

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.

REIT News

REIT NEWS	
CBL & Associates Properties	Chattanooga, Tenn.-based CBL & Associates Properties has sold two malls to Galileo America for \$63 million, and will sell another three to Galileo for a further \$43.5 million. The two sold are Barre Township Marketplace in Wilkes-Barre Township, Pa., and Springdale Center in Mobile Ala. The transaction for the next group of centers — Fashion Square, Orange Park, Fla.; Cobblestone Village at Royal Palm, West Palm Beach, Fla.; and Chicopee Marketplace, Chicopee, Mass. — was expected to close in May.
Equity One	Equity One said it has sold 29 properties in Texas to its own joint venture with Investcorp for a deal valued at \$388 million. The company is also to retain a 20 percent interest in the properties.
Glimcher Realty Trust	Glimcher Realty Trust had completed the sale of old East Pointe Plaza, a community center located in Columbia, S.C., for approximately \$9.75 million to Phillips Edison. The sale is in line with its strategy to reduce debt through non-strategic asset sales and to continue to focus on upgrading the quality of its overall portfolio.
Taubman Centers	Bloomfield Hills, Mich.-based Taubman Centers Inc., owner of Denver's high-end Cherry Creek Shopping Center, may purchase properties belonging to Arlington, Va.-based The Mills Corporation.
The Mills Corporation	A hedge fund, Farallon Partners, LLC, has taken a 5.6 percent stake in shopping center and mall owner The Mills Corporation, and Taubman is potentially interested in Mills assets as well.
Sizeler Property Investors	Sizeler Property Investors and Stirling Properties have agreed to sell Hammond Square Mall in Hammond, La., to Palace Properties, LLC for \$14 million in cash.

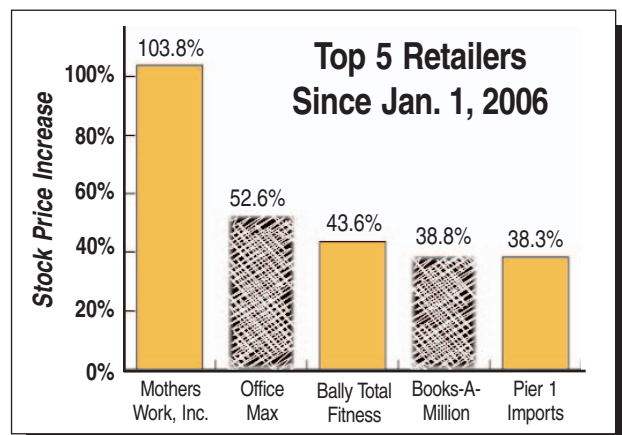
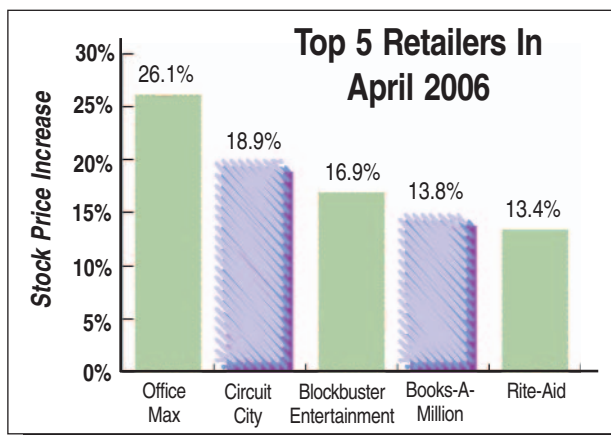
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This information was compiled by Gary T. Saykaly of NewBridge Retail Advisors.

