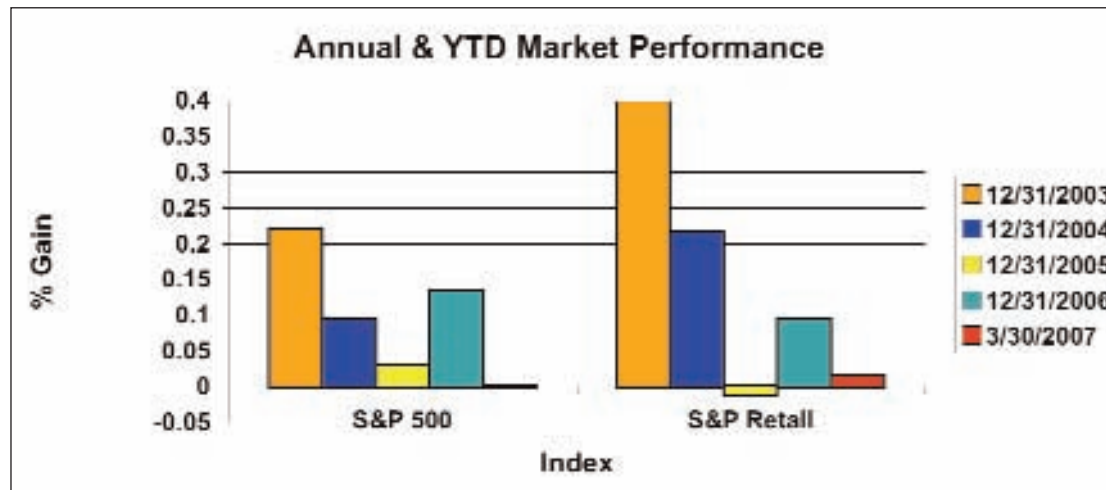


# CAPITAL MARKETS REVIEW

*Shopping Center Business* presents Capital Markets Review compiled by Gary Saykaly and Van Barron. Based in Atlanta, Saykaly and Barron are managing partners of BridgePointe Advisors (a merger between NewBridge Retail Advisors and CREFunding). BridgePointe is an entity that creates wealth for its clients' real estate portfolios through innovative capital and investment solutions, including debt, equity, joint ventures and investment sales.

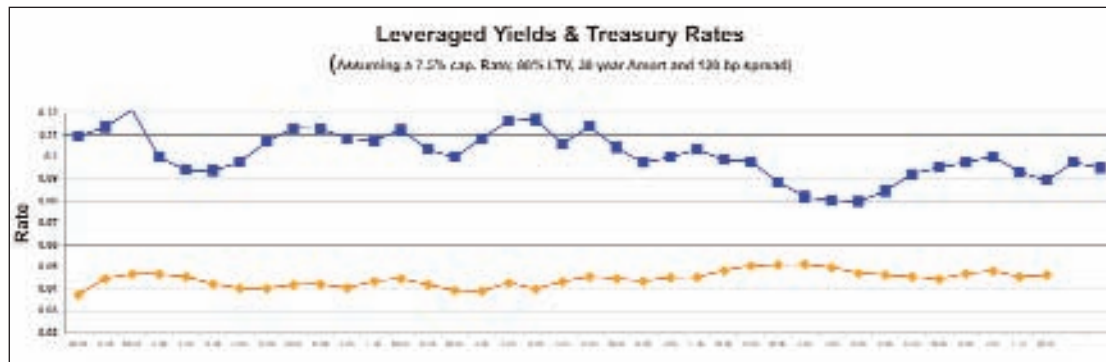
## Debt & Equity Securities Market

The S&P Retail Index under-performed the S&P 500 and posted negative results for March 2007, but is still out-performing the broader index for the year.



## Economic Drivers & Treasury Rates

The 10-year treasury bond rate ended the month of March at 4.65%, which is 9 basis points above the previous month but still 6 basis points below year-end 2006.



## 10 Year Corporate Bond Spreads / Rates (Reuter)

Rating	Bb spread	Overall Rate
AAA	60	5.25%
AA+	76	5.41%
AA	80	5.45%
AA-	85	5.50%
A+	88	5.53%
A	93	5.58%
A-	99	5.64%
BBB+	115	5.80%
BBB	135	6.00%

Rating	Bb spread	Overall Rate
BBB-	162	6.27%
BB+	210	6.75%
BB	240	7.05%
BB-	265	7.30%
B+	295	7.60%
B	355	8.20%
B-	400	8.65%
CCC+	635	11.00%

# CAPITAL MARKETS REVIEW

This information was compiled by Gary T. Saykaly of BridgePointe Advisors.

## Loan Constants & Leveraged Yields

Loan Constants

Loan Spread	Amortization Period		
	20	25	30
0.80	8.22%	7.33%	6.78%
0.90	8.29%	7.40%	6.85%
1.00	8.36%	7.48%	6.93%
1.10	8.43%	7.55%	7.00%
1.20	8.49%	7.62%	7.08%
1.30	8.56%	7.69%	7.16%
1.40	8.63%	7.77%	7.23%
1.50	8.70%	7.84%	7.31%

The 9 basis point increase in treasury yields for the month of March 2007 has caused potential leveraged yields to decrease 26 basis points.

