

THE WATCH LIST



MARK HESCHMEYER, EDITOR

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Another Turn of the Knob in 2011?

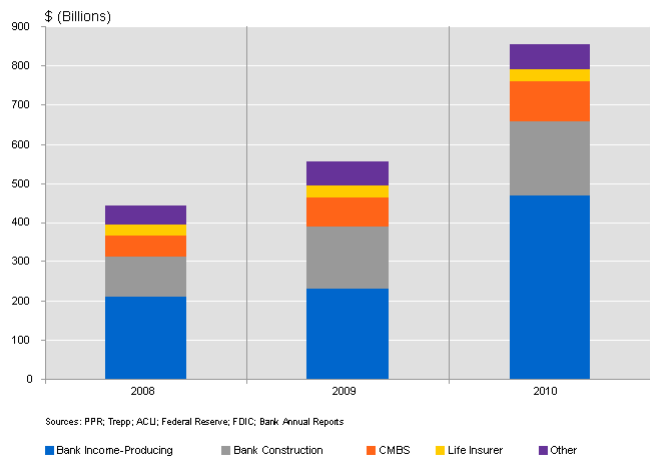
In Addition to Loan Sales, Banks Are Increasing Sales of their Other Real Estate Owned

By: Mark Fitzgerald, Tiandan Wu, and Matt Seminerio

For the past three years, opportunistic capital seeking distressed asset investing opportunities has been waiting patiently on the sideline, as distress-driven transaction activity has been below expectations. The investors who did capitalize were forced to take alternative avenues or be creative (i.e., take advantage of depressed REIT and CMBS pricing, acquiring failed banks or special servicers, etc.).

As we noted in last year's RE/PS, "Delayed Recovery Impedes Progress," the pace of disposition was reminiscent of an annoying drip. Maturing CRE loans had been expected to force borrowers to act; instead, lenders have also looked to avoid loss realization and liquidating into a poor market, and for the most part have simply pushed the issue into the future, hoping for better execution in an improving environment. Lenders will face the same issues on many of these loans in 2011 (see Exhibit 1).

EXHIBIT 1: 2011 CRE MATURITIES, FORECAST AS OF DECEMBER OF YEAR REFERENCED



As shown in Exhibit 1, the number of bank CRE loans scheduled to mature in 2011 has doubled since December 2008. While we expect extensions to continue to be prevalent in 2011, there are some encouraging signs for investors seeking distress-related opportunities. In the fourth quarter of 2010, U.S. banks sold over \$10 billion in non-performing loans. Breakouts by asset class are not available, but we estimate that \$4 billion of these sales were non-performing CRE loans (see Exhibit 2).¹

In addition to loan sales, banks are increasing sales of their Other Real Estate Owned (OREO), which are CRE assets that were taken on balance sheets following borrower default. In 2010Q4, over \$4 billion of these assets were sold by banks (see Exhibit 3).

We see a similar upward sloping trend in CMBS liquidation activity by special servicers.² The bottom line: in 2009 there was just under \$13 billion worth of distress-related transactions from these three sources, which jumped to \$33 billion in 2010 (over a third of which occurred in the fourth quarter). It would not be surprising if the faucet continues to open and these sources provide \$45 billion to \$60 billion worth of distress transactions in 2011. This is still a fraction of the approximately \$300 billion in currently distressed loans in the CRE universe (a number that could potentially increase significantly if interest rates begin to rise), and we certainly foresee increased distress investing opportunities in 2011.

EXHIBIT 2: U.S. BANKS' NON-PERFORMING LOAN SALES BY QUARTER

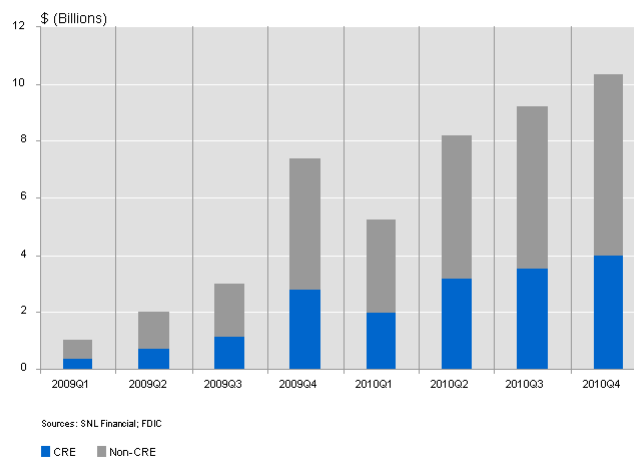
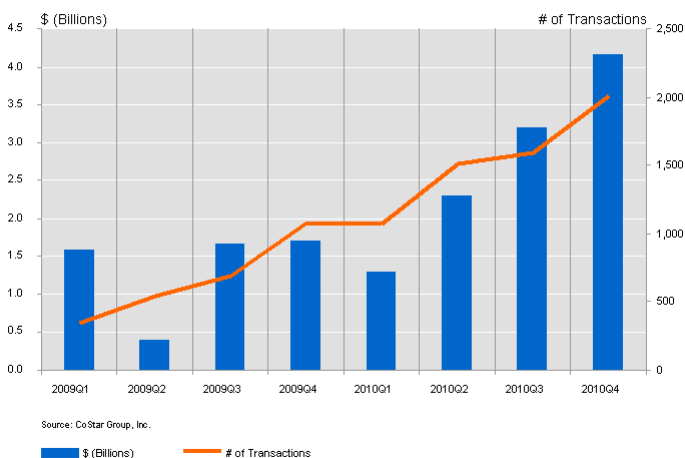


EXHIBIT 3: U.S. BANKS' CRE OREO SALES BY QUARTER



CalPERS Hopes Canyon Can Work Some Magic on a Money Losing Fund

The California Public Employees' Retirement System (CalPERS) is planning to transfer management of its CalSmart real estate portfolio from RREEF to Canyon Capital Realty Advisors LLC.

The portfolio, which had a market value of \$570 million on Dec. 31, 2010, consists of 11 office, industrial and apartment properties in San Francisco, Chicago, Florida and southern and northern California. The transfer would be part of the fund's broad strategic realignment of its real estate program.

CalPERS has yet to get final sign off of parts of the transfer agreement from all the principals involved.

RREEF holds a 5% partnership interest in the fund. Under RREEF, CalSmart has posted returns before fees of negative 61.7% for the year ended June 30, 2010; negative 36.4% for the 3-year period and negative 13.2% for the 5-year period. Since its inception, the fund has posted a negative 2.1% return.

"We have confidence in Canyon and expect excellent management of the CalSmart portfolio," said Ted Eliopoulos, the senior investment officer who oversees more than \$15 billion invested in CalPERS global real estate. "RREEF's global breadth and expertise will continue to be valuable in managing the CalWest investment portfolio."

(please continue reading on page 4)

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Unpaid Balance: \$4,550,000
Starting Bid: \$750,000

Loan Status: Non-Performing
Loan Advisor: Michael Zampetti
Phone: 800-220-8718
Email: MichaelZ@auction.com



Retail Center
Naperville, IL
Unpaid Balance: \$4,560,000
Starting Bid: \$450,000

Loan Status: Non-Performing
Loan Advisor: Michael Zampetti
Phone: 800-220-8718
Email: MichaelZ@auction.com

COMMERCIAL REAL ESTATE AUCTION



60+ Commercial Real Estate Properties
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FEATURED COMMERCIAL REAL ESTATE



25,156 SF Office Building
Torrance, CA
Starting Bid: \$750,000

Broker: Colette Ramirez
Phone: 310-706-4188
Email: CRamirez@TerraCottaGroup.com



99,909 SF Retail Center
Antioch, TN*
Starting Bid: \$1,000,000

Broker: Hawkins Entekin
Phone: 877-258-2362
Email: Hawkins.Entekin@c3cp.com



25,757 SF CompUSA Retail Location
Lombard, IL*
Starting Bid: \$450,000

Broker: Brandon Cooke
Phone: 800-358-6495
Email: Brandon.Cooke@c3cp.com



42,045 SF Medical Office Building
Harlingen, TX*
Starting Bid: \$750,000

Broker: Brandon Cooke
Phone: 800-358-6495
Email: Brandon.Cooke@c3cp.com

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(CalPERS continued from page 2)

Since its formation, Los Angeles-based Canyon Capital Realty Advisors has completed nearly \$4 billion in transactions involving more than 230 commercial real estate assets with a total value of over \$9.8 billion. The firm provides debt and equity to real estate projects through the United States and covers multiple property types including multi-family, hospitality, retail, mixed-use, entertainment, industrial, office, and land.

The Canyon team has an extensive track record as an investor, owner, operator and developer, including the acquisition and development of more than 12 million square feet of real estate.

Canyon's investment platforms include the Canyon Value Mortgage Funds, which originate and/or purchase senior and mezzanine mortgage debt; and the Canyon-Johnson Urban Funds, a series of closed-end real estate funds and joint venture with former NBA hall of famer Earvin "Magic" Johnson focusing on providing debt and equity capital to urban real estate projects.

CalPERS, with \$229 billion in assets, is the nation's largest public pension funds.

PIMCO Forming New Mortgage REIT

Pacific Investment Management Co. (PIMCO), the world's largest bond fund, is forming a new real estate finance company that intends to acquire residential and commercial real estate-related debt.