Retailer Update

RETAILER NEWS

Rite Aid	Sovereign Investment Company completed a total of \$72.3 million in sale/leaseback transactions for Rite Aid Corp. in the past 12 months. The latest transaction (\$18.1 million) involved seven Rite Aid properties located in Kentucky, Maryland, Michigan and West Virginia.
Marsh Supermarkets	Marsh Supermarkets reached a tentative deal to be acquired by a private investment fund, Sun Capital Partners, for about \$88 million.
Winn-Dixie	Winn-Dixie approved deals with potential buyers for eight of the 35 stores that were set to close by the end of April. Winn-Dixie was scheduled to hold an auction on May 9, 2006.
Albertsons	Moody's Investors Service cut its ratings on Albertsons Inc. and Supervalu Inc. to junk status due to the impact from the Albertsons' breakup and acquisition by the investors led by Supervalu. Supervalu was cut due to its increase in leverage (assuming \$6 billion in debt from Albertsons).
Burlington Coat Factory	Shareholders of Burlington Coat Factory Warehouse Corp. approved the acquisition of the company by private investment firm Bain Capital Partners, LLC.
Pier 1 Imports	Pier 1 Imports Inc. will shutter 73 stores in the next 2 years. The retailer previously announced that it planned to close 47 Pier 1 and Pier 1 Kids stores. During fiscal 2006, the chain saw same-store sales decline 7.1% and posted a net loss of \$27.5 million. The retailer plans to open 40 new Pier 1 stores this year.
Wild Oats Markets	Wild Oats Markets may bid on 30 Albertsons and Winn-Dixie stores if they are put up for sale (those located in Northern California, Colorado and Florida).
Talbots	Talbots Inc.'s waiting period for its purchase of retailer J. Jill Group Inc. under federal antitrust law expired on April 3, 2006. The \$517 million deal was expected to close in May.
Best Buy	Best Buy Co. is cutting roughly 300 positions — or 7% — of the work force at its corporate headquarters outside Minneapolis. The job reductions are spread across all levels and functions at headquarters.



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The information contained in this section was accurate as of May 8, 2006.

RETAIL REIT UPDATE

REIT	Stock Symbol	Dividend Yield	Current Price as of 5/8/06	Stock Price % Change From Previous Periods	
				4/5/06	1/3/06
SHOPPING CENTER					
Agree Realty Corp.	ADC	6.03%	\$32.48	4.61%	8.41%
Acadia Realty	AKR	3.15%	\$22.74	-0.44%	11.74%
AmREIT	AMY	6.81%	\$7.20	-3.36%	4.35%
Cedar Shopping Centers	CDR	5.81%	\$15.48	-0.96%	11.69%
Developers Diversified Realty	DDR	4.20%	\$52.68	-2.26%	10.21%
Equity One, Inc.	EQY	5.19%	\$22.73	-5.29%	-3.44%
Federal Realty Investment Trust	FRT	3.27%	\$67.90	-5.58%	11.02%
Heritage Prop. Investment Trust	HTG	5.39%	\$38.94	0.05%	14.23%
Inland Real Estate Corp.	IRC	6.86%	\$13.99	-11.40%	-5.41%
Kimco Realty Corp.	KIM	3.48%	\$37.16	-4.55%	13.53%
Kite Realty Group	KRG	4.93%	\$15.25	0.00%	0.59%
New Plan Excel	NXL	5.34%	\$25.33	0.12%	8.25%
Pan Pacific	PNP	3.54%	\$68.15	-0.04%	1.22%
Ramco-Gershenson	RPT	6.47%	\$27.23	-8.07%	0.00%
Regency Centers	REG	3.58%	\$62.70	-6.40%	4.69%
Saul Centers	BFS	4.00%	\$41.46	-1.75%	10.62%
Urstadt-Biddle Properties	UBA	5.33%	\$16.69	-4.74%	3.09%
Weingarten Realty	WRI	4.43%	\$40.30	0.10%	5.47%
ENCLOSED MALL					
CBL & Associates	CBL	4.35%	\$39.74	-3.64%	-2.41%
Feldman Mall Properties, Inc.	FMP	5.75%	\$11.90	-3.64%	-2.62%
General Growth Properties	GGP	3.37%	\$47.15	0.60%	-1.55%
Glimcher Realty Trust	GRT	7.36%	\$26.13	-4.29%	4.69%
The Macerich Company	MAC	3.60%	\$73.95	2.15%	8.32%
The Mills Corporation	MLS	6.66%	\$32.08	17.51%	-22.70%
PREIT	PEI	5.54%	\$41.14	-3.02%	9.50%
Simon Property Group	SPG	3.45%	\$82.91	-0.36%	6.71%
Taubman Centers	TCO	2.88%	\$41.02	-0.58%	14.65%
FACTORY OUTLET					
Tanger Factory	SKT	3.95%	\$33.18	-1.54%	13.71%
OTHER RETAIL REITS					
Commercial Net Lease	NNN	6.14%	\$21.17	-6.58%	2.47%
Colonial Properties Trust	CLP	5.67%	\$47.82	-1.30%	12.28%
Cousins Properties	CUZ	4.67%	\$31.70	-3.21%	9.39%
Entertainment Properties Trust	EPR	6.30%	\$40.66	-0.95%	0.15%
Sizeler Property	SIZ	2.83%	\$14.12	-4.72%	9.37%
Trizec Properties	TRZ	3.20%	\$24.98	-0.75%	7.35%
PUBLICLY HELD COMPANIES					
CB Richard Ellis	CBG	N/A	\$87.40	8.30%	44.97%
Forest City Enterprises	FCEA	0.50%	\$45.99	0.63%	23.17%
Jones Lang LaSalle	JLL	0.28%	\$88.87	14.70%	68.47%

