

CAPITAL MARKETS REVIEW

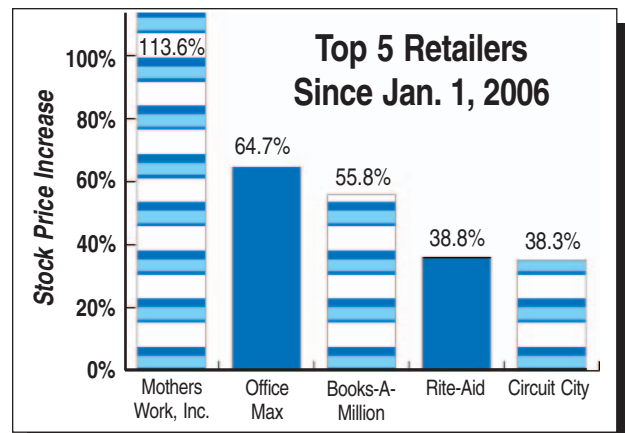
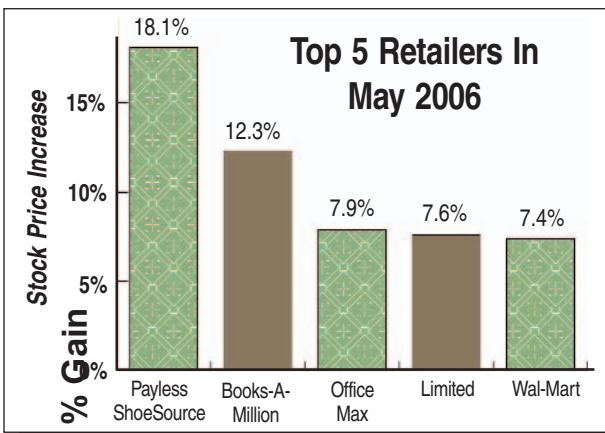
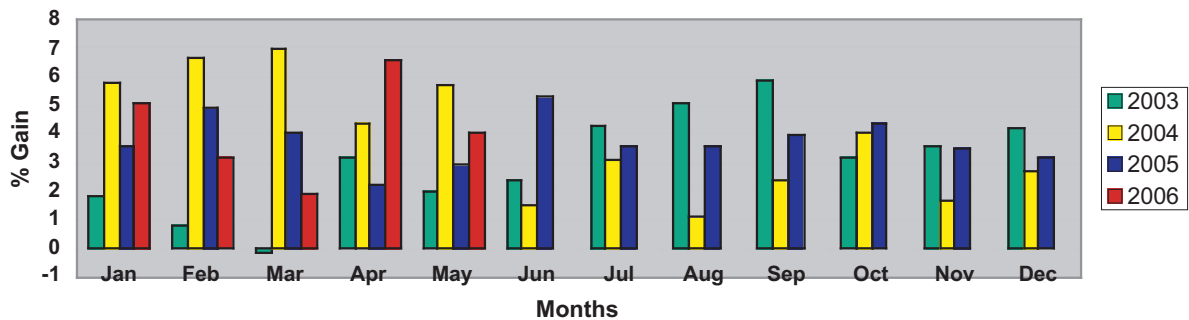
Shopping Center Business presents *Capital Markets Review* compiled by Gary Saykaly and Van Barron. Based in Atlanta, Saykaly and Barron are the principals of NewBridge Retail Advisors, an entity that provides retail asset owners with the transaction and capital market solutions to maximize their investment objectives, including dispositions, acquisitions and recapitalizations.