To be called PIMCO REIT Inc., the Newport Beach, CA-based company has filed documents with the U.S. Securities and Exchange Commission requesting approval to raise \$600 million through a public offering of common stock that will trade on the New York Stock Exchange.

Founded in 1971, PIMCO manages investments totaling more than \$1.2 trillion as of Dec. 31, 2010. That figure included securitized holdings of more than \$372 billion, of which \$46.9 billion were in dedicated directly to mortgage and real estate-related strategies. PIMCO's other assets consisted of \$268.6 billion in residential mortgage-backed securities and \$81.6 billion in mortgage credit holdings such as non-agency RMBS and CMBS.

Jennifer Bridwell, who leads PIMCO's mortgage-related product development efforts, will be CEO of the new REIT.

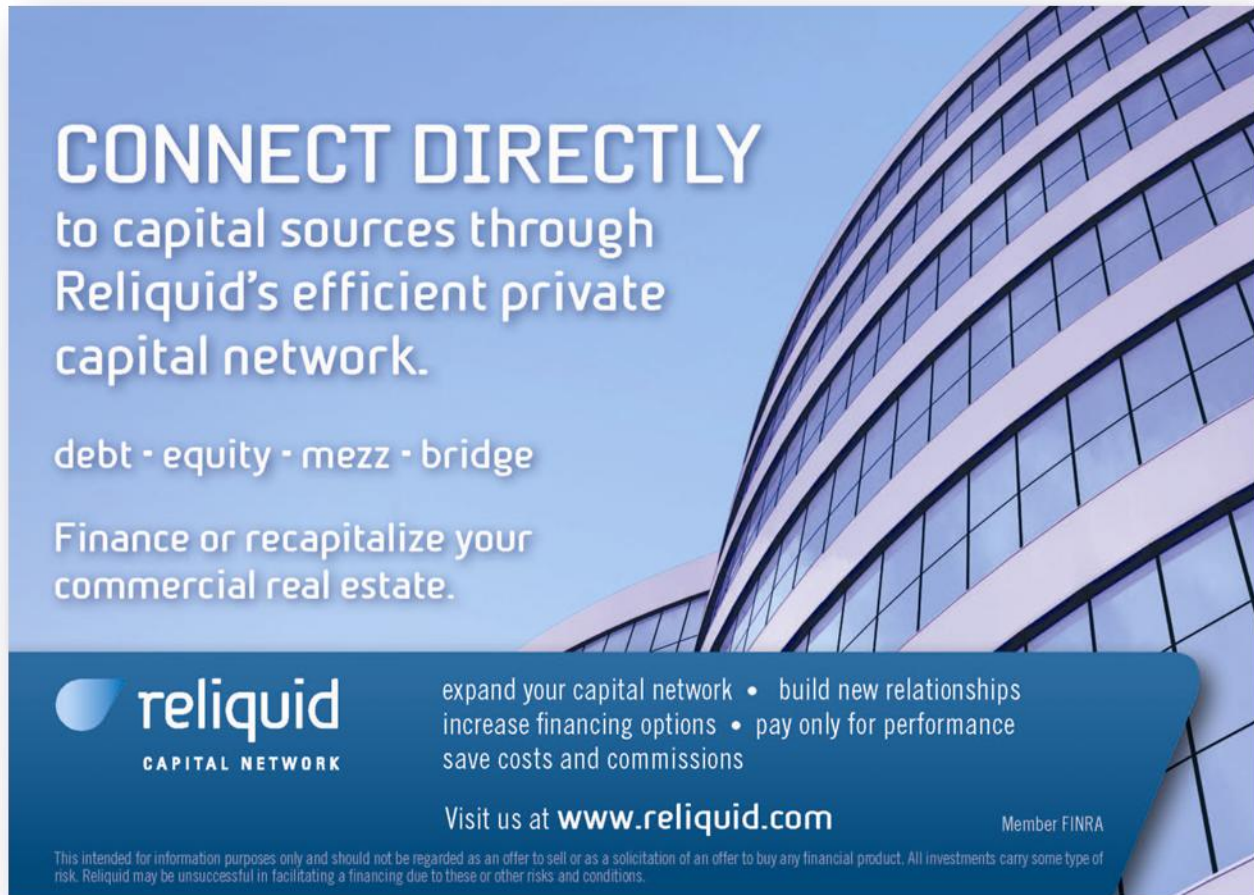
In its preliminary registration filing, PIMCO said that the U.S. mortgage finance system is undergoing historic change.

"Significant increases in regulation and public policy are influencing which investors will have the financial ability to hold real estate-related assets. We believe that private non-bank capital will represent an increasing share of these assets in the years to come," the company wrote.

Regarding commercial real estate assets, the company said in its filing that the significant declines in CRE values and the related significant contraction in capital has been exacerbated by financial institutions significantly reducing their commercial real estate lending activity in an effort to retain capital.

The firm estimates that approximately \$2 trillion in commercial real estate loan maturities are expected over the next five years.


"We believe that this deleveraging process in commercial real estate provides an attractive opportunity to acquire and originate debt collateralized by quality commercial real estate assets," PIMCO wrote.



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Loans on Two MPG Office Towers in L.A. Move into Special Servicing

By: *Randy Drummer*

MPG Office Trust (NYSE: MPG), announced that its mortgage loans on US Bank Tower and Wells Fargo Tower in downtown L.A. have been placed in special servicing as the office landlord continues to part with non-core properties and unload and restructure debt in a defensive bid to shore up its balance sheet.

The 54-story Wells Fargo Tower at 333 S. Grand St. and the 72-story US Bank Tower at 633 W. Fifth St., both icons of the Los Angeles skyline, are each nearly 1.4 million square feet. The company also delivered a notice of imminent default to the master servicer for the loan on Gas Company Tower, MPG's 52-story building at 555 West Fifth St, requesting that the 1.3 million-square-foot be placed in special servicing. The mortgage loans secured by the three office towers are not in default, MPG said in a release and financial filings.

The action frees MPG, formerly Maguire Properties Trust, to discuss the mortgages with their respective special servicers. The REIT has sought to hold onto its core downtown asset long enough to outlast the four-year real estate downturn, which saddled the company with debt and high vacancies after it bought a portion of the former Equity Office Properties portfolio in Southern California at the top of the real estate market in 2007.

A part of that strategy is disposing of non-core assets. MPG also announced April 1 that it completed the disposition of 701 N. Brand in Glendale, CA, to California Credit Union, the project's lender and largest tenant. The credit union agreed to make a cash payment and retain MPG as property manager for up to 18 months. The move eliminates \$33.8 million of secured debt.

The company has had three CEOs in as many years, starting in 2008 when Nelson Rising replaced MPG founder Robert Maguire, who remains the largest shareholder.

In August 2009, the company launched its plan to extend debt and sell properties with negative cash flow. Although the moves reduced debt by \$2 billion, the company continued to struggle as rents and occupancies plunged. Rising resigned in November, replaced by David L. Weinstein as president and CEO.

The company said in the release on Friday it "remains optimistic about the prospects for downtown Los Angeles as a whole and for its core portfolio."

Homebuilder Beazer Becoming Used-Home Landlord

Beazer Homes, one of the country's largest homebuilders, is expanding beyond new home sales with the launch of a 'Pre-Owned Homes' division.

Beginning in the Phoenix market, the new division plans to acquire, improve and rent recently built, previously owned homes within select communities in markets in which the company currently operates.

Having completed its first acquisitions and tenant move-in during March, Beazer anticipates increasing the size of its pre-owned homes portfolio to more than 100 homes in Phoenix by the end of fiscal 2011.

By augmenting the sale of newly constructed homes with rental options of previously owned homes, Beazer expects to appeal to a broader range of consumers.

Some "consumers want or need different home alternatives," said Ian J. McCarthy, Beazer Homes' CEO. "With the pre-owned homes division, we look forward to addressing this demand."

The company expects the rental of these homes to appeal to consumers who have elected not to become homeowners as well as those who may not fully qualify for mortgage financing for a new home at this time. The rental market for recently built homes in Phoenix is very strong, with an estimated vacancy rate below 5%.

Homes targeted for inclusion in the pre-owned homes program will have been built since 2004 by a reputable builder, including homes built by Beazer Homes. All Beazer pre-owned homes will receive necessary repairs and upgrades.

Because the primary source of pre-owned homes will be distressed sales, typically foreclosures or short sales, Beazer anticipates acquiring homes at a discount to their replacement cost.

Upon a recovery in the housing markets, characterized in part by higher home prices and lower cash yields from rental income, Beazer expects to put the homes back on the market for re-sale, either to their respective tenants or to other buyers.

Burned but Not Shy, Mountain Real Estate Buys the Ashes of Bank's Distressed NJ Property

Mountain Real Estate Capital closed on the distressed acquisition of Carriage Park, a 144-unit condominium site in Bound Brook, NJ, (Somerset County) from an affiliate of Capital One Bank. The property was previously improved with a five-story partially completed building, but it burned to the ground two days prior to MREC's intended August 2010 acquisition date.

Despite the fire, Mountain Real Estate advised Capital One that it wanted to acquire the property. The parties worked together in the subsequent months to manage the demolition, insurance submissions and ultimately the purchase of the property.