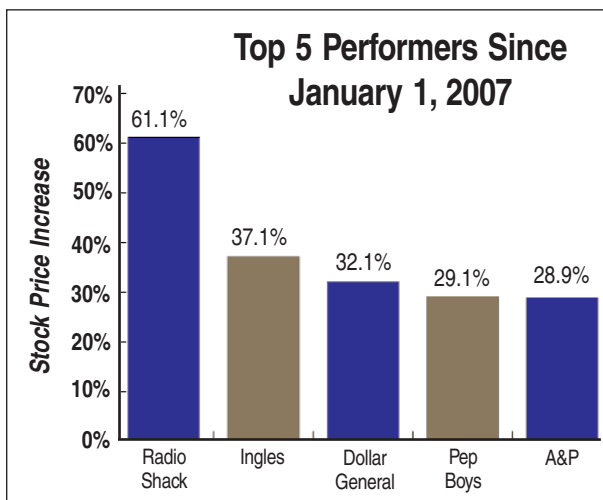
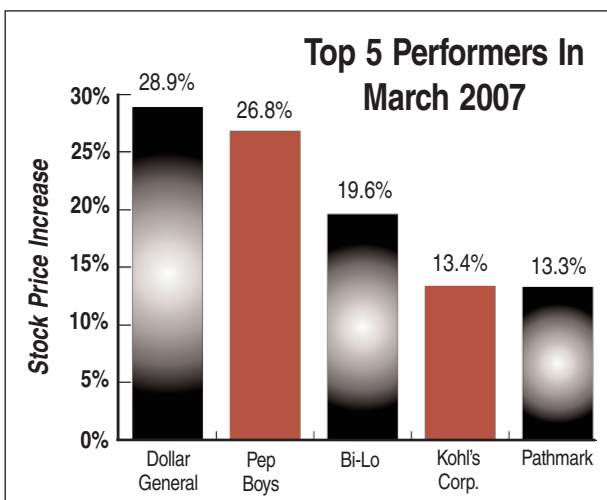
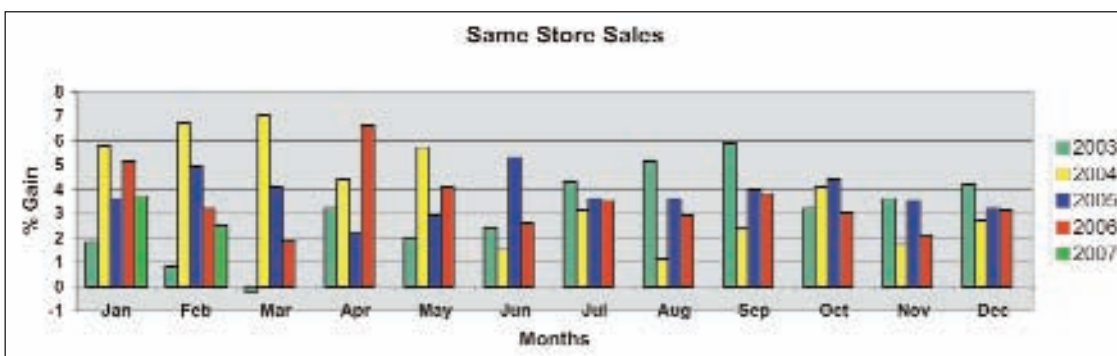
Leveraged Yields - 30 Year Amortization

Loan Spread	Cap Rate		
	7.00%	7.50%	8.00%
0.80	7.90%	10.40%	12.90%
1.00	7.29%	9.79%	12.29%
1.20	6.68%	9.18%	11.68%
1.50	5.76%	8.26%	10.76%

Leveraged Yields - 25 Year Amortization

Loan Spread	Cap Rate		
	7.00%	7.50%	8.00%
0.80	5.50%	8.00%	10.50%
1.00	4.92%	7.42%	9.92%
1.20	4.34%	6.84%	9.34%
1.50	3.45%	5.95%	8.45%

## Retailer Update



# CAPITAL MARKETS REVIEW

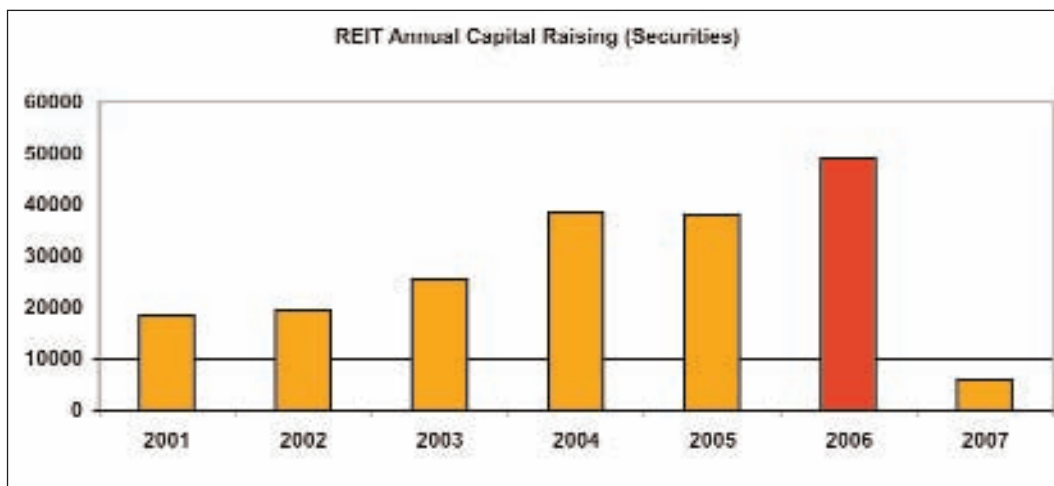
This information was compiled by Gary T. Saykaly of BridgePointe Advisors.

