding Pan Pacific's and Center Trust's real estate investment trust status for federal income tax purposes and the treatment of the merger as a reorganization for federal income tax purposes; and
- that the average closing price of Pan Pacific common stock on the New York Stock Exchange for the ten trading days prior to closing is not less than \$25.00 per share.

Treatment of Center Trust Stock Options and Restricted Shares (Page 57)

In connection with the merger, options to purchase an aggregate of 137,500 shares of Center Trust common stock (with a weighted average exercise price of \$16.725 per share) granted to certain family members of Alexander Haagen, Sr. (the founder and former chief executive officer of Center Trust) will be assumed by Pan Pacific and will be converted into options to purchase Pan Pacific common stock (as adjusted to reflect the exchange ratio of 0.218 shares of Pan Pacific common stock for each share of Center Trust common stock). All other options to purchase Center Trust common stock will be canceled and converted into the right to receive a cash amount equal to the product obtained by multiplying (x) the number of shares of Center Trust common stock issuable pursuant to the unexercised portion of such option, by (y) the amount, if any, by which (1) the exercise price per share of Center Trust common stock subject to such option is exceeded by (2) the number obtained by multiplying (a) the average closing price per share of Pan Pacific common stock on the New York Stock Exchange for the period of ten trading days immediately preceding the effective time of the merger by (b) 0.218.

Each share of Center Trust restricted stock outstanding immediately before the merger will become fully vested immediately before the merger.

**Termination; Break-Up Fee and Expenses
(Page 66)**

Either Pan Pacific or Center Trust can terminate the merger agreement:

- by mutual written consent;
- if the merger has not been completed by April 30, 2003;
- if an order, decree or injunction makes the merger illegal or prohibits the merger; or
- if Center Trust has not received the requisite stockholder approval.

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Pan Pacific can also terminate the merger agreement:

upon a material breach by Center Trust of any covenant or agreement contained in the merger agreement or if any representation or warranty of Center Trust becomes untrue in any material respect (except if such breach is capable of being cured by Center Trust prior to April 30, 2003, and Center Trust is attempting in good faith to cure the breach); or

upon the occurrence of any of the following (each of which will obligate Center Trust to pay a \$7.5 million break-up fee to Pan Pacific):

- (a) Center Trust receives an acquisition proposal from a third party and, thereafter, Center Trust's board withdraws or modifies its recommendation of the merger proposal;
- (b) Center Trust receives a public acquisition proposal from a third party and, thereafter, Pan Pacific requests that Center Trust's board publicly reconfirm its recommendation of the merger proposal to Center Trust stockholders and Center Trust's board fails to do so within ten business days after receipt of Pan Pacific's request;
- (c) Center Trust's board recommends to Center Trust stockholders an alternative acquisition, merger or similar transaction;
- (d) a tender offer or exchange offer for 19.9% or more of the outstanding shares of Center Trust common stock (other than by Center Trust or an affiliate of Center Trust) is commenced, and Center Trust's board recommends that Center Trust stockholders tender their shares in such tender or exchange offer; or
- (e) Center Trust receives an acquisition proposal from a third party and, thereafter, Center Trust fails to call and hold the special meeting by April 30, 2003.

Center Trust can also terminate the merger agreement upon a material breach by Pan Pacific of any covenant or agreement contained in the merger agreement or if any representation or warranty of Pan Pacific becomes untrue in any material respect (except if such breach is capable of being cured by Pan Pacific prior to April 30, 2003 and Pan Pacific is attempting in good faith to cure the breach).

Pan Pacific or Center Trust may be obligated to pay up to \$2.5 million of the other company's expenses if the merger agreement is terminated under specified circumstances.

Interests of Certain Directors and Executive Officers of Center Trust in the Merger (Page 53)

In considering the recommendation of Center Trust's board, you should be aware that members of Center Trust's management and board of directors may have interests in the merger that are different from or in addition to, and, therefore, may conflict with, your interests as a Center Trust stockholder generally.

The members of Center Trust's board were informed of the foregoing and considered them when they approved the merger.

Accounting Treatment (Page 43)

The merger will be accounted for under the purchase method for accounting and financial reporting purposes.

Material United States Federal Income Tax Considerations (Page 80)

As a condition to the completion of the merger, Pan Pacific and Center Trust will each receive legal opinions that the merger will qualify as a reorganization under Section 368(a) of the Internal Revenue Code for federal income tax purposes. These opinions will be based on, among other things, representations and warranties of both Pan Pacific and Center Trust. Accordingly, Pan Pacific and Center Trust expect that none of Pan Pacific, Pan Pacific's stockholders or Center Trust will recognize any gain or loss for United States federal income tax purposes. In addition, no gain or loss will be recognized for federal income tax purposes by Center Trust's

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stockholders who exchange their Center Trust common stock solely for Pan Pacific common stock in the merger. The payment of cash to a Center Trust stockholder instead of a fractional share of Pan Pacific common stock generally will result in the recognition of capital gain or loss. See Material United States Federal Income Tax Considerations.

Determining the actual tax consequences of the merger to you as a particular taxpayer can be complicated. Your tax treatment will depend on your specific situation and many variables not within either company's control. You should consult your tax advisor for a full understanding of the tax consequences of the merger.

Regulatory Matters (Page 43)

Neither Pan Pacific nor Center Trust is aware of any federal or state regulatory approvals which must be obtained in connection with the merger.

Appraisal or Dissenters' Rights (Page 44)

Maryland law does not provide any appraisal rights or dissenters' rights for Pan Pacific or Center Trust stockholders in connection with the merger.

Litigation Related to the Merger (Page 44)

As of the date of this proxy statement/prospectus, Center Trust is aware of one purported class action lawsuit that has been filed against Center Trust and its directors in connection with the merger. Among other things, the lawsuit seeks to prevent the closing of the merger.

While this case is in its early stages, Center Trust believes that the case is without merit. Center Trust intends to contest the lawsuit vigorously.

The Rights of Center Trust Stockholders Will Change (Page 97)

The rights of Center Trust stockholders are determined by Maryland law and by Center Trust's charter and bylaws. When the merger is completed, Center Trust stockholders will become stockholders of Pan Pacific. The rights of Pan Pacific stockholders are determined by Maryland law and Pan Pacific's charter and bylaws. As a result of these different organizational documents, Center Trust stockholders will have different rights as Pan Pacific stockholders than they currently have as Center Trust stockholders.

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Selected Historical and Unaudited Pro Forma Combined Financial Data

We are providing the following information to aid you in your analysis of the financial aspects of the merger. We derived this information from the audited consolidated financial statements of each of Pan Pacific and Center Trust for the years 1997 through 2001 and the unaudited consolidated financial statements for each of Pan Pacific and Center Trust as of and for the nine months ended September 30, 2002 and 2001. This information is only a summary and you should read it in conjunction with the historical and unaudited pro forma combined financial statements and related notes contained in the annual reports, quarterly reports and other information regarding Pan Pacific and Center Trust filed with the SEC and incorporated by reference or included in this proxy statement/prospectus. See [Where You Can Find More Information](#) on page 106.

Selected Historical Financial Data of Pan Pacific

Pan Pacific's historical consolidated financial data for the annual periods presented below has been derived from its audited consolidated financial statements previously filed with the SEC. The selected historical consolidated financial data for Pan Pacific as of and for the periods ended September 30, 2002 and 2001 are unaudited and were prepared in accordance with accounting principles generally accepted in the United States applied to interim financial information. In the opinion of Pan Pacific's management, all adjustments necessary for a fair presentation of results of operations for these interim periods have been included. These adjustments consist only of normal recurring accruals. Because of seasonal and other factors, results for interim periods are not necessarily indicative of the results to be expected for the full year. This information is only a summary and you should read it together with Pan Pacific's historical financial statements and related notes contained in the annual reports, quarterly reports and other information that Pan Pacific has filed with the SEC and incorporated by reference. See [Where You Can Find More Information](#) on page 106.

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Pan Pacific Retail Properties, Inc.
Selected Financial Data
(Dollars in thousands, except per share data)

	Nine Months Ended September 30,		Year Ended December 31,				
	2002	2001	2001	2000	1999	1998	1997
Statement of Operations Data:							
Revenue:							
Base rent	\$ 112,217	\$ 103,099	\$ 138,520	\$ 93,236	\$ 78,777	\$ 62,205	\$ 36,839
Percentage rent	1,315	1,820	2,695	745	756	628	278
Recoveries from tenants	26,943	23,879	32,288	21,487	17,751	13,639	8,042
Income from unconsolidated partnerships	123	597	837	364	341	737	409
Other	4,919	5,750	8,149	3,722	2,291	1,575	1,142
Total revenue	145,517	135,145	182,489	119,554	99,916	78,784	46,710
Expenses:							
Property operating	17,625	15,473	21,955	14,159	12,432	9,733	6,142
Property taxes	11,346	10,138	13,685	8,885	7,365	5,707	3,187
Depreciation and amortization	23,151	21,649	28,980	20,224	17,371	14,273	8,928
Interest	34,194	35,337	46,196	32,112	23,939	18,295	14,057
General and administrative	7,653	6,815	9,168	5,105	5,315	4,109	3,923
Merger related expenses				3,204			
Other	478	969	1,574	556	248	108	964
Income from continuing operations before minority interests, gain on sale of real estate, discontinued operations and extraordinary loss	51,070	44,764	60,931	35,309	33,246	26,559	9,509
Minority interests	(1,085)	(2,043)	(2,521)	(2,119)	(1,558)	(261)	(153)
Gain on sale of real estate		3,344	4,129		400		
Discontinued operations	3,844	1,346	1,683	610	488	336	
Extraordinary loss on early extinguishment of debt							(1,043)
Net income	\$ 53,829	\$ 47,411	\$ 64,222	\$ 33,800	\$ 32,576	\$ 26,634	\$ 8,313
Basic earnings per share:							
Income from continuing operations before extraordinary item							
	\$ 1.50	\$ 1.46	\$ 1.96	\$ 1.46	\$ 1.51	\$ 1.35	\$ 0.56
Discontinued operations	\$ 0.11	\$ 0.04	\$ 0.06	\$ 0.03	\$ 0.03	\$ 0.02	\$
Extraordinary item	\$	\$	\$	\$	\$	\$	\$ (0.06)
Net income	\$ 1.61	\$ 1.50	\$ 2.02	\$ 1.49	\$ 1.54	\$ 1.37	\$ 0.49
Diluted earnings per share:							
Income from continuing operations before extraordinary item							
	\$ 1.49	\$ 1.43	\$ 1.92	\$ 1.46	\$ 1.51	\$ 1.34	\$ 0.55
Discontinued operations	\$ 0.11	\$ 0.04	\$ 0.05	\$ 0.02	\$ 0.03	\$ 0.01	\$
Extraordinary item	\$	\$	\$	\$	\$	\$	\$ (0.06)
Net income	\$ 1.60	\$ 1.47	\$ 1.97	\$ 1.48	\$ 1.54	\$ 1.35	\$ 0.49
Dividends paid on common stock	\$ 47,639	\$ 43,230	\$ 58,119	\$ 32,729	\$ 33,929	\$ 30,514	\$ 9,673
Dividends paid per share of common stock	\$ 1.425	\$ 1.365	\$ 1.82	\$ 1.94	\$ 1.60	\$ 1.52	\$ 0.58
Balance Sheet Data:							
Properties net of accumulated depreciation	\$ 1,300,950	\$ 1,198,552	\$ 1,233,189	\$ 1,194,824	\$ 748,061	\$ 667,478	\$ 455,514

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Total assets	\$ 1,426,970	\$ 1,307,283	\$ 1,339,618	\$ 1,297,690	\$ 784,537	\$ 705,541	\$ 487,220
Mortgage loans payable, unsecured lines of credit and senior notes	\$ 744,004	\$ 640,261	\$ 668,235	\$ 626,411	\$ 357,290	\$ 282,524	\$ 170,766
Total liabilities	\$ 770,730	\$ 669,191	\$ 696,412	\$ 648,938	\$ 379,324	\$ 305,135	\$ 184,644
Minority interest	\$ 15,815	\$ 29,299	\$ 20,748	\$ 41,754	\$ 23,347	\$ 17,318	\$ 1,521
Total equity	\$ 640,425	\$ 608,793	\$ 622,458	\$ 606,998	\$ 381,866	\$ 383,088	\$ 301,055
Other Data:							
Funds from operations (1)	\$ 75,078	\$ 67,676	\$ 91,452	\$ 56,123	\$ 50,798	\$ 41,134	\$ 18,288
Cash flows provided by (used in):							
Operating activities	\$ 66,904	\$ 68,191	\$ 77,096	\$ 54,844	\$ 45,827	\$ 39,002	\$ 15,242
Investing activities	\$ (74,866)	\$ (25,142)	\$ (46,127)	\$ (73,950)	\$ (77,625)	\$ (166,795)	\$ (166,446)
Financing activities	\$ 39,745	\$ (45,924)	\$ (31,017)	\$ 18,612	\$ 29,269	\$ 130,199	\$ 142,969
Discontinued operations	\$ 1,084	\$ 1,499	\$ 1,881	\$ 737	\$ 547	\$ 353	\$
Ratio of earnings to fixed charges (2)	2.48	2.29	2.31	2.14	2.34	2.42	1.64
Number of operating properties (at end of period)	108	108	108	110	58	54	32
Gross leasable area (sq. ft.) (at end of period)	14,221,047	13,536,762	13,625,728	13,480,402	8,062,368	7,172,756	4,532,707
Occupancy of properties owned (at end of period)	97.1%	96.4%	97.1%	96.5%	97.5%	96.5%	97.5%

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- (1) The White Paper on Funds from Operations approved by the Board of Governors of the National Association of Real Estate Investment Trusts in April 2002 (the White Paper) defines Funds from Operations as net income (loss) (computed in accordance with generally accepted accounting principles), excluding gains (or losses) from sales of property, plus depreciation and amortization and after adjustments for unconsolidated partnerships and joint ventures. Management considers Funds from Operations an appropriate measure of performance of an equity real estate investment trust because it is predicated on cash flow analyses. Pan Pacific computes Funds from Operations in accordance with standards established by the White Paper. Pan Pacific's computation of Funds from Operations may, however, differ from the methodology for calculating Funds from Operations used by other equity real estate investment trusts and, therefore, may not be comparable to those other real estate investment trusts. Funds from Operations should not be considered as an alternative to net income (determined in accordance with generally accepted accounting principles), as a measure of Pan Pacific's liquidity, nor is it indicative of funds available to fund Pan Pacific's cash needs, including its ability to make distributions.
- (2) Ratio of earnings to fixed charges is calculated by dividing earnings by fixed charges. For this purpose, earnings consist of income (loss) before extraordinary items plus fixed charges (including interest costs capitalized). Fixed charges consist of interest expense (including the amortization of deferred financing fees.)

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Selected Historical Financial Data of Center Trust

Center Trust's historical consolidated financial data for the annual periods presented below has been derived from its audited consolidated financial statements previously filed with the SEC. The selected historical consolidated financial data for Center Trust for the periods ended September 30, 2002 and 2001 are unaudited and were prepared in accordance with accounting principles generally accepted in the United States applied to interim financial information. In the opinion of Center Trust's management, all adjustments necessary for a fair presentation of results of operations for these interim periods have been included. These adjustments consist only of normal recurring accruals. Because of seasonal and other factors, results for interim periods are not necessarily indicative of the results to be expected for the full year. This information is only a summary and should be read together with Center Trust's historical financial statements and related notes contained in the annual reports, quarterly reports and other information that Center Trust has filed with the SEC and incorporated by reference. See "Where You Can Find More Information" on page 106.

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Center Trust, Inc.
Selected Financial Data
(Dollars in thousands, except per share data)

	Nine Months Ended September 30,		Year Ended December 31,				
	2002	2001	2001	2000	1999	1998	1997
Statement of Operations Data:							
Revenue:							
Base rent	\$ 48,809	\$ 49,218	\$ 65,577	\$ 91,214	\$ 101,634	\$ 91,065	\$ 62,506
Percentage rent	686	861	1,451	1,801	2,029	1,628	965
Recoveries from tenants	17,501	17,265	22,977	29,362	31,322	27,856	18,675
Income from unconsolidated partnerships							
Other	5,333	3,678	4,898	9,260	4,956	5,024	4,040
Total Revenue	72,329	71,022	94,903	131,637	139,941	125,573	86,186
Expenses:							
Property operating	19,496	17,976	24,816	29,654	27,816	27,318	19,737
Property taxes	7,039	6,959	9,111	12,635	14,100	12,088	7,459
Depreciation and amortization	15,568	14,826	19,797	24,065	24,041	23,580	17,894
Interest	19,187	24,675	32,230	55,019	52,764	46,476	35,100
General and administrative	3,294	4,207	5,473	5,626	8,362	5,744	2,877
Other	2,031	2,613	2,613	4,770		21,685	9,355
	66,615	71,256	94,040	131,769	127,083	136,891	92,422
Income from continuing operations before minority interests, gain on sale of real estate, discontinued operations and extraordinary loss	5,714	(234)	863	(132)	12,858	(11,318)	(6,236)
Minority interests	(419)	(362)	(508)	(602)	(4,786)	1,055	1,248
Gain on sale of real estate		(2,379)	(2,379)	21,245	23,991	1,055	
Discontinued operations	3,522	703	1,595	776	1,077	1,095	765
Extraordinary loss on early extinguishment of debt		(1,385)	(1,768)	(17,514)	(6,483)		(422)
Net Income	\$ 8,817	\$ (3,657)	\$ (2,197)	\$ 3,773	\$ 26,657	\$ (8,113)	\$ (4,645)
Basic earnings per share:							
Income from continuing operations before extraordinary item							
	\$ 0.19	\$ (0.11)	\$ (0.08)	\$ 0.77	\$ 1.25	\$ (0.43)	\$ (0.38)
Discontinued operations	\$ 0.13	\$ 0.03	\$ 0.06	\$ 0.03	\$ 0.04	\$ 0.05	\$ 0.06
Extraordinary item	\$	\$ (0.05)	\$ (0.06)	\$ (0.66)	\$ (0.25)	\$	\$ (0.03)
Net income	\$ 0.32	\$ (0.13)	\$ (0.08)	\$ 0.14	\$ 1.04	\$ (0.38)	\$ (0.35)
Diluted earnings per share							
Income from continuing operations before extraordinary item							
	\$ 0.19	\$ (0.11)	\$ (0.08)	\$ 0.77	\$ 1.25	\$ (0.43)	\$ (0.38)
Discontinued operations	\$ 0.13	\$ 0.03	\$ 0.06	\$ 0.03	\$ 0.04	\$ 0.05	\$ 0.06
Extraordinary item	\$	\$ (0.05)	\$ (0.06)	\$ (0.66)	\$ (0.25)	\$	\$ (0.03)
Net income	\$ 0.32	\$ (0.13)	\$ (0.08)	\$ 0.14	\$ 1.04	\$ (0.38)	\$ (0.35)
Dividends paid on common shares	\$ 4,679	\$ 7,897	\$ 8,834	\$ 26,399	\$ 36,778	\$ 29,962	\$ 18,243
Dividends paid per common share	\$ 0.180	\$ 0.120	\$ 0.16	\$ 0.84	\$ 1.44	\$ 1.44	\$ 1.44
Balance Sheet Data:	\$ 547,955	\$ 585,798	\$ 583,633	\$ 639,839	\$ 887,079	\$ 932,844	\$ 662,077

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Properties net of accumulated depreciation							
Total assets	\$ 598,595	\$ 633,039	\$ 637,073	\$ 694,579	\$ 955,579	\$ 987,021	\$ 710,713
Mortgage loans payable, unsecured lines of credit and senior notes	\$ 358,667	\$ 399,693	\$ 402,377	\$ 446,600	\$ 683,016	\$ 665,985	\$ 482,259
Total liabilities	\$ 381,896	\$ 416,459	\$ 420,195	\$ 471,480	\$ 712,881	\$ 697,419	\$ 519,441
Minority interest	\$ 11,139	\$ 12,482	\$ 11,225	\$ 16,695	\$ 15,410	\$ 49,231	\$ 41,433
Total equity	\$ 205,440	\$ 204,098	\$ 205,653	\$ 206,404	\$ 227,288	\$ 230,468	\$ 141,454
Other Data:							
Funds from Operations (1)	\$ 21,803	\$ 17,985	\$ 24,766	\$ 30,860	\$ 42,477	\$ 36,301	\$ 21,924
Cash flows provided by (used in):							
Operating activities	\$ 22,221	\$ 16,119	\$ 24,017	\$ 16,912	\$ 33,711	\$ 32,528	\$ 19,559
Investing activities	\$ 27,744	\$ 39,146	\$ 36,974	\$ 244,225	\$ 39,793	\$ (219,430)	\$ (110,192)
Financing activities	\$ (51,145)	\$ (56,534)	\$ (60,339)	\$ (260,177)	\$ (74,936)	\$ 189,925	\$ 88,305
Number of Operating Properties (at end of period)	32	35	35	41	56	63	46
Gross Leaseable Area (sq. ft.) (at end of period)	6,154,588	6,398,229	6,412,074	7,117,263	9,460,778	10,252,758	9,684,610
Occupancy of Properties owned (at end of period)	88.7%	92.3%	92.6%	93.3%	94.9%	92.7%	92.9%

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- (1) Center Trust considers Funds From Operations, or FFO, to be an alternative measure of the performance of an equity REIT since such measure does not recognize depreciation and amortization expenses as operating expenses. FFO is defined, as outlined in the April 2002 White Paper by the National Association of Real Estate Investment Trusts (NAREIT), as net income plus depreciation and amortization of real estate, less gains or losses on sales of properties. Additionally, the definition also permits FFO to be adjusted for significant non-recurring items. Funds from operations do not represent cash flows from operations as defined by generally accepted accounting principles and should not be considered as an alternative to net income or cash flows from operations and should not be considered as an alternative to those indicators in evaluating Center Trust 's operating performance or liquidity. Further, the methodology for computing FFO utilized by Center Trust may differ from that utilized by other equity REITs and, accordingly may not be comparable to such other REITs.

Table of Contents**Summary Unaudited Pro Forma Combined Financial Information**

In the table below, we present pro forma balance sheet information for Pan Pacific and Center Trust as of September 30, 2002, as if the merger had been completed on September 30, 2002. We also present pro forma statement of operations information for Pan Pacific and Center Trust for the fiscal year ended December 31, 2001 and the nine months ended September 30, 2002, as if the merger had been completed on January 1, 2001. The merger will be, and has been for purposes of the pro forma information, accounted for under the purchase method of accounting in accordance with Statement of Financial Accounting Standards No. 141.

It is important to remember that this information is hypothetical, and does not necessarily reflect the financial performance that would have actually resulted if the merger had been completed on those dates. Furthermore, this information does not necessarily reflect future financial performance if the merger actually occurs.

See Unaudited Pro Forma Condensed Consolidated Financial Statements included in this proxy statement/prospectus for a more detailed explanation of this analysis.

	Pan Pacific Pro Forma Nine Months Ended September 30, 2002	Pan Pacific Pro Forma Year Ended December 31, 2001
Statement of Operations Data:		
	(In thousands, except per share data)	
Revenue	\$ 217,846	\$ 277,392
Net income	\$ 83,096	\$ 93,424
Net income per share basic	\$ 2.11	\$ 2.46
Net income per share diluted	\$ 2.08	\$ 2.42
Balance Sheet Data (At End of Period):		
Real estate properties, net	\$ 1,885,583	
All other assets	\$ 150,131	
Total assets	\$ 2,035,714	
Debt obligations	\$ 1,108,152	
All other liabilities	\$ 57,309	
Minority interests	\$ 27,239	
Total equity	\$ 843,014	

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Set forth below are net income, book value and cash dividends per share data for Pan Pacific and Center Trust on a historical basis, for Pan Pacific on a pro forma basis and on a pro forma basis per Center Trust equivalent share.

The pro forma data was derived by combining the historical consolidated financial information of Pan Pacific and Center Trust using purchase accounting.

The Center Trust equivalent per share pro forma information shows the effect of the merger from the perspective of an owner of Center Trust common stock. The information was computed by multiplying the Pan Pacific per share pro forma information by the exchange ratio of 0.218.

You should read the information below together with the historical financial statements and related notes contained in the Annual Reports on Form 10-K and other information that Pan Pacific and Center Trust have filed with the SEC and incorporated by reference. See *Where You Can Find More Information* on page 106. The unaudited pro forma combined data below is for illustrative purposes only. The companies might have performed differently had they always been combined. You should not rely on this information as being indicative of the historical results that would have been achieved had the companies always been combined or the future results that the combined company will experience after the merger.

	<u>Pan Pacific Historical</u>	<u>Center Trust Historical</u>	<u>Pan Pacific Pro Forma</u>	<u>Center Trust Pro Forma Equivalent</u>
Net income (loss) per share of common stock				
Year ended December 31, 2001	\$ 2.02	\$ (0.08)	\$ 2.46	\$ 0.54
Nine months ended September 30, 2002	\$ 1.61	\$ 0.32	\$ 2.11	\$ 0.46
Net income (loss) per share of common stock assuming dilution				
Year ended December 31, 2001	\$ 1.97	\$ (0.08)	\$ 2.42	\$ 0.53
Nine months ended September 30, 2002	\$ 1.60	\$ 0.32	\$ 2.08	\$ 0.45
Book value per share of common stock				
As of December 31, 2001	\$ 18.98	\$ 7.09		
As of September 30, 2002	\$ 19.07	\$ 7.03	\$ 21.38	\$ 4.66
Cash dividends per share of common stock				
Year ended December 31, 2001	\$ 1.820	\$ 0.160	\$ 1.820	\$ 0.400
Nine months ended September 30, 2002	\$ 1.425	\$ 0.180	\$ 1.425	\$ 0.310

Table of Contents**Comparative Per Share Market Price And Dividend Information**

At the close of business on December 10, 2002, the record date for the special meeting, there were approximately 137 holders of record of Center Trust common stock.

Market Prices and Dividends

Pan Pacific common stock is listed on the New York Stock Exchange under the symbol PNP. Center Trust common stock is listed on the New York Stock Exchange under the symbol CTA.

The following table sets forth the high and low closing prices per share of Pan Pacific common stock and Center Trust common stock as reported by the New York Stock Exchange, based on published financial sources for the quarterly periods indicated, which correspond to the companies' respective quarterly fiscal periods for financial reporting purposes.

	Pan Pacific Common Stock			Center Trust Common Stock		
	High	Low	Declared Dividend	High	Low	Declared Dividend
2000:						
First Quarter	\$ 19.125	\$ 16.625	\$ 0.420	\$ 10.500	\$ 5.937	\$ 0.21
Second Quarter	\$ 20.125	\$ 18.750	\$ 0.420	\$ 7.875	\$ 4.875	\$ 0.21
Third Quarter	\$ 20.938	\$ 19.000	\$ 0.420	\$ 6.000	\$ 5.000	\$ 0.21
Fourth Quarter	\$ 22.750	\$ 19.813	\$ 0.280	\$ 6.000	\$ 4.563	\$ 0.21
2001:						
First Quarter	\$ 23.250	\$ 21.550	\$ 0.455	\$ 6.430	\$ 3.500	\$ 0.04
Second Quarter	\$ 26.000	\$ 21.950	\$ 0.455	\$ 4.900	\$ 3.490	\$ 0.04
Third Quarter	\$ 27.080	\$ 25.100	\$ 0.455	\$ 4.900	\$ 3.820	\$ 0.04
Fourth Quarter	\$ 28.800	\$ 26.400	\$ 0.455	\$ 4.250	\$ 3.250	\$ 0.04
2002:						
First Quarter	\$ 30.870	\$ 28.130	\$ 0.475	\$ 5.300	\$ 3.920	\$ 0.06
Second Quarter	\$ 34.180	\$ 30.420	\$ 0.475	\$ 7.090	\$ 5.300	\$ 0.06
Third Quarter	\$ 34.750	\$ 29.800	\$ 0.475	\$ 7.030	\$ 5.100	\$ 0.06
Fourth Quarter through December 6, 2002	\$ 36.190	\$ 31.900	\$ 0.475	\$ 7.720	\$ 5.550	\$ 0.06

Pan Pacific currently plans to continue paying quarterly cash dividends after completion of the merger. Pan Pacific has increased its quarterly dividend each year since its initial public offering in August 1997, from \$0.3625 per diluted share paid for the quarter ended September 30, 1997 to \$0.475 per diluted share paid for the quarter ended September 30, 2002. Taking into account the 0.218 exchange ratio that will be used in the merger, Pan Pacific's most recently paid dividend represents a 72.6% increase over the \$0.06 dividend most recently paid per share of Center Trust common stock (for the quarter ended September 30, 2002). Pan Pacific's dividend is subject to approval by Pan Pacific's board.

Comparative Market Data

The following table sets forth the closing prices for Pan Pacific common stock and Center Trust common stock for November 5, 2002 and December 6, 2002. November 5, 2002 was the last full trading day prior to the public announcement of the proposed merger. December 6, 2002 was the last practicable trading day for which information was available prior to the date of the first mailing of this proxy statement/prospectus. The Center Trust pro forma equivalent closing share price is computed by multiplying the Pan Pacific closing stock price by the exchange ratio of 0.218.

	Pan Pacific Common Stock	Center Trust Common Stock	Center Trust Pro Forma Equivalent
November 5, 2002	\$ 34.24	\$ 5.69	\$ 7.46
December 6, 2002	\$ 35.50	\$ 7.65	\$ 7.74

The market prices of Pan Pacific common stock and Center Trust common stock fluctuate. As a result, we urge you to obtain current market quotations of Pan Pacific common stock and Center Trust common stock.

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RISK FACTORS

In addition to general investment risks and the other information contained in or incorporated by reference into this proxy statement/prospectus, you should carefully consider the following factors in evaluating the proposals to be voted on at the special meeting.

Risk Factors Relating to the Merger

The combined company may not realize the expected benefits from the merger, such as cost savings, operating efficiencies and other synergies.

Pan Pacific and Center Trust entered into the merger agreement with the expectation that the merger would result in a number of benefits to the combined company, including cost savings, operating efficiencies and other synergies. Achieving these benefits will depend in large part on Pan Pacific's ability to efficiently integrate the properties of Center Trust into its portfolio. Unforeseen difficulties in integrating these portfolios may cause the disruption of, or a loss of momentum in, the activities of the combined company's business that could affect its ability to achieve expected cost savings, operating efficiencies and other synergies in a manner that could materially harm the combined company's financial performance.

The completion of the merger poses risks for the ongoing operations of the combined company, including that:

following the merger, the combined company may not achieve expected cost savings and operating efficiencies, such as the elimination of redundant administrative costs and property management costs;

the diversion of management attention to the integration of the operations of Center Trust could have an adverse effect on the revenues, expenses and operating results of Pan Pacific;

the Center Trust portfolio may not perform as well as Pan Pacific anticipates due to various factors, including changes in macro-economic conditions and the demand for retail space in Southern California and other West Coast markets in which Center Trust has a significant presence; and

Pan Pacific may not effectively integrate Center Trust's operations.

If Pan Pacific fails to integrate successfully Center Trust or to realize the intended benefits of the merger, the market price of Pan Pacific common stock could decline from its market price at the time of completion of the merger.

The fixed exchange ratio will not reflect changes in share value.

The number of shares of Pan Pacific common stock into which each share of Center Trust common stock is to be converted in the merger is fixed at 0.218 shares. The market value of Pan Pacific common stock or Center Trust common stock at the effective time of the merger may vary significantly from the price as of the date the merger agreement was executed, the date of this proxy statement/prospectus or the date on which Center Trust stockholders vote on the merger. These changes may result from a number of factors, including:

market perception of the synergies to be achieved by the merger;

changes in the business, operations or prospects of Pan Pacific or Center Trust;

market assessments of the likelihood that the merger will be completed and the timing of the merger; and

general market and economic conditions.

Because the exchange ratio will not be adjusted to reflect changes in the market value of Pan Pacific common stock or Center Trust common stock, the market value of Pan Pacific common stock issued in the merger, and the market value of the Center Trust common stock surrendered in the merger, may be higher or

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lower than the value of these shares at the time the merger was negotiated or approved by Pan Pacific's board and Center Trust's board. Neither Pan Pacific nor Center Trust is permitted to terminate the merger agreement, nor may Center Trust resolicit the vote of its stockholders, because of changes in the market price of Pan Pacific common stock or Center Trust common stock, except that Center Trust is not obligated to complete the merger if the average closing price of Pan Pacific common stock for the ten trading days preceding the closing date of the merger is less than \$25.00 per share.

If the merger does not occur, one of the companies may incur payment obligations to the other.

If the merger agreement is terminated under certain circumstances, Center Trust may be required to pay Pan Pacific a \$7.5 million break-up fee. If the merger agreement is terminated in certain other circumstances, either party may be obligated to pay the other up to \$2.5 million as an expense reimbursement. See "The Merger Agreement Termination; Break-up Fees and Expenses."

As a result of the merger, the combined company may incur transaction costs that exceed our estimates.

Pan Pacific and Center Trust estimate that, as a result of the merger, the combined company will incur transaction costs of approximately \$18.5 million in the aggregate, including debt assumption fees, financial advisors, legal, printing and account fees, and severance payments in connection with the merger.

Certain of Center Trust's directors and executive officers may have interests in the merger that are different from, or in addition to, the interests of Center Trust stockholders generally.

In considering the recommendation of Center Trust's board of directors with respect to the merger, Center Trust stockholders should be aware that certain of Center Trust's directors and executive officers may have interests in the merger that are different from, or in addition to, the interests of Center Trust stockholders generally. See "Interests of Certain Directors and Executive Officers of Center Trust in the Merger." These interests include the following:

Pan Pacific will provide exculpation and indemnification for directors and officers of Center Trust, including for actions taken in connection with the merger, which is the same as the exculpation and indemnification provided by Center Trust as of the date of the merger agreement.

Pan Pacific will indemnify and hold harmless former directors and officers of Center Trust after the merger to the fullest extent permitted by law.

Pan Pacific has agreed to provide directors' and officers' liability insurance for the benefit of those individuals currently covered by Center Trust's insurance for a period of six years after the merger.

In connection with the merger, options to purchase an aggregate of 685,625 shares of Center Trust common stock at an average exercise price of \$5.51 per share previously awarded to five Center Trust directors and executive officers will vest pursuant to the plans under which they were issued. These five Center Trust directors and executive officers also currently hold vested options to purchase an aggregate of an additional 346,775 shares of Center Trust common stock at an average exercise price of \$13.58. These five Center Trust directors and executive officers will receive cash payments in consideration for the cancellation of their options in accordance with a formula that is based on the average closing price of Pan Pacific common stock for the ten days immediately preceding the closing of the merger. Assuming that the average closing price per share of Pan Pacific common stock for the ten trading days immediately preceding the closing of the merger was \$35.50 (the closing price of Pan Pacific common stock on December 6, 2002), the aggregate cash payments received by these executive officers from the cancellation of options would be approximately \$1.5 million. These executive officers may receive shares of Pan Pacific common stock in lieu of such aggregate cash payments, if necessary to preserve the tax-free status of the merger.

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204,192 unvested shares of Center Trust restricted stock previously awarded to Center Trust directors and executive officers will vest immediately prior to the effective time of the merger and will be converted into Pan Pacific common stock in the merger. Of these shares of Center Trust restricted common stock, 54,442 were issued to three independent directors as compensation in lieu of cash in 1999, 2000 and 2001. Using a \$7.74 pro forma equivalent value (based upon the closing price of Pan Pacific common stock on December 6, 2002 and the 0.218 exchange ratio), the aggregate value of the unvested Center Trust restricted stock previously awarded to Center Trust directors and executive officers is approximately \$1.6 million.

Under their respective employment agreements, four executive officers of Center Trust will be entitled to receive estimated cash payments of approximately \$2.1 million in the aggregate. These executive officers may receive shares of Pan Pacific common stock in lieu of such aggregate cash payments if necessary to preserve the tax-free status of the merger.

Two executive officers have agreed to enter into consulting agreements with Pan Pacific immediately prior to the closing date of the merger to assist Pan Pacific with transition issues following the merger, pursuant to which agreements each of such executive officer will receive no more than \$475,000.

Under the terms of the merger agreement, Center Trust may pay success bonuses to Center Trust's executive officers of up to \$1.3 million, in the aggregate. Whether and to what extent such bonuses will be paid will be determined by Center Trust's board, in its sole discretion, immediately prior to the effective time of the merger.

Risk Factors Relating to Pan Pacific Following the Merger

Real property investments are subject to varying degrees of risk that may adversely affect the business and the operating results of Pan Pacific after the merger.

The combined company's revenue and the value of its properties may be adversely affected by a number of factors, including:

- the national economic climate;
- the local economic climate;
- local real estate conditions;
- changes in retail expenditures by consumers;
- the perceptions of prospective tenants of the attractiveness of the properties;
- the combined company's ability to manage and maintain its properties and secure adequate insurance; and
- increases in operating costs (including real estate taxes and utilities).

In addition, real estate values and income from properties are also affected by factors such as applicable laws, including tax laws, interest rate levels and the availability of financing. If the combined company's properties do not generate revenue sufficient to meet operating expenses, including debt service, tenant improvements, leasing commissions and other capital expenditures, the combined company may have to borrow additional amounts to cover its expenses. This would harm the combined company's cash flow and ability to make distributions to its stockholders.

If Center Trust or Pan Pacific fails to qualify as a real estate investment trust under the Internal Revenue Code, that failure could result in a significant tax liability for the combined company and could reduce the value of the combined company's stock.

Each of Center Trust and Pan Pacific believes that it has been organized and has operated in a manner that qualifies it as a real estate investment trust under the Internal Revenue Code, and each company intends to operate so as to qualify as a real estate investment trust under the Internal Revenue Code through and including,

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and in the case of Pan Pacific, following, the effective time of the merger. However, it is possible that Center Trust or Pan Pacific has been organized or has operated, or that Pan Pacific will in the future be organized or operated, in a manner which does not allow one or more of them to qualify as a real estate investment trust. Qualification as a real estate investment trust requires a company to satisfy numerous requirements (some on an annual and others on a quarterly basis) established under highly technical and complex Internal Revenue Code provisions for which there are only limited judicial and administrative interpretations and involves the determination of various factual matters and circumstances not entirely within the company's control. In addition, legislation, new regulations, administrative interpretations or court decisions may adversely affect, possibly retroactively, Center Trust's or Pan Pacific's ability to qualify as a real estate investment trust for tax purposes or the tax consequences of this qualification.

If a company fails to qualify as a real estate investment trust in any taxable year, among other things:

it will not be allowed a deduction for distributions to stockholders in computing its taxable income;

it will be subject to federal income tax, including any applicable alternative minimum tax, on its taxable income at regular corporate rates;

it will be subject to increased state and local taxes;

it will be disqualified from treatment as a real estate investment trust for the four taxable years following the year during which it loses its qualification (unless entitled to relief under certain statutory provisions);

all distributions to stockholders would be subject to tax as ordinary income to the extent of its current and accumulated earnings and profits; and

it would not be required to make distributions to stockholders.

As a result of these factors, Pan Pacific's failure to qualify as a real estate investment trust also could impair its ability to expand its business and raise capital, could substantially reduce the funds available for distribution to its stockholders, including former Center Trust stockholders, and could reduce the trading price of its common stock following the merger.

If Center Trust failed to qualify as a real estate investment trust prior to the merger, Pan Pacific would be required to pay any resulting tax, and that tax could be material. After the merger, all of the stock of Center Trust will be owned by Pan Pacific, causing Center Trust to be a qualified REIT subsidiary of Pan Pacific. For federal income tax purposes, this means Center Trust's separate existence as an entity will be disregarded, and Pan Pacific will be treated as if it directly owns the assets owned by Center Trust.

As a condition to the closing of the merger, Latham & Watkins will render to Pan Pacific a legal opinion to the effect that, commencing with its taxable year ended December 31, 1993, Center Trust was organized in conformity with the requirements for qualification and taxation as a real estate investment trust under the Internal Revenue Code, and its method of operation has enabled Center Trust to meet, through the effective time of the merger, the requirements for qualification and taxation as a real estate investment trust under the Internal Revenue Code. Likewise, as a condition to the closing of the merger, Latham & Watkins will render to Center Trust a legal opinion to the effect that, commencing with Pan Pacific's taxable year ended December 31, 1997, Pan Pacific has been organized and has operated in conformity with the requirements for qualification and taxation as a real estate investment trust under the Internal Revenue Code, and Pan Pacific's proposed method of operation will enable it to continue to meet the requirements for qualification and taxation as a real estate investment trust under the Internal Revenue Code. An opinion of counsel is not binding on the Internal Revenue Service or any court, and no ruling has been or will be sought from the Internal Revenue Service as to Center Trust's or Pan Pacific's qualification as a real estate investment trust under the Internal Revenue Code. Accordingly, neither Pan Pacific nor Center Trust can assure you that the Internal Revenue Service will not take a position contrary to one or more positions reflected in these opinions or that these opinions will be upheld by the courts if so challenged. See Material United States Federal Income Tax Considerations Pan Pacific's Qualification as a Real Estate Investment Trust General and Tax Liabilities and Attributes Inherited from Acquisitions.

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**CAUTIONARY STATEMENT CONCERNING
FORWARD-LOOKING STATEMENTS**

We have made forward-looking statements in this document that are subject to risks and uncertainties. These statements may be made directly in this document or may be incorporated by reference to other documents filed with the SEC. Forward-looking statements include information regarding:

synergies;

efficiencies;

potential cost savings;

revenue enhancements;

projected future earnings and funds from operations growth;

successful integration of the businesses of Center Trust and Pan Pacific;

asset portfolios; and

the timetable for completion of the merger.

The sections of this document which contain forward-looking statements include, among others:

Questions and Answers About the Merger ;

Summary ;

Selected Summary Historical and Selected Unaudited Pro Forma Combined Financial Data ;

Risk Factors ;

The Companies ;

The Merger Background of the Merger ;

The Merger Pan Pacific s Reasons for the Merger ;

The Merger Center Trust s Reasons for the Merger ;

Opinion of Financial Advisor to Center Trust ;

Material United States Federal Income Tax Considerations ; and

Unaudited Pro Forma Condensed Consolidated Financial Statements attached hereto.

Our forward-looking statements in this document or those documents incorporated by reference also include, among other things, statements regarding the intent, belief or expectations of Pan Pacific or Center Trust and can be identified by the use of words such as may, will, should, believes, expects, anticipates, intends, estimates and other comparable terms. For those statements, we claim the protection of the safe harbor forward-looking statements contained in the Private Securities Litigation Reform Act of 1995.

You should understand that the following important factors, in addition to those discussed elsewhere in this document and in the documents which are incorporated by reference, could affect the future results of Pan Pacific, Center Trust, and the combined company after completion of the merger, and could cause actual results or other outcomes to differ materially from those expressed in our forward-looking statements:

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legislative, regulatory, or other changes in the real estate industry which increase the costs of, or otherwise affect the operations of, Pan Pacific or Center Trust;

competition for tenants with respect to new leases and the renewal or rollover of existing leases;

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the ability of Pan Pacific's or Center Trust's tenants to operate their businesses in a manner sufficient to maintain or increase revenue and to generate sufficient income to make rent payments;

changes in national or regional economic conditions, including changes in interest rates and the availability and cost of capital to Pan Pacific or Center Trust;

the availability of financing for Pan Pacific's future acquisitions or for Pan Pacific to refinance a portion of Center Trust's existing debt;

risks associated with shopping centers, such as lower than expected occupancy levels, a downturn in market lease rates for retail shopping center space or higher than expected costs associated with the maintenance and operation of such facilities;

the ability of Pan Pacific to dispose of non-core properties on favorable terms;

failure to complete the merger; and

potential liability under, and changes in, environmental, zoning, tax and other laws.

Center Trust stockholders are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date of this document or the date of any document incorporated by reference.

All subsequent written and oral forward-looking statements attributable to Pan Pacific or Center Trust or any person acting on their behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. Neither Pan Pacific nor Center Trust undertakes any obligation to release publicly any revisions to the forward-looking statements in this proxy statement/prospectus to reflect events or circumstances after the date of this document or to reflect the occurrence of unanticipated events.

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THE COMPANIES

Pan Pacific

Pan Pacific is a self-administered and self-managed equity real estate investment trust that owns and operates community and neighborhood shopping centers, predominantly grocery-anchored, located in the western United States. Pan Pacific's objective is to provide stockholders with long-term stable cash flow balanced with consistent growth. Pan Pacific seeks to achieve this objective through the following business and growth strategies:

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

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

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

maintaining a conservative balance sheet and flexible capital structure in order to enhance its ability to access capital and consistently grow its business through all economic conditions.

Pan Pacific implements these strategies by:

analyzing on an on-going basis regional and submarket demographic, economic and retailing trends;

developing relationships with key industry participants such as retailers, real estate brokers and financial institutions;

emphasizing tenant satisfaction and retention through its proactive communication with tenants, community-oriented marketing activities and comprehensive maintenance programs;

capitalizing on cost reduction and economy of scale opportunities arising from the size and proximity of its properties within each region; and

maintaining an investment grade rating along with conservative financial ratios and staggered debt maturities.

As of September 30, 2002, Pan Pacific's portfolio totaled 108 shopping center properties, encompassing approximately 16.0 million square feet, diversified across the Northern California, Southern California, Oregon, Washington, and Nevada markets.

Pan Pacific manages its portfolio through its regional offices under the control of its executive officers. All administration (including the formation and implementation of policies and procedures), leasing, capital expenditures and construction decisions are centrally administered at Pan Pacific's corporate headquarters. Pan Pacific employs property managers at each of its regional offices to oversee and direct the day-to-day operations of its portfolio, as well as the on-site personnel, which may include the manager, assistant manager, maintenance personnel and other necessary staff. Property managers communicate daily with Pan Pacific's corporate headquarters to implement its policies and procedures.

As a result of management's in-house leasing programs, Pan Pacific's portfolio benefits from a diversified merchandising mix, including national and regional anchor tenants, complemented by a carefully planned mix of national, regional and local non-anchor tenants. To promote stability and attract quality non-anchor tenants, Pan Pacific generally enters into long-term leases, typically 15 to 20 years, with anchor tenants which usually contain provisions permitting anchor tenants to renew their leases at rates that often include fixed rent increases or consumer price index adjustments. To take advantage of improving market conditions and changing retail

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trends, Pan Pacific generally enters into shorter term leases, typically three to five years, with non-anchor tenants. Pan Pacific's properties are generally leased on a triple-net basis, which requires tenants to pay their pro rata share of all real property taxes, insurance and property operating expenses.

As of September 30, 2002, Pan Pacific's portfolio was 97.1% leased to 2,539 diverse tenants, including national tenants (60.0% of Pan Pacific's total leased square footage) and regional tenants (19.8% of Pan Pacific's total leased square footage).

Pan Pacific seeks to maximize the cash flow from its portfolio by continuing to enhance the operating performance of each property through its in-house leasing and property management programs. Pan Pacific's management believes that maintaining high occupancy rates and renewing and re-leasing expiring space at higher base rents are critical measures of leasing performance. Since its initial public offering in 1997, Pan Pacific has maintained a year-end portfolio occupancy rate at or above 96% and has renewed or re-leased 5.7 million square feet involving 1,755 lease transactions achieving base rent per square foot increases, on a same-store comparable basis, of 17.8% in 2000, 17.8% in 2001, and 12.2% for the nine months ended September 30, 2002.

Pan Pacific is investment grade rated by Standard & Poor's Rating Services and Moody's Investors Service. As of September 30, 2002, Pan Pacific's debt to total market capitalization was approximately 38.6%, representing one of the lowest debt ratios among shopping center REITs.

As of March 18, 2002, Pan Pacific had approximately 15,500 beneficial owners of its common stock, with no single beneficial owner comprising more than 6.3% of its outstanding common stock, assuming the exchange of all exchangeable securities of Pan Pacific and its subsidiaries.

MB Acquisition, Inc., a Maryland corporation, is a newly formed, wholly-owned subsidiary of Pan Pacific that was formed solely for the purpose of effecting the merger. MB Acquisition, Inc. has not conducted and will not conduct any business prior to the merger.

Center Trust

Center Trust, Inc., a Maryland corporation, is a self-administered and self-managed real estate investment trust. Center Trust engages in the ownership, management, leasing, redevelopment, acquisition and development of retail shopping centers in the western United States.

As of September 30, 2002, Center Trust's properties consisted of 28 community shopping centers, two regional malls and two single tenant retail properties aggregating 7.5 million square feet. Center Trust conducts substantially all of its operations through an operating partnership named CT Operating Partnership, L.P., a California limited partnership. Center Trust owns a 95.5% interest in the operating partnership and, as the operating partnership's sole general partner, has full, exclusive and complete responsibility and discretion in the management and control of the operating partnership. Of the 32 properties in which Center Trust has an interest, 30 are wholly-owned by the operating partnership and two properties are held through separate joint ventures.

Center Trust focuses its efforts in four key markets, which include Southern California, the Pacific Northwest (Washington and Oregon), Northern California and Arizona. Of the 32 properties, 18 are located in Southern California (representing 64.4% of Center Trust's total gross leasable area), four are located in the Pacific Northwest, four are located in Northern and Central California and six are located in Arizona.

Center Trust's properties are designed to attract local and regional area customers and are typically anchored by one or more nationally or regionally-known retailers, predominantly supermarkets, value-oriented discount stores and membership warehouses. Anchor leases are typically for initial terms of 10 to 35 years, with one or more renewal options available to the lessee upon expiration of the initial term. By contrast, smaller shop leases are typically for 5- to 10-year terms. The longer term of the anchor leases helps to protect Center Trust against significant vacancies and to insure the presence of anchor retailers who draw consumers to Center Trust's centers. The shorter term of the smaller shop leases allows Center Trust to adjust rental rates for non-anchor store space on a regular basis and upgrade the overall tenant mix.

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As of September 30, 2002, Center Trust's portfolio was 88.8% leased to 1,007 diverse tenants including 472 national tenants (79.6% of Center Trust's total leased square footage) and 78 regional tenants (5.5% of Center Trust's total leased square footage).

As of March 15, 2002, Center Trust had approximately 4,000 beneficial owners of its common stock. Prometheus Western Retail, LLC and certain of its affiliates beneficially owned approximately 56.2% of the outstanding shares of Center Trust common stock. Lazard Frères Real Estate Investors, L.L.C., L.F. Strategic Realty Investors L.P., Prometheus Western Retail Trust and Prometheus Western Retail, LLC are collectively referred to as the Prometheus parties in this proxy statement/prospectus.

On October 25, 2002, CT Operating Partnership, L.P. borrowed \$8.3 million from Pan Pacific. CT Operating Partnership, L.P. used all of the proceeds to repay \$8.8 million of indebtedness outstanding under a promissory note, dated July 13, 1989, in the original principal amount of \$10 million, held by Metropolitan Life Insurance Company, which was secured by CT Operating Partnership, L.P.'s interest in the Date Palm Center. Metropolitan Life had previously agreed to extend the maturity of the note from July 1, 2002 to October 25, 2002, and had agreed to make a new loan to CT Operating Partnership, L.P. in the amount of \$8.3 million in order to provide CT Operating Partnership, L.P. with funds to repay the July 13, 1989 promissory note. Pan Pacific determined that the new loan from Metropolitan Life would be inconsistent with its desired capital structure, and offered to loan CT Operating Partnership, L.P. the same amount, and on the same terms, as proposed by Metropolitan Life. The loan from Pan Pacific has a maturity date of November 1, 2006, bears interest at a 6.3% fixed rate per year, is secured by CT Operating Partnership, L.P.'s interest in the Date Palm Center and is otherwise on terms usual and customary for commercial real estate loans. If the proposed merger does not close for any reason, the loan from Pan Pacific will remain outstanding under its terms.