"When the property burned, we needed to resolve several substantial challenges," said Peter Fioretti, Mountain Real Estate's CEO. "Once the surrealism of the fire just two days before closing wore off, we realized what we still liked about this project – 144 entitled homesites in central New Jersey. The bank patiently worked with us towards our common goal, which also required cooperation from the Borough of Bound Brook to modify development and other agreements, which we greatly appreciate. We can now focus on this project in this vibrant community."

Carriage Park was originally conceived, entitled and constructed by the Kalian Cos. of Red Bank, NJ. Kalian represented the bank in the sale and will continue to assist Mountain Real Estate in the development of the project going forward.

"We have always believed, and still do, that Carriage Park will prove to be one of the premier multifamily projects in the state," said Patrick Kalian, president of Kalian. "What was required as a result of the economic downturn was a strong capital commitment and shared vision, both of which we knew Mountain would have based on our dealings with them over the last 15 years. Within days of introducing them to the bank, a deal was struck. When the fire gave Mountain the right to walk, they instead worked with the bank to close, and we are thrilled they did."

"As a result of the fire and everything that was affected by it, Carriage Park turned out to be one of the more challenging REO acquisitions we have undertaken," comments MREC's Chief Investment Officer Arthur Nevid, who heads the company's bank portfolio acquisition program. "Our company was founded in New Jersey and we were determined to re-enter the market – abandoning this opportunity was not an option. We are extremely excited to move forward with this acquisition, and we are speaking to other New Jersey banks about additional potential REO and note acquisitions."

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Shorenstein and Blackstone Each Raise Another Billion or So

Shorenstein Properties LLC, a private real estate investment and management company in San Francisco with a nationwide portfolio of office properties, closed on Shorenstein Realty Investors Ten LP, an investment fund with \$1.23 billion in committed equity.

Shorenstein intends to deploy the capital to acquire office properties in major markets throughout the United States to which it can add value through its management, leasing, development and capital markets expertise. The fund, like prior Shorenstein funds, may also develop new properties, and provide equity or debt to recapitalize properties. The fund will entertain single asset as well as portfolio acquisitions.

"Today, we see a market in which having committed discretionary capital combined with in-house operating expertise is a tremendous advantage, especially for experienced owners with a solid track record of delivering results and adding real value to properties," said Douglas Shorenstein, chairman and CEO of Shorenstein Properties.

This is the tenth investment vehicle created by Shorenstein since the company sponsored its first fund in 1992. Shorenstein's portfolio includes 26.5 million square feet of office properties.

In New York The Blackstone Group closed its most recent debt strategies fund, Blackstone Real Estate Special Situations Fund II, raising \$945 million.

BSSF II's recent transactions include providing mezzanine loans that facilitated RLJ Development's acquisition of the Doubletree Metropolitan Hotel, Savanna Partners' acquisition and recapitalization of 1375 Broadway (both in Manhattan), mezzanine financing for Republic Properties Corp.'s recapitalization of its 25 Massachusetts Avenue office building in Washington, DC, as well as enabling the refinancing of the Four Seasons Austin and Miami Airport Corporate Center.

"As real estate markets begin their recovery, Blackstone is uniquely positioned to meet an increasing demand for debt capital to recapitalize legacy assets and acquire new assets," said Michael Nash, senior managing director of The Blackstone Group and chief investment officer of BREDS.

Together with previously announced commitments, this closing brings total commitments in BREDS funds to \$3.5 billion.

Freddie Mac Raises \$1 Bil in Multifamily CMBS Offering

Freddie Mac went to market this week with new offering of multifamily mortgage-backed securities. The company expects to offer \$1 billion in K Certificates (K-012).

The K-012 certificates are backed by 69 recently originated multifamily mortgages and are guaranteed by Freddie Mac.

The largest loan in the pool is \$110 million note backed by 200 Water St., a 576-unit complex in New York. The note carries a 4.41% interest rate and matures Dec. 1, 2020. The underwritten net cash flow on the property is \$9.51 million.

SBA Expands CRE Lending to Small Firms' Maturing Debt

Small business owners with eligible commercial real estate mortgages maturing after Dec. 31, 2012, are now able to secure long-term financing through the U.S. Small Business Administration's temporary 504 refinancing program. The temporary program will provide up to \$33.8 billion of total project financing.

"With the collapse of the real estate bubble, many small business owners have found themselves unable to refinance as a result of inflated real estate values at the time they took out their mortgage," SBA Administrator Karen Mills said.

To be eligible for the temporary 504 refinancing program, a business must have been in operation for at least two years, the debt to be refinanced must be for owner-occupied real estate and have been incurred no less than two years prior to the date of application and the proceeds used for 504-eligible business expenses, and payments on that debt must be current for the last 12 months.

The refinancing loan is structured like SBA's traditional 504 loan. Typically, a 504 project includes three elements: a loan (or first mortgage) secured with a senior lien from a private-sector lender covering 50% of the project cost, a second mortgage secured with a junior lien from an SBA Certified Development Company (backed by a 100% SBA-guaranteed debenture) covering up to 40% of the cost, and a contribution of at least 10% equity from the small business borrower.

Borrowers are able to refinance up to 90% of the current appraised property value or 100% of the outstanding mortgage, whichever is lower, plus eligible refinancing costs. Loan proceeds may not be used for other business expenses.

Existing 504 projects and government-guaranteed loans are not eligible to be refinanced.

Additional fees charged to the borrower will cover the cost of this refinancing program and as a result no loan subsidy will be needed from taxpayer funds. The program is expected to benefit as many as 20,000 businesses.

Note Buys: Toll Bros., Deutsche Bank Buy 83 Nonperforming Loans

Toll Brothers Inc. and Deutsche Bank purchased a portfolio of 83 non-performing loans with outstanding balances totaling \$200 million from an unidentified bank. The assets are in nine states and Washington DC, and the average loan size is \$2.4 million. The portfolio consists primarily of residential acquisition, development and construction loans secured by properties at various stages of completion.

Toll Brothers' Gibraltar Capital and Asset Management subsidiary, acquired a majority interest in the venture and will be the portfolio manager conducting the day-to-day management and workout of the portfolio.

"This is Gibraltar's second portfolio transaction involving real estate assets which now total nearly \$2 billion," said Douglas C. Yearley Jr., Horsham, PA-based Toll Brothers' CEO. "We continue to seek opportunities to leverage Toll Brothers' expertise, relationships, well-known brand name, nationwide presence and capital access to undertake complex transactions where we can maximize the value of underperforming real estate assets."

ADDITIONAL NOTE BUYS AND SALES

Patriot National Bank in Stamford, CT, sold certain mortgage loans and underlying real estate properties representing more than 9% of its overall assets to ES Ventures One LLC, a joint venture of Elliott Associates and Summit Development. The assets were sold for \$60.6 million. The price represents a recovery of 90.8% of the bank's net book value for these assets.

CVB Financial Corp., the holding company for the \$6.4 billion Citizens Business Bank, sold six of seven notes previously held in connection with its former largest borrower. The six notes, with a bank carrying value of \$42.9 million (and a legal principal balance of \$78.1 million), were sold for \$41 million, including \$36 million in cash \$5 million in the form of a note secured by a first trust deed lien on its 80,000-square-foot office building in Ontario, CA. The office building is across the street from CVBF's corporate headquarters. The note matures in March 2016 and bears a market interest rate. The seventh note, with a bank carrying value of \$2.3 million (and a legal principal balance of \$2.7 million) was not sold. This note is presently secured by a first trust deed lien on 26 residential lots in Oceanside, CA. Though this loan has always been to a separate party, the note had been personally guaranteed by the principal of its former largest borrower. This loan remains non-performing, and we are actively pursuing collection.

Capital Raisings

HCP in Long Beach, CA, completed its \$1.273 billion public offering of 34.5 million shares of common stock. HCP anticipates that the net proceeds will be used to fund a portion of the consideration for the pending HCR ManorCare facilities acquisition, including \$852 million to fund the stock portion of the consideration in cash in lieu of issuing 25.7 million shares of its common stock to HCR ManorCare. The remaining net proceeds will be used for general corporate purposes.

Ameristar Casinos Inc. placed a private offering of \$800 million of new senior unsecured notes due 2021. Ameristar intends to use the net proceeds to repay debt. Ameristar Casinos in Las Vegas-based owns eight casinos in seven markets.

LNR Property LLC in Miami intends to launch a refinancing of its existing senior credit facilities with a combination of cash on hand and new senior secured credit facilities in an aggregate principal amount of \$365 million. The new senior secured facilities will be comprised of a \$325 million term loan B due 2016 and a \$40 million revolving credit facility due 2014. The refinancing is expected to further reduce outstanding corporate debt at the company from \$350 million to \$325 million following the completion of the transaction.

Brandywine Realty Trust's operating partnership priced an underwritten public offering of \$325 million of 4.95% senior unsecured guaranteed notes due April 15, 2018. The net proceeds are expected to be \$318.9 million and will be used to repay existing indebtedness under the company's unsecured revolving credit facility. Radnor, PA-based Brandywine invests primarily in office properties.

Colony Financial Inc. priced a public offering of 14 million common shares at \$18.50 each. The company is offering 13.25 million shares and selling stockholders 750,000 shares. Underwriters have a 30-day option to purchase up to 2.1 million more. The offering could generate gross proceeds to the company of \$284 million, which Los Angeles-based Colony intends to use for future investments.