## Retail REITs

After leading the other REIT sub-sectors from 2001 until 2004, retail REITs started to be out-paced by other REIT sub-sectors, according to NAREIT. However, total returns in 2006 (appreciation and income) were very strong: 29.01%. The REIT sector is now out-performing the other sectors in 2007 (with the exception of the hotel REITs). While the shopping center REIT sub-sector leads the retail REIT sectors in 2006, the mall sub-sector has taken the lead.

	2001	2002	2003	2004	2005	2006	ytd 3/31/07
<b>REIT Sectors</b>							
Equity REIT Index	13.93	3.82	37.13	31.58	12.16	35.06	3.46
Industrial/Office	7.09	0.87	33.28	25.24	12.85	39.39	2.15
Apartments	8.88	6.15	25.49	34.71	14.65	39.95	2.4
Hotel	8.63	1.49	31.69	32.7	9.76	28.17	7.74
<b>Retail</b>	<b>30.42</b>	<b>21.07</b>	<b>48.77</b>	<b>40.23</b>	<b>11.8</b>	<b>29.01</b>	<b>9.8</b>
<b>Retail REIT Sub Sectors</b>							
Shopping Centers	29.89	17.72	43.12	36.25	9.27	34.97	6.41
Regional Malls	31.88	24.56	52.24	45.01	16.54	23.83	13.85
Freestanding	23.95	21.76	35.91	32.87	-0.49	30.74	1.77

The capital raising activity of REITs exceeds 2004 and 2005 levels by more than 25%.



## QUARTERLY BREAKDOWN OF CAPITAL (SECURITIES) RAISED BY REITs BY SECURITY TYPE

Given the liquidity of the capital markets, REITs have issued only a minimal amount of secured debt. The majority of debt issuance has been unsecured.

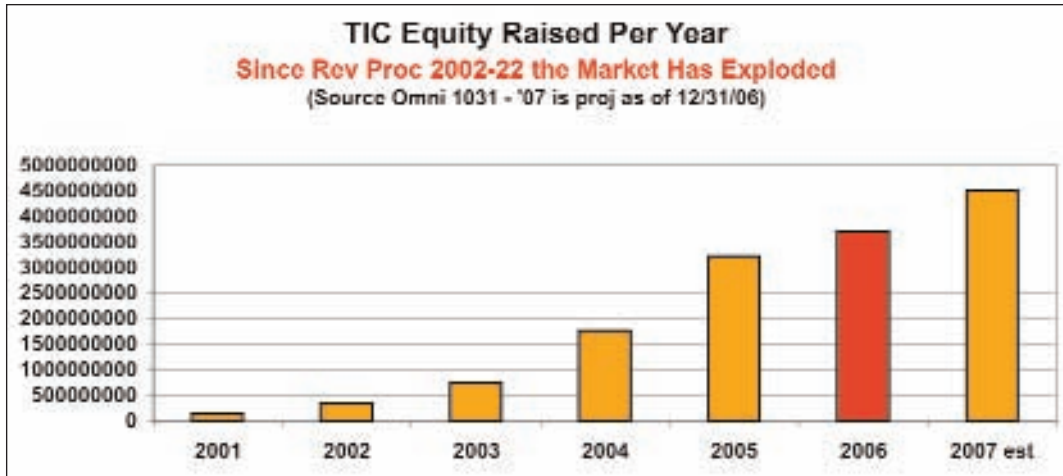
Quarter	IPO	Secondary Equity		Secondary Debt		Total
		Common	Preferred	Unsecured	Secured	
4th qtr - 2004	\$3,531	\$1,100	\$1,532	\$1,371	\$-	\$10,531
1st qtr - 2005	\$791	\$1,001	\$882	\$1,164	\$1,910	\$8,751
2nd qtr - 2005	\$1,935	\$2,123	\$968	\$3,832	\$-	\$8,858
3rd qtr - 2005	\$396	\$3,878	\$1,652	\$2,166	\$-	\$8,382
4th qtr 2005	\$865	\$1,520	\$279	\$5,887	\$3,848	\$12,179
1st qtr 2006	\$69	\$3,349	\$1,139	\$6,991	\$302	\$11,850
2nd qtr 2006	\$	\$3,379	\$915	\$3,950	\$	\$8,244
3rd qtr 2006	\$379	\$2,688	\$859	\$8,430	\$1,249	\$13,585
4th qtr 2006	\$1,824	\$6,299	\$1,328	\$5,315	\$	\$14,764
1st qtr 2007 (jan / feb)	\$	\$2,488	\$1,758	\$1,845	\$	\$8,089