The Combined Company

Upon completion of the merger, Pan Pacific is expected to be the only publicly-held shopping center real estate investment trust focused exclusively on the West Coast. On a pro forma basis, Pan Pacific is expected to have a total market capitalization of \$2.3 billion (based on the closing price of Pan Pacific common stock on September 30, 2002, the pro forma number of shares of Pan Pacific common stock outstanding as of September 30, 2002, and the pro forma outstanding indebtedness of Pan Pacific as of September 30, 2002). After the merger, Pan Pacific expects to own and operate 139 properties encompassing 23.5 million square feet with a broad geographic representation across its key West Coast markets. As of September 30, 2002, the pro forma combined portfolio was 94.6% leased to over 3,500 retailers. Following the merger, Pan Pacific will continue to be managed by its existing five-member board of directors, four of whom are independent, and by its existing senior management team.

The combined company will have a diversified stockholder base with no single stockholder beneficially owning more than 8.4% of its outstanding common stock, assuming the exercise or exchange of all outstanding exchangeable securities of Pan Pacific, Center Trust and their respective subsidiaries.

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The following table sets forth certain pro forma information for the properties to be owned by Pan Pacific after the merger. The information provided on each property is as of September 30, 2002 (excluding properties sold subsequent to September 30, 2002).

Property and Location	Square Footage			% Leased as of 9/30/02	Major Retailers
	Company Owned	Tenant Owned	Total		
NORTHERN CALIFORNIA					
Anderson Square <i>Anderson, CA</i>	67,480	34,604	102,084	100.0%	Safeway Supermarket (1), Rite Aid
Angels Camp Town Center <i>Angels Camp, CA</i>	70,323	3,000	73,323	94.3	Save Mart Supermarket, Rite Aid
Blossom Valley Plaza <i>Turlock CA</i>	111,612		111,612	98.1	Raley s Supermarket, Jo-Ann Fabrics & Crafts
Brookvale Shopping Center <i>Fremont, CA</i>	131,242		131,242	100.0	Albertson s Supermarket, Long s Drugs
Cable Park <i>Sacramento, CA</i>	160,811		160,811	99.2	Albertson s Supermarket, Long s Drugs
Canal Farms <i>Los Banos, CA</i>	110,535		110,535	100.0	Save Mart Supermarket, Rite Aid
Centennial Plaza <i>Hanford, CA</i>	132,086	132,293	264,379	100.0	Wal-Mart (1), Food 4 Less Supermarket
Century Center <i>Modesto, CA</i>	214,772		214,772	96.0	Raley s Supermarket, Gottschalks
Chico Crossroads <i>Chico, CA</i>	267,735		267,735	99.6	Food 4 Less Supermarket
Cobblestone <i>Redding, CA</i>	122,091		122,091	91.3	Raley s Supermarket
Commonwealth Square <i>Folsom, CA</i>	141,310		141,310	100.0	Raley s Supermarket
Country Gables Shopping Center <i>Granite Bay, CA</i>	140,184		140,184	100.0	Raley s Supermarket
Creekside Center <i>Hayward, CA</i>	80,911		80,911	100.0	Albertson s Supermarket, Big Lots
Currier Square <i>Oroville, CA</i>	131,027		131,027	100.0	Raley s Supermarket
Dublin Retail Center <i>Dublin, CA</i>	154,728		154,728	100.0	Orchard Supply, Marshall s, Ross Dress for Less, Michael s Arts & Crafts
Eastridge Plaza <i>Porterville, CA</i>	81,010		81,010	96.9	Save Mart Supermarket, Rite Aid
Elverta Crossing <i>Sacramento, CA</i>	119,998		119,998	97.5	Food 4 Less Supermarket, Rite Aid, Factory 2 U
Fairmont Shopping Center <i>Paci ica, CA</i>	104,281		104,281	100.0	Albertson s Supermarket, Rite Aid
Fashion Faire Place <i>San Leandro, CA</i>	95,255		95,255	97.3	Pure Foods Supermarket, Ross Dress for Less, Michael s Arts & Crafts
Glen Cove Center <i>Vallejo, CA</i>	66,000		66,000	100.0	Safeway Supermarket & Drug
Glenbrook Shopping Center <i>Sacramento, CA</i>	63,340		63,340	97.2	Albertson s Supermarket
Heritage Park Shopping Center <i>Suisun City, CA</i>	162,999		162,999	97.9	Raley s Supermarket
Heritage Place <i>Tulare, CA</i>	119,412		119,412	98.0	Save Mart Supermarket, Rite Aid
Kmart Center <i>Sacramento, CA</i>	132,630		132,630	97.6	K-Mart, Big Lots
Laguna 99 Plaza <i>Elk Grove, CA</i>	89,600	116,200	205,800	100.0	Safeway Supermarket, Wal-Mart (1)
Laguna Village <i>Sacramento, CA</i>	114,433		114,433	100.0	United Artists Theatres, 24 Hour Fitness
Lakewood Shopping Center <i>Windsor, CA</i>	107,769		107,769	100.0	Raley s Supermarket, U.S. Post Office

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Property and Location	Square Footage			% Leased as of 9/30/02	Major Retailers
	Company Owned	Tenant Owned	Total		
Lakewood Village Windsor CA	127,237		127,237	100.0%	Safeway Supermarket, Long s Drugs
Manteca Marketplace Manteca, CA	172,435		172,435	100.0	Save Mart Supermarket, Rite Aid, Stadium 10 Cinemas, Ben Franklin Crafts
Mineral King Plaza (2) Visalia, CA	39,060	76,276	115,336	84.1	Von s Supermarket (1), Long s Drugs (1)
Mission Ridge Plaza Manteca, CA	96,657	99,641	196,298	100.0	Safeway Supermarket, Wal-Mart (1), Mervyn s (1)
Monterey Plaza San Jose, CA	183,180	49,500	232,680	95.7	Wal-Mart, Albertson s Supermarket (1), Walgreens
Northridge Plaza Fair Oaks, CA	98,625		98,625	100.0	Raley s Supermarket
Park Place Vallejo CA	150,766		150,766	96.3	Raley s Supermarket, 24 Hour Fitness
Pine Creek Shopping Center Grass Valley, CA	213,035		213,035	100.0	Raley s Supermarket, JC Penney
Plaza 580 Shopping Center Livermore, CA	104,363	192,739	297,102	91.9	Target (1), Mervyn s (1), Ross Dress for Less, Big 5
Raley s Shopping Center Yuba City, CA	135,114		135,114	100.0	Raley s Supermarket, Toys R Us
Rheem Valley (2) Moraga, CA	161,567		161,567	90.3	T.J. Maxx, Long s Drugs
Shops at Lincoln School Modesto, CA	81,443		81,443	96.8	Save Mart Supermarket
Sky Park Plaza Chico, CA	176,182	4,642	180,824	100.0	Raley s Supermarket, Ross Dress for Less, Jo-Ann Fabrics & Crafts
Southpointe Plaza (2) Sacramento, CA	189,043	4,000	193,043	43.3	Big 5 Sporting Goods
Ukiah Crossroads Ukiah, CA	110,565		110,565	100.0	Raley s Supermarket
Victorian Walk Fresno, CA	102,581		102,581	93.5	Save Mart Supermarket, Rite Aid
Westwood Village South Redding, CA	102,375		102,375	77.5	Holiday Supermarket, Rite Aid
Yreka Junction Yreka, CA	127,148		127,148	100.0	Raley s Supermarket, JC Penney
Region Total/Weighted Average	5,664,950	712,895	6,377,845	95.9%	
SOUTHERN CALIFORNIA					
Arlington Courtyard Riverside, CA	12,221		12,221	29.7%	
Bakersfield Shopping Center (2) Bakersfield, CA	14,115		14,115	36.9	
Baldwin Hills (2) Los Angeles, CA	509,604	310,000	819,604	92.6	Albertson s Supermarket, Sav-on Drugs, Wal-Mart Sears(1), Robinsons-May(1), TJ Maxx, Sony Theater.
Bixby Hacienda Plaza Hacienda Heights, CA	135,012		135,012	98.5	Albertson s Supermarket, Sav-on Drugs, Washington Mutual
Brookhurst Center Anaheim, CA	184,949		184,949	97.9	Ralph s Supermarket, Rite Aid, Jo-Ann Fabrics & Crafts
Canyon Square Plaza Santa Clarita, CA	96,727	7,472	104,199	99.0	Albertson s Supermarket & Drug
Chino Town Square Chino, CA	337,687	188,064	525,751	97.0	Wal-Mart, Ross Dress for Less, Target (1), Mervyns (1)
Country Fair Shopping Center (2) Chino, CA	168,264	43,440	211,704	85.1	Albertson s Supermarket (1), PETsMART, Rite Aid, Staples
Date Palm Center (2) Cathedral City, CA	117,356		117,356	94.7	Sam s Club (Wal-Mart)
El Camino North (2) Oceanside, CA	331,413	126,500	457,913	94.5	Mervyn s (1), Toys R Us (1), Petco (1), Ross Dress for Less, Steinmart, Michael s Arts and Crafts, Barnes & Noble

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Encinitas Marketplace <i>Encinitas, CA</i>	118,265		118,265	100.0%	Albertson's Supermarket
Fire Mountain Center (2) <i>Oceanside, CA</i>	92,378		92,378	93.9	Trader Joe's Market, Bookstar, Lamps Plus
Fullerton Town Center (2) <i>Fullerton, CA</i>	264,647	146,880	411,527	91.1	Costco (1), AMC Theatres, Toys 'R Us, Office Depot
Gardena Gateway Center (2) <i>Gardena, CA</i>	65,987		65,987	98.6	99 Ranch Supermarket, Marukai
Gordon Ranch Marketplace <i>Chino Hills, CA</i>	114,573		114,573	100.0	Ralph's Supermarket
Granary Square <i>Valencia, CA</i>	143,333		143,333	100.0	Ralph's Supermarket, Long's Drugs
Kenneth Hahn Plaza (2) (3) <i>Los Angeles, CA</i>	165,195		165,195	98.8	Food 4 Less Supermarket, Factory 2U, Rite Aid
Larwin Square Shopping Center <i>Tustin, CA</i>	210,936		210,936	95.2	Von's Supermarket, Rite Aid, Jo-Ann Fabrics & Crafts, Big 5 Sporting Goods
Laurentian Center <i>Ontario, CA</i>	97,131		97,131	96.6	Pep Boys, 24 Hour Fitness
La Verne Town Center (2) <i>La Verne, CA</i>	231,376		231,376	93.5	Top Valu Supermarket, Target
Lakewood Plaza (2) <i>Belflower CA</i>	113,511		113,511	100.0	Stater Bros. Supermarket, Staples
Loma Square (2) <i>San Diego, CA</i>	210,704		210,704	97.3	Henry's Supermarket, Sav-on Drugs, T.J. Maxx, Circuit City
Marina Village <i>Huntington Beach, CA</i>	149,107		149,107	100.0	Von's Supermarket, Sav-on Drugs
Media Center (2) <i>Burbank, CA</i>	817,896	429,610	1,247,506	91.4	Macy's, IKEA (1), Sears (1), Mervyn's (1), AMC Theatres, Sports Chalet

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Property and Location	Square Footage			% Leased as of 9/30/02	Major Retailers
	Company Owned	Tenant Owned	Total		
Melrose Village Plaza Vista, CA	132,674		132,674	100.0	Albertson's Supermarket, Sav-on Drugs
Mountain Square Shopping Ctr. (2) Upland, CA	273,167		273,167	94.4	Pavilions Supermarket, Home Depot, Staples, Factory 2U
North County Plaza (2) Carlsbad, CA	153,325		153,325	96.2	Marshall's, and Kids R Us
Palmdale Center Palmdale, CA	81,050		81,050	100.0	Smart & Final, Dollar Tree, Big Lots
Rancho Las Palmas Rancho Mirage, CA	165,156	10,815	175,971	95.1	Von's Supermarket, Long's Drugs
Sam's Club (2) Downey, CA	104,204		104,204	100.0	Sam's Club
San Dimas Marketplace San Dimas, CA	154,020	117,000	271,020	100.0	Trader Joe's Market, Target (1), Ross Dress for Less, Office Max, Petco
Sycamore Plaza Anaheim, CA	105,085		105,085	99.1	Stater Bros. Supermarket, Sav-on Drugs
Tustin Heights Shopping Center Tustin, CA	131,518		131,518	100.0	Ralph's Supermarket, Long's Drugs, Michael's Arts & Crafts
Vermont-Slauson Shopping Ctr. (2) (3) Los Angeles, CA	169,744		169,744	79.7	Ralph's Supermarket, Sav-on Drugs, Kmart
Vineyards Marketplace (2) Rancho Cucamonga, CA	56,019	64,918	120,937	100.0	Albertson's Supermarket (1), Sav-on Drugs
Vineyard Village Ontario, CA	45,075		45,075	100.0	Sears, Dunn Edwards Paints
Region Total/Weighted Average	6,273,424	1,444,699	7,718,123	94.9%	
WASHINGTON					
Auburn North Auburn, WA	171,032		171,032	100.0%	Albertson's Supermarket, Rite Aid, Office Depot
Blaine International Center Blaine, WA	127,572		127,572	81.1	Cost Cutter Supermarket, Rite Aid
Canyon Ridge Plaza Kent, WA	86,909	181,300	268,209	100.0	Target (1), Top Foods Supermarket (1), Ross Dress for Less
Claremont Village Plaza Everett, WA	88,770		88,770	100.0	QFC Supermarket & Drug
Frontier Village Shopping Center (2) Lake Stevens, WA	185,309		185,309	100.0	Safeway Supermarket, Bartell Drugs, GI Joe's
Garrison Square Vancouver, WA	69,790		69,790	100.0	Nature's Supermarket, Hi School Pharmacy
Gateway Shopping Center Mill Creek, WA	96,671		96,671	96.8	Safeway Supermarket
Olympia Square Olympia, WA	168,209		168,209	99.3	Albertson's Supermarket & Drug, Ross Dress for Less
Olympia West Center Olympia, WA	69,212	3,800	73,012	91.5	Barnes & Noble, Good Guys, Petco
Pacific Commons Spanaway, WA	151,233	55,241	206,474	98.8	The Marketplace Supermarket, K-Mart (1)
Silverdale Shopping Center (2) Silverdale, WA	67,287		67,287	91.5	Ross Dress for Less
Panther Lake Kent, WA	69,090	44,237	113,327	100.0	Albertson's Supermarket (1), Rite Aid
Sunset Square Bellingham, WA	376,023	10,634	386,657	96.6	Cost Cutter Supermarket, K-Mart, Jo-Ann Fabrics & Crafts, Rite Aid
Tacoma Central Tacoma, WA	156,916	165,519	322,435	85.2	Target (1), Top Food & Drug (1), Petsmart, Office Depot, TJ Maxx
Region Total/Weighted Average	1,884,023	460,731	2,344,754	95.9%	
OREGON					
Albany Plaza Albany, OR	114,465	30,998	145,463	97.8%	Albertson's Supermarket, Rite Aid, Big Lots, Dollar Tree, Factory 2 U

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Bear Creek Plaza <i>Medford, OR</i>	183,850		183,850	96.8	Bi-Mart Drug, TJ Maxx, Big Lots, Factory 2 U
Canby Square Shopping Center <i>Canby, OR</i>	115,701		115,701	98.8	Safeway Supermarket, Rite Aid, Factory 2 U
East Burnside Plaza <i>Portland, OR</i>	38,363		38,363	100.0	QFC Supermarket
Foster Square <i>Portland, OR</i>	33,808		33,808	100.0	Dollar Tree, Phoenix Drugs
Gresham Town Fair (2) <i>Gresham, OR</i>	265,765		265,765	97.4	Ross Dress for Less, Emporium, GI Joe s, Craft Warehouse
Hermiston Plaza <i>Hermiston, OR</i>	150,396		150,396	94.8	Safeway Supermarket & Drug, Big Lots, Dollar Tree
Hood River Shopping Center <i>Hood River, OR</i>	108,554		108,554	100.0	Rosauer s Supermarket, Hi School Pharmacy
Medford Center (2) <i>Medford, OR</i>	329,747	84,746	414,493	82.9	Safeway Supermarket (1), Rite Aid (1), Sears, 24 Hour Fitness, Circuit City, Cinemark Theaters
Menlo Park Plaza <i>Portland, OR</i>	112,755		112,755	94.8	Walgreen s, Staples
Milwaukie Marketplace <i>Milwaukie, OR</i>	185,859	10,323	196,182	91.4	Albertson s Supermarket, Rite Aid, Jo-Ann Fabrics & Crafts
Oregon City Shopping Center <i>Oregon City, OR</i>	246,855		246,855	93.3	Emporium, Rite Aid, Fisherman s Marine Supply, Michael s Arts & Crafts
Oregon Trail Center <i>Gresham, OR</i>	207,781		207,781	95.6	Nature s Supermarket, Office Depot, Big 5 Sporting Big Lots, Michael s Arts & Crafts
Pioneer Plaza <i>Springfield, OR</i>	96,027	4,294	100,321	99.1	Safeway Supermarket & Drug
Powell Valley Junction <i>Gresham, OR</i>	107,583		107,583	95.2	Food 4 Less Supermarket, Cascade Athletic Club

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Property and Location	Square Footage			% Leased as of 9/30/02	Major Retailers
	Company Owned	Tenant Owned	Total		
Powell Villa <i>Portland, OR</i>	61,884		61,884	100.0	Ace Hardware
Raleigh Hills Plaza <i>Portland, OR</i>	39,520		39,520	100.0	New Season's Supermarket, Walgreens
Rockwood Plaza <i>Gresham, OR</i>	92,872		92,872	96.5	Dollar Tree
Sandy Marketplace <i>Sandy, OR</i>	101,438		101,438	97.7	Danielson's Supermarket, Hi School Pharmacy, Factory 2 U
Southgate Shopping Center <i>Milwaukie, OR</i>	50,862		50,862	100.0	Office Max
Sunset Esplanade <i>Hillsboro, OR</i>	256,034	101,909	357,943	98.8	Safeway Supermarket, Target (1), Petco, Factory 2 U, Jo-Ann Fabrics & Crafts
Sunset Mall <i>Portland, OR</i>	115,635	2,500	118,135	97.3	Safeway Supermarket & Drug
Tanasbourne Village <i>Hiddsboro, OR</i>	210,992	1,209	212,201	100.0	Safeway Supermarket, Rite Aid
Region Total/Weighted Average	3,226,746	235,979	3,462,725	96.1%	
NEVADA					
Caughlin Ranch <i>Reno, NV</i>	113,488		113,488	95.4%	Scolari's Supermarket
Cheyenne Commons <i>Las Vegas, NV</i>	362,758		362,758	98.2	Wal-Mart, 24 Hour Fitness, Marshall's, Ross Dress for Less, Consign & Design
Decatur Meadows <i>Las Vegas, NV</i>	111,245		111,245	90.7	Von's Supermarket, Factory 2 U, Cort Furniture Rental
Eagle Station <i>Carson City, NV</i>	114,258	60,000	174,258	98.6	Raley's Supermarket, Mervyn's (2),
Elko Junction Shopping Center <i>Elko, NV</i>	170,812		170,812	96.1	Raley's Supermarket, Builder's Mart
Green Valley Town & Country <i>Henderson, NV</i>	130,722		130,722	95.5	Albertson's/Sav-On Superstore
Mira Loma Center <i>Reno, NV</i>	96,907		96,907	97.0	Scolari's Supermarket, Long's Drugs, Dollar Tree
Rainbow Promenade <i>Las Vegas, NV</i>	228,279		228,279	98.4	United Artists Theatres, Barnes & Noble, Linens N Things, Office Max, Cost Plus
Sahara Pavilion North <i>Las Vegas, NV</i>	333,679		333,679	95.8	Von's Supermarket, TJ Maxx, Shepler's, Borders Books, Gold's Gym, Floors N More
Sahara Pavilion South <i>Las Vegas, NV</i>	160,682		160,682	86.5	Sports Authority, Office Max, Michael's Arts & Crafts
West Town <i>Winnemucca, NV</i>	65,424		65,424	100.0	Raley's Supermarket
Winterwood Pavilion <i>Las Vegas, NV</i>	144,653		144,653	92.0	Von's Supermarket & Drug, Aaron Rents
Region Total/Weighted Average	2,032,907	60,000	2,092,907	95.6%	
ARIZONA					
Kmart Phoenix (2) <i>Phoenix, AZ</i>	114,722		114,722		
Kyrene Village (2) <i>Chandler, AZ</i>	161,174		161,174	95.8%	Basha's Supermarket, Kyrene Lanes, Audio Express, Greenbacks
North Mountain Village (2) <i>Phoenix, AZ</i>	94,379	53,131	147,510	92.7	Fry's Supermarket (1), T.J. Maxx, Greenbacks
Randolph Plaza (2) <i>Tucson, AZ</i>	179,382	12,303	191,685	88.8	Fry's Supermarket, MacFrugal's
Southern Palms Center (2) <i>Tempe, AZ</i>	254,863		254,863	75.0	Food 4 Less Supermarket, Staples
Sunrise Place Center (2) <i>Tucson, AZ</i>	136,919	26,212	163,131	90.7	Smith's Supermarket
Region Total/Weighted Average	941,439	91,646	1,033,085	76.1%	
OTHER					

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Country Club Center <i>Albuquerque, NM</i>	57,631	63,000	120,631	83.0%	Raley's Supermarket (1)
Maysville Marketsquare <i>Maysville, KY</i>	126,507	89,612	216,119	97.8	Wal-Mart (1), Kroger Supermarket, JC Penney
Memphis Retail Center <i>Memphis, TN</i>	51,542	40,000	91,542	81.1	Hancock Fabrics, Family Dollar
Region Total/Weighted Average	235,680	192,612	428,292	90.5%	
PORTFOLIO TOTAL/ WEIGHTED AVERAGE	20,259,167	3,198,562	23,457,731	94.6%	

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- (1) Retailers that own their building.
 - (2) Center Trust property.
 - (3) Center Trust property owned through a joint venture.

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THE MERGER

General

The merger agreement provides that MB Acquisition, Inc., a wholly-owned subsidiary of Pan Pacific, will merge with and into Center Trust, with Center Trust surviving the merger as a wholly-owned subsidiary of Pan Pacific.

Each share of Center Trust common stock issued and outstanding immediately before the completion of the merger will be converted into the right to receive 0.218 shares of Pan Pacific common stock. Cash will be paid instead of fractional shares of Pan Pacific common stock. As of the effective time of the merger, all shares of Center Trust common stock will automatically be canceled and retired.

In connection with the merger, options to purchase an aggregate of 137,500 shares of Center Trust common stock (with a weighted average exercise price of \$16.725 per share) granted to certain family members of Alexander Haagen, Sr. (the founder and former chief executive officer of Center Trust) will, pursuant to the existing terms of such options, be assumed by Pan Pacific and will be converted into options to purchase Pan Pacific common stock (as adjusted to reflect the exchange ratio of 0.218). All other options to purchase Center Trust common stock will be canceled and converted into the right to receive a cash amount equal to the product obtained by multiplying:

the number of shares of Center Trust common stock issuable pursuant to the unexercised portion of such option, by

the amount, if any, by which

- the exercise price per share of Center Trust common stock subject to such option is exceeded by
- the number obtained by multiplying
 - the average closing price per share of Pan Pacific common stock on the New York Stock Exchange for the period of ten trading days immediately preceding the effective time of the merger, by
 - 0.218.

This document constitutes a prospectus of Pan Pacific, which is a part of the registration statement on Form S-4 filed by Pan Pacific with the SEC under the Securities Act of 1933 in order to register the issuance of the shares of Pan Pacific common stock to be issued to Center Trust stockholders in the merger, and a proxy statement of Center Trust in connection with the special meeting of Center Trust stockholders to consider and vote on a proposal to approve the merger.

Background of the Merger

Beginning in 2000, Center Trust's board and management have from time to time evaluated and considered a variety of strategic alternatives as a part of Center Trust's long-term strategy to maximize stockholder value. In March 2000, Center Trust engaged Merrill Lynch as its financial advisor to analyze its business and explore strategic alternatives.

On March 9, 2000, Center Trust's board held a regular meeting, at which it met with representatives of Merrill Lynch and discussed possible business and strategic alternatives to improve Center Trust's financial and operating flexibility, to allow Center Trust to meet its short term debt maturities and to better enable Center Trust to continue to pursue its fundamental objective of maximizing stockholder value. Center Trust's board directed Center Trust's management and Merrill Lynch to begin marketing for sale various properties, the proceeds from which would be used to pay down a portion of Center Trust's outstanding indebtedness.

In the spring of 2000, Pan Pacific's management contacted Center Trust's management regarding a possible business combination with Center Trust. At that time, the parties did not pursue further discussions in light of Center Trust's significant short-term debt maturities.

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On June 21, 2000, at a regular meeting of Center Trust's board, Center Trust's management presented its proposed business plan to Center Trust's board and discussed various business and strategic alternatives. Merrill Lynch updated Center Trust's board regarding its progress in marketing for sale the various properties. From July 2000 through January 2001, Center Trust continued to market and sell selected properties and, in January 2001, utilized the net proceeds from these sales to repay all of its outstanding debentures, totaling \$159 million.

At a regularly scheduled meeting of Center Trust's board on March 15, 2001, Center Trust's board again met with Merrill Lynch and discussed various strategic and business alternatives, including a corporate business combination transaction, an orderly REIT liquidation and continuation of Center Trust's operations in accordance with its business plan, including sales of selected properties. Center Trust's board directed Merrill Lynch to explore strategic alternatives and solicit expressions of interest regarding a possible business combination transaction with Center Trust.

On March 26, 2001, Center Trust issued a press release announcing, among other things, that Merrill Lynch would continue to assist Center Trust's board in a strategic review designed to maximize stockholder value. In addition, the press release announced that Center Trust and certain of the Prometheus parties had entered into a limited waiver of the standstill provision contained in the stockholder agreement dated June 1, 1997, by and among Center Trust and certain of the Prometheus parties, to allow Prometheus, as Center Trust's majority stockholder, to assist Center Trust's management in the exploration of strategic alternatives. Pursuant to the limited standstill waiver, the Prometheus parties (including their designees on Center Trust's board), were permitted to solicit indications of interest and enter into discussions relating to a possible business combination transaction with Center Trust, subject to a number of conditions, including informing Center Trust's independent directors or Edward D. Fox, Jr., Center Trust's Chairman and Chief Executive Officer, on a timely basis of the details of any such discussions, coordinating their efforts with the independent directors and Center Trust's management and agreeing to cease all such discussions at such time as Center Trust's independent directors deemed it appropriate.

Following Center Trust's March board meeting, Merrill Lynch and Center Trust's management entered into a formal two-phase offering process. Initially, Merrill Lynch contacted over 23 potential transaction candidates, including Pan Pacific, to explore their interest in a possible business combination transaction with Center Trust. Based on Merrill Lynch's preliminary solicitation, twelve companies, including Pan Pacific, executed confidentiality agreements with Center Trust. Center Trust's management and Merrill Lynch, at the direction of Center Trust's board, prepared and distributed to these twelve companies a memorandum describing Center Trust's business and properties. Merrill Lynch separately approached four potential candidates to solicit their interest in a possible transaction to acquire Center Trust's two regional mall properties. Throughout the offering process, the Prometheus parties or their affiliates kept Center Trust's board informed of discussions they held regarding a possible business combination with Center Trust and referred any proposals received directly by the Prometheus parties to Center Trust's management and Merrill Lynch.

Of the twelve companies that reviewed the memorandum, based on their level of interest, ten companies, including Pan Pacific, were invited to participate in the first phase of the offering process and had an opportunity to review confidential supplemental information. On or prior to July 21, 2001, nine of the ten companies, including Pan Pacific, submitted preliminary non-binding indications of interest: two for Center Trust's entire business, three for the community shopping centers (excluding Center Trust's regional mall properties), three for selected assets and one for a possible equity investment in Center Trust common stock.

Five of the nine companies that submitted preliminary non-binding indications of interest, including Pan Pacific, were invited to participate in the second phase of the offering process, which consisted of an in-depth evaluation of Center Trust's properties, assets and liabilities, including meetings with Center Trust's management, access to a data room and tours of the properties, as requested. Each of these five companies was also supplied with a draft purchase agreement specifying the terms under which Center Trust intended to enter into a transaction, and each of these five companies, including Pan Pacific, submitted transaction proposals to Center Trust.

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At a regularly scheduled meeting of Center Trust's board held on September 25, 2001, Center Trust's management and Merrill Lynch provided Center Trust's board with an update of the five transaction proposals. Four proposals were for a business combination transaction for Center Trust's entire business, three of which were conditioned upon the sale of one or both of Center Trust's two regional mall properties, and one proposal was to purchase a certain amount of Center Trust's outstanding common stock from the public or directly from Center Trust. Based on, among other things, Center Trust's estimated net asset value, Center Trust's board deemed these transaction proposals to be inadequate and directed Merrill Lynch to approach each of the interested parties to request it submit its best offer.

Later in the fall of 2001, three of the companies that participated in the formal offering process, including Pan Pacific, submitted revised transaction proposals to Merrill Lynch. In addition, Merrill Lynch received preliminary transaction proposals from two companies for certain of Center Trust's regional mall properties and other selected assets.

On December 11, 2001, Center Trust's board held a regular meeting, at which Center Trust's management presented its business plan. Center Trust's management and Merrill Lynch updated Center Trust's board with respect to the revised transaction proposals and preliminary proposals. Following discussion of the proposals received by Center Trust's management to date, Center Trust's board determined that, while certain of the proposals represented a premium over the then-current trading price of Center Trust's common stock, the proposals all represented values that were lower than Center Trust's estimated net asset value. Accordingly, Center Trust's board decided that, at that time, the best strategic alternative for Center Trust was to operate its business according to its business plan. In addition, Center Trust's board directed Merrill Lynch to contact certain interested parties to inform them of the Center Trust board's decision and to invite them to submit revised proposals.

At Center Trust's regular board meeting on January 30, 2002, Merrill Lynch informed Center Trust's board that, on behalf of Center Trust, it had held discussions with three companies that had previously submitted revised transaction proposals. The three companies were unwilling to increase their previous proposals. Center Trust's board decided that, at that time, it was in the best interests of Center Trust and its stockholders for Center Trust's management to focus its time and efforts on executing its business plan.

Following the January board meeting, Center Trust's management continued to conduct its operations in accordance with its business plan, while Merrill Lynch and Center Trust's management from time to time received expressions of interest from various companies, all of which suggested values that were less than Center Trust's estimated net asset value.

On May 10, 2002, the Prometheus parties delivered to Center Trust their notice to terminate the standstill provision contained in the stockholders agreement entered into by and among Center Trust and certain of the Prometheus parties on June 1, 1997, and publicly announced and disclosed this termination in an amendment to their Schedule 13D. Upon the expiration of the standstill period on August 14, 2002, the Prometheus parties would be permitted to, among other things, sell or transfer their shares of Center Trust common stock and solicit or negotiate business combinations with respect to Center Trust.

In May 2002, Mr. Tanz telephoned Douglas N. Wells, a director of Center Trust designated by the Prometheus parties, requesting a meeting to discuss a possible business combination transaction with Center Trust. Mr. Wells promptly notified Center Trust's management of the call.

On June 3, 2002, Mr. Tanz and Joseph B. Tyson, Pan Pacific's Chief Financial Officer and Executive Vice President, along with representatives of Pan Pacific's financial advisor, Credit Suisse First Boston Corporation, met with Mr. Wells and Mark S. Ticotin, two of the three directors of Center Trust designated by the Prometheus parties, to discuss the merits of a possible business combination with Center Trust. At this meeting, Pan Pacific discussed a revised transaction proposal indicating a proposed exchange ratio for a possible merger transaction involving Center Trust that represented greater value to Center Trust stockholders than all previous proposals. The

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proposed consideration in the merger would be paid in Pan Pacific common stock, with the intent that the transaction would be tax-free for Center Trust stockholders. Following the meeting, Mr. Wells and Mr. Ticotin promptly notified Center Trust's management of the discussion. Center Trust's management instructed Merrill Lynch to contact Credit Suisse First Boston Corporation to discuss the financial terms of a possible business combination.

On June 26, 2002, at a regular meeting of Center Trust's board, Center Trust's management updated Center Trust's board regarding the status of discussions with various parties, including Pan Pacific. Center Trust's management indicated that any such discussions were preliminary and that it would keep Center Trust's board informed of future developments.

Following additional discussions, on August 13, 2002, representatives from Credit Suisse First Boston Corporation met with Mr. Wells to discuss a revised preliminary proposal from Pan Pacific, which included an increase in the previously proposed exchange ratio. In addition, Credit Suisse First Boston Corporation advised Mr. Wells that Pan Pacific would expect the Prometheus parties to enter into a voting agreement committing to vote all of their shares of Center Trust common stock in favor of the proposed transaction.

On September 12, 2002, in an effort to assist Pan Pacific to formulate a proposal that would compare more favorably to Center Trust's estimated net asset value, Mr. Fox, Stuart J.S. Gulland, Center Trust's President and Chief Operating Officer, Edward A. Stokx, Center Trust's Chief Financial Officer, Mr. Wells and representatives of Merrill Lynch met with Mr. Tyson, Jeffrey S. Stauffer, Pan Pacific's Executive Vice President and Chief Operating Officer, and representatives of Credit Suisse First Boston Corporation to provide additional information to Pan Pacific regarding Center Trust's properties.

On September 18, 2002, Pan Pacific submitted a written proposal to Center Trust with a further increased proposed exchange ratio that represented a value higher than Center Trust's estimated net asset value. On September 23, 2002, Messrs. Fox, Gulland and Stokx and representatives of Merrill Lynch met with Messrs. Tanz and Tyson and representatives of Credit Suisse First Boston Corporation to discuss the financial terms of a possible business combination transaction between Center Trust and Pan Pacific.

On September 24, 2002, Center Trust's board held a regular meeting, at which Center Trust's management informed Center Trust's board that Merrill Lynch and Center Trust's management were engaged in discussions with Pan Pacific regarding a possible business combination. Merrill Lynch and Center Trust's board then discussed a preliminary financial analysis of Pan Pacific's written proposal and Center Trust's business plan. Center Trust's board discussed the greater certainty associated with the merger consideration under Pan Pacific's written proposal in comparison to the risks and uncertainties associated with potentially achieving a higher net asset value over time through the execution of its business plan, taking into account, among other things, transaction costs and tax consequences. Following a discussion of the proposed transaction and numerous questions, Center Trust's board directed Center Trust's management to continue discussions with Pan Pacific.

In addition, during September 2002, Merrill Lynch received indications of interest in a possible business combination transaction with Center Trust from two companies, one of which had previously participated in the formal two-phase offering process. Center Trust's management and Merrill Lynch held discussions with each of the parties and provided them both with information regarding Center Trust's business and properties to assist them in making a proposal.

At a special meeting of Center Trust's board on October 1, 2002, Center Trust's management and Merrill Lynch reviewed the Pan Pacific written proposal and the two indications of interest with Center Trust's board. Merrill Lynch informed Center Trust's board that one of the interested parties did not submit a proposal and the other had submitted a proposal that represented less value to Center Trust stockholders than the Pan Pacific proposal. Center Trust's management also informed Center Trust's board that Pan Pacific required a three-week exclusivity period to conduct final due diligence on Center Trust. Center Trust's board then received a

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presentation from Ballard Spahr Andrews & Ingersoll, LLP, Center Trust's Maryland legal counsel, advising the directors of their duties in connection with the various business combination proposals under the Maryland General Corporation Law. Following a discussion of the various proposals and numerous questions by Center Trust's board, Center Trust's management recommended that Center Trust pursue the Pan Pacific proposal. Center Trust's board then authorized Center Trust's management to continue discussions to negotiate a confidentiality and exclusivity agreement with Pan Pacific.

Under existing agreements with Center Trust, certain of the Prometheus parties currently have certain registration and information rights. Center Trust provided the Prometheus parties with registration rights in order to permit them to effect sales of their Center Trust common stock that would otherwise be limited by Federal securities laws. The agreements also provided the Prometheus parties with the right to designate up to four members of the board of directors (which has lapsed), and currently provide the Prometheus parties with certain information rights (which remain in effect). These provisions were intended to enable the Prometheus parties to qualify their investment in Center Trust common stock as a "venture capital investment" under U.S. Department of Labor requirements. In considering a stock-for-stock transaction between Pan Pacific and Center Trust, the Prometheus parties were concerned with, among other factors, their ability to freely resell the shares of Pan Pacific common stock that would be acquired in such a transaction, their ability to remain informed as to key corporate developments and their ability to qualify their Pan Pacific investment as a "venture capital investment." In order to secure these interests in connection with the proposed Pan Pacific merger, on October 3, 2002, the Prometheus parties provided Pan Pacific with a term sheet for a proposed stockholders' rights agreement.

At a special meeting of Pan Pacific's board on October 4, 2002, Pan Pacific's management, representatives of Pan Pacific's legal counsel and representatives of Credit Suisse First Boston Corporation reviewed Pan Pacific's written proposal to acquire Center Trust. At this meeting, representatives of Credit Suisse First Boston Corporation discussed a preliminary financial analysis of the proposed transaction and the potential benefits of the proposed transaction. Following a discussion of the proposed transaction and numerous questions by Pan Pacific's board, Pan Pacific's management recommended that Pan Pacific pursue the proposed acquisition of Center Trust. Pan Pacific's board then authorized Pan Pacific's management to continue discussions to negotiate a confidentiality and exclusivity agreement with Center Trust.

On October 8, 2002, Messrs. Tanz, Tyson and Stauffer and representatives of Credit Suisse First Boston Corporation, along with Messrs. Fox, Gulland and Stokx and representatives of Merrill Lynch, conducted inspections of various Center Trust properties and met, together with their respective legal advisors, in Los Angeles, to discuss the details of a business combination of the two companies. At this meeting, the companies discussed possible amendments to the limited partnership agreement of Center Trust's subsidiary, CT Operating Partnership, L.P., that would be desirable in connection with the proposed transaction. Beginning on October 10, 2002, Messrs. Tanz and Tyson commenced the process of contacting certain limited partners of CT Operating Partnership L.P. and their legal counsel to discuss the proposed amendments to the limited partnership agreement of CT Operating Partnership L.P. As of November 15, 2002, limited partners holding approximately 58.2% of the outstanding limited partnership units of CT Operating Partnership L.P. had consented to the proposed amended and restated partnership agreement.

On October 9, 2002, at a special meeting of Center Trust's board, Center Trust's management provided Center Trust's board with an update of its discussions with Pan Pacific and the status of the confidentiality and exclusivity agreement. Following these discussions, Center Trust's board authorized Center Trust's management to enter into a limited term confidentiality and exclusivity agreement with Pan Pacific.

Upon entering into the limited term confidentiality and exclusivity agreement on October 10, 2002, Center Trust and Pan Pacific commenced reciprocal due diligence. Between October 9 and 11, 2002, Pan Pacific's management and its financial and legal advisors visited Center Trust's data room, located at its legal counsel's office in Los Angeles, to conduct due diligence on Center Trust. Center Trust's management and representatives of Merrill Lynch conducted diligence at Pan Pacific's headquarters on October 11, 2002. On October 14 and 15, 2002, Center Trust's legal counsel visited Pan Pacific's headquarters to conduct due diligence. On October 16, 2002, Messrs. Fox, Gulland and Stokx and representatives of Merrill Lynch met with Messrs. Tanz, Stauffer and

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Tyson and representatives of Credit Suisse First Boston Corporation at Pan Pacific's headquarters to visit various Pan Pacific properties and continue due diligence. In addition, from October 14 through October 18, 2002, various representatives of Center Trust toured a substantial number of Pan Pacific's properties.

On October 17, 2002, Pan Pacific's counsel circulated to all parties the initial draft of the merger agreement, after which Center Trust's and Pan Pacific's respective legal counsel and management negotiated the terms of the merger agreement and continued due diligence. Pan Pacific also circulated initial drafts of voting agreements requiring that, concurrently with the execution of any merger agreement, each of the Prometheus parties, which collectively beneficially own approximately 56.2% of the outstanding shares of Center Trust common stock, and Center Trust's management, who collectively own approximately 3.9% of the outstanding shares of Center Trust common stock, would agree to vote in favor of the merger. Under the Maryland General Corporation Law, the affirmative vote of the holders of two-thirds of all the votes entitled to be cast on the matter is required to approve the merger. In addition, Pan Pacific sent to the Prometheus parties a counter proposal term sheet regarding the registration rights and information rights requested by the Prometheus parties. On November 1, 2002, Pan Pacific's counsel circulated to the Prometheus parties an initial draft of the stockholders' rights agreement, which provided for registration and information rights in favor of the Prometheus parties.

On October 28, 2002, Center Trust's and Pan Pacific's respective management, counsel and financial advisors, as well as representatives of the Prometheus parties, met in Los Angeles to negotiate the terms of the merger agreement, including termination rights and closing conditions, and related documents, including the voting agreements and the stockholders' rights agreement.

On October 29, 2002, Center Trust's board held a special meeting, at which Merrill Lynch and Center Trust's management updated the board on the status of their negotiations of the merger agreement and related documents with Pan Pacific. Center Trust's management informed its board of Pan Pacific's requirement that the Prometheus parties and Center Trust's management enter into voting agreements with Pan Pacific. Center Trust's board directed Center Trust's management to, among other things, reduce the number of shares that would be subject to the two voting agreements and authorized Center Trust's management and its counsel to continue their discussions with Pan Pacific on these terms.

On November 1, 2002, representatives of Merrill Lynch and representatives of Center Trust's independent auditors met with representatives of Pan Pacific's independent auditors, initially outside the presence of Pan Pacific's management, at Pan Pacific's headquarters. Following the discussion, representatives of Center Trust's independent auditors met with representatives of Pan Pacific's independent auditors in the presence of Pan Pacific's management. On the same day, Center Trust's board held a special meeting to receive an update on the status of Center Trust's negotiation of the merger agreement with Pan Pacific and of Pan Pacific's negotiation of the amendments to the limited partnership agreement of CT Operating Partnership L.P. with certain limited partners of the CT Operating Partnership, L.P. Center Trust's management informed Center Trust's board that Pan Pacific had agreed to only require that the total number of shares subject to the voting agreements with each of the Prometheus parties and Center Trust's management would be 52.0% of the total outstanding shares of Center Trust common stock. Center Trust's board authorized Center Trust's management and its counsel to continue their discussions with Pan Pacific.

On the morning of November 5, 2002, Center Trust's independent directors, Robert T. Barnum, Fred L. Riedman and R. Bruce Andrews, held a special meeting with Skadden, Arps, Slate, Meagher & Flom LLP, special counsel to Center Trust, and Merrill Lynch to discuss various aspects of the merger, the merger agreement and other transaction documents. First, the independent directors discussed the benefits that would be received by the limited partners of CT Operating Partnership, L.P. as a result of the merger and the amended and restated partnership agreement. Then, the directors discussed various interests of the Prometheus parties and Center Trust's

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executive officers in the merger that may be different from, or in addition to, the interests of Center Trust stockholders generally. The independent directors met outside the presence of the directors currently designated by the Prometheus parties (Messrs. Wells and Tacotin and Sandra A. Lamb), initially with Center Trust's management and Merrill Lynch present, to discuss, among other things, the stockholders' rights agreement proposed to be entered into by the Prometheus parties with Pan Pacific and the non-lead role played by the Prometheus parties in Center Trust's negotiation of the merger agreement with Pan Pacific. See *Agreements with the Prometheus Parties*. Following this discussion, outside the presence of Center Trust's management and Merrill Lynch, the independent directors reviewed the severance and other benefits to be received by Center Trust's executive officers upon the consummation of the merger. See *Interests of Certain Directors and Executive Officers of Center Trust in the Merger* *Severance Payments; Acceleration of Stock Awards*. The independent directors of Center Trust's board were aware of the interests of Center Trust's executive officers, and the agreements proposed to be entered into between the Prometheus parties and Pan Pacific, throughout their consideration of the merger and the merger agreement, and took such matters into account in making their recommendation that the Center Trust stockholders approve the merger.

On November 5, 2002, at a special meeting of Center Trust's board at Center Trust's headquarters at which all of Center Trust's directors were present in person or by telephone, Center Trust's management reviewed with the directors the terms and conditions of the proposed merger agreement with Pan Pacific. Representatives of Skadden, Arps, Slate, Meagher & Flom LLP, special counsel to Center Trust, then reviewed with Center Trust's board the results of its due diligence investigation of Pan Pacific. Center Trust's management then reviewed with Center Trust's board the results of the due diligence investigation by Center Trust of Pan Pacific. Representatives of Skadden, Arps, Slate, Meagher & Flom LLP and Ballard Spahr Andrews & Ingersoll LLP reviewed with Center Trust's board the terms of the merger agreement and ancillary agreements and answered questions from the directors regarding those terms. Representatives of Merrill Lynch delivered a presentation to Center Trust's board regarding its analysis of the financial terms of the proposed transaction with Pan Pacific. Merrill Lynch then delivered its oral opinion to Center Trust's board, which was subsequently confirmed by delivery to Center Trust's board of a written opinion, dated November 5, 2002, that, as of November 5, 2002, the exchange ratio of 0.218 shares of Pan Pacific common stock to be received for each share of Center Trust common stock pursuant to the merger agreement was fair, from a financial point of view, to Center Trust stockholders. Center Trust's board also reviewed the reasons for the merger, including the benefits that would be received by the limited partners of CT Operating Partnership, L.P. as a result of the merger and the amended and restated partnership agreement, and determined that the merger agreement was fair to, and in the best interests of, CT Operating Partnership, L.P. and the limited partners. See *Center Trust's Reasons for the Merger*. After further discussion, Center Trust's board concluded that the proposed merger was advisable and fair to, and in the best interests of, Center Trust and its stockholders and authorized and unanimously approved the merger agreement and the transactions contemplated thereby, including the merger and the charter amendment, and resolved to recommend that the Center Trust stockholders approve and adopt the merger, including the charter amendment, pursuant to the merger agreement.

On November 5, 2002, at a special meeting of Pan Pacific's board held at Pan Pacific's headquarters at which all Pan Pacific's directors were present in person or by telephone, Pan Pacific's management reviewed with the directors the terms and conditions of the proposed merger agreement with Center Trust, as well as the proposed voting agreements and the stockholders' rights agreement. Latham & Watkins, special counsel to Pan Pacific, then reviewed with Pan Pacific's board the results of its due diligence investigation of Center Trust. Pan Pacific's management then reviewed with Pan Pacific's board the results of the due diligence investigation by Pan Pacific of Center Trust. Representatives of Latham & Watkins reviewed with the board the terms of the merger agreement and ancillary agreements and answered questions from the directors regarding those terms. Representatives of Credit Suisse First Boston Corporation reviewed with Pan Pacific's board an analysis of the financial terms of the proposed transaction with Center Trust. Pan Pacific's board considered the exchange ratio of 0.218 and reviewed the reasons for the merger. After this discussion, Pan Pacific's directors determined to proceed to approve the merger and adopt the proposed merger agreement and the proposed ancillary agreements. After further discussion, Pan Pacific's board concluded that the proposed merger was advisable and fair to, and in

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the best interests of, Pan Pacific and its stockholders and authorized and unanimously approved the merger, the merger agreement and the transactions contemplated thereby.

Following the conclusion of the special meetings of the boards of each of Center Trust and Pan Pacific on November 5, 2002, Center Trust and Pan Pacific executed the merger agreement, the two voting agreements and the stockholders' rights agreement. On the morning of November 6, 2002, the proposed merger was publicly announced.

Pan Pacific's Reasons for the Merger

The decision by the Pan Pacific board to acquire Center Trust reflected Pan Pacific's desire to enhance its market presence in key Southern California markets (such as in the greater Los Angeles and San Diego metropolitan areas), tenant diversification, growth prospects and stockholder value. The decision process involved, in part, an assessment of the potential risks and benefits of acquiring Center Trust. During this assessment, the Pan Pacific board reviewed historical information, including but not limited to Center Trust's balance sheet and income statements, credit rating, and the financial performance, condition, tenant base and competitive position of Center Trust's portfolio of properties. A significant factor considered by the Pan Pacific board was its belief that the strategic advantages offered by its acquisition of Center Trust, as well as the terms of the merger agreement and the consideration to be offered by Pan Pacific, represented a transaction that was attractive to Pan Pacific and its stockholders. In particular, the Pan Pacific board, in approving the merger, considered the strategic benefits and other positive factors discussed below:

Opportunity to acquire in a single transaction a significant portfolio of complementary, high-quality shopping centers in Pan Pacific's core markets. The Pan Pacific board believes the properties owned by Center Trust provide an attractive strategic fit with Pan Pacific's portfolio and complement its existing geographic diversification. In addition, Pan Pacific's senior management believes that Center Trust's portfolio likely could not be replicated through acquisition of individual assets.

Significantly enhances Pan Pacific's market presence in key Southern California markets. The acquisition of Center Trust's portfolio of properties will enhance Pan Pacific's presence in the greater Los Angeles and San Diego metropolitan regions.

Opportunity to generate operating efficiencies. The Pan Pacific board believes that Pan Pacific will realize operating efficiencies and economies of scale resulting in savings in operating costs and general and administrative expenses aggregating approximately \$1.5 million, on an annualized basis, based on the following:

- (a) Pan Pacific will continue to be managed by its current executive officers and senior management team, with no significant additional staffing at the senior corporate level;
- (b) Center Trust properties are predominantly located in Pan Pacific's existing core markets, which should allow Pan Pacific to manage the Center Trust assets largely by using Pan Pacific's existing regional offices and infrastructure;
- (c) both companies use similar property management, accounting and reporting procedures, methodologies and systems, which should facilitate an efficient integration of the Center Trust portfolio into Pan Pacific; and
- (d) increasing Pan Pacific's portfolio size should enhance its ability to generate property operating cost savings and reduction in expenses by spreading costs over a larger number of properties, thereby improving Pan Pacific's profit margin.

Opportunity to capitalize on tenant synergies. The merger will increase Pan Pacific's tenant base from approximately 2,500 tenants as of September 30, 2002, to approximately 3,500 tenants, on a pro forma basis. A significant number of the current Center Trust tenants are also existing tenants of Pan Pacific. The Pan Pacific board believes that this should provide opportunities for Pan Pacific to enhance

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certain key relationships. Additionally, these enhanced relationships, together with Pan Pacific's more diversified geographic representation, should provide for greater multi-lease, multi-market opportunities as tenants seek to expand and relocate operations.

Opportunity to increase Pan Pacific's funds from operations per share. The Pan Pacific board believes that the merger should increase Pan Pacific's funds from operations per share projected for the year ending December 31, 2003, as compared to Pan Pacific on a stand-alone basis.

