

QUARTER IN REVIEW

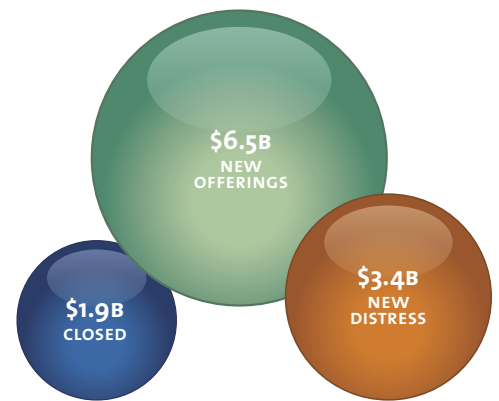
Where to Now? Q1 Volume Shrivels to Just 10% of Peak



In line with every core property type, Q1 retail asset sales volume, at \$1.9B, was down more than 90% from its market peak two years earlier and was off 74% from the same quarter a year ago. Moreover, volume continues to slow. Sales of significant retail fell 40% in Q1'09 compared to the previous quarter and the totals for each month this quarter have fallen consecutively.

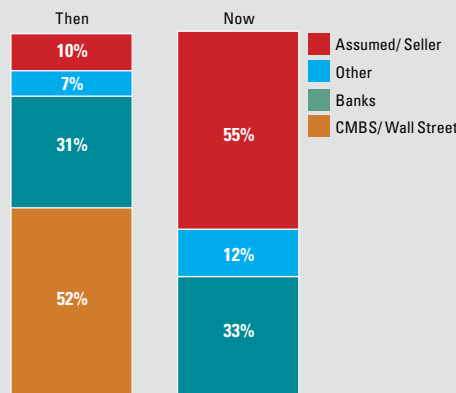
New offerings are anything but slower, though. In Q1, over \$6.5B of retail properties were listed for sale and already another \$3.0B has been added in April. In addition, some \$3.4B of retail assets were added to RCA's Troubled Assets Radar in Q1'09, bringing the total to \$16.8B at quarter's end. In the few weeks since, this total has more than doubled with the bankruptcy of GGP and other large-scale defaults.

Q1'09 VOLUME BREAKDOWN



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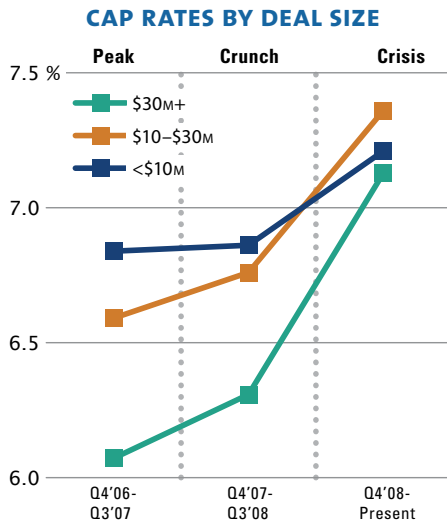
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Quarter in Review

The differing appeal—or lack thereof—to investors among retail subtypes carried through to sales activity and cap rates. Strip centers have held up relatively well with volume of \$1.4B, a 61% drop from a year ago. However, there have been virtually no significant sales of regional malls over the past year. Just one mall sale in Q1, the 1.4M SF Cincinnati Mall, highlights the struggle facing malls; it traded at \$25 PSF with lower than average occupancy.

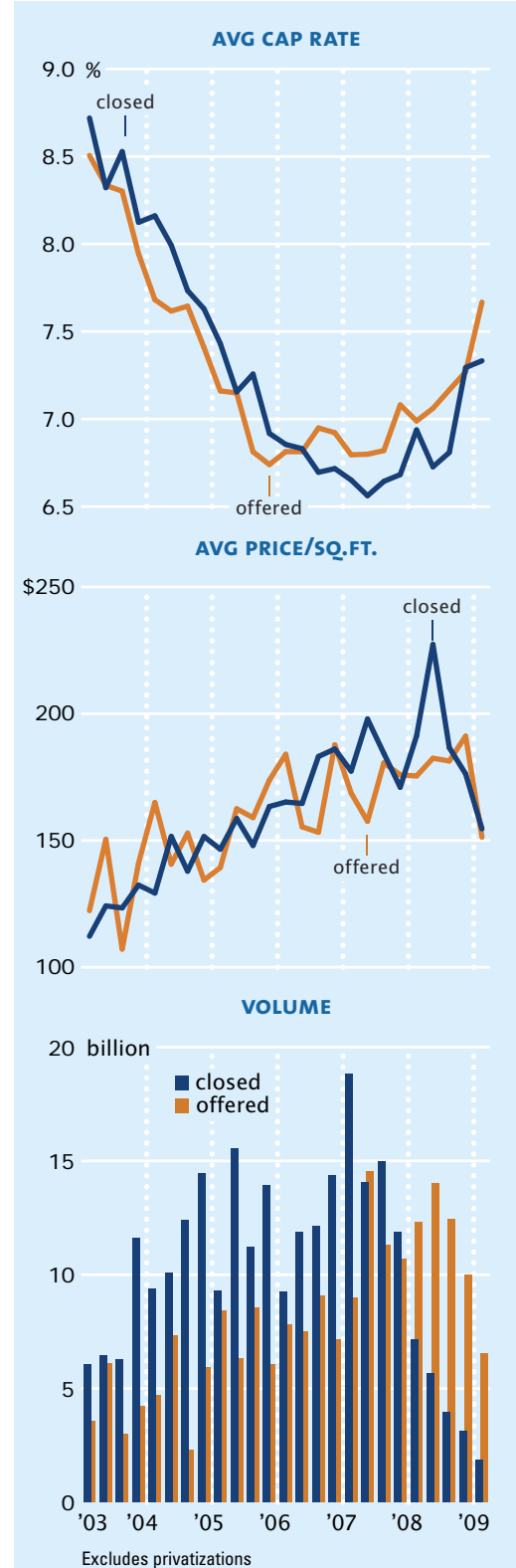
Q1'09 TRANSACTION SUMMARY

	Volume		Pricing	
	\$ Bil.	# Props	\$/Unit	Avg Cap
Strip	\$1.35	78	\$159	7.6%
Regional Mall	0.04	1	25	
Urban	0.08	9	658	6.0%
Freestanding	0.41	55	239	6.9%
Total	\$1.91	145	\$156	7.3%



Underscoring the link between housing troubles and retail, no significant retail properties sold in major markets such as Las Vegas and Miami in Q1. While the sales freeze spread across every region, the Midwest—no stranger to cold—was hardest hit. Volume fell 94% from Q1'08 and 75% from Q4'08. Among markets, the Inland Empire was the only one to surpass \$100M in sales. Atlanta and Manhattan were the most active markets with seven property sales each.