# CAPITAL MARKETS REVIEW

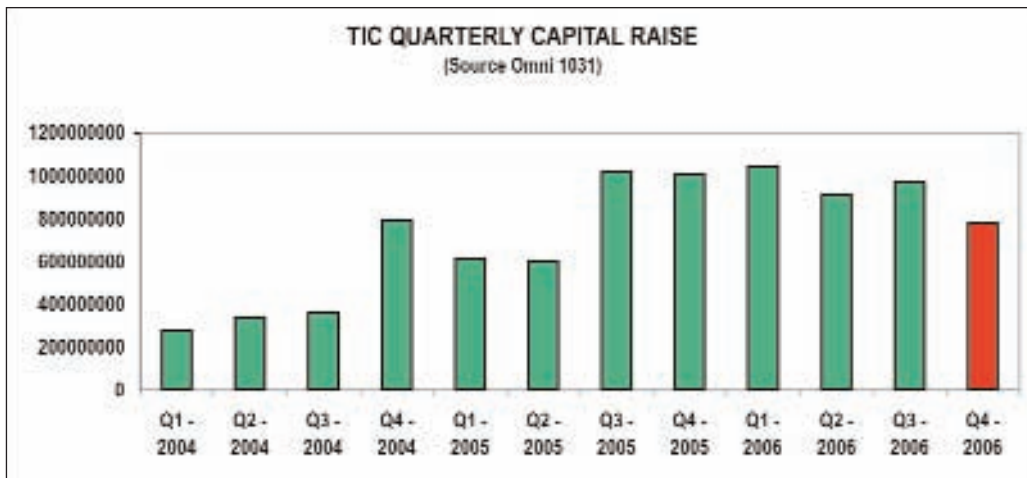
This information was compiled by Gary T. Saykaly of BridgePointe Advisors.

## TICs

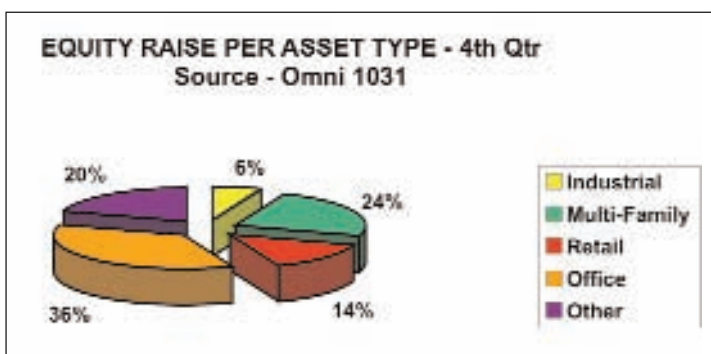
The TIC industry continues to mature and evolve. The \$3.7 billion raised in 2006 was lower than the expected \$4 billion-plus. The biggest debate continues to be whether TIC programs should be distributed through a securities broker/dealer. Currently, smaller and less committed TIC sponsors are moving out of the TIC arena.



According to Omni 1031, while the fourth quarter is typically the strongest in the TIC market for capital raising, the fourth quarter results were the lowest since second quarter 2005. Omni states that it was a result of lowered demand vs. diminished supply of TIC offerings.



Retail properties continue to be a well received product type. The equity raise for retail TIC offerings increased slightly in the fourth quarter.



# CAPITAL MARKETS REVIEW

This information was compiled by Gary T. Saykaly of BridgePointe Advisors.

## Retail Investment Market

The trends we noted in our 2006 Retail Capital & Investment Market report continue to remain true: pricing divergence between Class A and Class B/C assets; financial engineering increasingly utilized to “engineer” required returns; increased use of joint ventures and partial interest sales; emerging market for monetizing asset values via equity recapture structures; ability of investors to take on more risk for the perception of upside and return; developers and traditional core/stabilized investors seeking value-added, redevelopment and repositioning opportunities.

The size of shopping center sales are increasing due to the size of new development projects. In addition, the REIT platform continues to consolidate.