Significantly increases Pan Pacific's share base and market capitalization. As a result of the merger, Pan Pacific's outstanding common stock will increase by 17.0% from approximately 34.8 million shares outstanding as of September 30, 2002 to approximately 40.7 million shares, assuming the exchange of all outstanding exchangeable securities of Center Trust subsidiaries. The increase in shares will increase Pan Pacific's equity market capitalization from approximately \$1.2 billion to approximately \$1.4 billion (based on a per share price of \$34.48, the closing price of Pan Pacific common stock on September 30, 2002, the pro forma number of shares of Pan Pacific common stock outstanding on September 30, 2002, and pro forma indebtedness outstanding as of September 30, 2002). The Pan Pacific board believes the increase in the number of shares of common stock and market capitalization affords several benefits.

Extensive Due Diligence. Pan Pacific's management, legal counsel, financial advisor and due diligence consultants delivered reports and/or made presentations to Pan Pacific's board concerning the results of their due diligence investigation of Center Trust. The investigations of management included tours of nearly all of Center Trust's properties, reviews of Center Trust's top 200 leases and rent paying tenants which, in the aggregate, account for the majority of Center Trust's revenue from rent payments, reviews of Center Trust's environmental studies on its properties and meetings with Center Trust's management.

Terms of the Merger Agreement. The Pan Pacific board reviewed the principal terms and conditions of the merger agreement, including the representations, warranties and covenants of each party and the conditions to each party's obligation to complete the merger. The Pan Pacific board considered favorably that the terms of the merger agreement are reasonable and protective of Pan Pacific's interests. In particular, the Pan Pacific board considered favorably that:

- (a) the conditions to each party's obligation to complete the merger are typical or likely to be satisfied;
- (b) Center Trust's ability to solicit, facilitate, discuss or enter into an alternative transaction is restricted in a customary manner; and
- (c) depending on the reasons for a termination of the merger agreement, Center Trust may be obligated to pay Pan Pacific \$7.5 million as a break-up fee or \$2.5 million as an expense reimbursement.

The Pan Pacific board also considered and reviewed with management the potentially negative factors listed below relating to the merger.

Fixed exchange ratio. The exchange ratio is fixed and not subject to adjustment. Accordingly, an adverse change in the operations and prospects of Center Trust, general market and economic conditions or other factors which are beyond the control of Pan Pacific may alter the relative value of the companies in a manner adverse to Pan Pacific.

Potential failure to achieve benefits of the merger. The Pan Pacific board considered the risk that the anticipated benefits of the merger to Pan Pacific and its stockholders might not be fully realized as a result of an inability to achieve the anticipated cost savings and reduction in expenses and other potential difficulties in integrating the two companies and their respective operations.

Limitations on Pan Pacific's ability to sell Center Trust assets. The Pan Pacific board considered the limitations on Pan Pacific's ability to sell certain of the Center Trust properties resulting from the contractual tax protection rights held by certain limited partners of CT Operating Partnership, L.P.

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Substantial debt encumbering Center Trust assets. The Pan Pacific board considered the substantial amount of debt encumbering Center Trust's assets. As of September 30, 2002, Center Trust had an aggregate of \$358.7 million in debt, encumbering assets with an aggregate historical book value of \$640.2 million.

Risk that the merger will not be completed. The Pan Pacific board considered the risk that the merger would not be completed. In evaluating this risk, the Pan Pacific board considered the particular circumstances under which Center Trust could terminate the merger agreement. The Pan Pacific board also considered the possible adverse effects on the market for Pan Pacific common stock and upon Pan Pacific's ability to raise capital in both the public and private markets that might result if the merger were announced and not completed.

Potential disruption of operations. The Pan Pacific board considered the risk that the announcement of the merger and the efforts necessary to complete the merger could result in a disruption in the operations of Pan Pacific by, among other things, diverting management and other resources of Pan Pacific from their day-to-day business.

Transaction costs. The Pan Pacific board considered that Pan Pacific and Center Trust were likely to incur transaction costs of approximately \$18.5 million in the aggregate, including debt assumption fees, financial advisors, legal, printing and accounting fees, and severance payments in connection with the merger.

Litigation. The Pan Pacific board considered the existing litigation Center Trust is a party to and the risk that adverse judgments could lead to meaningful damage awards.

The foregoing discussion of the information and factors considered by the Pan Pacific board is not intended to be exhaustive but is believed to include all material factors considered by the Pan Pacific board. The Pan Pacific directors unanimously approved the merger agreement and the merger in light of the various factors described above and other factors that each member of the Pan Pacific board felt were appropriate. In view of the wide variety of information and factors considered, the Pan Pacific board did not find it practical to, and did not, assign any relative or specific weights to the foregoing factors, and individual directors may have given differing weights to different factors. The Pan Pacific board did not attempt to analyze the fairness of the exchange ratio in isolation from the considerations as to the businesses of Pan Pacific and Center Trust, the strategic merits of the merger or the other considerations referred to above.

Recommendation of Center Trust's Board of Directors

Center Trust's board has unanimously adopted and approved the merger agreement and the transactions contemplated thereby, and believes that the merger is advisable and fair to, and in the best interests of, Center Trust and its stockholders. Center Trust's board received the advice of its management, financial advisors, accountants, and counsel throughout its consideration of the merger.

Center Trust's Reasons for the Merger

In making its determination with respect to the merger, Center Trust's board considered a number of factors, including, among others, the following positive factors:

Geographic and tenant diversification. Center Trust's board considered the fact that Pan Pacific has greater geographic and tenant diversification than Center Trust, which could provide the combined company with greater cash flow stability.

Larger stockholder base. Center Trust's board considered the fact that a combined company would result in a larger, more diverse and more liquid stockholder base for the Center Trust stockholders, including any operating partnership unitholders who receive shares of Pan Pacific common stock in exchange for their units following the merger, and the likelihood that the larger, more diverse stockholder base of the combined company would result in a lower cost of capital for the combined company, enhance liquidity and increase financial flexibility.

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No significant stockholder. Center Trust's board considered the fact that the stockholders of Center Trust, a corporation with a stockholder that owns 56.2% of the outstanding shares of its common stock and controls the ability to sell such shares, will be exchanging their shares of Center Trust common stock for shares of common stock of Pan Pacific, a corporation with no significant stockholder, and Center Trust stockholders may have an opportunity to receive a premium for control of Pan Pacific in the future.

Historical dividend of Pan Pacific. Center Trust's board considered the fact that the holders of Center Trust common stock currently receive a dividend of \$0.06 per share per quarter and, based on the exchange ratio in the merger, Pan Pacific's most recently paid dividend of \$0.475 per share represents a 73% increase over Center Trust's most recently paid dividend.

Management. Center Trust's board considered the quality of Pan Pacific's management team, which it viewed as comparable to that of Center Trust.

Investment grade rating. Center Trust's board considered the fact that Pan Pacific is investment-grade rated by Standard & Poor's and Moody's and that Pan Pacific has one of the lowest debt ratios among shopping center REITs.

Tax-free nature of transaction. Center Trust's board considered the fact that the exchange of shares of Center Trust common stock for shares of Pan Pacific common stock in the merger, will be tax-free to Center Trust stockholders, and that the payment of cash to Center Trust stockholders instead of fractional shares of Pan Pacific common stock will be a taxable transaction to these stockholders.

Favorable terms of merger agreement. Center Trust's board considered the terms of the merger agreement, including the exchange ratio, which, based on the closing price of Pan Pacific common stock on November 5, 2002, represents a premium of 31.2% over the closing price of Center Trust common stock as of that date.

Certainty of Merger Consideration. Center Trust's board considered the greater certainty associated with the merger consideration compared to the risks and uncertainties associated with executing Center Trust's business plan.

Conditions to Center Trust's obligations to complete the merger. Center Trust's board considered the fact that under the merger agreement, Center Trust's obligation to complete the merger was subject to certain conditions, including that the average closing price of Pan Pacific's common stock for the ten trading days preceding the closing date will not be less than \$25.00 per share.

Financial performance and prospects. Center Trust's board considered the information relating to the financial performance, financial condition, business operations and prospects of Center Trust and Pan Pacific both before and after the merger.

Operating efficiencies. The Center Trust board considered the potential for operating efficiencies, economies of scale and other synergies resulting in the combined company realizing savings in operating costs and general and administrative expenses.

Extensive due diligence. Center Trust's board considered the due diligence review of Pan Pacific and its assets conducted by Center Trust's management and its advisors, including tours of significantly all of Pan Pacific's properties, reviews of Pan Pacific's property level information, reviews of its accounting practices and systems, and meetings with Pan Pacific's management.

Opinion of financial advisor. Center Trust's board considered the opinion, analyses and presentation of Center Trust's financial advisor, Merrill Lynch, described below under "Opinion of Financial Advisor to Center Trust," including the oral opinion of Merrill Lynch as to the fairness of the exchange ratio to Center Trust stockholders from a financial point of view (a copy of the written opinion is attached as Annex E to this proxy statement/prospectus).

Likelihood of success. Center Trust's board considered the likelihood that the transactions contemplated by the merger agreement would be successfully completed.

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Center Trust's board also considered the following possibly negative factors in its deliberations concerning the merger agreement:

Fixed exchange ratio. Center Trust's board considered the fact that, because the exchange ratio is fixed, a decline in the trading price of Pan Pacific's common stock before the merger will reduce the value of the per share and aggregate consideration to be received by Center Trust's stockholders in the merger.

Possibility of slower revenue growth. Center Trust's board considered the possibility that, in the short term following the merger, Pan Pacific may experience slower revenue growth than Center Trust might be able to achieve on a stand-alone basis.

Uncertainty of anticipated benefits of merger. Center Trust's board considered the risk that the anticipated benefits of the merger to Center Trust's stockholders discussed above may not be realized as a result of possible changes in real estate markets or as a result of potential difficulties in integrating the two companies and their respective operations.

Transaction costs. Center Trust's board considered the significant cost of completing the merger, including the substantial management time and effort involved and the related disruption to Center Trust's operations.

Lack of flexibility in the event of an alternative proposal. Center Trust's board considered the fact that the merger agreement prohibits Center Trust from terminating the merger agreement prior to submitting the merger proposal to a stockholder vote, even upon the receipt by Center Trust of a bona fide unsolicited proposal which Center Trust's board believes in good faith, following consultation with its financial advisor, to be more favorable to Center Trust's stockholders, and that, pursuant to the voting agreement with the Prometheus parties and the voting agreement with certain executive officers of Center Trust, holders of 52.0% of the outstanding shares of Center Trust common stock have agreed to vote for the merger proposal with Pan Pacific, which proposal requires the affirmative vote by the holders of two-thirds of the outstanding shares of Center Trust common stock.

Break-up fee. Center Trust's board considered the fact that the merger agreement requires Center Trust to pay Pan Pacific a break-up fee of \$7.5 million or an expense reimbursement of \$2.5 million if the merger agreement is terminated under certain circumstances, which might discourage some proposals for the acquisition of Center Trust.

Restrictions on operations prior to completion of merger. Center Trust's board considered the restrictions the merger agreement places on Center Trust's ability to operate its business before the merger in a manner that is inconsistent with past practice or outside of the ordinary course of business, including the restrictions on Center Trust's ability to buy and sell properties and to borrow money.

Conditions of Pan Pacific's obligation to complete the merger. Center Trust's board considered the various conditions to Pan Pacific's obligations to complete the merger and the possibility that the merger would not be completed, including the particular circumstances under which Pan Pacific could terminate the merger agreement, the possible adverse effects on the market for shares of Center Trust common stock and upon Center Trust's ability to raise capital if the merger were announced and not completed. See *The Merger Agreement - Conditions to Obligations to Complete the Merger*.

Potential to achieve a higher valuation over time. Center Trust's board considered the possibility of achieving a higher valuation over time through the execution of its business plan.

Interest of other parties in the merger. Center Trust's board considered the fact that certain members of Center Trust's board and management may have interests in the merger that are different from, or in addition to, the interests of other Center Trust stockholders. See *Interests of Certain Directors and Executive Officers of Center Trust in the Merger*.

The foregoing discussion of the information and factors which were considered by Center Trust's board is not intended to be exhaustive but is believed to include all principal factors considered by Center Trust's board.

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In view of the wide variety of factors considered by Center Trust's board in connection with its evaluation of the merger, Center Trust's board did not consider it practical, and did not attempt, to quantify, rank or otherwise assign relative weights to the specific factors it considered in reaching its decision. Rather, Center Trust's board made its recommendation based on the totality of information available and its own investigation. In considering the factors discussed above, individual directors may have given different weights to different factors.

Accounting Treatment of the Merger

The merger will be treated as a purchase in accordance with Statement of Financial Accounting Standards No. 141. Purchase accounting for a merger is the same as the accounting treatment used for the acquisition of any group of assets. The fair value of the consideration given by Pan Pacific in the merger will be allocated to the assets acquired and liabilities assumed as of the completion of the merger. The financial statements of Pan Pacific will reflect the combined operations of Pan Pacific and Center Trust from the closing date of the merger.

Determination of Exchange Ratio

The exchange ratio for Center Trust common stock was determined through arm's-length negotiations between Pan Pacific and Center Trust.

Regulatory Matters

Neither Pan Pacific nor Center Trust is aware of any federal or state regulatory approvals which must be obtained in connection with the merger.

Delisting and Deregistration of Center Trust Common Stock; Listing of Pan Pacific Common Stock Issued in Connection with the Merger

Center Trust common stock currently is listed on the New York Stock Exchange under the symbol CTA. Upon completion of the merger, Center Trust common stock will be delisted from the New York Stock Exchange and deregistered under the Securities Exchange Act of 1934. Application will be made for the listing of the shares of Pan Pacific common stock to be issued in the merger on the New York Stock Exchange under the symbol PNP. The approval for listing of such shares on the New York Stock Exchange is a condition to the completion of the merger. See The Merger Agreement Conditions to Obligations to Complete the Merger. Following the merger, holders of Center Trust common stock certificates will be instructed to exchange their certificates for certificates representing shares of Pan Pacific common stock. See The Merger Agreement Exchange of Stock Certificates.

Resales of Pan Pacific Common Stock Issued in Connection with the Merger; Affiliate Agreements

The shares of Pan Pacific common stock to be issued in the merger will be freely transferable under the Securities Act of 1933, except for shares issued to any person who is deemed to be an affiliate of Center Trust under the Securities Act of 1933 prior to the merger. Persons who may be deemed to be affiliates of Center Trust prior to the merger include individuals or entities that control, are controlled by, or are under common control with Center Trust prior to the merger, and may include officers and directors, as well as significant stockholders of Center Trust prior to the merger. Affiliates of Center Trust prior to the merger may not sell any of the shares of Pan Pacific common stock received by them in the merger except pursuant to:

- an effective registration statement under the Securities Act of 1933 covering the resale of those shares;
- an exemption under paragraph (d) of Rule 145 under the Securities Act of 1933; or
- any other applicable exemption under the Securities Act of 1933.

Pan Pacific's registration statement on Form S-4, of which this proxy statement/prospectus is a part, does not cover the resale of shares of Pan Pacific common stock to be received by affiliates of Center Trust in the

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merger. Pursuant to the terms of the merger agreement, Center Trust has delivered to Pan Pacific a list of names of those persons whom it believes to be affiliates of Center Trust, within the meaning of Rule 144 under the Securities Act of 1933. Center Trust has agreed that it will use its reasonable best efforts to cause each person who is identified as an affiliate in the list to execute a written affiliate agreement providing, among other things, that such person will not sell, transfer or otherwise dispose of any of the shares of Pan Pacific common stock received as a result of the merger except in compliance with the Securities Act of 1933 and the rules and regulations of the SEC thereunder. Pan Pacific has agreed to file a shelf registration statement with the SEC registering the resale by the Prometheus parties and certain of their transferees of the shares of Pan Pacific common stock that Prometheus Western Retail, LLC receives in the merger. See Agreements with the Prometheus Parties Stockholders Rights Agreement.

Appraisal or Dissenters Rights

Neither Pan Pacific stockholders nor Center Trust stockholders are entitled to any appraisal or dissenters rights under Maryland General Corporation Law as a result of the merger.

Litigation Related to the Merger

On November 8, 2002, a lawsuit was filed by Paul Berger against Center Trust and all members of Center Trust's board of directors (Stuart J.S. Gulland, Douglas N. Wells, Robert T. Barnum, Fred L. Riedman, Mark S. Ticotin, R. Bruce Andrews, Edward D. Fox and Sandra A. Lamb) in the Circuit Court for Baltimore City, Maryland. The suit is denominated as a class action purportedly on behalf of a class of Center Trust stockholders. The complaint alleges, among other things, that the members of Center Trust's board breached purported duties owed to the purported class by entering into a merger agreement that allegedly favors the interests of certain members of the board but is allegedly detrimental to Center Trust's public stockholders, and that the defendants have failed to adequately disclose the ways in which certain board members will benefit from the merger. The plaintiff further alleges that the defendants breached purported duties to the purported class by allegedly failing to take all reasonable steps to ensure the maximization of stockholder value, including the implementation of an open bidding process or a market check mechanism. The plaintiff seeks relief:

ordering the action to be maintained as a class action and certifying plaintiff as the class representative;

declaring that the defendants have breached their fiduciary duties to plaintiff and the class and that the defendants aided and abetted the breaches;

enjoining the completion of the merger;

rescinding and setting aside the merger in the event that it is consummated;

awarding plaintiff and the class compensatory and/or rescissory damages as allowed by law;

awarding plaintiff the costs of the action, including attorneys' and experts' fees; and

granting such other and further relief as the Court may deem just and proper.

While this case is in its early stages, Center Trust believes that the case is without merit and intends to contest it vigorously.

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OPINION OF FINANCIAL ADVISOR TO CENTER TRUST

Center Trust engaged Merrill Lynch to act as its financial advisor in connection with the proposed merger. Pursuant to this engagement, Center Trust requested that Merrill Lynch evaluate the fairness, from a financial point of view, of the exchange ratio in the merger to the holders of shares of Center Trust common stock. On November 5, 2002, at a meeting of Center Trust's board held to consider the merger, Merrill Lynch rendered an oral opinion, which was subsequently confirmed by delivery to Center Trust's board of a written opinion, dated November 5, 2002, to the effect that, as of that date and based on and subject to the matters described in its opinion, the exchange ratio in the merger was fair, from a financial point of view, to the holders of shares of Center Trust common stock.

The full text of Merrill Lynch's written opinion, dated November 5, 2002, which describes the assumptions made, matters considered and limitations on the review undertaken by Merrill Lynch, is attached to this proxy statement/prospectus as Annex E. Merrill Lynch's opinion is addressed to the members of Center Trust's board and relates only to the fairness to the holders of shares of Center Trust common stock, from a financial point of view, of the exchange ratio in the merger. Merrill Lynch's opinion is for the use and benefit of Center Trust's board and does not address the merits of the underlying decision by Center Trust to engage in the merger and does not constitute a recommendation to any stockholder of Center Trust as to how that stockholder should vote on the merger or any other related matter.

The summary of the material terms of Merrill Lynch's opinion described below is qualified in its entirety by reference to the full text of the opinion attached to this proxy statement/prospectus as Annex E. You are encouraged to read the opinion carefully in its entirety.

In arriving at its opinion, Merrill Lynch, among other things:

reviewed certain publicly available business and financial information relating to Center Trust and Pan Pacific that it deemed to be relevant;

reviewed certain information, including financial forecasts, relating to the business, earnings, cash flow, assets, liabilities and prospects of Center Trust and Pan Pacific, furnished to Merrill Lynch by Center Trust and Pan Pacific, respectively;

conducted discussions with members of senior management and representatives of Center Trust and of Pan Pacific concerning the matters described in the two clauses directly above, as well as their respective businesses and prospects before and after giving effect to the merger;

reviewed the market prices and valuation multiples for the shares of Center Trust common stock and shares of Pan Pacific common stock and compared them with those of certain publicly traded companies that Merrill Lynch deemed to be relevant;

reviewed the results of operations of Center Trust and Pan Pacific and compared them with those of certain publicly traded companies that Merrill Lynch deemed to be relevant;

compared the proposed financial terms of the merger with the financial terms of certain other transactions that Merrill Lynch deemed to be relevant;

participated in certain discussions and negotiations among representatives of Center Trust and Pan Pacific and their financial and legal advisors;

reviewed the potential pro forma impact of the merger;

reviewed the final forms of the merger agreement, the stockholders voting agreement with the Prometheus parties, the stockholders rights agreement, the stockholder voting agreement with certain members of Center Trust management and other related agreements; and

reviewed such other financial studies and analyses and took into account such other matters as Merrill Lynch deemed necessary, including its assessment of general economic, market and monetary conditions.

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In preparing its opinion, Merrill Lynch assumed and relied on the accuracy and completeness of all information supplied or otherwise made available to it, discussed with or reviewed by or for it, or publicly available, and Merrill Lynch did not assume any responsibility for independently verifying that information or undertake an independent evaluation or appraisal of any of the assets or liabilities of Center Trust or Pan Pacific. In addition, Merrill Lynch did not assume any obligation to conduct any physical inspection of the properties or facilities of Center Trust or Pan Pacific. With respect to the financial forecast information furnished to or discussed with Merrill Lynch by Center Trust or Pan Pacific, Merrill Lynch assumed that they were reasonably prepared and reflected the best currently available estimates and judgment of Center Trust's or Pan Pacific's management as to the expected future financial performance of Center Trust or Pan Pacific, as the case may be. Merrill Lynch also assumed that the merger would be accounted for under generally accepted accounting principles, that the merger would qualify as a tax-free reorganization under section 368(a) of the Internal Revenue Code of 1986, as amended, and that both Center Trust and Pan Pacific qualify as real estate investment trusts under the Internal Revenue Code of 1986, as amended.

Merrill Lynch's opinion was necessarily based upon market, economic and other conditions as they existed and could be evaluated on, and on the information made available to it as of, the date of the Merrill Lynch opinion. In rendering its opinion, Merrill Lynch assumed that in the course of obtaining the necessary regulatory or other consents or approvals, contractual or otherwise, for the merger, no restrictions, including any divestiture requirements or amendments or modifications, would be imposed that would have a material adverse effect on the contemplated benefits of the merger.

Merrill Lynch was not asked to address, and its opinion does not address, the fairness to, or any other consideration of, the holders of any class of securities, creditors or other constituencies of Center Trust, other than the holders of shares of Center Trust common stock. In addition, at the direction of Center Trust's board, Merrill Lynch did not consider the fairness to Prometheus Western Retail, LLC and its affiliates, certain members of Center Trust's management or the other stockholders of Center Trust of any separate benefits and obligations that Prometheus Western Retail, LLC and its affiliates or certain members of Center Trust's management may have pursuant to the stockholders voting agreement with the Prometheus parties, the stockholders' rights agreement or the stockholder voting agreement with certain members of Center Trust's management. Merrill Lynch did not express any opinion as to the prices at which shares of Center Trust common stock or shares of Pan Pacific common stock would trade following the announcement or consummation of the merger.

Summary of Merrill Lynch's Financial Analyses

The summary below is not a complete description of Merrill Lynch's presentation to Center Trust's board or the financial analyses performed and factors considered by Merrill Lynch in connection with rendering its opinion. The preparation of a fairness opinion is a complex analytical process involving various determinations as to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances, and, therefore, a fairness opinion is not readily susceptible to summary description. Merrill Lynch believes that its analyses and this summary must be considered as a whole and that selecting portions of its analyses and factors or focusing on information presented in tabular format, without considering all analyses and factors or the narrative description of the analyses, could create a misleading or incomplete view of the processes underlying Merrill Lynch's analyses and opinion.

In performing its analyses, Merrill Lynch considered industry performance, general business, economic, market and financial conditions and other matters existing as of the date of its opinion, many of which are beyond the control of Center Trust and Pan Pacific. No company, business or acquisition transaction used in the analyses as a comparison is identical to Center Trust or Pan Pacific or the merger, and an evaluation of the results of those analyses is not entirely mathematical. Rather, the analyses involve complex considerations and judgments concerning financial and operating characteristics and other factors that could affect the acquisition, trading or other values of the companies or business segments analyzed.

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The estimates contained in Merrill Lynch's analyses and the ranges of valuations resulting from any particular analysis are not necessarily indicative of actual values or future results, which may be significantly more or less favorable than those suggested by Merrill Lynch's analyses. In addition, analyses relating to the value of businesses or securities do not necessarily purport to be appraisals or to reflect the prices at which businesses or securities actually may be sold. Accordingly, Merrill Lynch's analyses and estimates are inherently subject to substantial uncertainty.

The exchange ratio in the merger was determined by Center Trust and Pan Pacific, and the decision by Center Trust to enter into the merger agreement was solely that of Center Trust's board. Merrill Lynch's opinion and financial analyses were only one of many factors considered by Center Trust's board in its evaluation of the merger and should not be viewed as determinative of the views of Center Trust's board or management with respect to the merger or the exchange ratio in the merger.

Each of the analyses conducted by Merrill Lynch was carried out to provide a different perspective on the proposed transaction. Merrill Lynch did not form a conclusion as to whether any individual analysis, considered in isolation, supported or failed to support its opinion. Merrill Lynch did not place any specific reliance or weight on any individual analysis, but instead concluded that its analyses, taken as a whole, supported its determination that the exchange ratio in the merger was fair, from a financial point of view, to the holders of shares of Center Trust common stock.

Historical Relative Trading Performance. Merrill Lynch reviewed the recent historical stock market performance of Pan Pacific common stock and Center Trust common stock in relation to each other and reviewed the exchange ratio implied by those relative trading values. In addition, Merrill Lynch compared the merger agreement exchange ratio of 0.218x to the average implied exchange ratios over certain specified time periods and noted the amount by which the 0.218x exchange ratio constituted a premium to the average implied exchange ratios for such periods, including the information set forth below:

Period Ending November 4, 2002	Average Implied Exchange Ratio	Range of Implied Exchange Ratio		Premium to Average Implied Exchange Ratio
		Low	High	
1 Day	0.171x			27.2%
1 Month	0.174x	0.166x	0.184x	25.4%
3 Months	0.173x	0.162x	0.184x	26.3%
6 Months	0.183x	0.162x	0.215x	18.9%
1 Year	0.168x	0.126x	0.215x	29.8%

Merrill Lynch also observed the per share historical closing prices for Pan Pacific common stock and Center Trust common stock for the 52 week period prior to and including November 4, 2002. This analysis indicated the following trading ranges and the range of implied exchange ratios derived from the relative per share values of Pan Pacific and Center Trust common stock:

Period Ending November 4, 2002	Trading Range per Share of Pan Pacific Common Stock		Trading Range per Share of Center Trust Common Stock		Range of Implied Exchange Ratios	
	Low	High	Low	High	Low to High	High to Low
1 Year	\$ 26.69	\$ 34.75	\$ 3.49	\$ 7.06	0.100x	0.265x

Net Asset Valuation. Merrill Lynch performed a net asset valuation of Pan Pacific by calculating the gross estimated value of the properties and other assets and subtracting outstanding debt and other liabilities. The gross estimated value for Pan Pacific was estimated by capitalizing projected 2003 net operating income as provided by Pan Pacific's senior management. This analysis assumed that each asset was sold at its best and highest price and did not include all corporate liquidation costs. Merrill Lynch applied weighted average capitalization rates ranging from 9.00% to 9.50%, which took into consideration current market conditions and property characteristics for each

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individual property. Merrill Lynch categorized substantially all of the properties as shopping centers. Merrill Lynch also observed the net asset valuations per share of Pan Pacific common stock based upon current Wall Street Research estimates from Merrill Lynch, Bank of America, CIBC World Markets, Credit Suisse First Boston Corporation, McDonald Investments, UBS Warburg and Wachovia Securities. The net asset valuation analysis produced the following value ranges:

Pan Pacific Net Asset Valuation	Range of Net Asset Value	
	Low	High
Net Asset Value Per Share	\$ 28.88	\$ 31.47
Net Asset Value Per Share (based on Wall Street estimates)	\$ 28.09	\$ 32.28

Merrill Lynch also performed a net asset valuation of Center Trust by calculating the gross estimated value of the properties and other assets and subtracting outstanding debt and other liabilities, including operating partnership unit tax liabilities. The gross estimated value for Center Trust was estimated by capitalizing projected 2003 net operating income as provided by Center Trust's senior management, as adjusted by Merrill Lynch. This analysis assumed that each asset was sold at its best and highest price and did not include all corporate liquidation costs. Merrill Lynch applied weighted average capitalization rates ranging from 10.56% to 10.91% on the total portfolio, which took into consideration current market conditions and property characteristics for each individual property. Merrill Lynch categorized the properties in two main groups: (i) shopping centers and (ii) regional malls, redevelopment properties and other properties. Shopping centers represented approximately 60% of the gross real estate valuation. Merrill Lynch applied weighted average capitalization rates ranging from 9.51% to 10.01% on the shopping centers, which took into consideration current market conditions and property characteristics for each individual property. The regional malls, redevelopment properties and other properties each had unique characteristics and valuation considerations that resulted in considerably higher capitalization rates for these properties as compared to the shopping centers. The net asset valuation analysis produced the following value range:

Center Trust Net Asset Valuation	Range of Net Asset Value	
	Low	High
Net Asset Value Per Share	\$ 6.79	\$ 7.39

Relative Net Asset Valuation. Merrill Lynch utilized the Pan Pacific stand-alone net asset valuation analysis and the Center Trust stand-alone net asset valuation analysis (both as described above) to calculate the following range of implied exchange ratios:

	Range of Implied Exchange Ratios	
	Low to High	High to Low
Based on Net Asset Values Per Share	0.216x	0.256x
Based on Wall Street NAV estimates for Pan Pacific NAV	0.210x	0.263x

Discounted Cash Flow Analysis. Merrill Lynch performed a discounted cash flow analysis of Pan Pacific based upon the projected cash flow of Pan Pacific for the years 2002 and 2003 provided by Pan Pacific's senior management and guidance provided by Pan Pacific's senior management with respect to the projected cash flow of Pan Pacific for the years 2004 through 2008. Merrill Lynch calculated a range of equity values per share of Pan Pacific common stock based upon the sum of the discounted net present value of Pan Pacific's five year stream of projected unlevered free cash flows plus the discounted net present value of Pan Pacific's terminal value based on a range of capitalization rates and Pan Pacific's projected 2008 net operating income. Using discount rates ranging from 8.0% to 12.0%, based on an analysis of current unleveraged discount rates for comparable shopping center properties, and terminal capitalization rates of 9.50% to 10.00%, based upon a 50 basis point increase from the capitalization rate established in the net asset valuation, Merrill Lynch calculated the following range of implied equity values per share of Pan Pacific common stock:

	Low	High
Implied Equity Value per Share of Pan Pacific Common Stock	\$ 32.15	\$ 43.41

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Merrill Lynch also performed a discounted cash flow analysis of Center Trust based upon the projected cash flow of Center Trust for the years 2002 through 2006 provided by Center Trust's senior management and guidance provided by Center Trust's senior management with respect to the projected cash flow of Center Trust for the years 2007 and 2008. Merrill Lynch calculated a range of equity values per share of Center Trust common stock based upon the sum of the discounted net present value of Center Trust's five year stream of projected unlevered free cash flows plus the discounted net present value of Center Trust's terminal value based on a range of capitalization rates and Center Trust's projected 2008 net operating income. Using discount rates ranging from 10.0% to 14.0%, based on an analysis of current unleveraged discount rates for comparable shopping center properties and regional malls, and terminal capitalization rates ranging from 11.00% to 11.50%, based upon an approximate 50 basis point increase from the capitalization rate established in the net asset valuation, Merrill Lynch calculated the following range of implied equity values per share of Center Trust common stock:

	<u>Low</u>	<u>High</u>
Implied Equity Value per Share of Center Trust Common Stock	\$ 5.69	\$ 9.19

Relative Discounted Cash Flow Analysis. Merrill Lynch utilized the Pan Pacific stand-alone discounted cash flow analysis and the Center Trust stand-alone discounted cash flow analysis (both as described above) to calculate the following range of implied exchange ratios:

	<u>Range of Implied Exchange Ratios</u>	
	<u>Low to High</u>	<u>High to Low</u>
Implied Exchange Ratio	0.131x	0.286x

Comparable Public REIT Analysis. Merrill Lynch performed a comparable public real estate investment trust, or REIT, analysis based upon publicly available information and current equity research reports published as of November 4, 2002, the projected financial information of Pan Pacific for the years 2002 and 2003 provided by Pan Pacific's senior management and the projected financial information of Center Trust for the years 2002 and 2003 provided by Center Trust's senior management. In performing this analysis, Merrill Lynch compared certain financial information and multiples relating to each of Pan Pacific and Center Trust with the corresponding financial information and multiples of other publicly traded shopping center REITs that Merrill Lynch deemed to be generally comparable to each of Pan Pacific and Center Trust. For purposes of this analysis, Merrill Lynch used the following REITs as publicly traded shopping center REITs generally comparable to Pan Pacific and Center Trust (Pan Pacific was excluded from the Pan Pacific comparable companies):

Developers Diversified Realty Corporation

Equity One, Inc

Federal Realty Investment Trust

Heritage Property Investment Trust, Inc.

Kimco Realty Corporation

New Plan Excel Realty Trust, Inc.

Pan Pacific Retail Properties, Inc.

Regency Centers Corporation

Weingarten Realty Investors

Merrill Lynch analyzed, among other things, the equity value as a multiple of estimated funds from operations, or FFO, for 2003 for each of the comparable publicly traded REITs, Pan Pacific and Center Trust. Applying the range of multiples derived from the Pan Pacific comparable companies information and 2003

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estimated FFO for each of Pan Pacific and Center Trust, Merrill Lynch estimated the following implied equity value range per share of Pan Pacific common stock and Center Trust common stock:

Public Comparable Analysis	Comparable Company Multiple		Implied Equity Value Per Share of Common Stock	
Pan Pacific	9.0x	11.0x	\$28.38	\$34.69
Center Trust	5.0x	7.0x	\$5.55	\$7.77

Based upon these analyses, Merrill Lynch calculated the following range of implied exchange ratios:

Relative Public Comparable Analysis	Low to High	High to Low
Range of Implied Exchange Ratios	0.160x	0.274x

Comparable Acquisition Analysis. Merrill Lynch performed a comparable acquisition analysis of selected REIT transactions based upon publicly available information, the projected financial information of Pan Pacific for the years 2002 and 2003 provided by Pan Pacific's senior management and the projected financial information of Center Trust for the years 2002 and 2003 provided by Center Trust's senior management. In performing this analysis, Merrill Lynch compared certain financial information and multiples relating to the merger with the corresponding financial information and multiples of selected REIT transactions that Merrill Lynch deemed to be generally comparable to the merger. For purposes of this analysis, Merrill Lynch used the following selected REIT transactions as comparable to the merger (presented below as Target/Acquiror):

IRT Property Company / Equity One, Inc.

JDN Realty Corporation / Developers Diversified Realty Corporation

Western Properties Trust / Pan Pacific Retail Properties, Inc.

Bradley Real Estate, Inc. / Heritage Property Investment Trust, Inc.

Price Enterprises, Inc. / Excel Legacy Corporation

New Plan Realty Trust / Excel Realty Trust, Inc.

The Price REIT, Inc. / Kimco Realty Corporation

Based on information publicly available as of November 4, 2002, Merrill Lynch calculated the transaction values, or offer value plus net debt, for the comparable acquisitions as a multiple of, among other things, the one year forward earnings before interest, taxes, depreciation and amortization, or forward EBITDA. Applying the range of multiples derived from its review of the comparable acquisitions, Merrill Lynch estimated the following implied equity value range per share of Pan Pacific common stock and Center Trust common stock:

Comparable Acquisition Analysis	Comparable Acquisition Multiple		Implied Equity Value Per Share of Common Stock	
Pan Pacific	11.5x	13.0x	\$32.16	\$39.02
Center Trust	9.0x	10.5x	\$5.83	\$8.81

Based upon the implied equity values per share of Pan Pacific common stock and Center Trust common stock derived from the comparable acquisition analysis, Merrill Lynch calculated the following range of implied exchange ratios:

Relative Comparable Acquisition Analysis	Low to High	High to Low
Range of Implied Exchange Ratios	0.149x	0.274x

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Contribution Analysis. Merrill Lynch calculated the implied exchange ratios resulting from a leverage-adjusted EBITDA contribution analysis and an FFO contribution analysis for the years 2003 and 2004 for Pan Pacific and Center Trust, based upon the projected financial information of Pan Pacific for the year 2003 provided by Pan Pacific's senior management, guidance provided by Pan Pacific's senior management with respect to projected financial information of Pan Pacific for the year 2004 and the projected financial information of Center Trust for the years 2003 and 2004 provided by Center Trust's senior management. For purposes of this analysis, Merrill Lynch assumed that the two regional shopping malls are divested as of December 31, 2002 and that the proceeds are used to retire debt at a blended interest rate of 4.2%. Merrill Lynch calculated the following implied exchange ratios resulting from a leverage-adjusted estimated EBITDA contribution analysis and an estimated FFO contribution analysis for the years 2003 and 2004 for Pan Pacific and Center Trust:

	Range of Implied Exchange Ratios	
	Low to High	High to Low
Implied Exchange Ratio	0.191x	0.213x

Pro Forma Analysis. Merrill Lynch performed an analysis of the potential pro forma financial impact of the merger on the FFO per share of Pan Pacific for the years 2003 and 2004. In performing this analysis, Merrill Lynch assumed, among other things:

receipt by the Center Trust stockholders of 0.218 shares of Pan Pacific common stock for each share of Center Trust common stock held;

completion of the merger on or before December 31, 2002; and

the Center Trust regional malls are divested by Pan Pacific concurrently with completion of the merger.

For purposes of this analysis, Case A assumes that no additional equity is issued by Pan Pacific to public stockholders and Case B assumes that Pan Pacific issues \$65.0 million of additional equity to public stockholders, with proceeds used to pay down debt with a weighted average interest rate of 5.1%. Pro Forma FFO Per Pan Pacific Share Accretion / (Dilution) means the accretive or dilutive effect of the merger on pro forma funds from operations per Pan Pacific share.

	Pan Pacific Earnings Per Share	
	Case A	Case B
2003 Pro Forma FFO Per Pan Pacific Share Accretion / (Dilution) %	2.8%	0.6%
2004 Pro Forma FFO Per Pan Pacific Share Accretion / (Dilution) %	3.9%	1.5%

Merrill Lynch's calculations of pro forma dividend accretion / (dilution) for 2003 were based upon current per share quarterly dividends of \$0.475 for Pan Pacific and \$0.06 for Center Trust and estimates of 2003 per share quarterly dividends of \$0.496 for Pan Pacific and \$0.08 for Center Trust as provided by Pan Pacific's senior management and Center Trust's senior management, respectively. Pro Forma Dividend Per Share Accretion / (Dilution) means the accretive or dilutive effect of the merger on dividends per existing Center Trust share.

	Center Trust Dividend Per Share	
	Current	2003
Pro Forma Dividend Per Share Accretion / (Dilution) %	72.6%	35.2%

Value Accretion / (Dilution) Analysis. Merrill Lynch analyzed potential value creation or dilution to the stockholders of Center Trust by comparing the price of the Pan Pacific common stock and the Center Trust common stock, based on their respective closing prices on November 4, 2002, with various estimates of the value of the shares of Pan Pacific common stock to be held by stockholders of Center Trust after consummation of the

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proposed transaction. Merrill Lynch performed such analysis based on the projected financial information of Pan Pacific for 2003 provided by Pan Pacific's senior management, the projected financial information of Center Trust for 2003 provided by Center Trust's senior management, various assumptions with respect to the price-FFO ratio at which the Pan Pacific common stock could trade after consummation of the proposed transaction and the exchange ratio of 0.218x.

	Center Trust 2003 Estimated Value Accretion			
	Case A (As Described Above)		Case B (As Described Above)	
Pro Forma FFO Per Share Multiple	8.0x	11.0x	8.0x	11.0x
2003 Pro Forma Share Value	\$5.66	\$7.78	\$5.54	\$7.61

Miscellaneous. Center Trust selected Merrill Lynch as its financial advisor in connection with the merger based upon Merrill Lynch's reputation, expertise and familiarity with Center Trust and its business. Merrill Lynch is an internationally recognized investment banking firm and, as part of its investment banking business, is regularly engaged in the valuation of businesses and their securities in connection with mergers and acquisitions, private placements and related financings, bankruptcy reorganizations and similar recapitalizations, negotiated underwritings, secondary distributions of listed and unlisted securities and valuations for corporate and other purposes.

Merrill Lynch was retained to act as financial advisor to Center Trust in connection with the merger and will receive a customary fee for its services, a significant portion of which is contingent upon the consummation of the merger. In addition, Center Trust has agreed to indemnify Merrill Lynch for certain liabilities arising out of its engagement. Merrill Lynch has, in the past, provided financial advisory and financing services to Center Trust and Pan Pacific or their respective affiliates and may continue to do so and has received, and may receive, fees for the rendering of these services. In the ordinary course of its business, Merrill Lynch may actively trade shares of Center Trust common stock as well as shares of Pan Pacific common stock for its own account and for the accounts of its customers and, accordingly, may at any time hold a long or short position in these securities.

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**INTERESTS OF CERTAIN DIRECTORS AND EXECUTIVE OFFICERS OF
CENTER TRUST IN THE MERGER**

In considering the recommendation of the Center Trust board to approve the merger, Center Trust stockholders should be aware that certain of Center Trust's directors and executive officers have certain interests in the merger that are different from or in addition to the interests of Center Trust stockholders generally. When members of Center Trust's board approved the merger and the merger agreement and recommended the approval of the merger to Center Trust stockholders, the members of Center Trust's board knew about and considered these additional interests. Certain of these interests are described below. In addition, in connection with the merger, the Prometheus parties (who, as of the close of business on the record date, beneficially owned and were entitled to vote 15,666,666 shares of Center Trust common stock, which represented approximately 56.2% of the outstanding shares of Center Trust common stock), have entered into a stockholders' rights agreement that provides them with certain registration rights and information rights with respect to Pan Pacific. See "Background of the Merger" and "Agreements with the Prometheus Parties - Stockholders' Rights Agreement."

At the close of business on the record date, the directors and officers of Center Trust owned and were entitled to vote 1,203,630 shares of Center Trust common stock, collectively, which represented approximately 4.3% of the outstanding shares of Center Trust common stock.

Severance Payments; Acceleration of Stock Awards

On January 1, 2002, each of Edward D. Fox, Jr., Stuart J.S. Gulland and Edward A. Stokx entered into new employment agreements with Center Trust and CT Operating Partnership, L.P., each of which includes "change of control" provisions, substantially similar to those contained in the executive officer's previous employment agreement. These change of control provisions provide for the payment of a cash severance benefit, and (other than the employment agreement for Mr. Paggi) for the acceleration of vesting with respect to options and restricted stock granted to the executive officer, if the executive officer's employment is terminated other than for "good cause," or if, pursuant to his employment agreement, he voluntarily terminates his employment upon the occurrence of a "change of control," which includes a merger of any corporation with or into Center Trust in a transaction in which the outstanding shares of Center Trust common stock are exchanged for other securities. Joseph P. Paggi had an existing employment agreement with Center Trust and CT Operating Partnership L.P., which provided for the payment of a cash severance benefit upon the occurrence of a "change of control," as similarly defined in the employment agreements of the other executive officers.

In addition, in connection with the merger, all outstanding options to purchase Center Trust common stock (other than the outstanding options held by the Haagen family) will be canceled and converted into the right to receive a cash amount equal to the product obtained by multiplying

the number of shares of Center Trust common stock issuable pursuant to the unexercised portion of such option, by

the amount, if any, by which

- the exercise price per share of Center Trust common stock subject to such option is exceeded by
- the number obtained by multiplying
 - the average closing price per share of Pan Pacific common stock on the New York Stock Exchange for the period of ten trading days immediately preceding the effective time of the merger by
 - 0.218.

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The amount of cash severance benefits to be received by certain of Center Trust's directors and executive officers, as well as the number of unexercised options to be cashed out and restricted shares held by each such individual as of the date hereof, is set forth below:

Name of Individual	Cash Severance Amount			Number of Unexercised Stock Options to be Cashed Out		Number of Restricted Shares
	Salary	Bonus	Total	Number	Exercise Price	
Edward D. Fox, Jr.	\$ 75,000	\$ 200,000	\$ 275,000	n/a	n/a	93,750
Stuart J.S. Gulland	\$ 500,000	\$ 500,000	\$ 1,000,000	500,000(1)	\$ 5.500	56,000
Edward A. Stokx	\$ 390,000	\$ 234,000	\$ 624,000	180,000(1)	\$ 5.500	n/a
Joseph P. Paggi	\$ 250,000	n/a	\$ 250,000	n/a	n/a	n/a
R. Bruce Andrews	n/a	n/a	n/a	2,500(2)	\$ 4.938	18,676
Robert T. Barnum	n/a	n/a	n/a	2,500(2)	\$ 4.938	18,020
Fred L. Riedman	n/a	n/a	n/a	2,500(2)	\$ 4.938	17,746

- (1) The vesting of options to purchase shares of Center Trust common stock will accelerate in connection with the merger.
- (2) The vesting of options to purchase 1,250 shares of Center Trust common stock will accelerate in connection with the merger. Options to purchase the remaining 1,250 shares of Center Trust common stock have already vested.

In addition to the stock options to be cashed out above:

Mr. Gulland has outstanding options to purchase 142,500 shares of Center Trust common stock at a weighted average exercise price of \$15.51 per share;

Mr. Stokx has outstanding options to purchase 150,000 shares of Center Trust common stock at a weighted average exercise price of \$11.67 per share; and

the directors, Messrs. Andrews, Barnum and Riedman, have, in the aggregate, outstanding options to purchase 52,400 shares of Center Trust common stock at a weighted average exercise price of \$12.80 per share.

As of December 6, 2002, the Center Trust pro forma equivalent closing share price was \$7.74, which was computed by multiplying the Pan Pacific closing stock price on that date (\$35.50) by the exchange ratio of 0.218. Assuming that the average closing price per share of Pan Pacific common stock on the New York Stock Exchange for the period of ten trading days immediately preceding the effective time of the merger is equal to \$35.50, only those stock options with an exercise price less than \$7.74 per share will be cashed out in connection with the merger. Accordingly, the stock options with an exercise price in excess of \$7.74 per share will not be cashed out and will be cancelled.

Upon completion of the merger, Center Trust intends to pay the cash severance amounts and the value of vested stock options (as determined by the formula set forth above) otherwise due the above-mentioned individuals. However, the merger agreement provides that if it is necessary to do so to preserve the tax-free status of the merger, any such payment may be paid in shares of Pan Pacific common stock. Should this become necessary, the number of shares of Pan Pacific common stock each employee will receive will be equal to:

the sum of

- the dollar amount of the payment to which the employee is otherwise entitled, and
- 3% of the dollar amount of the payment to which the employee is otherwise entitled, which represents the estimated brokerage fees and other selling costs and expenses that the employee could reasonably be expected to incur in connection with a sale of his shares of Pan Pacific common stock,

divided by the average closing price per share of Pan Pacific common stock on the New York Stock Exchange for the ten trading days immediately prior to the consummation of the merger.

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Consulting Agreements

In connection with the merger, each of Messrs. Gulland and Stokx has agreed to enter into a consulting agreement with Pan Pacific immediately prior to the closing date of the merger in order to assist Pan Pacific with transition issues following the merger. In exchange for conducting such services, each of Messrs. Gulland and Stokx will receive no more than \$475,000 from Pan Pacific pursuant to the consulting agreements. No consulting fee will be paid if the merger agreement is terminated.

Bonus Payments

Under the terms of the merger agreement, Center Trust is permitted to pay, immediately prior to the effective time of the merger, success bonuses to Center Trust's executive officers of up to \$1.3 million, in the aggregate. No success bonus will be paid if the merger agreement is terminated. Immediately prior to the effective time of the merger, Center Trust's board will, in its sole discretion, make the determination of whether and to what extent such bonuses will be paid, taking into account, among other things, the compensation received by the executive officers from other sources.

Indemnification

Pursuant to the terms of the merger agreement, Pan Pacific has agreed to provide the officers and directors of Center Trust and its subsidiaries with rights to indemnification and exculpation which are the same as the rights to indemnification and exculpation under their respective charter documents or bylaws as in effect immediately before the merger with respect to matters occurring at or prior to the merger, including, without limitation, all transactions contemplated by the merger agreement. The merger agreement also obligates Pan Pacific to provide additional indemnification to the officers, directors and employees of Center Trust and its subsidiaries. For a period of six years following the merger, Pan Pacific will maintain in effect a directors' and officers' liability insurance policy covering the persons currently covered by Center Trust's directors and officers' liability insurance policy, including Center Trust's current directors and officers. The new directors' and officers' liability insurance policy will have coverage in amount and scope at least as favorable as Center Trust's existing coverage, provided that Pan Pacific will not be required to spend more than \$750,000 for this coverage. If the premium for a policy having comparable coverage exceeds \$750,000, then Pan Pacific will be obligated to maintain in place a policy which provides the maximum coverage that is reasonably available at such amount. Pan Pacific has further agreed to indemnify and hold harmless, to the fullest extent permitted by applicable law, each person presently covered by the directors' and officers' liability insurance policy of Center Trust against any costs, damages or expenses or amounts paid in settlement that are incurred in connection with any civil, criminal, administrative or investigative action that arises out of or pertains to matters existing or occurring at or prior to the merger.

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THE MERGER AGREEMENT

The following is a brief summary of the material provisions of the merger agreement, a copy of which is attached as Annex A and is incorporated by reference in this proxy statement/prospectus. This summary is qualified in its entirety by reference to the merger agreement. We urge all stockholders of Center Trust to read the merger agreement in its entirety.

The Charter Amendment

Because the amendment of Center Trust's charter is a part of the merger, the approval of the merger by the affirmative vote of two-thirds of the outstanding shares of Center Trust common stock will also constitute approval of the amendment of Center Trust's charter, which amendment will become effective as of the effective time of the merger. Article VII, Section 2.C. of Center Trust's charter voids any transfer of common stock that would result in the common stock being beneficially owned by less than 100 persons. Upon completion of the merger, Pan Pacific will be the sole stockholder of Center Trust. In order to successfully complete the merger, Center Trust's charter will be amended in its entirety at the effective time of the merger to read as set forth on Exhibit A to the merger agreement, except that Article 1 of the charter will read as follows:

The name of the Corporation is Pan Pacific (CTA), Inc.

The rights of current Center Trust stockholders will not be affected by the provisions of the charter, as amended in connection with the merger. If the merger is consummated, Center Trust stockholders will receive shares of Pan Pacific common stock in exchange for their shares of Center Trust common stock and will no longer own any interest in Center Trust. If the merger is not consummated, Center Trust's charter will not be amended.

The Merger

The merger agreement provides that MB Acquisition, Inc., a wholly-owned subsidiary of Pan Pacific, will be merged with and into Center Trust. At the effective time of the merger, Center Trust will be renamed Pan Pacific (CTA), Inc. and will continue as the surviving corporation in accordance with the Maryland General Corporation Law and will become a wholly-owned subsidiary of Pan Pacific.

