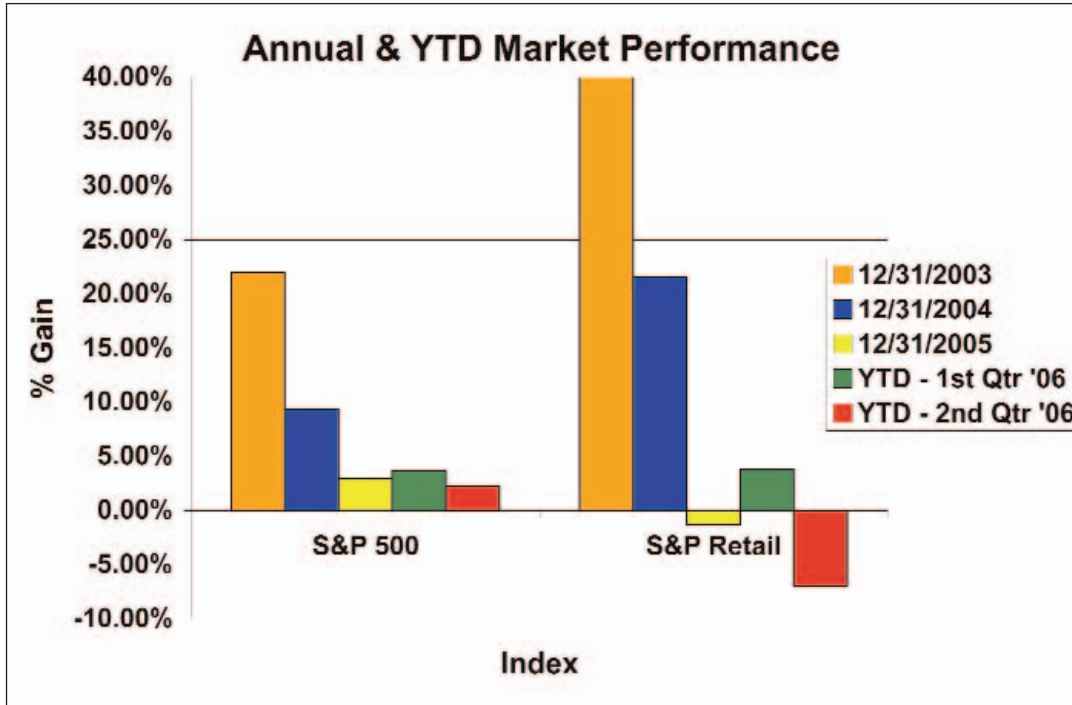


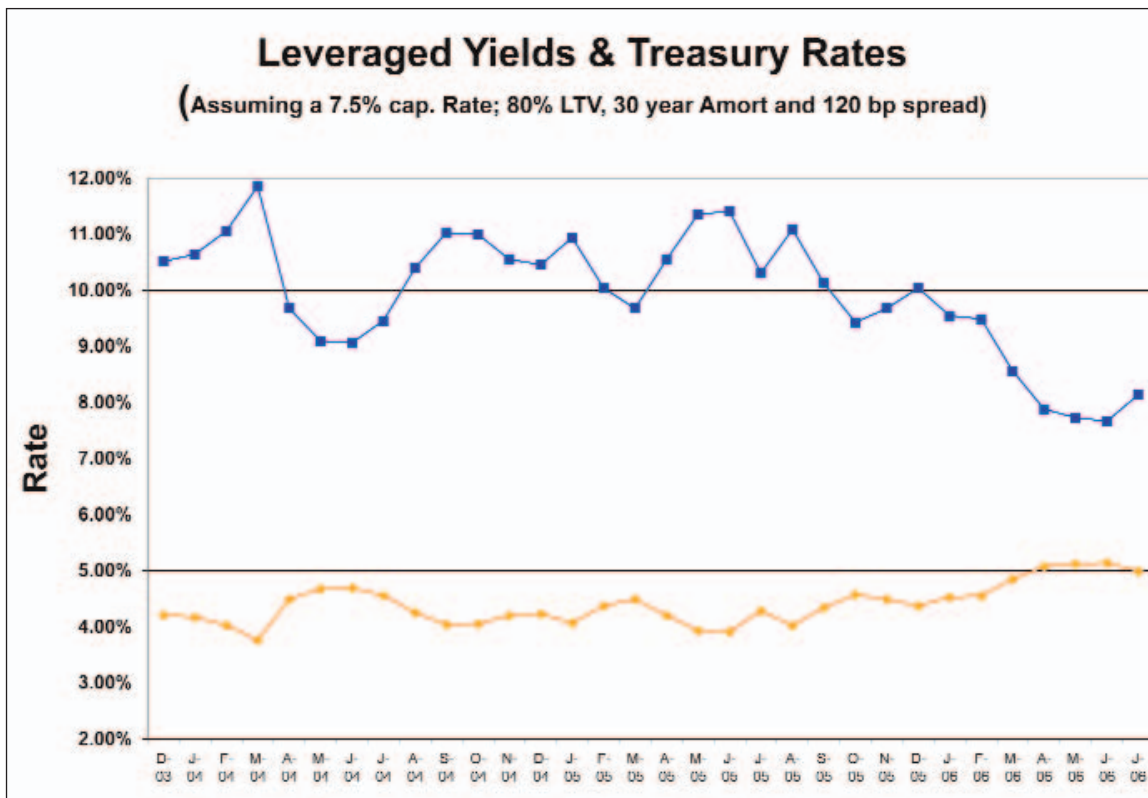
# CAPITAL MARKETS REVIEW

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.