**SHOPPING CENTER SALES (1/1/06-3/30/07) - SAMPLING OF FULL & PARTIAL INTEREST TRANSACTIONS**

Property	City/ST	SF	Price	Buyer Type
17660 Union Tpke	Flushing, NY	43,255	\$51,700,000	Private Investment Group
8000 Sunset Blvd	Los Angeles, CA	171,449	\$73,875,000	Private Investment Group
Airport Plaza	Farmingdale, NY	450,000	\$95,025,278	REIT
Algonquin Commons	Algonquin, IL	565,000	\$154,000,000	REIT/Institutional JV
Avenue East Cobb	Marietta, GA	230,454	\$94,250,000	Institutional
Avenue of the Peninsula	Palos Verdes Estates, CA	375,000	\$97,000,000	Private Investment Group
Avenue Vicra	Melbourne, FL	296,400	\$87,621,300	Institutional
Avenue West Cobb	Marietta, GA	205,000	\$81,253,640	Institutional
Baldwin Hills Cronshaw Plaza	Los Angeles, CA	820,000	\$136,000,000	Institutional
Barrett Pavilion	Kennesaw, GA	160,555	\$63,393,100	REIT/Institutional JV
Barrow Marketplace	Cartersville, GA	375,067	\$51,626,103	RFIT/Institutional JV
Baybrook Gateway	Webster, TX	236,851	\$58,300,000	REIT/Institutional JV
Bruckner Plaza	Bronx, NY	386,000	\$165,000,000	RFIT
Buckhead Station	Atlanta, GA	233,739	\$68,000,000	REIT
Carlisle Commons	Carlisle, PA	394,033	\$54,236,678	RFIT/Institutional JV
Central Park Marketplace	Fredericksburg, VA	215,510	\$67,500,000	Institutional
Charleston Commons	Las Vegas, NV	337,489	\$60,750,000	RFIT/Institutional JV
Chelsea Commons	Chelsea, MA	192,000	\$51,638,167	REIT
Cherry Creek Shopping Ctr	Denver, CO	182,802	\$96,057,704	Private/Institutional
Cheyenne Commons	Las Vegas, NV	362,758	\$77,671,203	REIT/Institutional JV
City View Center	Garfield Heights, OH	491,341	\$100,000,000	Private Investment Group
CocoWalk	Miami, FL	196,197	\$87,000,000	Private Investment Group
Colonial Promenade Deerfield	Coconut Creek, FL	378,745	\$64,591,384	Private Investment Group
Conroe Marketplace	Conroe, TX	375,656	\$60,500,000	RFIT
Copperwood Village	Houston, TX	350,441	\$73,900,000	REIT/Institutional JV
Crossings at Fox Run	Nashua, NH	473,815	\$88,193,000	Institutional
Crossroads Marketplace	Chino Hills, CA	263,757	\$73,500,000	Private Investment Group
Cupertino Village	Cupertino, CA	114,902	\$65,400,000	REIT
Dalewood Shopping Ctr	Hartsdale, NY	191,085	\$81,000,000	Offshore/REIT
Delco Plaza	York, PA	393,659	\$52,000,000	Private Investment Group
Downey Landing Ctr	Downey, CA	376,000	\$110,000,000	Private Investment Group
Dulles Towne Crossing	Sterling, VA	737,503	\$108,000,000	Institutional
Fagle Road Shopping Ctr	Danbury, CT	240,033	\$59,300,000	Private Investment Group
East Gate Square 1-8	Moorestown, NJ	750,000	\$221,000,000	Private Investment Group
East Thunderbird Square	Scottsdale, AZ	327,493	\$107,500,000	Private Investment Group
Eisenhower Crossing Phase II	Macon, GA	406,715	\$55,982,292	REIT/Institutional JV
Essex Green Shopping Ctr	West Orange, NJ	351,448	\$88,531,000	Institutional

# CAPITAL MARKETS REVIEW

This information was compiled by Gary T. Saykaly of BridgePointe Advisors.

## REAL ESTATE DERIVATIVES — THE NEXT EVOLUTION

By Neal Elkin, Jeffrey Haysy and Gary T. Saykaly

Over the last 15 years, the commercial real estate market has evolved dramatically from an industry only transacted in the private markets to one that is being successfully transacted in both the private and public markets.

The success and growth of both the real estate investment trusts (REITs) and Commercial Mortgage Backed Securities market (CMBS) support this fact. Wall Street has successfully created a primary and secondary market for these real estate-related securities in multiple tranches and flavors.

In addition, real estate has become an accepted real estate class and whether the industry wants to accept it, real estate is a financial vehicle for many investors. Regardless, executing commercial real estate strategies in the private markets is a slow process with high transaction costs and limited ability to hedge or “short” the market. In that regard, the obvious next evolution for the real estate market is derivatives.

There has been no better time than right now for the launching of a commercial real estate derivatives market in the United States. To name a few reasons, 1) the market for economic, commodity and financial derivatives in this country has grown and matured significantly in the last 10 years; 2) exchange-traded futures and options contracts on U.S. residential real estate indexes were successfully launched in 2006 with a number of investment banks announcing plans to initiate OTC trading of housing derivatives; and 3) a commercial real estate derivatives market was successfully launched in the United Kingdom in 2004 and has seen increased activity and momentum (derivatives are now being traded in France).

### REAL ESTATE DERIVATIVE BENEFITS

A derivative is an asset whose value is determined by the value of another asset or bundle of assets — i.e. swaps, futures and options (see sidebar for definitions). The launching and growth of a successful real estate derivatives market will allow industry participants to execute investment and hedging strategies previously unavailable to the market and without the need for actual real estate ownership:

- Manage cash flows while purchasing or disposing of properties.
- Gain real estate returns sooner.
- Rebalance and diversify portfolios by

market, region, property type or sector.

- Enhance yields.
- Hedge risk.
- Diversify risk.
- Adjust real estate exposure.
- Short the market.
- Make bets on market direction (by property type or region).
- Harvest “alpha” — i.e. offset market risk.
- Invest in real estate without actual real estate ownership.

In an upcoming section of Capital Markets, we will provide applicable examples of real estate derivative strategies for both long and short positions. *Long Positions:* buying a call or going long on a futures contract to benefit from perceived appreciation in a certain area; going long on a real estate swap to receive desired real estate returns prior to or instead of an acquisition. *Short Positions:* buying a Put to short the market or limit the risk of a market downturn prior to selling an asset; shorting a real estate swap to diversify away from an overweight feature of an existing real estate portfolio.

### THE INDICES

The real estate derivative products — swaps, futures and options — will be written off of real estate indices. In the past year, several very different U.S.-based indices have been published to facilitate trading in real estate derivatives. One of the most promising, given its depth of data, is the effort on the part of the MIT Center for Real Estate (MIT/CRE) and Real Estate Analytics LLC (REAL) to

<b>RCA-Based</b>	Real Capital Analytics & MIT partnership to produce a series of property price indices. Transaction based focus on a significant base of property sales utilizing a similar methodology used for the residential Case-Shiller/S&P housing price indices being traded on the Chicago Mercantile Exchange. RCA database tracks a large percentage of the sales activity in the United States.
<b>NACREIF</b>	Appraisal based index derived from the performance of institutional quality/owned real estate.
<b>S&amp;P / GRA</b>	Global Real Analytics and S&P partnership. GRA indices are based on average sales per square foot.
<b>REXX</b>	Venture with Cushman & Wakefield, Newmark, Knight and Frank is currently office-focused indices based on select metro area rents and capital values.