Retailer Update

RETAILER NEWS

Mergers & Acquisitions	<p>Marsh Supermarkets received an unsolicited bid (from Drawbridge Special Opportunity Advisors & Cardinal Paragon) to be acquired for \$13.625 per share, an offer higher than the one the company already accepted one from Sun Capital Partners. Albertsons' shareholders recently approved the sale of the company to a consortium of investors made up of SuperValu, Inc., CVS Corp. and an investor group led by Cerberus Capital Management. As part of its strategy to build a "house of brands," Payless ShoeSource has bought the American Eagle brand for footwear and accessories from Jimlar Corp. for an undisclosed amount. Office Depot has acquired the business of privately held Allied Office Products, an independent dealer of office products and services. Convenience store chain The Pantry, Inc. completed the acquisition of Shop-A-Snak Food Mart, Inc., which operates 38 convenience stores in Alabama. The acquisition doubles the size of the company's Alabama store base to 76 stores. Best Buy Co. will acquire a majority stake in Jiangsu Five Star Appliance Co. Ltd. for \$180 million. Best Buy said the purchase of China's fourth-largest appliance and consumer electronics retailer would give it control of the firm's 136 outlets.</p>
Real Estate	<p>Sears Holdings Corp. is closing 20 Sears Hardware stores (nine in Michigan) due to slow sales. The company will continue to operate an additional 119 hardware stores nationwide. Safeway's existing stores will be converted to the chain's new Lifestyle format by the end of fiscal 2009; the Lifestyle format provides a higher level of store performance once remodeled. Federated Department Stores agreed to sell nine department store locations to mall owner General Growth Properties. The company is in the process of shedding roughly 80 redundant department stores that it acquired with its 2005 purchase of May Department Stores Co.</p>

Same Store Sales



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This information was compiled by Gary T. Saykaly of NewBridge Retail Advisors.

REIT News

REIT NEWS

The Mills Corporation	Mills has entered confidentiality agreements with a number of potential buyers and investors. Hedge fund Farallon Partners has increased its stake in shopping center owner The Mills Corp. to 6.5 percent. Mills Corp. closed \$1.91 billion in financing from Goldman Sachs Mortgage Company — the majority of the \$2.23 billion committed to by the lender.
Developers Diversified Realty & Coventry Real Estate Advisors	Developers Diversified and Coventry Real Estate Advisors acquired three value-add retail assets at an aggregated price of \$226 million: Tri-County Mall, a 1.3 million-square-foot regional mall located in Cincinnati, for approximately \$192.4 million; Fairplain Plaza, a 325,000-square-foot community center, for \$26 million; and Watters Creek at Montgomery Farm, a 34-acre site, for \$7.6 million.
Equity One	Equity One has bought three Florida shopping centers in three separate acquisitions for a total of \$23.4 million: Chapel Trail Plaza, a 56,378-square-foot center anchored by LA Fitness in Pembroke Pines; Alafaya Village, a 39,477-square-foot center anchored by Publix in Orlando; and Sunpoint Shopping Center, a 132,374-square-foot center anchored by Beall in Ruskin. In other news, Equity One has authorized a \$40 million common stock repurchase program.
CBL & Associates Properties	CBL & Associates Properties has completed the sale of five community shopping centers to Galileo America LLC for \$106.5 million: Wilkes-Barre Township Marketplace in Wilkes-Barre Township, Pa.; Springdale Center in Mobile, Ala.; Fashion Square in Orange Park, Fla.; Cobblestone Village at Royal Palm in West Palm Beach, Fla.; and Chicopee Marketplace in Chicopee, Mass.

CAPITAL MARKETS REVIEW

The information contained in this section was accurate as of June 12, 2006.