Cap rates on closed deals edged up only slightly in Q1, though the data is scarce. For offerings, where there are plenty of data points, asking cap rates spiked by 40 bps. The convergence of cap rates for all deal sizes reaffirms the dynamic changes that have occurred. While large deals commanded premium pricing at the peak, it is the small properties most in demand now and those selling for under \$10M are the majority of the trades. In addition, the premium that major properties used to command has evaporated and yields for retail properties of all sizes are converging at 7.25%.



Q1'09 Retail Transaction Activity by Market		Volume				Pricing			
Transactions Reported	Closed Q1'09	# Props	Total Vol. \$ Mil.	% Change vs Q1'08	% Change vs Q4'08	Low PSF	Avg PSF	High PSF	
Mid-Atlantic	Baltimore	1	\$6.7	-85%	-86%				
	DC	1	5.0	NA	-90%				
	DC MD burbs	1	31.8	439%	-47%				
	DC VA burbs	1	5.9	-95%	-94%				
	Philadelphia	3	26.3	-16%	-8%	\$394	\$432	\$496	
	Pittsburgh	1	6.0	NA	NA				
	Richmond	1	5.6	-67%	-61%				
	Tertiary Mid-Atlantic	2	25.8	-90%	-58%	61	96	132	
	Total Mid-Atlantic	11	\$113.1	-76%	-69%	\$61	\$294	\$496	
	Midwest	Chicago	2	12.5	-99%	-89%	90	124	157
Cincinnati		1	35.5	6%	NA				
Cleveland		1	7.1	-61%	1%				
Columbus				NA	-100%				
Detroit		1	6.1	-39%	-88%				
Indianapolis		1	8.5	-84%	36%				
Kansas City				-100%	-100%				
Minneapolis		2	21.0	-65%	-39%	168	212	257	
St Louis				-100%	-100%				
Tertiary Midwest		2	13.3	-96%	-84%	54	78	103	
Total Midwest	10	\$103.8	-94%	-75%	\$25	\$151	\$487		
Northeast	Boston	3	25.6	-86%	-68%	592	615	633	
	Hartford	4	48.9	-41%	196%	95	206	436	
	Long Island	2	51.8	-4%	-32%	275	356	438	
	Manhattan	7	60.2	-69%	-83%	309	1,167	1,801	
	No NJ	1	10.1	-92%	-88%				
	NYC Boroughs	4	28.6	-35%	-75%	185	734	1,179	
	Stamford			-100%	-100%				
	Westchester	1	78.0	56%	144%				
	Tertiary Northeast	5	102.1	468%	37%	73	231	509	
	Total Northeast	27	\$405.3	-49%	-55%	\$73	\$590	\$1,801	
Southeast	Atlanta	7	71.5	-60%	-68%	44	108	170	
	Broward	2	22.6	-76%	-77%	67	87	108	
	Charlotte	1	6.9	-89%	-90%				
	Jacksonville			-100%	-100%				
	Memphis			-100%	-100%				
	Miami			-100%	-100%				
	Nashville			NA	-100%				
	Orlando	3	30.3	-6%	-87%	183	188	191	
	Palm Beach	2	16.4	-87%	-21%	67	67	67	
	Raleigh/Durham	4	33.6	-40%	-11%	78	190	401	
Tampa	3	24.6	-14%	-80%	51	100	167		
Tertiary Southeast	20	383.0	5%	12%	50	162	343		
Total Southeast	42	\$588.9	-51%	-57%	\$44	\$145	\$401		
Southwest	Austin	1	19.8	-13%	-18%				
	Dallas	6	40.1	-65%	-37%	103	175	392	
	Denver	2	12.5	-76%	-94%	176	271	366	
	Houston	2	11.5	-97%	-95%	48	89	129	
	Phoenix	3	28.8	-81%	-86%	161	337	530	
	San Antonio			-100%	-100%				
	Tertiary Southwest	2	10.3	-96%	-87%	192	203	214	
	Total Southwest	16	\$123.0	-88%	-85%	\$48	\$206	\$530	
	West	East Bay	1	5.6	-87%	-69%			
		Inland Empire	4	154.9	0%	54%	248	295	397
Las Vegas				-100%	-100%				
Los Angeles		3	24.9	-81%	-91%	483	530	607	
Orange Co		4	65.5	53%	31%	116	422	661	
Portland				-100%	-100%				
Sacramento		2	24.9	-77%	21%	189	250	311	
Salt Lake City				-100%	NA				
San Diego		4	26.9	-74%	115%	79	171	367	
San Francisco				-100%	-100%				
San Jose	2	22.1	-55%	-83%	203	321	439		
Seattle	3	48.5	-32%	-8%	160	196	235		
Tertiary West	4	82.6	-70%	-57%	161	302	412		
Total West	28	\$497.5	-66%	-45%	\$79	\$313	\$661		

Sources of Financing

At the peak of the market, CMBS, Wall Street firms and international banks provided 60% of the financing used to acquire properties. In a pullback even more dramatic than the 90% falloff in investment sales since the peak, this group has financed just 2% of acquisitions since September 2008. With CMBS and Wall Street debt capital no longer available, even this limited funding has come largely from the international banks.

The unwillingness of any other group to step in to help fill this massive funding gap is a primary reason that sales volume has fallen so far off the peak. Even though the percentage of all-cash deals

is up significantly, debt is still required to complete the majority of transactions. Since all-cash buyers are also demanding—and often getting—significant price concessions, assumable mortgages and seller financing have quickly emerged as the primary alternatives.

In some sense, CMBS loans continue to drive sales, but only those that are assumed as part of the transaction in the vacuum of new CMBS origination. The last new CMBS issue was over a year ago and none, other than one from Freddie Mac, are currently planned. The assumption of existing mortgages began growing in popularity immediately after the onset of the credit crunch and recently has grown to account for almost half of all acquisitions. The majority of these deals involve securitized mortgages that are now very attractive relative to current rates and terms being quoted by lenders. On average, assumed debt equates to 68% of the purchase price, an advance rate few lenders are willing to provide for new mortgages.