Closing and Effective Time of the Merger

The merger agreement provides that the closing of the merger will take place as soon as practicable, but no later than the fifth business day, after all of the closing conditions (including receipt of the approval of Center Trust stockholders) have been satisfied, or at such other time and date as Pan Pacific and Center Trust agree.

The merger will become effective on the date of the filing of the articles of merger with, and acceptance for record of such articles of merger by, the State Department of Assessments and Taxation of Maryland.

We are working to complete the merger quickly. We currently expect to complete the merger early in the first quarter of 2003. However, because completion of the merger is subject to a series of conditions described below in this summary, we cannot predict the actual timing.

Conversion of Securities

At the effective time of the merger, each issued and outstanding share of Center Trust common stock will be converted into the right to receive 0.218 shares of Pan Pacific common stock. As of the effective time of the merger, each share of Center Trust common stock will be canceled and retired, and each share of common stock of MB Acquisition, Inc. will be converted into one share of Center Trust common stock.

No fractional shares of Pan Pacific common stock will be issued in the merger. Instead of fractional shares, Center Trust stockholders will receive cash, without interest, in an amount equal to such fractional amount multiplied by the average closing price of Pan Pacific common stock (as reported on the New York Stock Exchange) over the ten trading days immediately preceding the date of the merger.

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Treatment of Center Trust Stock Options and Restricted Stock

In connection with the merger, options to purchase an aggregate of 137,500 shares of Center Trust common stock (with a weighted average exercise price of \$16.725 per share) granted to certain family members of Alexander Haagen, Sr. (the founder and former chief executive officer of Center Trust) will be assumed by Pan Pacific under existing contractual provisions and will be converted into options to purchase Pan Pacific common stock. The exercise price and the number of shares of Pan Pacific common stock issuable upon exercise of these assumed options will be adjusted in proportion to the 0.218 exchange ratio, but these new options to acquire Pan Pacific common stock will otherwise be on the same terms and conditions as the Center Trust options.

Immediately prior to the effective time of the merger, all other outstanding Center Trust stock options will be accelerated and fully vested. Each then-outstanding Center Trust stock option will be cancelled and the holder of the option will be entitled to receive cash in an amount equal to the product obtained by multiplying:

the number of shares of Center Trust common stock issuable pursuant to the unexercised portion of such option, by

the amount, if any, by which

- the exercise price per share of Center Trust common stock subject to such option is exceeded by
- the number obtained by multiplying the exchange ratio of 0.218 by the average closing price per share of Pan Pacific common stock on the New York Stock Exchange for the period of ten trading days immediately preceding the effective time of the merger.

Immediately prior to the effective time of the merger, the vesting of each restricted share of Center Trust common stock granted under any Center Trust stock plan will be fully accelerated and the contractual restrictions on such shares will terminate.

Directors and officers of Center Trust and Pan Pacific will be made exempt, to the extent permissible, under Rule 16b-3 promulgated under the Securities and Exchange Act of 1934, as amended.

Exchange of Stock Certificates

Surrender of Certificates Representing Shares of Center Trust Common Stock. Pan Pacific has designated the Bank of New York to serve as exchange agent for the exchange of certificates representing Center Trust common stock for certificates representing Pan Pacific common stock and the payment of cash in lieu of fractional shares. Promptly after the merger, the exchange agent will mail to each record holder of certificates representing shares of Center Trust common stock a letter of transmittal and instructions for surrendering the certificates for exchange and payment. Holders of certificates who surrender their certificates to the exchange agent together with a duly completed and validly executed letter of transmittal, will receive certificates representing the number of whole shares of Pan Pacific common stock, cash in lieu of any fractional shares of Pan Pacific common stock, and any dividends or distributions to which they are entitled. The surrendered certificates will be canceled.

Failure to Exchange. One year after the completion of the merger, Pan Pacific may require the exchange agent to deliver to Pan Pacific all unclaimed cash and shares of Pan Pacific common stock. Thereafter, Center Trust stockholders must look only to Pan Pacific for payment of their consideration on their Center Trust shares and they will have no greater rights against Pan Pacific than general creditors of Pan Pacific will have.

No Liability. Neither Pan Pacific nor the exchange agent will be liable to any holder of a certificate for shares of Pan Pacific common stock or any cash payable in lieu of any fractional shares of Pan Pacific common stock delivered to a public official under any applicable abandoned property, escheat or similar law.

No Further Registration or Transfer of Center Trust Common Stock. Upon the completion of the merger, there will be no further registration of transfers of shares of Center Trust common stock on the records of Center Trust.

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No Further Rights. From and after the completion of the merger, the holders of certificates representing ownership of Center Trust common stock outstanding immediately before the completion of the merger shall cease to have rights with respect to such shares of Center Trust common stock, except as otherwise provided for by the merger agreement or applicable law.

Dividends and Distributions. No dividends or other distributions declared or made after the completion of the merger with respect to shares of Pan Pacific common stock will be paid to the holder of any unsurrendered certificates which previously represented shares of Center Trust common stock, and no cash payment in lieu of fractional shares will be paid to any such holder until the holder surrenders such certificate as provided above. Upon surrender of the certificate, Pan Pacific will pay to the holder, without interest, any dividends or distributions with respect to such shares of Pan Pacific common stock that have become payable between the effective time of the merger and the time of such surrender.

Lost Certificates. If any certificates representing Center Trust stock are lost, stolen or destroyed, Center Trust stockholders must provide an appropriate affidavit to the exchange agent in order to receive Pan Pacific certificates. Pan Pacific may require the owner of such lost, stolen or destroyed certificates to deliver a bond as indemnity against any claim that may be made against Pan Pacific or the exchange agent with respect to any such certificates.

Withholding Rights. If the Internal Revenue Code or any provision of state, local or foreign tax law so requires, Pan Pacific and the exchange agent are entitled to withhold and deduct cash, in the required amounts, from the cash otherwise payable to any holder of certificates in lieu of any fractional shares of Pan Pacific common stock. Any amounts withheld will be treated as having been paid to the holder of the shares of Center Trust common stock.

Cash Payments. If any payment required to be made in cash as a result of transactions contemplated by the merger agreement is attributable to borrowed monies, and in the good faith determination of Latham & Watkins, counsel to Pan Pacific, or Skadden, Arps, Slate, Meagher & Flom LLP, special counsel to Center Trust, such cash payment could cause the merger to be disqualified as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code, then such payments may be paid in Pan Pacific common stock in lieu of cash. The number of shares of Pan Pacific common stock paid in lieu of cash will be equal to:

the sum of

- the dollar amount of the cash payment; and
- 3% of the dollar amount of the cash payment (which represents the estimated brokerage fees and other selling costs and expenses that reasonably could be expected to be incurred by such party if such party decided to sell such shares of Pan Pacific common stock received);

divided by the average closing price per share of Pan Pacific common stock on the New York Stock Exchange for the period of ten trading days immediately preceding the effective time of the merger.

Pan Pacific will withhold from payment of Pan Pacific common stock any taxes required to be withheld.

Holders of Center Trust common stock should not send in their certificates until they receive a transmittal letter from the exchange agent.

Representations and Warranties

Pan Pacific and Center Trust have made representations and warranties in the merger agreement, many of which are qualified as to materiality or subject to matters disclosed by the parties, and none of which survive the completion of the merger, relating to, among other things:

the organization and qualification of themselves and their subsidiaries;

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the authorization, execution, delivery and enforceability of the merger agreement and related matters;

their capital structures;

their subsidiaries and their interests and investments in other companies;

that the transactions will not result in a violation of their organizational documents or the organizational documents of any of their subsidiaries, contracts to which they are a party, or violate any law, rule or regulation;

consents and regulatory approvals necessary to complete the merger;

compliance with laws, required licenses and permits;

documents and financial statements filed with the SEC and the accuracy of information contained therein;

the absence of undisclosed liabilities;

the absence of adverse changes or events;

litigation;

taxes and tax returns;

employee benefit plans;

properties;

contracts;

labor relations;

environmental matters;

brokers and finders fees;

the votes of stockholders required to approve the merger;

accounting and tax matters;

insurance; and

the absence of material adverse effects.

The merger agreement contains representations and warranties made by Center Trust relating to:

the opinion received from financial advisors regarding the merger;

the exemption of Pan Pacific and its affiliates from anti-takeover provisions;

disclosure of affiliate transactions; and

the confidentiality agreement with Pan Pacific regarding negotiations with a third party.

The merger agreement also contains representations and warranties made by Pan Pacific relating to:

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the exemption of Lazard Frères Real Estate Investors L.L.C., LF Strategic Realty Investors L.P., Prometheus Western Retail Trust and Prometheus Western Retail, LLC from the limitation on ownership of Pan Pacific common stock set forth in Pan Pacific's charter to allow these parties to initially own in the aggregate that number of shares of Pan Pacific common stock Prometheus Western Retail, LLC will receive in the merger (such exemption to be subject to downward adjustment to reflect the sale by these parties of the shares of Pan Pacific common stock received by Prometheus Western Retail, LLC in the merger); and

no prior stock ownership of Center Trust securities.

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Covenants

Pan Pacific and Center Trust have agreed that, until the earlier of the termination of the merger agreement or the completion of the merger, each of Pan Pacific and Center Trust will, and will cause its subsidiaries to:

- maintain its respective qualification as a real estate investment trust under the Internal Revenue Code;
- coordinate with the other the declaration of any dividends with respect to Pan Pacific common stock and Center Trust common stock and the record payment dates of such dividends;
- carry on its business in the ordinary course;
- pay its debts and taxes when due, subject to good faith disputes;
- pay or perform other material obligations when due;
- maintain insurance coverage and its books, accounts and records in the usual manner;
- comply in all material respects with all applicable laws, ordinances and regulations of governmental entities;
- maintain and keep its properties and equipment in good repair, working order and condition; and
- use all reasonable efforts to preserve intact its present business organization, keep available the services of its present officers and key employees and preserve its relationships with customers, suppliers, distributors and others with which it has business dealing.

During the same period, Center Trust has also agreed that each of Center Trust and its subsidiaries will not:

- adopt or propose any amendment to its organizational documents, except as provided for in the merger agreement;
- except as provided in the merger agreement, issue or authorize the issuance of additional shares of its capital stock or grant any stock options or make any agreements with respect to any of its shares of capital stock or any of its other securities;
- amend or waive any terms of any option, warrant or stock option plan of Center Trust or any of its subsidiaries or authorize cash payments for any options granted under any of such plans;
- adopt or implement any stockholder rights plan;
- declare, set aside or pay any dividend or other distribution in respect of any of its capital stock other than:
 - for the fourth quarter of 2002, an amount not to exceed \$0.06 per share of Center Trust common stock; or
 - for the first quarter of 2003, an amount not to exceed \$0.12 per share of Center Trust common stock (in the event the closing of the merger does not occur prior to March 15, 2003);
- split, combine, subdivide, reclassify, redeem, purchase or otherwise acquire any shares of its capital stock, or any of its other securities;
- increase the compensation of directors, officers or employees or otherwise increase employee benefits, grants or awards not required by any employee benefit plan other than:
 - as required by law;
 - under any existing collective bargaining agreement or Center Trust employee benefit plan;
 - salary and benefit increases in the ordinary course of business to employees other than officers and employees of Center Trust earning an annual base salary in excess of \$100,000;
 - pursuant to the conversion of Center Trust securities as specified in the merger agreement; or

- as otherwise disclosed by Center Trust;

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sell, dispose of or encumber any material properties or assets of Center Trust or any of its subsidiaries, except as provided in the merger agreement;

acquire any real property or other material assets, except as provided in the merger agreement;

acquire any non-real property assets in an amount exceeding \$1,000,000 in the aggregate;

incur, assume or prepay any debt other than under existing agreements or guarantee the obligations of any other person, make any loans or investments in any other person, other than between or with any wholly-owned subsidiaries, or enter into any keep well or other agreement to maintain the financial condition of another entity, other than Center Trust or any of its wholly-owned subsidiaries;

make, alter or rescind any material tax elections, settle any tax claims or amend any material tax return;

pay, discharge or satisfy any claim, liability or obligation other than in the ordinary course of business;

other than in the ordinary course of business, waive any rights of substantial value or make any payment of any material liability before it comes due;

fail to maintain its existing insurance coverages or property policies with increased coverage limits to adequately insure all property held by Center Trust;

change its methods of accounting as in effect on September 30, 2000, unless required by generally accepted accounting principles or the SEC;

except as provided in the merger agreement, modify, terminate or assign any rights under any of Center Trust's material contracts except in the ordinary course of business;

take any action that would cause its representations or warranties set forth in the merger agreement not to be true and correct in all material respects;

enter into any agreement with any Center Trust affiliate (other than a subsidiary of Center Trust) which involves the transfer of consideration or has a financial impact on Center Trust, other than those agreements existing on the date of the merger agreement or as disclosed to Pan Pacific prior to the date of the merger agreement;

take or agree to take or cause to be taken any action that could reasonably be expected to prevent the merger from qualifying as a reorganization as described in Section 368(a) of the Internal Revenue Code;

except as provided in the merger agreement, make or commit to make any capital expenditures (other than capital expenditures for the repair or maintenance of capital assets) that exceed \$2.5 million in the aggregate, excluding capital expenditures made with funds (a) held in like kind escrows established prior to the execution of the merger agreement in accordance with Section 1031 of the Internal Revenue Code or (b) obtained as proceeds from insurance policies due to the destruction, loss or impairment of capital assets;

compromise or settle any litigation or arbitration proceedings involving payments by Center Trust or its subsidiaries in excess of \$100,000 per litigation or arbitration, or \$500,000 in the aggregate; or

enter into an agreement, contract, commitment or arrangement to do any of the foregoing, or to authorize, publicly recommend, publicly propose or publicly announce an intention to do any of the foregoing, except as expressly permitted in the merger agreement.

During the same period, Pan Pacific has also agreed that each of Pan Pacific and its subsidiaries will not:

adopt or propose any amendment to its organizational documents that could reasonably be expected to adversely affect Center Trust stockholders;

declare, set aside or pay any dividend or make any other distribution or payment with respect to any shares of Pan Pacific common stock, except the regular quarterly dividend paid by Pan Pacific in an amount not to exceed \$0.50 per share of Pan Pacific common stock or a dividend required to be made to maintain Pan Pacific's status as a real estate investment trust;

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split, combine, subdivide, reclassify or redeem any shares of its capital stock, or any of its other securities, except for certain redemptions and/or transfers as specified in the merger agreement and discussed below;

sell, pledge, dispose of, grant or encumber any of the assets of Pan Pacific or any of its subsidiaries, in an aggregate amount in excess of \$75.0 million, or acquire any assets consisting of fee interests in real property, other than assets in an aggregate amount not to exceed \$75.0 million, or acquire all or substantially all the assets of any company, division or line of business of any entity if the aggregate value of the assets exceeds \$75.0 million, or agree to enter into any merger, reorganization or similar transaction in which Pan Pacific stockholders will receive consideration in exchange for their Pan Pacific common stock;

enter into any line of business that is not related to the retail shopping center business conducted by Pan Pacific;

take or agree to take any action that could reasonably be expected to prevent the merger from qualifying as a reorganization as described in Section 368(a) of the Internal Revenue Code;

issue, pledge or sell, or propose or authorize the issuance, pledge or sale of, or grant any options or make any other agreements with respect to any of its shares of stock or any other securities, except as provided in the merger agreement; or

enter into any agreement, contract, commitment or arrangement to do any of the foregoing, or to authorize, recommend, propose or announce an intention to do any of the foregoing.

Additional Agreements

No Solicitation. Center Trust has agreed to terminate any existing solicitation, discussion or negotiation with any third party regarding an acquisition transaction. Center Trust has also agreed that, without Pan Pacific's consent, it will not:

solicit, encourage or facilitate an acquisition proposal (as specifically described below);

engage in negotiations or discussions with, or provide any nonpublic information to, any third party regarding an acquisition proposal;

enter into any agreement with respect to an acquisition proposal;

publicly recommend any acquisition proposal, except as may be required by law; or

make or authorize any public statement or recommendation of any acquisition proposal other than the merger.

However, Center Trust and Center Trust's board may furnish nonpublic information to, and/or participate in discussions or negotiations with any third party that has made an unsolicited written acquisition proposal, recommend or endorse such acquisition proposal, withdraw or modify its approval of the merger and participate in negotiations with such third parties regarding such acquisition proposal if Center Trust's board:

believes in good faith, after consulting with its financial advisor and legal counsel, that the acquisition proposal is reasonably capable of being completed on substantially the terms proposed and would, if consummated, result in a transaction that would be more favorable to Center Trust stockholders than the merger;

in the case of recommending another acquisition proposal or withdrawing or modifying its approval of the merger, has reasonably determined in good faith, after consulting with its outside legal counsel, that the failure to take such action would be inconsistent with Center Trust's board's legal duties to its stockholders under applicable law; and

receives from the third party prior to taking such action a confidentiality agreement with material terms no more favorable to the third party than those contained in the confidentiality agreement between Pan Pacific and Center Trust.

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In the event that Center Trust or Center Trust's board withdraws or modifies its approval of the merger and merger agreement, the merger will nonetheless be submitted to the Center Trust stockholders. Additionally:

within five days of Pan Pacific's receipt of notice of an acquisition proposal that constitutes a superior proposal (as specifically described below), Center Trust, if requested by Pan Pacific, will negotiate in good faith with Pan Pacific to revise the merger agreement so that the acquisition proposal no longer constitutes a superior proposal; and

Center Trust may not enter into any agreement implementing an acquisition proposal until the termination of the merger agreement.

When used in this proxy statement/prospectus, the term "acquisition proposal" means an offer or proposal to acquire all or any part of Center Trust's business, assets or capital shares whether by merger, consolidation, purchase of assets, tender or exchange offer or otherwise, other than sales of assets permitted by the merger agreement; and the term "superior proposal" means an acquisition proposal that Center Trust's board believes in good faith (after consultation with its financial advisor) is more favorable to the stockholders of Center Trust than the merger, and is made by a person believed by Center Trust's board to be reasonably capable of completing such acquisition proposal.

Center Trust has agreed to notify Pan Pacific reasonably promptly of any inquiries, offers or proposals or any request for nonpublic information in connection with an acquisition proposal and to furnish to Pan Pacific the material terms and conditions of any acquisition proposal, including the name of the party making such acquisition proposal.

Access to Information. Pan Pacific and Center Trust will each provide access to the other upon reasonable notice during normal business hours during the period prior to the effective time of the merger, to all its personnel, properties, books, contracts, commitments and records and shall exchange monthly financial reports and development reports and provide information on request (subject to confidentiality obligations of third parties). All non-public information received will be held in confidence.

Governmental Approvals. Pan Pacific and Center Trust have agreed to promptly prepare and file all necessary documentation to obtain as promptly as practicable all approvals and authorizations of all third parties and governmental entities which are necessary to complete the merger.

Affiliate Agreements. No later than 45 days prior to the closing of the merger, Center Trust will provide a list of affiliates (as such term is defined by Rule 144 under the Securities Act of 1933) of Center Trust. Center Trust will notify Pan Pacific regarding any changes in the identity of Center Trust affiliates prior to the closing date of the merger. Center Trust will use its reasonable best efforts to deliver or cause to be delivered to Pan Pacific as promptly as practicable, but in no event later than 15 days prior to the effective time of the merger, an affiliate agreement from each of its affiliates. See "The Merger - Resales of Pan Pacific Common Stock Issued in Connection With the Merger; Affiliate Agreements."

Tax Treatment of Reorganization. Pan Pacific and Center Trust will use their best efforts to cause the merger to qualify as a reorganization under Section 368(a) of the Internal Revenue Code. Pan Pacific and Center Trust will cooperate and use their best efforts in obtaining the opinions of Skadden, Arps, Slate, Meagher & Flom LLP, special counsel to Center Trust, and Latham & Watkins, counsel to Pan Pacific, to the effect that the merger will qualify for federal income tax purposes as a reorganization, within the meaning of Section 368(a) of the Internal Revenue Code.

Further Assurances and Actions; Obtaining Consents. Pan Pacific and Center Trust agree to use their reasonable efforts to take all appropriate action to do all things necessary, proper or advisable on their part under applicable laws and regulations to complete and make effective the transactions contemplated by the merger agreement. In addition, Pan Pacific and Center Trust have agreed to use their reasonable best efforts to obtain all material third party consents.

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Stock Exchange Listing. Pan Pacific will use its best efforts to list on the New York Stock Exchange, prior to the effective time of the merger, the shares of Pan Pacific common stock to be issued in the merger.

Non-Solicitation of Employees. From the date of the merger agreement to the earlier of either the completion of the merger, or one year after the termination of the merger agreement, neither Pan Pacific nor Center Trust will permit their respective subsidiaries to employ or solicit any of the officers or management level employees of the other company.

Director and Officer Insurance and Indemnification. After the effective time of the merger, Pan Pacific will indemnify and hold harmless each present and former director and officer of Center Trust and its subsidiaries against any costs, expenses, judgments, fines, claims or liabilities pertaining to any matter existing or occurring at or prior to the effective time of the merger to the extent permitted under applicable law. For six years after the effective time of the merger, Pan Pacific will maintain in effect the policies of directors and officers liability insurance previously maintained by Center Trust or will enter into new policies with similar terms with respect to claims arising from facts that occurred on or prior to the effective time of the merger, including all claims arising out of the merger agreement, provided that Pan Pacific will not be required to spend more than \$750,000 for this coverage.

Termination of Stockholders Agreement. Prior to the closing date, Center Trust will enter into an agreement to terminate the stockholders agreement, dated as of June 1, 1997, by and among Center Trust, Lazard Frères Real Estate Investors L.L.C., LF Strategic Realty Investors L.P. and Prometheus Western Retail, LLC.

Center Trust OP Units. Pan Pacific will cause the surviving company to comply with Section 11.2.B(ii) of the limited partnership agreement of CT Operating Partnership, L.P., which relates to the rights of limited partners of CT Operating Partnership, L.P. to exchange their limited partnership units for the consideration received by the holders of Center Trust common stock in the merger.

Conditions to Obligations to Complete the Merger

The respective obligations of Pan Pacific and Center Trust to complete the merger are subject to the satisfaction or waiver of several conditions at or prior to the closing, including:

the stockholders of Center Trust shall have approved the merger in the manner required under the Maryland General Corporation Law, the rules of the New York Stock Exchange and the organizational documents of Center Trust;

no statute, rule, regulation, order, executive order, decree, ruling or injunction or other order shall be in effect that prohibits the completion of the merger;

there shall not be instituted or pending any action by a governmental entity as a result of the merger agreement or any of the transactions contemplated in the merger agreement which would reasonably be expected to have a material adverse effect on either Pan Pacific or Center Trust;

the registration statement on Form S-4 of which this proxy statement/prospectus is a part shall have become effective and shall not be the subject of any stop order, and any material blue sky law permit or approval shall have been obtained;

all filings required to be made prior to the closing of the merger by either Pan Pacific or Center Trust with any governmental entity shall have been made, except where failure to obtain such consent would not cause a material adverse effect on Pan Pacific or Center Trust and could not be expected to subject the parties to the risk of criminal liability; and

the approval shall have been obtained for listing on the New York Stock Exchange of the shares of Pan Pacific common stock to be issued in connection with the merger, subject to official notice of issuance.

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Except as may be waived in writing by Center Trust, the obligation of Center Trust to effect the merger is also subject to the satisfaction of the following conditions:

the representations and warranties of Pan Pacific in the merger agreement shall be true and correct in all material respects as of the date of the effective time of the merger except:

- as contemplated by the merger agreement;
- those representations and warranties that address matters only as of a particular date, other than the date of the merger agreement, which shall remain true and correct as of such particular date; and
- to the extent that any failures of such representations and warranties to be true and correct do not result in a material adverse effect on Pan Pacific;

Pan Pacific shall have performed, in all material respects, all obligations required to be performed by it under the merger agreement at or prior to the completion of the merger;

Center Trust shall have received a certificate, executed on behalf of Pan Pacific by Pan Pacific's chief executive officer or chief financial officer, as to the truth of Pan Pacific's representations and warranties and the performance of Pan Pacific's obligations, as required by the merger agreement;

Center Trust shall have received an opinion of Skadden, Arps, Slate, Meagher & Flom LLP, special counsel to Center Trust, to the effect that the merger will qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code; provided however, that this condition will not be waived by Center Trust after receipt of Center Trust stockholder approval unless further stockholder approval is obtained with appropriate disclosure;

Center Trust shall have received the opinion of Latham & Watkins to the effect that Pan Pacific has qualified to be taxed as a real estate investment trust commencing with its taxable year ended December 31, 1997, Pan Pacific was organized in conformity with the requirements for qualification and taxation as a real estate investment trust under the Internal Revenue Code and that Pan Pacific's method of operation has enabled it, and its proposed method of operation will enable it, to continue to qualify for taxation as a real estate investment trust under the Internal Revenue Code, provided however, that this condition will not be waived by Center Trust after receipt of the necessary approval of Center Trust stockholders of the merger unless further stockholder approval is obtained after providing the appropriate disclosure; and

the average closing price of Pan Pacific common stock on the New York Stock Exchange for the period of ten trading days prior to the closing date of the merger shall not be less than \$25.00 per share.

Except as may be waived in writing by Pan Pacific, the obligation of Pan Pacific to complete the merger is also subject to the satisfaction of the following conditions:

the representations and warranties of Center Trust in the merger agreement shall be true and correct in all material respects as of the date of the effective time of the merger except:

- as contemplated by the merger agreement;
- those representations and warranties which address matters only as of a particular date, other than the date of the merger agreement, which shall remain true and correct as of such particular date; and
- to the extent that any failures of such representations and warranties to be true and correct do not result in a material adverse effect on Center Trust;

Center Trust shall have performed, in all material respects, all obligations required to be performed by it under the merger agreement on or before the completion of the merger;

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Pan Pacific shall have received a certificate, executed on behalf of Center Trust by Center Trust's chief executive officer or chief financial officer, as to the truth of Center Trust's representations and warranties and the performance of Center Trust's obligations, as required by the merger agreement;

all consents and approvals of all persons required for or in connection with or as a result of the execution, delivery and performance of the merger agreement or the consummation of the transactions contemplated by the merger agreement shall have been obtained and shall be in full force and effect, except where failure to obtain such consents and approvals would not cause Center Trust or Pan Pacific a material adverse effect;

certain specified material consents shall have been obtained and in full force and effect;

the stockholders agreement, dated as of June 1, 1997, by and among Center Trust, Lazard Frères Real Estate Investors L.L.C., LF Strategic Realty Investors L.P. and Prometheus Western Retail, LLC, shall have been terminated;

Pan Pacific shall have received an opinion of Latham & Watkins to the effect that the merger will qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code; provided however, that this condition will not be waived by Pan Pacific after receipt of the necessary approval of Center Trust stockholders of the merger unless further stockholder approval is obtained after providing the appropriate disclosure;

Pan Pacific shall have received the opinion of Latham & Watkins, to the effect that, commencing with its taxable year ended December 31, 1993, Center Trust was organized in conformity with the requirements for qualification and taxation as a real estate investment trust under the Internal Revenue Code and Center Trust's method of operation has enabled it to meet, through the completion of the merger, the requirements for qualification and taxation as a real estate investment trust under the Internal Revenue Code; and

KPMG LLP and Deloitte & Touche LLP shall have delivered to Pan Pacific a letter customary in scope and substance for letters delivered by independent public accountants in connection with registration statements.

Termination; Break-Up Fees and Expenses

Termination. The merger agreement provides that prior to the completion of the merger, the merger agreement may be terminated:

by mutual written consent of Pan Pacific and Center Trust;

by either Pan Pacific or Center Trust if:

- the merger has not occurred on or before April 30, 2003, so long as the terminating party did not prevent completion of the merger by failing to fulfill any of its obligations under the merger agreement;
- any court or other governmental entity has issued an order, decree or ruling which cannot be appealed and which makes the merger illegal or permanently prohibits the completion of the merger;
- the stockholders of Center Trust do not approve the merger in the manner required by the merger agreement; or
- there has been a material breach of any representation, warranty, covenant or agreement by the other party which is either not curable by April 30, 2003, or for which a good faith attempt to cure such breach is not being made; or

by Pan Pacific if:

- after receipt by Center Trust of an acquisition proposal, Center Trust's board withdraws or modifies its recommendation of the merger proposal;

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- after receipt by Center Trust of a public acquisition proposal, Center Trust's board fails to reconfirm its recommendation of the merger within ten business days of a request to do so by Pan Pacific;
- Center Trust's board approves or recommends to Center Trust stockholders an alternative transaction (as specifically described below);
- a tender offer or exchange offer for 19.9% or more of the outstanding shares of Center Trust common stock is commenced and Center Trust's board recommends that Center Trust stockholders tender their shares in such tender or exchange offer; or
- after the receipt by Center Trust of an acquisition proposal, Center Trust fails to call and hold the Center Trust stockholders meeting by April 30, 2003.

When used in this proxy statement/prospectus, the term "alternative transaction" means:

a transaction pursuant to which any third party acquires more than 19.9% of the outstanding shares of Center Trust common stock pursuant to a tender or exchange offer or otherwise;

a merger or other business combination involving Center Trust pursuant to which any third party acquires (or the stockholders of the third party acquire) more than 19.9% of the outstanding shares of Center Trust common stock or 19.9% of the equity securities of the entity surviving such merger or business combination; or

any other transaction pursuant to which any third party acquires control of assets of Center Trust having a fair market value equal to more than 19.9% of the fair market value of all the assets of Center Trust and its subsidiaries, taken as a whole, immediately prior to such transaction.

Break-Up Fee. Center Trust has agreed to pay Pan Pacific a break-up fee equal to the lesser of (i) \$7.5 million and (ii) the maximum amount that can be paid to Pan Pacific without causing Pan Pacific to fail to meet the requirements of Sections 856(c)(2) and (3) of the Internal Revenue Code for such year, if any of the following events occur:

following a publicly announced proposal for an alternative transaction, Pan Pacific or Center Trust terminates the merger agreement due to a failure to obtain the requisite vote of Center Trust's stockholders in favor of the merger, and a definitive agreement for an alternative transaction is entered into or the alternative transaction is consummated within 12 months of the termination date; or

Pan Pacific terminates the merger agreement because any of the following events occur:

- after receipt by Center Trust of an acquisition proposal, Center Trust's board withdraws or modifies its recommendation of the merger proposal;
- after receipt by Center Trust of a public acquisition proposal, Center Trust's board fails to reconfirm its recommendation of the merger within ten business days of a request to do so by Pan Pacific;
- Center Trust's board approves or recommends to Center Trust stockholders an alternative transaction;
- a tender offer or exchange offer for 19.9% or more of the outstanding shares of Center Trust common stock is commenced and Center Trust's board recommends that Center Trust stockholders tender their shares in such tender or exchange offer; or
- after the receipt by Center Trust of an acquisition proposal, Center Trust fails to call and hold the Center Trust stockholders meeting by April 30, 2003.

Expenses. Except as described below, Pan Pacific and Center Trust will bear their own expenses in connection with the merger.

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If:

after receipt by Center Trust of an acquisition proposal, the merger agreement is terminated because the requisite vote of Center Trust's stockholders in favor of the merger has not been obtained; or

Pan Pacific terminates the merger agreement because Center Trust has breached a representation, warranty, covenant or agreement that would result in the failure of Center Trust to satisfy one of the conditions of the merger,

then Center Trust will reimburse Pan Pacific, up to a maximum of \$2.5 million, for its fees and expenses paid in connection with the merger.

If Center Trust terminates the merger agreement because Pan Pacific has breached a representation, warranty or covenant in the merger agreement which would result in the failure of Pan Pacific to satisfy one of the conditions to the merger, Pan Pacific will reimburse Center Trust, up to a maximum of \$2.5 million, for its fees and expenses paid in connection with the merger.

Amendment and Waiver

Pan Pacific and Center Trust may amend the merger agreement at any time, but after approval of the merger by the Center Trust stockholders no amendment of the merger agreement may be made that by law requires further approval by Center Trust stockholders without such further approval.

At any time prior to the agreed upon time for the closing of the merger, or any other date agreed to by Pan Pacific and Center Trust, Pan Pacific and Center Trust may:

extend the time for the performance of any of the obligations or other acts of the other party required by the merger agreement;

waive any inaccuracies in the representations and warranties of the other party contained in the merger agreement or in any document delivered in connection with the merger agreement; and

waive compliance with any of the agreements or conditions of the other party contained in the merger agreement; provided however, that certain agreements or conditions may not be waived without the consent of the Prometheus parties and conditions relating to tax opinions will not be waived by Pan Pacific or Center Trust after receipt of Center Trust stockholder approval unless further stockholder approval is obtained with appropriate disclosure. See Material Federal United States Income Tax Considerations Tax Consequences of the Merger.

Extensions or waivers must be in writing and signed by the party granting the extension or waiver.

**STOCKHOLDER VOTING AGREEMENT WITH
CERTAIN MEMBERS OF CENTER TRUST MANAGEMENT**

Concurrently with the execution and delivery of the merger agreement, Pan Pacific entered into a stockholder voting agreement with Edward D. Fox, Jr., Stuart J.S. Gulland and Edward A. Stokx. These Center Trust stockholders are referred to as the management stockholders in this summary of the stockholder voting agreement. The following summary describes certain material provisions of the stockholder voting agreement with the management stockholders, which is attached to this proxy statement/prospectus as Annex B and is incorporated by reference into this proxy statement/prospectus. This summary may not contain all of the information about the stockholder voting agreement that is important to you. We encourage you to read the stockholder voting agreement carefully in its entirety.

As of the record date for the special meeting, the management stockholders owned 1,096,017 shares of Center Trust common stock, representing approximately 3.9% of the outstanding shares of Center Trust common stock as of the record date.

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Voting Agreement and Irrevocable Proxy

Under the stockholder voting agreement, the management stockholders agreed to vote their shares of Center Trust common stock:

in favor of the approval of the terms of the merger agreement, the merger and transactions contemplated by the merger agreement;

against any action, proposal, transaction or agreement that would result in a breach in any respect of any covenant, representation or warranty or any other obligation or agreement of Center Trust contained in the merger agreement or of any stockholder contained in the stockholder voting agreement; and

except as otherwise agreed to in writing by Pan Pacific, against the following actions or proposals (other than the merger with Pan Pacific):

- any acquisition proposal;
- any change in the persons who constitute Center Trust's board that is not approved in advance by at least a majority of the persons who were directors of Center Trust on November 5, 2002 (or their successors who were so approved);
- except as permitted by the merger agreement, any change in the present capitalization of Center Trust or any amendment of the charter or bylaws of Center Trust;
- any other material change in the corporate structure or business of Center Trust; or
- any other action or proposal involving Center Trust or any of its subsidiaries that is intended, or could reasonably be expected, to prevent, delay or adversely affect the transactions contemplated by the merger agreement.

The management stockholders have appointed Stuart A. Tanz, and in his absence, Joseph B. Tyson, as the management stockholders' proxy and attorney-in-fact with authority to vote the shares as set forth above.

Covenants

The stockholder voting agreement prohibits any management stockholder from selling, pledging, assigning or otherwise disposing of any shares of Center Trust common stock, or exercising any option or similar right to purchase additional shares of Center Trust common stock or taking any action that would have the effect of preventing, interfering or adversely affecting their ability to perform under the stockholder voting agreement.

Termination

The stockholder voting agreement terminates upon the earliest to occur of:

the mutual consent of Pan Pacific and each of the management stockholders;

the completion of the merger; and

the date the merger agreement is terminated.

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AGREEMENTS WITH THE PROMETHEUS PARTIES

Stockholders Voting Agreement with the Prometheus Parties

Concurrently with the execution and delivery of the merger agreement, Pan Pacific entered into a stockholders voting agreement with the Prometheus parties. The following summary describes certain material provisions of the stockholders voting agreement, which is attached to this proxy statement/prospectus as Annex C and is incorporated by reference into this proxy statement/ prospectus. This summary may not contain all of the information about the stockholders voting agreement that is important to you. We encourage you to read the stockholders voting agreement carefully in its entirety.

As of the record date for the special meeting, Prometheus Western Retail, LLC owned 15,666,666 shares of Center Trust common stock, of which 13,405,660 shares are subject to the terms of this stockholders voting agreement. The shares of Center Trust common stock that are subject to this stockholders voting agreement represent approximately 48.1% of the outstanding shares of Center Trust common stock as of the record date.

Voting Agreement and Irrevocable Proxy

Under the stockholders voting agreement, the Prometheus parties have agreed to cause Prometheus Western Retail, LLC to vote the shares of Center Trust common stock that are subject to the stockholders voting agreement:

in favor of the approval of the merger;

against any action, proposal, transaction or agreement which, to the knowledge of any Prometheus party, is intended to result in a breach in any respect of any covenant, representation or warranty or any other obligation or agreement of Center Trust under the merger agreement or of any Prometheus party contained in the stockholders voting agreement; and

except as otherwise agreed to in writing by Pan Pacific, against the following actions or proposals (other than the merger with Pan Pacific):

- any acquisition proposal;
- any change in the persons who constitute Center Trust's board that is not approved in advance by at least a majority of the persons who were directors of Center Trust on November 5, 2002 (or their successors who were so approved);
- except as permitted by the merger agreement, any change in the present capitalization of Center Trust or any amendment of the charter or bylaws of Center Trust;
- except as permitted in the merger agreement, any other material change in the corporate structure or business of Center Trust; or
- any other action or proposal involving Center Trust or any of its subsidiaries, that to the knowledge of the Prometheus parties, is intended, or could reasonably be expected, to prevent, materially delay or materially adversely affect the transactions contemplated by the merger agreement.

The Prometheus parties have appointed Stuart A. Tanz and, in his absence, Joseph B. Tyson, as the Prometheus parties' proxy and attorney-in-fact with authority to vote the shares that are subject to the stockholders voting agreement solely as set forth above.

Covenants

The stockholders voting agreement prohibits any Prometheus party from taking any of the following actions without the consent of Pan Pacific:

selling, pledging, assigning or otherwise disposing of any shares of Center Trust common stock, other than a transfer by Prometheus Western Retail, LLC to another Prometheus party that agrees in writing to abide by the obligations of the stockholders voting agreement;

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acquiring additional securities of Center Trust, except as described below; or

taking any action that would have the effect of preventing, interfering or materially adversely affecting its ability to perform under the stockholder voting agreement.

In the event Pan Pacific provides written consent to any issuance of Center Trust securities that would otherwise be prohibited by the merger agreement, then Prometheus Western Retail, LLC will be entitled to exercise its participation rights under the stockholders agreement, dated June 1, 1997, by and among Center Trust and certain of the Prometheus parties.

The Prometheus parties and their controlled affiliates may not nor may any Prometheus party act in concert with or permit any controlled affiliate to act in concert with any person to solicit the proxies or powers of attorney from any holder of Center Trust common stock, nor shall any Prometheus party seek to advise or influence any person with respect to voting of any shares of Center Trust common stock, other than to recommend that stockholders of Center Trust vote in favor of the merger. The Prometheus parties may not deposit any shares of Center Trust common stock in a voting trust or any other arrangement with respect to the voting of shares of Center Trust common stock. Prometheus Western Retail, LLC is entitled to vote the 2,261,006 shares of Center Trust common stock not subject to this stockholder voting agreement in its sole discretion and, in limited circumstances, publicly announce its intention to vote these shares for or against the merger.

The Prometheus parties may not solicit or continue any negotiations or respond to any inquiries (other than to Pan Pacific) with respect to any acquisition proposal. Each of the Prometheus parties will promptly:

notify Pan Pacific if any acquisition proposal is made to it;

notify Pan Pacific of the terms of any proposal that it has received with respect to an acquisition proposal;

provide Pan Pacific with a copy of such offer; and

inform Pan Pacific of any material changes to the terms of the acquisition proposal.

Termination of the 1997 Stockholders Agreement

Each of the Prometheus parties that is party to the stockholders agreement, dated as of June 1, 1997, by and among Center Trust, Lazard Frères Real Estate Investors L.L.C., LF Strategic Realty Investors L.P. and Prometheus Western Retail, LLC, has agreed that, immediately prior to the closing, it will execute and deliver an agreement to terminate such stockholders agreement as of the effective time of the merger.

Termination of the Stockholders Voting Agreement

The stockholders voting agreement terminates upon the earliest to occur of:

the mutual consent of Pan Pacific and each of the Prometheus parties;

the completion of the merger;

the date the merger agreement is terminated; and

April 30, 2003.

Stockholders Rights Agreement

In connection with the execution and delivery of the merger agreement, Pan Pacific entered into a stockholders rights agreement with the Prometheus parties, dated as of the date of the merger agreement. The following summary describes certain material provisions of the stockholders rights agreement, which is attached

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to this proxy statement/prospectus as Annex D and is incorporated by reference into this proxy statement/prospectus. This summary may not contain all of the information about the stockholders' rights agreement that is important to you. We encourage you to read the stockholders' rights agreement carefully in its entirety.

Information Rights

The Prometheus parties have agreed to relinquish their information rights with respect to Center Trust under their existing stockholders' agreement with Center Trust and will receive certain, more limited information rights with respect to Pan Pacific described below. Until the Prometheus parties or their subsidiaries own less than 25% of the shares of Pan Pacific common stock issued to them in the merger, Pan Pacific shall upon request:

provide Prometheus Western Retail, LLC or certain affiliated transferees:

- the right to inspect the books and records of Pan Pacific,
- a copy of Pan Pacific's audited financial statements, and
- a copy of all operating plans, budgets and unaudited financial statements provided to Pan Pacific's board;

make appropriate Pan Pacific officers available for consultation;

inform Prometheus Western Retail, LLC in advance of certain significant corporate actions;

provide Prometheus Western Retail, LLC or its representative with other consultation rights as are necessary to qualify its ownership of Pan Pacific common stock as a venture capital investment, as determined by U.S. Labor Department regulations; and

consider in good faith the recommendations of Prometheus Western Retail, LLC or its designated representative on matters for which Pan Pacific has consulted the Prometheus parties, provided that Pan Pacific will retain the ultimate discretionary authority.

Registration Rights

The Prometheus parties have agreed to relinquish their registration rights with respect to Center Trust under their existing registration rights agreement with Center Trust, and will receive the registration rights described below.

Shelf Registration. As promptly as practicable after the execution of the merger agreement, Pan Pacific will prepare and file with the SEC a shelf registration statement pursuant to Rule 415 of the Securities Act registering the resale of the shares of Pan Pacific common stock received by Prometheus Western Retail, LLC in the merger, by the Prometheus parties, their subsidiaries or any holders of equity interests in these entities that agree to be bound by the stockholders' rights agreement. The Prometheus parties will have a reasonable opportunity to review and comment on the shelf registration statement and any amendment thereto. Pan Pacific has agreed to use commercially reasonable efforts to keep the shelf registration statement continuously effective until the earliest of:

the first day after the first anniversary of the closing of the merger on which the Prometheus parties and their subsidiaries own less than 1,000,000 shares of Pan Pacific common stock issued in connection with the merger;

the third anniversary of the closing of the merger; and

the sale of all of the securities included in the shelf registration statement to persons other than subsidiaries of the Prometheus parties or certain other holders that agree to be bound by the stockholders' rights agreement.

Underwritten Offerings. The Prometheus parties, their subsidiaries or certain other holders of Pan Pacific common stock that agree to be bound by the stockholders' rights agreement, may request that Pan Pacific

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supplement or amend the shelf registration statement to permit an underwritten offering. In this case, Pan Pacific and the requesting party or parties will enter into an underwriting agreement in customary form with the underwriters for the offering. Any underwritten offering will have two co-managing underwriters, with the requesting holders selecting one and Pan Pacific selecting the other. In some circumstances, Pan Pacific may delay an offering for a limited period of time. Pan Pacific may delay a requested underwritten offering for limited periods (no more than twice in any given year):

if prior to the receipt of such request, Pan Pacific had commenced preparations for the filing of a registration statement pertaining to a public offering of Pan Pacific securities; or

if Pan Pacific has determined in good faith that an underwritten public offering would materially interfere with a potential contemplated material financing, acquisition, disposition or other similar transaction;

provided that Pan Pacific may only delay the underwritten offering for a period of up to 45 consecutive days if such delay begins within the first anniversary of the closing of the merger or up to 90 consecutive days for requests made after the first anniversary of the closing of the merger (up to an aggregate maximum of 60 days prior to the first anniversary of the closing and 120 days in any 12-month period thereafter). Pan Pacific is not required to accommodate more than two underwritten offerings or any underwritten offering involving less than one million registrable securities.

Suspension of Shelf Registration Statement. Upon issuance of a stop order by the SEC, or the occurrence of a material event, Pan Pacific may suspend the effectiveness of the registration statement for a period of up to 45 consecutive days in the first year after the closing date, or up to 90 consecutive days thereafter. The aggregate suspension periods, when combined with the delays described above may not exceed 60 days in the first year or 120 days during any subsequent 12 month period.

Incidental Registration. If Pan Pacific files a registration statement registering an underwritten offering of Pan Pacific common stock on its behalf or on behalf of other holders of Pan Pacific common stock, the Prometheus parties and their subsidiaries will have the right to request that Pan Pacific include their shares of Pan Pacific common stock in the registration statement (a piggy-back right). This right to include shares of Pan Pacific common stock is subject to customary cutbacks if the managing underwriter advises Pan Pacific that the number of securities requested to be included in the offering exceeds the number that can be sold in the offering at a price reasonably related to the then current market value of Pan Pacific common stock.

Expenses of Registration; Indemnification

Pan Pacific will pay all fees relating to any shelf or incidental registration, except that the Prometheus parties seeking registration of their securities will pay underwriting discounts. Pan Pacific and the Prometheus parties have agreed to indemnify each other for third party claims arising out of securities law violations under customary circumstances.

Termination

This stockholders rights agreement will immediately terminate if the merger agreement is terminated prior to the effective time of the merger agreement.

Additional Covenants of Pan Pacific

Until the shelf registration statement is declared effective, Pan Pacific will not sell, pledge, dispose of, grant or encumber any of its or its subsidiaries assets in an aggregate amount in excess of \$75.0 million, or acquire any assets consisting of fee interests in real property, other than assets in an aggregate amount not to exceed \$75.0 million, or acquire all or substantially all the assets of any company, division or line of business of any entity if the aggregate value of the assets exceeds \$75.0 million, or agree to enter into any merger, reorganization or similar transaction in which its stockholders will receive consideration in exchange for their Pan Pacific common stock.

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**SECOND AMENDED AND RESTATED AGREEMENT OF LIMITED
PARTNERSHIP OF CT OPERATING PARTNERSHIP, L.P.**

Center Trust conducts substantially all of its operations through a limited partnership known as CT Operating Partnership, L.P. See The Companies Center Trust. The rights and responsibilities of Center Trust, as the operating partnership's sole general partner, and of the limited partners with respect to the operating partnership are set forth in an amended and restated agreement of limited partnership. Upon the closing of the merger, the amended and restated agreement of limited partnership will again be amended and restated in its entirety in the form of a Second Amended and Restated Agreement of Limited Partnership of CT Operating Partnership, L.P. The following summary describes certain material provisions of the Second Amended and Restated Agreement of Limited Partnership of CT Operating Partnership, L.P., which will become effective upon the closing of the merger.

Overview

Following the merger, Pan Pacific (CTA), Inc., the surviving company in the merger, will be the general partner of the partnership. The general partner will continue to hold approximately 95.5% of the outstanding partnership units and the limited partners will continue to hold approximately 4.5% of the outstanding partnership units of the partnership.

Each limited partnership unit will have economic qualities similar to a share of Pan Pacific common stock and may be exchanged by the holder for, at the option of the general partner, a share of Pan Pacific common stock (with the conversion ratio subject to adjustment upon the occurrence of stock splits, reverse stock splits or the payment of stock dividends, each with respect to the Pan Pacific common stock) or cash in an amount equal to the value of the Pan Pacific common stock that would be otherwise paid upon such exchange.

The business of the partnership will be limited to the acquisition, ownership, operation, sale and financing of retail shopping centers and retail shopping centers with mixed commercial office use.

Capital Contributions and Loans to CT Operating Partnership, L.P.

The general partner will be able to cause the partnership to accept capital contributions of cash from the general partner and of cash or other property from the limited partners. Upon making a capital contribution, the contributor will receive a number of partnership units equal to the value of the contribution divided by the value of Pan Pacific common stock at the time of the contribution. Partnership units issued to the general partner will be general partnership units and partnership units issued to any limited partner will be limited partnership units.

The partnership will be able to incur debt on terms acceptable to the general partner. Loans made to the partnership by the general partner or its affiliates must, however, be on an arm's-length basis. Properties of the partnership may only be used to cross collateralize debt of the general partner or its affiliates if the partnership receives its pro rata portion of the debt proceeds.

Allocations of Income, Gain and Loss

Under the partnership agreement, items of income, gain and loss are generally allocated as follows:

except as provided below, income or gain of the partnership from operations or, if necessary, sales of properties generally will be allocated first to limited partners on a per partnership unit basis in an amount equal to the distributions they have received per partnership unit, less an amount which approximates the return of capital paid with respect to a share of Pan Pacific common stock for that period;

in the event that the partnership redeems the interests of a limited partner, income or gain will be allocated to that limited partner in an amount intended to cause, to the greatest extent possible, that limited partner's capital account to be equal to zero, taking into account any distributions in the redemption;

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upon the liquidation of the partnership, income or gain will be allocated to the limited partners, to the greatest extent possible, in an amount which would cause each limited partner's capital account per partnership unit to be equal to the value of a share of Pan Pacific common stock as determined under the partnership agreement, plus any accrued and unpaid distributions per partnership unit with respect to such limited partner; and

in each case, any remaining income or gain, and all losses, will be allocated to the general partner.

Quarterly Distributions

Limited partners will be entitled to a preferred distribution each quarter. This preferred quarterly distribution will be equal to the dividend declared on each share of Pan Pacific common stock. If the regular quarterly dividend on Pan Pacific common stock is less than \$0.475 (as adjusted for stock splits, the payment of stock dividends, recapitalizations and the like), limited partners will instead be entitled to receive their pro rata share of the partnership's available cash for that quarter, up to \$0.475 per partnership unit. If the partnership's available cash is insufficient to make the quarterly distribution, the shortfall will be added to subsequent quarterly distributions. If the partnership has available cash remaining after making a quarterly distribution it will be distributed to the general partner.

Distributions Upon Sale or Refinancing

Upon a sale or refinancing of some, but not all or substantially all, of the partnership's properties, the proceeds may, at the election of the general partner, be distributed. Such distributions will first be made to satisfy any shortfall in the limited partners' quarterly distribution and then to the general partner. Distributions to the general partner of the proceeds from a sale or refinancing will cause a redemption of its partnership units. Such proceeds may only be distributed to the extent that, following such distribution, the general partner will continue to own at least 75% of the outstanding partnership units, provided that any general partnership units that had been redeemed as a result of the exercise of limited partner redemption rights discussed below will be deemed to be outstanding and held by the general partner for purposes of this calculation.

Distributions Upon Liquidation

After payments to the partnership's creditors, distributions upon the liquidation of the partnership will be made to the general partner and limited partners in accordance with their positive capital account balances.