Wells Real Estate Investment Trust II Inc. sold \$250 million of 5.875% senior unsecured notes due in 2018. With the completion of this transaction, Wells REIT II is the first non-traded REIT to issue bonds in the investment-grade corporate bond market. Wells REIT II is also the only public, non-traded REIT currently holding investment-grade credit ratings from S&P and Moody's: the company was assigned a credit rating of Baa3 rating from Moody's Investors Service and BBB- by Standard & Poor's Rating Services in April 2010. Currently, the Norcross, GA-based Wells REIT II portfolio includes 94 office buildings in 23 states and Washington, DC, covering more than 22 million square feet.

Kennedy-Wilson Inc. sold \$200 million in aggregate principal amount of 8.750% senior notes due 2019. Beverly Hills-based Kennedy Wilson intends to use the net proceeds to repay in full outstanding borrowings under its unsecured revolving credit facility and certain unsecured loans and mortgage loans.

Pebblebrook Hotel Trust priced a public offering of 9.5 million common shares at \$21.60 each, for a total of \$196.7 million of net proceeds. Underwriters have a 30-day option to purchase 1.425 million more to cover over-allotments. The Bethesda, MD-based REIT will use the net proceeds to acquire and invest in hotel properties.

FelCor Lodging Trust Inc. sold 27.6 million shares of its common stock raising net proceeds of \$159 million. FelCor, based in Irving, TX, intends to use the money to fund the \$140 million purchase of two hotels in midtown Manhattan (the Royalton and Morgans), to repay existing debt, including borrowings under its line of credit, and for general corporate purposes.

Edens & Avant, a Columbia, SC-based retail owner and developer, closed a new \$150 million equity commitment from the State of Michigan Retirement System, New York State Teachers' Retirement System and institutional investors advised by J.P. Morgan Asset Management. This commitment, when combined with an existing equity commitment and other sources, including privately placed unsecured debt, brings the total capital raised by the company in the past 12 months to nearly \$1 billion.

Essex Property Trust Inc. issued \$150 million of senior unsecured notes in a private offering. The Palo Alto, CA-based apartment REIT plans to use the proceeds to repay a portion of the outstanding debt under its \$275 million unsecured line of credit.

LTC Properties Inc. in Westlake Village, CA, closed a public offering of 3.5 million shares of common stock for gross proceeds of \$108.7 million. The company primarily invests in long-term care and other health care related facilities through mortgage loans, facility lease transactions and other investments.

UDR Inc. entered into a new "at the market" equity offering program through which it could sell up to 20 million common shares. Year to date, the company raised \$102.4 million of equity through the sale of all the remaining 4.4 million shares under its previous ATM program at a weighted average net price of \$23.30 per share. The company intends to use the proceeds to repay outstanding debt under its \$600 million unsecured revolving credit facility, to fund acquisitions of properties, including acquisitions through joint ventures, to fund opportunistic investments that the company may pursue and for working capital and other general corporate purposes. UDR based in Denver invests primarily in multifamily real estate.

Sunstone Hotel Investors Inc. priced an underwritten public offering of 4 million shares of 8% Series D Cumulative Redeemable Preferred Stock for gross proceeds of \$100 million. The underwriters were granted a 30-day option to purchase up to an additional 600,000 shares to cover over allotments, if any. The Aliso Viejo, CA-based company expects to use those net proceeds primarily for growth capital expenditures and future acquisitions.

Newcastle Investment Corp., a Fortress Investment Group-managed firm in New York sold 17.25 million shares of its common stock. The net proceeds of the sale were \$98.4 million to be used to make investments in real estate securities and/or other real estate related assets.

Ramco-Gershenson Properties Trust price public offering of \$80 million newly issued 7.25% cumulative convertible perpetual preferred shares of beneficial interest. The company has granted underwriters an option to purchase \$12 million more. Farmington Hills, MI-based Ramco-Gershenson intends to use the net proceeds to retire a \$30 million bridge loan and reduce outstanding borrowings.

Capital Trust Inc. has restructured, amended, or extinguished all of its outstanding recourse debt. The restructuring involved: the contribution of some of its legacy assets to a newly formed subsidiary, CT Legacy REIT Mezz Borrower Inc., the assumption of its legacy repurchase obligations by CT Legacy REIT, and the extinguishment of its senior credit facility and junior subordinated notes. The restructuring was financed by a new \$83 million mezzanine loan from an affiliate of Five Mile Capital Partners LLC to CT Legacy REIT, and the issuance of equity interests in CT Legacy REIT to its former junior subordinated note holders and former lenders under our senior credit facility, as well as to an affiliate of Five Mile. The loan carries a 15% interest rate and matures in five years on March 31, 2016. In addition, an affiliate of Five Mile Capital LLC acquired a 24.2% equity interest in the common stock of CT Legacy REIT in conjunction with the making of the Mezzanine Loan.

Winthrop Realty Trust in Boston closed a public offering of 5.75 million common shares at \$11.25 per share for total gross proceeds of \$61.6 million. Winthrop has recently completed a number of deals.

In a 50/50 joint venture with Retail Opportunity Investments Corp., it acquired two non-performing first mortgage loans with a total outstanding balance of \$35.6 million secured by two grocery anchored retail centers in Riverside County, CA. Upon acquisition, the joint venture immediately commenced foreclosure on the underlying properties.

A separate joint venture in which Winthrop holds a 50% interest, entered into a contract to acquire the collateral management agreements with respect to three real estate CDOs that hold \$1.8 billion in loans and loan securities.

It also has entered into an agreement with Axxcess Capital Ventures LLC, an advisory firm focused on the tenant-in-common industry, pursuant to which Axxcess will source opportunities for Winthrop to acquire tenant-in-common sponsors and properties.


CapLease Inc. priced an offering of 10 million common shares at \$5.60 per share and has granted the underwriters an option to purchase up to 1.5 million more. New York-based CapLease Inc. will use the \$56 million in gross proceeds to invest primarily in single tenant commercial real estate assets.

Preferred Apartment Communities Inc. in Atlanta sold 4.5 million shares of common stock at \$10.00 each raising \$45 million. The REIT granted underwriters an option to purchase 675,000 additional shares to cover over allotments, if any.

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Forest City Sells 49% Stake in New York Retail Portfolio

By: Justin Sumner

Madison International Realty has purchased a 49-percent partial interest stake in the New York retail and entertainment portfolio belonging to Forest City Enterprises Inc. (NYSE: FCE-A) for \$172.3 million.

Subsidiaries of Forest City, an \$11.8 billion real estate company based in Cleveland, will continue to handle asset management, property management and leasing. NY-based Madison will acquire 49-percent interest in the portfolio in exchange for its all-cash investment.

The shopping centers, movie theaters and entertainment venues across New York City, Long Island and Northern New Jersey are valued at \$851.5 million at time of sale, and carry \$499.9 million in debt. This valuation implies a 6.9% capitalization rate based on 2010 net operating income of the centers. The buyer believes these assets could yield above-average NOI in these under-retailed markets.

The properties involved in the transaction include:

- The 42nd Street Retail and Entertainment Complex, totaling 306,000 square feet in Manhattan.
- Harlem Center, totaling 126,000 square feet in Manhattan.
- Atlantic Center, totaling 393,713 square feet in Brooklyn.
- Atlantic Terminal, with a retail component totaling 373,000 square feet in Brooklyn.

- The Heights, totaling 102,177 square feet in Brooklyn.
- Queens Place, totaling 455,000 square feet in Queens.
- Steinway Street Theatres and Shops, totaling 84,000 square feet in Queens.
- Shops at Northern Boulevard, totaling 218,059 square feet in Queens.
- Shops at Bruckner Boulevard, totaling 113,485 square feet in the Bronx.
- Castle Center, totaling 63,000 square feet in the Bronx.
- Shops at Gun Hill Road, totaling 147,000 square feet in the Bronx.
- Shops at Richmond Avenue, totaling 76,000 square feet on Staten Island.
- Forest Avenue Cinemas, totaling 70,000 square feet on Staten Island.
- Columbia Park, a two-building retail center with more than 255,000 square feet in North Bergen, NJ.

Talbots To Accelerate Store Closings; Right Sizing Portfolio from 587 Stores Closer to 400

Talbots a leading specialty retailer and direct marketer of women's classic clothing, shoes and accessories, is looking at cutting its store count from its current size of 587 locations to around 400 and doing so relatively quickly.

Last fall, Talbots outlined a plan to close 75 to 100 stores over the next three years. This week, the company said it was stepping up that plan.

"We are now planning an accelerated store closing time frame that would allow us to more quickly reduce our store base and square footage while improving overall store productivity," Trudy Sullivan, CEO and president, said in the company's fourth quarter earnings conference call.

"At this time, we anticipate closing 90 to 100 stores and consolidating and/or downsizing 15 to 20 stores over the next two years. By the end of fiscal 2011, we anticipate that we will complete the majority of these actions."

In the call, Sullivan said "as we sit here today looking at it, we think a store fleet of around 400 stores makes sense."

"With over 300 lease events coming due over the next three years, the majority of the closings will come from lease expirations and the exercise of lease termination rights," Sullivan said.

"We believe the acceleration of store closings is an appropriate strategy based on our customer, the market and how we want our operations to be structured," she said. "The store closings will provide us with a more appropriate cost structure and allow us to make better use of our inventory dollars."