# CAPITAL MARKETS REVIEW

This information was compiled by Gary T. Saykaly of BridgePointe Advisors.

## REAL ESTATE DERIVATIVES — THE NEXT EVOLUTION (continued)

By Neal Elkin, Jeffrey Havsy and Gary T. Saykaly

create and launch a transaction-based index using the widely accepted repeat sales methodology based on Real Capital Analytics data. (Please see chart.)

The multitude of indices should help evolve the market by providing investors with different ways to implement a variety of derivative strategies.

### CONCLUSION

If the real estate derivatives market creates the required level of liquidity (on both the short and long side of the market), derivatives will allow industry participants to execute real estate strategies they could have not accomplished in the private real estate market.

The biggest disadvantages of private real estate investment are high transaction costs, lack of liquidity, long transaction times, and an inability to sell short will be overcome with this

vehicle. Improvement in pricing and efficiency should result from the ability to act quickly on both sides of the market (short and long). Ongoing derivatives trading will provide information about expectations of future real estate pricing and investment performance. This increased market insight should drive more capital to the real estate asset class. The net result is that real estate's position as an accepted asset class as compared to stocks and bonds will improve as it continues to become a more efficient and liquid market. □

*Neal Elkin is the president of REAL Brokerage and Jeffrey Havsy is an independent consultant working with REAL Brokerage. Gary Saykaly is a managing partner of BridgePointe Advisors.*

## Derivatives 101

A derivative is an asset whose value is determined by the value of another asset or bundle of assets — i.e. swaps, futures and options.

Derivatives allow investors to take on certain positions in the market including: *Long*: to hold a position in a security with the anticipation of an increase in price; *Short*: to hold a position in a security with the anticipation of a decrease in price; *Market Neutral*: to hold a position that is equally divided between long and short positions to hedge out market direction.

• **SWAP:** Swaps are the easiest and most straightforward transaction. Swaps are agreements between parties to exchange cash flows in the future based on a pre-arranged formula. Swaps were originally the exchange of a fixed interest rate for a floating interest rate using an agreed notional value. Most trades use LIBOR plus some basis points in exchange for fixed interest rate. The difference in the interest rate payments is transferred from one party to the other quarterly.

• **FORWARD/FUTURES CONTRACT:** A forward is an agreement to buy or sell an asset at certain price some time in the future. The buyer of the contract is the "long" position and the seller is the "short." The contract is cash settled at the expiration date. Forwards and futures are very similar with forwards being more flexible. Futures contracts are standardized and trade on exchanges and are marked-to-market each day. Forwards settle at the end of the contract and are over-the-counter. Most new derivatives start in the OTC market as forward contracts.

• **OPTIONS:** Options confer the right, but not the obligation, to buy or sell an asset by a certain time and at a certain price. Call options provide the owner the right to buy an asset at a certain price and Put options confer on the owner the right to sell an asset at a pre-determined price. The price at which the owner can buy or sell is called the exercise or strike price. The owner of an option therefore limits their losses. The most money the option owner can lose is the amount paid for the option, the premium. If the price of the asset at the end of the time period is worth less/more than the strike price, then the option is not exercised. Sellers of options (the short position), have unlimited downside, but limited upside. □

# CAPITAL MARKETS REVIEW

The information contained in this section was accurate as of April 10, 2007.