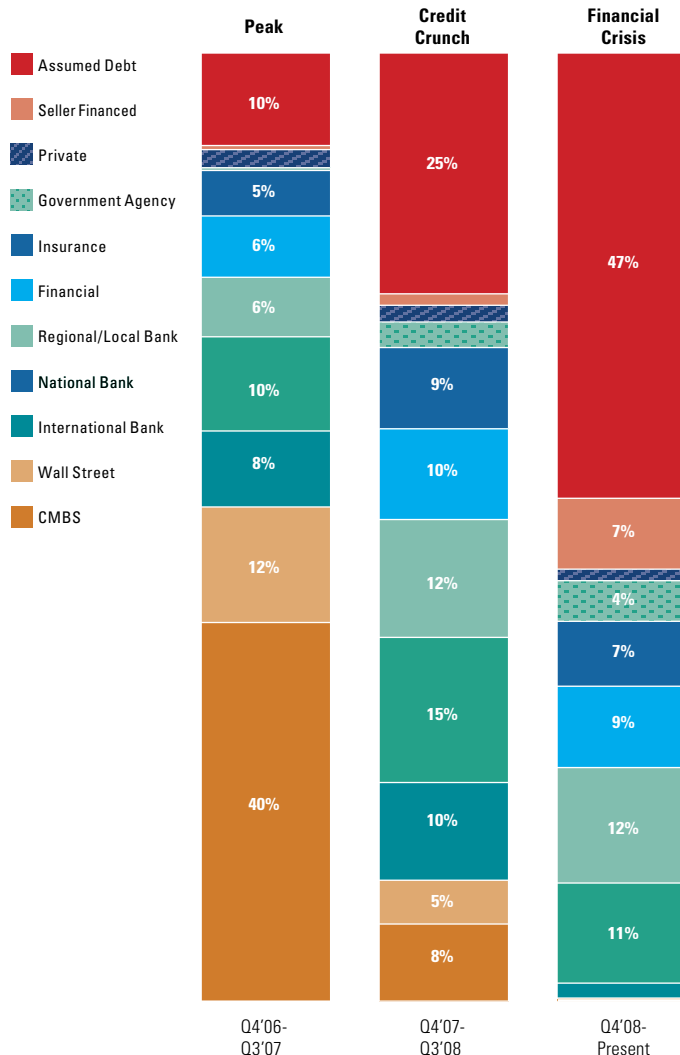
Property sellers—perhaps in response to pressure—have become the fastest-growing source of acquisition financing. Unheard of during the market peak, seller financing is becoming common. Transactions where the seller takes back a first mortgage are the typical scenario, but increasingly sellers have to provide subordinate loans as well.

Surprisingly, the major national banks still account for a similar percentage of acquisition financing. Even so, the nominal amount of commercial mortgages is off 90%, commensurate with the overall market. Pointedly, regional and community banks have doubled their share of acquisition financing from 6% at the peak to 12% currently.

Although their activity has since retreated a bit, insurance companies stepped in immediately following the credit crunch, nearly doubling their share of the financing market. Finance companies, including hard money lenders, also stepped up activity following the credit crunch but they too have lessened their activity since September 2008.

Government-sponsored enterprises Fannie Mae and Freddie Mac have seen their share of acquisition financing spike, but this capital is limited to the multi-family arena. However, financing from other Federal government sources, particularly through the PPIP program, could become significant in coming months throughout the commercial real estate industry.

SOURCES OF ACQUISITION FINANCING BY DOLLAR VOLUME



* Percentages based on dollar volume; may not sum to 100% due to rounding



New reports of defaulted commercial mortgages exceeded \$25.6B (1,372 properties) in Q1'09, bringing the total universe of assets known to be distressed to \$72.8B (3,929 properties) at the end of March, an increase of 55% from year-end. Moreover, preliminary data for April alone indicate the scale of defaults already tops the Q1 total with major bankruptcies recently filed by General Growth and Opus South.

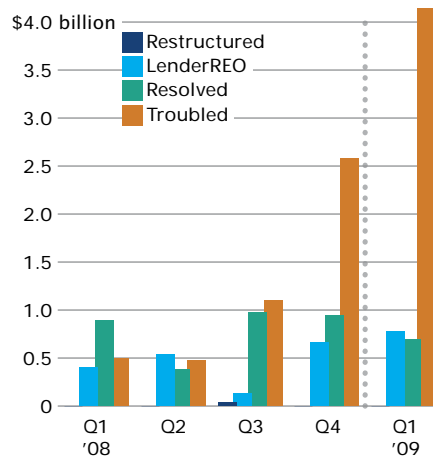
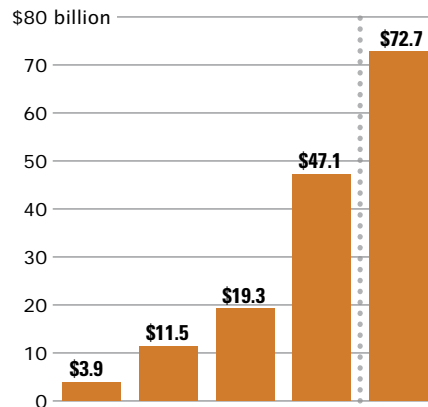
Troubled developments still top the list of properties defaulting, followed by multifamily and office properties; the retail and hotel sectors are rapidly catching up. Regionally, the West and Southeast had the largest tally of troubled properties, but nearly half of all markets nationally have more than \$1B of distressed assets (see page 6).

DISTRESSED ASSETS BY PROPERTY TYPE

	Q1'09		Current Total	
	\$ Bil	# Props	\$ Bil	# Props
Office	\$5.3	138	\$12.6	433
Industrial	1.0	123	2.2	267
Retail	3.4	314	16.8	1,276
Hotel	4.0	106	10.1	225
Apartment	4.9	420	11.4	1,137
Development	6.7	251	18.0	510
Other	0.2	20	1.6	81
Total	\$25.6	1,372	\$72.8	3,929

Troubled Assets include situations where: a mortgage is delinquent or in default; liens have been filed; or foreclosure is in process and/or an administrator, receiver or special services has been appointed; where development has stopped before completion; the sole tenant is in liquidation; or the owning entity is in bankruptcy. Lender REO includes properties where the lender has taken title and it becomes Real Estate Owned ("REO").

CURRENT DISTRESS



Total distress for this cycle topped \$83.4B in the US at the end of Q1, including \$10.6B of formerly distressed situations that have now been resolved, usually through a sale, refinancing, or other recapitalization. At this early point in the cycle, far more assets are falling into trouble than are being resolved because of the stalled transaction market.