"In conjunction with the store closings, we plan to implement a targeted marketing program to support the transfer of customer spend to other stores in the same markets or to our direct business," Sullivan added. "Based on the expected timing of the closures this year, we anticipate that we will start to see the benefits of these actions next year and beyond."

Sullivan said the majority of the closures will take place in 2011, more back-half weighted than front-half weighted.

In addition to its store closing strategy, Talbots plans to renovate an additional 70 stores versus its original plan to upgrade 50 stores.

Michael Scarpa, COO, CFO, principal accounting officer and treasurer, pointed out that the company that the closure plan did not mean the end of new store openings. Talbots' is looking to up the number of its outlet stores. Scarpa said the company plans to open 20 upscale outlets this year.

"We continue to be pleased with the performance of our Upscale Outlet business with sales per square foot in excess of \$400 and comps trending up high-single digits," Scarpa said.

AppleBee's Cancel HQs' Lease; EPA Taking Over the Space

DineEquity Inc., the parent company of Applebee's Neighborhood Grill & Bar and IHOP Restaurants, agreed to end its lease with Lexington LAC Lenexa L.P., an affiliate of Lexington Realty Trust and property owner of Applebee's headquarters in Lenexa, KS.

In a real estate version of musical chairs, Applebee's will relocate its 350 headquarters-based team members to a smaller, more appropriately sized facility in the Kansas City area. A real estate search is underway and Applebee's expects to complete the move before Sept. 30, 2011.

Meanwhile, the U.S. Environmental Protection Agency will move into Applebee's vacated space at 11201 Renner Blvd.

The lease termination will allow DineEquity to reduce its debt by \$34 million and it also expects to recognize \$26 million in pre-tax charges related to the agreement. These charges include a \$5 million non-cash impairment charge primarily related to leasehold improvements and a cash lease termination fee and other closing costs of \$21 million.

The U.S. General Services Administration signed a lease with Lexington to house the EPA Region 7 Headquarters. Over the next year, GSA will work with EPA to transition offices from its current location at 901 N. 5th St. in Kansas City, KS.

EPA Region 7 currently employs 579 full-time employees, not including contractors. Nearly all of those employees – with the exception of 50 staff who work at the EPA Region 7 Science and Technology Center – will be moving to the new location.

In announcing GSA's leasing decision to the Region 7 staff, EPA Regional Administrator Karl Brooks said: "This relocation probably triggers mixed emotions for many of you (me included). We have made Kansas City, KS, our home for over 25 years and the prospect of leaving the "home" we know and love now looms before us."

AMC Screens To Go Dark in Six Locations

AMC Entertainment Inc. has decided to close 73 underperforming screens and auditoriums in six theaters in the United States and Canada while continuing to operate 89 screens at these locations. AMC did not identify the specific theaters.

The permanently closed screens are physically segregated from the screens that will remain in operation and access to the closed space is restricted.

In addition, AMC Entertainment decided to discontinue development of and cease use of (including for storage) certain vacant and under-utilized retail space at four other theaters in the United States and the United Kingdom.

As a result of closing the screens and auditoriums and discontinuing the development and use of the other spaces, AMC expects to record a charge of \$55 million to \$60 million for theater and other closure expenses, most of which is expected to be incurred during the fiscal year ending March 31, 2011.

The charge reflects the discounted contractual amounts of the existing lease obligations for the remaining 7- to 13-year terms of the leases (\$54 million to \$58 million), as well as expected incremental cash outlays for related asset removal and shutdown costs (\$1 million to \$2 million).

A significant portion of each of the affected properties will be closed and no longer used.

Sbarro Seeks Ch. 11 Bankruptcy Reorganization

Sbarro Inc. reached an agreement with its key lenders to eliminate \$200 million in debt –cutting its outstanding amount by more than half.

To give the company time to restructure its balance sheet, the pizza eatery chain voluntarily filed for bankruptcy protection, which it said it believes is the best way to complete the process.

In conjunction with the filing, the court approved a \$35 million debtor-in-possession (DIP) financing agreement it secured with certain of its existing first-lien lenders.

The company is proposing that the remaining debt continue to be held by the existing first-lien lenders, with the maturity of that debt extended through the fifth anniversary of the company's emergence from Chapter 11.

MidOcean Partners III LP and Ares Corporate Opportunities Fund II LP have agreed to backstop a \$30 million rights offering, the proceeds of which will be used to repay the DIP and provide the reorganized business with additional equity capital and liquidity.

Earlier this year, Sbarro determined that it did not have the liquidity to make an interest payment due Feb. 1, 2011. The company then entered into discussions with its creditors and other stakeholders regarding the company's long-term capital structure and potential strategic alternatives to address its long-term needs.

Since the first Sbarro opened more than 50 years ago, it has grown to more 1,000 locations across more than 40 countries. The bankruptcy court has given Sbarro additional time to file its list of unexpired leases.

Lease Cancellations: DISH Network Wins Auction for Blockbuster

DISH Network Corp. was selected as the winning bidder in the bankruptcy court auction for substantially all of the assets of Blockbuster Inc. The assets won't include 186 more stores on which Blockbuster is seeking lease cancellations from the courts.

DISH Network's winning bid was valued at approximately \$320 million. After certain adjustments are made at closing of the transaction, including adjustments for available cash and inventory, DISH Network expects to pay approximately \$228 million in cash.

"With its more than 1,700 store locations, a highly recognizable brand and multiple methods of delivery, Blockbuster will complement our existing video offerings while presenting cross-marketing and service extension opportunities for DISH Network," said Tom Cullen, executive vice president of Sales, Marketing and Programming for DISH Network. "While Blockbuster's business faces significant challenges, we look forward to working with its employees to re-establish Blockbuster's brand as a leader in video entertainment."

Closing of the deal is expected to occur in the second quarter of 2011, contingent upon final bankruptcy court approval. The following is a list of store lease cancellations being requested.

Address	Landlord	Remaining Lease Term	Address	Landlord	Remaining Lease Term
1379 S Military Trail Deerfield Beach, FL 33442-7634	Equity One Realty & Management Inc.	12/31/2010	1337 E 71 St Tulsa, OK 74136-5035	InSite Real Estate Development	10/31/2012
1400 Northpoint Village Ctr Reston, VA 20194-1190	Reston North Point Village LP	12/31/2010	1530 S Washington St Crawfordsville, IN 47933-3813	Lamar Companies	10/31/2012
206 S Loop 336 W #K Conroe, TX 77304-3300	River Pointe Center LP	12/31/2010	104 University Pkwy Ste 5 Johnson City, TN 37604-7349	Little Land Management LLC	10/31/2012
610 E Main St.	Waynesboro Shopping Center Inc.	12/31/2010	1136 N Baldwin Ave Marion, IN 46952-2536	United Midwest Savings Bank Blockbuster Plaza	10/31/2012

Address	Landlord	Remaining Lease Term	Address	Landlord	Remaining Lease Term
305 New Albany Plaza New Albany, IN 47150-4653	GJ Realty	1/21/2011	90 N West End Blvd Quakertown, PA 18951-1134	Fameco Management Services Associates, LP	11/30/2012
15 S Main St Red Bluff, CA 96080-4338	Andrew L. Nicolini & Enes R. Nicolini	1/31/2011	28001 Chagrin Blvd Ste 101 Cleveland, OH 44122-4543	Robert L. Stark Enterprises Inc.	11/30/2012
102 Military Rd S Ste A Tacoma, WA 98444-6965	Chong U. & Kyung S. Kwon	1/31/2011	698 N Delsea Dr Glassboro, NJ 08028-1471	Site Development Inc.	11/30/2012
6015 Myrtle Ave Ridgewood, NY 11385-5933	60-15 Myrtle Avenue Associates LLC	2/28/2011	230 W Ogden Ave Westmont, IL 60559-1346	Bank of America	12/31/2012
3425 Cascade Rd Ste 103 Atlanta, GA 30311-3676	Developers Diversified Realty Corp.	2/28/2011	7535 SW Barnes Rd Ste 109 Portland, OR 97225-6269	Downtown Development Group	12/31/2012
2550 N Squirrel Rd Auburn Hills, MI 48326-2383	Dr. Thomas Vestevich	2/28/2011	2715 N Main St Rockford, IL 61103-3111	InSite Rockford LLC	12/31/2012
1821 22nd St Ste 110 West Des Moines, IA 50266-1449	Irwin Pasternack, AIA, & Assoc.	2/28/2011	225 S Broadway Highlands Ranch, CO 80129-5631	Southeast Aurora Hotel Venture	12/31/2012
598 Fair Oaks Blvd Sacramento, CA 95825-7604	Lyon Village Associates	2/28/2011	2078 Nickerson Blvd Hampton, VA 23663-1059	CD Ventures II LLC	1/31/2013
1037 Route 109 East Farmingdale, NY 11735	Milbrook Properties Ltd.	2/28/2011	1000 N Main St Vidor, TX 77662-4340	Hollywood Hits Inc.	1/31/2013
305 SE Chkalov Dr Ste A Vancouver, WA 98683-5227	Thrift-Cascade Investment LLC	2/28/2011	811 NE Alsbury Blvd #100 Burleson, TX 76028-2657	JAHCO Burleson Town Centre LP	1/31/2013
7702 Crown Valley Pkwy Ste C3 Ladera Ranch, CA 92694-0610	Westar Associates	2/28/2011	1985 Dixie Highway Fort Wright, KY 41011-2607	Tappan Properties LP	1/31/2013
978 W Street Rd Warminster, PA 18974-3124	Centro Properties Group	3/31/2011	1445 Pilgrim Lane Plymouth, IN 46563-3441	Chase Properties Ltd.	2/28/2013
2621 W Hundred Rd Chester, VA 23831-2308	Chester Partnership	3/31/2011	1855 Snow Road Cleveland, OH 44134-2722	Equity Investment Group	2/28/2013
5192 Delhi Ave Cincinnati, OH 45238-5341	Delhi Station LLC	3/31/2011	3600 W Main St Norman, OK 73072-4658	MTV Investments One LLC	2/28/2013
3673 Route 378 Bethlehem, PA 18015-5432	Inland Western Bethlehem Saucon Valley, DST	3/31/2011	2150 N Josey, #132 Carrollton, TX 75006-2955	Quine Associates Inc.	2/28/2013
1113 N Missouri Ave Largo, FL 33770-1815	Kimzay of Florida Inc.	3/31/2011	2000 SE Loop 410, Ste 140 San Antonio, TX 78220-4933	Rohde Ottmers Siegel Realty Services	2/28/2013
10401 S Padre Island Dr Flour Bluff, TX 78418-3420	Melvin C. McClung	3/31/2011	116 N Whitehorse Pike Lawnside, NJ 08045-1130	VG Liquors	2/28/2013