RETAIL REIT UPDATE

REIT	Stock Symbol	Dividend Yield	Current Price as of 6/12/06	Stock Price % Change From Previous Periods	
				5/8/06	1/3/06
SHOPPING CENTER					
Agree Realty Corp.	ADC	6.10%	\$31.49	-3.05%	5.11%
Acadia Realty	AKR	3.30%	\$22.28	-2.02%	9.48%
AmREIT	AMY	6.80%	\$7.34	1.94%	6.38%
Cedar Shopping Centers	CDR	6.20%	\$14.34	-7.36%	3.46%
Developers Diversified Realty	DDR	4.50%	\$51.29	-2.64%	7.30%
Equity One, Inc.	EQY	5.30%	\$22.31	-1.85%	-5.23%
Federal Realty Investment Trust	FRT	3.20%	\$68.85	1.40%	12.57%
Heritage Prop. Investment Trust	HTG	6.00%	\$33.81	-13.17%	-0.82%
Inland Real Estate Corp.	IRC	6.60%	\$14.15	1.14%	-4.33%
Kimco Realty Corp.	KIM	3.50%	\$36.50	-1.78%	11.52%
Kite Realty Group	KRG	5.00%	\$14.96	-1.90%	-1.32%
New Plan Excel	NXL	5.20%	\$23.59	-6.87%	0.81%
Pan Pacific	PNP	3.70%	\$66.97	-1.73%	-0.53%
Ramco-Gershenson	RPT	6.50%	\$27.01	-0.81%	-0.81%
Regency Centers	REG	3.80%	\$62.00	-1.12%	3.52%
Saul Centers	BFS	4.40%	\$37.15	-10.40%	-0.88%
Urstadt-Biddle Properties	UBA	5.50%	\$15.90	-4.73%	-1.79%
Weingarten Realty	WRI	4.80%	\$38.02	-5.66%	-0.50%
ENCLOSED MALL					
CBL & Associates	CBL	4.90%	\$37.29	-6.17%	-8.42%
Feldman Mall Properties, Inc.	FMP	8.10%	\$11.06	-7.06%	-9.49%
General Growth Properties	GGP	3.60%	\$44.86	-4.86%	-6.33%
Glimcher Realty Trust	GRT	7.50%	\$25.20	-3.56%	0.96%
The Macerich Company	MAC	3.80%	\$70.26	-4.99%	2.91%
The Mills Corporation	MLS	3.30%	\$29.92	-6.73%	-27.90%
PREIT	PEI	5.80%	\$38.71	-5.91%	3.03%
Simon Property Group	SPG	3.70%	\$81.67	-1.50%	5.11%
Taubman Centers	TCO	3.10%	\$38.51	-6.12%	7.63%
FACTORY OUTLET					
Tanger Factory	SKT	4.30%	\$31.10	-6.27%	6.58%
OTHER RETAIL REITS					
Colonial Properties Trust	CLP	5.90%	\$45.42	-5.02%	6.64%
Cousins Properties	CUZ	4.90%	\$30.21	-4.70%	4.24%
Entertainment Properties Trust	EPR	6.60%	\$40.90	0.59%	0.74%
National Retail Properties	NNN	6.60%	\$19.18	-9.40%	-7.16%
Sizeler Property	SIZ	2.70%	\$14.59	3.33%	13.01%
Trizec Properties	TRZ	2.80%	\$28.68	14.81%	23.25%
PUBLICLY HELD COMPANIES					
CB Richard Ellis ¹	CBG	N/A	\$23.49	-19.36%	16.87%
Forest City Enterprises	FCEA	0.00%	\$45.79	-0.43%	22.63%
Jones Lang LaSalle	JLL	0.70%	\$73.20	-17.63%	38.77%

¹ Price adjusted due to 3:1 stock split on June 2, 2006.

CAPITAL MARKETS REVIEW

This information was compiled by W. Van Barron of NewBridge Retail Advisors.