Instead of taking significant losses now, the preferable strategy for many lenders has been to simply extend or modify loan terms and hope market conditions improve—also known as “kicking the can down the street.” At the end of Q1'09, at least \$15.4B of property debt had been restructured or modified. These mortgages are still considered distressed since they will have to be dealt with over the next year or two.

Restructured/Modified is a classification indicating that the ownership or debt terms have been changed pursuant to an agreement between the debt and equity stakeholders. Typically, in these situations, the trouble is not fully resolved but simply postponed. The most common modification is to extend the loan term although debt service and/or loan balance terms may also be modified. A restructuring of the ownership, such as when a mezzanine lender steps into the equity position or where the lender exchanges debt for equity, also typically signifies unresolved trouble.

Troubled Assets Radar		Current Known Distress																
		Office		Industrial		Retail		Apartment		Hotel		Other		Development		Total		
		\$ Mil.	No. Prop	\$ Mil.	No. Prop	\$ Mil.	No. Prop	\$ Mil.	No. Prop	\$ Mil.	No. Prop	\$ Mil.	No. Prop	\$ Mil.	No. Prop	\$ Mil.	No. Prop	
Mid-Atlantic	Baltimore	\$11.1	2	\$7.2	1	\$664.4	17	\$130.7	4					\$116.0	2	\$929.3	26	
	DC					3.8	1	51.4	3					58.0	2	113.2	6	
	DC MD burbs	32.8	2	50.8	1	56.8	5	55.2	2	\$4.1	1					199.7	11	
	DC VA burbs	88.2	4			104.7	3	8.4	1							201.3	8	
	Philadelphia	7.2	2	33.9	2	405.4	21	37.4	2							483.8	27	
	Pittsburgh	116.9	7	6.4	1	146.1	7	44.2	4	6.1	2			50.5	2	370.2	23	
	So NJ					83	7			1,830	4					1,913	11	
	All Others	231.4	11	5.4	2	896.2	47	203.7	13	377.4	7	\$14.3	3	100.8	15	1,829.3	98	
	Mid-Atlantic	\$487.6	28	\$103.7	7	\$2,360.3	108	\$530.9	29	\$2,217.6	14	\$14.3	3	\$325.3	21	\$6,039.7	210	
	Midwest	Chicago	337.4	27	85.5	17	1,039.7	46	343.6	38	167.3	6	87	7	1,426.0	44	3,486.5	185
Cincinnati		54.1	4	31.2	4	619.7	19	18.8	4	115.6	2			66.0	3	905.4	36	
Cleveland		36.1	2			524.4	21	20	1	3.5	1			6.6	1	590.7	26	
Columbus		41.6	9	179.7	14	85.4	8	65.4	9	25.7	2					397.8	42	
Detroit		267.3	10	28.7	4	508.3	28	116.4	6	763.9	2	39.2	2			1,723.7	52	
Indianapolis		170.4	8	6.8	1	158	9	44.6	7					34.0	3	413.9	28	
Kansas City		114.1	10			53	4	10.8	2	83.2	4			26.8	2	287.8	22	
Milwaukee		28.5	2			89.2	8	36.5	6					13.7	5	167.8	21	
Minneapolis		62.4	6	7.5	2	470.7	13	21	2					128.8	6	690.5	29	
St Louis		20.4	3	2.7	1	359.9	14	70.5	4	103.6	3	2.2	1			559.3	26	
All Others		210.9	14	43.4	3	1,081.8	92	362.4	24	242.2	19	126	7	139.8	15	2,206.7	174	
Midwest		\$1,343.2	95	\$385.7	46	\$4,990.3	262	\$1,109.9	103	\$1,505	39	\$254.4	17	\$1,841.6	79	\$11,430	641	
Northeast	Boston	756.1	6	14	5	317.1	14	139.1	2	7	1	11.4	1	801.4	2	2,046	31	
	Hartford			4.5	2	280.8	12	76.5	27					3.3	2	365	43	
	Long Island	31.7	2	15.5	1	411.7	17					7.5	1			466.5	21	
	Manhattan	4,678.8	17	29.8	1	37	2	1,147.8	40	224	1			285.9	5	6,403.2	66	
	No NJ	137.3	8	31	5	628	17	113	2					243.5	4	1,152.8	36	
	NYC Boroughs	29.4	2	116.2	5	306.2	5	150.9	21	10.7	1			30.8	4	644.3	38	
	Stamford	150.3	5	19.5	3	200.1	9					8.5	2	24.0	1	402.4	20	
	Westchester	15	2			110.6	9	8.4	1					38.1	2	172.1	14	
	All Others	162.5	14	16.7	6	977.3	39	50.7	6	23.2	4	3.9	4	32.0	4	1,266.4	77	
	Northeast	\$5,961.1	56	\$247.2	28	\$3,268.9	124	\$1,686.3	99	\$264.9	7	\$31.3	8	\$1,459.0	24	\$12,918.7	346	
Southeast	Atlanta	133.7	9	134.2	10	877	58	467.3	43	71.9	9	13.1	1	15.0	5	1,712.2	135	
	Broward	100.5	7	23.5	3	285.8	11	303.7	18	40.3	2	43	4	283.7	18	1,080.4	63	
	Charlotte	115.7	1	2.5	1	132	7	26.5	3					4.9	1	281.6	13	
	Jacksonville	31.3	3			121.6	8	140.7	6					34.2	4	327.8	21	
	Miami	139.1	10	68.9	6	167.2	6	603	29	431.4	5	5.2	1	2,688.3	62	4,103.1	119	
	Nashville	32.8	2	22	5	99.9	9	112.3	15	9.9	2			59.0	2	335.9	35	
	Orlando	70.5	6	35.9	3	351.7	13	340.5	11	178.1	8	3	1	177.6	8	1,157.3	50	
	Palm Beach	93.3	5	20	3	204.7	11	225.2	8	37.3	3	5	1	569.2	20	1,154.6	51	
	SW Florida	42.7	3	5.8	3	192.5	12	238.7	8	25.3	2	100.5	2	151.6	7	757	37	
	Tampa	11.3	1	8.4	2	228.6	16	443	18	21.2	2	2.3	1	435.3	11	1,150.2	51	
	All Others	240.2	30	143.1	25	3,650.6	173	870.5	78	505.7	45	212.7	6	1,391.0	50	7,013.9	407	
	Southeast	\$1,011.1	77	\$464.4	61	\$6,311.6	324	\$3,771.4	237	\$1,321.1	78	\$384.8	17	\$5,809.7	188	\$19,074	982	
Southwest	Austin	433.1	13	32.2	4	273.8	7	97.7	11					1	1,770.7	6	1,013.8	42
	Dallas	630	24	86.8	8	1,050.3	43	324.1	39	3.5	1			1	198.6	32	2,293.3	148
	Denver	225.7	4	14.1	3	244	16	4.3	1	28.6	1			46.9	2	563.6	27	
	Houston	23.8	3	34	3	1,024.5	66	818.3	57	1	1			71.0	11	1,972.6	141	
	Phoenix	186.8	15	100.5	11	364.6	32	725.8	42	417.7	7	33.2	4	1,320.3	46	3,148.8	157	
	San Antonio	36.9	2	11.3	1	295.9	7	125	8	4	1				6	473	25	
	All Others	106	6	86.7	8	1,099.3	60	103.8	19	316.5	11			562.0	17	2,274.3	122	
	Southwest	\$1,642.4	67	\$365.6	38	\$4,352.4	231	\$2,198.9	177	\$771.3	22	\$33.2	7	\$2,375.8	120	\$11,739.4	662	
	West	Central CA	53.8	5	53.9	6	154.9	18	26.3	8	79.7	5			270.5	3	639.2	45
East Bay		7.3	4	7.2	2	511.3	21	178.3	9	31.8	4	3.7	2	618.5	8	1,358.1	50	
Hawaii		134.4	1	35.5	1	264	8			815.3	8			121.7	3	1,370.9	21	
Inland Empire		49.3	7	17.3	8	434.3	21	99.1	8	12.3	4			14.7	3	627.2	52	
Las Vegas		152.2	12	36.4	7	1,625.1	26	712.8	29	2,509.3	11	18.2	3	3,134.6	19	8,188.5	107	
Los Angeles		1,602.7	46	350	38	1,294.5	45	487.6	33	178.5	5			173.7	17	4,086.9	184	
Orange Co		201.3	7	30.2	5	84.7	12	27	2	41.1	3			778.5	6	1,162.8	35	
Portland		78.6	4	22.1	2	266.6	4			17	1	5.4	3	26.4	2	416.1	16	
Sacramento		48.1	7	17.3	5	190.1	17	51.6	9	36.5	4	4.6	1	140.4	9	488.6	52	
San Diego		160.2	9	17.5	6	264.1	12	119.6	8			3.2	1	30.1	4	594.7	40	
San Francisco		137	5	3.7	2	344.4	5	329.8	79	8	1			76.4	2	899.1	94	
San Jose		9	3	17.5	4	198	6			56.3	1					280.9	14	
Seattle		4.4	2	1.3	1	16.2	2	62.3	11	179	1	2.3	1	63.8	4	329.3	22	
All Others		47.4	10	76.8	7	614.5	43	177.4	14	206.1	10	897.7	18	1,398.9	26	3,418.8	128	
West	\$2,685.7	122	\$686.6	94	\$6,262.5	240	\$2,271.8	210	\$4,170.8	58	\$935.4	30	\$6,848.4	106	\$23,861.2	860		