Management

Management over the business and affairs of the partnership will be exclusively vested in the general partner. Without the consent of limited partners holding a majority of the limited partnership units, the general partner may not, among other things:

institute any proceeding for bankruptcy on behalf of the partnership;

transfer its partnership interest or admit any additional or substitute general partners; or

cause the partnership to loan money to the general partner or its affiliates at an interest rate below the prime rate or in an aggregate outstanding principal amount that exceeds \$25 million.

So long as the limited partners hold not less than 10% of the partnership interests, the general partner will not, without the consent of limited partners holding a majority of the limited partnership units, be permitted to:

dissolve the partnership;

merge the partnership with another entity; or

sell all or substantially all of the assets of the partnership.

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Limited Partner Exchange Rights

Each holder of limited partnership units has the right to require the general partner to acquire all or a portion of its partnership units in exchange for, at the election of the general partner, either:

- a number of shares of Pan Pacific common stock that is equal to the number of partnership units it has elected to exchange (subject to adjustment for any stock splits, reverse stock splits or payment of stock dividends with respect to the Pan Pacific common stock); or
- cash in an amount equal to the value of the shares of Pan Pacific common stock it would have otherwise been entitled to receive.

The exchange right may only be exercised for a minimum of 500 partnership units or, if the holder holds less than 500 partnership units, all of its partnership units.

Limited Partner Redemption Rights

In lieu of exercising exchange rights, each group of limited partners that contributed a real property to the partnership, referred to as a limited partner group, may act collectively to have all of the units it received upon the contribution of such property redeemed in exchange for new real properties to be designated by that group and acquired by the partnership. To exercise this right, the limited partner group must provide a notice to the general partner identifying properties to be acquired by the partnership, the purchase price of each property and a proposed closing date for the acquisition of the properties. The redemption right will only be exercisable as to units having a value, based on the Pan Pacific common stock into which such units may otherwise be exchanged, of at least \$500,000. The partnership will not be required to effect the exercise of this redemption right more than twice in any 12-month period or to respond to acquisition notices more than three times in any 12-month period.

Following its receipt of an acquisition notice, the partnership will form new limited liability companies, of which the partnership will be the sole member. The partnership will then effect the acquisition of the identified properties by contributing to the limited liability companies cash in an amount equal to the value of the limited partnership units to be redeemed and causing the limited liability companies to acquire the identified properties. Following acquisition of the identified properties, the partnership will:

- distribute to the general partner the property that was initially contributed to the partnership by the limited partner group in redemption of a number of general partnership units that have a value equivalent to the value of the distributed property; and
- distribute to the members of the limited partner group the membership interests in the limited liability companies in redemption of their limited partnership units, without representation or warranty of any kind.

A limited partner group requesting a redemption in the preceding manner will be required to pay all costs and expenses associated with the acquisition of the identified properties and to indemnify and hold harmless the partnership and its affiliates from all liability associated with the acquisition and the ownership of the identified properties. The general partner will have the right to approve all documents and agreements in connection with the acquisition of the identified properties.

Redemption of Limited Partnership Units

The general partner will have the right to cause the partnership to redeem all, but not less than all, of the limited partnership units held by any limited partner that has disposed of at least 75% of its limited partnership units. The redemption price may be paid in cash or in shares of Pan Pacific common stock and is equal to the value of the number of shares of Pan Pacific common stock for which a limited partnership unit could then be exchanged, multiplied by the number of partnership units to be redeemed.

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Transfers and Admissions

Limited partners may not transfer their partnership units without the consent of the general partner, except for:

transfers to the general partner;

transfers to an affiliate, another limited partner or to an immediate family member;

transfers pursuant to their exchange rights;

pledges to a lending institution as security for a loan; and

if the limited partner is one of the initial limited partners and is a partnership, a distribution to the partners of such partnership pursuant to a dissolution or liquidation of that limited partner.

The general partner's consent will generally be required before a transferee of a limited partnership interest is admitted to the partnership. Until admitted, a transferee will only be entitled to the economic benefit of partnership units and will not be entitled to vote as a limited partner. Except for the admission of a substituted limited partner as above described, no other person will be admitted to the partnership as an additional limited partner.

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THE CENTER TRUST SPECIAL MEETING

Date, Time And Place

There will be a special meeting of the stockholders of Center Trust on January 15, 2003, at 2:00 p.m., local time, at the Manhattan Beach Marriott Hotel, located at 1400 Parkview Avenue, Manhattan Beach, California 90266.

Purpose

At the special meeting, holders of Center Trust common stock will be asked to consider a proposal to approve the merger. Center Trust knows of no other matter to be brought before the special meeting. If any business should properly come before the special meeting, the persons named in the proxy card will vote in their discretion on such matter.

Recommendation of Center Trust's Board of Directors

With regard to the merger, Center Trust's board has unanimously determined it to be advisable and fair to and in the best interests of Center Trust and its stockholders, authorized and approved it and recommended that Center Trust stockholders approve it. See "The Merger" Background of the Merger and "The Merger" Recommendations of Center Trust's Board of Directors, and "Interests of Certain Directors and Executive Officers of Center Trust in the Merger."

Record Date, Outstanding Shares and Voting Rights

Center Trust's board has fixed the close of business on December 10, 2002, as the record date for the special meeting. Accordingly, only holders of record of issued and outstanding shares of Center Trust common stock at the close of business on the record date are entitled to vote at the special meeting. At the close of business on the record date, there were 27,887,840 shares of Center Trust common stock outstanding, held by approximately 137 holders of record. Each holder is entitled to one vote for each share of Center Trust common stock held on the record date.

As of the record date, the Lazard Entities have agreed to vote certain of their shares, constituting 48.07% of the outstanding shares of Center Trust common stock, and certain executive officers of Center Trust have agreed to vote all of their shares, constituting 3.93% of the outstanding shares of Center Trust common stock, for a combined total of 52% of the outstanding shares of Center Trust common stock, in favor of the merger.

Vote Required; Quorum

The Maryland General Corporation Law requires that the merger be approved by Center Trust stockholders by the affirmative vote of the holders of two-thirds of the outstanding shares of Center Trust common stock. Approval of the merger will also constitute approval of the amendment to the Center Trust charter, which is a part of the merger.

At the special meeting, the presence, in person or by proxy, of the holders of a majority of the outstanding shares of Center Trust common stock entitled to vote will constitute a quorum. For the purposes only of determining the presence of a quorum at the special meeting, abstentions and broker non-votes will be counted as present at the meeting. Abstentions and broker non-votes will have the same effect as a vote against the approval of the merger. Broker non-votes are proxies from brokers or other nominees indicating that they have not received instructions from the beneficial owner or other person entitled to vote the shares which are the subject of the proxy on a particular matter with respect to which the broker or other nominee does not have discretionary voting power.

If a quorum is not present, the stockholders entitled to vote at the special meeting, present in person or by proxy, may adjourn the meeting from time to time to a date not more than 120 days after the originally noticed meeting date without notice other than an announcement at the meeting. Any business may be transacted at an adjourned meeting which might have been transacted at the special meeting as originally called.

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Voting of Proxies

Center Trust stockholders may instruct the proxies how to vote their common stock by signing, dating and mailing the proxy card in the enclosed postage-paid envelope or by using the telephone number shown on the proxy card (toll-free from the United States and Canada). *If a Center Trust stockholder gives proxy instructions by telephone, the stockholder should not return the proxy card by mail.* When a signed proxy card is returned with choices specified with respect to voting matters, the shares of Center Trust common stock represented thereby will be voted by the proxies designated on the proxy card in accordance with the stockholder's instructions to the tabulator. A stockholder wishing to name another person as his or her proxy may do so by crossing out the names of the designated proxies and inserting the name of such other person to act as his or her proxy.

In that case, it will be necessary for the stockholder to sign the proxy card and deliver it to the person named as his or her proxy and for the person so named to be present and to vote at the special meeting. Proxy cards so marked should not be mailed directly to Center Trust.

Center Trust stockholders may choose to vote for or against or abstain from voting on the approval of the merger. If a Center Trust stockholder returns a signed proxy card, but does not indicate how the shares are to be voted, the shares of Center Trust common stock represented by the proxy card will be voted FOR the merger. If a Center Trust stockholder does not return a signed proxy card or instruct the proxies how to vote by telephone, that stockholder's shares will not be voted and will have the same effect as a vote against the approval of the merger.

The proxy card also authorizes the persons named on the proxy card to vote in their discretion with regard to any other matter that is properly presented for action at the special meeting.

Appraisal Rights

Under Section 3-202 of the Maryland General Corporation Law, since the Center Trust common stock is listed on the New York Stock Exchange, Center Trust stockholders do not have the right to receive the appraised value of their shares in connection with merger. If Center Trust stockholders do not vote in favor of the merger and the merger takes place anyway, Center Trust stockholders will be bound by the terms of the merger under the merger agreement, and each of their shares of Center Trust common stock will be converted into and represent the right to receive 0.218 shares of Pan Pacific common stock.

Revocation of Proxies

A proxy card is enclosed. Any stockholder who executes and delivers the proxy card may revoke the authority granted under the proxy at any time before its use by:

giving written notice of such revocation to Center Trust;

executing a new proxy card bearing a later date and mailing it in time so that the new proxy card is received before the special meeting;

giving new proxy instructions by telephone; or

attending and voting in person at the special meeting.

Solicitation of Proxies; Expenses

All expenses of Center Trust's solicitation of proxies, including the cost of mailing this proxy statement/prospectus to Center Trust stockholders, will be paid by Center Trust. In addition to solicitation by use of the mail, Center Trust's directors, officers and employees may solicit proxies by telephone, e-mail, fax or personal interview. Such directors, officers and employees will not be additionally compensated, but may be reimbursed for reasonable out-of-pocket expenses in connection with such solicitation. Arrangements will also be made with brokerage houses, custodians, nominees and fiduciaries for forwarding of proxy solicitation materials to beneficial owners of shares held of record by such brokerage houses, custodians, nominees and fiduciaries, and Center Trust will reimburse such brokerage houses, custodians, nominees and fiduciaries for their reasonable expenses incurred in forwarding such materials. In addition, Center Trust has engaged the outside services of Georgeson Shareholder Services to assist in the solicitation of proxies for a fee of \$8,000.00, plus out-of-pocket expenses.

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MATERIAL UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

The following is a general summary of the United States federal income tax considerations anticipated to be material to Center Trust, Center Trust stockholders, Pan Pacific and Pan Pacific stockholders. The following discussion is based upon:

- the Internal Revenue Code of 1986, as amended;
- current, temporary and proposed Treasury Regulations promulgated under the Internal Revenue Code;
- the legislative history of the Internal Revenue Code;
- current administrative interpretations and practices of the Internal Revenue Service; and
- court decisions;

in each case, as of the date of this proxy statement/prospectus. In addition, the administrative interpretations and practices of the Internal Revenue Service include its practices and policies as expressed in private letter rulings which are not binding on the Internal Revenue Service, except with respect to the particular taxpayers who requested and received these rulings. Future legislation, Treasury Regulations, administrative interpretations and practices or court decisions may adversely affect the tax considerations contained in this discussion. Any change could apply retroactively to transactions preceding the date of the change.

This summary does not purport to deal with all aspects of federal income taxation that may affect particular holders of Pan Pacific common stock or Center Trust common stock in light of their individual circumstances, nor with holders subject to special treatment under the federal income tax laws, including:

- insurance companies;
- tax-exempt organizations;
- financial institutions or broker-dealers;
- traders in securities that elect to mark to market;
- holders owning stock as part of a straddle, hedge or conversion transaction;
- holders whose functional currency is not the U.S. dollar;
- holders subject to the alternative minimum tax;
- S corporations;
- expatriates;
- REITs or regulated investment companies;
- holders who own at least 10% of the voting power or value of Center Trust common stock;
- holders who acquired their Pan Pacific or Center Trust common stock as a result of the exercise of an employee stock option or otherwise as compensation; and
- holders of Pan Pacific common stock or Center Trust common stock who are neither citizens nor residents of the United States, or that are foreign corporations, foreign partnerships or foreign estates or trusts for U.S. federal income tax purposes.

This summary assumes that each Pan Pacific stockholder and each Center Trust stockholder holds his or her shares of Pan Pacific common stock and Center Trust common stock as capital assets. In addition, this summary does not consider the effect of any foreign, state, local or other tax laws that may be applicable to Pan Pacific stockholders or Center Trust stockholders. Pan Pacific and Center Trust have not requested, and do not plan to request, any rulings from the Internal Revenue Service concerning Pan Pacific's or Center Trust's tax treatment, or the tax treatment of

the merger. The statements in this proxy statement/prospectus and the opinions of counsel

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referred to in this proxy statement/prospectus are not binding on the Internal Revenue Service or any court. As a result, neither Pan Pacific nor Center Trust can assure you that the tax considerations or opinions contained in this discussion will not be challenged by the Internal Revenue Service or, if so challenged, will be sustained by a court.

THIS SUMMARY OF UNITED STATES FEDERAL TAX CONSIDERATIONS IS FOR GENERAL INFORMATION ONLY AND IS NOT TAX ADVICE. PAN PACIFIC STOCKHOLDERS AND CENTER TRUST STOCKHOLDERS ARE URGED TO CONSULT THEIR TAX ADVISORS REGARDING THE SPECIFIC TAX CONSEQUENCES TO THEM OF:

THE MERGER;

THE ACQUISITION, OWNERSHIP AND SALE OR OTHER DISPOSITION OF PAN PACIFIC COMMON STOCK, INCLUDING THE FEDERAL, STATE, LOCAL, FOREIGN AND OTHER TAX CONSEQUENCES;

CENTER TRUST S AND PAN PACIFIC S ELECTIONS TO BE TAXED AS REAL ESTATE INVESTMENT TRUSTS FOR FEDERAL INCOME TAX PURPOSES; AND

POTENTIAL CHANGES IN THE TAX LAWS.

Tax Consequences of the Merger

The merger is intended to qualify as a reorganization under Section 368(a) of the Internal Revenue Code. The merger agreement provides that a condition to closing the merger is the delivery by Skadden, Arps, Slate, Meagher & Flom LLP, special counsel to Center Trust, of an opinion to Center Trust, and Latham & Watkins, special counsel to Pan Pacific, of an opinion to Pan Pacific, in each case dated as of the closing date of the merger, to the effect that, for United States federal income tax purposes the merger will constitute a reorganization within the meaning of Section 368(a) of the Internal Revenue Code. The conditions regarding the receipt of the opinions described in the preceding sentence will not be waived by Pan Pacific or Center Trust after receipt of Center Trust stockholder approval unless further stockholder approval is obtained with appropriate disclosure. The opinions will be based on customary assumptions and customary representations made by, among others, Pan Pacific and Center Trust. An opinion of counsel represents counsel's best legal judgment and is not binding on the Internal Revenue Service or any court.

Tax Consequences if the Merger Qualifies as a Reorganization

Assuming the merger qualifies as a reorganization within the meaning of Section 368 of the Internal Revenue Code, the merger will have the following United States federal income tax consequences:

Exchange of Center Trust Common Stock for Pan Pacific Common Stock. Except as discussed below, no gain or loss will be recognized for federal income tax purposes by Center Trust's stockholders who exchange their Center Trust common stock solely for Pan Pacific common stock in the merger. Each Center Trust stockholder's aggregate tax basis in the Pan Pacific common stock he or she receives in the merger will be the same as his or her aggregate tax basis in the Center Trust common stock for which it is exchanged, reduced by any tax basis allocable to fractional shares exchanged for cash. In addition, the holding period of the Pan Pacific common stock received by Center Trust stockholders in the merger will include the holding period of the Center Trust common stock for which it is exchanged.

Cash Received Instead of Fractional Shares. The payment of cash to a Center Trust stockholder instead of a fractional share of Pan Pacific common stock generally will result in the recognition of capital gain or loss measured by the difference between the amount of cash received and the portion of the tax basis of the Pan Pacific common stock allocable to that fractional interest. In the case of an individual, capital gain is generally subject to United States federal income tax at (a) a maximum rate of 20% if the individual has held his or her Center Trust common stock for more than one year at the time of the merger, or (b) at ordinary income rates (as a short-term capital gain) if the individual has held his or her Center Trust common stock for one year or less at the time of the merger. The deductibility of capital losses may be limited.

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Tax Consequences to Pan Pacific and Center Trust. No gain or loss will be recognized by Pan Pacific, MB Acquisition, Inc., or Center Trust as a result of the merger so long as the merger qualifies as a reorganization under the Internal Revenue Code.

Non-Deductibility of Parachute Payments

In the event that some members of Center Trust management receive parachute payments in connection with the merger that exceed the limits established under Section 280G of the Internal Revenue Code, any excess parachute payments (within the meaning of Section 280G of the Internal Revenue Code) will not be deductible by Center Trust or Pan Pacific.

Backup Withholding of Center Trust Stockholders

In order to avoid backup withholding on a payment of cash to a Center Trust common stockholder who exchanges Center Trust common stock in the merger, such stockholder must, unless an exception applies under the applicable law and regulations, provide Pan Pacific with his or her correct taxpayer identification number on a Substitute Form W-9, and certify under penalty of perjury that he or she is not subject to backup withholding and that the taxpayer identification number they have provided is correct. A Substitute Form W-9 will be included as part of the letter of transmittal to be sent to Center Trust common stockholders by the exchange agent. If a Center Trust common stockholder fails to provide his or her correct taxpayer identification number or the required certifications, he or she may be subject to penalty by the Internal Revenue Service, and any cash payments he or she would otherwise receive in consideration for shares of Center Trust common stock in the merger may be subject to backup withholding at a rate of 30%.

Pan Pacific's Qualification as a Real Estate Investment Trust

General. Pan Pacific elected to be taxed as a real estate investment trust under Sections 856 through 860 of the Internal Revenue Code of 1986, commencing with its taxable year ended December 31, 1997. Pan Pacific believes it has been organized and has operated in a manner which allows it to qualify for taxation as a real estate investment trust under the Internal Revenue Code commencing with its taxable year ended December 31, 1997. Pan Pacific intends to continue to operate in this manner. However, neither Pan Pacific nor Center Trust can assure you that Pan Pacific has operated or will continue to operate in a manner so as to qualify or remain qualified as a real estate investment trust. See Failure to Qualify.

The sections of the Internal Revenue Code and the corresponding Treasury regulations that relate to the qualification and operation of a real estate investment trust are highly technical and complex. This summary is qualified in its entirety by the applicable Code provisions, rules and regulations promulgated thereunder, and administrative and judicial interpretations thereof.

Latham & Watkins has acted as Pan Pacific's tax counsel in connection with the merger and Pan Pacific's election to be taxed as a real estate investment trust. As a condition to closing, Latham & Watkins is required to render an opinion that, commencing with Pan Pacific's taxable year ended December 31, 1997, Pan Pacific has been organized in conformity with the requirements for qualification and taxation as a real estate investment trust under the Internal Revenue Code, and Pan Pacific's method of operation has enabled it and Pan Pacific's proposed method of operation will enable it to continue to meet the requirements for qualification and taxation as a real estate investment trust under the Internal Revenue Code. This opinion will be based on various assumptions and representations as to factual matters, including representations to be made by Pan Pacific in one or more factual certificates to be provided by one or more of Pan Pacific's officers and the factual representations set forth in this proxy statement/prospectus. Latham & Watkins will have no obligation to update its opinion subsequent to the date it is issued. Moreover, Pan Pacific's qualification and taxation as a real estate investment trust depends upon Pan Pacific's ability to meet the various qualification tests imposed under the Internal Revenue Code discussed below, including through actual annual operating results, asset diversification, distribution levels and diversity of

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stock ownership, the results of which have not been and will not be reviewed by Latham & Watkins. Accordingly, no assurance can be given that Pan Pacific's actual results of operation for any particular taxable year will satisfy those requirements. Further, the anticipated income tax treatment described in this proxy statement/prospectus may be changed, perhaps retroactively, by legislative, administrative or judicial action at any time. The condition regarding the receipt of the opinion described in the preceding paragraph will not be waived by Pan Pacific after receipt of the necessary approval of Center Trust stockholders of the merger unless further stockholder approval is obtained after providing the appropriate disclosure.

If Pan Pacific qualifies for taxation as a real estate investment trust, it generally will not be required to pay federal corporate income taxes on its net income that is currently distributed to its stockholders. This treatment substantially eliminates the "double taxation" that ordinarily results from investment in a corporation. Double taxation means taxation once at the corporate level when income is earned and once again at the stockholder level when this income is distributed. Pan Pacific will be required to pay federal income tax, however, as follows:

Pan Pacific will be required to pay tax at regular corporate rates on any undistributed real estate investment trust taxable income, including undistributed net capital gains.

Pan Pacific may be required to pay the alternative minimum tax on Pan Pacific's items of tax preference.

If Pan Pacific has: (a) net income from the sale or other disposition of foreclosure property which is held primarily for sale to customers in the ordinary course of business; or (b) other nonqualifying income from foreclosure property, Pan Pacific will be required to pay tax at the highest corporate rate on this income. Foreclosure property is generally defined as property acquired through foreclosure or after a default on a loan secured by the property or a lease of the property.

Pan Pacific will be required to pay a 100% tax on any net income from prohibited transactions. Prohibited transactions are, in general, sales or other taxable dispositions of property, other than foreclosure property, held primarily for sale to customers in the ordinary course of business.

If Pan Pacific fails to satisfy the 75% gross income test or the 95% gross income test discussed below, but nonetheless maintains its qualification as a real estate investment trust because certain other requirements are met, Pan Pacific will be required to pay a tax equal to (a) the greater of (i) the amount by which 75% of Pan Pacific's gross income exceeds the amount qualifying under the 75% gross income test described below and (ii) the amount by which 90% of Pan Pacific's gross income exceeds the amount qualifying under the 95% gross income test described below, multiplied by (b) a fraction intended to reflect Pan Pacific's profitability.

Pan Pacific will be required to pay a 4% excise tax to the extent that it fails to distribute during each calendar year at least the sum of (a) 85% of its real estate investment trust ordinary income for the year, (b) 95% of its real estate investment trust capital gain net income for the year, and (c) any undistributed taxable income from prior periods.

If Pan Pacific acquires any asset from a corporation which is or has been a C corporation in a transaction in which the basis of the asset in Pan Pacific's hands is determined by reference to the basis of the asset in the hands of the C corporation, and Pan Pacific subsequently recognizes gain on the disposition of the asset during the ten-year period beginning on the date on which Pan Pacific acquired the asset, then Pan Pacific will be required to pay tax at the highest regular corporate tax rate on this gain to the extent of the excess of (a) the fair market value of the asset over (b) Pan Pacific's adjusted basis in the asset, in each case determined as of the date on which Pan Pacific acquired the asset. A C corporation is generally defined as a corporation required to pay full corporate-level tax. The results described in this paragraph with respect to the recognition of gain assume that Pan Pacific will make or refrain from making an election under Treasury Regulations under Section 337 of the Internal Revenue Code, depending upon the time of the acquisition.

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Pan Pacific will be subject to a 100% tax on any redetermined rents, redetermined deductions or excess interest. In general, redetermined rents are rents from real property that are overstated as a result of services furnished by a taxable REIT subsidiary of Pan Pacific to any of Pan Pacific's tenants. See *Ownership of Interests in Taxable REIT Subsidiaries*. Redetermined deductions and excess interest represent amounts that are deducted by a taxable REIT subsidiary of Pan Pacific for amounts paid to Pan Pacific that are in excess of the amounts that would have been deducted based on arm's length negotiations.

Requirements for Qualification as a Real Estate Investment Trust. The Internal Revenue Code defines a real estate investment trust as a corporation, trust or association:

- (1) that is managed by one or more trustees or directors;
- (2) that issues transferable shares or transferable certificates to evidence beneficial ownership;
- (3) that would be taxable as a domestic corporation but for Sections 856 through 860 of the Internal Revenue Code;
- (4) that is not a financial institution or an insurance company within the meaning of the Internal Revenue Code;
- (5) that is beneficially owned by 100 or more persons;
- (6) not more than 50% in value of the outstanding stock of which is owned, actually or constructively, by five or fewer individuals, including specified entities, during the last half of each taxable year; and
- (7) that meets other tests, described below, regarding the nature of its income and assets and the amount of its distributions.

The Internal Revenue Code provides that all of conditions (1) to (4) must be met during the entire taxable year and that condition (5) must be met during at least 335 days of a taxable year of twelve months, or during a proportionate part of a taxable year of less than twelve months. Conditions (5) and (6) do not apply until after the first taxable year for which an election is made to be taxed as a real estate investment trust. For purposes of condition (6), pension funds and other specified tax-exempt entities generally are treated as individuals, except that a look-through exception applies with respect to pension funds.

Pan Pacific believes that it has satisfied conditions (1) through (7) during the relevant time periods. In addition, Pan Pacific's charter provides for restrictions on the ownership and transfer of shares of Pan Pacific common stock. These restrictions are intended to assist Pan Pacific in continuing to satisfy the share ownership requirements described in (5) and (6) above. These ownership and transfer restrictions are described in *Description of Pan Pacific Stock Restrictions on Ownership and Transfer*. These restrictions, however, may not ensure that Pan Pacific will, in all cases, be able to satisfy the share ownership requirements described in (5) and (6) above. If Pan Pacific fails to satisfy these share ownership requirements, except as provided in the next sentence, Pan Pacific's status as a real estate investment trust will terminate. If, however, Pan Pacific complies with the rules contained in the Treasury Regulations that require Pan Pacific to ascertain the actual ownership of its shares, and Pan Pacific does not know, or would not have known through the exercise of reasonable diligence, that it failed to meet the requirement described in condition (6) above, Pan Pacific will be treated as having met this requirement. See *Failure to Qualify*.

In addition, Pan Pacific may not maintain its status as a real estate investment trust unless its taxable year is the calendar year. Pan Pacific has and will continue to have a calendar taxable year.

Ownership of a Partnership Interest. Pan Pacific owns and operates one or more properties through partnerships and limited liability companies and will acquire interests in partnerships from Center Trust in the merger. Treasury regulations provide that if Pan Pacific is a partner in a partnership, Pan Pacific will be deemed

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to own its proportionate share of the assets of the partnership. Also, Pan Pacific will be deemed to be entitled to its proportionate share of the income of the partnership. The character of the assets and gross income of the partnership retains the same character in Pan Pacific's hands for purposes of Section 856 of the Internal Revenue Code, including satisfying the gross income tests and the asset tests. In addition, for these purposes, the assets and items of income of any partnership in which Pan Pacific owns a direct or indirect interest include such partnership's share of assets and items of income of any partnership in which it owns an interest. Pan Pacific has included a brief summary of the rules governing the federal income taxation of partnerships and their partners below in Tax Aspects of the Partnerships. Pan Pacific has direct or indirect control of all of the partnerships in which Pan Pacific is a partner, and intends to continue to operate them in a manner consistent with the requirements for qualification as a real estate investment trust. The treatment described above also applies with respect to the ownership of interests in limited liability companies that are treated as partnerships for tax purposes.

Ownership of Interests in Qualified REIT Subsidiaries. Pan Pacific owns and operates a number of properties through its wholly-owned subsidiaries that Pan Pacific believes will be treated as qualified REIT subsidiaries under the Internal Revenue Code. In addition, Pan Pacific expects Center Trust to be a qualified REIT subsidiary of Pan Pacific after the merger. A corporation will qualify as a qualified REIT subsidiary if Pan Pacific owns 100% of its outstanding stock and if Pan Pacific does not elect with the subsidiary to treat it as a taxable REIT subsidiary, as described below. A corporation that is a qualified REIT subsidiary is not treated as a separate corporation for United States federal income tax purposes, and all assets, liabilities and items of income, deduction and credit of a qualified REIT subsidiary are treated as assets, liabilities and items of income, deduction and credit (as the case may be) of the parent real estate investment trust for all purposes under the Internal Revenue Code (including all real estate investment trust qualification tests). Thus, in applying the requirements described in this proxy statement/prospectus, the subsidiaries in which Pan Pacific own a 100% interest (other than any taxable REIT subsidiaries) will be ignored, and all assets, liabilities and items of income, deduction and credit of such subsidiaries will be treated as Pan Pacific's assets, liabilities and items of income, deduction and credit. A qualified REIT subsidiary is not subject to federal income tax and Pan Pacific's ownership of the stock of such a subsidiary will not violate the real estate investment trust asset tests, described below under Asset Tests.

Ownership of Interests in Taxable REIT Subsidiaries. A taxable REIT subsidiary is a corporation other than a real estate investment trust in which a real estate investment trust directly or indirectly holds stock and that has made a joint election with the real estate investment trust to be treated as a taxable REIT subsidiary. A taxable REIT subsidiary also includes any corporation other than a real estate investment trust with respect to which a taxable REIT subsidiary owns securities possessing more than 35% of the total voting power or value of the outstanding securities of such corporation. A taxable REIT subsidiary may generally engage in any business, including the provision of customary or noncustomary services to tenants of its parent real estate investment trust, except that a taxable REIT subsidiary may not directly or indirectly operate or manage a lodging or health care facility or directly or indirectly provide to any other person (under a franchise, license or otherwise) rights to any brand name under which any lodging or health care facility is operated. A taxable REIT subsidiary is subject to federal income tax, and state and local income tax where applicable, as a regular C corporation. In addition, a taxable REIT subsidiary may be prevented from deducting interest on debt that is directly or indirectly funded by its parent real estate investment trust if certain tests regarding the taxable REIT subsidiary's debt-to-equity ratio and interest expense are satisfied. Pan Pacific owns all of the stock of Pan Pacific Development (Rosewood), Inc., and New NCHC, Inc., and has jointly elected with them to treat Pacific Development (Rosewood), Inc., and New NCHC, Inc., as taxable REIT subsidiaries. As a result, Pan Pacific's ownership of securities of Pacific Development (Rosewood), Inc., and New NCHC, Inc., will not be subject to the 10% asset test described below, and their operations will be subject to the provisions described below under Asset Tests which are applicable to taxable REIT subsidiaries. Pan Pacific may acquire stock of other taxable REIT subsidiaries in the future.

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Income Tests. Pan Pacific must satisfy two gross income requirements annually to maintain its qualification as a real estate investment trust:

First, each taxable year Pan Pacific must derive directly or indirectly at least 75% of its gross income, excluding gross income from prohibited transactions, from (a) investments relating to real property or mortgages on real property, including rents from real property and, in some circumstances, interest, or (b) some types of temporary investments;

Second, each taxable year Pan Pacific must derive at least 95% of its gross income, excluding gross income from prohibited transactions, from (a) the real property investments described above, or (b) dividends, interest and gain from the sale or disposition of stock or securities or (c) any combination of the foregoing.

For these purposes, the term interest generally does not include any amount received or accrued, directly or indirectly, if the determination of all or some of the amount depends in any way on the income or profits of any person. An amount received or accrued generally will not be excluded from the term interest, however, solely by reason of being based on a fixed percentage or percentages of receipts or sales.

Rents Pan Pacific receives from a tenant will qualify as rents from real property for the purpose of satisfying the gross income requirements for a real estate investment trust described above only if all of the following conditions are met:

The amount of rent must not be based in whole or in part on the income or profits of any person. However, an amount Pan Pacific receives or accrues generally will not be excluded from the term rents from real property solely because it is based on a fixed percentage or percentages of receipts or sales;

Pan Pacific, or an actual or constructive owner of 10% or more of Pan Pacific's stock, does not actually or constructively own 10% or more of the interests in the tenant, or, if the tenant is a corporation, 10% or more of the voting power or value of all classes of stock of the tenant. Rents received from such tenant that is a taxable REIT subsidiary, however, will not be excluded from the definition of rents from real property if at least 90% of the space at the property to which the rents relate is leased to third parties, and the rents paid by the taxable REIT subsidiary are comparable to rents paid by Pan Pacific's other tenants for comparable space;

Rent attributable to personal property, leased in connection with a lease of real property, is not greater than 15% of the total rent received under the lease. If this requirement is not met, then the portion of the rent attributable to personal property will not qualify as rents from real property; and

Pan Pacific generally must not operate or manage its property or furnish or render services to its tenants, subject to a 1% de minimis exception, other than through an independent contractor from whom Pan Pacific derives no revenue. Pan Pacific may, however, directly perform services that are usually or customarily rendered in connection with the rental of space for occupancy only and are not otherwise considered rendered to the occupant of the property. Examples of these services include the provision of light, heat, or other utilities, trash removal and general maintenance of common areas. In addition, Pan Pacific may employ a taxable REIT subsidiary which is wholly or partially owned by Pan Pacific, to provide both customary and non-customary services to tenants without causing the rent Pan Pacific receives from those tenants to fail to qualify as rents from real property. Any amounts Pan Pacific receives from a taxable REIT subsidiary with respect to the taxable REIT subsidiary's provision of non-customary services will, however, be nonqualified income under the 75% gross income test and, except to the extent received through the payment of dividends, the 95% REIT gross income test.

Pan Pacific generally does not intend to receive rent which fails to satisfy any of the above conditions. Notwithstanding the foregoing, Pan Pacific may have taken and may continue to take actions which fail to satisfy one or more of the above conditions to the extent Pan Pacific determines, based on the advice of its tax counsel, that those actions will not jeopardize Pan Pacific's status as a real estate investment trust.

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Pan Pacific believes that the aggregate amount of its nonqualifying income, from all sources, in any taxable year will not exceed the limit on nonqualifying income under the gross income tests. If Pan Pacific fails to satisfy one or both of the 75% or 95% gross income tests for any taxable year, Pan Pacific may nevertheless qualify as a real estate investment trust for the year if Pan Pacific is entitled to relief under the Internal Revenue Code. Generally, Pan Pacific may avail itself of the relief provisions if:

Pan Pacific's failure to meet these tests was due to reasonable cause and not due to willful neglect;

Pan Pacific attaches a schedule of the sources of its income to its federal income tax return; and

any incorrect information on the schedule was not due to fraud with intent to evade tax.

It is not possible, however, to state whether in all circumstances Pan Pacific would be entitled to the benefit of these relief provisions. For example, if Pan Pacific fails to satisfy the gross income tests because nonqualifying income that Pan Pacific intentionally accrues or receives exceeds the limits on nonqualifying income, the Internal Revenue Service could conclude that Pan Pacific's failure to satisfy the tests was not due to reasonable cause. If these relief provisions do not apply to a particular set of circumstances, Pan Pacific will not qualify as a real estate investment trust. As discussed above in Pan Pacific's Qualification as a Real Estate Investment Trust General, even if these relief provisions apply, and Pan Pacific retains its status as a real estate investment trust, a tax would be imposed with respect to Pan Pacific's non-qualifying income. Pan Pacific may not always be able to maintain compliance with the gross income tests for real estate investment trust qualification despite its periodic monitoring of its income.

Prohibited Transaction Income. Any gain that is realized by Pan Pacific on the sale of any property held as inventory or other property held primarily for sale to customers in the ordinary course of business will be treated as income from a prohibited transaction that is subject to a 100% penalty tax. Pan Pacific's gain would include Pan Pacific's share of any gain realized by any of the partnerships, limited liability companies or qualified REIT subsidiaries in which Pan Pacific owns an interest. This prohibited transaction income may also adversely affect Pan Pacific's ability to satisfy the income tests for qualification as a real estate investment trust. Under existing law, whether property is held as inventory or primarily for sale to customers in the ordinary course of a trade or business depends on all the facts and circumstances surrounding the particular transaction. Pan Pacific intends to hold its properties for investment with a view to long-term appreciation and to engage in the business of acquiring, developing and owning its properties. Pan Pacific may make occasional sales of the properties as are consistent with Pan Pacific's investment objectives. Pan Pacific does not intend to enter into any sales that are prohibited transactions. The Internal Revenue Service may contend, however, that one or more of these sales is subject to the 100% penalty tax.

Penalty Tax. Any redetermined rents, redetermined deductions or excess interest Pan Pacific generates will be subject to a 100% penalty tax. In general, redetermined rents are rents from real property that are overstated as a result of services furnished by a taxable REIT subsidiary to any of tenants of Pan Pacific, and redetermined deductions and excess interest represent amounts that are deducted by a taxable REIT subsidiary for amounts paid to Pan Pacific that are in excess of the amounts that would have been deducted based on arm's length negotiations. Rents Pan Pacific receives will not constitute redetermined rents if they qualify for the safe harbor provisions contained in the Internal Revenue Code. Safe harbor provisions are provided where:

Amounts are received by a real estate investment trust for services customarily furnished or rendered in connection with the rental of real property;

Amounts are excluded from the definition of impermissible tenant service income as a result of satisfying the 1% de minimis exception;

The taxable REIT subsidiary renders a significant amount of similar services to unrelated parties and the charges for such services are substantially comparable;

Rents paid to the real estate investment trust by tenants who are not receiving services from the taxable REIT subsidiary are substantially comparable to the rents paid by the real estate investment trust's

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tenants leasing comparable space who are receiving such services from the taxable REIT subsidiary and the charge for the services is separately stated; and

The taxable REIT subsidiary's gross income from the service is not less than 150% of the subsidiary's direct cost in furnishing the service.

Asset Tests. At the close of each quarter of Pan Pacific's taxable year, Pan Pacific also must satisfy four tests relating to the nature and diversification of Pan Pacific's assets:

First, at least 75% of the value of Pan Pacific's total assets, including assets held by Pan Pacific's qualified REIT subsidiaries and Pan Pacific's allocable share of the assets held by the partnerships and limited liability companies in which Pan Pacific owns an interest, must be represented by real estate assets, cash, cash items and government securities. For purposes of this test, real estate assets include stock or debt instruments that are purchased with the proceeds of a stock offering or a public debt offering with a term of at least five years, but only for the one-year period beginning on the date Pan Pacific receives these proceeds;

Second, not more than 25% of Pan Pacific's total assets may be represented by securities, other than those securities included in the 75% asset test;

Third, of the investments included in the 25% asset class, the value of any one issuer's securities may not exceed 5% of the value of Pan Pacific's total assets, and Pan Pacific may not own more than 10% by vote or value of any one issuer's outstanding securities. For years prior to 2001, the 10% limit applies only with respect to voting securities of any issuer and not to the value of the securities of any issuer; and

Fourth, not more than 20% of the value of Pan Pacific's total assets may be represented by the securities of one or more taxable REIT subsidiaries. The 10% value limitation and the 20% asset test are part of recently enacted legislation and are effective for taxable years ending after December 31, 2000.

Pan Pacific directly owns 100% of the outstanding stock of Pan Pacific Development (Rosewood), Inc., and New NCHC, Inc. Pan Pacific Development (Rosewood), Inc., and New NCHC, Inc., elected, together with Pan Pacific, to be treated as taxable REIT subsidiaries. So long as Pan Pacific Development (Rosewood), Inc., and New NCHC, Inc., qualify as taxable REIT subsidiaries, Pan Pacific will not be subject to the 5% asset test, 10% voting securities limitation or 10% value limitation with respect to Pan Pacific's ownership of securities in Pan Pacific Development (Rosewood), Inc., and New NCHC, Inc. Pan Pacific, Pan Pacific Development (Rosewood), Inc., or New NCHC, Inc., may acquire securities in other taxable REIT subsidiaries in the future, and Pan Pacific has held interests in other taxable REIT subsidiaries in the past. Pan Pacific believes that the aggregate value of its taxable REIT subsidiaries has not and will not exceed 20% of the aggregate value of Pan Pacific's gross assets. With respect to each issuer in which Pan Pacific owns an interest that does not qualify as a qualified REIT subsidiary, a taxable REIT subsidiary, or a partnership or limited liability company, Pan Pacific believes that the value of the securities of any such issuer has not exceeded 5% of the total value of Pan Pacific's assets. Moreover, with respect to each issuer in which Pan Pacific owns an interest that does not qualify as a qualified REIT subsidiary, or a taxable REIT subsidiary, Pan Pacific believes that Pan Pacific's ownership of the securities of any such issuer has complied with the 10% voting securities limitation and 10% value limitation. No independent appraisals have been obtained to support these conclusions. In addition, there can be no assurance that the Internal Revenue Service will not disagree with Pan Pacific's determinations of value.

The asset tests must be satisfied not only on the date that Pan Pacific (directly or through Pan Pacific's qualified REIT subsidiaries, partnerships or limited liability companies) acquires securities in the applicable issuer, but also each time Pan Pacific increases its ownership of securities of such issuer, including as a result of increasing Pan Pacific's interest in a partnership or limited liability company which owns such securities. For example, Pan Pacific's indirect ownership of securities of an issuer may increase as a result of Pan Pacific's capital contributions to a partnership or limited liability company, or a limited partner's transfer of interests in CT Operating Partnership, L.P. to Center Trust in exchange for Pan Pacific stock or cash. After initially meeting

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the asset tests at the close of any quarter, Pan Pacific will not lose its status as a REIT for failure to satisfy the asset tests at the end of a later quarter solely by reason of changes in asset values. If Pan Pacific fails to satisfy an asset test because Pan Pacific acquires securities or other property during a quarter (including as a result of an increase in Pan Pacific's interests in a partnership or limited liability company), Pan Pacific can cure this failure by disposing of sufficient nonqualifying assets within 30 days after the close of that quarter. Although Pan Pacific expects to satisfy the asset tests and plans to take steps to ensure that Pan Pacific satisfies such tests for any quarter with respect to which retesting is to occur, there can be no assurance that such steps will always be successful or will not require a reduction in Pan Pacific's overall interest in an issuer (including in a taxable REIT subsidiary). If Pan Pacific fails to timely cure any noncompliance with the asset tests, Pan Pacific would cease to qualify as a REIT.

Annual Distribution Requirements. To maintain its qualification as a real estate investment trust, Pan Pacific is required to distribute dividends, other than capital gain dividends, to its stockholders in an amount at least equal to the sum of:

90% (95% for taxable years beginning before January 1, 2001) of Pan Pacific's REIT taxable income; and

90% (95% for taxable years beginning before January 1, 2001) of Pan Pacific's after tax net income, if any, from foreclosure property; minus

the excess of the sum of specified items of Pan Pacific's noncash income items over 5% of REIT taxable income as described below.

Pan Pacific's REIT taxable income is computed without regard to the dividends paid deduction and Pan Pacific's net capital gain. In addition, for purposes of this test, non-cash income means income attributable to leveled stepped rents, original issue discount on purchase money debt, or a like-kind exchange that is later determined to be taxable.

In addition, if Pan Pacific disposes of any asset Pan Pacific acquired from a corporation which is or has been a C corporation in a transaction in which Pan Pacific's basis in the asset is determined by reference to the basis of the asset in the hands of that C corporation, within the ten-year period following Pan Pacific's acquisition of such asset, Pan Pacific would be required to distribute at least 90% (95% for taxable years beginning before January 1, 2001) of the after-tax gain, if any, Pan Pacific recognized on the disposition of the asset, to the extent that gain does not exceed the excess of (a) the fair market value of the asset on the date Pan Pacific acquired the asset over (b) Pan Pacific's adjusted basis in the asset on the date Pan Pacific acquired the asset.

Pan Pacific must pay these distributions in the taxable year to which they relate, or in the following taxable year if they are declared before Pan Pacific timely files its tax return for that year and paid on or before the first regular dividend payment following their declarations. Except as provided below, these distributions are taxable to Pan Pacific's stockholders, other than tax-exempt entities, in the year in which paid. This is so even though these distributions relate to the prior year for purposes of Pan Pacific's 90% distribution requirement. The amount distributed must not be preferential. To avoid being preferential, every stockholder of the class of stock to which a distribution is made must be treated the same as every other stockholder of that class, and no class of stock may be treated other than according to its dividend rights as a class. To the extent that Pan Pacific does not distribute all of Pan Pacific's net capital gain or distributes at least 90% (95% for taxable years beginning before January 1, 2001), but less than 100%, of Pan Pacific's REIT taxable income, as adjusted, Pan Pacific will be required to pay tax on the undistributed amount at regular ordinary and capital gain corporate tax rates. Pan Pacific believes it has made, and intends to continue to make, timely distributions sufficient to satisfy these annual distribution requirements.

Pan Pacific expects that its REIT taxable income will be less than its cash flow because of depreciation and other non-cash charges included in computing REIT taxable income. Accordingly, Pan Pacific anticipates that it will generally have sufficient cash or liquid assets to enable it to satisfy the distribution requirements.

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However, Pan Pacific may not have sufficient cash or other liquid assets to meet these distribution requirements because of timing differences between the actual receipt of income and actual payment of deductible expenses, and the inclusion of income and deduction of expenses in determining Pan Pacific's taxable income. If these timing differences occur, Pan Pacific may need to arrange for short-term, or possibly long-term, borrowings or need to pay dividends in the form of taxable stock dividends in order to meet the distribution requirements.

Pan Pacific may be able to rectify an inadvertent failure to meet the 90% distribution requirement for a year by paying deficiency dividends to stockholders in a later year, which Pan Pacific may include in its deduction for dividends paid for the earlier year. Thus, Pan Pacific may be able to avoid being taxed on amounts distributed as deficiency dividends. However, Pan Pacific will be required to pay interest based upon the amount of any deduction taken for deficiency dividends.

In addition, Pan Pacific will be required to pay a 4% excise tax on the excess of the required distribution for the calendar year over the amounts Pan Pacific actually distributes for such year. For this purpose, the amount of Pan Pacific's required distribution during each calendar year (or in the case of distributions with declaration and record dates falling in the last three months of the calendar year, by the end of January immediately following such year) equals the sum of 85% of Pan Pacific's REIT ordinary income for such year, 95% of Pan Pacific's REIT capital gain income for the year, and any undistributed taxable income from prior periods. Any REIT taxable income and net capital gain on which this excise tax is imposed for any year will be treated as an amount distributed during that year for purposes of calculating such tax.

Distributions with declaration and record dates falling in the last three months of the calendar year, which are paid to Pan Pacific's stockholders by the end of January immediately following that year, will be treated for federal income tax purposes as having been paid on December 31 of the prior year.

Earnings and Profits Distribution Requirement. A real estate investment trust is not permitted to have accumulated earnings and profits attributable to non-real estate investment trust years. A real estate investment trust has until the close of its first taxable year in which it has non-real estate investment trust earnings and profits to distribute all such earnings and profits. Pan Pacific's failure to comply with this rule would require that Pan Pacific pay a deficiency dividend to its stockholders, and interest to the Internal Revenue Service, to distribute any remaining earnings and profits. A failure to make this deficiency dividend distribution would result in the loss of Pan Pacific's real estate investment trust status. See Failure to Qualify.

Failure to Qualify

If Pan Pacific fails to qualify for taxation as a real estate investment trust in any taxable year, and the relief provisions of the Internal Revenue Code do not apply, Pan Pacific will be required to pay tax, including any alternative minimum tax, on Pan Pacific's taxable income at regular corporate rates. Distributions to stockholders in any year in which Pan Pacific fails to qualify as a real estate investment trust will not be deductible by Pan Pacific, and Pan Pacific will not be required to distribute any amounts to its stockholders. As a result, Pan Pacific anticipates that Pan Pacific's failure to qualify as a real estate investment trust would reduce the cash available for distribution by Pan Pacific to its stockholders. In addition, if Pan Pacific fails to qualify as a real estate investment trust, all distributions to stockholders will be taxable at ordinary income rates to the extent of Pan Pacific's current and accumulated earnings and profits. In this event, corporate distributees may be eligible for the dividends-received deduction. Unless entitled to relief under specific statutory provisions, Pan Pacific would also be disqualified from taxation as a real estate investment trust for the four taxable years following the year in which Pan Pacific loses its qualification. It is not possible to state whether in all circumstances Pan Pacific would be entitled to this statutory relief.

Tax Aspects of the Partnerships

General. Pan Pacific currently owns interests in various partnerships and limited liability companies and may own interests in additional partnerships and limited liability companies in the future. Pan Pacific's

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ownership of an interest in such partnerships and limited liability companies involves special tax considerations. These special tax considerations include, for example, the possibility that the Internal Revenue Service might challenge the status of one or more of the partnerships or limited liability companies in which Pan Pacific owns an interest as partnerships, as opposed to associations taxable as corporations, for federal income tax purposes. If a partnership or limited liability company in which Pan Pacific owns an interest, or one or more of its subsidiary partnerships or limited liability companies, were treated as an association, it would be taxable as a corporation and therefore be subject to an entity-level tax on its income. In this situation, the character of Pan Pacific's assets and items of gross income would change, and could prevent Pan Pacific from satisfying the real estate investment trust asset tests or the real estate investment trust income tests. This, in turn, would prevent Pan Pacific from qualifying as a real estate investment trust. In addition, a change in the tax status of one or more of the partnerships or limited liability companies in which Pan Pacific owns an interest might be treated as a taxable event. If so, Pan Pacific might incur a tax liability without any related cash distributions.

Treasury Regulations that apply for tax periods beginning on or after January 1, 1997, provide that a domestic business entity not otherwise organized as a corporation and which has at least two members may elect to be treated as a partnership for federal income tax purposes. Unless it elects otherwise, an eligible entity in existence prior to January 1, 1997, will have the same classification for federal income tax purposes that it claimed under the entity classification Treasury Regulations in effect prior to this date. In addition, an eligible entity which did not exist or did not claim a classification prior to January 1, 1997, will be classified as a partnership for federal income tax purposes unless it elects otherwise. All of the partnerships in which Pan Pacific owns an interest intend to claim classification as partnerships under these Treasury Regulations. As a result, Pan Pacific believes that these partnerships will be classified as partnerships for federal income tax purposes. The treatment described above also applies with respect to Pan Pacific's ownership of interests in limited liability companies that are treated as partnerships for tax purposes.

Allocations of Income, Gain, Loss and Deduction. A partnership or limited liability company agreement will generally determine the allocation of income and losses among partners or members. These allocations, however, will be disregarded for tax purposes if they do not comply with the provisions of Section 704(b) of the Internal Revenue Code and the Treasury Regulations. Generally, Section 704(b) of the Internal Revenue Code and the related Treasury Regulations require that partnership and limited liability company allocations respect the economic arrangement of the partners and members. If an allocation is not recognized for federal income tax purposes, the relevant item will be reallocated according to the partners' or members' interests in the partnership or limited liability company. This reallocation will be determined by taking into account all of the facts and circumstances relating to the economic arrangement of the partners or members with respect to such item. The allocations of taxable income and loss in each of the partnerships and limited liability companies in which Pan Pacific owns an interest are intended to comply with the requirements of Section 704(b) of the Internal Revenue Code and the Treasury Regulations thereunder.