RETAILER STOCK AND CREDIT SUMMARY

Tenant	Stock Symbol	Moody's Credit Rating as of 4/17/06	Current Price as of 5/31/06	Stock Price % Change From Previous Periods	
				4/28/06	1/1/06
DISCOUNTERS					
BJ's Wholesale Club	BJ	NR	\$30.10	-1.70%	1.83%
Big Lots, Inc.	BLI	NR	\$16.43	13.70%	36.80%
Costco	COST	A2	\$53.09	-2.46%	7.32%
T.J. Maxx	TJX	A3	\$23.96	-0.70%	3.14%
Target	TGT	A2	\$49.71	-6.38%	-9.57%
Wal-Mart	WMT	Aa2	\$48.35	7.37%	3.31%
SPECIALTY STORES					
AutoZone	AZO	Baa2	\$90.87	-2.93%	-0.96%
Barnes & Noble	BKS	Ba2+	\$38.42	-14.77%	-9.96%
Bed Bath & Beyond	BBBY	NR	\$35.98	-6.18%	-0.47%
Best Buy	BBY	Baa2	\$53.06	-6.35%	22.03%
Books-A-Million	BAMME	NR	\$15.10	12.27%	55.83%
Borders Books	BGP	NR	\$20.96	-11.19%	-3.28%
Circuit City	CC	NR	\$30.54	6.23%	35.19%
Dollar General	DG	Ba2+	\$16.08	-7.90%	-15.68%
Family Dollar	FDO	NR	\$25.55	2.20%	3.07%
Foot Locker	FL	NR	\$24.38	5.18%	3.35%
Gateway Computer	GTW	WR	\$1.69	-23.18%	-32.67%
Gap, Inc.	GPS	Baa3+ 2	\$18.12	0.17%	2.72%
Hancock Fabrics	HKF	NR	\$3.58	1.99%	-12.04%
Hibbett Sporting Goods	HIBB	NR	\$26.13	-13.79%	-8.25%
The Home Depot	HD	Aa3	\$38.21	-4.31%	-5.61%
Limited	LTD	Baa2	\$27.60	7.64%	23.49%
Lowe's	LOW	A2	\$62.41	-1.02%	-6.38%
Michaels	MIKE	Ba1+	\$38.83	2.64%	9.78%
Mothers Work, Inc.	MWRK	NR	\$27.30	4.84%	113.62%
Office Depot	ODP	Baa3	\$42.30	4.24%	34.71%
Office Max	OMX	Ba2	\$41.77	7.93%	64.71%
Payless Shoe Source	PSS	B2	\$27.13	18.11%	8.09%
Pep Boys	PBY	B1+	\$13.69	-7.94%	-8.06%
PetsMart	PETM	Ba2+	\$27.02	-2.31%	5.30%
Pier 1 Imports	PIR	B1	\$8.46	-29.91%	-3.09%
RadioShack	RSH	Baa2**	\$16.99	-0.06%	-19.21%
Regis Corporation	RGS	NR	\$34.54	-1.51%	-10.45%
Ross Dress For Less	ROST	NR	\$28.49	-7.02%	-1.42%
Sherwin-Williams	SHW	A3	\$48.20	-5.38%	6.12%
Staples	SPLS	Baa2	\$24.05	-8.93%	5.90%
West Marine	WMAR	NR	\$14.60	-1.22%	4.43%

All ratings are senior unsecured unless otherwise noted.
 + Senior Implied 1 On review for possible upgrade
 Rating decreased ▼ Rating increased ▲

NR No rated issues
 2 Rating lowered

WR Withdrawn
 3 On review for possible downgrade

* Senior Subordinate

** Issuer Rating
 4 Bank credit facility

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This information was compiled by W. Van Barron of NewBridge Retail Advisors.

RETAILER STOCK AND CREDIT SUMMARY

Tenant	Stock Symbol	Moody's Credit Rating as of 4/17/06	Current Price as of 5/31/06		
DEPARTMENT STORES					
JC Penney	JCP	Baa3	\$63.36	-3.21%	13.96%
Federated	FD	Baa1	\$73.32	-5.82%	10.54%
Kohl's Corp.	KSS	A3	\$53.53	-4.14%	10.14%
Dillard's	DDS	B1+	\$27.49	5.41%	10.76%
Nordstrom	JWN	Baa1	\$37.54	-2.06%	0.37%
Saks Inc.	SKS	B2	\$16.35	-18.82%	-3.02%
Sears	S	Ba1+	\$21.45	-13.51%	-8.18%
Stein Mart, Inc.	SMRT	NR	\$15.45	-2.22%	-14.88%
DRUG STORES					
CVS	CVS	Baa1	\$28.27	-4.88%	7.00%
Longs Drugs	LDG	NR	\$46.87	-1.14%	28.80%
Rite-Aid	RAD	Caa1	\$4.73	5.11%	35.92%
Walgreens	WAG	Aa3**	\$40.79	-2.72%	-7.84%
GROCERY STORES					
A&P	GAP	Caa1	\$25.29	-6.68%	-20.42%
Albertsons	ABS	Ba3	\$25.66	1.30%	20.19%
Bi-Lo	AHO	NR	\$8.07	-1.59%	7.17%
Food Lion	DEG	NR	\$64.48	-10.36%	-1.51%
Ingles	IMKTE	B3*	\$17.38	-5.29%	11.05%
Kroger	KR	Baa2	\$20.14	-0.59%	6.67%
Pathmark	PTMK	Caa2*	\$9.41	-9.08%	-5.81%
Safeway	SWY	Baa2	\$23.77	-5.41%	0.46%
Smart & Final	SMF	NR	\$17.23	1.65%	33.77%
Supervalu	SVU	Ba3	\$29.29	0.97%	-9.82%
Weis Markets	WMK	Baa3+	\$41.44	-0.17%	-3.72%
Whole Foods	WFMI	Ba1	\$64.88	5.70%	-16.16%
LEISURE & RECREATION					
Bally Total Fitness	BFT	Caa1	\$7.98	-11.53%	27.07%
Blockbuster Entertainment	BBi	Caa3*	\$4.66	-0.85%	24.27%
Regal Entertainment Group	RGC	B3	\$19.39	-7.75%	1.95%
United Artists	MGM	WR	\$41.95	-6.57%	14.40%