## Debt & Equity Securities Market



## Economic Drivers & Treasury Rates

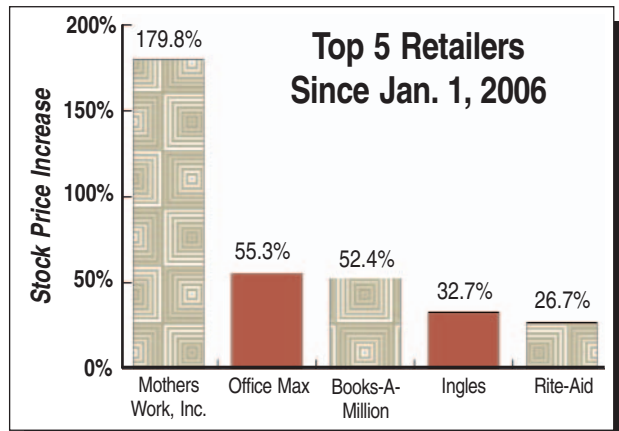
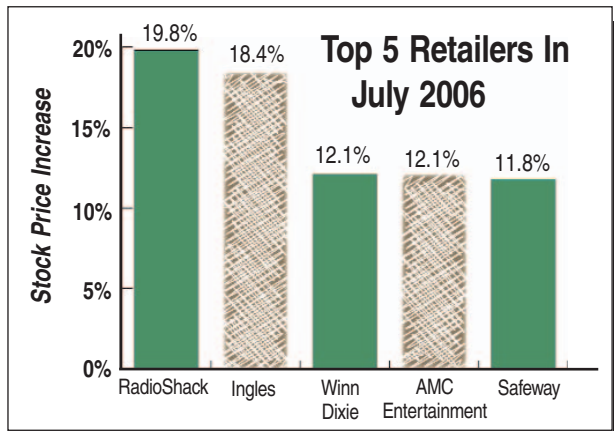
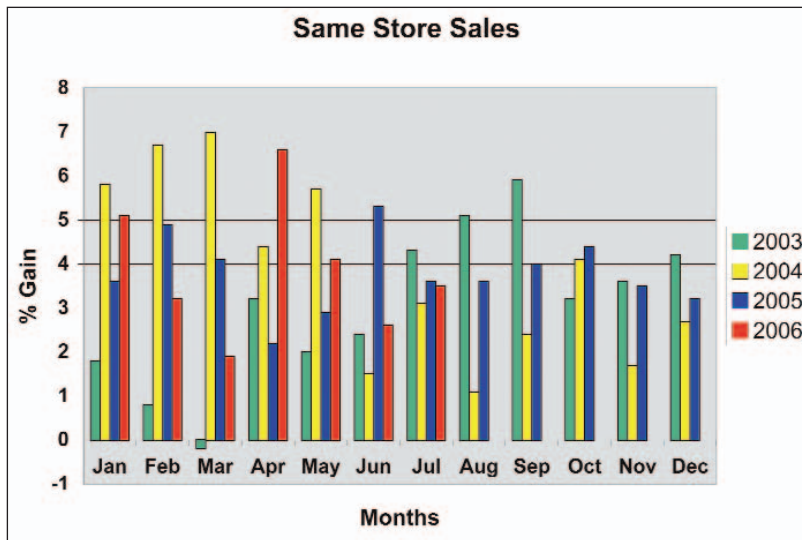