Tax Allocations with Respect to the Properties. Under Section 704(c) of the Code, income, gain, loss and deduction attributable to appreciated or depreciated property that is contributed to a partnership in exchange for an interest in the partnership, must be allocated in a manner so that the contributing partner is charged with the unrealized gain or benefits from the unrealized loss associated with the property at the time of the contribution. The amount of the unrealized gain or unrealized loss is generally equal to the difference between the fair market value or book value and the adjusted tax basis of the property at the time of contribution. These allocations are solely for federal income tax purposes and do not affect the book capital accounts or other economic or legal arrangements among the partners. Appreciated property has been contributed to some of Pan Pacific's partnerships or limited liability companies in exchange for interests in those partnerships or limited liability companies in connection with transactions in which those partnerships or limited liability companies were formed. The relevant partnership and/or limited liability company agreements require that these allocations be made in a manner consistent with Section 704(c) of the Code. Treasury regulations issued under Section 704(c) of the Code provide partnerships and limited liability companies with a choice of several methods of accounting for book-tax differences. Pan Pacific and its partnerships and/or limited liability companies have agreed to use

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the traditional method for accounting for book-tax differences for the properties initially contributed to Pan Pacific's partnerships and/or limited liability companies. Under the traditional method, which is the least favorable method from Pan Pacific's perspective, the carryover basis of contributed interests in the properties in the hands of Pan Pacific's partnerships and/or limited liability companies (i) will cause Pan Pacific to be allocated lower amounts of depreciation deductions for tax purposes than would be allocated to Pan Pacific if all contributed properties were to have a tax basis equal to their fair market value at the time of the contribution and (ii) could cause Pan Pacific to be allocated taxable gain in the event of a sale of such contributed interests or properties in excess of the economic or book income allocated to Pan Pacific as a result of such sale, with a corresponding benefit to the other partners in Pan Pacific's partnerships or limited liability companies. An allocation described in (ii) above might cause Pan Pacific or the other partners to recognize taxable income in excess of cash proceeds in the event of a sale or other disposition of property, which might adversely affect Pan Pacific's ability to comply with the REIT distribution requirements. See *Taxation of Pan Pacific Requirements for Qualification as a Real Estate Investment Trust* and *Annual Distribution Requirements*.

Pan Pacific and Pan Pacific's partnerships or limited liability companies have not yet decided what method will be used to account for book-tax differences for other properties acquired by Pan Pacific's partnerships and/or limited liability companies in the future.

Any property acquired by Pan Pacific's partnerships or limited liability companies in a taxable transaction will initially have a tax basis equal to its fair market value, and Section 704(c) of the Code will not apply.

Tax Liabilities and Attributes Inherited From Acquisitions

Tax Liabilities and Attributes Inherited from Center Trust. If Center Trust failed to qualify as a real estate investment trust in any taxable year, it would be required to pay tax, including any alternative minimum tax, on its taxable income at regular corporate rates. Unless entitled to relief under specific statutory provisions, Center Trust would also be disqualified from taxation as a real estate investment trust for the four taxable years following the year in which Center Trust lost qualification. The combined company, as successor in interest to Center Trust, would be required to pay this tax. The built-in gain rules described under *Pan Pacific's Qualification as a Real Estate Investment Trust General* above generally would apply with respect to any assets acquired by Pan Pacific from Center Trust in connection with the merger if the merger qualifies as a tax-free reorganization under the Internal Revenue Code and if Center Trust failed to qualify as a real estate investment trust at any time during the ten-year period prior to the merger. As a result, if during the ten year period following the end of the last year in which Center Trust failed to qualify as a REIT, Pan Pacific disposed of any of the assets acquired from Center Trust, any resulting gain, to the extent of the built-in gain at the end of such year, generally would be subject to tax at the highest corporate tax rate under the built-in gain rules. The results described in the preceding sentence assume that, on the tax return for the applicable year, Pan Pacific or Center Trust has made or will make or refrain from making elections, as necessary under the applicable temporary Treasury Regulations to be treated in this manner.

Furthermore, as a result of the merger, and assuming the merger is treated as a tax-free reorganization under Section 368(a) of the Internal Revenue Code, Pan Pacific will succeed to various tax attributes of Center Trust, including any undistributed C corporation earnings and profits of Center Trust. If Center Trust qualified as a real estate investment trust for all years prior to the merger, then Center Trust will not have any undistributed C corporation earnings and profits. If, however, Center Trust failed to qualify as a real estate investment trust for any year, then it is possible that Pan Pacific would acquire undistributed C corporation earnings and profits from Center Trust. If Pan Pacific did not distribute these C corporation earnings and profits prior to the end of its taxable year in which the merger occurs, it would be required to pay a deficiency dividend to its stockholders, and interest to the Internal Revenue Service, in order to distribute any remaining earnings and profits. A failure to make this deficiency dividend would prevent Pan Pacific from qualifying as a real estate investment trust. See *Pan Pacific's Qualification as a Real Estate Investment Trust Earnings and Profits Distribution Requirement*. In addition, after the merger, the asset and income tests described in *Pan Pacific's*

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Qualification as a Real Estate Investment Trust Income Tests and Asset Tests will apply to all of Pan Pacific's assets, including the assets it acquires from Center Trust, and to all of Pan Pacific's income, including the income derived from the assets it acquires from Center Trust. As a result, the nature of the assets that Pan Pacific acquires from Center Trust and the income derived from those assets may have an effect on Pan Pacific's tax status as a real estate investment trust.

As is the case with Pan Pacific, qualification as a real estate investment trust requires Center Trust to satisfy numerous requirements, some on an annual basis, others on a quarterly basis and still others on an ongoing basis, established under highly technical and complex Internal Revenue Code provisions. These include requirements relating to Center Trust's:

actual annual operating results;

asset diversification;

distribution levels; and

diversity of stock ownership.

There are only limited judicial and administrative interpretations of these requirements and qualification as a real estate investment trust involves the determination of various factual matters and circumstances not entirely within Center Trust's control.

As a condition to closing, Latham & Watkins will render an opinion to Center Trust that, based on customary representations including those contained in the merger agreement and in a certificate of an officer of Center Trust, commencing with its taxable year ended December 31, 1993, Center Trust was organized in conformity with the requirements for qualification and taxation as a real estate investment trust under the Internal Revenue Code, and its method of operation has enabled Center Trust to meet, through the effective time of the merger, the requirements for qualification and taxation as a real estate investment trust under the Internal Revenue Code. The condition regarding the receipt of the opinion described in the preceding sentence will not be waived by Center Trust after the receipt of the necessary approval of Center Trust stockholders for the merger unless further stockholder approval is obtained after providing appropriate disclosure.

Assuming the merger is treated as a reorganization under Section 368(a) of the Internal Revenue Code, Center Trust's tax basis in the assets transferred in the merger will carry over to Pan Pacific.

Tax Liabilities and Attributes Inherited from Western Properties. Recently, Pan Pacific acquired in a merger certain assets and subsidiaries of Western Properties Trust, a California real estate investment trust. If, prior to this transaction, Western Properties Trust failed to qualify as a real estate investment trust in any taxable year, it would be subject to federal income tax (including any applicable alternative minimum tax) on its taxable income at regular corporate rates. Unless statutory relief provisions apply, Western Properties Trust would be disqualified from treatment as a real estate investment trust for the four taxable years following the year during which it lost qualification. As successor-in-interest to Western Properties Trust, Pan Pacific would be required to pay this tax. In addition, the built-in gain rules described above would apply with respect to any assets Pan Pacific acquired from Western Properties Trust. If Pan Pacific disposed of any of the assets acquired from Western Properties Trust during the ten-year period following the end of the last year in which Western Properties Trust failed to qualify as a REIT, any resulting gain, to the extent of the built-in gain at the end of such year, generally would be subject to tax at the highest corporate tax rate under the built-in gain rules. In addition, if Western Properties Trust failed to qualify as a real estate investment trust for any year, then it is possible that Pan Pacific would have acquired undistributed C corporation earnings and profits from Western Properties Trust. If Pan Pacific failed to distribute these C corporation earnings and profits prior to the end of the taxable year in which the merger occurred, Pan Pacific would be required to distribute them through a deficiency dividend or fail to qualify as a real estate investment trust.

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Taxation Of Taxable U.S. Stockholders

As used in this summary, the term "U.S. stockholder" means a holder of shares of Pan Pacific common stock who is, for United States federal income tax purposes:

a citizen or resident of the United States;

a corporation, partnership, or other entity created or organized in or under the laws of the United States or of any state or in the District of Columbia, unless, in the case of a partnership, Treasury Regulations provide otherwise;

an estate which is required to pay United States federal income tax regardless of the source of its income; or

a trust whose administration is under the primary supervision of a United States court and which has one or more United States persons who have the authority to control all substantial decisions of the trust.

Notwithstanding the preceding sentence, to the extent provided in Treasury Regulations, some trusts in existence on August 20, 1996, and treated as U.S. persons prior to this date that elect to continue to be treated as U.S. persons, are also considered U.S. stockholders.

Distributions Generally. Distributions out of Pan Pacific's current or accumulated earnings and profits not designated as capital gains dividends will constitute dividends taxable to Pan Pacific's taxable U.S. stockholders as ordinary income. As long as Pan Pacific qualifies as a real estate investment trust, these distributions will not be eligible for the dividends-received deduction in the case of U.S. stockholders that are corporations. For purposes of determining whether distributions to holders of common stock are out of current or accumulated earnings and profits, earnings and profits will be allocated first to outstanding preferred stock, if any, and then to common stock.

To the extent that Pan Pacific makes distributions, other than capital gain dividends discussed below, in excess of Pan Pacific's current and accumulated earnings and profits, these distributions will be treated first as a tax-free return of capital to each U.S. stockholder. This treatment will reduce the adjusted tax basis each U.S. stockholder has in his shares of stock by the amount of the distribution, but not below zero. Distributions in excess of a U.S. stockholder's adjusted tax basis in its shares will be taxable as capital gain, provided that the shares have been held as capital assets. This gain will be taxable as long-term capital gain if the shares have been held for more than one year. Dividends Pan Pacific declares in October, November, or December of any year and payable to a stockholder of record on a specified date in any of these months will be treated as both paid by Pan Pacific and received by the stockholder on December 31 of that year, provided Pan Pacific actually pays the dividend on or before January 31 of the following year. Stockholders may not include in their own income tax returns any of Pan Pacific's net operating losses or capital losses.

Capital Gain Distributions. Distributions that Pan Pacific properly designates as capital gain dividends will be taxable to Pan Pacific's taxable U.S. stockholders as gain, to the extent this gain does not exceed Pan Pacific's actual net capital gain for the taxable year, from the sale or disposition of a capital asset. Depending on the characteristics of the assets which produced these gains, and on designations, if any, which Pan Pacific may make, these gains may be taxable to non-corporate U.S. stockholders at a maximum 20% or 25% rate. U.S. stockholders that are corporations may be required to treat up to 20% of some capital gain dividends as ordinary income.

Passive Activity Losses and Investment Interest Limitations. Distributions Pan Pacific makes, and gain arising from the sale or exchange by a U.S. stockholder of Pan Pacific's shares, will not be treated as passive activity income. As a result, U.S. stockholders generally will not be able to apply any passive losses against this income or gain. Distributions Pan Pacific makes, to the extent they do not constitute a return of capital, generally will be treated as investment income for purposes of computing the investment interest limitation. Gain arising from the sale or other disposition of Pan Pacific's shares, however, may not be treated as investment income depending upon a stockholder's particular situation.

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Retention of Net Long-Term Capital Gains. Pan Pacific may elect to retain, rather than distribute as a capital gain dividend, Pan Pacific's net long-term capital gains. If Pan Pacific makes this election, it would pay tax on its retained net long-term capital gains. In addition, to the extent Pan Pacific designates, a U.S. stockholder generally would:

include its proportionate share of Pan Pacific's undistributed long-term capital gains in computing its long-term capital gains in its return for its taxable year in which the last day of Pan Pacific's taxable year falls;

be deemed to have paid the capital gains tax imposed on Pan Pacific on the designated amounts included in the U.S. stockholder's long-term capital gains;

receive a credit or refund for the amount of tax deemed paid by it;

increase the adjusted basis of its common stock by the difference between the amount of includable gains and the tax deemed to have been paid by it; and

in the case of a U.S. stockholder that is a corporation, appropriately adjust its earnings and profits for the retained capital gains as required by Treasury Regulations to be prescribed by the Internal Revenue Service.

Dispositions of Pan Pacific Common Stock. If you are a U.S. stockholder and you sell or dispose of your shares of common stock in a taxable transaction, you will recognize gain or loss for federal income tax purposes in an amount equal to the difference between the amount of cash and the fair market value of any property you receive on the sale or other disposition and your adjusted basis in the shares for tax purposes. This gain or loss will be capital if you have held the common stock as a capital asset. This gain or loss, except as provided below, will be long-term capital gain or loss if you have held the common stock for more than one year. Long-term capital gains of a non-corporate U.S. stockholder will generally be subject to a maximum tax rate of 20%. In general, if you are a U.S. stockholder and you recognize loss upon the sale or other disposition of common stock that you have held for six months or less, the loss you recognize will be treated as a long-term capital loss to the extent you received distributions from Pan Pacific which were required to be treated as long-term capital gains.

Backup Withholding for Pan Pacific Stockholders

Pan Pacific reports to its U.S. stockholders and the Internal Revenue Service the amount of dividends paid during each calendar year and the amount of any tax withheld. Under the backup withholding rules, a stockholder may be subject to backup withholding at a maximum rate of 31% with respect to dividends paid unless the holder is a corporation or is otherwise exempt and, when required, demonstrates this fact or provides a taxpayer identification number, certifies as to no loss of exemption from backup withholding, and otherwise complies with the backup withholding rules. A U.S. stockholder that does not provide Pan Pacific with his correct taxpayer identification number may also be subject to penalties imposed by the Internal Revenue Service. Backup withholding is not an additional tax. Any amount paid as backup withholding will be creditable against the stockholder's income tax liability. In addition, Pan Pacific may be required to withhold a portion of capital gain distributions to any stockholders who fail to certify their non-foreign status. See Taxation of Non-U.S. Stockholders.

Taxation of Tax-Exempt Stockholders

The Internal Revenue Service has ruled that amounts distributed as dividends by a qualified real estate investment trust do not constitute unrelated business taxable income when received by a tax-exempt entity. Based on that ruling, except as described below, dividend income from Pan Pacific and gain arising upon a sale of shares generally will not be unrelated business taxable income to a tax-exempt stockholder. This income or gain will be unrelated business taxable income, however, if the tax-exempt stockholder holds its shares as debt-financed property within the meaning of the Internal Revenue Code or if the shares are used in a trade or business of the tax-exempt stockholder. Generally, debt-financed property is property the acquisition or holding of which was financed through a borrowing by the tax-exempt stockholder.

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For tax-exempt stockholders that are social clubs, voluntary employee benefit associations, supplemental unemployment benefit trusts, and qualified group legal services plans exempt from federal income taxation under Sections 501(c)(7), (c)(9), (c)(17) and (c)(20) of the Internal Revenue Code, respectively, income from an investment in Pan Pacific's shares will constitute unrelated business taxable income unless the organization is able to properly claim a deduction for amounts set aside or placed in reserve for specific purposes so as to offset the income generated by its investment in Pan Pacific's shares. Prospective investors that are exempt from taxation under these provisions of the Internal Revenue Code should consult their tax advisors concerning these set aside and reserve requirements.

Notwithstanding the above, however, a portion of the dividends paid by a pension-held real estate investment trust will be treated as unrelated business taxable income as to specified tax exempt trusts which hold more than 10%, by value, of the interests in the real estate investment trust. A REIT will not be a pension-held REIT if it is able to satisfy the not closely held requirement without relying upon the look-through exception with respect to certain trusts. As a result of the limitations on the transfer and ownership of stock contained in its charter, Pan Pacific does not expect to be classified as a pension-held real estate investment trust.

Taxation of Non-U.S. Stockholders

The preceding discussion does not address the rules governing United States federal income taxation of the ownership and disposition of common stock or preferred stock by persons that are non-U.S. stockholders. As used in this summary, the term non-U.S. stockholder means stockholders of Pan Pacific who are not U.S. stockholders. In general, non-U.S. stockholders may be subject to special tax withholding requirements on distributions from Pan Pacific and with respect to their sale or other disposition of Pan Pacific common stock, except to the extent reduced or eliminated by an income tax treaty between the United States and the non-U.S. stockholder's country. A non-U.S. stockholder who is a stockholder of record and is eligible for reduction or elimination of withholding must file an appropriate form with Pan Pacific in order to claim this treatment. Non-U.S. stockholders should consult their tax advisors concerning the federal income tax consequences to them of an acquisition of shares of Pan Pacific common stock, including the federal income tax treatment of dispositions of interests in and the receipt of distributions from Pan Pacific.

Other Tax Consequences

State, local and foreign income tax laws may differ substantially from the corresponding federal income tax laws, and this discussion does not purport to describe any aspect of the tax laws of any state, local or foreign jurisdiction. Pan Pacific may be required to pay state or local taxes in state or local jurisdictions, including those in which Pan Pacific transacts business, and Pan Pacific's stockholders may be required to pay state or local taxes in state or local jurisdictions, including those in which they reside. Pan Pacific's state and local tax treatment may not conform to the federal income tax consequences summarized above. In addition, the state and local tax treatment of holders of Pan Pacific common stock may not conform to the federal income tax consequences summarized above. Consequently, holders of Pan Pacific common stock should consult their tax advisors regarding the effect of state, local and foreign tax laws on the acquisition, ownership, and disposition of Pan Pacific common stock.

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**COMPARISON OF RIGHTS OF STOCKHOLDERS OF PAN PACIFIC
AND STOCKHOLDERS OF CENTER TRUST**

General

Both Pan Pacific and Center Trust are incorporated in Maryland. Upon consummation of the merger, Center Trust's stockholders will become stockholders of Pan Pacific. The rights of Center Trust's stockholders are governed currently by the Maryland General Corporation Law and by Center Trust's charter and bylaws. Once Center Trust's stockholders become stockholders of Pan Pacific, their rights will continue to be governed by the Maryland General Corporation Law but will be governed by Pan Pacific's charter and bylaws.

Certain Material Differences Between the Rights of Stockholders of Pan Pacific and Stockholders of Center Trust

The following is a summary of the material differences between the rights of Center Trust stockholders and the rights of Pan Pacific stockholders. This summary does not purport to be a complete description of the differences between the rights of Center Trust stockholders and Pan Pacific stockholders.

Pan Pacific	Center Trust
	Authorized Stock
The total number of authorized shares of Pan Pacific stock is 130,000,000, which consists of 100,000,000 shares of common stock, par value \$.01 per share, and 30,000,000 shares of preferred stock, par value \$.01 per share	The total number of authorized shares of Center Trust stock is 160,000,000, which consists of 100,000,000 shares of common stock, 50,000,000 shares of excess stock and 10,000,000 shares of preferred stock, each having a par value of \$.01 per share.

Voting Rights

The Maryland General Corporation Law limits the voting rights of control shares held by persons who, directly or indirectly, have the power to exercise:

- one-tenth or more, but less than one-third;
- one-third or more, but less than a majority; or
- a majority or more of all voting power in the election of directors.

The Pan Pacific bylaws provide that these limitations on control shares do not apply to acquisitions of shares of Pan Pacific stock.

The Center Trust bylaws provide that the Maryland General Corporation Law's limitations on the voting rights of control shares do not apply to the voting rights of Center Trust stock held by Alexander Haagen, Sr., Charlotte Haagen, Alexander Haagen III, Seymour Kreshek, Fred Bruning or Edward Krasnove, or any affiliates or associates of these individuals. The Center Trust bylaws also provide that these limitations on the voting rights of control shares do not apply to acquisitions of shares of Center Trust stock by Prometheus Western Retail, LLC, or any of its existing or future affiliates.

Size of the board of directors

Under the Maryland General Corporation Law, a corporation must have at least one director. Subject to this provision, a corporation's bylaws may alter the number of directors set by the corporation's charter and authorize a majority of the entire board of directors to alter within specified limits the number of directors set by the corporation's charter or its bylaws.

The Center Trust bylaws provide that the number of persons constituting Center Trust's board shall be eleven, which number may be increased or decreased by an amendment to the bylaws, but not to less than seven nor more than thirteen. Only eight of the eleven authorized board seats are currently filled, with three vacancies remaining on Center Trust's board.

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Pan Pacific

The Pan Pacific charter and bylaws provide that the number of persons constituting the Pan Pacific board may not be less than the minimum number required by the Maryland General Corporation Law, nor more than 15. The Pan Pacific bylaws provide that, within the parameters stated above, the number of directors may be increased or decreased by resolution of a majority of the Pan Pacific board, except that the term of a director may not be affected by a decrease in the number of directors. The Pan Pacific board has seven authorized board seats. Currently, there are two vacancies on the board with five directors constituting the entire Pan Pacific board.

Director Approval Requirements

The Pan Pacific bylaws provide that the action of a majority of directors present at a meeting, at which a quorum is present (a majority of directors), shall be the action of the board of directors, unless the concurrence of a greater proportion is required for such action by the Pan Pacific charter and bylaws or by applicable laws.

Center Trust

The Center Trust bylaws provide that the action of a majority of directors present at a meeting, at which a quorum is present (a majority of directors), shall be the action of the board of directors, except that one more than a majority of the authorized number of directors is necessary to constitute a quorum, and the approval of one more than a majority of the authorized number of directors is required, for:

a change in control of Center Trust or of CT Operating Partnership, L.P.;

any amendment to the charter or bylaws, with the exception of such amendments required to maintain Center Trust's status as a real estate investment trust;

any waiver or modification of the Center Trust ownership limit; and

the issuance of any equity securities (other than shares of Center Trust common stock issued (a) for at least the fair market value thereof at the time of issuance, (b) pursuant to Center Trust's stock incentive plan, (c) upon exchange of partnership units in CT Operating Partnership, L.P., or (d) in a bona fide underwritten public offering).

Removal of Directors

Under the Maryland General Corporation Law, unless the corporation's charter provides otherwise, the stockholders of a corporation with a classified board of directors may remove any director only for cause and only by the affirmative vote of a majority of all the votes entitled to be cast for the election of directors. The Pan Pacific charter provides that directors may be removed only for cause and only by the affirmative

The Center Trust charter provides that directors may be removed only for cause and only by the affirmative vote of the holders of at least two-thirds of all of the votes entitled to be cast in the election of the directors. The Center Trust charter does not define cause.

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vote of the holders of a majority of the votes entitled to be cast in the election of the directors. The Pan Pacific Charter provides that cause shall mean, with respect to any particular director, a final judgment of a court of competent jurisdiction holding that such director caused demonstrable, material harm to Pan Pacific through bad faith or active and deliberate dishonesty.

Charter Amendments

The Maryland General Corporation Law allows amendment of a corporation's charter if its board of directors adopts a resolution setting forth the amendment proposed, declaring its advisability and directing that it be submitted to the stockholders for consideration, and the stockholders thereafter approve such proposed amendment either at a special meeting called by the board for the purpose of approval of such amendment by the stockholders or, if so directed by the board, at the next annual stockholders meeting. The Maryland General Corporation Law requires that the proposed amendment be approved by the stockholders of the corporation by the affirmative vote of two-thirds of all the votes entitled to be cast on the matter, unless the corporation's charter contains a provision that permits charter amendments to be approved by a lesser percentage of votes, but not less than a majority of all the votes entitled to be cast on the matter. The Pan Pacific charter provides that, at any such meeting, the proposed amendment must be approved by a majority of all votes entitled to be cast on the matter.

Because the Center Trust charter does not contain a provision altering Maryland's statutory requirement with respect to the vote required to amend the Center Trust charter, any amendment of the Center Trust charter must be approved by the affirmative vote of two-thirds of all votes entitled to be cast by the stockholders on the matter.

Bylaw Amendments

Under the Maryland General Corporation Law, the power to change the bylaws may be left with the stockholders, vested exclusively in the directors or shared by both groups.

The Center Trust bylaws vest the power to adopt, alter or repeal any portion of the existing bylaws, or to make new bylaws, exclusively in Center Trust's board.

The Pan Pacific charter and bylaws vest the power to adopt, alter and repeal the Pan Pacific bylaws in the stockholders. Subject to this power of the stockholders, the Pan Pacific board is also authorized to adopt, alter and repeal the Pan Pacific bylaws.

Vote on Merger, Consolidation or Sale of Substantially all Assets

Under the Maryland General Corporation Law, unless the corporate charter states otherwise, the

sale, lease, exchange or transfer of all or substantially all of the assets of a corporation not in the ordinary course of business conducted by it, and

Because the Center Trust charter does not contain a provision altering Maryland's statutory requirement with respect to the vote required for these specified transactions, such transactions require approval by the affirmative vote of two-thirds of all votes entitled to be cast by the stockholders on the matter.

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any merger, consolidation or share exchange involving the corporation,

requires approval by holders of two-thirds of the shares of the corporation entitled to vote on such matters. Pan Pacific's charter provides that each of these matters may be approved by the stockholders by a majority of all the votes entitled to be cast on the matter.

Limits on Ownership and Transfer of Shares

No person or entity may own, actually or constructively, more than 6.25% of the outstanding shares of Pan Pacific common stock. Pan Pacific's board may, but is in no event obligated to, permit ownership in excess of the foregoing ownership limit if it determines that permitting a higher level of ownership will not impair Pan Pacific's ability to qualify as a real estate investment trust under the Internal Revenue Code. An owner of an interest in an entity which itself holds, directly or indirectly, shares of Pan Pacific common stock, is treated for this purpose as holding a proportionate number of the shares of Pan Pacific common stock held by that entity. Percentage ownership is measured for this purpose using either the monetary value or absolute number of shares of common stock held, whichever measurement is more restrictive. To the extent any transfer of Pan Pacific's common stock would cause a stockholder or any other person or entity to exceed the ownership limit described above, that transfer will be void, and any shares sought to be transferred in violation of the ownership limit will be transferred automatically by operation of law to a trust for the benefit of a charitable organization selected by Pan Pacific. The acquisition of an interest in an entity that holds Pan Pacific common stock and which causes that entity to violate Pan Pacific's ownership limit, or any greater limit permitted by Pan Pacific's board of directors, would cause the entity to be divested of a sufficient number of shares of Pan Pacific common stock, again in favor of a trust for the benefit of a charitable organization, to comply with the applicable limit. See Description of Pan Pacific Stock Restrictions on Ownership and Transfer.

Center Trust

No person or entity may own, actually or constructively, more than 9.8% of Center Trust's outstanding common stock. Center Trust's board may, but in no event is obligated to, permit ownership in excess of the foregoing ownership limit if it determines that permitting a higher level of ownership will not impair Center Trust's ability to qualify as a real estate investment trust under the Internal Revenue Code. To the extent any transfer of Center Trust's common stock would cause a stockholder or any other person or entity to exceed the ownership limit described above, that transfer will be void, and any shares of Center Trust common stock sought to be transferred in violation of the ownership limit will be automatically converted into and exchanged for an equal number of shares of excess stock that will be transferred automatically by operation of law to a trust for the benefit of a beneficiary selected by the transferee. The acquisition of an interest in an entity that holds Center Trust common stock and which causes that entity to violate Center Trust's ownership limit, or any greater limit permitted by Center Trust's board of directors, would cause the entity to be divested of a sufficient number of shares of Center Trust common stock, again in favor of a trust for the benefit of a beneficiary selected by the transferee, to comply with the applicable limit.

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Stockholder Meetings

The Pan Pacific bylaws provide that an annual meeting of stockholders is to be held each year during the month of May, as designated by the Pan Pacific board, unless the board elects to hold the meeting in another month.

Under the Maryland General Corporation Law, a special meeting of stockholders may be called by the president, the board of directors or any other person specified in the corporation's charter or bylaws.

Under the Pan Pacific bylaws, a special meeting of the stockholders of Pan Pacific may be called at any time by:

- the Chief Executive Officer of Pan Pacific;
- the President of Pan Pacific; or
- the Pan Pacific board.

In addition, the Secretary of Pan Pacific is required to call a special meeting of stockholders upon the written request of stockholders holding at least a majority of all the votes entitled to be cast at a special meeting. Such a request must state the purpose of the meeting and matters proposed to be acted on. The stockholders calling such a special meeting are required to pay the reasonably estimated costs of preparing and mailing a notice of such a meeting to the stockholders.

The Center Trust bylaws provide that an annual meeting of stockholders is to be held each year on a date designated by Center Trust's board.

Under the Center Trust bylaws, a special meeting of the stockholders of Center Trust may be called at any time by:

- the Chief Executive Officer of Center Trust;
- the President of Center Trust; or
- Center Trust's board.

In addition, the Secretary of Center Trust is required to call a special meeting of stockholders upon the written request of stockholders holding at least 25% of all the votes entitled to be cast at a special meeting. Such a request must state the purpose of the meeting and matters proposed to be acted on. The stockholders calling such a special meeting are required to pay the reasonably estimated costs of preparing and mailing a notice of such a meeting to the stockholders.

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DESCRIPTION OF PAN PACIFIC STOCK

The following description of the terms of Pan Pacific stock is only a summary. For a complete description, you are referred to the Maryland General Corporation Law and Pan Pacific's charter and bylaws. Pan Pacific has filed its charter and bylaws with the SEC as exhibits to previous Pan Pacific registration statements. See [Where You Can Find More Information](#).

General

Pan Pacific's charter provides that it may issue up to 100,000,000 shares of common stock, \$.01 par value per share, and up to 30,000,000 shares of preferred stock, \$.01 par value per share. As of September 30, 2002, 33,583,520 shares of common stock and no shares of preferred stock were issued and outstanding. Under the Maryland General Corporation Law, Pan Pacific's stockholders generally are not liable for its debts or obligations.

Common Stock

All issued and outstanding shares of Pan Pacific common stock are duly authorized, fully paid and nonassessable. Holders of Pan Pacific common stock are entitled to receive dividends when authorized by Pan Pacific's board of directors out of assets legally available for the payment of dividends. They are also entitled to share ratably in Pan Pacific's assets legally available for distribution to its stockholders in the event of the liquidation, dissolution or winding up of Pan Pacific, after payment of or adequate provision for all of Pan Pacific's known debts and liabilities. These rights are subject to the preferential rights of any other class or series of Pan Pacific stock and to the provisions of Pan Pacific's charter regarding restrictions on transfer of Pan Pacific's stock.

Subject to Pan Pacific charter restrictions on transfer of its stock, each outstanding share of Pan Pacific common stock entitles the holder to one vote on all matters submitted to a vote of stockholders, including the election of directors. Except as provided by the terms of any other class or series of stock of Pan Pacific, the holders of Pan Pacific common stock possess the exclusive voting power. There is no cumulative voting in the election of directors, which means that the holders of a majority of the voting power of Pan Pacific stock can elect all of the directors then standing for election, and the holders of the remaining shares may not be able to elect any directors.

Holders of Pan Pacific common stock have no preference, conversion, exchange, sinking fund, redemption or appraisal rights and have no preemptive rights to subscribe for any of Pan Pacific's securities. Subject to Pan Pacific charter restrictions on transfer of stock, all shares of Pan Pacific common stock have equal dividend, liquidation and other rights.

Under the Maryland General Corporation Law, a Maryland corporation generally cannot dissolve, amend its charter, merge, sell all or substantially all of its assets, engage in a share exchange or engage in similar transactions outside the ordinary course of business, unless approved by the affirmative vote of stockholders holding at least two-thirds of the shares entitled to vote on the matter. However, a Maryland corporation may provide in its charter for approval of these matters by a lesser percentage, but not less than a majority of all of the votes entitled to be cast on the matter. Pan Pacific's charter provides that these matters may be approved by the affirmative vote of stockholders holding a majority of all the votes entitled to be cast on the matter.

Power to Reclassify Unissued Shares of Pan Pacific Stock

Pan Pacific's charter authorizes its board of directors to classify and reclassify any unissued shares of its common stock and preferred stock into other classes or series of stock. Prior to the issuance of shares of each class or series, the Pan Pacific board is required by Maryland law and by Pan Pacific's charter to set, subject to

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charter restrictions on transfer of stock, the terms, preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications and terms or conditions of redemption for each class or series. Thus, the Pan Pacific board could authorize the issuance of shares of preferred stock with terms and conditions which could have the effect of delaying, deferring or preventing a transaction or a change in control that might involve a premium price for holders of Pan Pacific common stock or otherwise be in their best interest. No shares of Pan Pacific's preferred stock are presently outstanding and Pan Pacific has no present plans to issue any preferred stock.

Power to Issue Additional Shares of Common Stock and Preferred Stock

Pan Pacific believes that the power to issue additional shares of common stock or preferred stock and to classify or reclassify unissued shares of common or preferred stock and thereafter to issue the classified or reclassified shares provides it with increased flexibility in structuring possible future financings and acquisitions and in meeting other needs which might arise. These actions can be taken without stockholder approval, unless stockholder approval is required by applicable law or the rules of any stock exchange or automated quotation system on which Pan Pacific securities may be listed or traded. Although Pan Pacific has no present intention of doing so, it could issue a class or series of stock that could delay, defer or prevent a transaction or a change in control of Pan Pacific that might involve a premium price for holders of its common stock or otherwise be in their best interest.

Restrictions on Ownership and Transfer

For Pan Pacific to qualify as a real estate investment trust under the Internal Revenue Code, subject to specified exceptions, no more than 50% in value of its outstanding shares of stock may be owned, actually or constructively, by five or fewer individuals (as defined in the Internal Revenue Code to include specified entities) during the last half of a taxable year (other than the first year in which an election to be treated as a real estate investment trust has been made). In addition, if Pan Pacific, or an owner of 10% or more of Pan Pacific, actually or constructively owns 10% or more of a tenant of Pan Pacific (or a tenant of any partnership in which Pan Pacific is a partner), the rent received by Pan Pacific (either directly or through any such partnership) from such tenant will not be qualifying income for purposes of the real estate investment gross income tests of the Internal Revenue Code. A real estate investment trust's stock must also be beneficially owned by 100 or more people during at least 335 days of a taxable year of twelve months or during a proportionate part of a shorter taxable year (other than the first year for which an election to be treated as a real estate investment trust has been made).

Pan Pacific's charter contains restrictions on the ownership and transfer of its common stock which is intended to assist it in complying with the Internal Revenue Code's requirements for qualification as a real estate investment trust. The ownership limit set forth in Pan Pacific's charter provides that, subject to specified exceptions, no person or entity may own more than 6.25% (by number or value, whichever is more restrictive) of the outstanding shares of Pan Pacific common stock. Pan Pacific's charter also (i) prohibits any person from actually or constructively owning shares of its common stock that would result in being "closely held" under Section 856(h) of the Internal Revenue Code or otherwise cause it to fail to qualify as a real estate investment trust, and (ii) voids any transfer of its common stock that would result in shares of its common stock being owned by fewer than 100 persons. The constructive ownership rules of the Internal Revenue Code are complex, and may cause shares of Pan Pacific common stock owned actually or constructively by a group of related individuals and/or entities to be constructively owned by one individual or entity. As a result, the acquisition of less than 6.25% of the shares of Pan Pacific common stock (or the acquisition of an interest in an entity and/or certain affiliates or subsidiaries of an entity that owns, actually or constructively, Pan Pacific common stock) by an individual or entity could, nevertheless, cause that individual or entity, or another individual or entity, to own constructively in excess of 6.25% of Pan Pacific's outstanding common stock and thus violate the 6.25% ownership limit, or such other limit as provided in its charter or as otherwise permitted by its board. Pan Pacific's board may, but in no event will be required to, waive the 6.25% ownership limit with respect to a particular stockholder if it determines that such ownership will not jeopardize Pan Pacific's status as a real estate

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investment trust. As a condition of such waiver, Pan Pacific's board may require a ruling from the Internal Revenue Service or an opinion of counsel satisfactory to it and shall obtain undertakings or representations from the applicant with respect to preserving its real estate investment trust status.

Any person who acquires or attempts or intends to acquire actual or constructive ownership of shares of Pan Pacific stock that will or may violate any of the foregoing restrictions on transferability and ownership is required to give written notice immediately to us and provide us with such other information as we may request in order to determine the effect of such transfer on Pan Pacific's status as a real estate investment trust. The foregoing restrictions on transferability and ownership will not apply if Pan Pacific's board determines, and such determination is approved by Pan Pacific stockholders, by the affirmative vote of the holders of not less than two-thirds of all votes entitled to be cast on the matter, that it is no longer in Pan Pacific's best interest to attempt to qualify, or to continue to qualify, as a real estate investment trust. Except as otherwise described above, any change in the 6.25% ownership limit would require an amendment to Pan Pacific's charter. Amendments to Pan Pacific's charter require the affirmative vote of a majority of the outstanding shares of Pan Pacific common stock.

Pursuant to Pan Pacific's charter, if any purported transfer of its common stock or any other event would otherwise result in any person violating the 6.25% ownership limit or such other limit as provided in Pan Pacific's charter or as otherwise permitted by Pan Pacific's board, then any such transfer will be void and of no force or effect with respect to the prohibited transferee as to that number of shares in excess of the ownership limit or such other limit, and the prohibited transferee shall acquire no right or interest (or, in the case of any event other than a prohibited transfer, the person or entity holding record title to any such excess shares, referred to as a prohibited owner, shall cease to own any right or interest) in such excess shares. Any such excess shares described above will be transferred automatically, pursuant to Pan Pacific's charter, to a trust, the beneficiary of which will be a qualified charitable organization selected by Pan Pacific. Such automatic transfer shall be deemed to be effective as of the close of business on the business day prior to the date of such violative transfer (including any violative indirect transfer). Within 20 days of receiving notice from Pan Pacific of the transfer of shares to the trust, the trustee of the trust (who shall be designated by us and be unaffiliated with us and any prohibited transferee or prohibited owner) will be required to sell such excess shares to a person or entity who could own such shares without violating the 6.25% ownership limit, or such other limit as provided in Pan Pacific's charter or as otherwise permitted by its board of directors, and distribute to the prohibited transferee or prohibited owner an amount equal to the lesser of the price paid by the prohibited transferee or prohibited owner for such excess shares or the sales proceeds by the trust for such excess shares. In the case of any excess shares resulting from an event other than a transfer, or from a transfer for no consideration (such as a gift), the trustee will be required to sell such excess shares to a qualified person or entity and distribute to the prohibited owner an amount equal to the lesser of the fair market value (as defined in Pan Pacific's charter) of such excess shares as of the date of such event or the sales proceeds received by the trust for such excess shares. In either case, any proceeds in excess of the amount distributable to the prohibited transferee or prohibited owner, as applicable, will be distributed to the qualified charitable organization selected by Pan Pacific. Prior to a sale of any such excess shares by the trust, the trustee will be entitled to receive, in trust for the qualified charitable organization selected by Pan Pacific, all dividends and other distributions paid by Pan Pacific with respect to such excess shares, and also will be entitled to exercise all voting rights with respect to such excess shares. Subject to Maryland law, effective as of the date that such shares have been transferred to the trust, the trustee shall have the authority (at the trustee's sole discretion) (i) to rescind as void any vote cast by a prohibited transferee or prohibited owner, as applicable, prior to Pan Pacific's discovery that such shares have been transferred to the trust and (ii) to recast such vote in accordance with the desires of the trustee acting for the benefit of the qualified charitable organization selected by Pan Pacific. However, if Pan Pacific has already taken irreversible corporate action, then the trustee shall not have the authority to rescind and recast such vote. Any dividend or other distribution paid to the prohibited transferee or prohibited owner (prior to Pan Pacific's discovery that such shares had been automatically transferred to a trust as described above) will be required to be repaid to the trustee upon demand for distribution to the qualified charitable organization selected by Pan Pacific. In the event that the transfer to the trust as described above is not automatically effective (for any reason) to prevent violation of the 6.25% ownership limit or such other limit as provided in Pan Pacific's charter or as otherwise permitted by Pan Pacific's

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board of directors, then Pan Pacific's charter provides that the transfer of the excess shares will be void or, in the case of a violative indirect transfer, the excess shares will be redeemable by Pan Pacific at its sole option at a price equal to the fair market value of such shares at the time of the violative indirect transfer.

In addition, shares of Pan Pacific stock held in the trust shall be deemed to have been offered for sale to Pan Pacific, or its designee, at a price per share equal to the lesser of (i) the price per share in the transaction that resulted in such transfer to the trust (or, in the case of a devise, gift or transfer, the fair market value at the time of the devise, gift or transfer) and (ii) the fair market value on the date Pan Pacific, or its designee, accepts such offer. Pan Pacific shall have the right to accept such offer until the trustee has sold the shares of stock held in the trust. Upon such a sale to Pan Pacific, the interest of the qualified charitable organization selected by Pan Pacific in the shares sold will terminate and the trustee shall distribute the net proceeds of the sale to the prohibited transferee or prohibited owner.

If any purported transfer of shares of Pan Pacific common stock would cause Pan Pacific to be beneficially owned by fewer than 100 persons, such transfer will be null and void in its entirety and the intended transferee will acquire no rights to the stock.

All certificates representing shares of Pan Pacific common stock will bear a legend referring to the restrictions described above. The foregoing ownership limitations could delay, defer or prevent a transaction or a change in control of Pan Pacific that might involve a premium price for Pan Pacific common stock or otherwise be in the best interest of its stockholders.

Every owner of a specified percentage (or more) of the outstanding shares of Pan Pacific common stock must file a completed questionnaire with Pan Pacific, containing information regarding their ownership of such shares, as set forth in the Treasury Regulations. Under current Treasury Regulations, the percentage will be set between 0.5% and 5.0%, depending upon the number of record holders of Pan Pacific shares. In addition, pursuant to Pan Pacific's charter, each stockholder shall upon demand be required to disclose to Pan Pacific in writing such information as it may request in order to determine the effect, if any, of such stockholder's actual and constructive ownership of Pan Pacific common stock on Pan Pacific's status as a real estate investment trust and to ensure compliance with the 6.25% ownership limit, or such other limit as provided in Pan Pacific's charter or as otherwise permitted by its board of directors.

STOCKHOLDER PROPOSALS

Due to the contemplated completion of the merger, Center Trust does not intend to hold a 2003 annual meeting of stockholders (Center Trust 2003 Annual Meeting). If, however, the merger is not completed and the Center Trust 2003 Annual Meeting is held, stockholder proposals intended to be presented at the meeting must be received by Center Trust no later than January 21, 2003 in order to be included in the proxy statement and form of proxy relating to that meeting. In order to be included in the proxy statement, such proposals must comply with the requirements as to form and substance established by the SEC for such proposals. A stockholder, who wishes to make a proposal at the Center Trust 2003 Annual Meeting without submitting the proposal in the proxy statement and form of proxy relating to the meeting, must comply with the notice and other requirements set forth in Center Trust's bylaws. Pursuant to Center Trust's bylaws, that notice must be submitted in writing and delivered to the Secretary of Center Trust at the executive offices between March 28, 2003 and April 27, 2003.

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LEGAL MATTERS

The validity of the shares of Pan Pacific common stock to be issued in connection with the merger will be passed upon for Pan Pacific by Ballard Spahr Andrews & Ingersoll LLP.

The description of Federal Income Tax Considerations contained in the section of this document entitled "Material United States Federal Income Tax Considerations" is based on the opinion of Latham & Watkins. That description also relies upon the anticipated opinions of Latham & Watkins, as special counsel for Pan Pacific, and Skadden, Arps, Slate, Meagher & Flom LLP, as special counsel for Center Trust, which are conditions to the closing of the merger, regarding the qualification of the merger as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code, and on Latham & Watkins' opinions to each of Pan Pacific and Center Trust regarding Pan Pacific's and Center Trust's respective conformity with the requirements for qualification and taxation as a real estate investment trust under the Internal Revenue Code. Latham & Watkins will rely upon the opinion of Ballard Spahr Andrews & Ingersoll, LLP, as to certain matters of Maryland law.

EXPERTS

The consolidated financial statements and the related schedule of Pan Pacific Retail Properties, Inc. as of December 31, 2001 and 2000, and for each of the years in the three-year period ended December 31, 2001, have been incorporated by reference herein and in the registration statement in reliance upon the report of KPMG LLP, independent accountants, incorporated by reference herein, and upon the authority of said firm as experts in accounting and auditing.

The financial statements and the related schedules incorporated in this prospectus by reference from Center Trust, Inc.'s Annual Report on Form 10-K/A for the year ended December 31, 2001 have been audited by Deloitte & Touche LLP, independent auditors, as stated in their reports, which are incorporated herein by reference, and have been so incorporated in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

WHERE YOU CAN FIND MORE INFORMATION

Pan Pacific and Center Trust file annual, quarterly and special reports, proxy statements and other information with the SEC. You may read and copy any reports, statements or other information we file at the SEC's Public Reference Room, 450 Fifth Street, N.W., Washington, D.C. 20549. Please call the SEC at 1-800-732-0330 for further information on the public reference rooms. Our SEC filings are also available to the public from commercial document retrieval services and at the web site maintained by the SEC at <http://www.sec.gov>. You may inspect information that Pan Pacific and Center Trust file with the New York Stock Exchange at the offices of the New York Stock Exchange at 20 Broad Street, New York, New York 10005.

Pan Pacific filed a registration statement on Form S-4 to register with the SEC the Pan Pacific common stock to be issued to Center Trust stockholders in the merger. This proxy statement/prospectus is a part of that registration statement and constitutes a prospectus of Pan Pacific in addition to being a proxy statement of Center Trust for the special meeting. As allowed by SEC rules, this proxy statement/prospectus does not contain all the information you can find in the registration statement or the exhibits to the registration statement.

The SEC allows us to incorporate by reference information into this proxy statement/prospectus, which means that we can disclose important information to you by referring you to another document filed separately with the SEC. This proxy statement/prospectus incorporates by reference the documents set forth below that we have previously filed with the SEC. These documents contain important information about our companies and their finances.

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Pan Pacific's SEC Filings (File No. 1-13243)	Description or Period/As of Date
Annual Report on Form 10-K, as amended by the Form 10-K/A filed on November 21, 2002	Year ended December 31, 2001
Current Report on Form 8-K, dated June 20, 2002	Discloses the execution by Pan Pacific of a terms agreement for the issuance and sale of \$55,000,000 aggregate principal amount of 5.75% Notes due 2007
Current Report on Form 8-K, dated November 7, 2002	Discloses the entering into of the merger agreement and related matters
Quarterly Report on Form 10-Q	Quarters ended March 31, 2002, June 30, 2002, and September 30, 2002
Definitive Proxy Statement on Schedule 14A	Definitive proxy statement relating to the 2002 annual meeting of Pan Pacific stockholders held on May 3, 2002
Registration Statement on Form 8-A (No. 001-13243), including any subsequently filed amendments and reports filed for the purpose of updating such description	Description of Pan Pacific common stock
Center Trust's SEC Filings (File No. 1-12588)	Description or Period/As of Date
Annual Report on Form 10-K, as amended by the Form 10-K/A filed on November 21, 2002	Year ended December 31, 2001
Current Report on Form 8-K, dated March 21, 2002	Discloses supplemental financial and operational data
Current Report on Form 8-K, dated May 8, 2002	Discloses supplemental financial and operational data
Current Report on Form 8-K, dated November 7, 2002	Discloses the entering into of the merger agreement and related matters
Quarterly Reports on Forms 10-Q	Quarters ended March 31, 2002, June 30, 2002, and September 30, 2002
Definitive Proxy Statement on Schedule 14A	Definitive proxy statement relating to the 2002 annual meeting of Center Trust stockholders held on June 26, 2002

We are also incorporating by reference additional documents that we may file with the SEC pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 between the date of this proxy statement/prospectus and the date of the special meeting.

The information incorporated by reference is deemed to be part of this proxy statement/prospectus. Any statement contained in a document incorporated or deemed to be incorporated by reference in this proxy statement/prospectus will be deemed modified, superseded or replaced for purposes of this proxy statement/prospectus to the extent that a statement contained in this proxy statement/prospectus or in any subsequently filed document that also is or is deemed to be incorporated by reference in this proxy statement/prospectus modifies, supersedes or replaces such statement. Any statement so modified, superseded or replaced will not be deemed, except as so modified, superseded or replaced, to constitute a part of this proxy statement/prospectus.

Pan Pacific has supplied all information contained or incorporated by reference in this proxy statement/ prospectus relating to Pan Pacific, and Center Trust has supplied all such information relating to Center Trust.

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If you are a stockholder, we may have sent you some of the documents incorporated by reference, but you can obtain any of them through us or the SEC. Documents incorporated by reference are available from us without charge, excluding all exhibits unless we have specifically incorporated by reference an exhibit in this proxy statement/prospectus. Stockholders may obtain documents incorporated by reference in this proxy statement/prospectus by requesting them in writing or by telephone from the appropriate party at the following addresses:

Pan Pacific Retail Properties, Inc.
1631-B South Melrose Drive
Vista, California 92083
Attn: Joseph B. Tyson, Corporate Secretary
Telephone: (760) 727-1002

Center Trust 3500 Sepulveda Blvd. Manhattan Beach, California
90266
Attn: Edward A. Stokx, Corporate Secretary
Telephone: (310) 546-4520

If you would like to request documents from us, please do so by January 8, 2003 to receive them before the special meeting.

You should rely only on the information contained or incorporated by reference in this proxy statement/prospectus to vote on the Center Trust proposal to approve the merger. We have not authorized anyone to provide you with information that is different from what is contained in this proxy statement/prospectus. This proxy statement/prospectus is dated December 11, 2002. You should not assume that the information contained in this proxy statement/prospectus is accurate as of any date other than December 11, 2002, and neither the mailing of the proxy statement/prospectus to stockholders nor the issuance of Pan Pacific common stock in the merger shall create any implication to the contrary.

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**PAN PACIFIC RETAIL PROPERTIES, INC.
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS**

The following unaudited pro forma condensed consolidated balance sheet as of September 30, 2002 is presented as if the merger of MB Acquisition, Inc., a Maryland corporation and a wholly-owned subsidiary of Pan Pacific Retail Properties, Inc., a Maryland corporation, with and into Center Trust, Inc., a Maryland corporation, with Center Trust surviving the merger as a wholly-owned subsidiary of Pan Pacific, had occurred on September 30, 2002. The unaudited pro forma condensed consolidated statements of income for the nine months ended September 30, 2002 and the year ended December 31, 2001 are presented as if the merger had occurred on January 1, 2001.

The unaudited pro forma condensed consolidated financial statements should be read in conjunction with the quarterly reports on Form 10-Q for the nine months ended September 30, 2002, the quarterly reports on Form 10-Q for the six months ended June 30, 2002, the quarterly reports on Form 10-Q for the three months ended March 31, 2002 and the annual reports on Form 10-K and Form 10-K/A for the year ended December 31, 2001, which include consolidated financial statements of Center Trust and Pan Pacific, including the notes thereto. The unaudited pro forma condensed consolidated financial statements do not purport to represent Pan Pacific's financial position as of September 30, 2002 or the results of operations for the nine months ended September 30, 2002 or for the year ended December 31, 2001 that would actually have occurred had the merger been completed on the dates indicated in the preceding paragraph, or to project Pan Pacific's financial position or results of operations as of any future date or for any future period.