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340 N Main St Lanoka Harbor, NJ 08734-2828	P.F. Pasbjerg Development Co.	3/31/2011	2439 S 48th St Lincoln, NE 68506- 5512	William A. Melville Trustee	2/28/2013
3884 S 300 E Salt Lake City, UT 84115-4824	Pentad Properties	3/31/2011	1250 Abbott Rd Lackawanna, NY 14218-1902	Benchmark Management Corp.	3/31/2013
4401 Pennell Rd Aston, PA 19014- 3012	Bariglio Corp.	4/30/2011	1335 E South Boulder Rd Ste A Louisville, CO 80027-2304	CB Richard Ellis	3/31/2013
7600 SW 196th St Lynnwood, WA 98036-5097	Westlake Associates Inc.	4/30/2011	7 N Main St Ste B Angels Camp, CA 95222-9332	Franklin A. Maggiore Trust	3/31/2013
01 N Carpenter Rd Ste 49 Modesto, CA 95351-1306	Brekke Real Estate	5/31/2011	232 Plaza Road Kingston, NY 12401-2973	Herzog Supply CO.	3/31/2013
229 US Highway 1 South Tequesta, FL 33469-2701	NAI/Merin Hunter Codman Inc.	5/31/2011	7213 Highway 85 Riverdale, GA 30274-2907	IPF/Merchants LP	3/31/2013
4765 Hodges Blvd Ste 12 Jacksonville, FL 32224-5279	RREEF	5/31/2011	2425 W Cermak Rd Chicago, IL 60608-3720	J & D Property Venture	3/31/2013
1200 E Main St Ste 14 Spartanburg, SC 29307-1738	Waterstone Retail Development	5/31/2011	1401 Merritt Blvd Ste C Dundalk, MD 21222-2151	Oekos Management Corp.	3/31/2013
6677 103rd St Ste 1 Jacksonville, FL 32210-7100	Yale Realty Service Corp.	5/31/2011	8069 Brooklyn Blvd Brooklyn Park, MN 55445- 2406	Steven Newman	3/31/2013
43083 Peacock Market Plaza, #180 South Riding, VA 20152-4456	1113 F. Street LLC	6/30/2011	409 W 21st St Norfolk, VA 23517- 2114	Twentieth Street Associates	3/31/2013
575 E Arapahoe Rd Greenwood Village, CO 80112- 1435	ACF Property Management Inc.	6/30/2011	2345 E Andrew Johnson Hwy Greeneville, TN 37745-0996	B & W Enterprises	4/30/2013
679 Scioto Urbana, OH 43078-2170	Joe & Delores McCray Revocable Trust	6/30/2011	412 Washington St Hoboken, NJ 07030-4800	Hirth Real Estate	4/30/2013
811 Bedford Canyon Rd Ste 108 Corona, CA 92883-0789	Mountain Vistas LLC	6/30/2011	104 Bass Lake Rd Holly Springs, NC 27540-7620	Jeff Byrd	4/30/2013
7805 Midlothian Turnpike Richmond, VA 23235-5227	Ukrop's Super Markets Inc.	6/30/2011	1101 N Main St Eules, TX 76039- 2730	Larry D. Smith	4/30/2013
001 W Arrow Hwy San Dimas, CA 91773-2422	Centro Properties Group	7/31/2011	2067 Eastwood Ave Akron, OH 44305-1966	Levey & Co.	4/30/2013
13521 Plaza Road Ext Charlotte, NC 28215-8921	Hawthorne Retail Partners	7/31/2011	414 E 63rd St Kansas City, MO 64110-3328	McClure Family Trust	4/30/2013
1545 Hempstead Turnpike Elmont, NY 11003-2356	Marx Realty & Improvements Inc.	7/31/2011	781 Granite Ave Rocklin, CA 95677-2853	Jules D. Firenze & Helen I. Firenze Don L. Firenze & Tina M. Firenze	5/16/2013

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17 Leopard Rd Paoli, PA 19301-1517	Brandolini Companies	8/31/2011	112 Columbus Corners Dr Whiteville, NC 28472-4921	David Garfunkel & Company LLC	6/30/2013
3555 Merrick Rd Seaford, NY 11783-2833	Millbrook Properties	8/31/2011	4704 Caton Farm Rd Plainfield, IL 60586-8350	James Kaplan Companies Inc.	6/30/2013
4869 Ridge Rd Douglasville, GA 30134-6131	Redd Realty Services	8/31/2011	75 Main St South Southbury, CT 06488-2271	Miller and Favazzo Properties Inc.	6/30/2013
809 Cypress Pkwy Poinciana, FL 34759-3408	SEC Commercial Realty Group	8/31/2011	605 W 2nd St Xenia, OH 45385-3613	Oberer Realty Services LP	6/30/2013
588 Baltimore Pike Bel Air, MD 21014-4331	The McGill Development Company LP	8/31/2011	2881 Northtowne Lane Reno, NV 89512-2058	Thomas P. Hodgkiss	6/30/2013
3200 Garden St Titusville, FL 32796-3003	Four M Holdings LLC	9/30/2011	499 Canal St Ste 10 Brattleboro, VT 05301-3421	BLS LP	7/31/2013
2610 E Lake St Minneapolis, MN 55406-1926	Minnehaha Holdings Associates	9/30/2011	2111 N Roan St Ste 1 Johnson City, TN 37601-2585	Interstate Management LLC	7/31/2013
1111 Meister Rd Lorain, OH 44052-5111	Town Development Inc.	9/30/2011	360 S Bristol St Santa Ana, CA 92704-8202	Michael Polley	7/31/2013
13067 Lee Jackson Hwy Ste G Fairfax, VA 22033-2042	USRP I LLC	9/30/2011	1254 Smallwood Dr Waldorf, MD 20603-4732	St. Charles Towne Plaza LLC	7/31/2013
7117 Ames Ave Omaha, NE 68104-1900	Cutchall Property Management	10/31/2011	3323 Biddle Ave Wyandotte, MI 48192-6201	D-M Investments LLC	8/31/2013
2290 Golden Gate Dr Greensboro, NC 27405-4302	Developers Diversified Realty Corp.	10/31/2011	155 Q Street Springfield, OR 97477-2190	John C. Schilt	8/31/2013
200 Bison St Newport Beach, CA 92660-4202	Irvine Retail Properties Co.	10/31/2011	217 E May St Winder, GA 30680-2494	First Colony Financial Corp.	9/30/2013
776 W. Elk Elizabethton, TN 37643-2517	National Realty & Development Corp.	10/31/2011	1282 Vierling Dr E Shakopee, MN 55379-8103	Sidal Crossroads Co. LLC	9/30/2013
140 Alcosta Blvd San Ramon, CA 94583-3858	San Ramon Owner LLC, Mitsky San Ramon LLC, et al.	10/31/2011	318 Town Drive Fayetteville, NY 13066-1371	COR Property Services Company LLC	10/31/2013
2670 S Rochester Rd Rochester Hills, MI 48307-4545	A F Property Management LLC	11/30/2011	2120 E Moreland Blvd Waukesha, WI 53186-4038	Realty Management Consultants Inc.	10/31/2013
5900 NW 50th St Warr Acres, OK 73122-4101	The Virginia J. Naifeh	11/30/2011	4900 Forest Hill Ave Richmond, VA 23225-3146	Blake Miraglia	11/30/2013
135 State Route 104 Oswego, NY 13126-3186	G & A Group Inc.	12/31/2011	12161 Manchester Rd Des Peres, MO 63131-4310	Developers Diversified Realty Corp.	11/30/2013
3013 Long Beach Rd Oceanside, NY 11572-3255	Goldcap Oceanside LLC	12/31/2011	731 Duval Station Rd Ste 1 Jacksonville, FL 32218-0800	Kimco Realty Corp.	11/30/2013