# CAPITAL MARKETS REVIEW

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

## Retailer Update

RETAILER NEWS	
<b>Bankruptcy Update</b>	<b>Winn-Dixie Stores</b> plans to close seven stores and lay off 577 employees in late August. Winn-Dixie will lay off at least 67 workers at each of six stores in Florida: Deltona (125 layoffs), Jacksonville (92), Pensacola (67), West Palm Beach (82), Pembroke Pines (114), Largo (97) and Tallahassee.
<b>Mergers &amp; Acquisitions</b>	Istithmar PJSC (United Arab Emirates) completed the \$300 million acquisition transaction of <b>Loehmann's Holdings</b> from Atlanta-based Arcapita. <b>Petco Animal Supplies Inc.</b> agreed to go private for the second time and be acquired by two private equity firms for \$1.68 billion (Leonard Green & Partners and Texas Pacific Group). Leonard Green recently acquired <b>The Sports Authority</b> chain and Texas Pacific recently acquired <b>Neiman Marcus Group</b> . Private equity funds Bain Capital and The Blackstone Group have agreed to acquire crafts retailer <b>Michaels Stores</b> for about \$6 billion. Michaels operates 900 Michaels stores, 165 Aaron Brothers stores, 11 Recollections stores and four Star Wholesale operations in the U.S. and Canada. Bain has invested in such retail chains as <b>Burlington Coat Factory</b> , <b>Staples</b> and <b>Toys "R" Us</b> . <b>CVS</b> will buy <b>MinuteClinic</b> , Minnesota's model for quick-service medical clinics in retail stores, for \$170 million in cash. MinuteClinic plans to triple its stores to a total of 250 locations by year's end. <b>Federated Department Stores</b> will sell its Boston <b>Filene's</b> department store to Vornado Realty Trust for about \$100 million. The store will probably be redeveloped into office and retail use. Dutch retailer <b>Royal Ahold NV</b> plans to sell 46 of its <b>Tops</b> supermarkets located in northeast Ohio given Top's primary market area concentration of New York and Pennsylvania.
<b>Stores/Real Estate</b>	<b>Federated Department Stores</b> sold four mall department store locations to <b>Target Corp: Macy's</b> at Coronado Center in Albuquerque, N.M.; Macy's at Westminster Mall in Westminster, Calif.; a <b>Robinsons-May</b> at Glendale Galleria in Glendale, Calif.; and a <b>Strawbridge's</b> at Springfield Mall in Springfield, Pa. All the stores are duplicate locations as a result of Federated's acquisition of <b>May Department Stores</b> .



# CAPITAL MARKETS REVIEW

The information contained in this section was accurate as of August 10, 2006.