* Please see page 12 for our methodology

Looking For Trouble? Who Has What

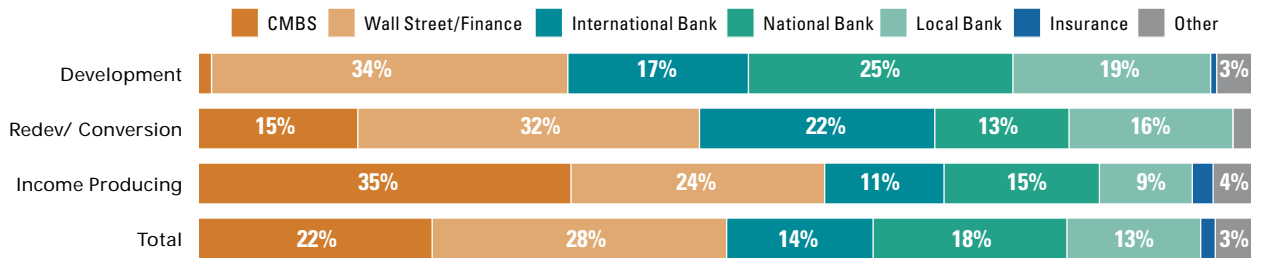


Managers of a slew of funds are hoping to capitalize on the surge in distressed situations and most are currently out raising the capital to do so. Some funds plan to specialize in debt investments and a few are targeting specific property types, but most are following a very similar and broad investment strategy to simply take advantage of the opportunities wherever they can find them. While there are plenty of distressed situations for all these funds and more, the process of acquiring the assets and the types of properties involved vary greatly by lender type.

Acquiring distressed assets from some sources can be more challenging than from others. Non-performing loans from failed institutions will likely

be sold through auctions, but the process for landing troubled assets from other sources may not be so straightforward. For example, funds targeting CMBS collateral should be well skilled in the rigid special servicing process, which is unique to this structure. Those targeting large loans made by major banks and Wall Street firms are advised to have the expertise (and patience) to understand complex structures and syndicates involving numerous parties and intercreditor agreements. For whole loans, it may be best to target the regional and community banks or insurance companies, although the latter presently have few troubled mortgages relative to other lenders.

DISTRIBUTION OF DISTRESS BY LENDER AND LOAN TYPE

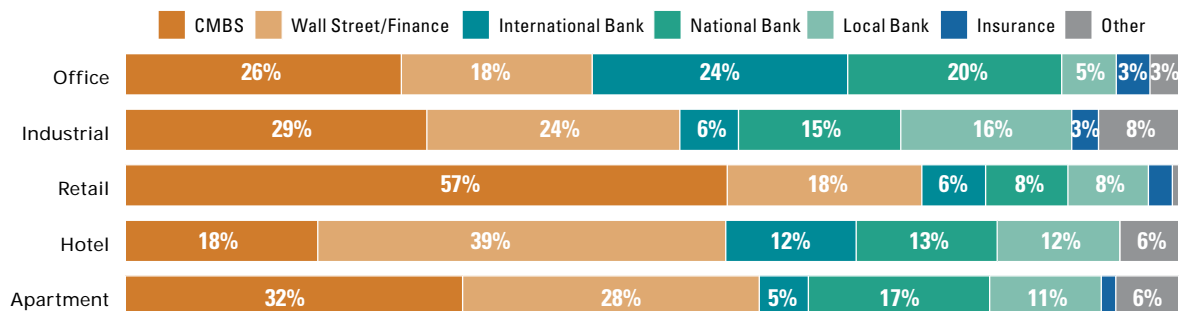


The type of collateral underlying distressed mortgages also varies greatly by lender type. Funds targeting performing properties with non-performing loans should focus on CMBS collateral. Although 22% of the total current distress resides in CMBS, it accounts for 35% of defaulted mortgages on income-producing properties. Development loans for land acquisition and/or construction costs are not in CMBS but held largely by banks. Wall Street and international banks have the majority of the troubled mortgages on re-

developments and conversion projects.