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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 4/28/06	Stock Price % Change From Previous Periods	
				3/31/06	1/1/06
DISCOUNTERS					
BJ's Wholesale Club	BJ	NR	\$30.62	-3.35%	3.59%
Big Lots, Inc.	BLI	NR	\$14.45	4.03%	20.32%
Costco	COST	A2	\$54.43	0.07%	10.03%
T.J. Maxx	TJX	A3	\$24.13	-2.07%	3.87%
Target	TGT	A2	\$53.10	2.99%	-3.40%
Wal-Mart	WMT	Aa2	\$45.03	-4.02%	-3.78%
SPECIALTY STORES					
AutoZone	AZO	Baa2	\$93.61	-5.51%	2.03%
Barnes & Noble	BKS	Ba2+	\$45.08	-2.38%	5.65%
Bed Bath & Beyond	BBBY	NR	\$38.35	-0.52%	6.09%
Best Buy	BBY	Baa2	\$56.66	1.20%	30.31%
Books-A-Million	BAMME	NR	\$13.45	13.79%	38.80%
Borders Books	BGP	NR	\$23.60	-5.90%	8.91%
Circuit City	CC	NR	\$28.75	18.95%	27.27%
Dollar General	DG	Ba2+ 1	\$17.46	-1.85%	-8.44%
Family Dollar	FDO	NR	\$25.00	-5.98%	0.85%
Foot Locker	FL	NR	\$23.18	-1.90%	-1.74%
Gateway Computer	GTW	WR	\$2.20	-0.45%	-12.35%
Gap, Inc.	GPS	Baa3+	\$18.09	-4.34%	2.55%
Hancock Fabrics	HKF	NR	\$3.51	-3.04%	-13.76%
Hibbett Sporting Goods	HIBB	NR	\$30.31	-8.15%	6.43%
The Home Depot	HD	Aa3	\$39.93	-5.78%	-1.36%
Limited	LTD	Baa2	\$25.64	5.17%	14.72%
Lowe's	LOW	A2	\$63.05	-1.91%	-5.42%
Michaels	MIKE	Ba1+	\$37.83	0.27%	6.96%
Mothers Work, Inc.	MWRK	NR	\$26.04	8.64%	103.76%
Office Depot	ODP	Baa3	\$40.58	8.53%	29.24%
Office Max	OMX	Ba2	\$38.70	26.14%	52.60%
Payless Shoe Source	PSS	B2	\$22.97	-0.91%	-8.49%
Pep Boys	PBY	B1+	\$14.87	-1.75%	-0.13%
PetsMart	PETM	Ba2+	\$27.66	-1.98%	7.79%
Pier 1 Imports	PIR	B1	\$12.07	4.59%	38.26%
RadioShack	RSH	Baa2**	\$17.00	-8.50%	-19.16%
Regis Corporation	RGS	NR	\$35.07	2.10%	-9.07%
Ross Dress For Less	ROST	NR	\$30.64	4.75%	6.02%
Sherwin-Williams	SHW	A3	\$50.94	2.00%	12.15%
The Sports Authority	TSA	B1	\$37.16	0.70%	19.37%
Staples	SPLS	Baa2	\$26.41	1.58%	16.29%
West Marine	WMAR	NR	\$14.78	0.34%	5.72%