## RETAIL REIT UPDATE

REIT	Stock Symbol	Dividend Yield	Current Price as of 8/10/06	Stock Price % Change From Previous Periods	
				7/11/06	1/3/06
<b>SHOPPING CENTER</b>					
Agree Realty Corp.	ADC	6.20%	\$31.93	-3.80%	6.58%
Acadia Realty	AKR	3.20%	\$23.27	-2.92%	14.35%
AmREIT	AMY	7.00%	\$7.08	-0.98%	2.61%
Cedar Shopping Centers	CDR	6.20%	\$14.52	-3.20%	4.76%
Developers Diversified Realty	DDR	4.50%	\$52.10	-3.52%	9.00%
Equity One, Inc.	EQY	5.00%	\$24.09	10.96%	2.34%
Federal Realty Investment Trust	FRT	3.10%	\$71.84	-0.28%	17.46%
Heritage Prop. Investment Trust	HTG	5.80%	\$36.18	0.67%	6.13%
Inland Real Estate Corp.	IRC	6.10%	\$15.91	2.98%	7.57%
Kimco Realty Corp.	KIM	3.40%	\$39.19	4.01%	19.74%
Kite Realty Group	KRG	5.20%	\$15.24	-3.91%	0.53%
New Plan Excel	NXL	4.80%	\$25.78	2.34%	10.17%
Pan Pacific	PNP	3.70%	\$69.23	0.03%	2.82%
Ramco-Gershenson	RPT	6.00%	\$30.17	6.57%	10.80%
Regency Centers	REG	3.80%	\$63.28	-1.34%	5.66%
Saul Centers	BFS	4.40%	\$39.57	-2.10%	5.58%
Urstadt-Biddle Properties	UBA	5.60%	\$16.45	-3.06%	1.61%
Weingarten Realty	WRI	4.70%	\$39.92	1.55%	4.48%
<b>ENCLOSED MALL</b>					
CBL & Associates	CBL	4.80%	\$38.19	-4.48%	-6.21%
Feldman Mall Properties, Inc.	FMP	8.30%	\$10.90	1.40%	-10.80%
General Growth Properties	GGP	3.70%	\$44.10	-3.52%	-7.91%
Glimcher Realty Trust	GRT	8.20%	\$23.60	-7.49%	-5.45%
The Macerich Company	MAC	3.80%	\$70.97	-1.66%	3.95%
The Mills Corporation	MLS	4.60%	\$22.59	-17.34%	-45.57%
PREIT	PEI	5.80%	\$39.95	-1.11%	6.33%
Simon Property Group	SPG	3.70%	\$82.79	-1.79%	6.55%
Taubman Centers	TCO	3.10%	\$39.75	-4.10%	11.10%
<b>FACTORY OUTLET</b>					
Tanger Factory	SKT	4.20%	\$30.61	-7.33%	4.90%
<b>OTHER RETAIL REITS</b>					
Colonial Properties Trust	CLP	5.80%	\$46.76	-5.80%	9.79%
Cousins Properties	CUZ	4.60%	\$32.28	3.53%	11.39%
Entertainment Properties Trust	EPR	6.10%	\$46.04	5.74%	13.40%
National Retail Properties	NNN	6.50%	\$20.75	0.83%	0.44%
Sizeler Property	SIZ	2.70%	\$14.76	-6.88%	14.33%
Trizec Properties	TRZ	2.80%	\$28.71	0.07%	23.38%
<b>PUBLICLY HELD COMPANIES</b>					
CB Richard Ellis <sup>1</sup>	CBG	N/A	\$20.92	-15.30%	4.08%
Forest City Enterprises	FCEA	N/A	\$49.16	-0.47%	31.66%
Jones Lang LaSalle	JLL	0.60%	\$76.95	-8.39%	45.88%