Lenders also have different concentrations of distressed loans by property type. CMBS is overweighted to retail, where 60% of troubled mortgages have been securitized. For situations involving hotels, Wall Street and other finance companies have the most trouble to offer. International banks have far more troubled office loans than do apartment or industrial properties, while the opposite is true for regional and local banks.

DISTRIBUTION OF DISTRESS BY LENDER TYPE INCOME PRODUCING PROPERTIES



* Percentages based on dollar volume; may not sum to 100% due to rounding



Selected 2009 Resales

One would imagine that given the precipitous decline in consumer spending that we have witnessed over the past 18 months, anyone selling a retail property during Q1'09 would be taking a loss. However, much like the wider economy, some areas are doing better than others and these asset resales reflect that notion. Big losses were taken in battered rust-belt areas like Dickson City, PA and overheated markets in FL and

CA, most notably the South Coast Home Furnishing Center, which was sold at a \$66M loss after an 18-month holding period due to a precipitous decline in occupancy. On the other hand, markets that have been hit less hard by the recession or failed to over-heat during the boom have been faring better. For instance, San Souci Plaza in Maryland sold for a profit greater than \$10M on a 2005 purchase price \$21.1M.

	Property Name	Location	Sub Type	Sold		Acquired		Mos. Held	\$ Mil. Change*	% of Prior
				Date	\$ Mil.	Date	\$ Mil.			
RETAIL	South Coast Home Furnishings Centre	Costa Mesa CA	Strip	Feb-09	\$34.8	Aug-07	\$100.8	18	-\$66.0	35%
	Dickson City Crossings	Dickson City PA	Strip	Feb-09	\$18.3	Apr-07	\$28.1	22	-\$9.8	65%
	Shoppes at Parkland	Pompano Beach FL	Strip	Apr-09	\$15.7	Jun-06	\$22.6	34	-\$6.9	69%
	San Souci Plaza	California MD	Strip	Feb-09	\$31.8	Sep-05	\$21.1	41	\$10.7	151%
	Shop City	Syracuse NY	Strip	Jan-09	\$30.0	Aug-04	\$18.8	54	\$11.2	160%
	Thompson Bridge Commons	Gainesville GA	Strip	Mar-09	\$15.3	Apr-05	\$12.8	48	\$2.5	120%
	SkyCity	Orlando FL	Strip	Jan-09	\$7.0	Feb-06	\$10.8	35	-\$3.8	65%
	Peachland Promenade	Port Charlotte FL	Strip	Jan-09	\$8.7	Sep-05	\$9.9	41	-\$1.1	88%
	Rose Creek	Woodstock GA	Strip	Jan-09	\$7.2	Aug-04	\$9.5	54	-\$2.3	76%
	Echo Plaza	Springfield NJ	Strip	Jan-09	\$10.1	Jun-04	\$9.0	56	\$1.1	112%
	Crossroads Marketplace	Chino Hills CA	Strip	Feb-09	\$78.4	Mar-07	\$73.5	23	\$4.9	107%
	New London Mall	New London CT	Strip	Jan-09	\$40.7	Mar-05	\$41.6	47	-\$0.9	98%
	Voice Road Plaza	Carle Place NY	Strip	Jan-09	\$36.2	Dec-06	\$35.4	25	\$0.8	102%
	San Mar Plaza	San Marcos TX	Strip	Mar-09	\$19.8	Jul-05	\$16.8	44	\$3.0	118%
Phoenix Ranch Market	Glendale AZ	Strip	Mar-09	\$15.6	Dec-05	\$15.0	40	\$0.6	104%	
APARTMENT	La Privada	Scottsdale AZ	Garden	Feb-09	\$32.0	Oct-06	\$94.9	29	-\$62.9	34%
	San Montego	Mesa AZ	Garden	Jan-09	\$20.0	Jun-06	\$31.1	31	-\$11.1	64%
	Wilton Tower	Ft Lauderdale FL	Mid/High-rise	Jan-09	\$15.1	Jun-06	\$21.8	32	-\$6.7	69%
	Bradbury Park	Duarte CA	Garden	Feb-09	\$16.2	Aug-07	\$18.5	17	-\$2.3	88%
	317-319, 321, 343 Fairmount Ave	Jersey City NJ	Mid/High-rise	Mar-09	\$12.5	Oct-05	\$10.0	41	\$2.5	125%
INDUSTRIAL	1140 N 94th St	Seattle WA	Flex	Jan-09	\$12.0	Dec-07	\$8.0	14	\$4.0	150%
	18-31 131st St	Flushing NY	Warehouse	Mar-09	\$10.8	Jun-06	\$7.5	34	\$3.3	144%
	17821 Gillette Ave	Irvine CA	Warehouse	Feb-09	\$5.6	May-06	\$3.7	34	\$1.9	151%
	Universal Forest Products	Woodburn OR	Warehouse	Feb-09	\$5.3	Feb-05	\$2.5	48	\$2.7	212%
	Former KHNL/KFVE Bldg	Honolulu HI	Flex	Jan-09	\$5.2	Nov-05	\$4.1	39	\$1.1	127%
OFFICE	1615 L Street	Washington DC	CBD	Mar-09	\$180.0	Nov-06	\$209.0	28	-\$29.0	86%
	Care First HQ	Owings Mills MD	Suburban	Mar-09	\$88.5	Apr-08	\$95.8	10	-\$7.3	92%
	Providence Towers	Dallas TX	Suburban	Apr-09	\$61.0	Jun-06	\$82.3	34	-\$21.3	74%
	Kaiser Foundation Health Plan Bldg	Folsom CA	Suburban	Mar-09	\$6.3	Nov-06	\$39.8	28	-\$33.5	16%
	18581 Teller Ave	Irvine CA	Suburban	Mar-09	\$22.0	Apr-07	\$19.0	23	\$3.0	116%

*Does not include any capital improvements during holding period.