## RETAIL REIT UPDATE

REIT	Stock Symbol	Dividend Yield	Current Price as of 4/10/07	Stock Price % Change From Previous Periods	
				3/14/07	1/3/07
<b>SHOPPING CENTER</b>					
Agree Realty Corp.	ADC	5.80%	\$34.35	3.46%	-0.35%
Acadia Realty	AKR	2.90%	\$27.15	2.72%	8.60%
AmREIT	AMY	5.80%	\$8.55	1.06%	1.54%
Cedar Shopping Centers	CDR	5.60%	\$16.40	2.56%	3.08%
Developers Diversified Realty	DDR	4.10%	\$64.71	3.54%	2.31%
Equity One, Inc.	EQY	4.40%	\$27.27	6.23%	4.56%
Federal Realty Investment Trust	FRT	2.50%	\$92.19	3.18%	9.85%
Inland Real Estate Corp.	IRC	5.30%	\$18.46	2.05%	-1.76%
Kimco Realty Corp.	KIM	3.00%	\$49.06	1.93%	8.76%
Kite Realty Group	KRG	3.80%	\$20.43	1.84%	8.96%
New Plan Excel	NXL	3.80%	\$33.10	-0.45%	20.23%
Ramco-Gershenson	RPT	5.20%	\$36.02	4.07%	-5.11%
Regency Centers	REG	3.10%	\$84.90	3.22%	8.75%
Saul Centers	BFS	3.20%	\$54.60	-4.04%	-2.31%
Urstadt-Biddle Properties	UBA	4.90%	\$18.99	2.76%	1.12%
Weingarten Realty	WRI	4.10%	\$48.09	2.91%	4.52%
<b>ENCLOSED MALL</b>					
CBL & Associates	CBL	4.40%	\$45.88	2.07%	6.90%
Feldman Mall Properties, Inc.	FMP	7.00%	\$12.75	8.05%	0.47%
General Growth Properties	GGP	2.80%	\$65.72	3.14%	27.17%
Glimcher Realty Trust	GRT	7.10%	\$27.12	-0.07%	1.12%
The Macerich Company	MAC	3.00%	\$95.04	4.26%	10.00%
PREIT	PEI	4.80%	\$47.37	8.03%	23.13%
Simon Property Group	SPG	2.90%	\$114.51	4.43%	13.40%
Taubman Centers	TCO	2.50%	\$59.82	3.48%	17.20%
<b>FACTORY OUTLET</b>					
Tanger Factory	SKT	3.40%	\$40.17	2.89%	2.95%
<b>OTHER RETAIL REITS</b>					
Colonial Properties Trust	CLP	5.80%	\$47.35	7.59%	1.63%
Cousins Properties	CUZ	4.50%	\$32.78	-3.90%	-5.70%
Entertainment Properties Trust	EPR	4.90%	\$62.27	2.89%	6.35%
National Retail Properties	NNN	5.50%	\$24.33	1.88%	7.28%
<b>PUBLICLY HELD COMPANIES</b>					
CB Richard Ellis	CBG	N/A	\$33.76	4.81%	0.33%
Forest City Enterprises	FCEA	N/A	\$68.44	10.58%	18.68%
Jones Lang LaSalle	JLL	0.70%	\$104.08	3.91%	13.13%

# CAPITAL MARKETS REVIEW

This information was compiled by W. Van Barron of BridgePointe Advisors.

## RETAILER STOCK AND CREDIT SUMMARY

Tenant	Stock Symbol	Moody's Credit Rating as of 4/7/07	Current Price as of 3/30/07	Stock Price % Change From Previous Periods	
				2/28/07	1/1/07
<b>DISCOUNTERS</b>					
BJ's Wholesale Club	BJ	NR	\$33.83	5.46%	8.74%
Big Lots, Inc.	BIG	NR	\$25.93	5.46%	47.60%
Costco	COST	A2	\$53.84	-3.86%	1.83%
T.J. Maxx	TJX	A3	\$29.96	-2.03%	-5.47%
Target	TGT	A1	\$59.26	-2.69%	3.87%
Wal-Mart	WMT	Aa2	\$46.95	-1.96%	1.67%
<b>SPECIALTY STORES</b>					
AutoZone	AZO	Baa2	\$128.14	2.68%	10.89%
Barnes & Noble	BKS	WR	\$39.45	-3.31%	-0.65%
Bed Bath & Beyond	BBBY	NR	\$40.17	1.03%	5.43%
Best Buy	BBY	Baa2	\$48.72	4.12%	-0.96%
Books-A-Million	BAMME	NR	\$14.24	-10.50%	-37.21%
Borders Books	BGP	NR	\$20.42	-4.18%	-8.64%
Circuit City	CC	NR	\$18.53	1.20%	-2.37%
Dollar General	DG	Ba2 <sup>3</sup>	\$21.15	28.88%	32.10%
Family Dollar	FDO	NR	\$29.62	2.03%	0.99%
Foot Locker	FL	Ba1	\$23.55	3.79%	7.39%
Gateway Computer	GTW	WR	\$2.19	2.82%	8.96%
Gap, Inc.	GPS	Ba1	\$17.21	-9.56%	-11.74%
Hibbett Sporting Goods	HIBB	NR	\$28.59	-8.34%	-6.35%
The Home Depot	HD	Aa3	\$36.74	-6.87%	-8.52%
Limited	LTD	Baa2	\$26.06	-3.19%	-9.95%
Lowe's***	LOW	A1	\$31.49	-2.24%	1.09%
Mothers Work, Inc.	MWRK	B3	\$33.14	-0.54%	-15.87%
Office Depot	ODP	Baa3	\$35.14	5.37%	-7.94%
Office Max	OMX	Ba2	\$52.74	2.99%	6.22%
Payless Shoe Source	PSS	B1	\$33.20	6.92%	1.16%
Pep Boys	PBY	B2	\$19.09	29.76%	29.07%
PetSmart	PETM	Ba3	\$32.96	10.98%	14.21%
Pier 1 Imports	PIR	Caa2	\$6.91	2.22%	16.13%
RadioShack	RSH	Ba1	\$27.03	8.99%	61.08%
Regis Corporation	RGS	NR	\$40.37	-3.51%	2.10%
Ross Dress For Less	ROST	NR	\$34.40	5.42%	17.41%
Sherwin-Williams	SHW	A3	\$66.04	0.84%	3.87%
Staples	SPLS	Baa1	\$25.84	1.93%	-3.22%
Starbucks	SBUX	N/A	\$31.36	3.19%	-11.46%
West Marine	WMAR	NR	\$18.21	6.62%	5.44%

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

NR No rated issues  
 2 Rating lowered

WR Withdrawn  
 3 On review for possible downgrade

\* Senior Subordinate

\*\* Issuer Rating  
 4 Bank credit facility

\*\*\* Lowe's Home Improvement Centers underwent a 2:1 stock split.

# CAPITAL MARKETS REVIEW

This information was compiled by W. Van Barron of BridgePointe Advisors.