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7466 Oswego Road Rte 57 Liverpool, NY 13090-3350	Kenneth L. Pacioni	12/31/2011	010 N Nevada Ave Colorado Springs, CO 80907-5323	Leonard Rosenberg	11/30/2013
1330 E Main St Carbondale, IL 62901-3144	LaSalle Bank	12/31/2011	3951 N Kimball Ave Chicago, IL 60618-3318	Mikel Erick LLC	11/30/2013
1521 N Rock Springs Rd Apopka, FL 32712-2231	Realty Management Consultants Inc.	12/31/2011	6752 Normandy Blvd. Jacksonville, FL 32205-6210	Property Management Support Inc.	11/30/2013
405 Armory St Springfield, MA 01104-2359	Restaurant Sites	12/31/2011	433 E Highway 303 Grand Prairie, TX 75051-4944	Quine & Associates Inc.	11/30/2013
61 Dutchess Tpke Poughkeepsie, NY 12603-1907	The Stop & Shop Supermarket Company LLC	12/31/2011	4754 County Road 101 Minnetonka, MN 55345-2633	7-HI Retail LLC	12/31/2013
491 E Crescent Avenue Ramsey, NJ 07446-1211	A.A.C. Management Corp.	1/31/2012	3150 S Hulen St Fort Worth, TX 76109-1925	Centro Properties Group	12/31/2013
6760 Abrams Rd Dallas, TX 75231-7177	Centro Properties Group	1/31/2012	205 S Parker Olathe, KS 66061-4009	Star Realty Investments LP	12/31/2013
2184 E Markland Ave Kokomo, IN 46901-6240	Hauck Holdings, Ltd.	1/31/2012	796 Montgomery Hwy Vestavia Hills, AL 35216-1800	Excel Trust LP	1/31/2014
117 S 25th St Fort Dodge, IA 50501-4311	J Herzog & Sons Inc.	1/31/2012	699 Parkway Ste 1 Sevierville, TN 37862-4300	SCI Real Estate Investments LLC	1/31/2014
5655 Atlanta Hwy Ste A Alpharetta, GA 30004-5208	North Forsyth Equity LLC	1/31/2012	01 S Weir Canyon Rd Ste 101 Anaheim Hills, CA 92808-1961	Sycamore Canyon Plaza Inc.	1/31/2014
201 W Houston St Beeville, TX 78102-6220	Baxter Southwest Corporate Realty Services Inc.	2/29/2012	28270 Dequindre Rd Warren, MI 48092-5604	Universal Mall Properties LLC	1/31/2014
590 Chimney Rock Rd Houston, TX 77056-1220	MCFM Inc.	2/29/2012	325 E Prairie View Rd Chippewa Falls, WI 54729-3463	Agree LP	2/28/2014
61530 Southgate Pkwy Cambridge, OH 43725-9114	The Silcor Group	2/29/2012	3479 Chamblee-Tucker Rd Chamblee, GA 30341-4407	Kimco Realty Corp.	3/31/2014
8222 N Ivanhoe Portland, OR 97203-3802	Property Development Associates	3/31/2012	1810 W Northern Ave Phoenix, AZ 85021-5211	Good Shepherd Center LLC	4/30/2014
3541 University Blvd W Jacksonville, FL 32217-2130	Triple Net Equities Inc.	3/31/2012	571 N Evergreen Ave Woodbury, NJ 08096-1856	Peskin Realty & Construction Co.	4/30/2014
397 Baltimore Rd Ste A Shippensburg, PA 17257-9567	ACL Realty	4/30/2012	400 W Division St Chicago, IL 60610-1727	Principal Life Insurance Co.	4/30/2014
1601 Penfield Rd Rochester, NY 14625-2322	Developers Diversified Realty	4/30/2012	9940 Belvedere Rd Royal Palm Beach, FL 33411-3500	RVS Royal Palm Beach LLC	4/30/2014

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910 Keller Dr Ste A Effingham, IL 62401-1741	Effingham Partners LLC	4/30/2012	2890 Martin Downs Blvd Palm City, FL 34990-6021	996826 Ontario Inc.	5/31/2014
456 S Simms St Ste 1 Littleton, CO 80127-3284	Southwestern Investment Group Inc.	4/30/2012	0 Snow Rd Ste 29 Marshfield, MA 02050-3464	Curtis Management Inc.	5/31/2014
3480 Cypress Mill Rd Brunswick, GA 31520-2856	Waterall LP, Moore Stephens Tiller LLC	4/30/2012	95-221 Kipapa Drive Mililani, HI 96789-1147	Mililani Shopping Center LLC	6/30/2014
86 Boston St Lynn, MA 01904-2526	Harnet Trust	5/31/2012	5924 Weddington Monroe Rd B1 Wesley Chapel, NC 28104-8205	Aston Properties	8/31/2014
7970 Fredricksburg San Antonio, TX 78229-3408	Primera Partners	5/31/2012	2290 Neshaminy Blvd. Bensalem, PA 19020-2229	Goldenberg Management Inc.	8/31/2014
2555 Prado Lane Ste 100 Marietta, GA 30066-3350	DDR Prado LLC	6/30/2012	3300 SE Loop 820 Fort Worth, TX 76140-1107	Forest Hill Loop LP	9/30/2014
653 Terry Pkwy Terrytown, LA 70056-4305	J.R Chawla	6/30/2012	699 Lewelling Blvd Ste 116 San Leandro, CA 94579-1847	Kai Yin Ng	9/30/2014
4091 Powell Rd Powell, OH 43065-8066	3D Real Estate Management, Ltd	7/31/2012	113 Meighan Blvd Gadsden, AL 35903-1044	Michael F. Richardson & M. Jane Ramey	9/30/2014
890 W Thunderbird Rd Glendale, AZ 85306-4629	Mode Real Estate Management Services	7/31/2012	11906 Blue Ridge Ext Grandview, MO 64030-1160	Principal Commercial Real Estate Co.	9/30/2014
1530 N Pacific Hwy Ste 170 Woodburn, OR 97071-3622	Pacific Realty Associates LP	7/31/2012	1953 State Route 52 Liberty, NY 12754-8313	Metro Commercial Real Estate	10/31/2014
3687 Camino Canada Ste B2 El Cajon, CA 92021-2076	Gatlin Development Co.	8/31/2012	31 W Grand Ave Ste A El Segundo, CA 90245-3738	612 Twin Holdings LLC	12/31/2014
2160 Bloomingdale Rd Glendale Heights, IL 60139-1614	RMS Properties	8/31/2012	8115 Wedgewood Lane Maple Grove, MN 55369-9401	LSC Land Inc.	12/31/2014
47 N Larchmont Blvd Los Angeles, CA 90004-3704	Rodeo Holdings LLC	8/31/2012	5826 Broadway Blvd Garland, TX 75043-5820	Rakesh and Pranika Joshi	12/31/2014
175 Yulupa Ave Santa Rosa, CA 95405-7217	The Lily Co.	8/31/2012	10863 E Washington St Indianapolis, IN 46229-2615	Centre Properties	6/30/2015
9 N Airmont Road Suffern, NY 10901-5101	United Rockland Stairs Inc.	8/31/2012	11149 Kingston Pike Farragut, TN 37934-2807	Commercial Realty Investment Gp. LLC	6/30/2015
404 E High St Carlisle, PA 17013-2606	John Di Francesca	9/30/2012	8016 Providence Rd #200 Charlotte, NC 28277-9759	AAC Real Estate Services	9/30/2015

Address	Landlord	Remaining Lease Term	Address	Landlord	Remaining Lease Term
75 Reaville Ave Flemington, NJ 08822-1715	Lerner-Heidenberg	9/30/2012	4 2001 Texas Ave S Ste 100 College Station, TX 77840- 3915	Oldham Goodwin Group LLC	1/31/2016
480 E. Roosevelt Rd., Suite 205 West Chicago, IL 60185-3971	Midland Ventures Inc.	9/30/2012	14635 Baltimore Avenue Laurel, MD 20707-4902	Boulevard Shops Corp.	12/31/2016
4400 Chapman Highway Knoxville, TN 37920-4357	Olympic Investments	9/30/2012	581 Harry Sauner Road Hillsboro, OH 45133-9507	Timber Hills Real Estate LLC	6/30/2018
1100 Bridgewood Dr Fort Worth, TX 76112-0826	Property Advisers Realty Inc.	9/30/2012	5 Dillon Ridge Rd Dillon, CO 80435	KTSD LLC	8/31/2019