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Table of Contents**PAN PACIFIC RETAIL PROPERTIES, INC.****UNAUDITED PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET
AS OF SEPTEMBER 30, 2002
(in thousands)**

	<u>Pan Pacific Historical</u>	<u>Center Trust Historical</u>	<u>Pro Forma Merger Adjustments</u>		<u>Pan Pacific Pro Forma</u>
ASSETS:					
Operating properties, net	\$ 1,300,950	\$ 547,955	\$ 36,678	(B)	\$ 1,885,583
Investments in unconsolidated entities	9,108				9,108
Cash, restricted cash and cash equivalents	36,296	19,766	(5,636)	(D)	50,426
Accounts receivable	27,191	11,868	(3,969)	(C)	35,090
Notes receivable	6,148				6,148
Prepaid expenses, deferred lease commissions and other assets	47,277	19,006	(11,846)	(C)	49,359
			(708)	(C)	
			(4,370)	(C)	
	<u>\$ 1,426,970</u>	<u>\$ 598,595</u>	<u>\$ 10,149</u>		<u>\$ 2,035,714</u>
LIABILITIES AND EQUITY:					
Notes payable	\$ 237,478	\$ 227,619			\$ 465,097
Senior notes, net	328,626				328,626
Line of credit payable	177,900	95,048	5,481	(D)	278,429
			(100,529)	(E)	
			100,529	(E)	
Other secured debt		36,000			36,000
Accounts payable, accrued expenses and other liabilities	26,726	17,654	7,354	(A)	51,734
Other comprehensive loss liability		5,575			5,575
	<u>770,730</u>	<u>381,896</u>	<u>12,835</u>		<u>1,165,461</u>
Minority interests	15,815	11,139	118	(B)	27,239
			167	(F)	
	<u>786,545</u>	<u>393,035</u>	<u>13,012</u>		<u>1,192,592</u>
Equity:					
Common stock	336	279	61	(G)	397
			(279)	(I)	
Paid in capital in excess of par value	731,051	368,008	208,103	(H)	939,154
			(368,008)	(I)	
Deferred compensation	(4,666)				(4,666)
Accumulated other comprehensive loss		(5,575)			(5,575)
Accumulated distributions and deficit		(157,152)	(11,117)	(D)	
			168,269	(I)	
Accumulated deficit	(86,296)				(86,296)
	<u>640,425</u>	<u>205,560</u>	<u>(2,971)</u>		<u>843,014</u>
	<u>\$ 1,426,970</u>	<u>\$ 598,595</u>	<u>\$ 10,149</u>		<u>\$ 2,035,714</u>

Table of Contents**PAN PACIFIC RETAIL PROPERTIES, INC.****UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF INCOME
NINE MONTHS ENDED SEPTEMBER 30, 2002**

(In thousands, except share data)

	Pan Pacific Historical	Center Trust Historical	Pro Forma Merger Adjustments	Pan Pacific Pro Forma
REVENUE:				
Base rent	\$ 112,217	\$ 48,809	\$	\$ 161,026
Percentage rent	1,315	686		2,001
Recoveries from tenants	26,943	17,501		44,444
Income from unconsolidated entities	123			123
Other	4,919	5,333		10,252
	<u>145,517</u>	<u>72,329</u>		<u>217,846</u>
EXPENSES:				
Property operating and property taxes	28,971	26,535		55,506
Depreciation and amortization	23,151	15,568	(7,868) (J)	25,198
			(5,653) (K)	
Interest	34,194	19,187	(2,193) (L)	49,411
			(1,777) (M)	
General and administrative	7,653	3,294	(928) (N)	10,019
Transactional/reorganization costs		2,031	(2,031) (O)	
Other	478			478
	<u>94,447</u>	<u>66,615</u>	<u>(20,450)</u>	<u>140,612</u>
INCOME FROM CONTINUING OPERATIONS BEFORE MINORITY INTERESTS, GAIN ON SALE OF REAL ESTATE AND DISCONTINUED OPERATIONS				
	51,070	5,714	20,450	77,234
Minority interests	(1,085)	(419)		(1,504)
Gain on sale of real estate				
Discontinued operations	3,844	3,522		7,366
NET INCOME	<u>\$ 53,829</u>	<u>\$ 8,817</u>	<u>\$ 20,450</u>	<u>\$ 83,096</u>
Basic earnings per share:				
Income from continuing operations	\$ 1.50	\$ 0.19		\$ 1.92 (P)
Discontinued operations	\$ 0.11	\$ 0.13		\$ 0.19 (P)
Net income	\$ 1.61	\$ 0.32		\$ 2.11 (P)
Diluted earnings per share:				
Income from continuing operations	\$ 1.49	\$ 0.19		\$ 1.90 (Q)
Discontinued operations	\$ 0.11	\$ 0.13		\$ 0.18 (Q)
Net income	\$ 1.60	\$ 0.32		\$ 2.08 (Q)
Basic weighted average shares outstanding	33,350,674	27,805,455		39,430,223 (P)
Diluted weighted average shares outstanding	34,374,532	29,130,753		40,742,605 (Q)

Table of Contents**PAN PACIFIC RETAIL PROPERTIES, INC.****UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF INCOME
YEAR ENDED DECEMBER 31, 2001**

(In thousands, except share data)

	<u>Pan Pacific Historical</u>	<u>Center Trust Historical</u>	<u>Pro Forma Merger Adjustments</u>	<u>Pan Pacific Pro Forma</u>
REVENUE:				
Base rent	\$ 138,520	\$ 65,577	\$	\$ 204,097
Percentage rent	2,695	1,451		4,146
Recoveries from tenants	32,288	22,977		55,265
Income from unconsolidated entities	837			837
Other	8,149	4,898		13,047
	<u>182,489</u>	<u>94,903</u>		<u>277,392</u>
EXPENSES:				
Property operating and property taxes	35,640	33,927		69,567
Depreciation and amortization	28,980	19,797	(10,450) (J)	31,142
			(7,185) (K)	
Interest	46,196	32,230	(4,087) (L)	69,295
			(5,044) (M)	
General and administrative	9,168	5,473	(2,020) (N)	12,621
Transactional/reorganization costs		2,613	(2,613) (O)	
Other	1,574			1,574
	<u>121,558</u>	<u>94,040</u>	<u>(31,399)</u>	<u>184,199</u>
INCOME FROM CONTINUING OPERATIONS BEFORE MINORITY INTERESTS, GAIN ON SALE OF REAL ESTATE, DISCONTINUED OPERATIONS AND EXTRAORDINARY LOSS				
	\$ 60,931	863	31,399	93,193
Minority interests	(2,521)	(508)		(3,029)
Gain (Loss) on sale of real estate	4,129	(2,379)		1,750
Discontinued operations	1,683	1,595		3,278
Extraordinary loss on early extinguishment of debt		(1,768)		(1,768)
	<u>NET INCOME</u>	<u>\$ 64,222</u>	<u>\$ (2,197)</u>	<u>\$ 31,399</u>
		<u>\$ 93,424</u>		<u>\$ 93,424</u>
Basic earnings per share:				
Income from continuing operations before extraordinary loss	\$ 1.96	\$ (0.08)		\$ 2.42 (P)
Discontinued operations	\$ 0.06	\$ 0.06		\$ 0.09 (P)
Extraordinary loss	\$	\$ (0.06)		\$ (0.05) (P)
Net income	\$ 2.02	\$ (0.08)		\$ 2.46 (P)
Diluted earnings per share:				
Income from continuing operations before extraordinary loss	\$ 1.92	\$ (0.08)		\$ 2.38 (Q)
Discontinued operations	\$ 0.05	\$ 0.06		\$ 0.08 (Q)
Extraordinary loss	\$	\$ (0.06)		\$ (0.04) (Q)
Net income	\$ 1.97	\$ (0.08)		\$ 2.42 (Q)
Basic weighted average shares outstanding	31,857,903	27,435,129		37,937,452 (P)
Diluted weighted average shares outstanding	33,560,752	28,913,979		39,928,825 (Q)

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PAN PACIFIC RETAIL PROPERTIES, INC.
NOTES TO UNAUDITED PRO FORMA CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS
(In thousands, except exchange ratio, share price and par value)

1. Adjustments to the Unaudited Pro Forma Condensed Consolidated Balance Sheet

The pro forma adjustments to the Unaudited Pro Forma Condensed Consolidated Balance Sheet as of September 30, 2002 are as follows:

- (A) Represents adjustments to record the merger in accordance with the purchase method of accounting based upon the assumed purchase price of \$235,394, assuming a market value of \$34.24 (the closing price per share of Pan Pacific's common stock on November 5, 2002) per share for Pan Pacific common stock (the price on the date the merger agreement was entered into) plus assumption of Center Trust's liabilities as follows:

Shares of Center Trust's common stock and subsidiary units issued and outstanding at September 30, 2002	29,211
Exchange ratio	0.218
	<hr/>
Pan Pacific common stock and subsidiary units issued in merger	6,368
Pan Pacific share price	\$ 34.24
	<hr/>
Value of Pan Pacific's common stock and subsidiary units issued in merger	\$ 218,040
Pan Pacific estimated merger costs (see calculation below)	7,354
	<hr/>
Total costs	225,394
Assumption of Center Trust's liabilities:	
Draw on Pan Pacific's unsecured credit facility to repay Center Trust's line of credit (see also Notes D and E)	100,529
Notes payable	263,619
Other liabilities	17,654
	<hr/>
Value to be allocated to assets	\$ 607,196
	<hr/>
The following is a calculation of Pan Pacific's estimated fees and other expenses related to the merger:	
Advisory fees	\$ 4,600
Legal and accounting fees	1,375
Debt assumption fees resulting from the merger	1,029
Other, including printing, filing and transfer costs	350
	<hr/>
Total Pan Pacific estimated merger costs	\$ 7,354
	<hr/>
Pan Pacific estimated merger costs to be allocated to net assets (see above)	\$ 7,354
Increase in accounts payable, accrued expenses and other liabilities	\$ 7,354
	<hr/>
(B) Represents the estimated increase in Center Trust's operating properties, net based upon Pan Pacific's purchase price as follows:	
Value to be allocated to assets (see Note A)	\$ 607,196
Less historical bases of Center Trust's assets acquired:	
Operating properties, net	(547,955)
Other assets (inclusive of Note C)	(22,681)
Adjustment to step-up to fair value minority interests share of operating properties	118
	<hr/>
Step-up to record fair value of Center Trust's operating properties	\$ 36,678
	<hr/>

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(C)	Decrease due to the elimination of Center Trust's deferred rent receivable, deferred leasing costs, deferred financing costs and other miscellaneous assets as a result of the merger:	
	Deferred rent receivable	\$ (3,969)
	Prepaid deferred leasing costs	\$ (11,846)
	Deferred financing costs	\$ (4,370)
	Other miscellaneous assets	\$ (708)
(D)	Reduce Center Trust's cash and increase Center Trust's line of credit to reflect payment of Center Trust's estimated fees and other expenses related to the merger:	
	Cash	\$ (5,636)
	Line of credit payable	\$ 5,481
	Accumulated distributions and deficit	\$ (11,117)
(E)	Reduce Center Trust's line of credit and increase Pan Pacific's line of credit to reflect the payoff as a result of the merger (see also Note M)	
	Line of credit payable	\$ (100,529)
	Line of credit payable	\$ 100,529
(F)	Adjust operating partnership minority interests to fair value to reflect the subsidiary units issued as a result of the merger	\$ 167
(G)	Increase in shares of common stock resulting from the issuance of an additional 6,080 shares of Pan Pacific common stock, par value \$0.01 per share, in exchange for 27,888 shares of Center Trust common stock, par value \$0.01 per share, as follows:	
	Shares of Pan Pacific common stock issued in merger	6,080
	Multiplied by Pan Pacific's par value per share of common stock	\$ 0.01
		<u> </u>
	Par value of Pan Pacific common stock issued in merger	\$ 61
		<u> </u>
(H)	Increase paid in capital in excess of par value to reflect issuance of shares of Pan Pacific common stock as a result of the merger	\$ 208,103
(I)	Eliminate Center Trust's common stock, paid in capital in excess of par value and accumulated distributions and deficit as a result of the merger:	
	Common stock	\$ (279)
	Paid in capital in excess of par value	\$ (368,008)
	Accumulated distributions and deficit (see also Note D)	\$ 168,269

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The pro forma adjustments to the Unaudited Pro Forma Condensed Consolidated Statements of Income for the nine months ended September 30, 2002 and the year ended December 31, 2001 are as follows:

	Nine Months Ended September 30, 2002	Year Ended December 31, 2001
	<u> </u>	<u> </u>
(J) Decrease in depreciation expense related to real estate. The net decrease is a result of the fair value step-up of Center Trust's real estate assets (see Note B) and the change in Center Trust's estimated useful lives of depreciable assets to conform to the useful lives used by Pan Pacific for similar assets. Pro forma depreciation was computed on a straight-line basis over the estimated useful lives of the related assets. The estimated useful lives of buildings, and furniture, fixtures and equipment are 40 years and 5 years, respectively	\$ (7,868)	\$ (10,450)
(K) Decrease in amortization expense due to the elimination of certain Center Trust's assets as a result of the merger	\$ (5,653)	\$ (7,185)
(L) Decrease in interest expense due to the elimination of the amortization of Center Trust's deferred financing costs as a result of the merger	\$ (2,193)	\$ (4,087)
(M) Decrease in interest expense due to the elimination of interest expense for certain of Center Trust's secured debt instruments net of assumed borrowings on Pan Pacific's line of credit as a result of the merger (Pan Pacific may finance a portion of its borrowing by issuing investment grade senior notes. Assuming the issuance of senior notes in an aggregate principal amount of between \$75,000 and \$125,000 at an interest rate of between 5% to 6% and a maturity of between 7 to 10 years, the pro forma interest savings in Note M would be reduced by an annual amount ranging between approximately \$1,538 and \$3,813)	\$ (1,777)	\$ (5,044)
(N) Decrease due to elimination of senior executive officer and Board compensation as a result of merger related terminations	\$ (928)	\$ (2,020)
(O) Elimination of transactional/reorganizational costs as a result of the merger	\$ (2,031)	\$ (2,613)
(P) Pro forma basic earnings per share and pro forma basic weighted average shares outstanding are presented as if the 6,080 shares of Pan Pacific common stock were issued on January 1, 2001.		
(Q) Pro forma diluted earnings per share and pro forma diluted weighted average shares outstanding are presented as if the 6,368 shares of Pan Pacific common stock and subsidiary units were issued on January 1, 2001. The numerator used in the diluted earnings per share calculation is net income adjusted for the minority interest subsidiary unit holders' share of net income.		

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ANNEX A

AGREEMENT AND PLAN OF MERGER

Between

**PAN PACIFIC RETAIL PROPERTIES, INC.,
a Maryland corporation**

**MB ACQUISITION, INC.,
a Maryland corporation**

and

**CENTER TRUST, INC.
a Maryland corporation**

Dated as of November 5, 2002

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AGREEMENT AND PLAN OF MERGER

This AGREEMENT AND PLAN OF MERGER (this Agreement), is dated as of November 5, 2002, and entered into by and among Pan Pacific Retail Properties, Inc., a Maryland corporation (Parent), MB Acquisition, Inc., a Maryland corporation and wholly-owned subsidiary of Parent (Merger Sub) and Center Trust, Inc., a Maryland corporation (the Company). Parent, Merger Sub and the Company are sometimes referred to herein, individually, as a Party, and, collectively, as the Parties.

RECITALS

WHEREAS, the Board of Directors of Parent, the Board of Directors of Merger Sub and the Board of Directors of the Company have each approved this Agreement, declared that this Agreement is advisable and determined that the merger of Merger Sub with and into the Company, with the Company being the surviving corporation in such merger (together with the charter amendments described herein, the Merger), is advisable, fair to and in the best interests of their respective companies and stockholders and accordingly have agreed to effect the Merger upon the terms and subject to the conditions set forth herein;

WHEREAS, on or before the date of execution of this Agreement, Lazard Frères Real Estate Investors L.L.C., LF Strategic Realty Investors L.P., Prometheus Western Retail Trust and Prometheus Western Retail, LLC (collectively, the Lazard Entities), which collectively own approximately 56.18% of the outstanding Company Common Stock, have executed and delivered to Parent a Stockholders Voting Agreement dated as of the date hereof, pursuant to which the Lazard Entities have agreed to vote certain of their shares constituting 48.07% of the outstanding Company Common Stock in favor of the Company Voting Proposal (as defined herein) upon the terms and subject to the conditions set forth therein;

WHEREAS, on or before the date of execution of this Agreement, Edward D. Fox, the Chief Executive Officer of the Company, Stuart J.S. Gulland, the Chief Operating Officer of the Company and Edward A. Stokx, the Chief Financial Officer of the Company, who collectively own 3.93% of the outstanding Company Common Stock, have executed and delivered to Parent a Stockholder Voting Agreement dated as of the date hereof, pursuant to which each of Messrs. Fox, Gulland and Stokx has agreed to vote in favor of the Company Voting Proposal upon the terms and subject to the conditions set forth therein;

WHEREAS, for United States federal income tax purposes, the Parties hereto intend that the Merger will qualify as a reorganization and that this Agreement will constitute a plan of reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended (the Code); and

WHEREAS, Parent, Merger Sub and the Company desire to make certain representations, warranties and agreements in connection with the Merger as specifically set forth herein, and no others.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and agreements herein contained, and subject to the terms and conditions hereof, and intending to be legally bound hereby, Parent, Merger Sub and the Company hereby agree as follows:

**ARTICLE I.
DEFINITIONS**

For purposes of this Agreement, the term:

Action shall mean any action, order, writ, injunction, judgment or decree outstanding or claim, suit, litigation, proceeding, arbitration, audit or investigation by or before any Governmental Entity or any other Person.

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Affiliate shall have the meaning ascribed to such term in Rule 12b-2 of the General Rules and Regulations under the Exchange Act.

Assets shall mean, with respect to any Person, all land, buildings, improvements, leasehold improvements, Fixtures and Equipment and other assets, real or personal, tangible or intangible, owned or leased by such Person or any of its Subsidiaries.

Benefit Arrangement shall mean, with respect to any Person, any employment, consulting, severance, change in control or other similar contract, arrangement or policy and each plan, arrangement (written or oral), program, agreement or commitment providing for insurance coverage (including without limitation any self-insured arrangements), workers compensation, disability benefits, supplemental unemployment benefits, retirement benefits, life, health, disability or accident benefits (including without limitation any voluntary employees beneficiary association, as defined in Section 501(c)(9) of the Code providing for the same or other benefits) or for deferred compensation, profit-sharing, bonuses, stock options, stock appreciation rights, stock purchases or other forms of incentive or equity compensation or post-retirement insurance, compensation or benefits (other than a Welfare Plan, Pension Plan or Multiemployer Plan), in each case which such Person or any ERISA Affiliate thereof maintains, administers, contributes to or has contributed to, is, or was under an obligation to contribute to, and has or may have any obligation or liability (accrued, contingent or otherwise).

Business Day shall mean each day other than Saturdays, Sundays and days when commercial banks are authorized to be closed for business in Los Angeles, California.

Certificates shall mean outstanding certificates which immediately prior to the Effective Time represented Company Common Stock.

Company Affiliate shall mean an affiliate of the Company within the meaning of Rule 145 promulgated under the Securities Act.

Company Board shall mean the Board of Directors of the Company.

Company Capital Stock shall mean Company Common Stock, Excess Stock and Company Preferred Stock.

Company Common Stock shall mean the common stock of the Company, par value \$.01 per share.

Company Contract shall mean any note, bond, mortgage, indenture, guarantee, other evidence of indebtedness, lease, license, contract, agreement or other instrument or obligation to which the Company or any of its Subsidiaries is a party or by which any of them or any of their Assets are bound, and which either (i) has a remaining term of more than one year from the date hereof and (A) cannot be unilaterally terminated by the Company at any time, without penalty, within one year of providing notice of termination, and (B) involves the payment or receipt of money in excess of \$100,000 during its remaining term, (ii) involves the payment or receipt of money in excess of \$1,000,000 during the remaining term of such instrument or (iii) contains covenants limiting the freedom of the Company or any of its Subsidiaries to engage in any line of business or compete with any Person or operate at any location; *provided, however*, that a Company Lease shall not be considered a Company Contract.

Company Lease shall mean any agreement under which the Company or its Subsidiaries is the lessor that provides for the use, occupancy or possession of any parcel of Company Real Property.

Company Material Adverse Effect shall mean any change affecting, or condition having an effect on, the Company or any of its Subsidiaries (i) that is, or would reasonably be expected to be, materially adverse to the business, Assets, liabilities, results of operations or condition (financial or otherwise) of the Company and its

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Subsidiaries, taken as a whole, (ii) that will, or would reasonably be expected to, prevent or materially impair the ability of the Parties to consummate the Merger before the Termination Date, (iii) that would, or would reasonably be expected to, prevent or materially impair the ability of the Company to operate its or any of its Subsidiaries' businesses following the Effective Time, (iv) that, to the Knowledge of the Company, would or would reasonably be expected to, prevent or materially impair the ability of Parent to operate its or any of its Subsidiaries' businesses following the Effective Time, or (v) that could reasonably be expected to prevent or materially impair the Company or Parent from qualifying for federal or state taxation as a REIT prior to the Effective Time, or the Parent from qualifying for federal or state taxation as a REIT after the Effective Time; *provided, however*, that any such change or effect having the results described in the foregoing (i) through (v) that results from (A) a change in law, rule or regulation, or GAAP or interpretations thereof that applies to both Parent and the Company or (B) economic or market conditions in the retail shopping center industry generally shall not be considered when determining whether a Company Material Adverse Effect has occurred, except to the extent that such change or effect disproportionately affects the Company or its Subsidiaries in any material respect; provided, further, that a decline in the share price of the Company resulting from the public announcement of this Agreement and the proposed Merger shall not be deemed a Company Material Adverse Effect.

Company OP Units shall mean the units of limited partnership interest in the Operating Partnership.

Company Options shall mean all options and purchase rights to acquire Company Capital Stock granted, awarded, earned or purchased under the Company Stock Plan.

Company Stockholder shall mean a holder of record of one or more shares of Company Common Stock immediately prior to the Effective Time.

Company Stock Plan shall mean the Company's Third Amended and Restated 1993 Stock Option and Incentive Plan for Officers, Directors and Key Employees of the Company and Operating Partnership.

Company Stock Rights shall mean all options, restricted share awards, performance awards, dividend equivalents, deferred stock, equity payments, equity appreciation rights and shares of capital stock or beneficial interests granted, awarded, earned or purchased pursuant to the Company Stock Plan.

Company Transactions shall mean the Merger and the other transactions contemplated by this Agreement.

Effective Time shall have the meaning assigned thereto in Section 2.3.

Encumbrances shall mean any claim, lien, pledge, option, right of first refusal, charge, security interest, deed of trust, mortgage, restriction or encumbrance pertaining to the Assets held by or in favor of Third Parties.

Environmental Laws shall mean any federal, state or local law, statute, ordinance, order, decree, rule, regulation or policies relating (i) to releases, discharges, emissions or disposals to air, water, land or groundwater of Hazardous Materials; (ii) to the use, handling or disposal of polychlorinated biphenyls, asbestos or urea formaldehyde or any other Hazardous Material; (iii) to the treatment, storage, disposal or management of Hazardous Materials; (iv) to exposure to toxic, hazardous or other controlled, prohibited or regulated substances; or (v) to the transportation, release or any other use of Hazardous Materials, including the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. 9601, et seq. (CERCLA), the Resource Conservation and Recovery Act, 42 U.S.C. 6901, et seq. (RCRA), the Toxic Substances Control Act, 15 U.S.C. 2601, et seq. (TSCA), those portions of the Occupational, Safety and Health Act, 29 U.S.C. 651, et seq. relating to Hazardous Materials exposure and compliance, the Clean Air Act, 42 U.S.C. 7401, et seq., the Federal Water Pollution Control Act, 33 U.S.C. 1251, et seq., the Safe Drinking Water Act, 42 U.S.C. 300f, et seq., the Hazardous Materials Transportation Act, 49 U.S.C. 1802 et seq. (HMTA) and the Emergency Planning and Community Right to Know Act, 42 U.S.C. 11001, et seq. (EPCRA),

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and other comparable state and local laws and all rules and regulations promulgated pursuant thereto or published thereunder.

ERISA shall mean the Employee Retirement Income Security Act of 1974, as amended.

ERISA Affiliate shall mean, with respect to any Person, any entity which is (or at any relevant time was) considered a single employer with such Person under Section 4001 of ERISA or Section 414 of the Code.

Exchange Act shall mean the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

Fixtures and Equipment shall mean, with respect to any Person, all of the furniture, fixtures, furnishings, machinery and equipment owned or leased by such Person and located in, at or upon the Assets of such Person.

GAAP shall mean generally accepted accounting principles in the United States of America, as in effect from time to time, consistently applied.

Governmental Entities shall mean all domestic courts, regulatory or administrative agencies, commissions or other governmental authorities, bodies or instrumentalities with jurisdiction.

Hazardous Materials shall mean each and every element, compound, chemical mixture, contaminant, pollutant, material, waste or other substance which is defined, determined or identified as hazardous or toxic under applicable Environmental Laws or the release of which is regulated under Environmental Laws. Without limiting the generality of the foregoing, the term includes: hazardous substances as defined in CERCLA; extremely hazardous substances as defined in EPCRA; hazardous waste as defined in RCRA; hazardous materials as defined in HMTA; a chemical substance or mixture as defined in TSCA; crude oil, petroleum products or any fraction thereof; radioactive materials, including source, byproduct or special nuclear materials; asbestos or asbestos-containing materials; chlorinated fluorocarbons (CFCs); and radon.

IRS shall mean the United States Internal Revenue Service or any successor agency.

Knowledge shall mean with respect to (i) the Company, the actual knowledge of those individuals listed in Section 1(a) of the Company Disclosure Schedule, and (ii) Parent and Merger Sub, the actual knowledge of those individuals listed in Section 1 of the Parent Disclosure Schedule.

Lazard Rights Agreement shall mean the Stockholders Rights Agreement among the Lazard Entities and Parent dated as of even date herewith.

Material Consents shall mean the consent to assumption of each of the agreements listed on Section 1(b) of the Company Disclosure Schedule excluding any such agreements that have expired or have been terminated (including as a result of repayment of indebtedness pursuant thereto) after the date hereof.

MGCL shall mean the Maryland General Corporation Law, as amended.

Multiemployer Plan shall mean, with respect to any Person, any multiemployer plan thereof, within the meaning of Section 3(37) or 4001(a)(3) of ERISA, which such Person or any ERISA Affiliate thereof maintains, administers, contributes to or has contributed to or is or was required to contribute to, and under which such Person or any ERISA Affiliate has or may have any obligation or liability (accrued, contingent or otherwise).

NYSE shall mean The New York Stock Exchange, Inc.

Operating Partnership shall mean CT Operating Partnership, L.P., a California limited partnership.

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Operating Partnership Agreement shall mean the Amended and Restated Agreement of Limited Partnership of the Operating Partnership, dated as of March 23, 2000, as amended by the First Amendment to the Amended and Restated Agreement of Limited Partnership, dated October 1, 2002.

Operating Partnership Amendment shall mean the Second Amended and Restated Agreement of Limited Partnership of the Operating Partnership.

Organizational Documents means, with respect to any entity, the charter, certificate of incorporation, articles of incorporation, bylaws, partnership agreement, operating agreement, declaration of trust or other governing documents of such entity, including any documents designating or certifying the terms of any securities of such entity.

Parent Capital Stock shall mean Parent Common Stock and Parent Preferred Stock.

Parent Common Stock shall mean the common stock, par value \$.01 per share, of Parent.

Parent Contract shall mean any note, bond, mortgage, indenture, guarantee, other evidence of indebtedness, lease, license, contract, agreement or other instrument or obligation to which Parent or any of its Subsidiaries is a party or by which any of them or any of their Assets may be bound, and which either (i) (A) cannot be unilaterally terminated by the Parent at any time, without penalty, within one year of providing notice of termination, and (B) involves the payment or receipt of money in excess of \$500,000 during the remaining term of such instrument, (ii) involves the payment or receipt of money in excess of \$5,000,000 during the remaining term of such instrument or (iii) contains covenants limiting the freedom of Parent or any of its Subsidiaries to engage in any line of business or compete with any Person or operate at any location; *provided, however*, that a Parent Lease shall not be considered a Parent Contract.

Parent DownREITs means, collectively, Portland DownREIT, Pinecreek DownREIT, and Rancho DownREIT.

Parent DownREIT Operating Agreements shall mean the operating agreements or partnership agreements, as applicable, of the Parent DownREITs, as in effect as of the date hereof.

Parent DownREIT Units means the units of ownership interest in the Parent DownREITs.

Parent Lease shall mean any agreement under which the Parent or its Subsidiaries is the lessor, that provides for the use, occupancy or possession of any parcel of Parent Real Property.

Parent Material Adverse Effect shall mean any change affecting, or condition having an effect on, Parent or any of its Subsidiaries (i) that is, or would reasonably be expected to be, materially adverse to the business, Assets, liabilities, results of operations or condition (financial or otherwise) of Parent and its Subsidiaries, taken as a whole, (ii) that will, or would reasonably be expected to, prevent or materially impair the ability of the Parties to consummate the Merger before the Termination Date (iii) that would, or would reasonably be expected to, prevent or materially impair the ability of Parent to operate its or any of its Subsidiaries' businesses following the Effective Time or (iv) that could reasonably be expected to impair the ability of Parent to qualify for state or federal taxation as a REIT; *provided, however*, that any such change or effect having the results described in the foregoing (i) through (iv) that results from (A) a change in law, rule or regulation, or GAAP or interpretations thereof that applies to both Parent and the Company or (B) economic or market conditions in the retail shopping center industry generally shall not be considered when determining whether a Parent Material Adverse Effect has occurred, except to the extent that such change or effect disproportionately affects Parent or its Subsidiaries in any material respect; provided, further, that a decline in the stock price of Parent resulting from the public announcement of this Agreement and the proposed Merger shall not be deemed a Parent Material Adverse Effect.

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Parent Stock Plans shall mean the 1997 Stock Option and Incentive Plan of Parent and the 2000 Equity Incentive Plan of Parent.

Parent Stock Rights shall mean all stock options, restricted stock awards, performance awards, dividend equivalents, deferred stock, stock payments, stock appreciation rights and shares of stock granted, awarded, earned or purchased pursuant to any Parent Stock Plan.

Parent Transactions means the Merger and the other transactions contemplated by this Agreement.

Partnership Unit means a fractional, undivided share of an ownership interest of either the general partner or a limited partner in the Operating Partnership.

Pension Plan shall mean, with respect to any Person, any employee pension benefit plan, as defined in Section 3(2) of ERISA (other than a Multiemployer Plan) which such Person or any ERISA Affiliate thereof maintains, administers, contributes to or has contributed to or is or was required to contribute to, and under which such Person or any ERISA Affiliate thereof has or may have any obligation or liability (accrued, contingent or otherwise).

Permitted Encumbrances shall mean (i) any and all Encumbrances which result from all statutory or other liens for Taxes or assessments which are not yet due or delinquent or the validity of which is being contested in good faith by appropriate proceedings by a Party hereto for which adequate reserves are being maintained in accordance with GAAP by a Party hereto; (ii) all cashiers, landlords, workers, mechanics, carriers and repairers liens, and other similar liens imposed by law, incurred in the ordinary course of business and which do not exceed \$100,000 individually, or \$250,000 in the aggregate; (iii) all Company Contracts (only to the extent that the same affects title to the real property), Parent Contracts (only to the extent that the same affects title to the real property), Company Leases or Parent Leases; (iv) Encumbrances identified on title policies or preliminary title reports, surveys in the possession of the Company or its Subsidiaries (in the case of Company Assets) or in the possession of Parent or its Subsidiaries (in the case of Parent Assets); (v) Encumbrances relating to the debt obligations set forth on Section 3.13(c) of the Company Disclosure Schedule or disclosed in the Company SEC Reports; and (vi) other Encumbrances which individually or in the aggregate do not materially detract from or materially interfere with the present use of the property subject thereto or affected thereby and would not otherwise cause a Company Material Adverse Effect with respect to Encumbrances affecting Company Real Property or a Parent Material Adverse Effect with respect to Encumbrances affecting Parent Real Property.

Person shall mean any individual, corporation, partnership, limited liability company, joint venture, real estate investment trust, other organization (whether incorporated or unincorporated), governmental agency or instrumentality, or any other legal entity.

Pinecreek DownREIT shall mean Pan Pacific (Pinecreek), L.P., a Delaware limited partnership.

Portland DownREIT shall mean Pan Pacific (Portland), LLC, a Delaware limited liability company.

Rancho DownREIT shall mean Pan Pacific (Rancho Las Palmas), LLC, a Nevada limited liability company.

REIT shall mean a real estate investment trust within the meaning of Sections 856 through 860 of the Code.

Representative shall mean, with respect to any Person, that Person's officers, directors, employees, financial advisors, agents or other representatives.

SEC shall mean the Securities and Exchange Commission.

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Securities Act shall mean the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

Stockholders Agreement shall mean that certain Stockholders Agreement entered into by and among Lazard Frères Real Estate Investors L.L.C., LF Strategic Realty Investors L.P., Prometheus Western Retail, LLC and Alexander Haagen Properties, Inc., dated as of June 1, 1997.

Subsidiary shall mean, with respect to any Person, any corporation, partnership, limited liability company, joint venture, real estate investment trust, or other organization, whether incorporated or unincorporated, or other legal entity of which (i) such Person directly or indirectly owns or controls at least a majority of the capital stock or other equity interests having by their terms ordinary voting power to elect a majority of the board of directors or others performing similar functions; (ii) such Person is a general partner, manager or managing member; or (iii) such Person holds a majority of the equity economic interest.

Tax or Taxes shall mean all federal, state, local, foreign and other taxes, levies, imposts, assessments, impositions or other similar government charges, including, without limitation, income, estimated income, business, occupation, franchise, real property, payroll, personal property, sales, transfer, stamp, use, employment, commercial rent or withholding, occupancy, premium, gross receipts, profits, windfall profits, deemed profits, license, lease, severance, capital, production, corporation, ad valorem, excise, duty or other taxes, including interest, penalties and additions (to the extent applicable) thereto, whether disputed or not.

Tax Return shall mean any report, return, document, declaration or other information or filing required to be supplied to any taxing authority or jurisdiction (foreign or domestic) with respect to Taxes, including, without limitation, any schedule or attachment thereto and any amendment thereof, any information returns, any documents with respect to or accompanying payments of estimated Taxes, or with respect to or accompanying requests for the extension of time in which to file any such report, return, document, declaration or other information.

Third Party shall mean any person other than the Company, Merger Sub, Parent and their respective Affiliates.

Welfare Plan shall mean, with respect to any Person, any employee welfare benefit plan, as defined in Section 3(1) of ERISA, which such Person or any ERISA Affiliate thereof maintains, administers, contributes to or has contributed to or is or was required to contribute to, and under which such Person or any ERISA Affiliate thereof has or may have any obligation or liability (accrued, contingent or otherwise).

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**ARTICLE II.
THE MERGER**

Section 2.1 The Merger. Upon the terms and subject to the conditions of this Agreement and in accordance with Subtitle 1 of Title 3 of the MGCL, at the Effective Time, Merger Sub shall be merged with and into the Company. Following the Merger, the separate corporate existence of Merger Sub shall cease and the Company shall continue as the surviving entity (the Surviving Company) in accordance with the MGCL.

Section 2.2 Closing and Closing Date. Unless this Agreement shall have been terminated by either Parent or the Company and the transactions herein contemplated shall have been abandoned pursuant to the provisions of Section 8.1, the closing of the Merger (the Closing) shall take place (a) at 10:00 a.m., Los Angeles time, as soon as practicable, but in no event later than the fifth Business Day, after the last of all of the conditions to the respective obligations of the Parties set forth in Article VII hereof shall have been satisfied or waived (other than those conditions that by their nature are to be satisfied at the Closing, but subject to the fulfillment or waiver of those conditions) or (b) at such other time and date as Parent and the Company shall mutually agree; *provided, however*, that the Closing shall not occur prior to the Designated Record Date (such date and time on and at which the Closing occurs being referred to herein as the Closing Date). The Closing shall take place at the offices of Latham & Watkins, 650 Town Center Drive, 20th Floor, Costa Mesa, California 92626. At the Closing, the documents, certificates, opinions and instruments referred to in Article VII shall be executed and delivered to the applicable party.

Section 2.3 Effective Time. Subject to the provisions of this Agreement, as soon as reasonably practicable on or after the Closing Date, the Parties shall file with the State Department of Assessments and Taxation of Maryland (the Maryland Department) the articles of merger or other appropriate documents (the Articles of Merger) in such form as is required by, and executed in accordance with, the relevant provisions of the MGCL and make all other filings, recordings or publications required under the MGCL in connection with the Merger. The Merger shall become effective at 2:00 p.m., Los Angeles time, on the date of the filing of the Articles of Merger with, and acceptance for record of such Articles of Merger by, the Maryland Department in accordance with the MGCL, or at such other time as the Parties shall agree as specified in such filings in accordance with applicable law (the Effective Time).

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Section 2.4 Effects of the Merger. The Merger shall have the effects set forth in Section 3-114 of the MGCL and this Agreement. Without limiting the generality of the foregoing, and subject thereto, at the Effective Time of the Merger, all of the property, rights, privileges and powers of the Company and Merger Sub will vest in the Surviving Company, and all of the debts, liabilities and duties of the Company and Merger Sub will become the debts, liabilities and duties of the Surviving Company.

Section 2.5 Charter; Bylaws. At the Effective Time, (i) the charter of the Surviving Company shall be amended in its entirety to read as the charter of Merger Sub, as in effect on the date hereof, a copy of which has been provided to the Company, except that at the Effective Time, Article I thereof shall be amended to read as follows: The name of the Corporation is Pan Pacific (CTA), Inc. and (ii) the bylaws of the Surviving Company shall be amended in their entirety to read as the bylaws of Merger Sub, as in effect on the date hereof, a copy of which has been provided to the Company. Such charter and bylaws shall not be inconsistent with Section 6.18.

Section 2.6 Directors and Officers of the Surviving Company. The directors of Merger Sub immediately prior to the Effective Time shall be elected as the initial directors of the Surviving Company, each to hold office in accordance with the charter and bylaws of the Surviving Company. The officers of Merger Sub immediately prior to the Effective Time shall be elected as the initial officers of the Surviving Company, each to hold office in accordance with the charter and bylaws of the Surviving Company.

Section 2.7 Conversion of Securities. At the Effective Time, by virtue of the Merger and without any action on the part of Merger Sub, the Company or the holder of any of the following securities:

(a) Subject to Section 2.9, each share of Company Common Stock issued and outstanding immediately prior to the Effective Time (including, without limitation, outstanding restricted Company Common Stock granted under the Company Stock Plan, but excluding any shares to be canceled in accordance with Section 2.7(b) hereof), shall be converted into and represent the right to receive 0.218 fully paid and nonassessable shares (rounded to the nearest hundredth of a share) (as adjusted as set forth in subsection (d), the Exchange Ratio) of Parent Common Stock (the Merger Consideration). The Merger Consideration shall be payable upon the surrender of the Certificate formerly representing such Company Common Stock, subject to Section 2.11. As of the Effective Time, all Company Common Stock shall no longer be outstanding and shall automatically be canceled and retired and shall cease to exist, and each holder of a Certificate representing any Company Common Stock shall cease to have any rights with respect thereto, except the right to receive (i) the Merger Consideration, (ii) any cash in lieu of fractional shares of Parent Common Stock to be issued or paid in consideration therefor upon surrender of such Certificate in accordance with Section 2.9, (iii) any dividends or distributions in accordance with Section 2.10(e) and (iv) any unpaid dividend declared by the Company in respect of Company Common Stock in accordance with Section 5.3, in each case without interest.

(b) Each share of Company Common Stock that is (i) owned by any Subsidiary of the Company or (ii) owned by Parent or any Subsidiary of Parent, in each case immediately prior to the Effective Time, shall, by virtue of the Merger and without any action on the part of the holder thereof, be canceled and retired without any conversion thereof and no payment or distribution of any consideration shall be made with respect thereto.

(c) Each share of common stock of Merger Sub issued and outstanding immediately prior to the Effective Time shall be converted into and be exchanged for one newly and validly issued, fully paid and nonassessable share of common stock of the Surviving Company.

(d) The Exchange Ratio shall be adjusted to reflect fully the effect of any stock split, reverse split, stock dividend (including any dividend or distribution of securities convertible into Parent Common Stock or Company Common Stock, as applicable), reorganization, recapitalization, consolidation, exchange or other like change with respect to Parent Common Stock or Company Common Stock occurring after the date hereof and prior to the Effective Time.

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Section 2.8 Treatment of Company Options and Restricted Stock

- (a) Except for the Company Options listed on Section 2.8 of the Company Disclosure Schedule, immediately prior to the Effective Time and subject to the consummation of the Merger, subject to the receipt of any necessary consents, the Company and the Company Board (or, if appropriate, any committee thereof) shall cause the vesting of each then outstanding Company Option to be fully accelerated and shall cause each then outstanding Company Option to not be exercisable following the Effective Time and to be canceled and terminated, and the holder to become entitled to receive an amount of cash, if any, from the Company equal to the product of (x) the amount, if any, by which (1) the product of (a) the average closing price per share of Parent Common Stock on the NYSE for the period of ten trading days immediately preceding the Effective Time, and (b) the Exchange Ratio, exceeds (2) the exercise price per share of Company Common Stock subject to such Company Option, and (y) the number of shares of Company Common Stock issuable pursuant to the unexercised portion of such Company Option (such amount being hereinafter referred to as the Option Consideration). The Option Consideration shall be paid by the Company immediately prior to the Effective Time. The Company shall withhold from the Option Consideration any taxes required to be withheld.
- (b) With respect to Company Options listed on Section 2.8 of the Company Disclosure Schedule, at the Effective Time and subject to the consummation of the Merger, such Company Options shall be assumed by Parent and converted into options to acquire Parent Company Stock (the Assumed Options) on the same terms and conditions as were applicable under such Company Options immediately prior to the Effective Time except that (i) the per share exercise price of each Assumed Option shall be equal to the per share exercise price of the Company Option immediately prior to the Effective Time divided by the Exchange Ratio (rounded up the nearest two-place decimal), and (ii) the number of shares of Parent Common Stock issuable upon exercise of such Assumed Option shall be equal to the number of shares of Company Common Stock issuable pursuant to the unexercised portion of the Company Option multiplied by the Exchange Ratio (rounded down to the nearest whole share).
- (c) Parent shall take all corporate action necessary to reserve for issuance a sufficient number of shares of Parent Common Stock for delivery under Company Stock Plans assumed in accordance with this Section 2.8. As soon as practicable after the Effective Time, Parent shall file a registration statement on Form S-8 (or any successor or other appropriate forms), with respect to the shares of Parent Common Stock subject to the Assumed Options and shall use its best efforts to maintain the effectiveness of such registration statement or registration statements (and maintain the current status of the prospectus or prospectuses contained therein) for so long as the Assumed Options remain outstanding.
- (d) Immediately prior to the Effective Time, and subject to the consummation of the merger, the Company and Company Board (or, if appropriate, any committee thereof) shall cause the vesting of each share of outstanding restricted Company Common Stock granted under the Company Stock Plan to be fully accelerated and the contractual restrictions thereon to terminate.
- (e) Each of the Parties shall take such steps as may be required to provide that, with respect to each Section 16 Affiliate (as defined below), (i) the transactions contemplated by this section, and (ii) any other dispositions of Company equity securities (including derivative securities) or other acquisitions of Parent equity securities (including derivative securities) in connection with this Agreement, shall be exempt under Rule 16b-3 promulgated under the Securities Exchange Act of 1934, as amended, in accordance with the terms and conditions set forth in that certain No-Action Letter, dated January 12, 1999 (CCH Fed. Sec. L. Rep. ¶ 77.515). For purposes of this Agreement, Section 16 Affiliate shall mean each individual who (x) immediately prior to the Effective Time is a director or officer of the Company or (y) at the Effective Time will become a director or officer of Parent, Merger Sub or the Company.

Section 2.9 Fractional Interests. No certificates or scrip representing fractional shares of Parent Common Stock shall be issued in connection with the Merger, and such fractional interests will not entitle the owner thereof to any rights of a stockholder of Parent. In lieu of any such fractional interests, each Company

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Stockholder exchanging Certificates pursuant to [Section 2.7\(a\)](#) who would otherwise have been entitled to receive a fraction of a share of Parent Common Stock (after taking into account all shares of Company Common Stock then held of record by such stockholder) shall receive cash (without interest) in an amount equal to such fractional amount multiplied by the average of the last reported sales prices of Parent Common Stock, as reported on the NYSE, on each of the ten trading days immediately preceding the date of the Effective Time.

Section 2.10 Surrender of Company Common Stock; Stock Transfer Books.

(a) Prior to the Closing Date, Parent shall designate a bank or trust company reasonably acceptable to the Company to act as agent for Company Stockholders in connection with the Merger (the [Exchange Agent](#)). The Exchange Agent shall receive the Merger Consideration to which Company Stockholders shall become entitled pursuant to [Section 2.7\(a\)](#). Prior to the Effective Time, Parent will make available to the Exchange Agent sufficient shares of Parent Common Stock and an estimated amount of cash in lieu of fractional shares to make all exchanges pursuant to [Section 2.10\(b\)](#). The Exchange Agent shall cause the shares of Parent Common Stock, dividends or distributions with respect thereto and cash in lieu of fractional shares deposited by Parent to be (i) held for the benefit of Company Stockholders and (ii) promptly applied to making the exchanges and payments provided for in [Section 2.10\(b\)](#). Such shares of Parent Common Stock, dividends or distributions with respect thereto and cash in lieu of fractional shares shall not be used for any purpose that is not provided for herein.

(b) Promptly after the Effective Time, Parent shall, or shall cause the Exchange Agent to, mail to each Company Stockholder whose shares were converted pursuant to [Section 2.7\(a\)](#) into the right to receive Parent Common Stock (i) a form of letter of transmittal (which shall specify that delivery shall be effected, and risk of loss and title to the Certificates shall pass, only upon proper delivery of the Certificates to the Exchange Agent) and (ii) instructions for use in effecting the surrender of the Certificates in exchange for the Merger Consideration and the cash in lieu of fractional shares pursuant to [Section 2.9](#). Upon surrender to the Exchange Agent of a Certificate, together with such letter of transmittal, duly completed and validly executed in accordance with the instructions thereto, and such other documents as may be reasonably required pursuant to such instructions, the holder of such Certificate shall be entitled to receive in exchange therefor, (i) a certificate representing that number of whole shares of Parent Common Stock which such holder has the right to receive pursuant to the provisions of [Section 2.7\(a\)](#), with respect to each Certificate formerly representing shares of Company Common Stock, (ii) cash in lieu of any fractional shares of Parent Common Stock to which such holder is entitled pursuant to [Section 2.9](#), after giving effect to any required Tax withholdings, and (iii) any dividends or distributions to which such holder is entitled pursuant to [Section 2.10\(e\)](#), and the Certificate so surrendered shall forthwith be canceled. Until so surrendered and exchanged, each Certificate shall represent solely the right to receive the Merger Consideration into which the shares of Company Common Stock it theretofore represented shall have been converted pursuant to [Section 2.7\(a\)](#), cash in lieu of any fractional shares pursuant to [Section 2.9](#) and any dividends or distributions pursuant to [Section 2.10\(e\)](#). If the exchange of certificates representing shares of Parent Common Stock is to be made to a Person other than the Person in whose name the surrendered Certificate is registered, it shall be a condition of exchange that the Certificate so surrendered shall be properly endorsed or shall be otherwise in proper form for transfer and that the Person requesting such exchange shall have paid any transfer and other taxes required by reason of the exchange of certificates representing shares of Parent Common Stock to a Person other than the registered holder of the Certificate surrendered or shall have established to the reasonable satisfaction of Parent that such Tax either has been paid or is not applicable.

(c) At any time after the one-year anniversary of the Effective Time, Parent shall be entitled to require the Exchange Agent to deliver to Parent cash and any other instruments (including certificates for shares of Parent Common Stock) in its possession relating to the transactions contemplated by this Agreement which had been made available to the Exchange Agent and which have not been distributed to holders of Certificates. Thereafter, each holder of a Certificate, representing shares converted pursuant to [Section 2.7\(a\)](#), may surrender such Certificate to Parent and (subject to applicable abandoned property, escheat or other similar laws) receive in exchange therefor the consideration payable in respect thereto pursuant to [Section 2.7\(a\)](#), [Section 2.9](#) and [Section](#)

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2.10(e), without interest, but shall have no greater rights against Parent than may be accorded to general creditors of Parent under applicable law. Notwithstanding the foregoing, none of Parent, the Surviving Company or the Exchange Agent shall be liable to any stockholder of the Company (or Company Stockholder) for shares of Parent Common Stock (and any cash payable in lieu of any fractional shares of Parent Common Stock) whose Certificates have been delivered to a public official pursuant to any applicable abandoned property, escheat or similar law.

(d) At the Effective Time, the stock transfer books of the Company shall be closed and thereafter there shall be no further registration of transfers of shares of Company Common Stock on the records of the Company. From and after the Effective Time, the holders of Certificates evidencing ownership of Company Common Stock outstanding immediately prior to the Effective Time shall cease to have any rights with respect to such shares of Company Common Stock, except as otherwise provided for herein or by applicable law.

(e) No dividends or other distributions declared or made after the Effective Time with respect to shares of Parent Common Stock shall be paid to the holder of any unsurrendered Certificate with respect to the shares of Parent Common Stock the holder is entitled to receive and no Merger Consideration, or any cash in lieu of fractional shares pursuant to Section 2.9, shall be paid to such holder until the holder of such Certificate surrenders such Certificate in accordance with the provisions of this Agreement. Upon such surrender, Parent shall cause to be paid to the Person in whose name the certificates representing the Parent Common Stock shall be issued in respect of such surrendered Certificate, any dividends or distributions with respect to such shares of Parent Common Stock which have a record date after the Effective Time and shall have become payable between the Effective Time and the time of such surrender. In no event shall the Person entitled to receive such dividends or distributions be entitled to receive interest thereon.

Section 2.11 Lost, Stolen or Destroyed Certificates. In the event any Certificates shall have been lost, stolen or destroyed, the Exchange Agent shall issue in exchange for such lost, stolen or destroyed Certificates, upon the making of an affidavit of that fact by the holder thereof, such shares of Parent Common Stock (and cash in lieu of any fractional shares of Parent Common Stock), and dividends or distributions, if any, as may be required to be issued or paid pursuant to Section 2.7(a), Section 2.9 and Section 2.10(e); *provided, however*, that Parent may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen or destroyed Certificates to deliver a bond in such sum as it may reasonably direct as indemnity against any claim that may be made against Parent or the Exchange Agent with respect to the Certificates alleged to have been lost, stolen or destroyed.

Section 2.12 Withholding Rights. Parent or the Exchange Agent shall be entitled to deduct and withhold from the Merger Consideration, or cash in lieu of fractional shares, if any, or dividends or distributions, if any, otherwise payable pursuant to this Agreement to any stockholder of the Company such amounts as Parent or the Exchange Agent is required to deduct and withhold with respect to the making of such payment under the Code or any provision of state, local, or foreign Tax law. To the extent that amounts are so withheld by Parent or the Exchange Agent, such withheld amounts shall be treated for all purposes of this Agreement as having been paid to the Company Stockholder, in respect of which such deduction and withholding was made by Parent or the Exchange Agent.

