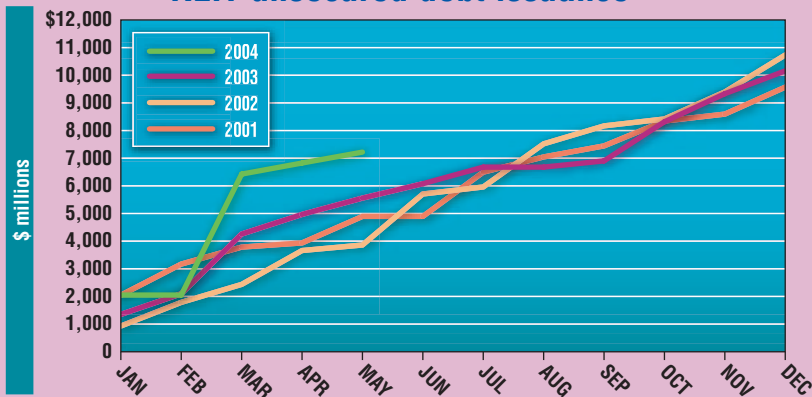


THE BOTTOM LINE

BY DONNA MITCHELL

REIT unsecured debt issuance*

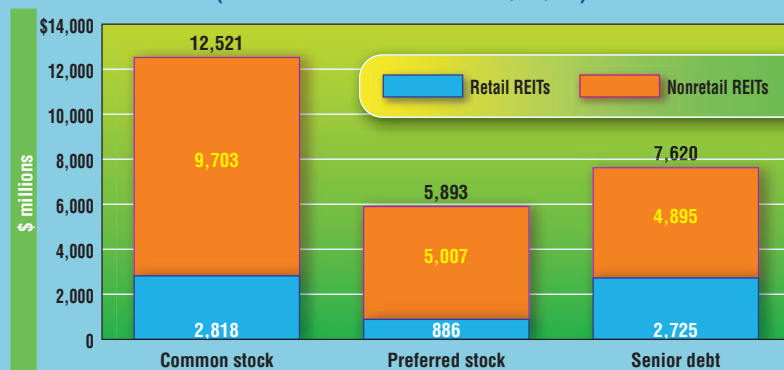


REITs have been issuing unsecured debt aggressively this year. Through January, activity was robust at \$2 billion, but issuance really took off at the end of February and has been steadily climbing since. At press time issuance was healthier than over the comparable period for recent years. Through May, REITs accounted for some \$7.2 billion in unsecured debt.

*Data cumulative through end of each month.

Source: Credit Suisse First Boston

Public REIT capital issuance (for the 12 months ended 5/26/04)



Though retail REITs represent 29 percent of total REIT industry capitalization, they issued 36 percent of all new REIT debt for the 12 months through May 26, 2004, according to SNL Financial. This suggests that investors still view retail — particularly shopping centers and enclosed malls — as a stable property type, able to sustain relatively higher levels of debt.

Source: SNL Financial

REITs' top tenants (by ABR, as of 1Q 2004)

REIT	Tenant	% of average base rent
Regency Centers	Kroger	8.11%
Heritage Property	T.J. Maxx	5.20%
Regency Centers	Publix	5.11%
Regency Centers	Safeway	4.92%
Developers Diversified	Wal-Mart/Sam's Club	3.65%
Kimco Realty	Kmart	3.30%
Developers Diversified	Lowe's	2.94%
Developers Diversified	Kohl's	2.82%
Kimco Realty	Home Depot	2.80%
Developers Diversified	Bed Bath & Beyond	2.37%

Kroger is the largest neighborhood shopping center tenant for any one landlord, according to a Merrill Lynch report. As of the first quarter, the grocery chain accounted for 8 percent of Regency Centers' portfolio by average base rent. Apparel chain T.J. Maxx came in second, at 5 percent of the portfolio of landlord Heritage Property Trust.

Sources: Merrill Lynch, company data

MARKET SCANNER

From a statistical point of view, June was not particularly cheerful. Sure, the U.S. economy added 112,000 jobs that month, according to the U.S. Labor Department, but that was less than half the consensus forecast of 250,000. A Merrill Lynch report tracking 59 retailers shows that same-store sales grew only

2.2 percent in June. That was better than the comparable month last year, when sales edged up a mere 0.7 percent, but it is also the weakest gain of the year so far. Meanwhile, separate data from ICSC tracking 73 chains shows June same-store sales rose 2.9 percent, the slightest gain in a year.