<sup>1</sup> 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 8/11/06	Current Price as of 8/1/06	Stock Price % Change From Previous Periods	
				6/30/06	1/1/06
<b>DISCOUNTERS</b>					
BJ's Wholesale Club	BJ	NR	\$28.40	0.82%	-3.92%
Big Lots, Inc.	BLI	NR	\$16.11	-2.42%	34.14%
Costco	COST	A2	\$52.25	-7.98%	5.62%
T.J. Maxx	TJX	A3	\$24.26	8.98%	4.43%
Target	TGT	A2	\$45.70	-5.23%	-16.86%
Wal-Mart	WMT	Aa2	\$44.24	-5.65%	-5.47%
<b>SPECIALTY STORES</b>					
AutoZone	AZO	Baa2	\$88.34	0.95%	-3.72%
Barnes & Noble	BKS	WR	\$32.98	-7.83%	-22.71%
Bed Bath & Beyond	BBBY	NR	\$33.71	2.68%	-6.75%
Best Buy	BBY	Baa2**	\$45.75	-14.58%	5.22%
Books-A-Million	BAMME	NR	\$14.77	-15.16%	52.43%
Borders Books	BGP	NR	\$19.07	0.37%	-12.00%
Circuit City	CC	NR	\$23.81	-9.36%	5.40%
Dollar General	DG	Ba1	\$13.36	-3.26%	-29.94%
Family Dollar	FDO	NR	\$22.10	-7.03%	-10.85%
Foot Locker	FL	NR	\$26.67	8.77%	13.06%
Gateway Computer	GTW	WR	\$1.60	-21.57%	-36.25%
Gap, Inc.	GPS	Baa3	\$17.05	0.06%	-3.34%
Hancock Fabrics	HKF	NR	\$3.30	5.43%	-18.92%
Hibbett Sporting Goods	HIBB	NR	\$20.04	-14.47%	-29.63%
The Home Depot	HD	Aa3	\$34.10	-3.89%	-15.76%
Limited	LTD	Baa2	\$24.49	-2.93%	9.57%
Lowe's***	LOW	A2	\$28.09	-7.93%	-15.72%
Michaels	MIKE	WR	\$42.71	1.14%	20.75%
Mothers Work, Inc.	MWRK	NR	\$35.76	2.41%	179.81%
Office Depot	ODP	Baa3**	\$37.35	-0.19%	18.95%
Office Max	OMX	Ba2	\$39.38	-1.99%	55.28%
Payless Shoe Source	PSS	B2	\$25.10	-5.57%	0.00%
Pep Boys	PBY	B1+	\$10.05	-9.70%	-32.51%
PetsMart	PETM	Ba2	\$23.59	-7.05%	-8.07%
Pier 1 Imports	PIR	B1	\$6.51	-4.12%	-25.43%
RadioShack	RSH	Baa2**	\$16.67	19.84%	-20.73%
Regis Corporation	RGS	NR	\$33.60	-5.56%	-12.89%
Ross Dress For Less	ROST	NR	\$24.42	-8.64%	-15.50%
Sherwin-Williams	SHW	A3	\$50.49	6.74%	11.16%
Staples	SPLS	Baa2	\$21.61	-10.03%	-4.84%
West Marine	WMAR	NR	\$12.31	-6.81%	-11.95%

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 NewBridge Retail Advisors.