Section 2.13 Company Payments. Notwithstanding any other provision of this Agreement, in the event that counsel for Parent or the Company shall in good faith determine that the payment of all or any portion of any amount required to be paid in cash by the Company as a result of any of the transactions contemplated under this Agreement (each a Company Payment and collectively, the Company Payments), which cash is attributable to a borrowing incurred by the Company, Parent, or any subsidiary or affiliate of Parent or Company, would prevent counsel from rendering an opinion described in Sections 7.2(d) or 7.3(f) hereof, then, to the extent necessary to enable such counsel to render such opinion and subject to the receipt of any necessary consents, each party identified by the Company in its sole and absolute discretion that is entitled to receive the Company Payments shall instead receive a number of shares of Parent Common Stock (if necessary, rounded up to the next

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whole number of shares) equal to: (x) the sum of (1) the dollar amount of the Company Payment and (2) 3% of the amount in (1), which represents the estimated brokerage fees and other selling costs and expenses that reasonably could be expected to be incurred by such party if such party decided to sell such shares of Parent Common Stock received pursuant to this Section 2.13, divided by (y) the average closing price per share of Parent Common Stock on the NYSE for the period of ten trading days immediately preceding the Effective Time. Parent shall withhold from any payment of Parent Common Stock pursuant to this Section 2.13 any taxes required to be withheld. At Parent's request, the Company shall use its reasonable best efforts to obtain any such necessary consents prior to the Effective Time. Notwithstanding the fact that a Company Payment would otherwise or ordinarily have been paid by the Company prior to the Effective Time, if paid in shares of Parent Common Stock pursuant to this Section 2.13, such Company Payment shall be made by Parent as soon as practicable after the Effective Time.

**ARTICLE III.
REPRESENTATIONS AND WARRANTIES OF THE COMPANY**

The Company represents and warrants to Parent that the statements contained in this Article III are true and correct except as set forth herein or in the disclosure schedule delivered by the Company to Parent on or before the date of this Agreement (the Company Disclosure Schedule) or as otherwise limited herein.

Section 3.1 Organization and Qualification. The Company and each of its Subsidiaries is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, with the corporate, partnership or limited liability company power and authority to own and operate its business as presently conducted. The Company and each of its Subsidiaries is duly qualified as a foreign corporation or other entity to do business and is in good standing in each jurisdiction where the ownership or operation of its properties or the nature of its activities makes such qualification necessary, except for such failures of the Company and any of its Subsidiaries to be so qualified as would not, when taken with all other such failures, cause a Company Material Adverse Effect. The Company and each of its Subsidiaries have previously made available to Parent true and correct copies of their Organizational Documents as in effect on the date hereof.

Section 3.2 Authorization; Validity and Effect of Agreement. The Company has the requisite corporate power and authority to execute, deliver and perform its obligations under this Agreement and to consummate the transactions contemplated hereby subject to the adoption and approval of the Agreement and the approval of the Merger by the requisite vote of the holders of Company Common Stock (such adoption and approval being the Company Voting Proposal). The execution and delivery of this Agreement by the Company and the performance by the Company of its obligations hereunder and the consummation of the transactions contemplated hereby have been duly authorized by the Company Board and all other necessary corporate action on the part of the Company, other than the adoption and approval of this Agreement and the approval of the Merger by the requisite vote of the holders of the Company Common Stock, and no other corporate proceedings on the part of the Company are necessary to authorize this Agreement or the Company Transactions. This Agreement has been duly and validly executed and delivered by the Company and constitutes a legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, subject to the effects of bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws of general applicability relating to or affecting creditors' rights generally and general equitable principles (whether considered in a proceeding in equity or at law). No consents are necessary under the Stockholders Agreement with respect to the execution and performance by the Company of this Agreement and the consummation of the Merger. All necessary approvals of the general partner of the Operating Partnership have been obtained with respect to the Merger and the other transactions contemplated by this Agreement.

Section 3.3 Capitalization.

(a) As of the date hereof and as of the date of the Effective Time the authorized shares of capital stock of the Company consists of 100,000,000 shares of Company Common Stock, 50,000,000 shares of excess stock, par

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value \$.01 per share (Excess Stock), and 10,000,000 shares of preferred stock, par value \$.01 per share (Company Preferred Stock). As of the close of business on September 30, 2002, (i) 27,887,840 shares of Company Common Stock were issued and outstanding, and (ii) no shares of Excess Stock or Company Preferred Stock were issued and outstanding. From October 1, 2002 to the date hereof, no shares of Company Capital Stock have been issued or reserved for issuance, except for shares of Company Common Stock issued in respect of the exercise, conversion or exchange of Company Stock Rights or Company OP Units outstanding on September 30, 2002 or as set forth in Section 3.3(a) of the Company Disclosure Schedule. As of the date hereof there are a total of 29,210,719 Partnership Units outstanding, of which 1,323,504 Partnership Units are owned by limited partners of the Operating Partnership and 27,887,840 Partnership Units are owned by the Company.

(b) Section 3.3(b) of the Company Disclosure Schedule sets forth as of the date hereof, for the Company Stock Plan, the dates on which Company Stock Rights under such plan were granted, the number of outstanding Company Stock Rights granted on each such date, the number and class of shares of Company Capital Stock for or into which each such Company Stock Right is exercisable, convertible or exchangeable and the exercise price thereof. Except (i) as set forth in this Section 3.3(b), (ii) as described in Section 3.3(b) of the Company Disclosure Schedule, and (iii) for the rights to convert Company OP Units into Company Common Stock pursuant to the Operating Partnership Agreement, there are no securities, options, warrants, calls, rights, commitments, agreements, arrangements or undertakings of any kind to which the Company or any of its Subsidiaries is a party or by which any of them is bound obligating the Company or any of its Subsidiaries to issue, deliver or sell, or cause to be issued, delivered or sold, additional shares of Company Capital Stock or any other equity interests of the Company, or its Subsidiaries or other voting securities of the Company or its Subsidiaries or obligating the Company or its Subsidiaries to issue, grant, extend or enter into any such security, option, warrant, call, right, commitment, agreement, arrangement or undertaking and neither the Company nor its Subsidiaries has granted any share appreciation rights or any other contractual rights the value of which is derived from the financial performance of the Company or the Operating Partnership or the value of Company Common Stock or any other equity interests of the Company or the Operating Partnership.

(c) There are no outstanding or contingent obligations of the Company or any of its Subsidiaries to repurchase, redeem or otherwise acquire any shares of Company Capital Stock or any other equity interests in the Company or the capital stock or ownership interests of any Subsidiary of the Company, other than the Company's obligation to exchange Company Common Stock for Company OP Units pursuant to the Operating Partnership Agreement.

(d) All shares of Company Common Stock subject to issuance as specified in Section 3.3(b) hereof or in Section 3.3(b) of the Company Disclosure Schedule, are duly authorized and, upon issuance on the terms and conditions specified in the instruments pursuant to which they are issuable, including payment of any exercise price in respect thereof, will be validly issued, fully paid and nonassessable.

(e) There are no bonds, debentures, notes or other indebtedness having voting rights (or convertible into securities having such rights) (Voting Debt) of the Company or any of its Subsidiaries issued and outstanding. There are no voting trusts, proxies or other voting agreements with respect to the equity interests in the Company to which the Company or any of its Subsidiaries is a party.

Section 3.4 Subsidiaries. The only Subsidiaries of the Company are those set forth in Section 3.4 of the Company Disclosure Schedule. All of the outstanding shares of capital stock of each of the Company's Subsidiaries that is a corporation are duly authorized, validly issued, fully paid and nonassessable. All equity interests in each of the Company's Subsidiaries that is a partnership or limited liability company are duly authorized and validly issued. All shares of capital stock of (or other ownership interests in) each of the Company's Subsidiaries which may be issued upon exercise of outstanding options or exchange rights are duly authorized and, upon issuance will be validly issued, fully paid and nonassessable. Except as set forth in Section 3.4 of the Company Disclosure Schedule, the Company owns, directly or indirectly, all of the issued and outstanding capital stock and other ownership interests of each of its Subsidiaries, free and clear of all

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Encumbrances other than statutory or other liens for Taxes or assessments which are not yet due or delinquent or the validity of which is being contested in good faith by appropriate proceedings, and there are no existing options, warrants, calls, subscriptions, convertible securities or other securities, agreements, commitments or obligations of any character relating to the outstanding capital stock or other securities of any Subsidiary of the Company or which would require any Subsidiary of the Company to issue or sell any shares of its capital stock, ownership interests or securities convertible into or exchangeable for shares of its capital stock or ownership interests.

Section 3.5 Other Interests. Except as set forth in Section 3.5 of the Company Disclosure Schedule, neither the Company nor any of its Subsidiaries owns or has the right or option to acquire, directly or indirectly, any interest or investment in (whether equity or debt) any corporation, partnership, limited liability company, joint venture, business, trust or other Person, other than the rights held by the Company or its Subsidiaries identified in Section 3.4 of the Company Disclosure Schedule.

Section 3.6 No Conflict; Required Filings and Consents.

(a) Except as set forth in Section 3.6 of the Company Disclosure Schedule, neither the execution and delivery of this Agreement nor the performance by the Company of its obligations hereunder, nor the consummation of the transactions contemplated hereby, will: (i) assuming the Company Voting Proposal is approved, conflict with the Company's Organizational Documents or the Organizational Documents of any of its Subsidiaries; (ii) assuming satisfaction of the requirements set forth in Section 3.6(b) below, violate any statute, law, ordinance, rule or regulation, applicable to the Company or any of its Subsidiaries or any of their Assets; or (iii) violate, breach, require consent under, be in conflict with or constitute a default (or an event which, with notice or lapse of time or both, would constitute a default) under, or permit the termination of any provision of, or result in the termination of, the acceleration of the maturity of, or the acceleration of the performance of any obligation of the Company or any of its Subsidiaries under, or result in the creation or imposition of any lien upon any Assets or business of the Company or any of its Subsidiaries under, or give rise to any Third Party's right of first refusal or other similar right under, any note, bond, indenture, mortgage, deed of trust, lease, or permit, authorization, license, contract, instrument or other agreement or commitment or any order, judgment or decree to which the Company or any of its Subsidiaries is a party or by which the Company or any of its Subsidiaries or any of their respective Assets are bound or encumbered, or give any Person the right to require the Company or any of its Subsidiaries to purchase or repurchase any notes, bonds or instruments of any kind, except, in the case of clauses (ii) and (iii), for such violations, breaches, conflicts, defaults or other occurrences which, individually or in the aggregate, would not cause a Company Material Adverse Effect.

(b) Except as set forth in Section 3.6 of the Company Disclosure Schedule, no consent, approval or authorization of, permit from, or declaration, filing or registration with, any Governmental Entity is required to be made or obtained by the Company or any of its Subsidiaries in connection with the execution and delivery of this Agreement or the Operating Partnership Amendment by the Company or any of its Subsidiaries or the consummation by the Company or its Subsidiaries of the Company Transactions, other than (A) the filing with the SEC of the Proxy Statement/Prospectus and such reports under Section 13(a) of the Exchange Act, and such other compliance with the Exchange Act, as may be required in connection with this Agreement; (B) the filing of Articles of Merger pursuant to the MGCL; (C) filings with the NYSE; (D) such filings and approvals as may be required by any applicable state securities or blue sky laws (Blue Sky Laws) or Environmental Laws; (E) business, operating and occupancy licenses and permits; and (F) such consents, approvals, authorizations, permits, registrations, declarations and filings the failure to make or obtain which would not, in the aggregate, cause a Company Material Adverse Effect.

Section 3.7 Compliance. Except as set forth in Section 3.7 of the Company Disclosure Schedule, the Company and each of its Subsidiaries are in compliance with all foreign, federal, state and local laws and regulations applicable to their operations or with respect to which compliance is a condition of engaging in the business thereof, except to the extent that failure to comply would not, individually or in the aggregate, cause a

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Company Material Adverse Effect. Neither the Company nor any of its Subsidiaries has received any written notice since January 1, 1999, or has Knowledge of any written notice received by it at any time, asserting a failure, or possible failure, to comply with any such law or regulation, the subject of which written notice has not been resolved as required thereby or otherwise to the reasonable satisfaction of the party sending the notice, except for (A) matters being contested in good faith and set forth in Section 3.7 of the Company Disclosure Schedule and (B) such failures as would not, individually or in the aggregate, cause a Company Material Adverse Effect.

Section 3.8 SEC Documents.

(a) The Company has filed with the SEC all reports, schedules, statements and other documents required to be filed by the Company or any of its Subsidiaries with the SEC since December 31, 1999 (collectively, the Company SEC Reports). As of their respective dates, with respect to Company SEC Reports filed pursuant to the Exchange Act, and as of their respective effective dates, as to Company SEC Reports filed pursuant to the Securities Act, the Company SEC Reports and any registration statements, reports, forms, proxy or information statements and other documents filed by the Company with the SEC after the date of this Agreement (i) complied, or, with respect to those not yet filed, will comply, in all material respects with the applicable requirements of the Securities Act and the Exchange Act, and (ii) did not, or, with respect to those not yet filed, will not, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading.

(b) Each of the consolidated balance sheets included in or incorporated by reference into the Company SEC Reports (including the related notes and schedules) presents fairly, in all material respects, the consolidated financial position of the Company and its consolidated Subsidiaries as of its date, and each of the consolidated statements of income, stockholders' equity and cash flows of the Company included in or incorporated by reference into the Company SEC Reports (including any related notes and schedules) presents fairly, in all material respects, the results of operations, stockholders' equity and cash flows, as the case may be, of the Company and its Subsidiaries for the periods set forth therein (subject, in the case of unaudited statements, to normal year-end audit adjustments), in each case in accordance with GAAP consistently applied during the periods involved, except as may be noted therein.

(c) Except as set forth in the Company SEC Reports, neither the Company nor any of its Subsidiaries has any liabilities or obligations of any nature (whether accrued, absolute, contingent or otherwise) that would be required to be reflected on, or reserved against in, a balance sheet of the Company or in the notes thereto prepared in accordance with GAAP consistently applied, except for (i) liabilities or obligations that were so reserved on, or reflected in (including the notes to), the consolidated balance sheet of the Company as of September 30, 2002, (ii) liabilities or obligations arising in the ordinary course of business (including trade indebtedness) from September 30, 2002 to the date hereof (iii) liabilities incurred after the date hereof that are permitted by Section 5.1 hereof and (iv) other liabilities or obligations which would not, individually or in the aggregate, cause a Company Material Adverse Effect.

Section 3.9 Absence of Certain Changes. Except as set forth in the Company SEC Reports and except for the transactions expressly contemplated hereby, from September 30, 2002 to the date hereof, the Company and its Subsidiaries have conducted their respective businesses substantially in the ordinary and usual course consistent with past practices (including the incurrence of trade indebtedness and secured debt assumed in connection with the acquisition of properties by the Company and its Subsidiaries or the disposition of assets listed in Section 3.9 of the Company Disclosure Schedule and construction activities at the Company Real Property listed in Section 3.9 of the Company Disclosure Schedule), and there has not been any change in the Company's business, operations, condition (financial or otherwise), results of operations, Assets or liabilities, except for changes contemplated hereby or changes which, individually or in the aggregate, have not caused a Company Material Adverse Effect.

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Section 3.10 Litigation. Except as set forth in the Company SEC Reports or as set forth in Section 3.10 of the Company Disclosure Schedule, there is no Action (i) instituted, (ii) pending and served upon the Company or any of its Subsidiaries, or (iii) to the Knowledge of the Company, pending and not served upon the Company or its Subsidiaries, or threatened, in each case against the Company or any of its Subsidiaries or any of their respective Assets which, individually or in the aggregate, directly or indirectly, has caused a Company Material Adverse Effect, nor is there any outstanding judgment, decree or injunction, in each case against the Company any of its Subsidiaries or any of their respective Assets or any statute, rule or order of any Governmental Entity applicable to the Company or any of its Subsidiaries which, individually or in the aggregate, has caused a Company Material Adverse Effect.

Section 3.11 Taxes.

- (a) The Company and its Subsidiaries have (i) duly filed (or there have been filed on their behalf) with the appropriate Governmental Entities all Tax Returns required to be filed by them (after giving effect to any filing extension properly granted by a Governmental Entity having authority to do so), and such Tax Returns are true, correct and complete in all material respects, (ii) duly paid in full, or made provision in accordance with GAAP (or there has been paid or provision has been made on their behalf) for, all Taxes required to have been paid by them, whether or not shown to be due on such Tax Returns and (iii) withheld and paid all material Taxes required to have been withheld and paid in connection with amounts paid or owing to any employee, independent contractor, creditor, stockholder or other party;
- (b) Neither the Company nor any of its Subsidiaries has received a written claim by any authority in a jurisdiction where any of the Company and its Subsidiaries does not file Tax Returns that it is or may be subject to taxation by that jurisdiction;
- (c) Except as set forth in Section 3.11(c) of the Company Disclosure Schedule, neither the Company nor any of its Subsidiaries has received a written notice of any threatened audits with respect to taxable years ended on or after December 31, 1993, with respect to Taxes or Tax Returns of the Company or any of its Subsidiaries. With respect to taxable years ended on or after December 31, 1993, neither the IRS nor any other taxing authority (whether domestic or foreign) has asserted against the Company or any of its Subsidiaries any deficiency or claim for Taxes;
- (d) Section 3.11(d) of the Company Disclosure Schedule sets forth each year for which an extension to file Tax Returns has been requested and for which such Tax Returns have not yet been filed;
- (e) There are no Encumbrances for Taxes upon any Assets of the Company or any Subsidiary thereof, except for Permitted Encumbrances, and no written power of attorney that has been granted by the Company or any of its Subsidiaries (other than to the Company or a Subsidiary or Deloitte & Touche LLP) currently is in force with respect to any matter relating to Taxes;
- (f) Except as set forth in Section 3.11(f) of the Company Disclosure Schedule, neither the Company nor any of its Subsidiaries is a party to any agreement, contract, arrangement or plan that has resulted or could result, separately or in the aggregate, in the payment of any excess parachute payments within the meaning of Section 280G of the Code or which would result in a disallowed deduction under Section 162(m) of the Code;
- (g) There are no, and at the Closing Date there will be no, Tax allocation or sharing agreements or similar arrangements with respect to or involving the Company or any of its Subsidiaries, and, after the Closing Date, neither the Company nor any of its Subsidiaries shall be bound by any such Tax allocation or sharing agreements or similar arrangements or have any liability thereunder for amounts due in respect of periods prior to the Closing Date;
- (h) None of the Company and its Subsidiaries (i) has been a member of an affiliated group filing a consolidated federal income Tax Return (other than a group the common parent of which was the Company) or

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(ii) has any liability for the Taxes of any Person (other than any of the Company and its Subsidiaries) under Treasury Regulation Section 1.1502-6 (or any similar provision of state, local, or foreign law), as a transferee or successor, by contract, or otherwise;

(i) Since the Company's taxable year ended December 31, 1993, the Company has not incurred and does not expect to incur through the Closing Date any liability for Taxes under Section 857(b), 860(c) or 4981 of the Code, and neither the Company nor any of its Subsidiaries has incurred any material liability for Taxes other than in the ordinary course of business. To the Knowledge of the Company, no event has occurred, and no condition or circumstance exists, which presents a material risk that any material Tax described in the preceding sentence will be imposed upon the Company or its Subsidiaries; and

(j) The Company (i) for all taxable years commencing with its taxable year ending December 31, 1993 through the December 31 immediately prior to the Effective Time, has elected and has been subject to federal and state taxation as a REIT and has satisfied all requirements to qualify as a REIT for federal and state Tax purposes for such years, (ii) at all times since such date, has operated in such a manner so as to qualify as a REIT for federal and state Tax purposes and will continue to operate through the Effective Time in such a manner so as to so qualify for the taxable year ending on the date of the Effective Time, (iii) has not taken or omitted to take any action that could reasonably be expected to result in a challenge by the IRS or any other taxing authority to its status as a REIT, and no such challenge is pending or, to the Company's Knowledge, threatened. Each Subsidiary of the Company that is a state law partnership or limited liability company has been since its formation and continues to be treated for federal and state income Tax purposes as a partnership (or a disregarded entity) and not as a corporation or an association or publicly traded partnership taxable as a corporation. Each other Subsidiary of the Company has been and continues to be treated for federal and state income Tax purposes as a qualified REIT subsidiary within the meaning of Section 856(i) of the Code, or a taxable REIT subsidiary within the meaning of Section 856(l) of the Code. Neither the Company nor any Subsidiary of the Company holds any Asset the disposition of which would be subject to rules similar to Section 1374 of the Code as a result of an election under Notice 88-19 or the Treasury Regulations promulgated under Code Section 337.

Section 3.12 Employee Benefit Plans.

(a) The Company has listed in Section 3.12 of the Company Disclosure Schedule all Benefit Arrangements, Multiemployer Plans, Pension Plans and Welfare Plans of the Company and its Subsidiaries and all bonus, stock option, stock purchase, incentive, deferred compensation, supplemental retirement, change in control, severance and other similar employee benefit plans, and all unexpired severance agreements, written or otherwise, for the benefit of, or relating to, any current or former employee of the Company or any ERISA Affiliate of the Company or any Subsidiary of the Company (together, the Company Employee Plans).

(b) With respect to each Company Employee Plan, the Company has made available to Parent, a true and correct copy of (i) the most recent annual report (Form 5500) filed with the IRS, (ii) such Company Employee Plan, (iii) each trust agreement and group annuity contract, if any, relating to such Company Employee Plan and (iv) the most recent actuarial report or valuation relating to a Company Employee Plan subject to Title IV of ERISA.

(c) With respect to the Company Employee Plans, individually and in the aggregate, no event has occurred, and to the Knowledge of the Company, there exists no condition or set of circumstances in connection with which the Company could be subject to any liability that will have a Company Material Adverse Effect under ERISA, the Code or any other applicable law. There is no Company Employee Plan that is subject to Title IV of ERISA or is a Multiemployer Plan.

(d) With respect to the Company Employee Plans, individually and in the aggregate, there are no funded benefit obligations for which contributions have not been made or properly accrued and there are no unfunded benefit obligations which have not been accrued or otherwise properly disclosed in the footnotes in accordance

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with GAAP, in the financial statements of the Company, which obligations will cause a Company Material Adverse Effect.

(e) Except as disclosed in Company SEC Reports filed prior to the date of this Agreement, and except as set forth in Section 3.12(e) of the Company Disclosure Schedule, or as provided for in this Agreement, neither the Company nor any of its Subsidiaries is a party to any oral or written (i) agreement with any officer or other key employee of the Company or any of its Subsidiaries, the benefits of which are contingent, or the terms of which are materially altered, upon the occurrence of a transaction involving the Company of the nature contemplated by this Agreement, (ii) agreement with any officer of the Company providing any term of employment or compensation guarantee extending for a period longer than one year from the date hereof and for the payment of compensation in excess of \$100,000 per annum, or (iii) agreement or plan, including any stock option plan, stock appreciation right plan, restricted stock plan or stock purchase plan, any of the benefits of which will be increased, or the vesting of the benefits of which will be accelerated, by the occurrence of any of the transactions contemplated by this Agreement or the value of any of the benefits of which will be calculated on the basis of any of the transactions contemplated by this Agreement.

Section 3.13 Properties.

(a) Section 3.13(a) of the Company Disclosure Schedule identifies:

(i) all real properties (by name and location) owned by the Company or its Subsidiaries (the Company Owned Property) as of the date hereof, which are all of the real properties owned by them as of the date hereof; and

(ii) all real properties leased or operated by the Company or its Subsidiaries as lessee (the Company Leased Property) as of the date hereof, which are all of the real properties so leased or operated by them. The Company Owned Property and the Company Leased Property is referred to herein collectively as the Company Real Property.

(b) The Company and its Subsidiaries have obtained title insurance policies for the Company Real Property listed in Section 3.13(b) of the Company Disclosure Schedule, and no material claims have been made against any such policies by an insured party thereunder. With respect to the Company Real Property not listed in Section 3.13(b) of the Company Disclosure Schedule, the Company or its Subsidiaries has valid title to the Company Owned Property, and a valid leasehold interest in the Company Leased Property, sufficient to allow each of the Company and its Subsidiaries to conduct their business as and where currently conducted. Each Company Real Property is not subject to any Encumbrances, except for any Permitted Encumbrances.

(c) Except as set forth on Section 3.13(c) of the Company Disclosure Schedule or as disclosed in the Company SEC Reports, the Company Real Property is not encumbered by any debt.

(d) To the Company's Knowledge, all (i) certificates, permits or licenses from any Governmental Entity having jurisdiction over any Company Real Property and (ii) agreements, easements or other rights, necessary to permit the lawful use and operation of the buildings and improvements on any of the Company Real Property or to permit the lawful use and operation of all driveways, roads, and other means of egress and ingress to and from any Company Real Property have been obtained and are in full force and effect, except where the failure to obtain or maintain the same would not cause a Company Material Adverse Effect, and there is no pending threat of modification or cancellation of the same. No Company Real Property is located outside of the United States and neither the Company nor any of its Subsidiaries conducts its business of owning, leasing or operating properties outside of the United States. All work to be performed, payments to be made and financial undertakings required to be taken by the Company or its Subsidiaries prior to the date hereof pursuant to any agreement entered into with a Governmental Entity in connection with a site approval, zoning reclassification or other similar action relating to a Company Real Property has been paid or undertaken, as the case may be, except

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where the failure to pay such amount or undertake such action would not cause a Company Material Adverse Effect.

(e) Neither the Company nor any of its Subsidiaries has received since January 1, 1999 any written notice of any violation of any federal, state or municipal law, ordinance, order, regulation or requirement affecting any portion of any Company Real Property issued by any Governmental Entity which would cause a Company Material Adverse Effect. Since January 1, 1999, neither the Company nor any of its Subsidiaries has received any written notice from any Governmental Entity with jurisdiction over the Company or any such Subsidiaries to the effect that (i) any condemnation or rezoning proceedings are pending or threatened with respect to any Company Real Property or (ii) any zoning, building or similar law, code, ordinance or regulation is being violated by the maintenance, operation or use of any buildings or other improvements on any Company Real Property or by the maintenance, operation or use of the parking areas, except where any such written notice of such a proceeding or violation would not, individually or in the aggregate, cause a Company Material Adverse Effect.

(f) Except as would not cause, individually or in the aggregate, a Company Material Adverse Effect and except as set forth in Section 3.13(f) of the Company Disclosure Schedule, to the Company's Knowledge, (i) there are no structural defects relating to any Company Real Property, (ii) there is no Company Real Property whose building systems are not in working order in any material respect (ordinary wear and tear excepted), (iii) there is no uninsured physical damage to any Company Real Property in an amount in excess of \$150,000 with respect to any individual property, except for the payment by the Company of a deductible under the applicable insurance policy, and (iv) there is no current renovation or restoration to any Company Real Property the remaining cost of which exceeds \$150,000 with respect to any individual property.

(g) True and correct copies of the Company Leases as amended as of the date hereof have been delivered to, or made available for review by, Parent. Section 3.13(g) of the Company Disclosure Schedule lists the following information with respect to the Company Leases:

(i) the name of the lessee;

(ii) the expiration date of the Company Lease; and

(iii) the amount (or method of determining the amount) of minimum monthly base rentals due under each Company Lease.

(h) The Company has delivered to Parent a copy of their respective aging of accounts receivable as of September 30, 2002, which copy is true and correct in all material respects. Except as set forth in Section 3.13(h) of the Company Disclosure Schedule, as of the date hereof, neither the Company nor any of its Subsidiaries has delivered written notice to any tenant under any Company Lease, alleging that such tenant is in default thereunder, other than with respect to defaults that have been cured or waived or which would not, individually or in the aggregate, cause a Company Material Adverse Effect.

(i) There are no agreements, written or oral, between the Company or any of its Subsidiaries and any other Person relating to the use and occupancy of the Company Real Property by a Person other than the Company or any of its Subsidiaries other than the Company Leases. Except as set forth in Section 3.13(i) of the Company Disclosure Schedule, as of the date hereof, no defaults (unless subsequently cured) by the Company or its Subsidiaries have been alleged in writing by the lessees (and received by the Company or any of its Subsidiaries) thereunder that have not been cured in all material respects and, to the Knowledge of the Company, neither the Company nor any of its Subsidiaries is in default under any Company Lease other than such defaults which would not, individually or in the aggregate, cause a Company Material Adverse Effect.

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Section 3.14 Contracts.

(a) Section 3.14(a) of the Company Disclosure Schedule contains a complete and accurate list of all Company Contracts in effect as of the date hereof, other than the Company Contracts which are listed as an exhibit to the Company's most recent annual report on Form 10-K or a subsequent quarterly report on Form 10-Q. Each copy of a Company Contract which has been delivered to, or made available for review by, Parent is a true and correct copy of such Company Contract as amended to date.

(b) As of the date of this Agreement, (i) there is no breach or violation of or default by the Company or any of its Subsidiaries under any of the Company Contracts, except such breaches, violations and defaults as have been waived, and (ii) no event has occurred with respect to the Company or any of its Subsidiaries which, with notice or lapse of time or both, would constitute a breach, violation or default, or give rise to a right of termination, modification, cancellation, foreclosure, imposition of a lien, prepayment or acceleration under any of the Company Contracts, which breach, violation or default referred to in clauses (i) or (ii), individually or in the aggregate with other such breaches, violations or defaults referred to in clauses (i) or (ii), would cause a Company Material Adverse Effect. True copies of the Company Contracts in effect as of the date hereof have been delivered or made available to Parent.

Section 3.15 Labor Relations. Except as set forth in Section 3.15 of the Company Disclosure Schedule or as would not cause a Company Material Adverse Effect, (i) there are no controversies pending or, to the Knowledge of the Company, threatened between the Company or any of its Subsidiaries and any of their respective employees; (ii) neither the Company nor any of its Subsidiaries is a party, or otherwise subject, to any collective bargaining agreement or similar contract; (iii) there are no proceedings asserting unfair labor practice charges pending against the Company or any of its Subsidiaries before the National Labor Relations Board, or any similar foreign labor relations governmental bodies, or any current union representation questions involving employees of the Company or any of its Subsidiaries; and (iv) there is no strike, slowdown, work stoppage or lockout, or, to the Knowledge of the Company, threat thereof, by or with respect to any employees of the Company or any of its Subsidiaries.

Section 3.16 Environmental Matters.

(a) Except as set forth in Section 3.16(a) of the Company Disclosure Schedule, the Company, each of its Subsidiaries and, to the Knowledge of the Company, each tenant or operator of Company Real Property (i) have obtained all permits, licenses and other authorizations which are required to be obtained under all applicable Environmental Laws by the Company or its Subsidiaries and (ii) are in compliance with all terms and conditions of such required permits, licenses and authorizations, and also are in compliance with all other applicable limitations, restrictions, conditions, standards, prohibitions, requirements, obligations, schedules and timetables contained in applicable Environmental Laws, except where the failure to obtain such permits, licenses or other authorizations or to comply with such terms and conditions or limitations, restrictions, conditions, standards, prohibitions, requirements, obligations, schedules and timetables would not, individually or in the aggregate, cause a Company Material Adverse Effect.

(b) Except as set forth in Section 3.16(b) of the Company Disclosure Schedule, the Company, each of its Subsidiaries and, to the Knowledge of the Company, each tenant or operator of Company Real Property have not received a written notice of and have no Knowledge of any present or unremediated past violations of Environmental Laws, or of any event, incident or Action preventing continued compliance with such Environmental Laws, or which could give rise to any common law environmental liability, or form the basis of any Action against the Company or any of its Subsidiaries based on or resulting from the manufacture, processing, use, treatment, storage, disposal, transport or handling, or the emission, discharge or release into the environment, of any Hazardous Material or otherwise relating to protection of human health or the environment.

Section 3.17 Opinion of Financial Advisor. The Company has received the opinion of Merrill Lynch, Pierce, Fenner & Smith Incorporated (the Company Financial Advisor), as of the date of this Agreement, to the effect that the Exchange Ratio is fair to the holders of Company Common Stock from a financial point of view.

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The Company has been authorized by the Company Financial Advisor to permit, subject to prior review and consent by such Company Financial Advisor, the inclusion of the entirety of such fairness opinion (or a reference thereto) in the proxy statement/prospectus to be sent to Company Stockholders in connection with the meeting of the Company Stockholders (the Company Stockholders Meeting) to consider this Agreement and the Merger (the Proxy Statement/Prospectus) and the registration statement on Form S-4 pursuant to which the issuance of shares of Parent Common Stock to be issued in the Merger will be registered under the Securities Act (the Registration Statement), of which the Proxy Statement/Prospectus will form a part.

Section 3.18 Brokers. No broker, finder or investment banker (other than the Company Financial Advisor, the fees and expenses of which shall be paid by the Company) is entitled to any brokerage, finder's or other fee or commission in connection with the Merger or the transactions contemplated by this Agreement based upon arrangements made by or on behalf of the Company or any of its Subsidiaries. The Company has heretofore furnished to Parent a complete and correct copy of all agreements between the Company and the Company Financial Advisor pursuant to which such firm would be entitled to any such payment.

Section 3.19 Vote Required. The affirmative vote of the holders of two-thirds of the outstanding shares of Company Common Stock entitled to vote thereon is the only vote of the holders of any class or series of the Company's equity interests necessary to approve the Company Voting Proposal. The Company Board, at a meeting duly called and held, subject to its right to withdraw its support of the Merger and recommend an Acquisition Proposal pursuant to Section 6.3 hereof, (a) determined that this Agreement and the transactions contemplated hereby, including the Merger, are fair to, and in the best interests of, the Company Stockholders, (b) approved this Agreement and the Merger, (c) has declared that this Agreement and the Merger are advisable, and (d) resolved to recommend that the holders of Company Common Stock approve this Agreement and the Merger.

Section 3.20 Tax Matters. Neither the Company nor any of its controlled Affiliates has taken or agreed to take any action, nor does the Company have knowledge of any circumstances, that (without regard to any action taken or agreed to be taken by Parent or any of its Affiliates) would prevent the Merger from qualifying as a reorganization within the meaning of Section 368(a) of the Code.

Section 3.21 Insurance. The Company has made available to Parent true and correct copies of all fire and casualty, general liability, business interruption, product liability, and sprinkler and water damage insurance policies maintained by the Company or any of its Subsidiaries as of the date hereof.

Section 3.22 Takeover Provisions Inapplicable. The Company has taken all action necessary, if any, to exempt transactions between Parent and the Company and its Affiliates from the operation of any fair price, moratorium, control share acquisition or any other anti-takeover statute enacted under the laws of the State of Maryland. The Company does not have a stockholder rights plan in effect.

Section 3.23 No Material Adverse Effect. Since January 1, 1999, except as disclosed in the Company SEC Reports, to the knowledge of the Company, no fact, circumstance or condition has arisen or existed that could reasonably be expected to cause a Company Material Adverse Effect.

Section 3.24 Affiliate Transactions. Except as set forth in the Company SEC Reports or as permitted by this Agreement, from December 31, 2001 through the date of this Agreement there have been no transactions, agreements, arrangements or understandings between the Company or any of its Subsidiaries, on the one hand, and any Affiliates (other than wholly-owned Subsidiaries) of the Company or other Persons, on the other hand, that would be required to be disclosed under Item 404 of Regulation S-K under the Securities Act.

Section 3.25 No Existing Discussions. As of the date hereof, the Company is not in breach of its obligations set forth in the eleventh paragraph (relating to negotiations of an Acquisition Proposal with a third party) of the Confidentiality Agreement.

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**ARTICLE IV.
REPRESENTATIONS AND WARRANTIES OF PARENT AND MERGER SUB**

Parent and Merger Sub represent and warrant to the Company that the statements contained in this Article IV are true and correct except as set forth herein or in the disclosure schedule delivered by Parent to the Company on or before the date of this Agreement (the Parent Disclosure Schedule) or as otherwise limited herein.

Section 4.1 Organization and Qualification. Parent and each of its Subsidiaries is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, with the corporate, partnership or limited liability company power and authority to own and operate its business as presently conducted. Parent and each of its Subsidiaries is duly qualified as a foreign corporation or other entity to do business and is in good standing in each jurisdiction where the ownership or operation of its properties or the nature of its activities makes such qualification necessary, except for such failures of Parent and any of its Subsidiaries to be so qualified as would not, when taken with all other such failures, cause a Parent Material Adverse Effect. Parent has previously made available to the Company true and correct copies of its and its Subsidiaries' Organizational Documents as in effect on the date hereof.

Section 4.2 Authorization; Validity and Effect of Agreement. Each of Parent and Merger Sub has the requisite corporate power and authority to execute, deliver and perform its respective obligations under this Agreement and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement by each of Parent and Merger Sub and the performance by it of its respective obligations hereunder and the consummation of the transactions contemplated hereby have been duly authorized by the Board of Directors of Parent (the Parent Board) and the Board of Directors of Merger Sub and all other necessary corporate action on the part of Parent and Merger Sub, and no other corporate proceedings on the part of Parent or Merger Sub are necessary to authorize this Agreement or the Parent Transactions. This Agreement has been duly and validly executed and delivered by each of Parent and Merger Sub and constitutes a legal, valid and binding obligation of Parent and Merger Sub, enforceable against each of Parent and Merger Sub in accordance with its terms, subject to the effects of bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws of general applicability relating to or affecting creditors' rights generally and general equitable principles (whether considered in a proceeding in equity or at law).

Section 4.3 Capitalization.

(a) As of the date hereof and as of the Effective Time, the authorized capital stock of Parent consists of 100,000,000 shares of Parent Common Stock and 30,000,000 shares of preferred stock, par value \$0.01 per share (Parent Preferred Stock). As of the close of business on September 30, 2002, 33,583,520 shares of Parent Common Stock were issued and outstanding and no shares of Parent Preferred Stock were issued and outstanding. From October 1, 2002 to the date hereof, no shares of Parent Capital Stock have been issued or reserved for issuance, except for shares of Parent Common Stock issued in respect of the exercise, conversion or exchange of Parent Stock Rights or Parent DownREIT Units outstanding on September 30, 2002. Each of the Parent DownREITs is a Subsidiary of Parent. As of the date hereof, (i) the non-managing members of Portland DownREIT own 432,617 Parent DownREIT Units which represents a 22.77% ownership interest in Portland DownREIT, with the remaining ownership interests owned by the Parent or its Subsidiaries; (ii) the limited partners of Pinecreek DownREIT own 54,869 Parent DownREIT Units which represents a 25.28% ownership interest in PineCreek DownREIT, with the remaining ownership interests owned by the Parent or its Subsidiaries; and (iii) the non-managing members of Rancho DownREIT own 314,587 Parent DownREIT Units which represents an 84% ownership interest in Rancho DownREIT, with the remaining ownership interests owned by the Parent or its Subsidiaries.

(b) Section 4.3(b) of the Parent Disclosure Schedule sets forth as of the date hereof, for each Parent Stock Plan, the dates on which Parent Stock Rights under such plan were granted, the number of outstanding Parent

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Stock Rights granted on each such date, the number and class of Parent Capital Stock for or into which each such Parent Stock Right is exercisable, convertible or exchangeable and the exercise price thereof. Except (i) as set forth in this [Section 4.3\(b\)](#), (ii) as described in Section 4.3(b) of the Parent Disclosure Schedule, and (iii) the rights to convert Parent DownREIT Units into shares of Parent Common Stock pursuant to the Parent DownREIT Operating Agreements, there are no securities, options, warrants, calls, rights, commitments, agreements, arrangements or undertakings of any kind to which Parent or any of its Subsidiaries is a party or by which any of them is bound obligating Parent or any of its Subsidiaries to issue, deliver or sell, or cause to be issued, delivered or sold, additional shares of Parent Capital Stock or any other equity interests of Parent or its Subsidiaries or other voting securities of Parent or its Subsidiaries or obligating Parent or its Subsidiaries to issue, grant, extend or enter into any such security, option, warrant, call, right, commitment, agreement, arrangement or undertaking and neither Parent nor its Subsidiaries have granted any stock appreciation rights or any other contractual rights the value of which is derived from the financial performance of Parent or the value of shares of Parent Capital Stock.

(c) There are no outstanding or contingent obligations of Parent or any of its Subsidiaries to repurchase, redeem or otherwise acquire any shares of Parent Capital Stock or the stock or ownership interests of any Subsidiary of Parent, other than Parent's obligation to exchange Parent Common Stock for Parent DownREIT Units pursuant to the Parent DownREIT Operating Agreements.

(d) All shares of Parent Common Stock subject to issuance as specified in [Section 4.3\(b\)](#) hereof, or in Section 4.3(b) of the Parent Disclosure Schedule, are duly authorized and, upon issuance on the terms and conditions specified in the instruments pursuant to which they are issuable, including payment of any exercise price in respect thereof, will be validly issued, fully paid and nonassessable.

(e) There is no Voting Debt of Parent or any of its Subsidiaries issued and outstanding. There are no voting trusts, proxies or other voting agreements with respect to the shares of stock of Parent to which Parent or any of its Subsidiaries is a party.

(f) As of the date hereof, the authorized capital stock of Merger Sub consists of 100 shares of common stock, par value \$.01 per share, all of which have been validly issued, are fully paid and nonassessable and are owned by Parent, free and clear of any lien, and as of the Effective Time, all of the issued and outstanding shares of the common stock of Merger Sub will be owned by Parent free and clear of any lien.

Section 4.4 Subsidiaries. Other than Merger Sub and Subsidiaries of Parent formed or acquired after the date hereof in connection with the acquisition of real property in the ordinary course of business, the only Subsidiaries of Parent are those set forth in Section 4.4 of the Parent Disclosure Schedule. All of the outstanding shares of capital stock (including shares which may be issued upon exercise of outstanding options) of each of Parent's Subsidiaries that is a corporation are duly authorized, validly issued, fully paid and nonassessable. All equity interests in each of Parent's Subsidiaries that is a partnership or limited liability company are duly authorized and validly issued. Except as set forth in Section 4.4 of the Parent Disclosure Schedule, Parent owns, directly or indirectly, all of the issued and outstanding capital stock and other ownership interests of each of its Subsidiaries, free and clear of all Encumbrances other than statutory or other liens for Taxes or assessments which are not yet due or delinquent or the validity of which is being contested in good faith by appropriate proceedings, and there are no existing options, warrants, calls, subscriptions, convertible securities or other securities, agreements, commitments or obligations of any character relating to the outstanding capital stock or other securities of any Subsidiary of Parent or which would require any Subsidiary of Parent to issue or sell any shares of its capital stock, ownership interests or securities convertible into or exchangeable for shares of its capital stock or ownership interests.

Section 4.5 Other Interests. Except as set forth in Section 4.5 of the Parent Disclosure Schedule, neither Parent nor any of Parent's Subsidiaries owns or has the right or option to acquire, directly or indirectly, any interest or investment in (whether equity or debt) any corporation, partnership, limited liability company, joint

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venture, business, trust or other Person, other than Parent's Subsidiaries identified in Section 4.4 of the Parent Disclosure Schedule.

Section 4.6 No Conflict; Required Filings and Consents.

(a) Neither the execution and delivery of this Agreement nor the performance by Parent and Merger Sub of their respective obligations hereunder, nor the consummation of the transactions contemplated hereby, will: (i) conflict with Parent's Organizational Documents or the Organizational Documents of any of its Subsidiaries; (ii) assuming satisfaction of the requirements set forth in Section 4.6(b) below, violate any statute, law, ordinance, rule or regulation, applicable to Parent or any of its Subsidiaries or any of their Assets; or (iii) except as set forth in Section 4.6(a)(iii) of the Parent Disclosure Schedule, violate, breach, require consent under, be in conflict with or constitute a default (or an event which, with notice or lapse of time or both, would constitute a default) under, or permit the termination of any provision of, or result in the termination of, the acceleration of the maturity of, or the acceleration of the performance of any obligation of Parent or any of its Subsidiaries under, or result in the creation or imposition of any lien upon any Assets or business of Parent or any of its Subsidiaries under or give rise to any Third Party's right of first refusal, or other similar right, under any note, bond, indenture, mortgage, deed of trust, lease, or permit, authorization, license, contract, instrument or other agreement or commitment or any order, judgment or decree to which Parent or any of its Subsidiaries is a party or by which Parent or any of its Subsidiaries or any of their respective Assets are bound or encumbered, or give any Person the right to require Parent or any of its Subsidiaries to purchase or repurchase any notes, bonds or instruments of any kind, except, in the case of clauses (ii) and (iii), for such violations, breaches, conflicts, defaults or other occurrences which, individually or in the aggregate, would not cause a Parent Material Adverse Effect.

(b) Except as set forth in Section 4.6(a) or 4.6(b) of the Parent Disclosure Schedule, no consent, approval or authorization of, permit from, or declaration, filing or registration with, any Governmental Entity is required to be made or obtained by Parent or any of its Subsidiaries in connection with the execution and delivery of this Agreement by Parent, Merger Sub or any of their applicable Subsidiaries or the consummation by Parent and Merger Sub of the Parent Transactions, other than (A) the filing with the SEC of the Registration Statement and such reports under Section 13(a) of the Exchange Act, and such other compliance with the Exchange Act, as may be required in connection with this Agreement; (B) the filing of Articles of Merger pursuant to the MGCL; (C) filings with the NYSE; (D) such filings and approvals as may be required by any applicable state securities or Blue Sky Laws or Environmental Laws; (E) business, operating and occupancy licenses and permits; and (F) such consents, approvals, authorizations, permits, registrations, declarations and filings, the failure to make or obtain which would not, in the aggregate, cause a Parent Material Adverse Effect.

Section 4.7 Compliance. Except as set forth in Section 4.7 of the Parent Disclosure Schedule, Parent and each of its Subsidiaries is in compliance with all foreign, federal, state and local laws and regulations applicable to its operations or with respect to which compliance is a condition of engaging in the business thereof, except to the extent that failure to comply would not, individually or in the aggregate, cause a Parent Material Adverse Effect. Neither Parent nor any of its Subsidiaries has received written notice since January 1, 1999, or has Knowledge of any written notice received by it at any time, asserting a failure, or possible failure, to comply with any such law or regulation, the subject of which written notice has not been resolved as required thereby or otherwise to the reasonable satisfaction of the party sending the notice, except for (A) matters being contested in good faith and set forth in Section 4.7 of the Parent Disclosure Schedule and (B) such failures as would not, individually or in the aggregate, cause a Parent Material Adverse Effect.

Section 4.8 SEC Documents.

(a) Parent has filed with the SEC all reports, schedules, statements and other documents required to be filed by Parent or any of its Subsidiaries with the SEC since December 31, 1999 (collectively, the Parent SEC Reports). As of their respective dates, with respect to Parent SEC Reports filed pursuant to the Exchange Act, and as of their respective effective dates, as to Parent SEC Reports filed pursuant to the Securities Act, the Parent

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SEC Reports and any registration statements, reports, forms, proxy or information statements and other documents filed by Parent with the SEC after the date of this Agreement (i) complied, or, with respect to those not yet filed, will comply, in all material respects with the applicable requirements of the Securities Act and the Exchange Act, and (ii) did not, or, with respect to those not yet filed, will not, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading.

(b) Each of the consolidated balance sheets included in or incorporated by reference into Parent SEC Reports (including the related notes and schedules) presents fairly, in all material respects, the consolidated financial position of Parent and its consolidated Subsidiaries as of its date, and each of the consolidated statements of income, stockholders' equity and cash flows of Parent included in or incorporated by reference into Parent SEC Reports (including any related notes and schedules) presents fairly, in all material respects, the results of operations and cash flows, as the case may be, of Parent and its Subsidiaries for the periods set forth therein (subject, in the case of unaudited statements, to normal year-end audit adjustments), in each case in accordance with GAAP consistently applied during the periods involved, except as may be noted therein.

(c) Except as set forth in the Parent SEC Reports, neither Parent nor any of its Subsidiaries has any liabilities or obligations of any nature (whether accrued, absolute, contingent or otherwise) that would be required to be reflected on, or reserved against in, a balance sheet of Parent or in the notes thereto, prepared in accordance with GAAP consistently applied, except for (i) liabilities or obligations that were so reserved on, or reflected in (including the notes to), the consolidated balance sheet of Parent as of September 30, 2002, (ii) liabilities or obligations arising in the ordinary course of business (including trade indebtedness) from September 30, 2002 to the date hereof, (iii) other liabilities incurred after the date hereof that are permitted by Section 5.2 hereof, and (iv) liabilities or obligations which would not, individually or in the aggregate, cause a Parent Material Adverse Effect.

Section 4.9 Absence of Certain Changes. Except as set forth in the Parent SEC Reports and except for the transactions expressly contemplated hereby, from September 30, 2002 to the date hereof, Parent and its Subsidiaries have conducted their respective businesses substantially in the ordinary and usual course consistent with past practices (including the incurrence of trade indebtedness and secured debt assumed in connection with the acquisition of properties by Parent or its Subsidiaries), and there has not been any change in Parent's business, operations, condition (financial or otherwise), results of operations, Assets or liabilities, except for changes contemplated hereby or changes which, individually or in the aggregate, have not caused or will not cause a Parent Material Adverse Effect.

Section 4.10 Litigation. Except as set forth in the Parent SEC Reports or as set forth in Section 4.10 of the Parent Disclosure Schedule, there is no Action (i) instituted, (ii) pending and served upon Parent or any of its Subsidiaries or (iii) to the Knowledge of Parent, pending and not served on Parent or threatened, in each case against Parent, any of its Subsidiaries or any of their respective Assets which, individually or in the aggregate, directly or indirectly, has caused a Parent Material Adverse Effect, nor is there any outstanding judgment, decree or injunction, in each case against Parent, any of its Subsidiaries or any of their respective Assets, or any statute, rule or order of any Governmental Entity applicable to Parent or any of its Subsidiaries which, individually or in the aggregate, has caused a Parent Material Adverse Effect.

Section 4.11 Taxes.

(a) Parent and its Subsidiaries have (i) duly filed (or there have been filed on their behalf) with the appropriate Governmental Entities all Tax Returns required to be filed by them (after giving effect to any filing extension properly granted by a Governmental Entity having authority to do so), and such Tax Returns are true, correct and complete in all material respects, (ii) duly paid in full, or made provision in accordance with GAAP (or there has been paid or provision has been made on their behalf) for, all Taxes required to have been paid by them, whether or not shown to be due on such Tax Returns and (iii) withheld and paid all material Taxes required

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to have been withheld and paid in connection with amounts paid or owing to any employee, independent contractor, creditor, stockholder or other party;

(b) Neither Parent nor any of its Subsidiaries has received a written claim by any authority in a jurisdiction where any of Parent and its Subsidiaries does not file Tax Returns that it is or may be subject to taxation by that jurisdiction;

(c) Neither Parent nor any of its Subsidiaries has received a written notice of any threatened audits with respect to taxable years ended on or after December 31, 1997, with respect to Taxes or Tax Returns of Parent or any of its Subsidiaries. With respect to taxable years ended on or after December 31, 1997, neither the IRS nor any other taxing authority (whether domestic or foreign) has asserted against Parent or any of its Subsidiaries any deficiency or claim for Taxes;

(d) Section 4.11(d) of the Parent Disclosure Schedule sets forth each year for which an extension to file Tax Returns has been requested and for which such Tax Returns have not yet been filed;

(e) There are no Encumbrances for Taxes upon any Assets of Parent or any Subsidiary thereof, except for Permitted Encumbrances, and no written power of attorney that has been granted by Parent or any of its Subsidiaries (other than to Parent or a Subsidiary) currently is in force with respect to any matter relating to Taxes;

(f) Except as set forth in Section 4.11(f) of the Parent Disclosure Schedule, neit