

SCHEDULE B

(Form of 8.40% Secured Note Due July 1, 2003)

No.

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MERCANTILE PROPERTIES, INC.

8.40% Secured Note Due July 1, 2003

MERCANTILE PROPERTIES, INC., a Delaware corporation (herein, together with its successors and assigns, called the Company), for value received, hereby promises to pay to or registered assigns, on or before July 1, 2003, as herein provided, the principal sum of Dollars (\$ ), and to pay interest on the unpaid principal amount of this Note from the date hereof to maturity at the rate of 8.40% per annum, and to pay interest on any overdue principal and, to the extent not prohibited by applicable law, on any overdue interest, and premium, if any, at the rate of 9.40% per annum (or such lesser rate of interest as may be the maximum not prohibited by applicable law), in each case computed as if each full calendar year consisted of 360 days and each full calendar month consisted of 30 days. Such principal, premium, if any, and interest shall be payable upon presentation of this Note (except that upon compliance with the conditions of Section 2.3 of the Indenture hereinafter referred to such payment shall be made

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