THE BIG PICTURE

REIT Offerings Provide an Opening for Capital



Peter Slatin has been writing about commercial real estate markets in the US and around the world for two decades. He is a Financial Columnist for Forbes magazine and the editor and publisher of the Forbes/Slatin Real Estate Report. pslatin@rcanalytics.com

So far in 2009, REITs have attracted \$7.1B in equity capital through more than 15 equity offerings—or a stunning 63% of the \$11.1B in combined equity and debt capital invested on direct property acquisitions YTD. And with \$4.2B of the REIT investment total raised in April alone, it is clear that equity capital interested in real estate is currently more attracted to the liquidity and pricing offered by REIT shares than by direct investment. Including IPOs, REIT offerings for any year since 2000 have never exceeded 11% of total domestic sales volume.

The proven ability of REITs to raise equity capital in a constrained market signals at least a temporary shift toward this highly liquid class of real estate investment. By using these offerings to deleverage from an already relatively low-debt position against private funds, REITs are emerging as potentially powerful, nimble acquirers in the near to mid term as distressed assets come to market.

Nonlisted or private REITs are also aggressively raising capital. Nine vehicles targeting \$13B have been announced YTD after the sector raised \$9B last year. Much of that money will go directly into acquisitions rather than to pay down debt, as most public REITs will do with their new funds.

Value and liquidity are clearly behind the enthusiasm of investors seeking access to real estate after being foreclosed from direct property investment

by the frozen capital markets and stalled pricing.

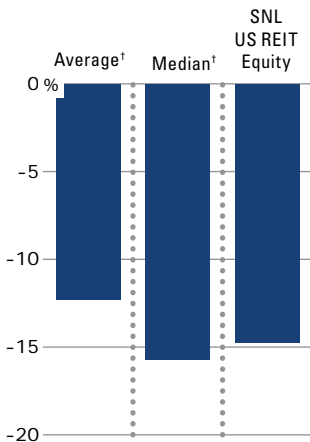
Equity stock offerings from large companies such as Kimco as well as smaller firms such as Digital Realty are providing investors with access to companies that have had the fat peeled from their net asset values but have retained strong balance sheets.

As sales volume has dwindled, sellers of real property have clung fiercely to values set during the peak of the market. RCA data show that while sales volume for all core property types rose 32% in 2007, it fell over 69% in 2008 and another 54% through Q1'09. But prices did NOT keep pace: Over the same period, Moody's/REAL Commercial Property Price indexes show that prices through February 2009 were 21.5% below their peak of two years earlier.

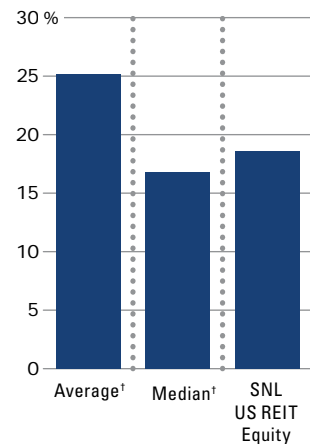
Meanwhile, REIT investors ruthlessly marked values to market. The RMZ price-only REIT index lost 20% in 2007, 38% in 2008 and another 34% through Q1'09—but by late April had climbed back to a YTD loss of just 12%.

REIT shares certainly led pricing on the way down, so an infusion of investor equity at this point in the cycle signals that investors see value and opportunity at these price levels. The buying spree, however, may burn itself out on its own fumes as it lifts REITs just far enough out of the cellar to see that the ground floor is plenty high right now.

YTD PRICE CHANGE*



ONE MONTH PRICE CHANGE*



* Price Change from 12/31/2008 - 04/17/2009
† Average and Median based on REITs who have issued offerings after 12/31/2008

CAPITAL OFFERINGS

Company Name	2009	Offered Price	Gross (\$ Mil.)		Gross Spread
			Offered	Realized	
Weingarten Realty Investors	4/16	\$14.25	\$399,000	\$399,000	—
Duke Realty Corporation	4/15	7.65	500,310	500,310	4.00
Acadia Realty Trust	4/13	11.95	59,750	68,712	4.50
DiamondRock Hospitality Company	4/13	4.85	75,175	86,451	4.50
Equity One, Inc.	4/8	14.30	92,950	92,950	4.25
ProLogis	4/7	6.60	1,003,200	1,153,680	4.00
Ventas, Inc.	4/6	23.90	304,725	304,725	4.00
Kimco Realty Corporation	4/2	7.10	649,650	747,098	3.90
AMB Property Corporation	3/24	12.15	501,188	576,366	4.00
Simon Property Group, Inc.	3/19	31.50	472,500	543,375	3.25
Alexandria Real Estate Equities, Inc.	3/18	38.25	267,750	267,750	4.25
Digital Realty Trust, Inc.	2/9	34.00	85,000	85,000	1.47
Pacific Office Properties Trust, Inc.	2/6	10.00	300,000	300,000	10.00
Senior Housing Properties Trust	2/3	17.30	95,150	101,271	4.16
Health Care REIT, Inc.	1/28	36.85	202,675	214,352	—
Medical Properties Trust, Inc.	1/7	5.40	64,800	72,040	5.00

* Capital Offerings with announce dates after 12/31/2008; Source: SNL Financial

REAL CAPITAL ANALYTICS

<http://www.rcanalytics.com>
EMAIL info@rcanalytics.com

139 Fifth Avenue
New York, NY 10010
TOLL-FREE **866-REAL-DATA**
PHONE **212-387-7103**
FAX **212-387-7104**

Pruneyard Towers
1999 South Bascom Ave
Campbell, CA 95008
PHONE **408-371-8880**
FAX **408-371-8881**

Koninginnegracht 8, 2514 AA,
The Hague, The Netherlands
PHONE **+31 70 3 58 6854**

20 Garrick Street
London, England WC2E 9BT
PHONE **+44 203 178 8157**

Robert M. White, Jr. Founder & President
Joe Mannina Exec. Vice President
Matt Stone Sr. VP, Products & Marketing
Jeanne Jambor Chief Financial Officer
Peter Slatin Editorial Director
Dan Fasulo Managing Director
Pete Cullinney Director, Research
Natalie Hall Director, Analytics
John Strand Sr. Research Manager
Glenn Day Sr. Data Manager
Jessica Ruderman Sr. Market Analyst
Doug Murphy Sr. Market Analyst
Grace (Tzu-Yu) Chin Sr. Market Analyst
Bishan Colon Market Analyst
Kevin Imboden Market Analyst
Lena Krivopaltsev Market Analyst
Morris Cox Quantitative Analyst
Chris Brophy Graphic Designer
Cristina McNulty Editorial Assistant