Upcoming Corporate Facility Closures & Layoffs

Company	Address	Closure or Layoff	Owned or Leased	No. Impacted	Impact Date	CoStar Prop. ID #
State Street Bank and Trust	1001 Marina Village Parkway, Alameda, CA	Closure	Leased	105	4/1/2011	324779
Alstate Apparel / A&G Inc.	1600 S. Claudina Way, Anaheim, CA	Closure	Leased	98	4/9/2011	5929105
Alstyle Apparel	1600 S. Claudia Way; 500 E. Cerritos Ave., Anaheim, CA	Closure	Leased	215	5/1/2011	5929105
Sun World International	16350 Driver Road, Bakersfield, CA	Layoff	Owned	644	4/1/2011	
Deutsch Industrial	700 S. Hathaway St., Banning, CA	Closure	Owned	31	4/8/2011	204112
The Bicycle Casino	7301 Eastern Ave., Bell, CA	Layoff	Owned	99	5/7/2011	7941548
Best Buy	14295 Pipeline Ave., Chino, CA	Closure	Leased	42	5/20/2011	
MCA Logistics	4681 Edison Ave., Chino, CA	Closure	Owned	36	4/24/2011	199516
Sundance Spas	14525 Monte Vista Ave., Chino, CA	Closure	Leased	61	4/30/2011	355632
Sun World International	52-200 Industrial Way, Coachella, CA	Layoff	Owned	205	4/1/2011	
Seton Medical Center	1900 Sullivan Drive, Daly City, CA	Layoff	Owned	104	4/12/2011	6382213
St. John Knits	2722 Michelson Drive, Irvine, CA	Layoff	Leased	108	4/2/2011	283404
State Street Bank and Trust	49 Discovery, Irvine, CA	Layoff	Leased	124	4/1/2011	430677
Wells Fargo Bank's Home Mortgage Wholesale Oper	24 Executive Park, Irvine, CA	Layoff	Leased	145	4/1/2011	280037
Antelope Valley Hospital	1600 West Avenue J, Lancaster, CA	Layoff	Owned	45	4/11/2011	1528949
Comcast Corp.	3011, 3055 & 3077 Buildings A,B, & C Comcast Place, Livermore, CA	Layoff	Leased	53	4/17/2011	122538/122550/51300

Southwire Co.	2630 E. El Presidio St., Long Beach, CA	Closure	Leased	21	4/29/2011	272504
Howrey	550 S. Hope St., Suite 1100, Los Angeles, CA	Closure	Leased	70	5/9/2011	248705
The Regency	10900 Wilshire Blvd., Suite 1700, Los Angeles, CA	Closure	Leased	52	4/26/2011	246829
Wellpoint	2100 Corporate Center Drive, Newbury Park, CA	Layoff	Leased	120	5/3/2011	194844
Tel Phil Enterprises	504 S..Bay Front; 88 Fair Drive, Newport Beach, Costa Mesa, CA	Closure	Owned	109	4/1/2011	1502619/77 28070
Harry Singh & Sons	5780 Mission Ave., Oceanside, CA	Closure	Owned	87	4/24/2011	
3M Co. (Western Distribution Center)	5151 E. Philadelphia St., Ontario, CA	Layoff	Owned	132	4/8/2011	7276579
Kondaur Capital Corp.	One City Blvd. West, Orange, CA	Layoff	Leased	161	4/18/2011	279337
Riverside Cement Co.	19409 National Trail Hwy, Oro Grande, CA	Layoff	Owned	60	5/8/2011	7053296
Howrey	1950 University Ave., 4th Floor, Palo Alto, CA	Closure	Leased	37	5/3/2011	533823
Jet Propulsion Laboratory	4800 Oak Grove Drive, Pasadena, CA	Layoff	Owned	33	4/24/2011	7179860
L-3 Services.	599 Tomales Road, Petaluma, CA	Layoff	Leased	95	4/29/2011	
HSBC Processing Services	931 Corporate Center Drive, Poinoma, CA	Closure	Leased	153	4/3/2011	255951
Northrop Grumman Corp (Aerospace Systems)	One Space Park, Redondo Beach, CA	Layoff	Owned	75	5/1/2011	255268
Northrop Grumman Corp (Continental Maritime)	1995 Bay Front St., San Diego, CA	Layoff	Leased	74	4/22/2011	315117
Howrey	525 Market St. Suite 3600, San Francisco, CA	Closure	Leased	29	5/9/2011	320632
AT&T	2600 Camino Ramon, San Ramon, CA	Layoff	Owned	55	4/4/2011	338919
UnitedHealth Corp.	3120 Lake Center Drive, Santa Ana, CA	Layoff	Leased	156	5/6/2011	280239
Ralphs Grocery.	591 Country Club Drive, Simi Valley, CA	Closure	Leased	60	5/6/2011	1170824
Kablelink Communications of California	439 Eccles Ave., #B, South San Francisco, CA	Closure	Leased	74	4/2/2011	334190
The Ritz-Carlton (Marriott)	13031 Ritz-Carlton Highlands Court, Truckee, CA	Layoff	Owned	302	4/24/2011	
Spectrum Brands (Remington Dist. Center)	811 N. Kelsey St., Visalia, CA	Closure	Leased	40	4/28/2011	5505601
The Thomas Monahan Co. FIMM USA, Plant #4	350 North Oak, Arcola, IL	Layoff	Owned	52	4/11/2011	
SalonCentric	629 Palmyra Road, Dixon, IL	Layoff	Leased	72	4/29/2011	
The Connection	1975 Harlem Road, Loves Park, IL	Layoff	Leased	61	5/20/2011	
HK Logistics	P.O. Box 259, Mossville, IL	Layoff		Unknown	3/31/2011	

Renaissance Chicago Oak Brook Hotel	2100 Spring Road, Oak Brook, IL	Closure	Owned	94	4/22/2011	
Rock Island Integrated Services	Building 102, Rock Island Arsenal, Rock Island, IL	Layoff		118	4/30/2011	
AT&T Mobility Services	930 National Parkway, Schaumburg, IL	Layoff	Leased	60	4/29/2011	144846

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Watch List: Recent Appraisal Reductions

The following information for these lead listings was provided by Trepp LLC, an industry leader in providing surveillance data on loan and commercial real estate performance underlying the CMBS market.

Property	Address	Property Type	Ending Bal.	App. Reduction Amnt; App. Red. Date	App. Amount; App. Date	CMBS; Special Servicer
Renaissance III	3220-3370 E. Flamingo Road, Las Vegas, NV	Retail	\$40,000,000	\$22,565,642; 2/8/2011	\$21,000,000; 12/1/2010	ML-CFC 2007-7; Midland Loan Services
Quarry Pond	5550 Douglas Blvd., Granite Bay, CA	Retail	\$19,200,000	\$16,937,101; 3/8/2011	\$5,810,000; 11/29/2010	MS 2007-IQ14; Centerline Servicing
Rainbow Sunset Pavilion	6315 - 6485 S. Rainbow Blvd., Las Vegas, NV	Retail	\$17,150,000	\$9,189,023; 3/8/2011	\$8,400,000; 8/30/2010	ML-CFC 2007-7; Midland Loan Services

Property	Address	Property Type	Ending Bal.	App. Reduction Amnt; App. Red. Date	App. Amount; App. Date	CMBS; Special Servicer
Brea Imperial Center	311, 351 & 391 S. State College Blvd.; 1130 & 1160 East Imperial Highway, Brea, CA	Retail	\$15,150,000	\$3,870,979; 3/8/2011	\$12,920,000; 1/11/2011	ML-CFC 2007-7; Midland Loan Services
Orlando International Plaza	7220 & 7364 International Dr, Orlando, FL	Retail	\$9,859,766	\$4,183,101; 3/8/2011	\$6,700,000; 12/4/2010	MS 2007-IQ14; Centerline Servicing
Noble Park Apartments	568 Carpenter Ridge, Columbus, OH	Multifamily	\$8,100,000	\$3,489,127; 2/8/2011	\$5,500,000; 6/3/2010	MS 2007-IQ14; Centerline Servicing
Jennifer Meadows Apartments	4800 Raleigh Lagrange Road, Memphis, TN	Multifamily	\$7,600,000	\$1,741,736; 3/8/2011	\$6,700,000; 2/1/2011	ML-CFC 2007-7; Midland Loan Services
South Point Pavilion	1479 & 1481-1503 Highway 20 West, McDonough, GA	Retail	\$5,387,459	\$2,533,111; 2/8/2011	\$3,280,000; 3/26/2010	ML-CFC 2007-7; Midland Loan Services
Grocery Outlet Mall	694 SE 3rd St., Bend, OR	Retail	\$4,126,749	\$1,668,361; 2/8/2011	\$3,100,000; 8/4/2010	MS 2007-IQ14; Centerline Servicing
Hamilton Pointe Rt Center	5715-59 Hamilton Road, Columbus, OH	Retail	\$3,650,000	\$1,292,053; 2/8/2011	\$2,700,000; 7/22/2010	MS 2007-IQ14; Centerline Servicing
Central Gardens Apartments	2361 South Park Road SW, Birmingham, AL	Multifamily	\$3,087,277	\$1,812,523; 2/8/2011	\$2,025,000; 11/3/2010	MS 2007-IQ14; Centerline Servicing
Retreat Village Shopping Center	200 Retreat Road, St. Simons Island, GA	Retail	\$2,845,137	\$1,106,742; 3/8/2011	\$2,100,000; 3/3/2011	ML-CFC 2007-7; Midland Loan Services
Liberty Plaza	12221, 1215-1227 W. Liberty St., Allentown, PA	Office	\$2,546,226	\$637,481; 3/8/2011	\$3,450,000; 3/13/2007	ML-CFC 2007-7; Midland Loan Services
Econo Lodge	630 Perry Lane Road, Brunswick, GA	Lodging	\$2,362,883	\$592,703; 3/8/2011	\$3,825,000; 2/16/2007	ML-CFC 2007-7; Midland Loan Services
Village At Parker I	10530 - 10550 S. Progress Way, Parker, CO	Retail	\$1,950,000	\$1,017,258; 2/8/2011	\$1,250,000; 1/12/2011	ML-CFC 2007-7; Midland Loan Services
Cort Furniture	1508 Howe Ave., Sacramento, CA	Retail	\$1,899,144	\$1,273,646; 2/8/2011	\$758,333; 10/22/2010	MS 2007-IQ14; Centerline Servicing