## RETAILER STOCK AND CREDIT SUMMARY

Tenant	Stock Symbol	Moody's Credit Rating as of 4/7/07	Current Price as of 3/30/07	Stock Price % Change From Previous Periods	
				2/28/07	1/1/07
<b>DEPARTMENT STORES</b>					
JC Penney Federated***	JCP	Baa3	\$82.16	2.76%	6.20%
Kohl's Corp.	FD	Baa2	\$45.05	1.72%	18.15%
Dillard's	KSS	A3	\$76.61	13.45%	11.95%
Nordstrom	DDS	B2	\$32.73	-1.24%	-6.41%
Saks Inc.	JWN	Baa1	\$52.94	-1.29%	7.30%
Stein Mart, Inc.	SKS	B3	\$20.84	9.00%	16.95%
	SMRT	NR	\$16.32	10.34%	23.08%
<b>DRUG STORES</b>					
CVS	CVS	Baa2	\$34.14	8.93%	10.45%
Longs Drugs	LDG	NR	\$51.64	1.39%	21.85%
Rite-Aid	RAD	Caa2	\$5.77	-3.51%	6.07%
Walgreens	WAG	Aa3**	\$45.89	2.82%	0.00%
<b>GROCERY STORES</b>					
A&P	GAP	Caa1	\$33.18	4.93%	28.90%
Bi-Lo (Ahold USA)	AHO	Ba2	\$11.74	19.55%	10.96%
Food Lion (Delhaize American)	DEG	Ba1	\$91.70	9.52%	10.11%
Ingles	IMKTE	B2	\$40.84	9.64%	37.09%
Kroger	KR	Baa2	\$28.25	10.65%	22.45%
Pathmark	PTMK	Caa2	\$12.80	13.27%	14.80%
Safeway	SWY	Baa2	\$36.64	5.80%	6.02%
Smart & Final	SMF	NR	\$21.77	1.30%	15.19%
Supervalu	SVU	B1	\$39.07	5.71%	9.29%
Weis Markets	WMK	NR	\$44.70	2.64%	11.44%
Whole Foods	WFMI	Ba1	\$44.85	-4.47%	-4.43%
<b>LEISURE &amp; RECREATION</b>					
Bally Total Fitness	BFT	Caa3	\$0.61	-69.50%	-75.10%
Blockbuster Entertainment	BBI	Caa1	\$6.44	-5.43%	21.74%
Regal Entertainment Group	RGC	B2	\$19.87	-6.84%	-6.80%
United Artists	MGM	WR	\$69.52	-3.01%	21.22%

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

\*\*\* Federated Department Stores underwent a 2:1 stock split.

# CAPITAL MARKETS REVIEW

This information was compiled by Tim Radomski of BridgePointe Advisors.

## RATE WATCH

MAY  
2007

FROM BRIDGEPOINTE ADVISORS

### MARKET PULSE

To receive a quote for your transaction, please visit  
[www.bridgepointeadvisors.com](http://www.bridgepointeadvisors.com) or call (404) 446-4900.

The information below is compiled on a monthly basis by BridgePointe Advisors (BPA) and represents actual quotes on properties represented by BPA, from lenders representing a cross-section of the lending community. BPA 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 (4.65%) on April 3, 2007.

PROPERTY TYPE	LEVERAGE	DSCR	SPREAD	INDICATED RATE
Grocery Anchored Retail	85% LTV	1.10X	105	5.70%
Strong Anchored Retail	80% LTV	1.10X	95	5.60%
Weak Anchored Retail	75% LTV	1.20X	115	5.80%
Unanchored Retail	75% LTV	1.20X	125	5.90%
Single Tenant Retail—A+ credit (1)	90% LTV	1.01X	95	5.60%
Single Tenant Retail—A+ credit	80% LTV	1.01X	95	5.60%
Single Tenant Retail—A credit drug	80% LTV	1.01X	110	5.75%
Single Tenant Retail—BBB- credit drug	75% LTV	1.15X	125	5.90%
Single Tenant Retail Non investment	75% LTV	1.30X	150	6.15%
High End Specialty Retail	80% LTV	1.15X	105	5.70%
High End Urban Retail	80% LTV	1.15X	105	5.70%
Mixed Use Urban Office / Retail	80% LTV	1.20X	115	5.80%

### CAPITAL SOLUTION — IS YOUR DEBT A GOOD FIT?

As in retail sales to provide for your customers, you must offer many options to accommodate taste and size. This is true in commercial mortgages as well as with lenders bending to heavy competition in the capital markets.

If you are in the market for capital, be it acquisition or refinancing dollars, you have the ability to custom-fit your debt to accommodate your needs. The key to unlocking this flexibility is having a well connected mortgage broker who is familiar with the lenders and

their programs and relating to him your special needs and desires.

Here is a short list of possible application changes and add-on's that can benefit the borrower:

1. Springing reserves
2. 2 to 5 years of interest-only
3. Early pre-payment options
4. Recourse burn-off
5. Property release provisions
6. Mezzanine debt to 90% LTV
7. Forward and rate lock options

The lesson to be learned here is that you now have the ability to fit your debt to your property as opposed to changing or waiting for your property to fit the former stringent lender requirements.

Make a list of your wants and needs and find yourself a good commercial mortgage broker and see what the capital markets have to offer today.