## RETAILER STOCK AND CREDIT SUMMARY

Tenant	Stock Symbol	Moody's Credit Rating as of 8/11/06	Current Price as of 8/1/06	Stock Price % Change From Previous Periods	
				6/30/06	1/1/06
<b>DEPARTMENT STORES</b>					
JC Penney	JCP	Baa3	\$64.03	-4.70%	15.16%
Federated***	FD	Baa1	\$34.35	-4.85%	3.57%
Kohl's Corp.	KSS	A3	\$57.19	-2.85%	17.67%
Dillard's	DDS	B2	\$29.97	-4.22%	20.75%
Nordstrom	JWN	Baa1	\$33.59	-5.73%	-10.19%
Saks Inc.	SKS	B2	\$15.82	-0.82%	-6.17%
Sears	S	Ba1**	\$20.06	1.11%	-14.13%
Stein Mart, Inc.	SMRT	NR	\$12.31	-14.87%	-32.18%
<b>DRUG STORES</b>					
CVS	CVS	Baa2	\$33.19	9.50%	25.62%
Longs Drugs	LDG	NR	\$40.05	-11.49%	10.06%
Rite-Aid	RAD	Caa1	\$4.41	5.76%	26.72%
Walgreens	WAG	Aa3**	\$47.44	5.00%	7.18%
<b>GROCERY STORES</b>					
A&P	GAP	Caa1	\$22.78	2.43%	-28.32%
Bi-Lo	AHO	NR	\$9.01	6.12%	19.65%
Food Lion	DEG	NR	\$73.54	7.00%	12.33%
Ingles	IMKTE	B3*	\$20.77	18.42%	32.72%
Kroger	KR	Baa2	\$22.66	4.42%	20.02%
Pathmark	PTMK	Caa2*	\$8.65	-6.49%	-13.41%
Safeway	SWY	Baa2**	\$28.50	11.76%	20.46%
Smart & Final	SMF	NR	\$15.45	-7.93%	19.95%
Supervalu	SVU	B2	\$27.21	-10.29%	-16.23%
Weis Markets	WMK	NR	\$39.36	-4.11%	-8.55%
Whole Foods	WFMI	Ba1**	\$50.94	-19.93%	-34.18%
<b>LEISURE &amp; RECREATION</b>					
Bally Total Fitness	BFT	Caa1	\$5.44	-16.95%	-13.38%
Blockbuster Entertainment	BBi	Caa3*	\$3.79	-22.97%	1.07%
Regal Entertainment Group	RGC	B3	\$19.28	-5.44%	1.37%
United Artists	MGM	WR	\$37.79	-5.81%	3.05%

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 CREFunding

## RATE WATCH

SEPTEMBER  
2006

FROM CREFUNDING

To receive a quote for your transaction, please visit  
[www.crefunding.com](http://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 (4.97%) on August 2, 2006.

PROPERTY TYPE	LEVERAGE	DSCR	SPREAD	INDICATED RATE
Grocery Anchored Retail	80% LTV	1.20X	105	6.02%
Strong Anchored Retail	80% LTV	1.30X	95	5.92%
Weak Anchored Retail	75% LTV	1.30X	115	6.12%
Unanchored Retail	75% LTV	1.30X	125	6.22%
Single Tenant Retail—A+ credit (1)	90% LTV	1.01X	95	5.92%
Single Tenant Retail—A+ credit	80% LTV	1.01X	95	5.92%
Single Tenant Retail—A credit drug	80% LTV	1.01X	110	6.07%
Single Tenant Retail—BBB- credit drug	75% LTV	1.15X	125	6.22%
Single Tenant Retail—Non-investment	75% LTV	1.40X	150	6.47%
High End Specialty Retail	75% LTV	1.30X	105	6.02%
High End Urban Retail	80% LTV	1.40X	105	6.02%
Mixed Use Urban Office / Retail	80% LTV	1.40X	115	6.12%

### CAPITAL SOLUTION — PREPAYMENT

If you would like the option of prepayment to be incorporated into your loan, you are in luck. For those property owners that are not sure if they are going to hold or sell in the near future, a 10-year loan with defeasance can be extremely costly.

There are loan programs that now offer shorter terms (3, 5 and 7 years) and have a set prepayment schedule that allows the borrower to know the

exact cost of paying off the loan before maturity. These loans are similar to conduit loans and charge a premium to the interest rate spread for the prepayment options. Prepayment is usually some form of “step down” and the most common is “5, 4, 3, 2, 1.”

For a 5-year loan, the number represents a percentage of the outstanding loan amount for the corresponding years (1 to 5). For example, to pre-

pay a 5-year loan, in the second year your prepayment cost would be 4% of the outstanding loan balance.

A step down prepayment option is not only easier to calculate but also a lot less costly than defeasance and yield maintenance.