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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DEPARTMENT STORES					
JC Penney	JCP	Baa3	\$65.46	8.20%	17.73%
Federated	FD	Baa1	\$77.85	7.31%	17.37%
Kohl's Corp.	KSS	A3	\$55.84	5.84%	14.90%
Dillard's	DDS	B1+	\$26.08	-0.53%	5.08%
Nordstrom	JWN	Baa1	\$38.33	-2.47%	2.49%
Saks Inc.	SKS	B2	\$20.14	5.06%	19.45%
Sears	S	Ba1+	\$24.80	-3.91%	6.16%
Stein Mart, Inc.	SMRT	NR	\$15.80	-8.46%	-12.95%
DRUG STORES					
CVS	CVS	Baa1	\$29.72	0.13%	12.49%
Longs Drugs	LDG	NR	\$47.41	2.51%	30.28%
Rite-Aid	RAD	Caa1	\$4.50	13.35%	29.31%
Walgreens	WAG	Aa3**	\$41.93	-3.12%	-5.26%
GROCERY STORES					
A&P	GAP	Caa1	\$27.10	-22.51%	-14.73%
Albertsons	ABS	Ba3	\$25.33	-1.29%	18.64%
Bi-Lo	AHO	NR	\$8.20	4.06%	8.90%
Food Lion	DEG	NR	\$71.93	0.74%	9.87%
Ingles	IMKTE	B3*	\$18.35	3.79%	17.25%
Kroger	KR	Baa2	\$20.26	-0.78%	7.31%
Pathmark	PTMK	Caa2*	\$10.35	-1.43%	3.60%
Safeway	SWY	Baa2	\$25.13	-0.24%	6.21%
Smart & Final	SMF	NR	\$16.95	-0.88%	31.60%
Supervalu	SVU	Ba3	\$29.01	-5.29%	-10.68%
Weis Markets	WMK	Baa3+	\$41.51	-5.94%	-3.55%
Whole Foods	WFMI	Ba1	\$61.38	-6.84%	-20.69%
LEISURE & RECREATION					
Bally Total Fitness	BFT	Caa1	\$9.02	-2.38%	43.63%
Blockbuster Entertainment	BBI	Caa3*	\$4.70	16.92%	25.33%
Regal Entertainment Group	RGC	B3	\$21.02	10.69%	10.52%
United Artists	MGM	WR	\$44.90	2.96%	22.44%

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

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This information was compiled by Tim Radomski of CREFunding

RATE WATCH

JUNE
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 (5.11%) on May 3, 2006.

PROPERTY TYPE	LEVERAGE	DSCR	SPREAD	INDICATED RATE
Grocery Anchored Retail	80% LTV	1.20X	105	6.16%
Strong Anchored Retail	80% LTV	1.30X	95	6.06%
Weak Anchored Retail	75% LTV	1.30X	115	6.26%
Unanchored Retail	75% LTV	1.30X	125	6.36%
Single Tenant Retail—A+ credit (1)	90% LTV	1.01X	95	6.06%
Single Tenant Retail—A+ credit	80% LTV	1.01X	95	6.06%
Single Tenant Retail—A credit drug	80% LTV	1.01X	110	6.21%
Single Tenant Retail—BBB- credit drug	75% LTV	1.15X	125	6.36%
Single Tenant Retail—Non-investment	75% LTV	1.40X	150	6.61%
High End Specialty Retail	75% LTV	1.30X	105	6.16%
High End Urban Retail	80% LTV	1.40X	105	6.16%
Mixed Use Urban Office / Retail	80% LTV	1.40X	115	6.26%

CAPITAL SOLUTION — RATE LOCK

In this rising interest rate environment, many people are asking: "What can I do to protect myself from large interest rate increases?"

The only way to guarantee that the interest rate you negotiate at application will remain the same at closing is to "rate lock." Rate lock (rate set or lock rate) enables the borrower to lock in the interest rate at any time he desires by putting up a deposit and

adding 3 basis points per month of lock into the spread. The 3 basis points is the cost and pays for the hedge that the lender will purchase to hold the rate during the closing of the loan. The deposit, which is refundable when the loan closes, holds the borrower to the loan in the event the rates drop in favor of the lender.

Most people ask to lock rate as soon as an application is signed, but there is

a small amount of due diligence that needs to be done in order to preapprove the loan and be in position to lock.