All ratings are senior unsecured unless otherwise noted.
 + Senior Implied 1 On review for possible upgrade
 Rating decreased ▼ Rating increased ▲

NR No rated issues WR Withdrawn * Senior Subordinate ** Issuer Rating
 2 Rating lowered 3 On review for possible downgrade 4 Bank credit facility

CAPITAL MARKETS REVIEW

This information was compiled by Tim Radomski of CREFunding

RATE WATCH

JULY
2006

FROM CREFUNDING

To receive a quote for your transaction, please visit
www.crefunding.com or call toll-free at (866) 671-CREF

MARKET PULSE

The information below is compiled on a monthly basis by CREFunding and represents actual quotes on properties represented by CREFunding, from lenders representing a cross-section of the lending community. CREFunding reaches hundreds of commercial lenders offering a very comprehensive sample of the finance landscape. All spreads are for 10-year fixed-rate loans using the 10-year Treasury Index unless otherwise designated. The indicated rate is based upon the 10-year Treasury Index (4.98%) on June 5, 2006.

PROPERTY TYPE	LEVERAGE	DSCR	SPREAD	INDICATED RATE
Grocery Anchored Retail	80% LTV	1.20X	105	6.03%
Strong Anchored Retail	80% LTV	1.30X	95	5.93%
Weak Anchored Retail	75% LTV	1.30X	115	6.13%
Unanchored Retail	75% LTV	1.30X	125	6.23%
Single Tenant Retail—A+ credit (1)	90% LTV	1.01X	95	5.93%
Single Tenant Retail—A+ credit	80% LTV	1.01X	95	5.93%
Single Tenant Retail—A credit drug	80% LTV	1.01X	110	6.08%
Single Tenant Retail—BBB- credit drug	75% LTV	1.15X	125	6.23%
Single Tenant Retail—Non-investment	75% LTV	1.40X	150	6.48%
High End Specialty Retail	75% LTV	1.30X	105	6.03%
High End Urban Retail	80% LTV	1.40X	105	6.03%
Mixed Use Urban Office / Retail	80% LTV	1.40X	115	6.13%

CAPITAL SOLUTION — QUALIFIED PROPERTIES FOR CMBS LOANS

Over the last decade, a substantial amount of real estate has been financed through conduit loans that have been securitized and sold as Commercial Mortgage Backed Securities (CMBS). CMBS has become an increasingly significant component of the total commercial real estate debt market, reaching consistently in excess of \$60 billion annually. The development of the CMBS industry has ben-

efited borrowers through loan proceeds and competitive rates.

The typical structure for the securitization of commercial real estate loans is a real estate mortgage investment conduit (REMIC). REMIC codes have tightened and certain retail properties that had previously qualified for securitization are being kicked out of the pools and new ones banned.

Properties such as auto service (lube, tire and brake) have become too high of risk due to increased environmental issues. The plunging credit and bankruptcy of some tenants have made properties unwanted in the securitization mix. Also, properties in tertiary markets with small populations pose a higher than required risk.