Researchers/Analysts

Ben Thypin	Mark Alferman
Erwin Abidog	Marta Osiadacz
Eve Neill	Melody Han
Jonas Bernardino	Robert Hansen
Kim Nguyen	Robin Cayabo
Kristina Andersson	Ryan Bernard
Lawrence Amasa	Veronica Lara
Lori Reisinger	Victor Guy
Marcia Ribeiro	Yonathan Bekele
Maria Nguyen Carvalho	

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Real Capital Analytics, Inc. (RCA) is an independent research firm focused exclusively on the capital investment markets for commercial real estate. RCA offers the most in-depth, comprehensive and current information of activity in the industry. Formed in 2000, RCA has offices in New York City, San Jose, London and The Hague. In addition to collecting transactional information for property sales and financings, RCA interprets the data including capitalization rates, market trends, pricing and sales volume. The firm publishes a series of Capital Trends reports and offers an online service that provides real-time, global transactional market information. For more information, visit: <http://www.rcanalytics.com>.

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NOTES

The information maintained by RCA and presented in this report encompasses markets nationally and includes only properties or portfolios \$5m or greater. Readers should note that there is substantial investment activity, largely local in nature, that falls below this threshold and is not captured in this report.

Records are maintained for transactions that represent the transfer of a controlling interest in a property or portfolio of properties that are \$5m or greater. Transactions are assumed to be fee simple; leasehold and commercial condominium interests are noted, if known. Transactions include only asset sales and not entity level transactions. Thus, merger and acquisition activity among entire REITs or other real estate entities is not included in this report. The sale of controlling partial interests are grossed up to reflect a full valuation of the property.

For this report, market classifications are defined as followed:

PRIMARY: Atlanta, Boston, Chicago, Dallas/Ft. Worth, DC, Houston, Los Angeles, NYC Tri-State, Philadelphia, San Francisco, South Florida

SECONDARY: Austin, Baltimore/Wilmington, Charlotte, Cincinnati, Cleveland, Denver, Detroit, Las Vegas, Memphis, Minneapolis, Nashville, Orlando, Phoenix/Mesa, Portland, Sacramento, San Diego, Seattle, St Louis, Tampa

TERTIARY: all other U.S. markets.

Trend analysis may exclude certain transactions that exceed 5% of the data sample or that may otherwise skew results. A complete glossary and methodology can be found at <http://www.rcanalytics.com>

Numbers expressed as text:

1k = 1 Thousand = 1,000
1M = 1 Million = 1,000,000
1b = 1 Billion = 1,000,000,000
1t = 1 Trillion = 1,000,000,000,000

Abbreviations:

/SF = Per Square Foot
BPS = Basis Points
YOY = Year-Over-Year
YTD = Year To Date
Q1 = First Quarter of year
H1 = First Half of year

TROUBLED ASSETS METHODOLOGY

RCA has taken the step of expanding their research program to track corporate level and property level economic distress that could affect global property markets.

We have integrated the tracking of Troubled Assets (TA) into our system in order to observe distressed situations across the lifecycle of a property and the different owners of distressed assets. This would contain all classes of property owners and developers who find themselves overextended or otherwise unable to meet their obligations, as opposed to banks, mortgage REITs and other lender groups or debt owners who find themselves in possession of real estate they have taken control of via foreclosure or similar methods.

Distressed Status

Troubled: Includes foreclosure, bankruptcy, restructured/modified statuses.

Foreclosure, Bankruptcy, Etc.: For properties where there is a direct knowledge of property level distress. Known through announcements of bankruptcy, default and court administration as well as significant publicly reported issues—like significant tenant distress or liquidation—that would exemplify property level distress.

Restructured/Modified: To classify deals that have received some kind of lender forbearance or other significant shuffling of the capital stack; including loan extensions of greater than 1.5 years, debt for equity swaps, mezzanine lender takeover or other changes that alter the structure of the distress in such a way that provides additional room for the distressed owner to find a resolution besides bankruptcy or foreclosure.

Lender REO: To signify properties lenders have taken back through foreclosure. The transaction side of the RCA data set sees this as a Foreclosure sale with the defaulted mortgagee as Seller and the recovering lender as Buyer to show the property changing hands. The property is now Real Estate Owned by a Lender.

Resolved: Represents properties that have moved out of distress via refinancing or through a sale to a financially stable third party.

Troubled Subtypes

To further clarify the trouble we are tracking properties that fall within the Troubled Status levels will be marked with a Troubled Subtype at the loan, property and/or ownership level as appropriate:

Loan

Delinquent/Default: Troubled deals known to be delinquent, in default or in special servicing but not yet foreclosed upon or otherwise resolved.

In Foreclosure/Administration: Troubled deals with loan known to be in the foreclosure process, while the lender has not taken the property back they have gone to court and have pressed their claim to the property. These properties are in the process of moving to the Lender REO stage.

Funding Stop: Troubled deal in which lender has cut off financing for reasons including but not limited to the lender's own liquidity problems or lack of confidence in the project.

Maturity Default/Past Due: Troubled deals with loan known to be past maturity but new financing arrangement is unknown.

Property

Challenged Development: Development has been delayed, halted, scaled back, or cancelled due to reasons including but not limited to: failure to sell or lease initial units, funding cut off from a lender.

Tenant Bankrupt: Troubled deal in which the bankruptcy of a tenant represents a large enough percent of occupancy to imperil the borrower's ability to service debt. Bankrupt tenants need to be in liquidation of single tenant properties to be classified as Troubled.

Underperforming Conversion or Redevelopment: Troubled deal in which the buyer had planned to convert the property into condos and sell off individually or otherwise redevelop but for whatever reason it did not happen.

Owner

Fraud Alleged: Troubled deal in which the owner is alleged to have engaged in fraud and those allegations have led to the property becoming distressed.

Owner Financially Challenged: Troubled deal in which the owner of the property is under financial pressure generally and not necessarily relating to this specific property.

Owner/GP Bankrupt: Troubled deal in which the owner or General Partner of the property has declared bankruptcy.

Mezz Takeover: Troubled deal in which a mezzanine lender opts to take over ownership of the property when the owner cannot fill their obligations.